

OFFICIAL STATEMENT DATED MAY 20, 2025

In the opinion of Greenberg Traurig, LLP Bond Counsel, assuming the accuracy of certain representations and certifications, and continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, interest on the 2025 Junior Bonds (as defined herein) will be excludable from gross income for federal income tax purposes. Further, interest on the 2025 Junior Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code") on applicable corporations (as defined in Section 59(k) of the Code), interest on the 2025 Junior Bonds is not excluded from the determination of adjusted financial statement income. See "TAX EXEMPTION - General" herein for a description of certain federal tax consequences of ownership of the 2025 Junior Bonds. See also "TAX EXEMPTION – Bond Premium" herein. In the opinion of Bond Counsel, assuming interest is so excludable for federal income tax purposes, interest on the 2025 Junior Bonds is exempt from income taxation under the laws of the State of Arizona.

\$84,635,000

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
Junior Lien Airport Revenue Refunding Bonds,
Series 2025 (NON-AMT)

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

Principal of, and premium, if any, and interest on the Junior Lien Airport Revenue Refunding Bonds, Series 2025 (the "2025 Junior Bonds") will be paid by U.S. Bank Trust Company, National Association, as trustee (the "Trustee," also referred to herein as the "Registrar," and the "Paying Agent"). The 2025 Junior Bonds will be issued as fully registered bonds in amounts of \$5,000 each or any integral multiple thereof of principal due on specified maturity dates. The 2025 Junior Bonds, when issued, will be registered in the name of The Depository Trust Company ("DTC") or its nominee and will be available to purchasers initially only through the book-entry-only system maintained by DTC. So long as the book-entry-only system is maintained, no physical delivery of the 2025 Junior Bonds will be made to the ultimate purchasers thereof and all payments of principal of and premium, if any, and interest on the 2025 Junior Bonds will be made to such purchasers through DTC. Interest on the 2025 Junior Bonds is payable semiannually on January 1 and July 1 of each year, commencing January 1, 2026, by the Trustee. The 2025 Junior Bonds are being issued pursuant to a Bond Indenture, dated as of June 1, 2025, between the City of Phoenix Civic Improvement Corporation (the "Corporation") and the Trustee.

The 2025 Junior Bonds are subject to redemption prior to maturity as described herein.

The 2025 Junior Bonds are special revenue obligations of the Corporation and are payable solely from payments required to be paid by the City of Phoenix, Arizona (the "City"), to the Corporation pursuant to the Junior Lien City Purchase Agreement dated as of June 1, 2025 (the "City Purchase Agreement") between the City and the Corporation. **The obligations of the City to make payments under the City Purchase Agreement 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 City Purchase Agreement are payable solely from Designated Revenues (as defined herein) to be derived from operation of the City's Airport, as defined herein. The pledge of Designated Revenues to amounts due under the City Purchase Agreement is subordinate to amounts owed with respect to outstanding Senior Lien Obligations (as defined herein) and Senior Lien Obligations which may be issued in the future and on a parity with outstanding Junior Lien Obligations (as defined herein) and Junior Lien Obligations which may be issued in the future. See "SECURITY AND SOURCE OF PAYMENT" herein.

This cover page contains only a brief description of the 2025 Junior 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 2025 Junior Bonds or of investment risks involved with the purchase of the 2025 Junior Bonds, and investors are advised to read this entire Official Statement, giving particular attention to the matters discussed under "CERTAIN BONDHOLDERS' RISKS," in order to obtain information essential to making an informed investment decision.

The 2025 Junior Bonds are offered when, as and if issued and received by the Underwriters, and subject to the legal opinion of Greenberg Traurig, LLP, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon for the Underwriters by Squire Patton Boggs (US) LLP, counsel to the Underwriters. It is expected that the 2025 Junior Bonds will be available for delivery in book-entry-only form through the facilities of DTC on or about June 11, 2025.

Siebert Williams Shank

RBC Capital Markets
Stern Brothers & Co.

Cabrera Capital Markets, LLC
Mischler Financial Group, Inc.

MATURITY SCHEDULE
CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

\$84,635,000
Junior Lien Airport Revenue Refunding Bonds,
Series 2025 (Non-AMT)

Maturity July 1	Principal Amount	Interest Rate	Yield
2026	\$ 1,780,000	5.00%	2.97%
2027	2,105,000	5.00	2.99
2028	2,210,000	5.00	3.01
2029	2,315,000	5.00	3.06
2030	2,435,000	5.00	3.08
2031	2,550,000	5.00	3.16
2032	2,685,000	5.00	3.27
2033	2,820,000	5.00	3.35
2034	21,610,000	5.00	3.45
2035	3,105,000	5.00	3.56
2036	3,265,000	5.00	3.74*
2037	3,425,000	5.00	3.85*
2038	3,590,000	5.00	3.97*
2039	3,775,000	5.00	4.05*
2040	3,965,000	5.00	4.12*
2041	4,160,000	5.00	4.26*
2042	4,370,000	5.00	4.36*
2043	4,590,000	5.00	4.48*
2044	4,820,000	5.00	4.52*
2045	5,060,000	5.00	4.60*

* Yield calculated to the first optional redemption date, July 1, 2035.

CITY OF PHOENIX, ARIZONA
CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

Michael R. Davis
President and Director

Bruce Covill
Vice President and Director

James H. Lundy
Secretary-Treasurer and Director

Rosellen Papp
Director

Barbara Barone
Director

Marian Yim
Director

CITY OF PHOENIX, ARIZONA
MAYOR AND CITY COUNCIL

Kate Gallego, *Mayor*

Ann O'Brien, *Vice Mayor*
District 1

Betty Guardado, *Member*
District 5

Jim Waring, *Member*
District 2

Kevin Robinson, *Member*
District 6

Debra Stark, *Member*
District 3

Anna Hernandez, *Member*
District 7

Laura Pastor, *Member*
District 4

Kesha Hodge Washington, *Member*
District 8

ADMINISTRATIVE OFFICIALS

Jeffrey J. Barton
City Manager

Mario Paniagua
Deputy City Manager

Chad Makovsky
Aviation Director

Kathleen Gitkin
Chief Financial Officer

Julie Kriegh
City Attorney

Denise Archibald
City Clerk

SPECIAL SERVICES

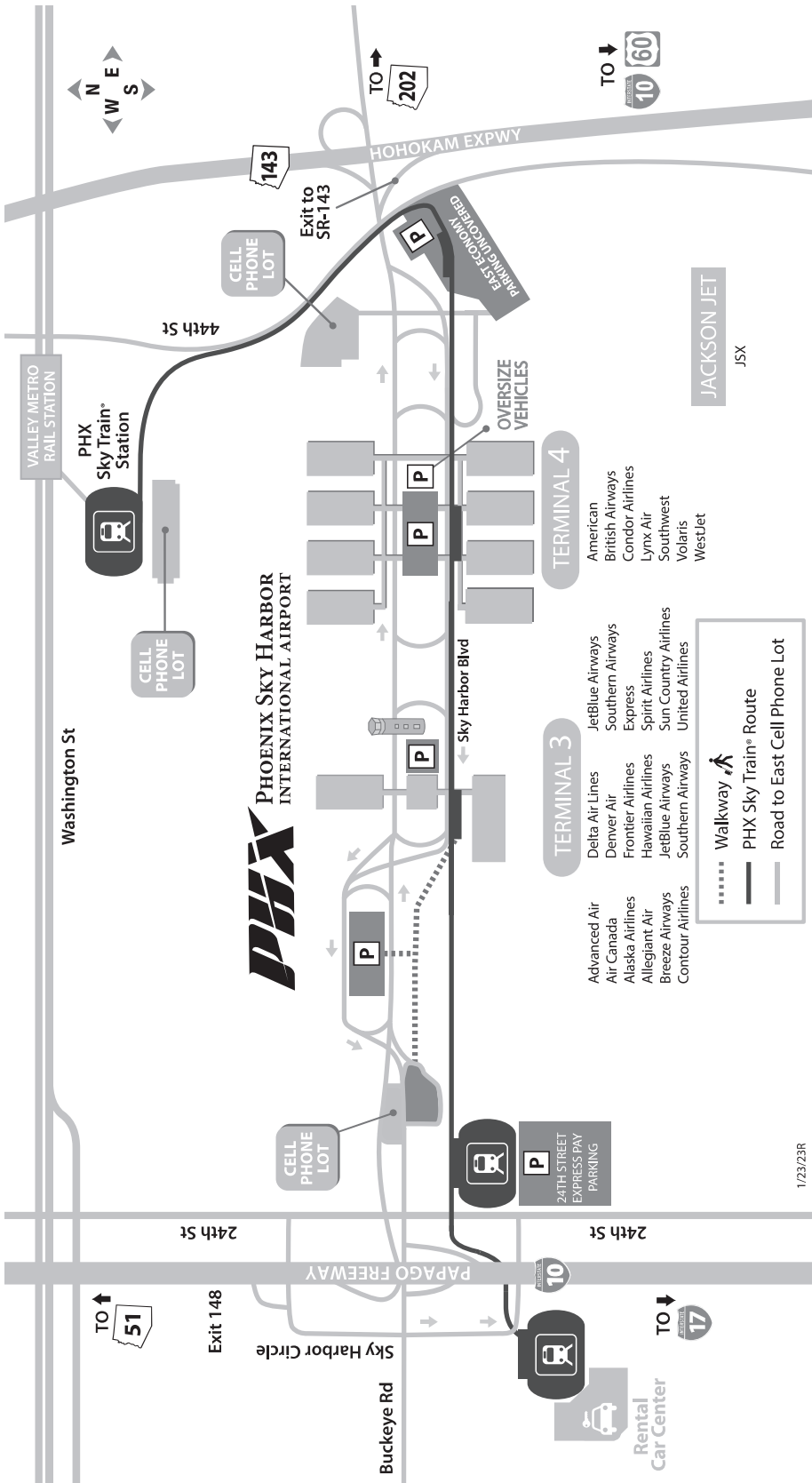
GREENBERG TRAURIG, LLP
Phoenix, Arizona
Bond Counsel

FRASCA & ASSOCIATES, LLC
New York, New York
Financial Advisor

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
Tempe, Arizona
*Trustee, Bond Registrar, Paying Agent
and Escrow Agent*

SAMUEL KLEIN AND COMPANY
Newark, New Jersey
In Conjunction With
PUBLIC FINANCE PARTNERS LLC
Minneapolis, Minnesota
Escrow Verification Agent

Phoenix Sky Harbor International Airport



This Official Statement does not constitute an offering of any security other than the original offering of the 2025 Junior 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 not so authorized should not be relied upon as having been given or authorized by the Corporation, the City, the Financial Advisor or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, and there shall not be any sale of the 2025 Junior Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale 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" and in "Appendix G - Form of Continuing Disclosure Undertaking."

Upon issuance, the 2025 Junior 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 2025 Junior Bonds for sale.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2025 JUNIOR 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 currently maintains an investor relations website, which includes information specific to the City's Aviation Department. 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 2025 Junior Bonds.

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TABLE OF CONTENTS

	PAGE
INTRODUCTION	1
THE AIRPORT	2
General	2
Airport System Management	3
Finance Department Management	4
PLAN OF REFUNDING	5
SOURCES AND APPLICATIONS OF FUNDS	6
2025 JUNIOR BONDS	6
Authorization and Purpose	6
General Description	6
Book-Entry-Only System	7
Redemption Provisions	9
SECURITY AND SOURCES OF PAYMENT	11
Pledge of Designated Revenues	11
Irrevocable Commitment of Passenger Facility Charge Revenues to Debt Service on Certain Junior Bonds	11
Irrevocable Commitment of 2010 RZEDB Subsidy Payments to Interest on Certain Junior Bonds	12
Certain Covenants and Remedies	12
Rate Covenants	13
Flow of Funds	14
Bond Reserve Funds	17
Outstanding Senior Lien Obligations	19
Additional Senior Lien Obligations	20
Outstanding Junior Lien Obligations	21
Additional Junior Lien Obligations	22
Outstanding Junior Subordinate Lien Obligations	23
AIRPORT FINANCIAL INFORMATION	23
Aviation Department Financial Policies	23
Debt Service Requirements	23
Schedule of Payments Under the City Purchase Agreement	24
Schedule of Junior Lien Airport Revenue Bond Debt Service Requirements	25
Historical Revenues, Expenditures and Changes in Fund Balances	25
Enplaned Passenger Activity	27
Sky Harbor's Role as a Connecting Hub	29
Aviation Capital Improvement Program	30
Airport Rates and Charges	31
Passenger Facility Charge Program	32
CERTAIN BONDHOLDERS' RISKS	36
Certain Factors Affecting the Air Transportation Industry and the Airport	36
Cost and Availability of Aviation Fuel	37
Economic Conditions	38
Financial Condition and Activity Level of Airlines Serving the Airport	38
Airline Consolidations, Bankruptcy and Financial Considerations	39
Airline Agreements and Federal Regulation Regarding Rates and Charges	40
FAA Reauthorization and Federal Funding	40
Competition, Travel Alternatives and Other Issues	40
Delays and Cost Increases to Capital Improvement Program	41
Future Encroachment from Residential Housing	41
Uncertainties of Projections, Forecasts and Assumptions	41
Limitation of Rights and Remedies	41
Future Legislation and Regulation	42
Growth of Transportation Network Companies	42
Climate Change and Other Force Majeure Events	42
Industry Workforce Shortage	43
Air Traffic Control Systems and Staffing	43
Impact of Federal Sequestration	44
AIRLINE INFORMATION	45
THE CITY	45
THE CORPORATION	45
LITIGATION	46
TAX EXEMPTION	47
General	47
Information Reporting and Backup Withholding	48
Original Issue Premium	48
Changes in Federal and State Tax Law	49
VERIFICATION OF MATHEMATICAL COMPUTATIONS	50
LEGAL MATTERS	50
RATINGS	50
UNDERWRITING	51
CONTINUING DISCLOSURE	51
INDEPENDENT AUDITORS AND INCORPORATION BY REFERENCE OF CITY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT	51
MISCELLANEOUS	52
APPENDIX A – City of Phoenix, Arizona — Description	A-1
APPENDIX B – State Expenditure Limitation	B-1
APPENDIX C – Retirement and Pension Plans	C-1
APPENDIX D – Health Care Benefits for Retired Employees	D-1
APPENDIX E – Summary of Certain Provisions of Legal Documents	E-1
APPENDIX F – Proposed Form of Legal Opinion of Bond Counsel	F-1
APPENDIX G – Form of Continuing Disclosure Undertaking	G-1

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**OFFICIAL STATEMENT
RELATING TO
CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION**

**\$84,635,000
Junior Lien Airport Revenue Refunding Bonds,
Series 2025 (NON-AMT)**

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 City of Phoenix Civic Improvement Corporation (the “*Corporation*”), the City of Phoenix, Arizona (the “*City*”) and the captioned bonds (the “*2025 Junior Bonds*”). The offering of the 2025 Junior 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 2025 Junior Bonds. Accordingly, prospective 2025 Junior Bond purchasers should read this entire Official Statement before making their 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 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 the 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 uncodedified, or to the Arizona Constitution, are references to current provisions. Those provisions may be amended, repealed or supplemented.

For the definitions of certain capitalized terms used in this Official Statement and for certain provisions of the Bond Indenture, dated as of June 1, 2025 (the “*Indenture*”) between the Corporation and U.S. Bank Trust Company, National Association, as trustee (the “*Trustee*” and also referred to herein as the “*Bond Trustee*”, “*Registrar*” and the “*Paying Agent*”), pursuant to which the 2025 Junior Bonds are being issued and the Junior Lien City Purchase Agreement dated as of June 1, 2025 between the Corporation and the City (the “*City Purchase Agreement*”), see “APPENDIX F — Summary of Certain Provisions of Legal Documents — Certain Definitions.” The City Purchase Agreement incorporates by reference covenants and agreements of Ordinance No. S-21974, adopted by the Mayor and Council of the City on April 20, 1994, as amended to date and as further supplemented and amended from time to time (the “*Airport Revenue Bond Ordinance*”) and are applicable to the 2025 Junior Bonds. See “SECURITY AND SOURCES OF PAYMENT — Rate Covenants,” “— Additional Senior Lien Obligations” and “— Additional Junior Lien Obligations” and “APPENDIX E — Summary of Certain Provisions of Legal Documents — The Airport Revenue Bond Ordinance.”

THE AIRPORT

General

The City owns and operates, through its Aviation Department, Phoenix-Sky Harbor International Airport (“*Sky Harbor*”) and two general aviation airports, Phoenix-Goodyear Airport (“*Goodyear*”) and Phoenix-Deer Valley Airport (“*Deer Valley*”) (collectively, the “*Airport System*” or “*Airport*”). The City has operated the Airport System as a self-supporting enterprise since 1967.

Sky Harbor, located approximately four miles east of the downtown Phoenix area, was established in 1935. Sky Harbor is the only Arizona airport designated as a large hub by the Federal Aviation Administration (the “*FAA*”) and is the principal commercial service airport serving metropolitan Phoenix and most of the State of Arizona’s population. There is no other U.S. large-hub commercial service airport within a five-hour driving distance of Phoenix, with the closest being Las Vegas’ Harry Reid International Airport (290 miles to the northwest). In fiscal year 2023-24, Sky Harbor served over 25 million enplaned passengers. During fiscal year 2023-24 airline service at Sky Harbor was provided by Advanced Air, Air Canada, Air France, Alaska, Allegiant, American, Breeze, British Airways, Condor, Contour, Delta, Denver Air Connection, Envoy Air (American), Flair, Frontier, Hawaiian, Jazz Aviation (Air Canada Express), JetBlue, Mesa Airlines (United Express), SkyWest (American Eagle, Delta Connection, and United Express), Southern Airways Express, Southwest, Spirit, Sun Country, United, Volaris and WestJet. Sky Harbor served 471,111 commercial, general aviation and military aircraft operations in fiscal year 2023-24.

The Airport currently has two active passenger terminal buildings, Terminals 3 and 4.

Terminal 3 opened in 1979. In 2020, the Aviation Department completed a Terminal 3 modernization project, designed to provide consistent and enhanced customer service and more efficient operations for airlines and concessionaires. The modernized Terminal 3 contains approximately 710,000 square feet and 25 gates. Advanced Air, Air Canada, Alaska, Allegiant, Breeze, Delta, Denver Air Connection, Frontier, Hawaiian, JetBlue, Mesa Airlines (United Express), Southern Airways Express, Spirit, Sun Country, and United serve passengers through Terminal 3.

Terminal 4 opened in 1990, with five concourses and with two additional concourses added later for a total of seven. Terminal 4 contains approximately 2.3 million square feet, 81 gates and Sky Harbor’s international arriving passenger processing facilities. The newest concourse opened in June 2022 and added 8 gates for a total of 89 gates. Air France, American, British Airways, Condor, Contour, Flair, Southwest, Volaris, and WestJet serve passengers from Terminal 4.

Sky Harbor has approximately 26,000 public and employee parking spaces in five parking garages and five surface lots.

A consolidated rental car facility (the “*Rental Car Center*”) opened in 2006, is located west of the terminals on a 141-acre site that includes approximately 5,600 ready/return garage spaces in a 2.2 million square-foot garage and a 113,000 square-foot customer service building.

The PHX Sky Train® is an electrically powered, automated people mover that operates 24-hours a day, 365 days a year. It provides a seamless connection among the two terminal buildings, East Economy parking, the Rental Car Center, and the Valley Metro Light Rail.

The City also serves some of the area’s general aviation traffic activity through the two reliever airports that it owns and operates. Deer Valley is located in the northern part of the City and Goodyear is located west of the City in Goodyear, Arizona. These two general aviation facilities handled 603,714 operations in aggregate in fiscal year 2023-24. Other general aviation airports not operated by the City as part of the Airport System are located in the metropolitan area. Deer Valley and Goodyear are part of the Airport System for the purpose of issuing obligations payable from Net Airport Revenues (as defined herein). Such obligations are payable from Net Airport Revenues (“*Senior Lien Obligations*”), as well as obligations payable from Designated Revenues (as

defined herein) (“*Junior Lien Obligations*”), and obligations payable from Designated Revenues, on a junior and subordinate basis to Junior Lien Obligations (“*Junior Subordinate Lien Obligations*”) can be issued for improvements at Sky Harbor, as well as, Deer Valley and Goodyear. The revenues of these two airports, along with the revenues of Sky Harbor, are Airport Revenues (as defined herein) which form the basis of determining Net Airport Revenues, which are pledged to the payment of principal of and interest on Senior Lien Obligations; Designated Revenues, which are pledged to the payment of principal of and interest on Junior Lien Obligations; and Junior Subordinate Lien Revenues, which are pledged to the payment of Junior Subordinate Lien Obligations.

Airport System Management

Direct supervision of the Airport System is exercised by the Aviation Department. Management of the Airport System is led by the Director of Aviation Services with 922 full-time equivalent employees as of July 1, 2024. The Director of Aviation Services currently reports to a Deputy City Manager.

Jeff Barton, City Manager, was appointed City Manager in October 2021 after serving as Assistant City Manager since February 2021. Mr. Barton’s career with the City of Phoenix started in 1999 as an Internal Auditor in the City Auditor Department. Over the years he held a variety of roles that focused on the City’s sound financial stewardship, including multiple auditing positions, Management Assistant, Deputy Budget and Research Director, Budget and Research Director, and most recently as Deputy City Manager. Mr. Barton holds a bachelor’s degree in Political Science from Morehouse College and a Master of Public Administration from Shippensburg University of Pennsylvania.

Mario Paniagua, Deputy City Manager, began his career with the City of Phoenix in 1998 and has served as the Budget and Research Director, the Phoenix City Clerk, worked in the City Council Office and Family Advocacy Center as a Management Assistant, and also served as a Human Resources Analyst. Mr. Paniagua oversees the Aviation, Public Works, Public Transit/Light Rail Departments, and the Office of Sustainability. He also oversees the City’s multi-departmental implementation of the federal Infrastructure Investment and Jobs Act, and directs the implementation of Transportation 2050, a plan designed to improve Phoenix’s multi-modal transportation infrastructure and services. Prior to joining the City, Mr. Paniagua served in the US Air Force. He holds a bachelor’s degree in Global Business from Arizona State University.

Chad Makovsky, Aviation Director, was named City of Phoenix Director of Aviation Services in March 2021. In this role he provides executive leadership and strategic direction for the Airport System. Mr. Makovsky has over 32 years of aviation experience with the City Aviation Department, Dallas/Fort Worth International Airport, Burbank Airport, John F. Kennedy International Airport, and America West Airlines. Mr. Makovsky is a Certified Member with the American Association of Airport Executives where he serves on their International Board (IAAE) and national Policy Review Council. He holds a private pilot’s license, a Master of Business Administration from Arizona State University, and a bachelor’s degree in Science in Aviation Operations from St. Cloud State University.

Sarah Demory, Assistant Aviation Director, Chief Operating Officer, was appointed to this position in November, 2017. In this role, she oversees Operations, Public Safety Services, General Aviation, and Facilities and Services, as well as the Phoenix-Deer Valley and Phoenix-Goodyear Airports. Prior to joining the City, Ms. Demory served as Airport Deputy Director for Operations and Security at Boise Idaho Airport, and held positions in operations and emergency management at Seattle-Tacoma International Airport. Ms. Demory has a commercial pilot license and is an Accredited Airport Executive with the AAAE. She is also an AAAE Certified Member, Certified Airport Security Coordinator and Airport Certified Employee — Operations. Ms. Demory holds a Bachelor of Business Administration degree and a Master of Science in Aviation degree from the University of North Dakota.

Roxann Favors, Assistant Aviation Director, Chief Revenue Officer, is responsible for the Aviation Business and Properties, Contracts and Services, and Technology divisions, and Sky Harbor's air service development program. Ms. Favors began working with the City in 2003 in the City's management internship program. Ms. Favors has held the position as Deputy Aviation Director of the Business and Properties division and was selected as the Major Events Administrator for the City of Phoenix. Ms. Favors holds a Master's in Public and International Affairs, and a Bachelor of Political Science, both from the University of Pittsburgh. In addition, Ms. Favors is a Certified Member of the American Association of Airport Executives.

Finance Department Management

The City's Finance Department oversees the issuance of debt and performs certain accounting, financing, treasury and related functions for the Aviation Department. The Finance Department is led by the Chief Financial Officer.

Kathleen Gitkin, Chief Financial Officer, was appointed Chief Financial Officer in July 2021. Ms. Gitkin began her career with the City in 2004 with the Finance Department, working as an Accountant II in the Utilities Accounting Division and an Accountant III, Accountant IV and Investment and Debt Manager in the Treasury and Debt Management Division. She became Deputy Finance Director/City Treasurer in November 2014 and was promoted to Assistant Finance Director in July 2020. Throughout her career she has managed financial planning, city controller functions, real estate, risk management, banking and cashiering, investments and debt issuances to fund capital expenditures. Ms. Gitkin has a bachelor's degree in Accountancy from New Mexico State University and a Master of Business Administration from University of Phoenix.

PLAN OF REFUNDING

The net proceeds of the 2025 Junior Bonds remaining after deduction of issuance costs, together with certain other legally available funds of the City, will be placed in an irrevocable escrow account (the “*Escrow Account*”) with U.S. Bank Trust Company, National Association, Tempe, Arizona, as escrow agent (the “*Escrow Agent*”), to be applied to the payment or redemption of the bonds (collectively, the “*Bonds Being Refunded*”) listed in the Schedule of Maturities and Call Dates of Bonds Being Refunded.

Schedule of Maturities and Call Dates of Bonds Being Refunded

Issue Series	Maturity Date July 1	Principal Amount Outstanding	Principal Amount Being Refunded	Coupon	Expected Call Date	Call Premium as a Percentage of Principal	Refunded CUSIP**
Junior Series 2015A	2025	\$ 2,270,000	\$ 2,270,000	5.000%	N/A	N/A	71883MJR6
	2026	2,385,000	2,385,000	5.000	07/15/25	0.0%	71883MJS4
	2027	2,505,000	2,505,000	5.000	07/15/25	0.0	71883MJT2
	2028	2,630,000	2,630,000	5.000	07/15/25	0.0	71883MJU9
	2029	2,760,000	2,760,000	5.000	07/15/25	0.0	71883MJV7
	2030	2,900,000	2,900,000	5.000	07/15/25	0.0	71883MJW5
	2031	3,040,000	3,040,000	5.000	07/15/25	0.0	71883MJX3
	2032	3,195,000	3,195,000	5.000	07/15/25	0.0	71883MJY1
	2033	3,355,000	3,355,000	5.000	07/15/25	0.0	71883MJZ8
	2034	3,520,000	3,520,000	5.000	07/15/25	0.0	71883MKA1
	2035	3,700,000	3,700,000	5.000	07/15/25	0.0	71883MKB9
	2040	10,000,000	10,000,000	4.000	07/15/25	0.0	71883MKE3
	2040	11,255,000	11,255,000	5.000	07/15/25	0.0	71883MKC7
	2045	26,780,000	26,780,000	5.000	07/15/25	0.0	71883MKD5
		<u>\$80,295,000</u>	<u>\$80,295,000</u>				
Junior Series 2015B	2034	\$18,655,000	\$18,655,000	5.000	07/15/25	0.0	71883MKF0

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

Such Escrow Account will be held by the Escrow Agent irrevocably in trust for the payment of such principal on the Bonds Being Refunded pursuant to the terms of an Escrow Agent Agreement between the City and the Escrow Agent dated as of June 1, 2025 (the “*Escrow Agent Agreement*”). Upon issuance of the 2025 Junior Bonds and the establishment of the Escrow Account, the Bonds Being Refunded will no longer be outstanding under the bond indenture pursuant to which they were issued and will no longer be secured by Designated Revenues.

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SOURCES AND APPLICATIONS OF FUNDS

Sources:

Par Amount of the 2025 Junior Bonds	\$ 84,635,000.00
Original Issue Premium	7,032,881.90
Junior Lien Parity Reserve Fund Release	4,227,375.00
Debt Service Reserve Fund for Junior Series 2015B Bonds Being Refunded	1,865,500.00
Other Available Funds	4,424,444.45
Total	<u>\$102,185,201.35</u>

Applications:

Escrow Account for Bonds Being Refunded	\$101,177,518.92
Cost of Issuance	634,981.41
Underwriters' Discount	372,701.02
Total	<u>\$102,185,201.35</u>

2025 JUNIOR BONDS

Authorization and Purpose

The 2025 Junior Bonds are being issued by the Corporation under the terms of the Indenture for the purpose of (a) refunding the Bonds Being Refunded, (b) making a deposit to the Junior Lien Parity Reserve Fund and (c) paying the costs of issuance of the 2025 Junior Bonds. The payments pursuant to the City Purchase Agreement (“*Purchase Payments*”) are scheduled to be sufficient to make payments on the 2025 Junior Bonds and certain other expenses. To secure amounts due under the City Purchase Agreement with respect to all of the 2025 Junior Bonds, the City has made a pledge of the Designated Revenues (as defined herein). See “SECURITY AND SOURCE OF PAYMENT.”

General Description

The 2025 Junior 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 2025 JUNIOR BONDS, AS NOMINEE OF THE DEPOSITORY TRUST COMPANY (“DTC”), REFERENCES HEREIN TO THE OWNERS OF THE 2025 JUNIOR BONDS (OTHER THAN UNDER THE CAPTIONS “TAX EXEMPTION”) WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE 2025 JUNIOR BONDS. PRINCIPAL, PREMIUM, IF ANY, AND INTEREST PAYMENTS ON THE 2025 JUNIOR 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 2025 Junior Bonds will be dated the date of initial authentication and delivery thereof, will bear interest payable semiannually on January 1 and July 1 of each year (each an “*Interest Payment Date*”), commencing January 1, 2026. The 2025 Junior 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 2025 Junior Bonds will be delivered in fully registered form in amounts of \$5,000 each or any whole multiple thereof (but no 2025 Junior 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, the principal of and premium, if any, and interest at maturity or redemption on each 2025 Junior Bond will be payable upon

presentation and surrender of such 2025 Junior Bond at the designated corporate trust office of the Registrar. Interest on each 2025 Junior Bond, other than that due at maturity or redemption, will be paid on each Interest Payment Date by check 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 2025 Junior Bond (the “Owner”) as of the fifteenth day of the month immediately preceding such Interest Payment Date (the “Regular Record Date”) at the address appearing on said bond register or at such other address as is furnished to the Trustee in writing by such Owner before the fifteenth day of the month prior to such Interest Payment Date.

The Indenture provides that, with the approval of the Corporation, the Registrar and Paying Agent may enter into an agreement with any Owner of \$1,000,000 or more in aggregate principal amount of 2025 Junior Bonds, as applicable, providing for making all payments to that Owner of principal of and interest and any premium on those 2025 Junior Bonds or any portion 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 those 2025 Junior Bonds, 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 2025 Junior Bonds may be made by wire transfer to any Owner of \$1,000,000 aggregate principal of 2025 Junior Bonds, upon two days 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”) for such payment which will be not more than 15 nor fewer than 10 days prior to the date of the proposed payment and the interest will be payable to the persons who are Owners on the Special Record Date. The 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 2025 Junior Bonds has been supplied by DTC. None of the Corporation, the City, the Trustee, the Underwriters or the Financial Advisor makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the 2025 Junior Bonds. The 2025 Junior Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2025 Junior Bond certificate will be issued for each maturity of the 2025 Junior Bonds, totaling in the aggregate the principal amount of the 2025 Junior Bonds, and will be deposited with DTC. The owners of book-entry interest will not receive or have the right to receive physical delivery of the 2025 Junior Bonds.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, 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 rating from Standard & Poor's of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the "*Commission*" or the "*SEC*"). More information about DTC can be found at www.dtcc.com.

Purchases of 2025 Junior Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025 Junior Bonds on DTC's records. The ownership interest of each actual purchaser of each 2025 Junior 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 2025 Junior 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 2025 Junior Bonds, except in the event that use of the book-entry system for the 2025 Junior Bonds is discontinued.

To facilitate subsequent transfers, all 2025 Junior 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 2025 Junior 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 2025 Junior Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025 Junior 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 2025 Junior Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2025 Junior Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2025 Junior Bond documents. For example, Beneficial Owners of 2025 Junior Bonds may wish to ascertain that the nominee holding the 2025 Junior 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 2025 Junior Bonds with 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 2025 Junior Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the 2025 Junior 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 2025 Junior 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 2025 JUNIOR BONDS FOR ALL PURPOSES UNDER THE INDENTURE, INCLUDING RECEIPT OF ALL PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE 2025 JUNIOR 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 INDENTURE. 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 2025 JUNIOR 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 INDENTURE TO BE GIVEN TO 2025 JUNIOR 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 2025 JUNIOR BONDS; (E) CONSENTS OR OTHER ACTION TAKEN BY DTC OR CEDE & CO., AS REGISTERED OWNER OR (F) ANY OTHER MATTER.

Redemption Provisions

Optional Redemption. The 2025 Junior Bonds maturing on or prior to July 1, 2035 are not subject to optional redemption prior to maturity. The 2025 Junior Bonds maturing on and after July 1, 2036 are subject to redemption at the option of the Corporation, as directed by the City, on July 1, 2035 and thereafter, in whole or in part at any time, in increments of \$5,000, in any order of maturity, as directed by the City, subject to the provisions contained under the heading “Book-Entry-Only System” above, by lot within a maturity, by payment of redemption price for each 2025 Junior Bond called for redemption equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium.

Notice of Redemption. When redemption is authorized or required, the Trustee will give the Owners of the 2025 Junior Bonds to be redeemed notice of the redemption of such 2025 Junior Bonds. Such notice will specify (a) that the whole or part of the 2025 Junior Bonds are to be redeemed and, if in part, the part to be redeemed; (b) the date of redemption; (c) the place or places where the redemption will be made; and (d) the redemption price to be paid. Any redemption of 2025 Junior Bonds in part will be from such series and maturities as directed by the City and by lot within a maturity in any manner the Trustee 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 2025 Junior Bond subject to

redemption in whole or in part at the Owner's address shown on the Register on the fifteenth 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 2025 Junior Bonds with respect to which there is no such defect.

Notice having been given in the manner provided above, the 2025 Junior 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 2025 Junior Bonds and portions thereof called for redemption is held by the Trustee or any paying agent on the redemption date, then the 2025 Junior 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.

SECURITY AND SOURCES OF PAYMENT

Pledge of Designated Revenues

General. The 2025 Junior Bonds are special revenue obligations of the Corporation payable solely from payments received under the City Purchase Agreement. Under the terms of the City Purchase Agreement, the City is to make Purchase Payments to the Trustee in amounts sufficient to pay when due the principal of and interest on the 2025 Junior Bonds, fees of the Trustee and all other expenses enumerated in the City Purchase Agreement.

Designated Revenues. The Purchase Payments relating to all of the 2025 Junior Bonds are secured by a pledge of the Designated Revenues. The City Purchase Agreement defines the term “*Net Airport Revenues*” to mean Airport Revenues, after provision for payment of all of the Cost of Maintenance and Operation and the term “*Designated Revenues*” to mean Net Airport Revenues, after payments required on any Senior Lien Obligations. Airport Revenues generally include all income and revenue received by the City directly or indirectly from the use and operation of the Airport System, except for certain specifically excluded revenues. Airport Revenues also include, among other revenues, rentals, landing fees, use charges, income from sales of services, fuel oil and other supplies or commodities; fees from concessions and parking; fees from rental car, taxi and limousine services (other than customer facility charges such as those relating to Special Purpose Facilities, which are pledged to debt service on obligations incurred for such facilities, until released (to the extent available) to the Airport System as Airport Revenues as reimbursement for eligible expenses (“*Recovered Revenue*”)); advertising revenues; and receipts derived from leases or other contractual agreements relating to the use of the Airport System. Passenger Facility Charges, (as defined herein) federal subsidy payments related to the Series 2010B Junior Bonds (as defined herein) (“*2010 RZEDB Subsidy Payments*”), federal grants and special facility revenues (such as customer facility charges relating to Special Purpose Facilities which remain pledged to debt service on obligations incurred for such facilities and do not represent Recovered Revenues) are specifically excluded from Airport Revenues. “*Cost of Maintenance and Operation*” generally includes all expenses (exclusive of depreciation and interest on money borrowed) which are necessary to the efficient maintenance and operation of the Airport System. For a complete description of the irrevocable commitments of Passenger Facility Charges to payment of debt service on certain Junior Lien Obligations, see “Irrevocable Commitment of Passenger Facility Charge Revenues to Debt Service on Certain Junior Bonds.” For complete definitions of Airport Revenues and Cost of Maintenance and Operation, see “APPENDIX F — Summary of Certain Provisions of Legal Documents — Certain Definitions.” The Purchase Payments to be made under the City Purchase Agreement will be, with respect to the Designated Revenues, (a) junior to the Senior Lien Obligations presently outstanding in the aggregate principal amount of \$610,250,000 and (b) on a parity with Junior Lien Obligations presently outstanding in the aggregate principal amount of \$1,252,555,000 (including the Bonds Being Refunded).

Irrevocable Commitment of Passenger Facility Charge Revenues to Debt Service on Certain Junior Bonds

Passenger Facility Charge Revenues. Debt service on the Junior Lien Obligations set forth in the Schedule of Outstanding Junior Bonds Supported by PFC Revenues below is further secured by an irrevocable commitment of net proceeds of a passenger facility charge (“*Passenger Facility Charge*”) imposed by the City and collected on behalf of the City by non-exempt passenger air carriers at Sky Harbor in the amounts and for the periods set forth below. 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 the compensation (i.e. any accrued interest prior to remittance and \$0.11 per Passenger Facility Charge collected) that air carriers are permitted to deduct prior to remittance. Such remittances, to the extent received in each Fiscal Year plus interest thereon, are referred to herein as “*PFC Revenues*.” See “Flow of Funds – Application of PFC Revenues.” Any of the Junior Lien Obligations described below not paid on payment dates on or before July 1, 2026 (the “*Commitment Period*”) by PFC Revenues received during the Commitment Period would then be payable from Designated Revenues on a parity with any Junior Lien Obligations which may be outstanding. The 2025 Junior Bonds are not supported by PFC Revenues.

**Schedule of Outstanding Junior Bonds
Supported by PFC Revenue**

Junior Series	Principal Amount Outstanding as of 07-01-24	Percent of Debt Service Secured	Commitment Period End Date⁽¹⁾
2010B	\$ 21,345,000	100%	June 30, 2026
2015A ⁽²⁾	80,295,000	30	June 30, 2026
2015B ⁽²⁾	18,655,000	100	June 30, 2026
2017D	407,165,000	100	June 30, 2026
2019A	341,095,000	93	June 30, 2026

(1) Unless extended by the City, in its discretion, by written direction to the Trustee. PFC Revenues received during this period may be applied to debt service due on or before July 1, 2026.

(2) Represents the Bonds Being Refunded.

Applicable Laws and the City's Passenger Facility Charge Program. For a description of the laws relating to Passenger Facility Charges and the City's Passenger Facility Charge Program, see "AIRPORT FINANCIAL INFORMATION – Passenger Facility Charge Program," herein.

Irrevocable Commitment of 2010 RZEDB Subsidy Payments to Interest on Certain Junior Bonds

The interest requirements for the Corporation's Junior Lien Airport Revenue Bonds, Taxable Series 2010B (Recovery Zone Economic Development Bonds-Direct Payment) (the "*Series 2010B Junior Bonds*") are further secured by an irrevocable commitment of the 2010 RZEDB Subsidy Payments through the final maturity of the Series 2010B Junior Bonds. The Corporation and the City expect to receive 2010 RZEDB Subsidy Payments rebating forty-five percent of the interest on the Series 2010B Junior Bonds, subject to adjustments described below, from the United States Treasury, provided that the Corporation and the City comply with certain Code requirements. Any such cash subsidy payments received by the Corporation or the City will be deposited directly to the Series 2010B Interest Subaccount of the 2010 PFC Interest Account of the PFC Revenue Fund and will not constitute Airport Revenues. Effective October 1, 2013, the federal government implemented certain automatic budget cuts known as the sequester, which resulted in a reduction of the federal subsidy over the past several years. The reduction is 5.7% for the federal government's fiscal year ending September 30, 2025 through the fiscal year ending September 30, 2030 (the "*Sequester Reductions*"). The City does not expect the Sequester Reductions to have a material adverse effect on its ability to pay the interest requirements of the Series 2010B Junior Bonds.

Certain Covenants and Remedies

Covenants and agreements contained in the Airport Revenue Bond Ordinance are incorporated by reference in the City Purchase Agreement and are applicable to the 2025 Junior Bonds. The Trustee and the Corporation, as their respective interests appear, have the right to enforce these covenants and agreements. The City may, but is not required to, pay amounts due under the City Purchase Agreement from unrestricted grant money and other moneys available to the Airport System, which are not included in the definition of Airport Revenues ("*Other Available Funds*"). For a discussion of certain financial covenants which the City has entered into with respect to the Airport System, see "SECURITY AND SOURCES OF PAYMENT — Rate Covenants," "— Additional Senior Lien Obligations" and "— Additional Junior Lien Obligations" and "APPENDIX F — Summary of Certain Provisions of Legal Documents — The Airport Revenue Bond Ordinance."

During the term of the City Purchase Agreement, payments are to be made regardless of damage to the Airport System or commercial frustration of purpose, without right of set-off or counterclaim, regardless of any contingencies and whether or not the City possesses or uses the Airport System. The City's obligation to make Purchase Payments will continue until all Purchase Payments and all other amounts due under the City Purchase Agreement have been paid or otherwise provided for.

The obligation of the City to make Purchase Payments under the City Purchase Agreement does not constitute a debt or a pledge of the full faith and credit of the City, the State of Arizona or any other political subdivision thereof. The City has not pledged any form of ad valorem taxes to the payment of the 2025 Junior Bonds. The 2025 Junior Bonds are special revenue obligations of the Corporation secured only by the Purchase Payments which are to be paid from a pledge of the Designated Revenues. The Purchase Payments are not secured by a lien of the Airport System or any portion thereof. For a description of events of default and remedies under the City Purchase Agreement, see “APPENDIX E — Summary of Certain Provisions of Legal Documents.”

Rate Covenants

Junior Lien Rate Covenant. Pursuant to the Airport Revenue Bond Ordinance and the Junior Lien Obligation Documents, including the City Purchase Agreement, the City has covenanted to continuously maintain the Airport System in good condition and operate the same in a proper and economical manner and on a revenue-producing basis, and will in each fiscal year establish, maintain and enforce schedules of rates, fees and charges for the use of the Airport System (a) sufficient to produce Designated Revenues at least equal to 110% of the annual debt service requirements of Junior Lien Obligations (net of Other Available Funds deposited in the Bond Fund in such fiscal year and net of any Junior Lien Passenger Facility Charge Credit (as defined herein) applicable, in such fiscal year) and (b) sufficient to produce any required payments to the Junior Lien Bond Reserve Fund or any separate reserve fund. The City and the Corporation have irrevocably committed the 2010 RZEDB Subsidy Payments to the interest requirements of the Series 2010B Junior Bonds. “*Junior Lien Passenger Facility Charge Credit*” means the amount of principal of and/or interest to come due on specified Junior Lien Obligations during any fiscal year to which Passenger Facility Charges, state and/or federal grants or other moneys have received all required governmental approvals and have been irrevocably committed or are held by the Trustee or another fiduciary and are to be set aside exclusively to be used to pay Junior Lien Interest Requirements and/or Junior Lien Principal Requirements on such specified Junior Lien Obligations, during the period of such commitment (unless such Passenger Facility Charges, state and/or federal grants or other moneys are subsequently included in the definition of Airport Revenues). The City has irrevocably committed the PFC Revenues in the amounts and for the periods set forth in the Schedule of Outstanding Junior Bonds Supported by PFC Revenues under the caption “Irrevocable Commitment of Passenger Facility Charge Revenues to Debt Service on Certain Junior Bonds”, to the extent received in any fiscal year ending prior to July 1, 2026. Such irrevocable commitments constitute a Junior Lien Passenger Facility Charge Credit (collectively, the “*Junior Lien Passenger Facility Charge Credits*”). See “APPENDIX E – Summary of Certain Legal Documents – The City Purchase Agreement.”

Senior Lien Rate Covenant. Pursuant to the Airport Revenue Bond Ordinance, the other Senior Lien Obligation Documents, and the City Purchase Agreement, the City has covenanted to continuously maintain the Airport System in good condition and operate the same in a proper and economical manner and on a revenue-producing basis, and will in each fiscal year establish, maintain and enforce schedules of rates, fees and charges for the use of the Airport System (i) sufficient to produce Net Airport Revenues at least equal to 125% of the annual debt service requirements of Senior Lien Obligations (net of Other Available Funds deposited in the Bond Fund in such fiscal year and net of any Passenger Facility Charge Credit applicable to Senior Lien Obligations in such fiscal year) and (ii) sufficient to produce any required payments to any debt service reserve fund established for Senior Lien Obligations, including the Senior Lien Parity Reserve Fund (as defined herein), for such fiscal year. “*Passenger Facility Charge Credit*” means the amount of principal of and/or interest to come due on specified Senior Lien Obligations during any fiscal year to which Passenger Facility Charges, state and/or federal grants or other moneys have received all required governmental approvals and have been irrevocably committed or are held in the Bond Fund or otherwise in trust by or on behalf of the Paying Agent and are to be set aside exclusively to be used to pay Interest Requirements and/or Principal Requirements on such specified Senior Lien Obligations, during the period of such commitment (unless such Passenger Facility Charges, state and/or federal grants or other moneys are subsequently included in the definition of Airport Revenues). There are currently no Senior Lien Obligations to which Passenger Facility Charges have been irrevocably committed. See

“APPENDIX E — Summary of Certain Provisions of Legal Documents — The Airport Revenue Bond Ordinance — Section 4.3 Rate Covenant” and “— The City Purchase Agreement.”

Flow of Funds

General. The application of Airport Revenues is governed by the Airport Revenue Bond Ordinance and the City Purchase Agreement. Such documents provide that so long as any Senior Lien Obligations or Junior Lien Obligations remain outstanding, all Airport Revenues shall be deposited as collected into a fund designated the “*Revenue Fund*” held by the City separate and apart from all other funds of the City. The following figure depicts the flow of funds under the Airport Revenue Bond Ordinance, the Senior Lien Obligation Documents and the Junior Lien Obligation Documents and the application of Airport Revenues, PFC Revenues and 2010 RZEDB Subsidy Payments:

Airport Revenues

Revenue Fund

Depository for all Airport Revenues

Priority

1

Operation and Maintenance Fund

Pay Cost of Maintenance and Operation

Net Revenues (or Net Airport Revenues)

2

Senior Bond Fund

Pay debt service on Senior Lien Obligations

3

Senior Bond Reserve Funds

Maintain Senior Lien Debt Service Reserve Requirement

Designated Revenues

4

Junior Lien Bond Fund⁽¹⁾

Junior Lien Interest Account

Pay Interest on Junior Lien Obligations

Junior Lien Principal Account

Pay principal on Junior Lien Obligations

5

Junior Lien Bond Reserve Funds

Maintain Junior Lien Debt Service Reserve Requirement

Junior Subordinate Lien Revenues

6

Junior Subordinate Lien Obligations

Payment of Junior Subordinate Lien Obligations

7

Airport Improvement Fund

Aviation CIP Projects or other Lawful Airport Purposes

PFC Revenues⁽¹⁾

PFC Revenue Fund

PFC Interest Account⁽²⁾

Until the amount on deposit is equal to the Junior Lien Interest Requirement for the Series 2010A/B Junior Bonds, the Series 2015B Junior Bonds* and the Series 2017D Junior Bonds and 30% of the Junior Lien Interest Requirement for the Series 2015A Junior Bonds* and 93% of the Junior Lien Interest Requirement for the Series 2019A Junior Bonds

PFC Principal Account⁽²⁾

Until the amount on deposit is equal to the Junior Lien Principal Requirement for the Series 2010A/B Junior Bonds, the Series 2015B Junior Bonds* and the Series 2017D Junior Bonds and 30% of the Junior Lien Principal Requirement for the 2015A Junior Bonds* and 93% of the Junior Lien Principal Requirement of the Series 2019A Junior Bonds

Available PFCs in the PFC Revenue Fund can be pledged in PFC eligible Senior Lien Obligations or other Junior Lien Obligations, may be used to make up a deficiency in the above funds, or for any lawful purpose

2010 RZEDB

Subsidy Payments

(During the Commitment Period Ending June 30, 2026)

(Through the Final Maturity of the 2010B Junior Bonds)

- (1) PFC Revenues will be transferred to the 2010 Junior Lien Bond Reserve Fund, the Junior Lien Parity Reserve Fund and the 2015B Junior Lien Bond Reserve Fund to the extent amounts have been withdrawn to pay debt service on the Junior Lien Airport Revenue Bonds, Series 2010A (the “*Series 2010A Junior Bonds*”), the Series 2010B Junior Bonds, the Junior Lien Airport Revenue Bonds, Series 2015A (the “*Series 2015A Junior Bonds*”), the Junior Lien Airport Revenue Refunding Bonds, Series 2015B (the “*Series 2015B Junior Bonds*”), the Junior Lien Airport Revenue Refunding Bonds, Series 2017D (the “*Series 2017D Junior Bonds*”) and the Junior Lien Airport Revenue Bonds, Series 2019A (the “*Series 2019A Junior Bonds*”), respectively. The Series 2015A Junior Bonds and Series 2015B Junior Bonds are expected to be refunded with proceeds of the 2025 Junior Bonds.
- (2) The PFC Interest Account and PFC Principal Account are accounts within the PFC Revenue Fund. Additionally, there is a Series 2010B Interest Subaccount of the PFC Interest Account where 2010 RZEDB Subsidy Payments are deposited for payment of interest on the Series 2010B Junior Bonds.

As set forth in the figure above, all monies in the Revenue Fund are to be transferred by the City to the following funds in the order listed:

(a) From time to time to the Operation and Maintenance Fund sufficient monies to pay Cost of Maintenance and Operation;

(b) Monthly to the Senior Bond Fund, (i) into the Principal Account amounts equal to one-twelfth of the next succeeding principal requirement (whether at maturity or pursuant to a sinking fund redemption requirement) on all Senior Lien Obligations, and (ii) into the Interest Account amounts equal to one-sixth of the next succeeding interest requirement, on all Senior Lien Obligations. Monies in the Bond Fund are to be transferred by the City to the respective paying agents for Senior Lien Obligations, at least one business day before each debt service payment is required to be made on the Senior Lien Obligations.

(c) From time to time to each separate or parity bond reserve fund established for Senior Lien Obligations (each, a “*Senior Lien Obligation Bond Reserve Fund*”), amounts then required to be deposited to such Senior Lien Obligation Bond Reserve Funds; provided that such deposits may be transferred to a Credit Facility in order to reimburse such Credit Facility for amounts paid out under any insurance policy or surety bond securing any of the Senior Lien Obligations. See “BOND RESERVE FUNDS — Senior Lien Obligation Bond Reserve Funds” for a discussion of such funds.

(d) Monthly to the Junior Lien Bond Fund, (i) into the Junior Lien Principal Account amounts equal to one-twelfth of the next succeeding principal requirements (whether at maturity or pursuant to a mandatory sinking fund redemption requirement) for the next succeeding principal payment date for Junior Lien Obligations and (ii) into the Junior Lien Interest Account amounts equal to one-sixth of the interest requirements for the next succeeding interest payment date for Junior Lien Obligations, in each case less any amounts to which an irrevocable commitment from another funding source has been made.

(e) From time to time into any reserve fund established for Junior Lien Obligations (each, a “*Junior Lien Obligation Bond Reserve Fund*”), amounts then required to be deposited therein under the terms of the Junior Lien Obligation Documents, provided that such deposits may be transferred to a credit facility provider for Junior Lien Obligations in order to reimburse such credit facility provider for amounts paid out under any insurance policy or surety bond securing any of the Junior Lien Obligations and related costs. See “BOND RESERVE FUNDS — Junior Lien Obligation Bond Reserve Funds” for more details.

(f) From time to time to such funds, as and to the extent required with respect to Junior Subordinate Lien Obligations.

(g) From time to time to the Airport Improvement Fund such funds as the City chooses to deposit therein. Amounts in the Airport Improvement Fund may be used for any lawful airport purpose including, but not limited to, the payment of other obligations of the City relating to the Airport.

Each of the above-referenced funds is created as a separate fund and, other than the Senior Lien Obligation Reserve Funds and the Junior Lien Obligation Bond Reserve Funds, is held by the City.

For a more complete discussion of the general flow of funds see “APPENDIX E — Summary of Certain Provisions of Legal Documents — The Airport Revenue Bond Ordinance” and “— The City Purchase Agreement.”

2025 Junior Lien Bond Fund. Pursuant to the Indenture, the Trustee will create the 2025 Junior Lien Bond Fund which will contain the 2025 Junior Lien Principal Account, the 2025 Junior Lien Interest Account and the 2025 Redemption Account. So long as any 2025 Junior Bonds are outstanding, the Trustee will deposit the Purchase Payments transferred to it by the City from the Interest Account and Principal Account of the Bond Fund held by the City and established under the Airport Revenue Bond Ordinance into the 2025 Junior Lien Interest Account and the 2025 Junior Lien Principal Account, respectively, of the 2025 Junior Lien Bond Fund held by the Trustee. The portion of the Purchase Payments deposited into the 2025 Junior Lien Principal Account will be used by the Trustee to pay the next succeeding principal payment (whether at maturity or pursuant to a sinking fund redemption requirement) on the

2025 Junior Bonds and the portion of the Purchase Payments deposited in the 2025 Junior Lien Interest Account will be used by the Trustee to pay the next succeeding interest payment on the 2025 Junior Bonds.

If all required deposits to the debt service funds for all Junior Lien Obligations and to all of the Junior Lien Obligation Bond Reserve Funds, as discussed below, have been made and the City makes an optional prepayment of its Purchase Payments to be used to purchase or redeem 2025 Junior Bonds, such optional prepayment shall be deposited in the 2025 Redemption Account and promptly applied by the Trustee to retire 2025 Junior Bonds by purchase, redemption or both in accordance with the City’s direction. Any balance remaining in the 2025 Redemption Account after the purchase or redemption of the 2025 Junior Bonds in accordance with the City’s direction shall be transferred to the City.

For a more complete description of the 2025 Junior Lien Bond Fund and the use thereof see “APPENDIX E — Summary of Certain Provisions of Legal Documents — The Indenture.”

Bond Reserve Funds

Senior Lien Obligation Bond Reserve Funds. The Airport Revenue Bond Ordinance and the Senior Lien Obligation Documents require that the City establish a separate bond reserve fund with respect to each concurrent issuance of Senior Lien Obligations in an amount equal to the applicable Debt Service Reserve Requirement. Debt Service Reserve Funds will have been established for Outstanding Senior Lien Obligation Bonds as set forth in the following table.

Table 1
Senior Lien Obligation Bond Reserve Funds

Senior Lien Obligation Bond Series	Funding Type	Debt Service Reserve Requirement As of 05-01-25
Series 2017A, Series 2017B, Series 2018 and Series 2023 (Senior Lien Parity Reserve Fund) ⁽¹⁾	Cash and Permitted Investments on Deposit with Trustee	\$50,230,534

(1) At the direction of the City, without notice to or consent of the owners of the Outstanding Senior Lien Obligations, the Senior Lien Parity Reserve Fund may secure additional Senior Obligations and the Senior Lien Parity Debt Service Reserve Requirement may be modified to the extent necessary to reflect on an aggregate basis the principal amount and annual debt service requirements of the Senior Lien Obligations to be secured by the Senior Lien Parity Reserve Fund. See “APPENDIX E - Summary of Certain Provisions of Legal Documents - The City Purchase Agreement” and “- The Indenture.”

Junior Lien Obligation Bond Reserve Funds. The Airport Revenue Bond Ordinance permits the City to, and the Junior Lien Obligation Documents require that, the City establish a bond reserve fund with respect to each concurrent issuance of Junior Lien Obligations in an amount equal to the applicable Debt Service Reserve Requirement. The Debt Service Reserve Requirement for each series of Junior Lien Obligations may be satisfied by a deposit into a Junior Lien Parity Reserve Fund established by the Airport Revenue Bond Ordinance and the Junior Lien Obligation Documents, which may secure the payment of additional series of additional Junior Lien Obligations, or into a separate Junior Lien Obligation Bond Reserve Fund securing the payment of only the series of Junior Lien Obligations being issued or incurred. Bond reserve funds will have been established for Outstanding Junior Lien Obligations as set forth in the following table.

Table 2
Junior Lien Obligation Bond Reserve Funds

<u>Junior Lien Obligation Series</u>	<u>Funding Type</u>	<u>Debt Service Reserve Requirement As of 06-11-25</u>
Series 2010B ⁽¹⁾	Cash and Permitted Investments on Deposit with Trustee	\$ 2,134,500
Series 2017D, Series 2019A, Series 2019B Taxable Series 2019C and Series 2025 (Junior Lien Parity Reserve Fund) ⁽²⁾	Cash and Permitted Investments on Deposit with Trustee	\$ 91,374,692

- (1) Represents a separate 2010 Junior Lien Obligation Bond Reserve Fund securing the payment of only such Series 2010B Junior Lien Bonds.
- (2) The Series 2017D Junior Bonds, Series 2019 Junior Bonds and the 2025 Junior Bonds, are currently the only obligations secured by the Junior Lien Parity Reserve Fund. At the direction of the City, without notice to or consent of the owners of the Series 2017D Junior Bonds, the Series 2019 Junior Bonds or the 2025 Junior Bonds, the Junior Lien Parity Reserve Fund may secure additional Junior Obligations and the Junior Lien Parity Debt Service Reserve Requirement may be modified to the extent necessary to reflect on an aggregate basis the principal amount and annual debt service requirements of the Junior Obligations to be secured by the Junior Lien Parity Reserve Fund. A portion of this fund is expected to be transferred to the Escrow Account for the Bonds Being Refunded.

Outstanding Senior Lien Obligations

As of May 1, 2025, there are \$610,250,000 principal amount of the Corporation's Senior Lien Airport Revenue Bonds outstanding as shown on the following table, which are senior to the City's obligations under the City Purchase Agreement.

Table 3
City of Phoenix Civic Improvement Corporation
Senior Lien Airport Revenue Bonds Outstanding

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 05-01-2025</u>
11-21-17	\$190,930,000	Airport Improvements	07-01-18/47	5.00%	\$168,485,000
11-21-17	173,440,000	Airport Improvements	07-01-21/38	5.00	148,275,000
11-28-18	226,180,000	Airport Improvements Refunding	07-01-19/48	4.87	205,430,000
06-07-23	96,540,000	Airport Improvements Refunding	07-01-24/32	5.00	88,060,000
Total Senior Lien Airport Revenue Bonded Debt Outstanding					<u><u>\$610,250,000</u></u>

Schedule of Senior Lien Obligations Annual Debt Service Requirements

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024-25	\$ 25,195,000	\$ 30,312,500	\$ 55,507,500
2025-26	26,460,000	29,052,750	55,512,750
2026-27	27,780,000	27,729,750	55,509,750
2027-28	29,170,000	26,340,750	55,510,750
2028-29	30,625,000	24,882,250	55,507,250
2029-30	32,160,000	23,351,000	55,511,000
2030-31	33,765,000	21,743,000	55,508,000
2031-32	35,455,000	20,054,750	55,509,750
2032-33	23,600,000	18,282,000	41,882,000
2033-34	24,785,000	17,102,000	41,887,000
2034-35	26,025,000	15,862,750	41,887,750
2035-36	27,325,000	14,561,500	41,886,500
2036-37	28,685,000	13,195,250	41,880,250
2037-38	30,120,000	11,761,000	41,881,000
2038-39	16,650,000	10,255,000	26,905,000
2039-40	17,480,000	9,422,500	26,902,500
2040-41	18,355,000	8,548,500	26,903,500
2041-42	19,275,000	7,630,750	26,905,750
2042-43	20,240,000	6,667,000	26,907,000
2043-44	21,250,000	5,655,000	26,905,000
2044-45	22,280,000	4,622,500	26,902,500
2045-46	23,365,000	3,538,500	26,903,500
2046-47	24,505,000	2,400,250	26,905,250
2047-48	25,700,000	1,205,000	26,905,000
	<u><u>\$610,250,000</u></u>	<u><u>\$354,176,250</u></u>	<u><u>\$964,426,250</u></u>

Additional Senior Lien Obligations

The Airport Revenue Bond Ordinance and the City Purchase Agreement provide that additional Senior Lien Obligations may be issued if (1) an officer of the City shall certify that either the Net Airport Revenues of the most recently completed fiscal year for which audited financial statements are available or the Net Airport Revenues for 12 consecutive months out of the most recent 18 calendar months, in each case together with Other Available Funds deposited to the Bond Fund during such period (a) were equal to at least 125% of the actual debt service on outstanding Senior Lien Obligations during such period and (b) would have been at least equal to 120% of Maximum Annual Debt Service for all Senior Lien Obligations to be outstanding, including the obligations proposed to be issued, and (2) a Consultant provides a report which projects that Net Airport Revenues in each fiscal year will equal at least 125% of the debt service on Senior Lien Obligations to be outstanding, including the obligations proposed to be issued, which report addresses the period of time beginning with the first full fiscal year following the issuance of the Senior Lien Obligations through the later of (i) three fiscal years following the expected date of completion of the proposed project or (ii) five fiscal years following the issuance of the Senior Lien Obligations. In making such projections, the Consultant's report may reduce assumed senior lien debt service by applying a Passenger Facility Charge Credit, if applicable. Under the City Purchase Agreement, Other Available Funds deposited to the Bond Fund are not taken into account for purposes of clause (1) in the preceding sentence. Additionally, Senior Lien Obligations may be issued for refunding purposes without compliance with any of the foregoing financial tests if Maximum Annual Debt Service immediately after issuance of the refunding obligations is not greater than 110% of Maximum Annual Debt Service immediately prior to such issuance. See "SECURITY AND SOURCE OF PAYMENT - Rate Covenants;" and "APPENDIX E - Summary of Certain Provisions of Legal Documents - The Airport Revenue Bond Ordinance."

For additional information on planned additional Senior Lien Obligations, see "AIRPORT FINANCIAL INFORMATION — Aviation Capital Improvement Program."

Outstanding Junior Lien Obligations

As of May 1, 2025, there are \$1,252,555,000 principal amount of the Junior Lien Obligations outstanding, as shown in the following table which are on a parity with the City's obligations under the City Purchase Agreement.

Table 4
City of Phoenix Civic Improvement Corporation
Junior Lien Airport Revenue Bonds Outstanding

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding as of 05-01-2025</u>
09-01-10	\$ 21,345,000	Airport Improvements	07-01-40	6.60%	\$ 21,345,000 ⁽¹⁾⁽²⁾
12-15-15	95,785,000	Airport Improvements	07-01-16/45	4.87	80,295,000 ⁽³⁾⁽⁴⁾
12-15-15	18,655,000	Airport Refunding	07-01-34	5.00	18,655,000 ⁽¹⁾⁽⁴⁾
12-21-17	474,725,000	Airport Refunding	07-01-21/40	4.67	407,165,000 ⁽¹⁾
12-11-19	341,095,000	Airport Improvements	07-01-41/49	4.48	341,095,000 ⁽⁵⁾
12-11-19	392,005,000	Airport Improvements	07-01-20/49	4.63	373,970,000
12-11-19	29,435,000	Airport Refunding	07-01-23/25	2.29	10,030,000
Total Junior Lien Airport Revenue Bonded Debt Outstanding					<u>\$1,252,555,000</u>

- (1) 100% of Debt Service due on or before July 1, 2026 on these bonds is also currently secured by an irrevocable commitment of PFC Revenues.
- (2) Subject to the City's compliance with certain requirements of the Code, the City expects to receive 2010 RZEDB Subsidy Payments rebating a portion of the interest on these bonds from the United States Treasury in an amount equal to 45% of the interest payable each respective interest payment date. Effective October 1, 2013, the federal government implemented certain automatic budget cuts known as the sequester, which has most recently resulted in a reduction of the federal subsidy payments by 5.7% for the federal government's fiscal year ending September 30, 2024 throughout and including September 30, 2030 (the "*Sequester Reductions*"). The City does not expect the Sequester Reductions to have a material adverse effect on its ability to make payments of interest on the Series 2010B Junior Bonds.
- (3) 30% of Debt Service due on or before July 1, 2026 on these bonds is also secured by an irrevocable commitment of the PFC Revenues.
- (4) Represents the Bonds Being Refunded.
- (5) 93% of Debt Service due on or before July 1, 2026 is secured by an irrevocable commitment of the PFC Revenues.

For additional information on planned additional Junior Lien Obligations, see "AIRPORT FINANCIAL INFORMATION—Aviation Capital Improvement Program."

Schedule of Junior Lien Obligations Annual Debt Service Requirements⁽¹⁾

Fiscal Year	Principal	Interest	Total
2024-25	\$ 39,380,000	\$ 58,563,587	\$ 97,943,587
2025-26	30,820,000	56,858,376	87,678,376
2026-27	32,355,000	55,317,377	87,672,377
2027-28	33,980,000	53,699,626	87,679,626
2028-29	35,675,000	52,000,626	87,675,626
2029-30	37,460,000	50,216,876	87,676,876
2030-31	39,325,000	48,343,877	87,668,877
2031-32	41,305,000	46,377,626	87,682,626
2032-33	43,365,000	44,312,376	87,677,376
2033-34	44,190,000	42,144,127	86,334,127
2034-35	47,640,000	40,113,970	87,753,970
2035-36	50,015,000	37,731,970	87,746,970
2036-37	52,500,000	35,249,670	87,749,670
2037-38	54,960,000	32,787,970	87,747,970
2038-39	57,185,000	30,567,170	87,752,170
2039-40	59,490,000	28,256,170	87,746,170
2040-41	52,655,000	25,170,950	77,825,950
2041-42	55,095,000	22,738,600	77,833,600
2042-43	57,630,000	20,194,250	77,824,250
2043-44	60,290,000	17,533,700	77,823,700
2044-45	63,070,000	14,751,250	77,821,250
2045-46	61,750,000	11,885,375	73,635,375
2046-47	64,525,000	9,107,925	73,632,925
2047-48	67,430,000	6,205,200	73,635,200
2048-49	70,465,000	3,171,137	73,636,137
	<u>\$1,252,555,000</u>	<u>\$843,299,781</u>	<u>\$2,095,854,781</u>

⁽¹⁾ Includes debt service on the Bonds Being Refunded but excludes debt service on the 2025 Junior Bonds offered herein.

Additional Junior Lien Obligations

The City Purchase Agreement provides that additional Junior Lien Obligations may be issued if either (1) an officer of the City shall certify that either the Designated Revenues of the most recently completed fiscal year for which audited financial statements are available or the Designated Revenues for 12 consecutive months out of the most recent 24 calendar months, (a) were equal to at least 110% of the actual debt service on outstanding Junior Lien Obligations during such period and (b) would have been at least equal to 110% of Maximum Annual Junior Lien Debt Service for all Junior Lien Obligations to be outstanding, including the obligations proposed to be issued, or (2) a Consultant provides a report which projects that Designated Revenues in each fiscal year will equal at least 110% of the debt service on Junior Lien Obligations to be outstanding, including the obligations proposed to be issued, which report addresses the period of time beginning with the first full fiscal year following the issuance of the Junior Lien Obligations through the later of (a) three fiscal years following the expected date of completion of the proposed project or (b) five fiscal years following the issuance of the Junior Lien Obligations. In making such projections, the Consultant's report may reduce assumed senior lien debt service and junior lien debt service by applying a Passenger Facility Charge Credit or a Junior Lien Passenger Facility Charge Credit, if applicable, including the Junior Lien Passenger Facility Charge Credits. Additionally, Junior Lien Obligations may be issued for refunding purposes without compliance with any of the foregoing financial tests if certain other conditions are met. See "APPENDIX E - Summary of Certain Provisions of Legal Documents - The City Purchase Agreement."

For information on planned additional obligations, some or all of which may be issued as Junior Lien Obligations see “AIRPORT FINANCIAL INFORMATION — Aviation Capital Improvement Program.”

Junior Subordinate Lien Obligations

There are currently no Junior Subordinate Lien Obligations outstanding. For information on planned additional obligations, a portion of which could be issued as Junior Subordinate Lien Revenue Obligations, see “AIRPORT FINANCIAL INFORMATION – Aviation Capital Improvement Program.”

AIRPORT FINANCIAL INFORMATION

Aviation Department Financial Policies

The Aviation Department is focused on maintaining sound financial performance and has adopted specific financial and debt management policies to assist with the financial management of the Airport, including:

Debt Service Coverage. Management seeks to maintain debt service coverage for the Senior Lien Obligations of at least 1.75x-2.00x. In fiscal year 2023-24 coverage of 5.41x was well above the target range. In fiscal year 2022-23 debt service coverage of 64.63x was above targeted coverage. Management also seeks to maintain aggregate debt service coverage (coverage of Senior Lien Obligation debt service and Junior Lien Obligation debt service) of at least 1.50x. The City’s aggregate debt service coverage was 3.11x in fiscal year 2023-24 and 31.76x in fiscal year 2022-23.

PFC Leveraging. Management has established a PFC leverage target of no greater than 75% of annual collections in order to preserve PFC pay-as-you-go capacity and program flexibility. For fiscal year 2023-24, PFC revenues were 59% leveraged, well below the maximum target, and down slightly from 64% in fiscal year 2022-23.

Liquidity. Management has established a target of at least 475 days cash on hand to support extraordinary operating and capital needs. In fiscal year 2023-24 and fiscal year 2022-23, management exceeded the target by achieving 1,007 and 834 days of cash, respectively.

Cost Per Enplanement (“CPE”). The Airport maintains one of the industry’s lowest CPE figures for similarly-sized U.S. airports. Management has the flexibility to increase CPE to maintain financial metrics and develop facilities. CPE was \$7.84 for fiscal year 2023-24 and was \$6.48 in fiscal year 2022-23.

Debt Service Requirements

The following two schedules set forth the estimated annual principal and interest requirements on the 2025 Junior Bonds offered herein and the debt service requirements on outstanding Junior Lien Obligations to be outstanding after the issuance of the 2025 Junior Bonds.

Schedule of Payments
Under the City Purchase Agreement⁽¹⁾

The City Purchase Agreement requires semi-annual Purchase Payments by the City to the Corporation in an amount equal to the annual principal of and interest on the 2025 Junior Bonds, which payments have been assigned to the Trustee under the Indenture in addition to certain other amounts payable thereunder. The Purchase Payments are due in immediately available funds on each December 31 and June 30 commencing December 31, 2025 and ending June 30, 2045. The Indenture requires that the Trustee deposit the Purchase Payments received from the City from Designated Revenues in the 2025 Junior Bond Fund and use such amounts to pay the principal of and interest on the 2025 Junior Bonds due on the following day. Set forth below is a schedule of the annual Purchase Payments with respect to the 2025 Junior Bonds:

Fiscal Year	2025 Junior Bonds		
	Principal	Interest	Total
2025-26	\$ 1,780,000	\$ 4,466,847	\$ 6,246,847
2026-27	2,105,000	4,142,750	6,247,750
2027-28	2,210,000	4,037,500	6,247,500
2028-29	2,315,000	3,927,000	6,242,000
2029-30	2,435,000	3,811,250	6,246,250
2030-31	2,550,000	3,689,500	6,239,500
2031-32	2,685,000	3,562,000	6,247,000
2032-33	2,820,000	3,427,750	6,247,750
2033-34	21,610,000	3,286,750	24,896,750
2034-35	3,105,000	2,206,250	5,311,250
2035-36	3,265,000	2,051,000	5,316,000
2036-37	3,425,000	1,887,750	5,312,750
2037-38	3,590,000	1,716,500	5,306,500
2038-39	3,775,000	1,537,000	5,312,000
2039-40	3,965,000	1,348,250	5,313,250
2040-41	4,160,000	1,150,000	5,310,000
2041-42	4,370,000	942,000	5,312,000
2042-43	4,590,000	723,500	5,313,500
2043-44	4,820,000	494,000	5,314,000
2044-45	5,060,000	253,000	5,313,000
	<u>\$84,635,000</u>	<u>\$48,660,597</u>	<u>\$133,295,597</u>

(1) Represents debt service requirements on the 2025 Junior Bonds offered herein.

Schedule of Junior Lien Airport Revenue Bond Debt Service Requirements

Fiscal Year	Outstanding Junior Lien Airport Revenue Bonds Debt Service⁽¹⁾	2025 Junior Bonds Debt Service⁽²⁾	Total Junior Lien Airport Revenue Bonds Debt Service
2024-25	\$ 97,674,281	\$ —	\$ 97,674,281
2025-26	80,559,376	6,246,847	86,806,223
2026-27	80,552,627	6,247,750	86,800,377
2027-28	80,560,126	6,247,500	86,807,626
2028-29	80,557,626	6,242,000	86,799,626
2029-30	80,556,876	6,246,250	86,803,126
2030-31	80,553,877	6,239,500	86,793,377
2031-32	80,564,626	6,247,000	86,811,626
2032-33	80,559,126	6,247,750	86,806,876
2033-34	60,563,627	24,896,750	85,460,377
2034-35	81,567,220	5,311,250	86,878,470
2035-36	81,560,220	5,316,000	86,876,220
2036-37	81,563,720	5,312,750	86,876,470
2037-38	81,565,820	5,306,500	86,872,320
2038-39	81,567,020	5,312,000	86,879,020
2039-40	81,562,020	5,313,250	86,875,270
2040-41	71,641,950	5,310,000	76,951,950
2041-42	71,646,850	5,312,000	76,958,850
2042-43	71,637,000	5,313,500	76,950,500
2043-44	71,638,700	5,314,000	76,952,700
2044-45	71,636,750	5,313,000	76,949,750
2045-46	73,635,375	—	73,635,375
2046-47	73,632,925	—	73,632,925
2047-48	73,635,200	—	73,635,200
2048-49	73,636,137	—	73,636,137
	<u>\$1,944,829,075</u>	<u>\$133,295,597</u>	<u>\$2,078,124,673</u>

(1) Net of the Bonds being refunded and does not include the Series 2025 Bonds offered herein.

(2) Represents the Debt Service requirements on the 2025 Junior Bonds offered herein.

Historical Revenues, Expenditures and Changes in Fund Balances

Table 5 “CITY OF PHOENIX, AVIATION DEPARTMENT ENTERPRISE FUND COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, HISTORICAL DEBT SERVICE COVERAGE AND CHANGES IN FUND BALANCE” on the following page presents historical results of the Airport on a budgetary basis for the last five fiscal years. This schedule is consistent with the City’s Annual Comprehensive Financial Report (“ACFR”) Exhibits E-3 and E-4.

In fiscal year 2023-24, revenues for Sky Harbor increased by 18.7% from fiscal year 2022-23. This increase is primarily due to increases in airline fees, as well as increases in parking, car rentals and ground transportation. Passenger enplanements increased by 7.8% from fiscal year 2022-23 to fiscal year 2023-24, and originating passengers decreased slightly to 72.6% from 73.0%. Airline landing fees for fiscal year 2023-24 increased to \$2.10 per 1,000 pounds, up from \$1.94 in fiscal year 2022-23.

In fiscal year 2023-24, operating expenditures increased by 6.6%. This increase is primarily due to rising costs for services and supplies in response to higher passenger counts as well as inflationary effects.

Table 5
City of Phoenix, Aviation Department Enterprise Fund
Comparative Schedule of Revenues, Expenditures, Historical
Debt Service Coverage and Changes in Fund Balances
(non-GAAP)
(In Expense Priority Established by the Airport Bond Ordinance)
(Fiscal Years; in thousands)

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24
Landing Area	\$ 45,756	\$ 42,248	\$ 49,447	\$ 33,756	\$ 56,887
Terminal Area	151,442	114,235	161,904	186,393	225,507
Ground Transportation	107,445	91,920	179,946	216,161	226,908
Other	38,378	37,431	37,884	55,036	59,149
Interest	10,418	3,407	2,312	14,390	39,053
Total Revenues before Reimbursement	353,439	289,241	431,493	505,736	607,504
Transportation O&M Expense Reimbursement (1)	15,459	15,190	18,312	18,572	14,631
Total Revenues	368,898	304,431	449,805	524,308	622,135
EXPENDITURES AND ENCUMBRANCES					
Cost of Maintenance and Operation					
Personal Services	128,315	126,783	134,931	132,909	146,882
Contractual Services	117,751	104,201	127,532	148,982	151,987
Supplies	11,376	8,544	12,898	14,517	14,832
Equipment/Minor Improvements	2,424	2,610	3,625	5,327	7,997
Total Cost of Maintenance and Operation (1)	259,866	242,138	278,986	301,735	321,698
Net Airport Revenue Available for Revenue Bond					
Debt Service (Net Airport Revenues)	109,032	62,293	170,819	222,573	300,437
Total Senior Lien Airport Revenue Bond Debt Service	59,721	4,926	995	3,444	55,514
Senior Lien Revenue Bond Debt Service Coverage	1.83	12.65	171.68	64.63	5.41
Net Airport Revenue Available After Senior Lien					
Revenue Bond Debt Service (Designated Revenues)	49,311	57,367	169,824	219,129	244,923
Total Junior Lien Airport Revenue Bond Debt Service (2)	8,560	3,542	2,040	3,563	41,187
Junior Lien Revenue Bond Debt Service Coverage	5.76	16.20	83.25	61.50	5.95
Net Airport Revenue Available After Senior and Junior Lien					
Revenue Bond Debt Service	40,751	53,825	167,784	215,566	203,736
Other Expenditures					
Capital Improvements	20,366	27,116	18,738	38,830	93,327
General Obligation Bond Debt Service	3,428	—	—	—	—
Early Defeasance of Bonds	—	—	—	—	—
Interest on Short-Term Debt	758	—	—	—	—
Total Other Expenditures	24,552	27,116	18,738	38,830	93,327
Total Expenditures and Encumbrances	352,699	277,722	300,759	347,572	511,726
Excess of Revenues Over Expenditures and Encumbrances	16,199	26,709	149,046	176,736	110,409
OTHER FINANCING SOURCES (USES)					
Pay Down of Unfunded Pension Liability (3)	—	(100,000)	(70,000)	—	—
COVID Grant Operating Expense Reimbursement	—	—	55,307	207	—
Contributions to Concessionaires	—	—	—	(24,024)	—
Recovery of Prior Years Expenditures	1,980	5,716	6,803	2,788	7,606
Transfer to General Fund: Staff and Administrative - Central Service	(9,736)	(10,117)	(10,233)	(13,634)	(15,052)
Transfers (to) from Other Funds					
Transfer to Other Funds	(949)	(919)	(173)	(963)	(3,532)
Transfers from Other Funds	101,644	63,146	12,689	3,467	392
Net Transfers (to) from Other Funds	100,695	62,227	12,516	2,504	(3,140)
Total Other Financing Sources (Uses)	92,939	(42,174)	(5,607)	(32,159)	(10,586)
Net Increase in Fund Balance	109,138	(15,465)	143,439	144,577	99,823
FUND BALANCE, JULY 1	272,617	381,755	366,290	509,729	654,306
FUND BALANCE, JUNE 30	381,755	366,290	509,729	654,306	754,129
Non-Cash Budgetary Transactions (4)	119,446	21,469	5,455	34,972	133,395
Total Airport Cash on Hand, June 30	\$501,201	\$ 387,759	\$515,184	\$689,278	\$887,524

- (1) Rental Car Center Transportation O&M Expenses as defined in the documents relating to the Corporation's Rental Car Facility Charge Revenue Bonds (the "CFC Bonds"), which are secured by Customer Facility Charges ("CFC"), are included as a Cost of Maintenance and Operation. Amounts reimbursed to the City by the trustee for the CFC Bonds to pay the rental car busing service expenses (included as a Cost of Maintenance and Operation) are included as Revenues.
- (2) Debt service is net of the Junior Lien Passenger Facility Charge Credits and the Recovery Zone Economic Development Bonds subsidy from the United States Treasury.
- (3) In fiscal year 2021-22, City Council authorized the use of Aviation Funds to pay down the COPERS unfunded pension liability.
- (4) Consists of budgetary encumbrances, revenue recoveries and other timing differences.

Enplaned Passenger Activity

The ten largest U.S. passenger airlines provide regular service at Sky Harbor. As of June 30, 2024, airlines at Sky Harbor provided nonstop passenger service to 145 airports, including 120 U.S. airports and 25 international airports located primarily in Mexico and Canada. According to Airports Council International (“ACI”) statistics for calendar year 2024, Sky Harbor was the fourteenth largest airport in North America as measured by total passengers. Sky Harbor is a major connecting hub airport in the route network of American Airlines and one of the largest “focus city” airports in the route network of Southwest Airlines. The inland location of Sky Harbor allows connections that minimize circuitry between the southwestern U.S. and points eastward. The following table sets forth the passenger and air cargo airlines that provided service at Sky Harbor during fiscal year 2023-24.

Table 6
Airlines Reporting Enplaned Passengers and Air Cargo
For Fiscal Year 2023-24
Phoenix Sky Harbor International Airport

Major/National

Alaska Airlines
Allegiant
American Airlines
Delta Air Lines
Frontier Airlines
Hawaiian Airlines⁽¹⁾
JetBlue Airways
Southwest Airlines
Spirit Airlines
Sun Country Airlines
United Airlines

Regional/Commuter

Advanced Air
Breeze Airways
Contour Airlines
Denver Air Connection
Envoy Air (American Airlines)
Mesa Airlines (United Express)⁽²⁾
SkyWest (American Eagle, Delta Connection, United Express)
Southern Airways Express

Foreign-Flag

Air Canada
Air France
British Airways
Condor Airlines
Flair Airlines
Jazz Aviation (Air Canada)
Volaris
WestJet

All-Cargo Airlines

ABX Air Inc.
Air Cargo Carriers
Air Transport International
Ameriflight
Empire
Federal Express
Northern Air Cargo (DHL)
Sun Country (Prime Air)
Swift (DHL)
UPS

Source: City of Phoenix Aviation Department.

(1) Hawaiian Airlines was acquired by Alaska Airline Group in 2024.

(2) On April 7, 2025, Mesa Airlines (Mesa Air Group, Inc.) and Republic Airways Holdings Inc. announced that they have entered into an agreement to merge.

Table 7 presents total historical enplaned passengers by airline at Sky Harbor. More than 72.5% of all passengers enplaned at Sky Harbor in fiscal year 2023-24 boarded flights operated by either American Airlines (and its commuter affiliates) or Southwest Airlines. Delta and United ranked as the next largest airlines by enplaned passengers in fiscal year 2023-24, respectively.

Table 7
Total Enplaned Passengers by Airline
Phoenix Sky Harbor International Airport

<u>Published Airline</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
American	7,986,712	5,780,470	9,336,658	9,634,456	10,189,736
Southwest	5,689,668	4,717,444	7,625,366	7,901,926	8,289,648
Delta	1,208,532	1,023,513	1,637,448	1,734,077	1,874,623
United	892,780	695,998	1,269,510	1,383,937	1,544,238
Frontier	403,247	437,103	678,828	970,787	1,444,275
Alaska	413,734	453,241	653,662	761,547	751,475
Spirit	113,676	79,582	187,361	253,194	243,168
WestJet	152,159	10,105	96,857	187,724	259,183
Air Canada	114,286	3,090	90,754	158,438	172,335
JetBlue	104,791	88,381	177,660	156,215	96,605
Sun Country	90,152	79,745	124,189	129,419	113,406
Hawaiian	61,988	39,249	87,312	95,523	100,815
British Airways	53,078	—	53,451	88,268	138,211
All Other	52,315	34,108	72,565	167,235	257,962
Total	<u>17,337,118</u>	<u>13,442,029</u>	<u>22,091,621</u>	<u>23,622,746</u>	<u>25,475,680</u>
Share of Total					
American	46.0%	42.8%	42.4%	40.7%	40.0%
Southwest	32.8	35.1	34.5	33.5	32.5
Delta	7.0	7.6	7.4	7.3	7.4
United	5.1	5.2	5.7	5.9	6.1
Frontier	2.3	3.3	3.1	4.1	5.7
Alaska	2.4	3.4	3.0	3.2	2.9
Spirit	0.7	0.6	0.8	1.1	1.0
WestJet	0.9	0.1	0.4	0.8	1.0
Air Canada	0.7	0	0.4	0.7	0.7
JetBlue	0.6	0.7	0.8	0.7	0.4
Sun Country	0.5	0.6	0.6	0.5	0.4
Hawaiian	0.4	0.3	0.4	0.4	0.4
British Airways	0.3	0	0.2	0.4	0.5
All Other	0.3	0.3	0.3	0.7	1.0
Total	<u>100%</u>	<u>100%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Notes: Passengers reported by regional affiliates have been grouped with their respective code-sharing partners.

Source: City of Phoenix Aviation Department.

The total number of enplaned passengers at Sky Harbor increased at a compound annual growth rate of 1.9% per year from fiscal year 2014-15 through fiscal year 2023-24, as shown in Table 8. Enplaned passenger numbers decreased 24.1% in fiscal year 2019-20 and a further 22.5% in fiscal year 2020-21 due to the effects of the COVID-19 pandemic. In fiscal year 2021-22, enplaned passenger numbers increased 64.4% as traffic recovered to 96.8% of fiscal year 2018-19 (pre-COVID) levels. Enplaned passenger numbers from FY 2023-24 increased by 7.8% from FY 2022-23. Origin-destination passengers accounted for the majority of the passenger growth over the 10-year period shown, increasing an average of 4.2% per year compared to a 2.5% decrease for connecting passengers. As of February 2025 enplanements are up 4.3% compared to the same period in the prior year.

Table 8
Historical Passenger Enplanements^{(1) (2)}
Phoenix Sky Harbor International Airport
(passengers in thousands)

Fiscal Year	By Destination		By Type of Origin-Designation (O&D) Passenger			Connecting	Total
	Domestic	International	Resident	Visitor	Total O&D		
2014-15	20,349	1,140	5,751	6,987	12,738	8,751	21,489
2015-16	20,984	1,071	6,147	7,391	13,538	8,517	22,055
2016-17	20,813	1,008	6,558	7,827	14,385	7,436	21,821
2017-18	21,178	1,041	6,846	8,201	15,047	7,172	22,219
2018-19	21,769	1,063	7,112	8,569	15,681	7,151	22,832
2019-20	16,615	722	5,479	6,573	12,052	5,285	17,337
2020-21	13,057	385	4,150	5,383	9,533	3,909	13,442
2021-22	21,237	855	7,195	8,561	15,756	6,336	22,092
2022-23	22,400	1,223	7,993	9,247	17,240	6,382	23,623
2023-24	24,102	1,374	8,515	9,982	18,497	6,979	25,476
Compound annual growth rate:							
2014-15 to 2023-24	1.9%	2.1%	4.5%	4.0%	4.2%	(2.5)%	1.9%
2022-23 to 2023-24	7.6%	12.3%	6.5%	7.9%	7.3%	9.4%	7.9%

(1) Historical resident, visitor and connecting numbers were restated to reflect methodological improvements in the compilation of DOT O&D Survey sample data by Airline Data Inc. (a third-party vendor) and are believed to be more accurate.

(2) Passenger enplanement data reduced during the COVID-19 pandemic in FY 2019-20 and FY 2020-21.

Sources: City of Phoenix Aviation Department; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

Sky Harbor's Role as a Connecting Hub

As discussed above under "Enplaned Passenger Activity," Sky Harbor serves as a connecting hub in the route system of American Airlines and is the fourth busiest airport in Southwest Airline's system. In fiscal year 2023-24, American and Southwest combined to account for 72.5% of total enplaned passengers at Sky Harbor and 98.0% of the connecting passengers. In fiscal year 2023-24, American (including its regional affiliates) accounted for 40.0% of the total enplaned passengers at Sky Harbor and 71.0% of the connecting traffic, and Southwest accounted for 32.5% of total enplanements and 27.0% of the connecting traffic. American's hubbing operations are a legacy of its 2013 merger with US Airways and US Airways's 2005 merger with America West Airlines. America West was founded in Tempe in 1983, with Sky Harbor as its primary hub. Following its merger with US Airways, the combined airline maintained its Tempe headquarters. In fiscal year 2023-24, Sky Harbor was the fifth busiest airport in the American system, following Dallas/Fort Worth International Airport, Charlotte Douglas International Airport, Miami International Airport, and Chicago O'Hare International Airport. Sky Harbor has nonstop service in fiscal year 2025 to 126 U.S. airports and 25 international destinations in Canada, Mexico, the United Kingdom and France.

Southwest has served Sky Harbor since 1982, and the Airport was one of the first served by the airline outside of its home state of Texas. In fiscal year 2023-24, Southwest offered more seats at Sky Harbor than at all but five airports in its system - Chicago Midway International Airport, Las Vegas Harry Reid International Airport, Baltimore/Washington International Thurgood Marshall Airport, Denver International Airport and Dallas-Love Field Airport. For a description of recent trends, see “CERTAIN BONDHOLDERS’ RISKS - Financial Condition and Activity Level of Airlines Serving the Airport.”

Aviation Capital Improvement Program

The Aviation Department developed an Aviation Capital Improvement Program (“*Aviation CIP*”) from fiscal year 2023-24 through fiscal year 2028-29 with project costs totaling approximately \$2.74 billion. The Aviation Department included selected projects from its Comprehensive Asset Management Plan (“*CAMP*”) in the Aviation CIP. *CAMP* is a Master Plan that addresses a 20-year period and helps identify and refine future demand forecasts and development opportunities. Given the dynamic conditions of the industry and preliminary assumptions, recurring updates will be required to reflect changing activity and future needs.

The Aviation CIP provides for \$2,742,666,000 in capital improvements for Sky Harbor, Goodyear and Deer Valley. The Aviation CIP is planned to be funded from \$1,142,963,000 in capital grants, \$207,024,000 in Passenger Facility Charges (“*PFC*”) pay-as-you-go, \$34,000,000 in Customer Facility Charges, \$596,371,000 in bonds, and \$762,308,000 in airport operating funds.

The Aviation CIP is reevaluated annually, and the scope and phasing of projects may be modified by considering financial capacity, government regulations, current needs, and other relevant factors. The City has a long-standing practice of updating the Aviation CIP and financial forecast each year for review by the City Council as part of the financial planning process.

The Airport is constructing a new crossfield taxiway (“*Taxiway U*”) in addition to other more minor taxiway work. Taxiway U is located in the west airfield, and is necessary to connect the western ends of the Airport’s north and center runways. Taxiway U will increase airfield efficiency and improve safety by reducing high-energy runway crossings. Additionally, Taxiway U will provide air traffic controllers with greater flexibility to maneuver aircrafts throughout the airfield and better sequence aircrafts for departure. This will also reduce average taxi distances and travel times. Estimates of Taxiway U costs and enabling work are approximately \$338 million. The Airport plans to use approximately \$200 million Bipartisan Infrastructure Law (“*BIL*”) formula grants as the primary source of funds for this airfield project, with PFCs and other Airport funds for the balance.

The Airport is addressing demand for additional gates at Terminal 3 with the development of a new concourse (Concourse T3 N2). Construction is underway on enabling projects while planning and design are finalized on the concourse. The concourse is expected to have approximately six contact gates to the east of the existing north concourse at Terminal 3. Like the other gates at Terminal 3, the Concourse T3 N2 gates are planned to be common use to provide operating flexibility. Total project costs are estimated at \$570 million with some of the funding already encumbered making the project needs summarized on Table 9 lower than the project total. While the Airport is actively pursuing potential grant funding for this project, it is currently anticipated that most, if not all, of the costs will be funded by future debt issuances.

The Airport has one major project planned for Terminal 4, Central Plant, which is currently estimated at \$135 million, with the remaining work in Terminal 4 made up of smaller projects.

Table 9*
Aviation Capital Improvement Program Through Fiscal Year 2028-29
City of Phoenix Aviation Department
(in thousands)

	Funding Sources					
	Total	Capital Grants (1)	PFC Pay-as-you-go	CFC Pay-as-you-go (2)	Non-PFC Future Bonds (3)	Airport Operating Funds
Major Capital Projects						
Terminal 4 Infrastructure	\$ 444,428	\$ 117,216	\$ 68,100	\$ —	\$ 75,477	\$183,635
Terminal 3 Concourse	410,326	86,432	—	—	122,240	201,654
Runways, Taxiways & Drainage	436,359	313,131	77,678	—	18,454	27,096
Subtotal Major Capital Projects	\$1,291,113	\$ 516,779	\$ 145,778	\$ —	\$216,171	\$412,385
Other Capital Projects						
Air Cargo	\$ 29,678	\$ —	\$ —	\$ —	\$ —	\$ 29,678
Deer Valley Airport	62,746	54,860	—	—	—	7,886
Goodyear Airport	56,973	51,045	—	—	—	5,928
Infrastructure	167,483	150,632	—	—	—	16,851
Land Acquisition	37,673	—	—	—	—	37,673
PHX Sky Train	1,200	—	—	—	1,200	—
Roadways	36,530	14,200	—	—	—	22,330
Parking and Rental Car Facilities	86,251	—	—	34,000	—	52,251
Security Facilities	3,854	—	—	—	—	3,854
General Aviation	9,518	—	—	—	—	9,518
Technology Development	54,486	—	—	—	—	54,486
Facilities & Equipment	32,243	—	—	—	—	32,243
Development Studies	74,467	56,079	—	—	—	18,388
Other Miscellaneous and Contingency	798,451	299,368	61,246	—	379,000	58,837
Subtotal Other Capital Projects	\$1,451,553	\$ 626,184	\$ 61,246	\$ 34,000	\$380,200	\$349,923
Total Capital Projects	\$2,742,666	\$1,142,963	\$ 207,024	\$ 34,000	\$596,371	\$762,308

Source: City of Phoenix Aviation Department.

* Subject to change on July 1, 2025, pending adoption of an updated Aviation CIP. Numbers are rounded.

- (1) Capital Grants include Airport Improvement Program and BIL Grants.
- (2) CFCs are presented in two different funding sources in the City's Council approved budget process.
- (3) Aviation CIP does not include approximately \$488.8 million of additional planned future bonds for Concourse T3 N2 and other Aviation CIP projects.

Airport Rates and Charges

In 1981, the Mayor and Council of the City formally adopted a compensatory (cost of services) rate-setting policy which provides, (1) that charges to aviation users be established on the basis of the costs to provide, maintain and operate Airport facilities and services, and (2) that these costs be recovered from aviation users on a basis not to exceed their proportional use thereof. Under this compensatory rate-setting methodology, the City bears the risk of any revenue shortfall and retains any surplus revenue for its own discretionary expenditures. Rates and charges are typically adjusted at the beginning of each fiscal year after the City has reviewed proposed rate changes and capital expenditures with airline representatives. However, the City retains its proprietary right to adjust fees and to determine its capital expenditures without airline approval, and the City has the unilateral

right to adjust terminal rates and landing fees at any time to reflect changes in cost. Any such adjustment is subject to federal law and regulations. In establishing any new schedule of rates, fees and charges for the use of the Airport, the City intends to comply with federal law and regulations.

The City uses short-term (month-to-month) Letters of Authorization each, a (“LOA”) for airline space within its terminal facilities. Such LOA can be terminated by either party upon 30-days’ notice, providing the City with the flexibility to maximize the use of its terminal facilities.

The following table provides the historical average airline cost per enplaned passenger.

Table 10
Historical Average Cost Per Enplanement
Phoenix Sky Harbor International Airport
Fiscal Years

	Fiscal Years		
	2021-22	2022-23	2023-24
Total Airline Revenue ⁽¹⁾ (000’s)	\$117,974	\$153,125	\$199,687
Enplanements(000’s)	22,092	23,623	25,476
Cost per Enplanement	\$ 5.34	\$ 6.48	\$ 7.84

(1) In fiscal year 2021-22, the use of COVID related grants for debt service resulted in lower costs of operation included in airline fees as per the Aviation ACFR schedule 23.

Source: City of Phoenix Aviation Department.

Passenger Facility Charge Program

Authorization for the Passenger Facility Charge. The Passenger Facility Charge is currently collected by non-exempt air carriers using Sky Harbor and remitted to the City pursuant to Section 1113(e) of the Federal Aviation Act, as amended, and the regulations promulgated thereunder (collectively, the “PFC Laws”). The PFC Laws empower the FAA to authorize a public agency that controls an airport to impose a passenger facility charge of \$1.00, \$2.00, \$3.00, \$4.00 or \$4.50 (the current maximum level) for each enplaned passenger at such airport (a “PFC”), subject to certain exceptions described below. Proceeds of an authorized PFC may be used only to pay “allowable costs” of specific airport projects approved by the FAA, including debt service and other financing costs on bonds issued to finance such specific projects. Projects for which the FAA may authorize a PFC must (i) preserve or enhance safety, security or capacity of the national air transportation system; (ii) reduce noise or mitigate noise impacts resulting from an airport or (iii) furnish opportunities for enhanced competition between or among air carriers.

Under the PFC Laws, substantially all air carriers serving an airport for which the FAA has authorized the collection of a PFC must collect such PFC at the time they sell an airline ticket to a passenger to be enplaned at the airport. Passenger enplanements subject to the charge include passengers originating their travel itineraries on departing flights out of the collecting airport or connecting passengers at the collecting airport whose itineraries originated in other cities, provided the airport is among the first two or last two airports collecting a PFC on such connecting passenger’s itinerary. An authorized PFC may only be collected for “revenue passengers” enplaned at a collecting airport, including passengers using scheduled and non-scheduled airline service. “Revenue passengers” do not include passengers who do not pay for the air transportation which resulted in their enplanement, including passengers using frequent flyer awards.

Under the PFC Laws, the air carriers collecting a PFC on behalf of a public agency must remit the proceeds of the PFC to the public agency on a monthly basis, not later than the last day of the month following the month in which such proceeds were collected or the first business day thereafter. Prior to such remittance, however, collecting air carriers are entitled to retain any interest accrued on the investment of the proceeds of the PFC they collect, as well as \$0.11 of each PFC collected as compensation for administering the collection process.

Under the PFC Laws, the FAA may terminate a public agency's ability to impose, collect and apply the proceeds of a previously authorized PFC if the FAA finds that the public agency has violated the PFC Laws, including a violation of the agency's obligation under the PFC Laws to expend proceeds of its authorized PFC only on FAA-approved projects. A public agency's ability to impose, collect and apply the proceeds of a previously authorized PFC may also be terminated by the FAA if the agency is found to have violated the Airport Noise and Capacity Act of 1990 or its implementing regulations (collectively, the "*Noise Law*"). Both the PFC Laws and the Noise Law contain a variety of procedural safeguards, including an informal resolution procedure, and in the case of the PFC Laws, a public hearing, which would apply before a public agency's PFC program could be terminated. Under the PFC Laws and the Noise Law, termination proceedings would include a period of time to allow the airport agency to correct any violation identified by the FAA or otherwise settle any alleged violation. The public agency would also subject certain other of its funds, including federal airport improvement grants, to termination by violating the PFC Laws or the Noise Law. While the City is not aware of any action by the FAA to terminate its ability to impose, collect and apply the proceeds of its PFC program, there can be no assurance that the FAA will not terminate the PFC program in the future.

The City's PFC Program. From January 26, 1996, when the City initiated the collection of the PFC at the Airport, through June 30, 2024, the City's PFC collections when measured on a cash basis, totaled \$ million (excluding interest). The City's most recent application, PFC #9 for Terminal 2 concourse demolition and apron construction and Terminal 4 improvements was approved by the FAA on April 19, 2019 for \$22.5 million. Nonscheduled on-demand carriers and carriers with fewer than 7,500 enplanements annually are exempted.

Table 11 shows PFC collections at Sky Harbor in fiscal year 2021-22 through fiscal year 2023-24.

Table 11
Historical PFC Collections
Phoenix Sky Harbor International Airport
Fiscal Years

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
PFC Rate	\$ 4.50	\$ 4.50	\$ 4.50
Airline Administrative Fee	\$ (0.11)	\$ 0.11	\$ 0.11
Net PFC Rate	\$ 4.39	\$ 4.39	\$ 4.39
Total Enplanements (000's)	22,092	23,623	25,476
Implied PFC Eligible Enplanements	86.3%	85.7%	85.7%
Total PFC Collections (000's)	\$83,728	\$88,853	\$95,824

Source: City of Phoenix Aviation Department

Table 12 shows active and closed PFC approvals and remaining collection authority. Table 13 shows the various projects approved for funding in the four active PFC approvals.

Table 12
PFC Approvals and Revenues
Phoenix Sky Harbor International Airport
(as of June 30, 2024; in millions)

	<u>Approval Amount</u>	<u>Revenues</u>	<u>Remaining Authority</u>
Closed PFC Approvals ⁽¹⁾	\$ 875.2	\$ 875.2	\$ —
Active PFC Approvals ⁽²⁾ PFC 6, PFC 7, PFC 8, PFC 9	<u>2,094.0</u>	<u>1,226.0</u>	<u>868.0</u>
Total All PFC Approvals	<u><u>\$2,969.2</u></u>	<u><u>\$2,101.2</u></u>	<u><u>\$868.0</u></u>

(1) PFC 1, PFC 2, PFC 3, PFC 4 and PFC 5 are closed and no longer active.

(2) Active PFC approvals include PFC 6 applications 09-09-C-00-PHX (\$1,858.6 million), 09-09-C-01-PHX (\$81.9 million), 09-09-C-02-PHX (\$31.9 million), 09-09-C-03-PHX (\$35.0 million reduction), 09-09-C-04-PHX (\$5.0 million reduction) and 09-09-C-05-PHX (\$13.8 million reduction). PFC 7 application 15-10-C-00-PHX (\$82.2 million) and 15-10-C-01-PHX (\$4.5 million). PFC 8 application 18-11-C-00-PHX (\$70.0 million) and 18-11-C-01-PHX (\$4.1 million reduction). PFC 9 application 19-12-C-00-PHX (\$22.5 million) was approved April 19, 2019.

Source: Federal Aviation Administration and City of Phoenix Aviation Department.

Table 13
Active PFC Approvals by Project
Phoenix Sky Harbor International Airport
(as of June 30, 2024; in millions)

PFC 6	
PHX Sky Train	\$ 1,748.6
Community Noise Reduction Program	120.2
Terminal 4 Rehabilitation	9.0
Airfield Lighting and Runway Sign Relocation	2.1
Terminal Capacity Improvements	30.1
South Infield Paving	8.6
Subtotal PFC 6	\$ 1,918.6
PFC 7	
East Air Cargo Apron Reconstruction	\$ 0.7
Perimeter Gates Security Enhancements	1.1
T3 NE Transition Ramp Reconstruction	1.7
Terminal 4 North Apron Reconstruction	20.7
Terminal 4 South Apron Reconstruction	4.9
Terminal 4 TSA EDS Enhancements	0.4
Taxiway A Reconstruction (Phase I and II)	3.3
Taxiway Connector G5 Construction	1.2
Terminal Window Glazing	1.2
West Hold Bay Reconstruction	0.8
Airfield Lighting Enhancements	1.4
Terminal 4 International Facility Improvements	18.5
Jetbridge Enhancements	2.5
Terminal Development Concept Design	26.5
Airport Compatible Land Rescue Plan	1.8
Subtotal PFC 7	\$ 86.7
PFC 8	
Utility Vault Upgrade and Infield Paving	\$ 7.6
Airport Compatible Land Redevelopment	1.3
Runway Incursion Mitigation (RIM) Analysis	0.2
Airport Master Plan Study	0.8
Security Master Plan	0.8
Update Airport AGIS Survey and Airspace Analysis	0.3
Passenger Info Paging Sys (PIPS) and Wait Time	1.7
Runway 8-26 Keel Reconstruction	1.7
Reconstruct T3 South Transition Apron	1.7
Terminal 3 North Inner PCCP Ramp Reconstruction	2.7
Terminal 3 Modernization - Construction	46.1
Perimeter Gates Security Enhancements - Phase II	1.0
Subtotal PFC 8	\$ 65.9
PFC 9	
Terminal 2 Concourse Demo and Apron Construction	\$ 8.9
Terminal 4 S1 Concourse Apron Construction	5.2
Terminal 4 Infrastructure Fire Alarm Replacement	8.4
Subtotal PFC 9	\$ 22.5
Total PFC Approval Amount ⁽¹⁾	\$ 2,093.7
Less PFC 6 and PFC 7 Revenues Collected as of June 30, 2024	(1,225.8)
Remaining Authority	\$ 867.9

(1) Includes PFC approval for \$570.6 million pay-as-you-go, \$732.6 million bond funds and \$790.5 million interest.

Sources: Federal Aviation Administration and City of Phoenix Aviation Department.

CERTAIN BONDHOLDERS' RISKS

Investment in the 2025 Junior Bonds involves risk. The City's ability to generate Designated Revenues to pay debt service on the 2025 Junior Bonds, as well as to generate other funds important to the operation of the Airport depends upon many factors, most of which are not under the control of the City. This section describes some of the risks associated with investing in the 2025 Junior Bonds; however, prospective purchasers of the 2025 Junior Bonds should give careful consideration to all of the information in this Official Statement.

Certain Factors Affecting the Air Transportation Industry and the Airport

General. No assurance can be given with respect to the levels of aviation activity that will be achieved at the Airport in future fiscal years. Traffic at the Airport is sensitive to a variety of factors including (1) the growth in the population and economy of the air service area served by the Airport; (2) national and international economic conditions; (3) air carrier economics and air fares; (4) the availability and price of aviation fuel; (5) air carrier service and route networks; (6) the capacity of the air traffic control and airways system; (7) the capacity of the Airport; and (8) safety concerns arising from international conflicts and the possibility of additional terrorist attacks. Since early 2000, several factors including slow or negative traffic growth in certain areas, increased fuel, labor, equipment and other costs, health concerns such as COVID-19, Severe Acute Respiratory Syndrome ("SARS") and Ebola, costs of compliance with new security regulations and requirements, threat of possible future terrorist attacks and an increase in the cost of debt, have reduced profits and caused significant losses for all but a few air carriers.

Aviation Security Requirements and Related Costs. The FAA, as a result of the events of September 11, 2001, instituted numerous safety and security measures for all U.S. airports including Sky Harbor. The provision of and cost of airport security was transferred to and now is administered by the federal government through the Transportation Security Administration (the "TSA") instead of private companies. Like many other airport operators, Sky Harbor experienced increased operating costs due to compliance with the new federally mandated security and operating requirements. Sky Harbor is currently in compliance with all federally mandated security requirements.

The City cannot predict the effect of any future government-required security measures, if any on passenger activity at Sky Harbor. Nor can the City predict how the government will staff security screening functions or the associated effect on passenger activity of government decisions regarding its staffing levels.

Aviation Safety Concerns, International Conflict and the Threat of Terrorism. Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities, terrorist attacks, increased threat levels and world health concerns, may influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of travel and the switching from air to surface modes of transportation for short trips.

On March 13, 2019, following two deadly aircraft crashes involving the Boeing 737 MAX airplane, the FAA's Acting Administrator issued an Emergency Order of Prohibition (the "FAA Order"). The FAA Order grounded all U.S. registered Boeing 737 MAX aircraft, including the 8 and 9 variants, until the FAA Order was rescinded or modified. The FAA Order concluded that similarities between the two crashes warranted further investigation of the possibility of a shared cause for the two incidents. On November 18, 2020 the FAA Administrator issued a Rescission of Emergency Order of Prohibition (the "Rescission Order"). The Rescission Order, together with certain related directives issued by the FAA, required owners and operators of covered Boeing 737 MAX aircraft to complete certain corrective actions necessary to address the unsafe condition before further flight operations. The Rescission Order also provided that prior to returning Boeing 737 MAX aircraft to service, operators meet all other applicable requirements, including new training for pilots and conducting specified maintenance activity. In December 2020, the Boeing 737 MAX returned to providing passenger service in the U.S.

In April 2021, Boeing warned airlines of a possible electrical insulation fault in the production of some Boeing 737 MAX aircraft. The top three U.S. 737 MAX operators (Southwest, American and United) removed a total of 63 Boeing 737 MAX aircraft from service following the notice received from Boeing. However, in May 2021, the FAA approved Boeing's modifications and service bulletins were issued for the affected fleet.

On January 5, 2024, a cabin panel tore off the side of a Boeing 737 MAX 9 aircraft (the "MAX 9") on an Alaska Airlines flight from Portland, Oregon to Ontario, California while in flight. The MAX 9 landed safely with several passengers suffering injuries and no fatalities. Following the incident, the FAA grounded all MAX 9 airplanes and required inspections, including close review of specific bolts, guide tracks and fittings and detailed visual inspections of door plugs and dozens of associated components. The National Transportation Safety Board's preliminary investigation found that bolts were missing on the MAX 9 that suffered the cabin panel blowout. A federal criminal investigation into Boeing is on-going. The grounding of all MAX 9 aircraft caused airlines to cancel thousands of flights in January 2024. The grounding order was lifted on January 24, 2024 and MAX 9 planes owned by Alaska Airlines and United Airlines were permitted to resume service after passing inspections. The FAA's ensuing six-week audit of Boeing and Spirit AeroSystems found multiple instances where the companies allegedly failed to comply with manufacturing quality control requirements.

On February 4, 2025, American Airlines Flight 5342 and an Army helicopter collided in midair near Ronald Reagan National Airport in Washington, D.C., killing all 67 on board. The National Traffic Safety Board released a preliminary report on March 11, 2025 as to the facts of the crash. An investigation into the probable cause is ongoing.

With the proliferation of inexpensive, commercially available, unmanned aerial vehicles ("UAVs"), or drones, the threat that unauthorized and unsafe UAV operations near airports could adversely affect the safety or security of U.S. airports and arriving or departing aircraft has increased significantly in recent years. Recent incursions of airport airspace by UAVs have disrupted airport operations by causing flights to be halted or diverted. An unauthorized UAV incursion at Sky Harbor could result in the temporary delay or cancellation of flights to or from Sky Harbor.

Cyber Security. Computer networks and data transmission and collection are vital to the efficient operation of the airline industry. Air travel industry participants, including airlines, the FAA, the TSA, the City, concessionaires and others collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to air travel industry operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of the air travel industry, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, operations and the services provided, and cause a loss of confidence in the air travel industry, which could ultimately adversely affect Airport Revenues.

Capacity of the National Air Traffic Control and Airport Systems. Demands on the nation's air traffic control system continue to cause aircraft delays and restrictions, both on the number of aircraft movements in certain air traffic routes and on the number of landings and takeoffs at certain airports. These restrictions affect airline schedules and passenger traffic nationwide. In addition, increasing demands on the national air traffic control and airport systems and layoffs of FAA and other government employees could cause increased delays and restrictions in the future.

Cost and Availability of Aviation Fuel

Airline earnings are significantly affected by the price of aviation fuel. According to Airlines for America, fuel is the largest single cost component for most airline operations, and therefore is an important and uncertain

determinant of an air carrier's operating economics. There has been no widespread and sustained shortages of aviation fuel since the "fuel crisis" of 1974, but there have been significant increases and fluctuations in the price of fuel.

Any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, the policy of the Organization of Petroleum Exporting Countries', increased demand for fuel caused by the rapid growth of developing economies such as China and India, the levels of fuel inventory maintained by certain industries the amounts of reserves maintained by governments; currency fluctuations; disruptions to production and refining facilities, including as a result of the Russian invasion of Ukraine, and declines in international trade resulting from tariffs; and weather. In recent years, the cost of aviation fuel has fluctuated in response to changes in demand for and supply of oil worldwide. Significant fluctuations and prolonged increases in the cost of aviation fuel may result in an adverse impact on air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel as well as to increase fares and institute fuel, checked baggage and other extra surcharges, any of which may decrease demand for air travel.

Economic Conditions

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economies. Following the global financial crisis that began in September 2008, the U.S. economy experienced a recession followed by weak growth. As a result of concerns about the U.S. government's ability to resolve long-term deficits, S&P downgraded the credit rating of the U.S. sovereign debt in August 2011 from AAA to AA+. The credit rating has been further threatened by periodic debates about raising the debt ceiling. It is not known at this time whether recent inflation and interest rate increases by the Federal Reserve will result in a near-term economic recession. There can be no assurances that the prolonged weak economic conditions, the U.S. federal government's credit rating downgrade, or other national and international fiscal concerns will not have an adverse effect on the air transportation industry.

Financial Condition and Activity Level of Airlines Serving the Airport

The Airport derives a substantial portion of its operating revenues from landing and facility rental fees. The financial strength and stability of the airlines using Sky Harbor, together with numerous other factors, influence the level of aviation activity at, and the revenues of, the Airport. Individual airline decisions regarding level of service also affect total enplanements. Financial or operational difficulties of any of the airlines operating at Sky Harbor will have an adverse impact, directly or indirectly on Airport Revenues, Airport operations and PFC Revenues. In some cases, such an impact may be material.

The financial results of the airline industry are subject to substantial volatility and, at times, many carriers have had overlapping, extended periods of unprofitability. See "- Airline Consolidations, Bankruptcy and Financial Considerations" below. The COVID-19 pandemic and the economic impacts thereof have had a significant and adverse impact on the demand for air travel and the airline industry. The COVID-19 pandemic resulted in substantial financial challenges for airlines serving the Airport, including substantial financial losses and reductions in airline industry workforce. While the Airport has seen passenger traffic return after or grow through airline bankruptcies and consolidations and other events affecting the airline industry from 2000 through 2019, the COVID-19 pandemic was an unprecedented event and the effects of the COVID-19 pandemic or any future pandemic on the airline industry cannot be predicted with any certainty.

The operating revenues from the landing and facility fees of American Airlines and Southwest Airlines are especially important to the Airport. For the fiscal year ended June 30, 2024, American Airlines and Southwest Airlines enplaned approximately 40.0% and 32.5%, respectively, of the total enplaned passengers at Sky Harbor. No other airline enplaned more than 7% of Sky Harbor's enplaned passengers. No assurance can be given that American Airlines will continue its hubbing operations at Sky Harbor or that Southwest Airlines will continue to allocate a significant portion of its system capacity to Sky Harbor. In the event American Airlines reduces or

discontinues its hubbing operations at Sky Harbor or Southwest Airlines reduces the current allocation of its system capacity, other airlines may not fully replace the lost service to maintain the current level of activity at Sky Harbor. It is reasonable to assume that any significant financial or operational difficulties incurred by American Airlines or Southwest Airlines could have a material adverse effect on the Airport.

Airline Consolidations, Bankruptcy and Financial Considerations

As a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 attacks, increased fuel and other operating costs, and price competition, the industry experienced financial losses from 2001 through 2006. To mitigate those losses, all of the major airlines reduced their route networks and flight schedules and reached agreements with their employees, lessors, vendors, and creditors to cut costs. Between 2002 and 2005, Delta, Northwest, United, and US Airways filed for bankruptcy protection and restructured their operations.

Consolidation of the U.S. airline industry has resulted from the acquisition of Trans World by American (2001), the merger of US Airways and America West (2005), the merger of Delta and Northwest (2009), the merger of United and Continental (2010), the acquisition of AirTran by Southwest (2011), the merger of American and US Airways (2013), the acquisition of Virgin America by Alaska Airlines (2016), the acquisition of Hawaiian Airlines by Alaska Airlines (2024), and Mesa Airlines (Mesa Air Group, Inc.) and Republic Airways Holdings Inc. announced that they have entered into an agreement to merge (2025).

Such consolidation has resulted in four airlines (American, Delta, Southwest, and United) and their regional affiliates now accounting for approximately 86% of domestic seat-mile capacity. Consolidation has also contributed to recent airline industry profitability. However, any resumption of financial losses could cause one or more U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of any of the large network airlines could drastically affect airline service at certain connecting hub airports and change airline travel patterns nationwide. The City cannot predict what impact, if any, such consolidation will have on airline traffic at Sky Harbor.

Letters of Authorization. To date, all airlines that have filed for bankruptcy protection have remitted all material payments due to the Airport for use of terminal facilities under their respective LOA. In the event a bankruptcy case is filed by an airline in the future, under current law the bankruptcy court could terminate the LOA at the expiration of its 30-day term. In such event, the City would be permitted to remove such airline from use and occupancy of the terminal and provide the premises to another airline. In such circumstances, while passenger demand may not be affected, revenue collections could be affected until other airlines absorb the unmet demand of the departing airline. The City cannot make any assurance regarding how a bankruptcy court will interpret the LOA.

Passenger Facility Charges. PFC Revenues do not secure the 2025 Junior Bonds. However, PFC Revenues are important in the overall funding of the Airport CIP and though not pledged to the 2025 Junior Bonds, are expected to be used to pay debt service for a majority of the 2025 Junior Bonds. The PFC Laws provide that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Airport) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFCs collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. Airlines are permitted to commingle PFC collections with other revenues. Airlines that have filed for Chapter 7 or 11 bankruptcy protection, however, are required to segregate PFC revenue in a separate account for the benefit of the applicable airport and cannot grant a third party any security or other interest in PFC revenue. PFCs collected by those airlines are required by the bankruptcy court to be placed in accounts separate from other airline revenue accounts and paid to airports monthly in accordance with the PFC regulations. However, the City cannot predict whether an airline that files for bankruptcy protection will properly account for the PFCs or whether the bankruptcy estate will have sufficient moneys to pay the Airport in full for the PFCs owed by such airline. The airlines are entitled to retain interest earned on PFC collections until such PFC collections are remitted.

Airline Agreements and Federal Regulation Regarding Rates and Charges

The current form of month-to-month LOA for the exclusive use of space at Sky Harbor gives the Airport great flexibility in adjusting to the varying demands of the airlines. It also means that the airlines can seek to increase or decrease their space on a monthly basis. The City cannot offer any assurance that airlines will be willing to maintain their use of Airport space on terms that are similar to their existing terms of use.

The FAA Authorization Act of 1994 establishes that airline rates and charges set by airports be “reasonable” and mandates an expedited administrative process by which the Secretary of Transportation (the “*Secretary*”) shall review rates and charges complaints that are not under an agreement with the carriers. An affected air carrier may file a written complaint requesting a determination of the Secretary as to reasonableness within 60 days after such carrier receives written notice of the establishment or increase of such fee. During the pendency of the review, the airlines must pay the disputed portion of the fee to the airport under protest, subject to refund to the extent such fees are found to be unreasonable by the Secretary. The airport must obtain a letter of credit, surety bond or other suitable credit facility equal to the amount in dispute unless the airport and the complaining carriers agree otherwise.

FAA Reauthorization and Federal Funding

In May 2024, the most recent authorization and funding for the FAA was approved under the FAA Authorization Act of 2024 (the “*2024 FAA Reauthorization Act*”), which reauthorized the FAA for five years through 2028 at a cost of \$105 billion.

The Airport Improvement Program (“*AIP*”) created by the Airport and Airway Improvement Act of 1982, provides grants to airports for airport safety, capacity, security and environmental projects is funded at \$4.0 billion per-year in mandatory funding beginning in fiscal year 2024-2025, which increases AIP funding from 2018, when Congress last passed a FAA reauthorization. The AIP provides federal capital grants to support airport infrastructure through entitlement grants (determined by formulas based on passenger, cargo, and general aviation activity levels) and discretionary grants (allocated on the basis of specific set asides and the national priority ranking system). The City is unable to predict the level of AIP funding at this time. If there is a reduction in the amount of AIP grants awarded to the City for the Airport, it could: (a) increase by a corresponding amount the capital expenditures that the City would need to fund from other sources (including operating revenues, and proceeds of Senior Lien Obligations, Junior Lien Obligations and Junior Subordinate Lien Obligations), (b) extend the timing to complete certain projects, or (c) reduce the scope of individual proposed projects or the overall program, or a combination of the foregoing.

Over the years, the authorization and funding for the FAA and various components of its operations have not been consistently approved on a long-term basis. In the past, Congress has enacted continuing resolutions which provided temporary funding for the FAA and its programs and the FAA endured a brief shutdown when a lapse in continuing authority terminated funding for non-essential operations. Failure of Congress to approve legislation reauthorizing the operating authority of the FAA, or adverse changes in the conditions placed on such authority, may have an adverse impact on Airport operations. There can be no assurance that Congress will enact and the President will sign a new comprehensive, long-term FAA reauthorization act when the 2024 FAA Reauthorization Act expires. Failure to adopt such legislation could have a material, adverse impact on U.S. aeronautical operations and the Airport, generally, as well as on the AIP grant program and other sources of federal funds.

Competition, Travel Alternatives and Other Issues

Sky Harbor has no significant competition in the Phoenix-Mesa-Scottsdale Metropolitan Statistical Area. Phoenix-Mesa Gateway Airport provides limited passenger service and is not expected to provide significant competition in the foreseeable future. However, teleconference, video-conference and web-based meetings

continue to improve in quality and price and are often considered a satisfactory alternative to face-to-face business meetings. These effects increased during the COVID-19 pandemic, with a significant increase in the number of employees working remotely. While the effects of these developments cannot be quantified, it is possible that business travel to and from Sky Harbor may be adversely affected as a result.

Delays and Cost Increases to Capital Improvement Program

The ability of the Airport to complete its on-going Aviation CIP may be adversely affected by various factors including: (1) incorrect assumptions made to complete the Aviation CIP; (2) design and engineering oversights; (3) changes to the scope of the projects, including changes to federal security regulations; (4) delays in contract awards; (5) material and/or labor shortages; (6) unforeseen site conditions; (7) adverse weather conditions and other force majeure events; (8) contractor defaults; (9) labor disputes; (10) unanticipated economic events such as sustained inflation or a recession; and (11) environmental issues. No assurance can be made that the projects will not exceed the currently budgeted amounts. Any schedule delays or cost increases could result in the need to issue additional indebtedness and may result in increased costs per enplaned passenger to the airlines, increased parking rates, or other rate increases.

Future Encroachment from Residential Housing

The frequency of flights from Sky Harbor may be limited by noise complaints and lawsuits from affected residents in residential housing which may be constructed adjacent to Sky Harbor as part of proposed residential developments in current or future flight paths.

Uncertainties of Projections, Forecasts and Assumptions

This Official Statement contains statements relating to future results that are “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement and its appendices, the words “estimate,” “budget,” “forecast,” “intend,” “expect,” “projected,” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Among many factors that may cause projected revenues and expenditures to be materially different from those anticipated include an inability to incur debt at assumed interest rates, construction delays, increases in construction costs, general economic downturns, factors affecting the airline industry in general or specific airlines, federal, state or local legislation and/or regulations, changes in the Airport’s operational plans and procedures, and regulatory and other restrictions, including but not limited to those that may affect the ability to undertake, the timing or the costs of certain projects or operations. Any forecast is subject to such uncertainties. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Limitation of Rights and Remedies

The Airport Revenue Bond Ordinance, the City Purchase Agreement and the Indenture provide limited remedies for Owners if defaults occur relating to the 2025 Junior Bonds the most significant of which is specific performance. Such documents and agreements do not provide for acceleration prior to maturity. The availability of those remedies may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors’ rights generally; the application of equitable principles and the exercise of judicial discretion in appropriate cases; common law and statutes affecting the enforceability of contractual obligations generally; principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City. The City cannot assure Owners that the remedies provided in the Airport Revenue Bond Ordinance, City Purchase Agreement and the Indenture will be available or effective to make Owners whole if a default occurs.

Future Legislation and Regulation

The operation of the Airport and the ability of the City to generate Designated Revenues sufficient to pay the 2025 Junior Bonds may be adversely affected by future federal, state or local legislation or executive orders that affects the Airport directly, or activities at the Airport. Federal legislation that could adversely affect the Designated Revenues includes, but is not limited to, legislation limiting the use of Airport properties, legislation imposing additional liabilities or restrictions on the operation of the Airport or the airlines and other persons using the Airport, changes in environmental laws, reductions in federal funding for the Airport, elimination or reduction of the ability of the City to impose fees and charges for use of Airport products or services and legislation or executive orders imposing travel restrictions on foreign passengers. In addition, the United States Congress could enact legislation making interest earned on the 2025 Junior Bonds includable in a bondholder's gross income for federal income tax purposes or limit the tax benefits associated with ownership of the 2025 Junior Bonds. See "TAX EXEMPTION - General" herein. No assurance can be given that the PFC Laws will not be modified or restricted by the FAA or the U.S. Congress so as to reduce the amount of PFC Revenues available to the City. Further, even if the City takes all reasonably necessary action to cause the collection and remittance of PFC Revenues, there can be no assurance that the FAA will not terminate the City's PFC program.

With respect to an airline in bankruptcy proceedings in a foreign country, the City is unable to predict what types of orders and/or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States.

Growth of Transportation Network Companies

Transportation Network Companies ("TNCs"), such as Uber Technologies, Inc. and Lyft, Inc. connect paying passengers with drivers who provide the transportation using their own commercial and non-commercial vehicles. Effective June 2016, the City eliminated collection of TNC permit fees at the Airport, and implemented a per trip fee structure in which a fee is collected for each revenue-producing trip (drop-off or pick-up). In fiscal year 2022, the revenue received from TNCs was \$16.6 million. This amount increased in fiscal year 2023 to \$21 million and then increased again in fiscal year 2024 to \$24 million. The City continues to monitor all modes of ground transportation to assess evolving customer trends and needs, including the use of TNCs. However, the City cannot predict what impact, adverse or otherwise, TNCs will have on other ground transportation services, parking at the Airport, and the impact on Designated Revenues in the future.

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Lyft	\$2,278,243	\$1,868,714	\$3,292,869	\$ 6,326,136	\$ 7,510,848	\$ 8,238,068
Uber	3,780,866	3,336,816	4,705,671	10,243,430	13,515,937	16,165,349
Total	\$6,059,109	\$5,205,530	\$7,998,540	\$16,569,566	\$21,026,785	\$24,403,417

Climate Change and Other Force Majeure Events

The Airport's ability to generate Airport Revenues is at risk from climate change impacts and other force majeure events, such as extreme weather events, wild fires, and other natural occurrences, although the Airport's geographic location reduces some of these risks compared to other large commercial airports. Furthermore, the long-term effects of climate change, combined with the increasing passenger awareness of the climate change impacts of aviation, could reduce demand for travel globally or locally. Increased frequency and intensity of weather patterns, including droughts and fires, may have an adverse impact on the Airport's operations and infrastructure.

In addition to the direct effects of climate change described above, there are pending and potential regulations aimed at reducing the effects of climate change, and in particular state, federal and international regulations and accords pertaining to greenhouse gas ("GHG") emissions. Such regulatory changes could directly and/or indirectly affect Airport operations, infrastructure and financial conditions, and could require significant upgrades to planes and facilities and increase the cost of jet fuel, or both, thereby increasing the cost of air travel and potentially reducing air travel demand.

The City is unable to predict what additional laws and regulations with respect to GHG emissions or other environmental issues will be adopted, or what effects such laws and regulations will have on the Airport, airlines operating at the Airport, other Airport concessionaires, or local economy. The future effects of climate change on the City, the Airport, Airport concessionaires and Airport operations and infrastructure are complex, difficult to predict, depend on many factors outside of the City's control, and could have material adverse effects. Furthermore, actual events may differ from any scientific climate change studies or forecasts. Accordingly, the City is unable to forecast when adverse climate change effects, or the confluence of these events or effects of climate change will occur, or whether and what magnitude of adverse economic effects may impact the Airport or air travel generally during the term of the 2025 Junior Bonds.

No assurance can be given that adverse climate change events or natural disasters will not occur while the 2025 Junior Bonds are outstanding, that the City will not have to implement additional adaptive mitigation measures at the Airport, and/or that such measures will not require significant capital resources. Although the City has attempted to mitigate the risk of loss from many of these occurrences by purchasing commercial property and casualty insurance and business interruption insurance, no assurance can be given that such insurance will always be available in sufficient amounts, at a reasonable cost or available at all, or that insurers will pay claims in a timely manner or at all.

Industry Workforce Shortage

General labor shortages, including pilots, mechanics and air traffic controllers, have been impacting, and may continue to impact, the airline industry and the Airport. As a result of the COVID-19 pandemic, many airlines offered buyouts, early retirement, and severance packages to reduce staffing costs in their efforts to mitigate the effects of reduced passenger traffic.

Pilot shortage has been an industry-wide issue, and especially so for smaller regional airlines. Other factors include an aging pilot workforce and fewer new pilots coming from the military.

In addition to the pilot shortage, over the next decade there could be a shortage of qualified mechanics to maintain the airlines' fleet of planes. This potential shortage is a result of an aging pool of mechanics, a large portion of which are expected to retire in the next decade, and relatively fewer new mechanics entering the labor market. A shortage of mechanics could raise the cost of maintenance, require airlines to maintain more spare planes and/or result in increased flight cancellations and delays.

The 2024 FAA Reauthorization Act authorized \$240 million through fiscal year 2028 for three separate grant programs to support (i) pilot education and recruitment, (ii) aviation maintenance technical workers and (iii) aviation manufacturing workers and aerospace engineers. The 2024 FAA Reauthorization Act also required the FAA to increase minimum hiring targets for new air traffic controllers through fiscal year 2028. The Authority cannot predict the impact of these measures on industry labor shortages.

Air Traffic Control Systems and Staffing

Capacity limitations of the national air traffic control system, the Airport and at competing airports could be factors that might affect future activity at the Airport. In the past, demands on the air traffic control system have caused operational restrictions that have affected airline schedules and passenger traffic and caused significant delays. For example, on January 10, 2023, a failure in the FAA's Notice to Air Missions ("NOTAM") system, which flags potential hazards for pilots before departure, caused an approximately two-hour grounding of all passenger aircraft in the United States. The FAA concluded the outage was caused by a contractor who mistakenly deleted files in the NOTAM system database.

Over the last ten years, the FAA has made certain improvements to the computer, radar and communications equipment of the air traffic control system in recent years, but no assurances can be given that future increases in

airline and passenger activity would not again adversely affect airline operations. The 2012 FAA Reauthorization Act contained numerous provisions aimed at accelerating the implementation of Next Generation Air Transport System (“*NextGen*”). NextGen is designed to modernize the National Airspace System from a ground-based system of air traffic control to a satellite-based system of air traffic management in order to enhance the use of airspace and runways. The 2024 FAA Reauthorization Act requires the FAA to implement certain NextGen programs by December 31, 2025 and also requires the implementation of advanced data communication capabilities by 2026 and the modernization of aeronautical information management systems by 2027.

Impact of Federal Sequestration

The Airport depends on federal funding not only in connection with grants and PFC authorizations but also because federal funding provides for TSA, air traffic control, and other FAA staffing and facilities. Federal funding received by the Airport could be adversely affected by implementation of certain provisions of a federal budgetary feature called sequestration. Sequestration could adversely affect FAA operations, TSA budgets, and the availability of certain federal grant funds typically received annually by the Airport. These federal spending cuts would likely be spread over a number of years. In addition to adversely affecting the United States economy, commercial aviation operations throughout the United States could also be adversely affected due to layoffs or furloughs of federal employees responsible for certain critical federal airport functions. The full impact of such sequestration measures on the Airport is unknown at this time.

AIRLINE INFORMATION

The major and national airlines serving Sky Harbor or their respective parent corporations are subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and, in accordance therewith, file reports and other information with the Commission. Certain information, including financial information, as of particular dates concerning such airlines or their respective parent corporations is disclosed in certain reports and statements filed with the Commission. Such reports and statements can be inspected and copied at the public reference facilities maintained by the Commission, which can be located by calling the Commission at 1-800-SEC-0330 or from the Commission's EDGAR database on the internet. In addition, each airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation. Such reports of financial operating statistics can be obtained from the Office of Airline Information, Bureau of Transportation Statistics, Department of Transportation, Room 4201, 400 7th Street, S.W., Washington D.C. 20590 and copies of such reports can be obtained at prescribed rates. The foreign airlines also provide certain information concerning their operations and financial affairs, which may be obtained from the respective airlines. None of the Corporation, the City, the Financial Advisor or the Underwriters make any representation with respect to, and assume no responsibility for, the accuracy or completeness of, any information filed or provided by the airlines.

The City undertakes no responsibility for and makes no representation as to the accuracy or completeness of (i) any reports and statements filed with the SEC or U.S. Department of Transportation as described in this section or (ii) any material contained on the SEC's website as described in this section, including, but not limited to, updated information on the SEC website or links to other Internet sites accessed through the SEC's website. Any such information is not part of this Official Statement nor has such information been incorporated by reference herein, and such information should not be relied upon in deciding whether to invest in the 2025 Junior Bonds.

THE CITY

The City is a municipal corporation duly organized and validly existing under the laws of the State of Arizona. Pursuant to the City Purchase Agreement, the City will agree to make payments sufficient to pay amounts due on the 2025 Junior Bonds. Detailed information on the City and the Airport is set forth in Appendices A through D.

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 City Purchase Agreement and the Indenture to facilitate the refunding of the Bonds Being Refunded. The Corporation is not financially liable for the payment of the principal of or interest on the 2025 Junior Bonds and the Owners will have no right to look to the Corporation for payment of the 2025 Junior Bonds except to the extent of the payments received from the City under the City Purchase Agreement.

LITIGATION

The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. The City Attorney has advised City management of the nature and extent of pending and threatened claims against the City. In the opinion of City management, such matters will not have a materially adverse effect on the City's ability to pay principal of or interest on the 2025 Junior Bonds.

Department of Justice ("DOJ") Investigation. Last June the DOJ issued a report regarding their two-and-a-half-year civil pattern and practice investigation into several areas of the police department. The report contained allegations made by the DOJ, which the DOJ has not acted upon. As this is a civil matter, there would not be a direct fiscal impact in terms of financial settlement or judgment. The City does not anticipate that the report will impact the City's ability to pay principal of and interest on these 2025 Junior Bonds.

To the knowledge of the City Attorney, no pending or threatened litigation or administrative action or proceeding has (i) restrained or enjoined, or seeks to restrain or enjoin the City from issuing and delivering the Junior Bonds or (ii) contested or questioned the validity of the 2025 Junior Bonds or the proceedings and authority under which the 2025 Junior 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 2025 Junior Bonds.

To the knowledge of special counsel to the Corporation, no pending or threatened litigation or administrative action or proceeding has (i) restrained or enjoined the Corporation from entering into the Indenture or the Loan Agreement or approving the issuance and delivery of the 2025 Junior Bonds or (ii) contested or questioned the validity of the 2025 Junior Bonds or the proceedings and authority under which the 2025 Junior Bonds have been authorized and are to be issued, secured, sold, executed or delivered. Certificates of the Corporation to that effect will be delivered at the time of delivery of the 2025 Junior Bonds.

TAX EXEMPTION

General

The Code includes requirements which the Corporation and the City must continue to meet after the issuance of the 2025 Junior Bonds in order that interest thereon be and remain excludable from gross income of the holders thereof for federal income tax purposes. The Corporation's or the City's failure to meet these requirements may cause the interest on the 2025 Junior Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2025 Junior Bonds. The Corporation and the City have covenanted in the City Purchase Agreement to take the actions required by the Code in order to maintain the excludability from gross income for federal income tax purposes of interest on the 2025 Junior Bonds and not to take any actions that would adversely affect that excludability.

In the opinion of Bond Counsel, assuming continuing compliance by the Corporation and the City with the tax covenants referred to above and the accuracy of certain representations of the Corporation and the City, under existing statutes, regulations, rulings and court decisions, interest on the 2025 Junior Bonds will be excludable from gross income for federal income tax purposes. Interest on the 2025 Junior Bonds will not be treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), interest on the 2025 Junior Bonds is not excluded from determination of adjusted financial statement income. Bond Counsel is further of the opinion that assuming interest on the 2025 Junior Bonds is excludable from gross income for federal income tax purposes, interest on the 2025 Junior Bonds will be exempt from income taxation under the laws of the State of Arizona. Prospective purchasers of the 2025 Junior Bonds should consult their own tax advisors as to the status of interest on the 2025 Junior Bonds under the tax laws of any state other than the State of Arizona.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of interest on the 2025 Junior Bonds or the ownership or disposition of the 2025 Junior Bonds. Prospective purchasers of the 2025 Junior Bonds should be aware that the ownership of the 2025 Junior Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the 2025 Junior Bonds or, in the case of a financial institution, that portion of the owner's interest expense allocable to interest on the 2025 Junior Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including interest on the 2025 Junior Bonds, (iii) the inclusion of interest on the 2025 Junior Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of interest on the 2025 Junior Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, and (v) the inclusion of interest on the 2025 Junior Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits, (vi) net gain realized upon the sale or other disposition of property such as the 2025 Junior Bonds generally must be taken into account when computing the Medicare tax with respect to net investment income or undistributed net investment income, as applicable, imposed on certain high income individuals and specified trusts and estates and (vii) receipt of certain investment income, including interest on the 2025 Junior Bonds, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the 2025 Junior Bonds. Prospective purchasers of the 2025 Junior Bonds should consult their own tax advisors as to the impact of these and any other tax consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond

Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service ("IRS") or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion of tax exemption in this Official Statement applies only in the case of purchasers of the 2025 Junior Bonds at their original issuance and at the respective prices indicated on the inside front cover page of this Official Statement. It does not address any other tax consequences, such as, among others, the consequence of the existence of any market discount to subsequent purchasers of the 2025 Junior Bonds. Purchasers of the 2025 Junior Bonds should consult their own tax advisers regarding their particular tax status or other tax considerations resulting from ownership of the 2025 Junior Bonds.

Information Reporting and Backup Withholding

Interest paid on tax-exempt obligations such as the 2025 Junior Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the 2025 Junior Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of 2025 Junior Bonds, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the 2025 Junior Bonds and proceeds from the sale of 2025 Junior Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This withholding generally applies if the owner of Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("*TIN*"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the 2025 Junior Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Original Issue Premium

The Junior Bonds (for purposes of this section, the "*Premium Bonds*") may be offered and will be sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Bonds callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond.

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

Changes in Federal and State Tax Law

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State of Arizona legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or state tax matters, respectively, described above including, without limitation, the excludability from gross income of interest on the 2025 Junior Bonds, adversely affect the market price or marketability of the 2025 Junior Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the 2025 Junior Bonds. Prospective purchasers of the 2025 Junior Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Samuel Klein and Company, a firm of independent public accountants, in conjunction with Public Finance Partners LLC will deliver to the City and the Trustee, on or before the settlement date of the 2025 Junior Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Bonds Being Refunded.

The verification performed by Samuel Klein and Company and Public Finance Partners LLC will be solely based upon data, information and documents provided to Samuel Klein and Company and Public Finance Partners LLC by the City and its representatives and it has not evaluated or examined the assumptions or information used in the computations.

LEGAL MATTERS

Legal matters incident to the issuance of the 2025 Junior Bonds and with regard to the tax-exempt status of the interest thereon (see "TAX EXEMPTION - General") are subject to the legal opinion of Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel, who has been retained by, and is acting as Bond Counsel to the Corporation and the City. Signed copies of the opinion, dated and speaking only as of the date of delivery of the 2025 Junior Bonds, will be delivered to the Underwriters. Certain legal matters will be passed upon for the Underwriters by Squire Patton Boggs (US) LLP, Phoenix, Arizona, as Counsel to the Underwriters.

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

RATINGS

Moody's Investors Service, Inc. ("*Moody's*") has assigned a rating of "Aa3" to the 2025 Junior Bonds. S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("*S&P*") has assigned a rating of "A+" to the 2025 Junior Bonds. No application has been made to any other rating service for the purpose of obtaining ratings on the 2025 Junior Bonds. The City furnished these rating agencies with certain information and materials with respect to the 2025 Junior Bonds. The ratings will reflect only the views of the rating services. An explanation of the significance of the ratings may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007 and from S&P at 55 Water Street, New York, New York 10041. There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by Moody's or S&P if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings by Moody's or S&P may have an adverse effect on the market price of the 2025 Junior Bonds.

UNDERWRITING

The 2025 Junior Bonds are being purchased for reoffering by Siebert Williams Shank & Co., LLC and the other underwriters shown on the cover (the “*Underwriters*”). The Underwriters have agreed to purchase the 2025 Junior Bonds, subject to certain conditions, at an aggregate purchase price of \$91,295,180.88. If the 2025 Junior Bonds are sold to produce the yields shown on the inside front cover hereof, the underwriters’ compensation will be \$372,701.02.

RBC Capital Markets, LLC (“*RBCCM*”), an Underwriter of the 2025 Junior Bonds, has entered into a distribution arrangement with its affiliate City National Securities, Inc. (“*CNS*”). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of CNS. As part of this arrangement, RBCCM may compensate CNS for its selling efforts with respect to the 2025 Junior Bonds.

The Underwriters are committed to purchasing all of the 2025 Junior Bonds if any are purchased. The 2025 Junior 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 2025 Junior Bonds may be sold to certain dealers (including underwriters and dealers depositing the 2025 Junior Bonds into investment trusts) at prices lower than the public offering price.

CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the “*Undertaking*”) with respect to the 2025 Junior Bonds for the benefit of the beneficial owners of such 2025 Junior 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 SEC under the Securities Exchange Act of 1934. The specific nature of the information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Undertaking, are set forth in “APPENDIX G - Form of Continuing Disclosure Undertaking.”

The City has represented that, except as described in the paragraph below, it is in compliance in all material respects 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 City Purchase Agreement or the Indenture and beneficial owners of the 2025 Junior Bonds are limited to the remedies described in the Undertaking. See “APPENDIX G - Form of Continuing Disclosure Undertaking.” A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2025 Junior Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2025 Junior Bonds and their market price.

The filing on January 12, 2024 of the ACFR and the filing on January 24, 2024 of certain operating data for the fiscal year ending June 30, 2023 was not associated with all related CUSIP numbers until June 17, 2024.

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

The financial statements of the City as of June 30, 2024 for its fiscal year then ended have been audited by Forvis Mazars, independent auditors, as stated in their report. The financial statements and auditor’s report are part of the City’s ACFR, 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 ACFR may also be downloaded from the City’s website at www.phoenix.gov under Departments-Finance-Annual Comprehensive Financial Report. The ACFR so filed with EMMA as part of the City’s continuing disclosure undertakings pursuant to the Rule is hereby incorporated by reference.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Corporation, the City or the Underwriters and the purchasers or holders of any of the 2025 Junior Bonds.

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

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

By /s/ MICHAEL R. DAVIS
President

CITY OF PHOENIX, ARIZONA

By /s/ KATHLEEN GITKIN
Chief Financial Officer

APPENDIX A

City of Phoenix, Arizona — Description

OVERVIEW

Phoenix is the fifth largest city in the United States, the state capital of Arizona and the center of the metropolitan area encompassed by Maricopa County (the “*County*”). This metropolitan area also includes the cities of Avondale, Buckeye, Chandler, El Mirage, Glendale, Goodyear, Mesa, Peoria, Scottsdale, Surprise, Tempe; the towns of Gilbert, Fountain Hills, Paradise Valley, and Queen Creek as well as several smaller cities and towns and all unincorporated areas of the County. It is situated 1,117 feet above sea level in the semi-arid Salt River Valley. The area is well known for its mild, sunny winters and hot summers and receives average rainfall of 6.85 inches annually.

Phoenix was founded in 1870 as an agricultural community. In 1881, it was incorporated as a city (the “*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 U.S. Census Bureau estimated Phoenix population at 1,692,268 as of July 1, 2024. As of February 1, 2025, the City encompasses 519.41 square miles.

Population Statistics⁽¹⁾ Phoenix, Maricopa County and Arizona

Area	1950	1970	1990	2000	2020	2024	Percent Change	
							1950-24	1990-24
Phoenix	106,818	584,303	983,403	1,321,045	1,608,139	1,692,268	1,484.3%	72.1%
Maricopa County	331,770	971,228	2,122,101	3,072,149	4,420,568	4,726,247	1,324.6%	122.7%
State of Arizona	749,587	1,775,399	3,665,228	5,130,632	7,151,502	7,621,703	916.8%	107.9%

(1) Population figures for the State of Arizona, City of Phoenix, and Maricopa County are as of July 1, 2024. The 2024 population figures for Maricopa County and the State of Arizona are from the Arizona Office of Economic Opportunity. The 2024 population figure for the City of Phoenix is from the City of Phoenix Planning & Development Department. Prior figures are from the U.S. Census Bureau.

Phoenix is served by main lines of the Union Pacific and Burlington Northern Santa Fe Railroads, a bus line (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: Advanced Air, Air Canada, Air France, Alaska, Allegiant, American, Breeze Airways, British Airways, Condor, Contour, Delta, Denver Air Connection, Envoy Air (operating as American Airlines), Flair, Frontier, Hawaiian, Jazz Aviation (operating as Air Canada Express), JetBlue, SkyWest (operating as American Eagle, Delta Connection and United Express), Southern Airways Express, Southwest, Spirit, Sun Country, United, Volaris and WestJet. Interstate 10, Interstate 17, U.S. Highway 60, State Routes 51, 74, 85, 87, 88, 143 and Loops 101, 202, and 303 all traverse the metropolitan area.

The metropolitan area is presently served by 35 elementary school districts, 6 high school districts, 15 unified school districts, and 2 technical institutes, operating over 900 schools. Education is also provided by public charter schools and private and parochial schools located throughout the metropolitan area. Maricopa County Community College District serves the educational needs of the Phoenix area through 10 institutions. Arizona State University (“ASU”) houses 17 colleges and schools and has a total equivalent enrollment of more than 152,810 undergraduate, graduate and professional students. There are 4 campuses in Metro Phoenix and online. ASU’s main campus is located just east of Phoenix in the city of Tempe and has enrollment of nearly 56,643 students. The Arizona State University West campus opened in 1991, is located in northwest Phoenix,

and has an enrollment of nearly 5,354 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 6,183 students. The Arizona State University Downtown Phoenix campus opened in 2006 and has an enrollment of more than 10,325 students. ASU Online has nearly 73,000 students. Grand Canyon University, a private university offering undergraduate and postsecondary degree programs, has a main campus located northwest of downtown Phoenix. In Fall 2023, enrollment at Grand Canyon University was approximately 108,000 including both on-campus and online students. The City also contains a number of private universities, colleges, and technical institutions. The U.S. Census Bureau's 2022 American Community Survey, the most recently available, estimated that more than 67.2% of the adult residents of Maricopa County attended college, compared to 63.5% nationally.

CYBERSECURITY INITIATIVES

Computer networks and data transmission and collection are vital to the efficient operation of the City. The City collects and stores sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to the operation of each City department. The City is using the Department of Homeland Security best practices as well as cybersecurity initiatives to prevent or mitigate any disruption in service or risk to sensitive data. The Information Technology Services Department has dedicated staff specifically targeting cybersecurity initiatives such as security awareness programs, advanced email security, Endpoint Detection and Response, as well as event monitoring. In addition, the City has an insurance policy with AIG Specialty Insurance Company, a policy with Tysers, and a policy with Crum & Forster, which insures against cyber extortion and network interruption. No assurance can be given, however, that the City's current efforts to manage cyber threats and security will, in all cases, be successful. The City cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances.

SIGNIFICANT DEVELOPMENTS

Downtown Development

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

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

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

In 2020, the City of Phoenix, re-certified, updated, and expanded the boundaries of the downtown Redevelopment Area. The Downtown Redevelopment Area has been critical to the redevelopment efforts in downtown Phoenix over the past several decades. The updated boundaries will focus redevelopment efforts where they are most needed, and expanding the area of impact outside the traditional boundaries of the core. A related effort to update the redevelopment area plan that accompanies the redevelopment area kicked off in 2022. The plan has now entered its final draft stage.

General Plan

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

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

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

On July 1, 2009, the City Council approved plans to implement a public participation process in developing the Phoenix General Plan 2015 Update. In August 2012, the Planning and Development Department, in partnership with the Mayor and City Council, launched PlanPHX in an effort to enhance community outreach. In order to facilitate public participation, the PlanPHX project included the debut of www.myplanphx.com. The website served as an interactive and innovative way for Phoenix residents to be involved in the Phoenix General Plan 2015 Update. In addition to the website, the Planning and Development Department conducted meetings throughout the community to obtain input and ideas from residents. The Phoenix General Plan 2015 focused on five Core Values — Connecting People and Places, Building the Sustainable Desert City, Creating an Even More Vibrant Downtown, Celebrating our Diverse Communities and Neighborhoods, and Strengthening Our Local Economy. The General Plan 2015 Update was unanimously approved by the Phoenix Planning Commission on January 13, 2015. The General Plan 2015 Update was approved by the City Council on March 4, 2015 and was approved by voters in the August 25, 2015 Citywide election. In January 2023, the City Council approved the PlanPHX General Plan 2025 Update Public Participation Plan which outlined an engagement approach to re-appoint a PlanPHX 2025 Leadership Committee and work closely with Planning Commission and Village Planning Committees on a strategic and focused update to the General Plan. The General Plan 2025 Update incorporated a new Core Value to Create a Vibrant Network of Cores, Centers and Corridors while revealing several new goals while preserving and elevating several key established goals from the prior General Plan and more current city-wide policies and plans. The General Plan strengthened its purpose as a unified policy framework for the entire City.

The General Plan 2025 Update was unanimously approved by all 15 Urban Village Planning Committees in January and February 2024 and unanimously approved by the Phoenix Planning Commission on March 7, 2024. The Phoenix City Council adopted the updated General Plan 2025 on April 17, 2024, and referred it to the November 2024 ballot. Phoenix residents approved the updated General Plan with nearly 80% of the votes in support.

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.

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

Construction of phase one of the Phoenix Convention Center expansion and the Symphony Hall renovation began in June 2004. Symphony Hall re-opened September 3, 2005 after renovations were completed during phase one. Significant improvements to Symphony Hall included a new entrance, plaza facing, wall paneling, carpeting, seating, roofing and an upgraded lobby. Phase one of the Phoenix Convention Center expansion, known as the West Building, was completed in July 2006. The four-level West Building includes a 45,000 square feet 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 feet street-level ballroom, 56 meeting rooms, over 300,000 square feet of exhibition hall space on the lower level, 190,000 square feet of exhibition hall space on the upper level and a food court with six themed eateries. The North Building is connected to the West Building via a pedestrian bridge on the third level and below ground through the lower-level exhibition hall. The fully expanded Phoenix Convention Center, which welcomed its first convention in January 2009, now offers approximately 900,000 square feet of rentable convention space and is one of the top 25 facilities in the country in terms of size.

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

The expanded Phoenix Convention Center surpassed its projected goals for 2009, hosting 68 conventions with approximately 309,379 delegates, which equated to an economic impact of approximately \$449 million in direct spending. Since its expansion in 2009, the Phoenix Convention Center has hosted 814 conventions, or an average of 62 conventions per year, with an estimated 3,000,000 delegates through 2022. The Phoenix Convention Center hosted over 65 conventions in 2024 with an estimated economic impact of over \$400 million.

Business Development

The City of Phoenix Community and Economic Development Department (“CEDD”) strategically positions Phoenix as a globally competitive and sustainable city. Developing a modern economy is rooted in aligning economic development initiatives around Phoenix’s core strengths: focusing on targeted industry sectors with the highest impact and opportunity for sustained growth, expanding the pipeline of job-creating businesses, enhancing the Phoenix business climate and improving Phoenix’s competitive position in the new economic environment.

Phoenix was just recognized as the number one location for manufacturing job growth in the United States and was recently named as one of the top ten best cities for corporate headquarters. CEDD works to attract and grow quality businesses that strengthen and diversify Phoenix’s economy through job growth, private investment and creating a sense of place for our community. The Arizona Commerce Authority, Greater Phoenix Economic Council and the Greater Phoenix Chamber of Commerce are strong allies in these endeavors. With these partners, the City continues several initiatives aimed at workforce development, creating and maintaining high quality jobs and industry diversification. These partnerships also establish sound economic development programs that enhance regional and statewide competitiveness.

In calendar year 2024, the CEDD attracted 18 new employers across various industries. These companies added 2,589 new jobs, with a capital investment of almost \$262,442,607 million. Combined with the attraction efforts, CEDD’s expansion and retention efforts totaled 218 new jobs in the last fiscal year, and attracted \$15,565,000 million in capital investment. The workforce team also hosted 80 recruitment events this year.

Phoenix continues to see strong growth in its labor force population. According to the Bureau of Labor Statistics (“BLS”), between 2023 and 2024, the City’s labor force grew 2.2% and has grown over 7.78% since 2020. According to the Bureau of Labor Statistics Industry Employment, as pre-pandemic routines rebound, the Phoenix metro area has seen the largest industry growth focused on accommodations, food services, arts, entertainment, recreation, and management of companies and enterprises. Phoenix continues demonstrating resilience in its economy and workforce by having an annual average unemployment rate of 3.5% between 2023 and 2024. Furthermore, 2024 has ended strongly, with an average 3.1% unemployment rate compared to the state unemployment rate of 3.8% in the fourth quarter, according to the latest data from BLS.

Arts, Cultural and Sports Facilities

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

The Herberger Theater Center, a performing arts facility, opened in October 1989 adjacent to the Phoenix Convention Center. Located on a one-block site immediately north of the original Phoenix Convention Center, the Herberger Theater Center was financed with \$18 million in public and private funds. Renovations to the Herberger Theater were performed during the summer of 2010 and included refurbishment of seating, platforms,

lighting, carpet and paint on the 801-seat Center Stage and 343-seat Stage West. The renovations included the addition of exterior public space, upgraded outdoor signage and a new private second floor lounge and balcony for theater VIPs. The renovations were completed in October 2010 at a cost of approximately \$16 million.

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

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

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

In 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 Footprint Center) opened in June 1992.

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

In 2019, the Phoenix City Council authorized the City to amend its agreement with the Suns to facilitate the renovation of City-owned multipurpose arena. The arena renovation was funded by the City and the Suns, with the City contributing \$150 million and the Suns contributing \$80 million plus any cost overruns. Major building systems including electrical, mechanical, plumbing and technology infrastructure are being updated or replaced. Additional upgrades underway include improvements to social spaces, suite renovations, retail space improvements, and modernization of locker rooms. The renovations commenced in 2019 and completed in 2021. The new agreement commits the Suns to stay in the arena until at least 2037.

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 currently named Chase Field, 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 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.

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

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

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

In 2022, Downtown Phoenix Inc., Artlink Inc., and the Phoenix Arts and Culture Department partnered with local artist Kayla Newnam to create a 190-foot, "Welcome to Phoenix" mural located between First and Second Street, on Adams Street. This mural will welcome visitors to Phoenix, especially during major City-wide mega events such as the upcoming 2026 NCAA Women's Final Four. Kayla Newnam is a Phoenix native that has also contributed to the emerging art and cultural development of Downtown Phoenix with other mural art pieces such as the "Not Another Bird Mural" on Roosevelt Street, and "Desert Connection" for Wexford Science and Technology on the Phoenix Biomedical Campus.

In February of 2023, the City of Phoenix hosted Super Bowl LVII with various events centered in Downtown Phoenix. This event brought over 350,000 Super Bowl fans to Downtown Phoenix to enjoy events such as the Super Bowl Experience at the Phoenix Convention Center and at Hance Park, Super Bowl Music Fest, the NFL Honors Annual Awards Show, and many more.

In 2023, the City along with the Arizona Super Bowl Host Committee, dedicated a new public art installation at the Phoenix Convention Center in downtown Phoenix. The sprawling installation, titled *Flowing Alchemy* by renowned local artist Katharine Leigh Simpson, was prominently displayed during the 2023 NFL Super Bowl Experience, and helped to raise awareness about the importance of the City's recycling and resource management efforts. The suspended sculpture, which is made entirely of upcycled plastic waste, highlights the need to ensure harmony between modern society and the natural environment and is inspired by the symbiotic

relationship between Arizona's native birds and the Rio Salado that allowed the ancestors of the O'odham people to make our valley inhabitable.

In October of 2023, the City of Phoenix was selected as one of eight cities across the country to receive Bloomberg Philanthropies' Public Art Challenge Grant. This is a \$1 million public art grant aimed at supporting art installations that address important civic issues. Phoenix's selected project is "¡Sombra!", which will commission artists to create shading and cooling installations that help protect residents from extreme urban heat.

From October 30 through November 1, 2023, the City of Phoenix hosted the 2023 Baseball World Series at Chase Field in Downtown Phoenix. This was a historic event as it was the first time in over two decades that the World Series came to Phoenix. In addition to the increased tourism, the World Series contributed dramatically to boosting the local economy of the City of Phoenix. The event generated \$107.6 million in State GDP (as defined herein) for the City of Phoenix and provided 2,561 temporary jobs. Additionally, the impact to the State of Arizona was \$55.1 million in State GDP and 979 jobs.

In November of 2023, voters approved a \$500 million general obligation ("GO") bond program of which 10% will be set aside to fund various arts and culture projects in the City of Phoenix. The top three ranked projects included in the GO Bond were the Latino Cultural Center with a total cost of \$21.6 million, a permanent home for the Valley Youth Theater at \$14 million, and an expansion of the Children's Museum of Phoenix at \$5.3 million. Other projects featured were Phoenix Center for the Arts Theater improvements, funding for the renovation and expansion of AZ Jewish Historical Society, and various Cultural Facilities critical equipment replacements.

In late November 2023, the NCAA Men's Final Four Legacy Project was announced by the NCAA, Degree®, and the Host Committee. This project funded refurbishments of the indoor and outdoor basketball courts at Eastlake Park and Community Center in Central Phoenix. The project also includes adjustable hoops and backboards, new benches, bleachers, weight room equipment, and more. Phoenix will host the 2026 NCAA Women's Final Four.

In partnership with the Phoenix Convention Center, an Entertainment District study began in mid 2024 led by consultant HR&A Advisors, Inc. to assist in the identification, establishment, and activation of an entertainment district. The entertainment district would provide conventioners, visitors, and residents a walkable, vibrant, safe, and navigable area, that could include hospitality amenities such as a density of restaurants, bars, attractions, street performers, public art, significant lighting and landscaping, scooter docks, and electric vehicle shuttles. This was a result of a study conducted by the Phoenix Convention Center in 2020 and 2022.

In April 2024, the City of Phoenix and City of Glendale hosted the 2024 NCAA Men's Final Four Event. This included a series of ancillary events hosted at various sites in the City of Phoenix including: the Final Four Fan Fest at the Phoenix Convention Center, NCAA March Madness Music Fest at Hance Park, and the Men's Final Four Dribble at Heritage Square and Phoenix Convention Center with thousands of youths in attendance.

On March 7, 2024, the NBA announced that Phoenix had been selected to host NBA All-Star 2027. The 76th NBA All-Star game will take place at Footprint Center on February 21, 2027, and will be the fourth time Phoenix has hosted the event, including in 2009, 1995, and 1975 respectively. Phoenix hosted the 2024 WNBA All-Star Game. NBA All-Star events take place over multiple days in Phoenix and include activities for all ages, and fans such as the Kia Skills Challenge, the STARRY 3-Point Challenge, and AT&T Slam Dunk, wrapping up with the All-Star game the final day.

Commercial Development

In the 1970s, three major commercial banks located their high-rise headquarters buildings in the downtown area. Additional banks followed, including the Citibank building (now a City owned building for the Public Transit Department and other tenants), consisting of 113,000 square feet of space situated on the northwest corner of Van Buren Street and First Avenue, was opened on August 1, 1989.

The 1970s also saw the development of two downtown high-rise hotels. The Hyatt and Renaissance (formerly the Wyndham) properties combine to provide 1,242 hotel rooms in downtown Phoenix. As an outgrowth of the many downtown development and redevelopment projects during the 1990s and 2000s, there was a rapid increase in hotel room demand from business, leisure and convention travelers visiting the area. To meet this demand, the City constructed a new 1,000-room hotel on the northwest corner of Third Street and Van Buren Street. Adjacent to the Arizona Center and several office and entertainment venues, the hotel contains approximately 10,000 square feet of retail space, including a coffee shop, lounge, restaurant, and fitness facilities; a 30,000 square-foot ballroom; and additional meeting space. Starwood Hotels and Resorts was selected as the hotel's operator under the company's Sheraton flag. Design of the hotel began in early 2005 and construction began in March 2006. The Sheraton Grand Phoenix Hotel opened September 2008 and supports the additional hotel demand generated by the expansion of the Phoenix Convention Center. The City sold the hotel to Marriott in 2018.

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.

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

In 2010, the City entered into a development agreement with Hansji Hotels to develop the Luhrs City Center Marriott at the Northwest corner of Central Avenue and Madison Street. Construction on the hotel, which houses two brands, Residence Inn by Marriott and Courtyard by Marriott, began in late 2014. The two hotels share a lobby and other amenities, such as the fourth-floor pool. The 19-story Luhrs City Center Marriott offers 320 guest rooms and ground-floor retail space, while retaining the existing historic buildings on the same city block. The project incorporated the 10-story Luhrs Building, built in 1924, the 14-story Luhrs Tower, built in 1929, along with the one-story Luhrs Post Office Station & Arcade that connects the two high-rises. Construction was completed in April 2017 and resulted in \$85 million in capital investment.

In 2017, RED Development in partnership with Streetlights commenced construction of a dense, vibrant, urban development in the heart of downtown, with a capital investment of nearly \$160 million. Full build-out of the project includes approximately 300 multi-family, for rent, high-rise residential units in one tower with 150,000 square feet of creative, open, office space attractive to technology and innovative tenants and 50,000 square feet of commercial space including an urban Fry's grocery store in the other tower, plus 1,000 above and below grade structured parking stalls and streetscape improvements. The Fry's Grocery store, downtown Phoenix's first new grocery store in decades opened in October 2019, and the remainder of the project was completed in late 2020.

In 2018, a 210-room, 11-story Hampton Inn hotel opened in downtown Phoenix. This \$44 million hotel is well positioned to serve both the Phoenix Convention Center and the Arizona State University downtown campus.

In 2019, the 147-room, 7-story Cambria Hotel opened in the Roosevelt Row Arts District. The \$26 million hotel brings a new hotel and dining option to the area.

In 2019, Downtown Phoenix's Arizona Center underwent a \$25 million renovation that led to several improvements such as modern shade structures, upgraded landscaping and water features, valet parking, bike racks, entertainment stage and a 60-foot LED jumbotron. With new developments coming, such as the AC Hotel and the residential Palmcourt Tower, these investments will help improve AZ Center's downtown experience.

Taiwan Semiconductor Manufacturing Company ("*TSMC*") is a semiconductor manufacturing foundry company established in Taiwan in 1987. They provide services to various markets including high performance computing, smartphones, AI autonomous automotive, and IoT in consumer electronics. In 2020, TSMC announced plans to invest \$12 billion and build a fab in Phoenix, Arizona. In 2022, TSMC announced an additional fab for a total investment of \$40 billion and in April 2024 a third fab was announced bringing the total to \$65 billion, making the site the largest foreign direct investment in Arizona history, and the largest foreign direct investment in a greenfield project in U.S. history. In March, TSMC announced an additional \$100 billion for an expansion to include three new fabrication plants, two advanced packaging facilities and a major R&D team center, bringing the total to \$165 billion. Total employment, excluding construction jobs, is projected to be in excess of 4,500 jobs with an average salary of \$80,350 a year. TSMC's investment in Phoenix, Arizona has spurred additional investment from their suppliers such as Sunlit-AZ, JH Gases, ASML, ASM, Applied Materials, Tokyo Electron, and others creating additional high wage jobs. TSMC Arizona is pivotal to the U.S. government's plan to onshore semiconductor manufacturing to remove vulnerabilities highlighted by the COVID-19 crisis. Arizona is now known as the Silicon Desert and the U.S. hub for semiconductor manufacturing where the most leading-edge technologies are mass-produced. Creating a semiconductor supply chain cluster in this region provides a range of other benefits to the industry and the broader economy. By bringing together semiconductor manufacturers, suppliers, research institutions, universities, and other stakeholders, these regional clusters create a hub of expertise and resources that can be leveraged to broadly promote innovation and long-term growth.

In 2020, LaPour Partners opened the new 199-room hotel AC Marriott at the Arizona Center. The 13-story hotel is walking distance from many downtown venues including the Phoenix Convention Center, Footprint Center, Chase Field, Symphony Hall and the Herberger Theater.

In 2021, Mortenson Construction completed the 238-room, eight story Hyatt Place hotel in downtown Phoenix. The development located adjacent to Phoenix City Hall, represents a \$60 million investment in downtown and is an easy walk to venues such as the Orpheum Theatre and the Arizona Federal Theatre.

The historic, art-deco themed Ellis Building, located at 2nd Ave and Monroe, was built in 1922 and is currently undergoing a \$10 million renovation. The building's owner, Equus Corp., plans to create a mixed-use concept with office, residential, restaurants, a basement speakeasy, coworking space and more. The residential portion will occupy the 3rd through 5th floors of the building with 81 co-living style units.

The extended stay hotel project named Home2 Suites Hilton Hotels opened in February 2024 in Phoenix's historic Warehouse District. The 105,000 square-foot, 207-room hotel preserves the historic Fuller Paint Company warehouse, built in 1929. The historic warehouse serves as the hotel's lobby.

Opened in December 2023, the Moxxy Phoenix Downtown Hotel is a 164-room hotel concept by Marriott Bonvoy located inside Phoenix's historic, century old Luhrs building. Moxxy is just a short walk from some of Downtown Phoenix's most popular attractions such as the Phoenix Convention Center, Footprint Stadium, Chase Field, City Scape, and many more.

Phoenix's Central Station is a landmark development coming to Central Ave and Van Buren Street in Phoenix's booming Downtown area and is set to open in Fall of 2025. Not only will this project bring 70,000 square-feet of office space, and 30,000 square-feet of retail space, but it will also be built with public transit in mind by providing connections to bus stops, light rail, and 400 underground parking spaces. This will be one of Arizona's

tallest structures measuring 424 feet in height and consisting of two towers. Total investment for this project is \$275 million.

In 2023, the City of Phoenix facilitated the sale of 30 N. Central Ave. located at the southeast corner of Central and Adams Street for a new boutique high-rise hotel. The hotel broke ground in September 2024 and when complete this project will include approximately 200,000 square feet of a mixed-use tower consisting of 50,000 square feet of office and commercial space, and a 200-room hotel.

In March 2024, the Phoenix Suns and Mercury teams opened new joint training facility and business headquarters in Phoenix's Downtown Warehouse District. This new state-of-the-art facility is only a few blocks away from the Footprint Center. The total investment for this new 123,000 total square-foot development exceeded \$100 million. The location also feature a dedicated kitchen, hot and cold pools, cutting edge technology, lounge, film room, indoor arcade, workout facility, pickleball court, and more. It also houses hundreds of employees.

The former Firestone Building located at the northwest corner of Third Avenue and Van Buren Street in downtown Phoenix was transformed into an adaptive project. In 2025, the property opened as Phoenix's newest Goodwill store and donation center and the first to be in a nearly 100-year-old building in downtown Phoenix.

Biotechnology

In 2002, the City and the State of Arizona, in partnership with the County's three State universities, various foundations and the private sector, formalized two proposals to the International Genomics Consortium ("*IGC*") and the Translational Genomics Research Institute ("*TGen*") to locate their new headquarters in downtown Phoenix. The City agreed to construct a six-story, 170,000 square-foot research facility for IGC and TGen located at Fifth and Van Buren Streets. Construction began in late July 2003 with occupancy occurring in December 2004. In September 2017 TGen, now an affiliate of City of Hope, agreed to a 20-year Lease-to-Purchase transaction for the building that is home to its headquarters and several other long-term tenants.

In 2004, the Arizona Board of Regents, the University of Arizona ("*U of A*") and ASU (collectively, the "*Arizona Biomedical Collaborative*") entered into a memorandum of understanding outlining a combined vision to expand the U of A's colleges of medicine and pharmacy in downtown Phoenix, perform complementary research and develop facilities at the Phoenix Biomedical Campus renamed the Phoenix Bioscience Core in March 2022 ("*PBC*") located on Van Buren Street between Fifth and Seventh Streets. The U of A College of Medicine has renovated three historic former Phoenix Union High School buildings located on the PBC for the first phase of the medical school. The \$27 million renovation project began in March 2005 and was completed in September 2006. The first Arizona Biomedical Collaborative building ("*ABC I*") is a four-story, 85,000 square-foot building located just north of the historic Phoenix Union High School buildings along Fifth Street. Research within ABC I focuses on several areas including cancer, diabetes, neurological and cardiovascular diseases. The \$30 million facility includes academic space for the ASU Department of Biomedical Informatics on floors one and two and wet lab space for the U of A College of Medicine on floors three and four. Construction began in September 2005 and was completed July 2007.

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

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

In 2015, the University of Arizona Cancer Center at Dignity Health St. Joseph's opened. The 220,000 square-foot, five-story, \$100 million facility offers comprehensive cancer services, including infusion, radiation oncology, diagnostic imaging, endoscopic/interventional radiology, a women's center, specialized cancer clinics, patient wellness and support services, a prevention/executive health clinic, clinical lab space and other related support areas. The center is the only National Cancer Institute-designated Comprehensive Cancer Center located in Phoenix. This outpatient clinical facility hosts approximately 60,000 patient visits and 500,000 annual visitors.

In 2017, the U of A Biosciences Partnership Building ("*BSPB*") opened. The 10-story, 245,000 square-foot building is connected to HSEB through a walkway. Research in BSPB will focus on flow cytometry, physics, materials science, nanotechnology, cancer drug therapies, molecular medicine, pediatric vaccines, building platforms for DNA and Biomarker Testing. At full occupancy, the facility will employ an estimated 360 healthcare professionals.

In 2019, construction began on the first phase of ASU's planned Health Solutions Campus at the PBC. ASU aims to develop its campus under a long-term agreement with the City for development rights for seven acres of land on the campus. The first phase of this development is the PBC Innovation Center, a \$77 million, 225,000-square-foot building which was constructed by Wexford Science and Technology. The PBC Innovation center celebrated its ribbon cutting on March 30, 2021. The building ultimately opened in the fall of 2020 as a 7-story, 227,000 square-foot, lab-enabled building by Wexford Science+Technology renamed as 850 PBC. The building is designed to integrate research, entrepreneurial activity, and corporate engagement, the building offers opportunities for meaningful collaboration with the building tenants and community. In Fall 2021, discussions began about the second phase of ASU's Health Solutions Campus. Construction started in early 2025.

In order to meet the additional business needs of the growing biomedical sector, the City is looking beyond the 30-acre downtown PBC. The City is collaborating with the Arizona State Land Department, ASU and the Mayo Clinic to develop the 600-acre Arizona Biomedical Corridor in north Phoenix. The City is assisting ASU with infrastructure on their 24-acre Health Solutions Campus. Groundbreaking for the first building occurred in April 2019.

In January 2021, ASU's Health Futures Center opened and houses four ASU programs - the College of Health Solutions, Edson College of Nursing and Health Innovation, Ira A. Fulton Schools of Engineering and the J. Orin Edson Entrepreneurship and Innovation Institute, along with researchers from various ASU schools and colleges. The 150,000 square-foot three-story facility represents a \$80+ million investment in the Arizona Biomedical Corridor.

In February 2021, the Mayo Clinic approved the construction of a \$131 million 150,000 square-foot facility as part of its larger expansion plans. In 2018, Mayo launched its \$748 million plan to add 1.6 million square feet of space, essentially doubling its capacity in the Arizona Biomedical Corridor. The expansion plan will result in almost 100 additional beds by 2023 and an additional 2,000 new jobs by 2029, including nearly 200 additional physicians.

In December 2021, the Mayo Clinic acquired 228 acres in an Arizona State Land Auction that is in the shape of an upside-down L around their existing north Phoenix campus. This will support the long-standing goal and vision of the Mayo Clinic, the City of Phoenix, and Arizona as an opportunity for co-creation with innovators in science and biotechnology with Mayo Clinic. The development for this corridor is called the "Discovery Oasis" replacing the former name of the Arizona Biomedical Corridor.

In March 2025, the Mayo Clinic announced a nearly \$1.9 billion investment in the continued transformation of its Phoenix campus. This 1.2-million-square-foot expansion includes the construction of a new procedural building, a four-floor vertical and horizontal expansion of the Mayo Clinic Specialty Building, the integration of leading-edge technology, the addition of 11 new operating rooms and two new patient units supporting 48 additional beds.

In July 2022, the U of A announced its plans for the new Center for Advanced Molecular and Immunological Therapies (“CAMI”) on the Phoenix Bioscience Core. CAMI is planned to be a 10-story 293,000 square-foot building located on the north side of the Biomedical Sciences Partnership Building. An immediate adjacent innovation building for public-private research and enterprises is planned to be located on the site. The estimated cost is \$300 million. While planning and construction is occurring, CAMI programming has launched on the second floor of the U of A’s Biomedical Sciences Partnership Building. Construction began for the Phase I building in October 2024.

In January 2023, Connect Labs by Wexford opened on the fifth floor of the 850 PBC building, formerly known as the PBC Innovation Center, on the Phoenix Bioscience Core. It is the first ‘co-working’ space dedicated to life science companies on the PBC. It consists of 35,000 square feet with a variety of sizes of private labs and offices for early-stage companies or research and development teams to locate and scale in place to advance their research with access to shared equipment. In May 2023, Calviri opened its 9,000 square-foot lab on the 6th floor of 850 PBC to further advance its cancer vaccine development.

In September 2023, National Institutes of Health, National Institutes of Diabetes and Digestive and Kidney Diseases signed a lease for the 7th floor of the 850 PBC building. This will be an expansion of their presence on the PBC where they are original tenants in the TGen building with their advanced genomics lab. The 35,000 square-foot space will consolidate their Epidemiology & Clinical research branch that had various locations throughout Phoenix, including at the Pima Indian Medical Center.

In 2024, the City of Phoenix partnered with Arizona State University, the University of Arizona, Northern Arizona University and SmithGroup to begin the process to update the Phoenix Bioscience Core master plan. The current effort is the first comprehensive update since 2017 and will address campus wide issues such as creating better common spaces, breaking down barriers created by the boundary of the campus, establishing campus wide signage and art programs and establishing community amenities. Preliminary results from the plan are expected in spring 2025.

Education

In 2004, ASU and the City entered into a partnership to develop the ASU Downtown Phoenix campus. Phoenix voters committed \$223 million to the ASU Downtown Phoenix campus in the 2006 bond election. The campus is located in downtown Phoenix between Van Buren and Fillmore Streets on the north and south and First Avenue and Seventh Street on the west and east, respectively. Over 11,700 students were enrolled in degree programs at the ASU Downtown Phoenix campus during the fall 2021 semester. The anticipated economic impact of the ASU Downtown Phoenix campus is estimated to be \$570 million, including the creation of 7,700 jobs. The City and ASU are working together to develop the State’s workforce through education, generating academic and intellectual capital.

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

As part of the second phase of the ASU Downtown Phoenix campus expansion, construction was completed on the 82,000 square-foot ASU College of Nursing and Healthcare Innovation II facility. The innovative design

creates a sense of arrival for the northeast corner of the campus and downtown. With over a third of the materials utilized for this project containing recycled content, the new facility achieved the Leadership in Energy and Environmental Design (“LEED”) certified Gold status and has received 14 awards including Best Education Facility in America and the LEED Building of the Year. ASU invested \$1.5 million in tenant improvements to finish the remaining fifth floor space of the ASU Nursing and Health Innovation II facility for executive offices, meeting space and staff workstations, which were completed in July 2013.

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

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

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

In 2018, ASU committed to relocate the ASU Thunderbird School of Global Management (“*Thunderbird*”) from Glendale, Arizona to a new building on the square block also containing the ASU Sandra Day O’Connor College of Law. Thunderbird was moved to a temporary space at the Arizona Center before moving the graduate school to a newly constructed \$60 million, 100,000 square-foot, four-story building at the corner of Second and Polk Streets and opened April 8, 2022.

In 2019, Creighton University, based in Omaha, Nebraska, began construction on a new health sciences campus at Park Central in midtown Phoenix. Creighton has estimated the total development cost to be \$99 million. Opened in June 2021, the 180,000 square-foot Phoenix campus serves nearly 900 students. It will include a four-year medical school and schools for nursing, occupational and physical therapy, pharmacy, physician assistants and an emergency medical services program. In conjunction with the new Creighton campus and other development at Park Central, a \$30 million parking garage was constructed by the Park Central Community Facilities District, formed for this purpose. The new ten-story parking garage has a capacity of 2,001 spaces and has opened to the public in September 2020.

In 2019, ASU began construction of a 16-story student housing building designed for upper classmen, and graduate students. The building features three-stories of classroom space and exhibition space on the ground-floor. In August 2021 the building, renamed Fusion on First, opened and welcomed over 500 students. The first three floors of the building feature classrooms and workspaces intended to create a hub that caters to design and art students, while the remaining thirteen floors provide apartment-style housing.

In September of 2022, the Phoenix Forge, opened to the public. Housed at Gateway Community College, it is the largest community maker-space in the Southwest, serving as a free resource to 10 Maricopa Community Colleges and Arizona State University students, as well as public monthly memberships for classes, tools and training.

In April 2023, ASU's student housing project, Taylor Place, was renamed to Gordon Commons in honor of Phoenix's former mayor Phil Gordon, a critical leader in the founding of the ASU Downtown Campus.

In October 2023, ASU's President Michael M. Crow announced that the university's headquarters for ASU Health, which includes a new medical school, will be built in downtown Phoenix. The new ASU School of Medicine and Advanced Medical Engineering will integrate clinical medicine, biomedical science, and engineering. Clinical partnerships, including the existing alliance between ASU and the Mayo Clinic, will support both research, and academic programs. ASU Health will initially be located on at the Mercado Building on the Phoenix Bioscience Core, with plans for a permanent location to be announced in 2025.

In August 2024, Tufts University graduated their first class of their Doctorate of Physical Therapy, which is part of their School of Medicine. In 2021, Tufts University opened their first location outside of the Cambridge-Boston area. They lease 20,000 square feet in the heart of Downtown Phoenix.

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 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 focused in approach, involving redevelopment of blighted or under-used properties, proactive code enforcement, housing rehabilitation, rental rehabilitation infill housing development, infrastructure improvements, neighborhood capacity building and economic development, as appropriate. Targeted neighborhoods include Neighborhood Initiative Areas, Redevelopment Areas, and other City designated revitalization areas.

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

Beginning in the late 1990s, downtown Phoenix saw the development of several market rate projects for the first time in nearly a decade. The units included apartments, lofts, condominiums and multi-family housing. Residential housing projects continue to be developed in downtown Phoenix. These new units have been developed as urban infill and adaptive reuse as well as low, mid and high-rise development projects.

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

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

completed in July 2007. The next phase of development, Portland on the Park, began construction in the spring of 2015 and was completed in the spring of 2017. This luxury condominium project sits adjacent to the City's Hance Park on Portland Ave, between 1st and 2nd Ave. The \$54 million Portland on the Park project has added 170 condos to the historic Roosevelt neighborhood.

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

Cloquet Metrowest, LLC completed a \$17 million, five-story mixed-use development, named Union, in the summer of 2017. The Union includes 8,000 square feet of street-level restaurant/retail space, structured parking and 80 market-rate, multifamily residential units on a 0.9 acre site in the Historic Roosevelt neighborhood, at the southwest corner of Roosevelt Street and First Avenue. Phase II is currently under development by Randolph Street Realty Capital LLC and will feature 110 units and 5,000 square feet of retail.

In 2017, Alliance Residential completed the Broadstone Arts District project, a \$49 million four-story, multi-family, rental residential infill project with 280 apartments. The project subsequently renamed Greenleaf Arts District is located at the northeast corner of McDowell Road and Alvarado Street. Since the completion of the Arts District project, Alliance Residential has completed construction on the 316 unit Broadstone Roosevelt complex at the northeast corner of 3rd and Roosevelt streets in 2019 and the 162 unit Portland Broadstone complex at the northeast corner of 3rd and Portland streets in 2021.

In 2019, CA Ventures completed construction on phase one of The Link PHX. The Link PHX is a 30-story high-rise residential rental project with ground floor commercial space. This is the first phase of a three-phase project that will ultimately generate \$175 million of new investment in downtown Phoenix. Phase I contained 257 rental units at a capital cost of \$67.6 million and was completed in late-2019. Phase II was completed in fall 2022 and contains 234 rental units at a capital cost of \$59.4 million. Currently, The Link Phase III is preparing to start construction and will feature a 32-story tower with 277 units, and 8,300 square-feet of commercial space.

In 2019, JMA Ventures, LLC started construction of the 278 Battery Apartments in the Warehouse District on the south end of downtown. The development represents a \$43 million investment in downtown Phoenix and includes the adaptive reuse of two historic buildings. Construction was completed in September 2021.

In 2019, PMG Properties Group began construction of Phase I of X Phoenix, a \$92 million, 20 story high rise residential project featuring 320 rental units with 39,000 square feet of ground floor commercial and retail space. The total investment of this two-phase project is expected to total a \$192 million capital investment. Phase I was completed in early 2022, and Phase II is currently under construction.

In 2019, Trammel Crow broke ground on the first phase of High Street Fillmore, a \$70 million, seven-story mid-rise residential project featuring 329 residential units and 10,000 square feet of ground floor commercial space. This is the first phase of a two-phase project that represents a total capital investment of \$140 million. Phase I was completed in 2022. Phase II is expected to commence construction in 2024 and will include a multifamily residential component with ground floor retail, attainable residential multifamily for rent, and for-sale townhome condominiums.

In 2020, Ascentris broke ground on Derby Roosevelt Row, a \$36 million, 21-story high rise residential project featuring 222 residential units and 4,500 square feet of commercial space. The project was completed in spring 2022.

In 2020, Aspirant Development began construction on Aspire Fillmore, a \$58 million, 17-story high rise residential project featuring 249 residential units with 1,600 square feet of commercial space. The project was completed in spring 2022.

In 2020, Hines Development began construction on The Adeline, a \$135 million, 25-story high-rise residential project featuring 379 residential units and 4,500 square feet of ground floor commercial space. Construction was completed in fall 2021.

In 2021, Hubbard Street Development began construction on Skye on 6th, a \$87 million, 26 story multi-family development. The building includes 309 rental units and 6,500 square-feet of ground level retail space. Skye on 6th opened in summer 2023.

In late 2021, the North American Development Group begin construction on the 28-story, multifamily residential Palm Court Tower. The development, which will include approximately 354 units represents a \$107 million investment in downtown. Construction is anticipated to be completed in 2025.

Opened in 2021, the Ryan is in one of the most popular areas in Downtown Phoenix at the corner of Jefferson and 2nd Street. This 17-story, 332-unit residential high-rise project is situated right next to Phoenix's Footprint Center, light rail, CityScape and just down the street from the Phoenix Convention Center and Chase Field.

Akara Partners completed construction on their \$45 million project named Kenect in 2022. Kenect is an innovative 20-story residential high-rise project located at Central Ave and Polk Street right next door to ASU's downtown Campus and Central Station. With 299 units, Kenect also offers residents a rooftop pool, social and networking events, a state-of-the-art fitness center, concierge, 17,000 square-feet of ground floor retail and coworking spaces.

Moon Tower, by Lincoln Ventures, is a 24-story apartment building which opened in 2023. Located in the Roosevelt Row Arts District, the tower has 326 total units, rooftop pool deck, fitness studio, coworking and conference spaces.

EcoPhx plans to be one of Arizona's most sustainability friendly developments. Currently under construction at the Southwest corner of Roosevelt and 3rd Ave, EcoPhx will be a 5-story project with 70 apartment units and 3,300 square-feet of retail space on the ground floor. The developer plans incorporating energy and water saving features to all units. Construction is expected to be completed in 2025.

Saiya is a development under construction at McKinley Street and 1st Ave in Downtown Phoenix. This will be a mixed-use project with 23-story residential high-rise tower with 389 units. There will also be 12,550 square-feet of street level retail/restaurant space. Expected to be completed in 2025, residents will also be just a few minutes' walk away to the light rail or to Roosevelt row.

Phoenix's Central Station is a landmark development coming to Central Ave and Van Buren Street in Phoenix's booming Downtown area and is set to open in 2025. This project will feature two residential towers of 22 and 33 stories. The 22-story tower will be used for student housing with 655 beds while the 33-story residential tower will hold 362 residential units. The project is also bringing 70,000 square-feet of office space and 30,000 square-feet of retail space. The project is being built between two light rail stations and is designed with public transit in mind by providing connections to bus stops, light rail, and 400 underground parking spaces. This will be one of Arizona's tallest structures measuring 424 feet in height and total investment for this project is \$275 million.

In 2023, construction began at 601 N Central by LG Group. When completed, the project will include a 29-story multi-family building with 747 residential units and a total of 29,000 square-feet of ground level retail space. This project will also feature many amenities such as outdoor lounges, a basketball court, a dog park, the largest multifamily pool in Phoenix, and more.

In 2024, VeLa Development Partners started construction on the Ray Phoenix, a 26-story, 401-unit with ground floor retail. The \$80 million project will include a variety of floor plans along with various highly amenitized common areas. Construction completion is expected in 2026.

Expected to be completed in 2025, the X Roosevelt, located on Second Avenue between McKinley and Fillmore streets, will have 370 units; 37 will be workforce housing, as defined by the development agreement with the City of Phoenix.

Residential leasing of Sol Modern is scheduled to begin in July 2025. This twenty-nine story building, at 601 North Central, will be the largest residential project in downtown Phoenix, encompassing an entire city block, with 747 residential units in the main tower, eight levels of above grade parking and 30,000 square feet of retail shopping on the first level.

Government Facilities and Street Transportation

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 the largest municipal court in the State and is among the top 10 busiest courts in the United States.

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.

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

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

In 2017, Maricopa County began a \$65-million remodel of the former Madison Street Jail located east of 3rd Avenue between Madison and Jackson Streets. The space will be the future home of the Maricopa County Attorney's Office, consolidating offices from around the county in downtown Phoenix. The construction was completed in December 2019.

In 2018, the Phoenix City Council authorized advancing \$200 million to accelerate pavement maintenance projects. Between January 2019 and June 2023, the Street Transportation Department undertook its largest and most comprehensive pavement maintenance program which entailed accelerating pavement maintenance work on many of the City's major streets. During this period, more than 230 major-street miles were repaved as part of the accelerated pavement maintenance program. This represents a 300 percent increase compared to the number of major-street miles the City traditionally paves each year. The accelerated program was accomplished in

conjunction with the City's pavement preservation program for local and collector streets. In total, over 690 miles of streets were repaved between January 2019 and June 2023, including accelerated and existing projects.

In 2021, the Phoenix City Council authorized the purchase of the Wells Fargo office tower, along with two associated parking garages for \$46.5 million. The 27-story office building, located at 100 West Washington Street will become the future Phoenix Police Department Headquarters. On November 2, 2023, the City of Phoenix began renovations on the new headquarters. Renovations will continue through 2025 with phased occupancy and substantial completion anticipated by November 2025. This project consolidates public services and accommodates the long-term growth needs of the Phoenix Police Department.

In May 2023, the Phoenix City Council voted unanimously to approve the Active Transportation Plan as an update to the City's Bicycle Master Plan passed in 2014. The Active Transportation plan will serve as a guide for the expansion and improvement to the City's transportation network. This will help achieve the Transportation 2050 ("T2050") goal of adding 1,080 miles of bike lanes in the City of Phoenix. This plan also contains a street design manual for active transportation usage to help City Staff and consultants.

In June 2023, the City of Phoenix celebrated achieving 100 miles of cool pavement seal coatings for streets located across the City of Phoenix. Cool pavement is a water-based coating that reduces street surface temperature by several degrees, thus reducing the urban heat island effect. This coating is also recyclable and non-toxic.

In January 2024, the Arizona Governor's office of Highway Safety awarded the City of Phoenix with a \$140,000 grant to help the Phoenix Street Transportation Department support educational outreach efforts related to the Vision Zero Road Safety Action Plan. The fund will be used to support pedestrian and bicycle safety initiatives, purchase of bicycle helmets for students, and LED stop sign paddles for crossing guards.

In February 2024, the City of Phoenix finalized the Downtown Phoenix Parking Master Plan. This represents a culmination of a process initiated by the City Council to study supply and demand of parking in Downtown Phoenix and include recommendations into a 10-year master plan. Kimley-Horn and Associates led the effort as the City's consultant and has provided recommendations such as updating the City's management practice of parking facilities, creating new way-finding and technology solutions, and establishing new funding sources.

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, City-owned multipurpose arena, the Arizona Center and the Heritage and Science Park.

In 2000, the City and the 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 2006, the City began construction of two streetscape projects on the ASU Downtown Phoenix campus. The projects, which included Taylor Mall and First Street, were completed in January 2009. Taylor Mall is a tree-lined, pedestrian-friendly sidewalk and street between the Civic Space Park and Arizona Center that contains public art, inviting benches, and sustainable water features. A traffic signal and crosswalk allows pedestrians to

cross Central Avenue and light rail tracks to enter the Civic Space Park safely from Taylor Mall. In addition, the west side of First Street from Polk Street to McKinley Street has been improved with lighting, shade and landscaping.

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

In 2015, the City completed construction on a streetscape project improvement on Roosevelt Street between Central Avenue and Fourth Street. The project was funded through a \$750,000 Federal Transportation Enhancement Grant. The improvements include new sidewalks, bike lanes, street lights, shade trees, benches, public art and other amenities. A second phase of this project on Roosevelt Street, from Fourth Street to Seventh Street was completed in August 2016. Roosevelt Street was repaved from 1st Avenue to 7th Avenue, a project which included the addition of bike lanes.

In 2017, the Renaissance Hotel, which fronts Adams Street from Central Ave to 1st Street, began a \$9.5 million capital improvement program that took recommendations from the Adams Street Activation Study. The improvements included relocating the valet area from Adams Street to 1st Street, structured shade elements along the south façade, drought tolerant landscaping and decorative street pavers. This investment transformed Adams Street into a more pedestrian friendly space and set a high standard for future development along Adams Street.

In 2019, the Hyatt Hotel, which fronts Adams Street from 1st Street to 2nd Street, began a \$40 million capital improvement project to renovate the hotel and enhance the streetscape consistent with recommendations from a study done for Adams Street. Work was completed in early 2020.

In 2022, the Community and Economic Development department, in collaboration with several downtown community associations, identified twenty-five locations for new trash receptacle installation. CEDD partnered with the community associations and the Office of Arts and Culture to solicit a local 'Call for Artists' which will allow each unique community to work with a local artist for an art design that will ultimately be installed via vinyl wrap on the trash receptacles in their respective areas.

In 2023, Valley Metro began the installation of public art along the new South-Central Extension/ Downtown Hub expected to open for operation in 2024. There are 18 artists in total and 13 are Arizona local artists. The five-mile extension will connect Baseline Road to Downtown Phoenix and to the regional light rail system. The Public art projects will reflect and celebrate the local area and beautify the transit spaces.

In 2024, the City implemented several new chilled bottle-filling stations in the heart of downtown. The water stations are located near Phoenix City Hall at the Marvin A. Andrews Plaza, Cesar Chavez Plaza, Roosevelt Mini Park, Desert West Park, and Herberger Theatre. The initiative will serve as a resource for both locals, and visitors alike. The drinking water systems include two drinking fountains, and a custom-designed, state-of-the-art refillable water bottle station, and heat-mitigation technologies. The design components of the new system include an internal chiller, heat-mitigation materials and design, a purge valve to circulate water inside the units, and vandalism-resistant materials. The City is adding additional drinking water systems to expand the program at Burton Barr Library and Central Station.

Cityscape Park, also known as Patriots Park, has undergone several enhancement projects to better fit the needs of the community, and to keep active the space year-round. A new deck was added to mitigate heat, drought resistant landscaping was planned, along with planting several trees for shade.

Transit/Light Rail

Central Station, the City's downtown transit center located on the northwest corner of Central Avenue and Van Buren Street was constructed in 1997. The 2.7-acre site includes a 4,000 square-foot passenger services building for ticket sales, security, and restrooms; a 16,000 square-foot passenger plaza that includes passenger information, seating and shade; and bus loading and circulation areas for 6 bus routes, Dial-a-Ride and DASH (Downtown Area Shuttle), as well as east and westbound light rail services. The total cost of the project was approximately \$9.3 million, with the Federal Transit Administration funding 80% and the City funding 20% of the project. Central Station received a \$3.7 million renovation, completed in July 2011, to modernize the facility, improve security, and incorporate sustainable elements. The transit center improvements were one of five major transit capital projects funded by the American Recovery and Reinvestment Act. 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 related improvements to 400 bus stops in Phoenix that was completed in October 2012.

In October 2020, the Public Transit Department closed Central Station Transit Center and relocated the Customer Service functions to 302 N. 1st Avenue. In June 2021, and with Federal Transit Administration ("FTA") concurrence, the City entered into a City Council-approved development agreement with Electric Red Ventures, LLC for the Central Station Transit Center (300 N. Central Avenue) site. The project has two towers (22 and 33 stories each), and once complete, will return transit service to the interior of the site along with providing 9,000 square feet of office space for Public Transit's Central Station Customer Service Center. The redevelopment project is privately funded, and the City retains ownership of the land through a long-term lease with annual payments. The Central Station project represents a capital investment of \$340 million and is projected to be completed by 2025.

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 (the "*Transit Sales Tax*"). Construction of an approximately \$1.4 billion, 20-mile light rail system connecting north central Phoenix (19th Avenue and Bethany Home Road) with Sky Harbor International Airport (via the PHX Sky Train®), Tempe and Mesa (Main Street and Sycamore Road) began in the fall of 2004 and opened for operations in December 2008. The total cost of the project was funded with Federal grant funds, Transit Sales Taxes and other local funding sources.

The City has also made major renovations to the Metrocenter transit center which was relocated and integrated with the LRT NWII station. 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 developed a new park-and-ride facility along the Baseline Road corridor at 24th Street, which opened in April 2015. In addition, the City upgraded and expanded the Desert Sky Mall Transit Center to serve residents in West Phoenix. This much needed facility, which provides shade, security, covered parking and public art opened to the public in December 2015. The new Desert Sky Transit Center cost \$8.2 million for land, design and construction.

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

In May 2012, the City Council approved the Capitol / I-10 West Locally Preferred Alignment (“LPA”). Following the passage of Transportation 2050, City Council approved phasing the Capitol / I-10 West project. In conjunction with analysis for the South-Central Light Rail Transit (“LRT”) Extension, a reconfiguration of the merging of the existing light rail system, the future Capitol / I-10 West LRT Extension, and South Central LRT Extension was recommended by staff to create a downtown transit hub to enhance the connectivity for transit passengers along with other multimodal improvements. These recommendations were approved by the City Council on September 26, 2017. The approval of the downtown LRT transit hub prompted a re-examination of the original Capitol / I-10 West Phase I LPA, resulting in the separation of the projects into two extensions. In 2021, the projects were renamed the Capitol Extension (“CAPEX”) and I-10 West Extension (“10WEST”) to clearly identify each project’s unique character, development schedule and goals/objectives. Based on community input and technical analysis, the 2012 LPA was revised, and a new Locally Preferred Alternative for the Capitol Extension was approved by City Council in November 2021. CAPEX will provide an important connection between the downtown core and the Arizona State Capitol. In early 2024, the CAPEX light rail route was redesigned to comply with recent Arizona legislation, Senate Bill 1102, which restricts the light rail’s proximity to the State Capitol. The modified CAPEX route is 1.6 miles with 2 stations. Connecting with the existing Valley Metro Rail system at 3rd Avenue, the route will extend west on Washington Street, turning south on 15th Avenue before returning east on Jefferson Street, again connecting to the existing light rail system at Third Avenue and Jefferson Street. The 15th Avenue route continues to serve a strong ridership base and create an important connection to West Phoenix. In February 2024, preliminary engineering work focused on the location of the guideway, street configuration, and station locations for CAPEX reached 60% completion. Design and preconstruction work continue to advance throughout the project limits. The project team is beginning the environmental review process and further design advancement. The total cost of the project will be funded with Federal grant funds, Transit Sales Taxes, and other local funding sources.

The 10WEST is approximately 10 miles and will include eight plus stations and the potential for three park and rides. This project is unique and will see light rail trains traveling in the median of Interstate 10, before ultimately crossing to the north side of the freeway to a terminus at the existing Desert Sky Transit Center. The project team is currently in the planning phase working toward an updated Locally Preferred Alternative (“LPA”) that includes the connection to the CAPEX project. Valley Metro and City of Phoenix will engage in public outreach in early 2025 to further define the project, including the connection to the CAPEX and station locations. The project team will continue outreach and engagement with project area communities and key stakeholders. Once the analysis is complete, a recommendation for the connection to the CAPEX will be presented to the Phoenix City Council for consideration. The total cost of the project will be funded with Federal grant funds, Transit Sales Taxes, and other local funding sources.

Improvement plans for the bus operating and maintenance facilities also includes renovations to the two existing facilities, the North Transit Facility and the South Transit Facility. Upgrades to these facilities include improvements to life safety, security, building code upgrades, roofing replacements, HVAC equipment replacement, and fueling system upgrades. The North Transit Facility renovation was completed in November 2013, while work at the South Transit Facility began in the summer of 2015 and was completed in the fall of 2019, with a total cost of \$28 million for design and construction.

In August 2014, a 34-person group, the Citizens Committee on the Future of Phoenix Transportation, was created to address the 2020 expiration of the Transit Sales Tax and to review the public transit and street transportation needs of the City. After six months of meetings and over 100 public engagement events, the committee forwarded their recommendations to the City Council, who approved the plan in March 2015 and placed Prop 104 on the ballot. On August 25, 2015, voters approved a new comprehensive transportation plan and funding tax proposal that increased the existing Transit Sales Tax rate dedicated for transportation. The dedicated Transit Sales Tax rate was increased from the previous 0.4% to 0.7% and became effective January 1, 2016, with a sunset date of December 31, 2050. The increased Transit Sales Tax will continue to fund expanded local bus and Dial-A-Ride service, bus rapid transit service, neighborhood circulators and the operation of the light rail system. The increased Transit Sales Tax funding will also provide for expanded bus and light rail service hours and routes, high-capacity transit corridors, and infrastructure improvements to bus stops,

maintenance facilities and transit centers. In addition, the increased Transit Sales Tax will provide for street improvements including pavement maintenance, new bicycle lanes, sidewalk installation and traffic signal enhancements.

On January 27, 2024, the 1.6-mile Northwest Extension Phase II light rail corridor opened for revenue service. The extension expands light rail service farther into northwest Phoenix running west from 19th and Dunlap Avenues, going north on 25th Avenue, then west on Mountain View Road crossing the I-17 freeway to the redeveloping Metrocenter area with a planned \$850 million redevelopment project called The Metropolitan. This extension introduces unique features including the first elevated rail station, a rail-only bridge over the I-17 freeway, and seven community-driven public art installations. The project also includes a transit center named in honor of former Phoenix Mayor and Councilmember Thelda Williams, who also served as Chair of Valley Metro Rail. Other project features include: 3 new light rail stations, a four-story parking garage, and 200 new trees along with enhanced landscaping. The total project cost for the Northwest Extension Phase II was \$401.3 million. The project was partially funded with a total of \$216.2 million in grant funds received through the FTA Capital Investment Grant Program (“CIG”), with funding allocated at various stages of the project. In August 2020, the FTA signed and executed a full funding grant agreement in the amount of \$158 million to secure their share of funding committed through the CIG. The grant was distributed in three allocations: \$50.6 million in August 2020, \$49.4 million in December 2020, and \$58.1 million in May 2021. In addition to federal grants, funding of the extension comes from Phoenix Transportation 2050, and regional Proposition 400.

In 2019, the City Council authorized an agreement for the South-Central Extension/Downtown Hub project with VMR. The South-Central Extension/Downtown Hub is a 5.5-mile light rail project extending south from Jefferson Street to Baseline Road along Central Avenue and includes the creation of a rail transfer hub in downtown Phoenix. The project will include nine new light rail stations and two park-and-rides — one located at the existing Ed Pastor Transit Center at Central Avenue and Broadway Road, and an end-of-line facility at the northwest corner of Central Avenue and Baseline Road. On April 15, 2019, the Federal Transit Administration FTA granted the project approval to enter the engineering phase of the Capital Investment Grant New Starts program. October 14, 2019, marked the official start of construction in the Downtown Hub of the project. The first order of construction being the relocation of underground utilities. In September 2020, the notice to proceed was issued for non-utility work to commence in the Downtown Hub, as utility relocations continued to progress along the South-Central Extension alignment. The U.S. Department of Transportation awarded \$638 million to help fund the South-Central/ Downtown Hub Light Rail expansion in January 2021. The Full Funding Grant Agreement from the FTA represents the federal government’s role in funding and helping manage the project. The extension project received \$530 million from the FTA’s CIG and \$108 million from the Federal Highway Administration. On January 6, 2021, the FTA signed and executed a full funding grant agreement in the amount of \$530 million to secure their share of funding committed through the CIG. The \$428 million (City’s share) of the project will be funded with Federal grant funds, Transit Sales Taxes, and other local funding sources. In March 2022, the South-Central Extension/ Downtown Hub project received \$81.3 million from the American Rescue Plan Act (“ARPA”). In May 2022, the FTA allocated \$232.1 million funding from the FTA’s CIG.

In December 2022, the South-Central Extension/Downtown Hub project received an additional \$21.1 million in ARPA funding. As of February 2024, the project achieved 96% completion, with new utilities upgraded throughout the project area, track installation, artwork, and station construction through the corridor. More than 13 miles of new waterline, and 13 pieces of special trackwork have been installed on the project. The corridor will enter revenue service on June 7, 2025.

In June 2022, the FTA awarded a \$514,045 grant from the American Rescue Plan Route Planning Restoration Program to study potential high-capacity transit improvements in the Maryvale area of west Phoenix. In June 2024, the Phoenix City Council adopted the LPA, advancing light rail transit with a route along Indian School Road to 75th Avenue, then south to Thomas Road, and terminating at the Desert Sky Transit Center. The next steps will involve refining the LPA to determine the best connection to the existing light rail in central Phoenix.

Phoenix Sky Harbor Center

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

The initial acquisition and infrastructure development phase of Phoenix Sky Harbor Center was completed in 1993. Among the earliest occupants were Honeywell, Sky Chefs Inc., Miller Brands of Phoenix and Arrow Electronics. These initial tenants built distribution space, office buildings, warehouses and manufacturing facilities totaling over 1.16 million square feet. The office park has since added Bank of America's credit card operations center and RT Sky Harbor LLC (formerly JP Morgan Chase). Other sizeable tenants at Phoenix Sky Harbor Center include First Group America d.b.a. Greyhound Lines, Charlie Case d.b.a. Community Tire, Century Link, Grand Stable & Carriage Co. LLC, LTJ Skyline, the City of Phoenix, Horseheads Industrial Capital II, LLC, 801 S. 16th Industrial, LLC, Honeywell International Inc., and Watson Properties.

In 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 Sky Harbor.

In 2001, the City Council approved the concept of a consolidated rental car center ("RCC") for Phoenix Sky Harbor International Airport. On June 1, 2002, the City initiated a daily Customer Facility Charge ("CFC") collected by the rental car companies on all rentals to be used to fund the construction, operation and maintenance of the RCC. The RCC is located on approximately 141 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. The RCC is now connected directly with all terminals and parking facilities via the PHX Sky Train® extension which was completed in December 2022.

Phoenix Sky Harbor International Airport

In 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 ten domestic gates to the international concourse. Construction of the new facilities was completed in February 1996. In September 1995, America West Airlines (subsequently US Airways and now American Airlines) announced plans to expand its Phoenix operations over the next several years. In March 1998, the City Council approved an airport capital expansion program funded primarily by passenger facility charges and airport revenue bonds. Approved and completed projects included rebuilding runways in concrete, construction of two new airport fire stations, a new Terminal 4 concourse to provide more capacity for American Airlines and additional parking facilities at Terminal 4. The additional Terminal 4 concourse was completed in May of 2022 and all 8 additional gates are currently utilized by Southwest Airlines.

Terminal 3, which opened in 1979, originally contained approximately 639,000 square feet and ten gates. The Terminal 3 Modernization Project, which began construction in 2014, with the purpose of removing Terminal 2 from service, providing for passenger growth in Terminal 3, increasing passenger flow efficiencies and increasing concession revenue. The \$580 million modernization project was executed in three independent phases that allowed the project to be completed as demand required and finances allowed. Airlines in Terminal 2 were moved into the expanded Terminal 3 facilities. The Airport completed the final phase of the project in the spring of 2020. Terminal 3 now contains approximately 710,000 square feet and 25 gates.

PHX Sky Train® is an automated people mover designed to carry over 35 million riders annually through seven stations at Sky Harbor along an elevated guideway spanning approximately five miles. The PHX Sky Train® provides a new front door to the Airport, offering a seamless connection with the light rail transit station at 44th Street and Washington. Stage 1 of the PHX Sky Train® connects Phoenix’s light rail system, Sky Harbor’s east economy parking garages and Terminal 4 and began service on April 8, 2013. Stage 1a (the Terminal 3 Line Extension) began service on December 8, 2014 and runs from Terminal 4 to Terminal 3. The two stages were completed more than \$45 million under the combined budget of \$884 million. Phase 2, the final extension of the PHX Sky Train®, extended service from Terminal 3 to the Rental Car Center, commenced construction in February 2018, and was completed under budget and opened for service in December 2022.

On June 11, 2019, the Phoenix City Council approved the Airport’s Comprehensive Asset Management Plan (the “CAMP”), which is a 20-year blueprint for Airport investments. The CAMP is projected to cost \$5.7 billion during the 20-year period. Early in calendar year 2020, commercial airports across the United States, including Phoenix Sky Harbor International Airport, saw passenger traffic numbers reduced dramatically as the global economy began to face impacts of the COVID-19 pandemic. The Airport responded to the pandemic-driven reduction in revenue by deferring certain CAMP projects until the projects became justified again by demand and financially feasible. Post pandemic, the Airport has seen robust demand in the mid to high single digits which led to a record 52.3 million passengers in calendar year 2024, the first time the Airport exceeded 50 million passengers. With growth expected to continue, the Airport is looking to the future with additional capital projects. A new crossfield taxiway project (“*Taxiway U*”), made possible with approximately \$200 million in federal Bipartisan Infrastructure Law (“*BIL*”) funds, is currently under construction and will provide enhanced efficiency on west side of the airfield. The Airport is also in the planning and design stage for an additional concourse on the north side of Terminal 3 Concourse T3 N2 to provide an additional 6 gates, anticipated for completion in 2028.

Property Tax Supported Bond Program

General Obligation Bond programs provide a mechanism to fund construction and rehabilitation of City facilities and infrastructure such as parks, libraries, fire stations, streets, and storm drains. At a Special Election held on November 7, 2023, the voters approved a total authorization of \$500 million. The first tranche of the bond money was dispersed in fiscal year 2024-25, and the second disbursement is expected to take place in fiscal year 2025-26.

PHOENIX CITY GOVERNMENT

Phoenix operates under a Council-Manager form of government as provided by its Charter, which was adopted in 1913. The City Council consists of a Mayor and eight Council members, elected by the people on a non-partisan ballot. At a special election held on October 3, 1989, 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, 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. On August 28, 2018, Phoenix voters passed Proposition 411 which amended the City Charter by changing City Council elections from the fall of odd-numbered years to November of even-numbered years to coincide with county and statewide elections. 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 are two Assistant City Managers, two Deputy City Managers, a Special Assistant, the Budget and Research Director, the Chief Financial Officer, the City Auditor and the City Attorney.

The City government is responsible for furnishing basic municipal services. Primary services delivered by the City's 41 departments/functions, 18 initiatives/projects and 16,012 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 were provided in fiscal year 2023-24 through an adopted operating budget of \$7,243.8 million. Of this, the general purpose funds budget totaled \$2,039.9 million, which was for general municipal services and excluded 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.

The final fiscal year 2024-25 GF budget adopted by City Council is \$2,131.8 million. For all funds, which includes General, Enterprise and Special Revenue funds such as grants, and all debt service and pay-as-you-go capital costs, the fiscal year 2024-25 budget is \$7,243.8 million.

Elected Officials

KATE GALLEGO, MAYOR

Mayor Gallego began her second consecutive term as Mayor in April 2025. Prior to being elected Mayor, Ms. Gallego served on the City Council representing District 8 for nearly five years before resigning in August 2018 to run for Mayor. Ms. Gallego has been an active member of the community and held several volunteer positions including Chair of the Environmental Quality Commission, Chair of the Solar Energy Subcommittee, Vice Chair of MyPlanPHX.com, and as a member of the Central City Village Planning Commission. Additionally, Ms. Gallego is a member of the Board of Directors of the Arizona Latino Arts and Culture Center and serves on the Arizona Commission on Service and Volunteerism. Ms. Gallego has a Master of Business Administration in Entrepreneurial Management from The Wharton School of Business at the University of Pennsylvania and a bachelor's degree in Environmental Studies from Harvard University.

ANN O'BRIEN, VICE MAYOR, DISTRICT 1

Councilmember Ann O'Brien began her second consecutive term in April 2025. Prior to being elected to the Phoenix City Council, Ms. O'Brien worked in project management for the Arizona Department of Child Support Enforcement and as a business broker for a local company. Ms. O'Brien is an Arizona native who has done extensive volunteer service work within the community. She currently serves as the President of the Deer Valley Unified School District Governing Board, President of the Arizona School Board Association and is the appointed chairperson of the 2020 Legislative Committee. Ms. O'Brien holds a bachelor's degree from Arizona State University.

JIM WARING, COUNCILMEMBER, DISTRICT 2

Councilmember Waring began his third consecutive full term on the City Council in April 2023. Mr. Waring has been an active member of the community for many years and has volunteered on many City and charitable organizations, including the Paradise Valley Village Planning Committee, Phoenix Planning Commission and Neighborhood Block Watch Committee. For his contributions, he has earned awards from the Arizona Federation of Taxpayers (Champion of the Taxpayer), National Federation of Independent Business (Guardian of Small Business), and the Arizona Chamber of Commerce (Senator of the Year). In addition, he was recognized for his work fighting domestic violence by the Arizona Coalition Against Domestic Violence (Legislator of the Year twice) and the Men's Anti Violence Network (Man of the Year). Councilmember Waring was awarded the Arizona Veterans Hall of Fame Copper Shield Award and the National Guard Association of the United States Medal of Merit. Mr. Waring was an Arizona State Senator for seven years and has served on the staffs at Arizona State University, the Arizona Board of Regents and Northern Arizona University. Mr. Waring received his PhD in Public Administration from Arizona State University's School of Public Affairs and his undergraduate degree from Northern Illinois University.

DEBRA STARK, COUNCILMEMBER DISTRICT 3

Councilmember Stark began her first term on the City Council in March 2017, was reelected in 2020, and began serving her third consecutive term in April 2025. Ms. Stark has spent her entire career in local government working for the City of Phoenix, the County, and the City of Peoria. At the City of Phoenix, Ms. Stark was the Planning and Development Director from 2005 to 2012. She was the President of the Arizona Chapter of the American Planning Association and served as a Board Member for the Arizona Council of the Urban Land Institute and Southwest Center for HIV/AIDS. Ms. Stark holds a Master Degree in Planning from Arizona State University and a bachelor's degree in Sociology from Western Kentucky University.

LAURA PASTOR, COUNCILMEMBER, DISTRICT 4

Councilmember Pastor was first elected in 2013. She began her third consecutive term on the City Council in April 2023. Currently she is the Community Liaison at Phoenix College. Ms. Pastor was Director of Achieving a College Education Program at South Mountain Community College and was a classroom elementary teacher for four years. Previously, Ms. Pastor was with the Department of Employment and Rehabilitation Services at the Arizona Department of Economic Security and was Special Assistant to the Arizona Director of Insurance. Ms. Pastor is a member of the Phoenix Union High School District Board and serves on the O'Connor House Speak Out Against Domestic Violence and Mi Familia Vota advisory boards. She is a former member of the Hispanic Advisory Board of Maricopa Community Colleges, Maricopa Transportation Advisory Board, the Homeless Task Force, and Phoenix Day. Ms. Pastor has a Master of Public Administration from City University of New York and bachelor's degree in Education from Arizona State University.

BETTY GUARDADO, COUNCILMEMBER, DISTRICT 5

Councilmember Betty Guardado began her second consecutive term on the City Council in April 2025. Ms. Guardado has been an active member of the community and has served as the director of union organizing in Phoenix for UNITE HERE Local 11, where she has conducted campaigns and negotiated contracts for thousands of hotel and food-service workers around Maricopa County. Currently, she is a vice president of Local 11. Ms. Guardado has been instrumental in leading successful independent voter turnout campaigns to elect several Phoenix City Council members to develop young leaders, and to empower working-class families.

KEVIN ROBINSON, COUNCILMEMBER, DISTRICT 6

Councilmember Kevin Robinson began his first term on the City Council in April 2023. Mr. Robinson began his career with the City of Phoenix as a patrol officer in 1980 and became Assistant Police Chief in 2000. Mr. Robinson has been active in Arizona's nonprofit community for more than 20 years, and for more than a decade served on the board of Ronald McDonald House Charities of Central and Northern Arizona, including two terms as president of the board. Mr. Robinson also served on several other community boards including the Arizona Supreme Court Judicial Council, Arizona Police Officers Standards and Training Board, and the Maricopa County Attorney's Office Community Advisory Board. Mr. Robinson earned a Master of Public Administration and bachelor's degree of arts in management from Arizona State University.

ANNA HERNANDEZ, COUNCILMEMBER, DISTRICT 7

Councilmember Anna Hernandez began her first term to the City Council in April 2025. Ms. Hernandez has previously worked in the banking industry, specializing in residential and commercial lending. Ms. Hernandez also served as a ranking member of the Senate Judiciary Committee, a member of the Senate Elections Committee, co-chair of the bicameral housing workgroup, and chair of the Arizona Legislative Latino Caucus. While serving in these roles, she delivered bipartisan results on affordable housing, reproductive rights, mental health, community safety, and police accountability.

KESHA HODGE WASHINGTON, COUNCILMEMBER, DISTRICT 8

Councilmember Kesha Hodge Washington began her first term on the City Council in April 2023. Ms. Washington moved to Arizona from the U.S. Virgin Islands in 1999 and has been active in Phoenix ever since. Ms. Washington is a former Assistant Attorney General who practiced law in Phoenix and served as Special Deputy Attorney General. Ms. Washington has and continues to volunteer and serve in many areas, from voter registration and civic engagement to providing food and necessities to individuals in need. Ms. Washington maintains active membership participation in community organizations such as Cottonfields Homeowners Association, and the American Bar Association. Ms. Washington earned her law degree from Arizona State University College of Law and her bachelor's degree from the University of the Virgin Islands.

Administrative Staff

JEFF BARTON

City Manager

Jeff Barton was appointed City Manager in October 2021 after serving as Assistant City Manager since February 2021. Prior to that he served as Deputy City Manager since March 2020 and served as the director of the City's Budget and Research Department since July 2015. Mr. Barton's career with the City of Phoenix started in 1999 as an Internal Auditor in the City Auditor Department. Over the years he held a variety of roles that focused on the City's sound financial stewardship, including multiple auditing positions, Management Assistant, and Deputy Budget and Research Director. Mr. Barton holds a Master of Public Administration from Shippensburg University of Pennsylvania and a bachelor's degree in Political Science from Morehouse College.

MARIO PANIAGUA

Deputy City Manager

Mr. Paniagua began his career with the City of Phoenix in 1998 and has served as Budget and Research Director, Phoenix City Clerk, worked in the City Council Office and Family Advocacy Center as a Management Assistant, and also served as a Human Resources Analyst. Mr. Paniagua oversees the Aviation, Public Works, Public Transit/Light Rail Departments, and the Office of Sustainability. He also oversees the City's multi-departmental implementation of the federal Infrastructure Investment and Jobs Act, and directs the implementation of Transportation 2050, a plan designed to improve Phoenix's multi-modal transportation infrastructure and services. Prior to joining the City, Mr. Paniagua served in the US Air Force. He holds a bachelor's degree in Global Business from Arizona State University.

JULIE KRIEGH

City Attorney

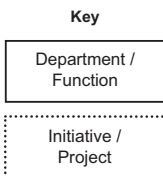
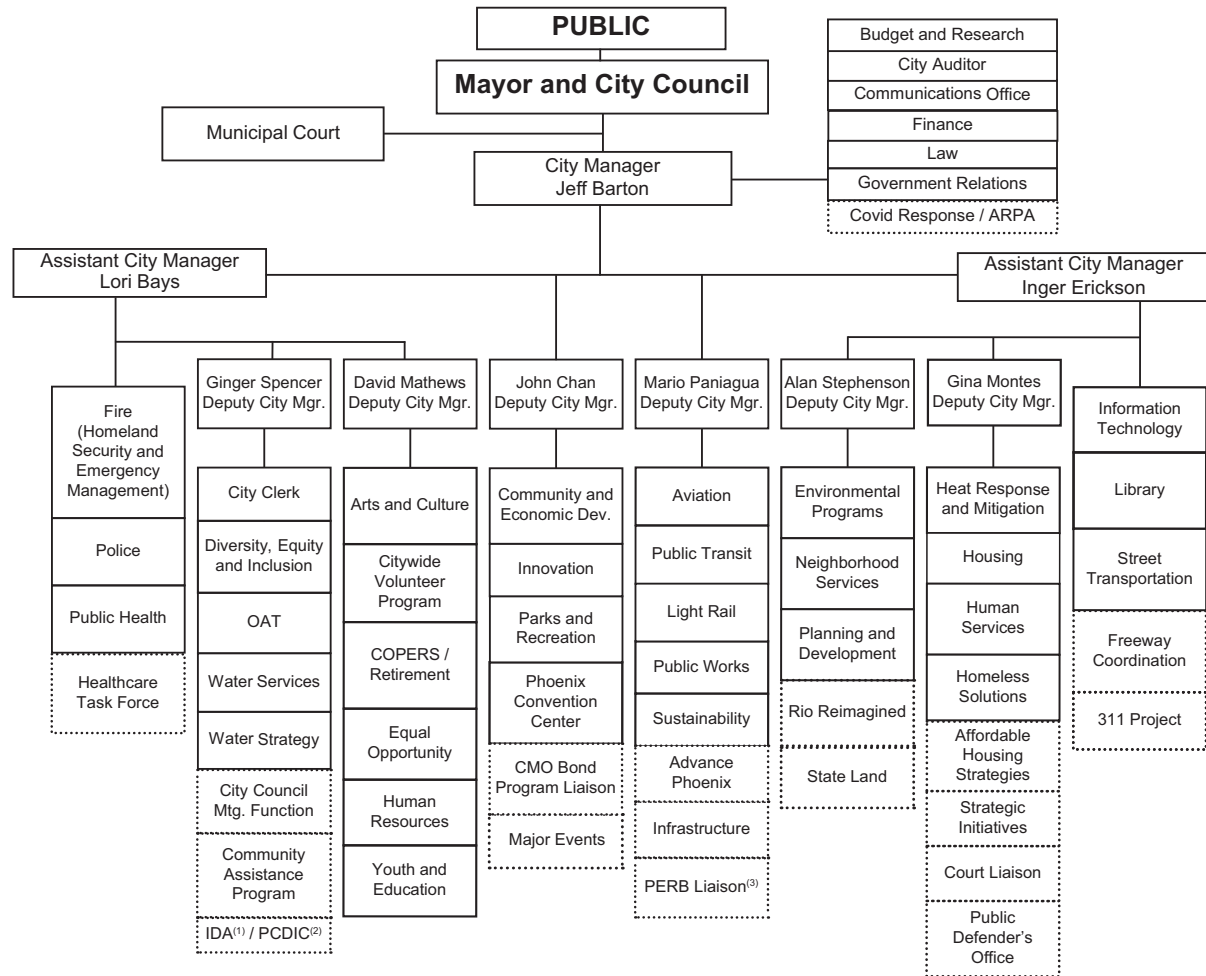
Julie Kriegh was named City Attorney in November 2022 after serving as Chief Assistant City Attorney since 2020. Ms. Kriegh has more than 20 years of experience representing municipal governments in Arizona in a wide range of areas. She joined the City of Phoenix Law Department in 2016, where she has served and supervised attorneys in several City departments. Prior to joining the City, Ms. Kriegh served as Deputy City Attorney in Surprise, Arizona, as an Assistant City Attorney in Mesa, Arizona, and was the Town Attorney for Camp Verde, Arizona. Ms. Kriegh is a member of the State Bar of Arizona and the State Bar of Colorado. She received her law degree from the University of Denver and her undergraduate degree in Public Administration from Northern Arizona University.

KATHLEEN GITKIN

Chief Financial Officer

Ms. Gitkin was appointed Chief Financial Officer in July 2021. She began her career with the City in 2004 with the Finance Department, working as an Accountant II in the Utilities Accounting Division and an

Accountant III, Accountant IV and Investment and Debt Manager in the Treasury and Debt Management Division. She became Deputy Finance Director/City Treasurer in November 2014 and was promoted to Assistant Finance Director in July 2020. Throughout her career she has managed financial planning, city controller functions, real estate, risk management, banking and cashiering, investments and debt issuances to fund capital expenditures. Ms. Gitkin has a Master of Business Administration from the University of Phoenix and a bachelor's degree in Accountancy from New Mexico State University.



- (1) Phoenix Industrial Development Authority.
 (2) Phoenix Community Development and Investment Corporation.
 (3) Phoenix Employee Relations Board.

Effective: March 31, 2025

Awards

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

- **Certificate of Achievement for Excellence in Financial Reporting (GFOA)**

This award (formerly the “*Certificate of Conformance in Financial Reporting*”) recognizes the completeness, accuracy and understandability of the City’s Annual Comprehensive Financial Reports. Awarded to the City of Phoenix by the Government Finance Officers Association each year since 1976, and to the City of Phoenix Aviation Department each year since 2016, the first year of the Aviation Annual Comprehensive Financial Report.

- **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.

- **What Works Cities Certification, Platinum**

Phoenix has been awarded the Bloomberg Philanthropies What Works Cities Certification at the Platinum Level – the highest recognition available – for establishing exceptional data capabilities to inform policy decision-making, allocate funding, improve services, evaluate program effectiveness, and engage residents. Phoenix is one of 74 cities that have achieved the What Works Cities Certification distinction. The What Works Cities Certification Standard measures a city’s use of data based on 43 criteria. A city that achieves 68-84 percent is recognized as Gold and 85 percent or more is recognized as Platinum.

- **2018 Illuminating Engineering Society Award of Excellence Winner**

The Illuminating Engineering Society and Smith Group recognized Phoenix Sky Harbor International Airport for its Terminal 3 Modernization Project. The 2018 Illuminating Engineering Society Awards celebrates design excellence worldwide and selected Phoenix Sky Harbor as an Award of Excellence Winner. This award was provided to the airport due to an exceptional contribution to the art and science of light.

- **2017 Arizona Forward — Governor’s Award for Arizona’s Future**

Arizona Forward awarded its prestigious Governor’s Award for Arizona’s Future to the City of Phoenix for its landmark 2017 agreement with the Gila River Indian Community to preserve endangered Colorado River water in Lake Mead. In all, Phoenix received nine awards at Arizona Forward’s 37th Annual Environmental Excellence Awards, including four Crescordia Awards, the highest honor in each category. Mayor Greg Stanton and the Phoenix City Council unanimously approved the Colorado River Conservation Agreement in June 2017 in partnership with the Gila River Indian Community, the U.S. Bureau of Reclamation and the Walton Family Foundation. Under the agreement, Phoenix works with the Tribe to preserve 13 billion gallons of its annual portion of Colorado River water in Lake Mead, which helps preserve water levels in the dangerously over-allocated reservoir.

- **2017 Nation’s Highest Performing City**

The City of Phoenix has been named the nation’s highest performing city by Governing Magazine and Living Cities through the first-ever national “Equipt to Innovate” survey. Equipt to Innovate is a new initiative launched by Governing and Living Cities. It is an integrated, collaborative framework of seven essential elements that define high-performance government and empower innovation. It is also an invitation for cities to work together, learn from each other and help drive better outcomes for their communities. The seven Equipt elements are: Dynamically Planned; Broadly Partnered; Resident-Involved; Race-Informed; Smartly Resourced; Employee-Engaged; and Data-Driven. Cities from across the country participated in the inaugural 2016 Equipt survey, assessing their capacity and competence in these seven key areas.

- **ICMA Program Excellence Awards**

- **2019 ICMA Certificate of Distinction in Performance Management**

The International City/County Management Association (“ICMA”) has recognized the City of Phoenix for its data-driven management and reporting efforts with a Certificate of Distinction for 2019. Certificates of Distinction are awarded to those who provide comparative and benchmarking information to the public, use performance data in strategic planning and operational decision-making, and share their knowledge with other local governments through presentations, site visits, and other networking activities. Phoenix is among 19 jurisdictions receiving the Certificate of Distinction and one of 63 recognized overall. This is the 18th year the City’s performance management efforts have been recognized by ICMA.

- **2017 Community Partnership Award**

The City of Phoenix was awarded the Community Partnership Award for the Phoenix/Tucson water exchange program. This award recognizes innovative programs or processes between and/or among a local government and other governmental entities, private sector businesses, individuals, or nonprofit agencies to improve the quality of life for residents or provide more efficient and effective services. The exchange agreement between Phoenix and Tucson takes advantage of the unique infrastructure of each city’s water system. Tucson’s system relies on wells, Phoenix relies on surface water, and a canal connects the two cities.

- **2017 Water Resource Utility of the Future Today Award**

The City of Phoenix Water Services Department was honored as a ‘Utility of the Future Today’ for the department’s forward-thinking initiatives. The recognition program is administered by four water sector organizations — the National Association of Clean Water Agencies (“NACWA”), the Water Environment Federation (“WEF”), the Water Environment & Reuse Foundation, and WateReuse — with input from the U.S. Environmental Protection Agency. The Phoenix Water Department was one of just 25 water utilities in the country to receive this recognition. The Utility of the Future Today recognition celebrates the achievements of forward-thinking, innovative water utilities that are providing resilient value-added service to communities. The recognition focuses specifically on community engagement, watershed stewardship and recovery of resources such as water, energy and nutrients.

- **Outstanding Achievement in Innovation**

- **2017 Outstanding Achievement in Innovation**

The Alliance for Innovation awarded the City of Phoenix an Outstanding Achievement in Innovation Award for PHXteens Program. Developed to help teenagers better connect with the community and to realize their full potential, the PHXteens program launched in September 2016 and is facilitated out of eight community and recreation centers located throughout the city. During its inaugural year, 233 teens registered for the program. Additionally, teens participated in 31 cultural and 24 recreational field trips, 70 teen council meetings, 28 workshops, and 2,439 volunteer hours.

- **2016 Outstanding Achievement in Innovation**

FitPHX is the recipient of the Alliance for Innovation’s Outstanding Achievement in Local Government Innovation Award. FitPHX is a citywide initiative with the goal of improving health and wellness in the region and making Phoenix area one of the healthiest in the nation. The initiative has created innovative collaboration between government, private sector, non-profits and universities to develop programming that gives citizens tools and education to be healthier. In 2015, FitPHX provided services to nearly 14,000 participants and raise \$350,000 to support its programming.

- **2013 Outstanding Achievement in Innovation**

The Alliance for Innovation awarded the City of Phoenix an Outstanding Achievement in Innovation Award for its organizational review, which resulted in a leaner work force and more efficient delivery of services. The goals of the organizational review were to eliminate layers of supervision, broaden the span of control, streamline

services, identify efficiencies and reduce the size of government. Through these goals, the City was able to improve services to residents by providing for faster decision making and enhanced organizational flexibility and communications, leading to the smallest City government in 40 years, as measured by employees per capita.

- **2012 Outstanding Achievement in Innovation**

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

- **2016 President’s “E” Award for Export Service**

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

- **American Water Works Association, Arizona Section (AZ Water)**

- **2023 AZ Water – Award of Merit**

The City of Phoenix, 23rd Avenue Wastewater Treatment Plant, and 91st Avenue Multi-Cities Wastewater Treatment Plants were presented the Award of Merit. This award recognized outstanding safety records in the year 2022. AZ Water is an independent organization, which also manages the Arizona section of the American Water Works Association (“AWWA”) and the Arizona member association of the Water Environment Federation (“WEF”). These organizations advocate for Arizona’s water through engaging leadership, connecting professionals, providing education, and inspiring environmental stewardship.

- **2022 AZ Water – Award of Merit**

The City of Phoenix, Val Vista Water Treatment Plant were presented the Award of Merit. This award recognized outstanding safety records in the year 2021. AZ Water is an independent organization, which also manages the Arizona section of the AWWA and the Arizona member association of the WEF. These organizations advocate for Arizona’s water through engaging leadership, connecting professionals, providing education, and inspiring environmental stewardship.

- **2020 AZ Water – System of the Year, Large System -City of Phoenix Distribution System**

The City of Phoenix, Water Distribution system was presented with the Large System - System of the Year award. This award recognized the City’s efforts for the safe delivery of more than 250 acre-feet of water per year. AZ Water is an independent organization, which also manages the Arizona section of the AWWA and the Arizona member association of the WEF. These organizations advocate for Arizona’s water through engaging leadership, connecting professionals, providing education, and inspiring environmental stewardship.

- **2022 Arizona Forward – Art in Public Places**

Arizona Forward presented the City of Phoenix, Water Services Department an award to recognize creative works of art visually accessible to the public that contribute to aesthetic appreciation, add to a sustainable-based culture, and encourage sustainability. The City received the award for the installation of “Neighborhood Vista”, a project which upgraded an inactive well site to enhance the neighboring community. The Water Services Department in collaboration with the Phoenix Office of Arts and Culture hired local artists and landscape architects who worked with community leaders, nearby schools, volunteer groups, neighbors, and the Phoenix Police Department on the design. One requirement was to incorporate art elements and low water use landscape into the design. Another requirement was for the design to incorporate passive recreation, as well as a place to walk through and enjoy.

- **2019 Sustainable Water Utility Management**

Phoenix Water was one of the fifteen systems that received the Sustainable Water Utility Management Award for achieving a balance of innovative and successful efforts in areas of economic, social and environmental endeavors. Some of the successes that separated Phoenix Water from other municipal utilities include the acquisition of water resources to meet demand 100 years into the future; reduced energy consumption through the adoption of electronic processes such as automated meter reading; and 140 million gallons of wastewater recycled, daily. In all, 19 utilities received awards for demonstrating excellence in various areas of utility management.

- **2016 Platinum Award for Utility Excellence**

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

- **2015 Mayors' Climate Protection Awards**

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

- **2015 Sister Cities Best Overall Sister City Program Award**

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

- **National Association of Clean Water Agencies Awards**

- **2021 NACWA Platinum and Gold Peak Performance Awards**

The NACWA recognized the City of Phoenix Water Services Department for continued environmental and operational excellence. The Peak Performance Award is presented to utilities for continuously providing outstanding clean water. Phoenix Water received both Platinum, and Gold Awards. Platinum Awards recognize 100% compliance with permits over a consecutive five-year period. Gold Awards are presented to facilities with no permit violations for the entire calendar year.

- **2020 NACWA Platinum and Silver Peak Performance Awards**

The NACWA recognized the City of Phoenix Water Services Department for continued environmental and operational excellence. The Peak Performance Award is presented to utilities for continuously providing outstanding clean water. Phoenix Water received both Platinum Award and Silver Awards. Platinum Awards recognize 100% compliance with permits over a consecutive five-year period. Silver Award are presented to facilities with less than 5 permit violations for the entire calendar year.

- **2015 NACWA Platinum Peak Performance Award**

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

- **2012 NACWA Gold Peak Performance Award**

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

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

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

- **2014 Top Ten Digital Cities Award**

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

- **National Association of Housing and Redevelopment Officials Award**

- **2014 NAHRO Award**

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

- **2014 NBC-LEO City Cultural Diversity Award**

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

- **2013 Sunny Award**

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

- **2013 NGWA Outstanding Groundwater Protection Award**

The National Ground Water Association annually awards the Groundwater Protection Award to the organization that exhibits outstanding science, engineering, or innovation in the area of protecting groundwater.

The City of Phoenix Water Services Department received the award for incorporating innovative technologies in the aquifer restoration program. Phoenix was the first city in the country to use the technology, which has reduced annual operations and maintenance costs by over \$110,000.

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

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

- **2013 National Institute of Senior Centers**

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

- **2012 NBC-LEO City Cultural Diversity Award**

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

- **2024 Arizona Forward Environmental Excellence Award**

In February 2024, the City of Phoenix Aviation Department was recognized for the implementation of the Green Curb Program and was a finalist for the Arizona Forward Environmental Excellence Awards. The Green Curb Program provides ride-share riders with a conveniently located pick-up area, making electric vehicle pickup locations easily visible in the terminals.

- **2024 WTS Metropolitan Phoenix Chapter – Employer of the Year Award**

In February 2024, Phoenix Sky Harbor International Airport was named Employer of the Year by the WTS Metropolitan Phoenix Chapter. The WTS connects and advances women and the unrepresented in the transportation industry in the pursuit of equity and access.

- **2024 Arizona Lodging and Tourism Association (“AZLTA”) – Member of the Year Award**

In June 2024, AZLTA nominated Phoenix Sky Harbor for award-winning Dementia Friendly initiative and Aviation Director Chad Makovsky for the AZLTA Member of the Year award.

- **2024 Airport Minority Advisory Council (“AMAC”) – Airport of the Year Award**

In August 2024, Phoenix Sky Harbor received the Airport of the Year Award from AMAC at the 39th Annual AMAC Airport Business Diversity Conference Catalyst Awards. PHX was recognized for its contribution toward DBE, ACDBE, and EEO goals and efforts at fostering growth and development through outreach efforts such as our Aviation Business Summit, holding Business Information Meetings, hosting the quarterly Business Education Series, and partnering with community and industry partners.

- **2025 International Data Corporation (“IDC”) Smart Cities of North America Award**

The City of Phoenix was named a winner in the 2025 IDC’s Smart Cities Awards for Chilled Drinking Water in Public Spaces Initiative. IDC’s Smart Cities Awards recognize successful projects and initiatives that use technology innovation to solve challenges, in partnership with communities and the smart city ecosystem. Launched by the Phoenix Office of Innovation in January 2025, in partnership with Downtown Phoenix Inc., the Chilled Drinking Water Initiative is expanding access to chilled drinking water in areas where people bike, walk and use public transportation. The pilot includes three custom-designed water stations with bottle fillers located near Phoenix City Hall, Council Chambers, and along the Sonoran Bicycle Pathway into Downtown Phoenix.

ECONOMY & DEMOGRAPHICS⁽¹⁾

Overview

Arizona is the sixth largest state in terms of area, and the 14th largest in terms of population in 2023, with approximately 7.4 million residents. Approximately 5.1 million of these 7.4 million residents live within the Phoenix-Mesa-Scottsdale Metropolitan Statistical Area (the “*Phoenix MSA*”), equivalent to 68.2% of the total population. The Phoenix MSA is often described as a sprawling metropolitan area with a low-density population.

The City of Phoenix, both the state capital and largest city in the Phoenix MSA, is generally flat and surrounded by scattered, low mountain ranges. The subtropical desert climate is conducive to a variety of outdoor recreation activities during all twelve months, which attracts many visitors and out-of-state tourists, further bolstering the economy.

At the beginning of the 20th century, the Arizona economy relied heavily on copper, cattle, cotton, climate, and citrus. Today, the local economy is far more diversified. It includes many significant value-added sectors such as aerospace and defense, financial services, and the semi-conductor industry.

In 2023, a total of 2,553,394 in the civilian labor force in the Phoenix MSA were employed – a 2.8% increase in the total number of people employed compared to 2022. The Phoenix MSA also accounted for 71.7% of the state’s total employment in 2023.

The largest source of nonfarm employment in the MSA is education and health care (16.3%) who added 26,200 employees in 2023. The other major sources included professional and business services (16.3%), retail and wholesale trade (14.5%), government (10.4%), leisure and hospitality (10.4%), and financial activities (8.8%).

In 2022 the Phoenix MSA was the 26th largest U.S. exporter by merchandise export value based on origin of movement zip code data. In total, the Phoenix MSA exported more than \$17.5 billion in goods in 2023, with Mexico, Canada, and China the top export partners.

Local economists forecast the Greater Phoenix population will increase by 1.6% year-on-year in 2025. They also forecast a 2.1% increase in wage and salary employment and 5.4% increase in personal income this year.⁽²⁾

Key Phoenix MSA Statistics:

- 10th most populous MSA in the nation in 2023 with a population of 5,070,110.
- Civilian labor force of almost 2,623,383 million in 2024.
- Unemployment rate of 3.2% in 2024.
- High compound annual growth rates in multiple industries including transportation, warehousing, and utilities (5.4%), construction (5.9%), education and health services (3.6%), and financial activities (3.6%) over a 11-year period (2013 – 2023).
- Real GDP per capita of \$63,666 in 2023 (expressed in 2018 chained dollars).

(1) Economic information contained herein has been prepared for the City of Phoenix by the L. William Seidman Research Institute, W.P. Carey School of Business, Arizona State University, in March 2025.

(2) Greater Phoenix Blue Chip Economic Forecast, <https://seidmaninstitute.com/wp-content/uploads/2023/07/GPBC-2023-Qtr-4.pdf>

- Contributed 76.2% of annual statewide Gross Domestic Product (“GDP”) in 2023.
- 26th largest U.S. exporter by merchandise export value (\$17.5 billion) in 2023.
- Mexico, Canada, and China are the Phoenix MSA’s three leading export markets.
- 30,166 new single-family and 15,349 new multi-family housing permits in 2024.
- A 7.3% annual growth rate for the direct-asking (“Triple Net Lease” or “NNN”) NNN⁽¹⁾ retail lease rate in 2024.
- 35.9 million square feet of industrial market tenants in 2024.

Key City of Phoenix Statistics:

- Population of 1,650,070 in 2023 – the fifth most populous city in the nation.
- Accounts for 22.2% of the state’s population and 32.5% of the population of the Phoenix MSA in 2023.
- Census Bureau classifies 50.2% of Phoenix residents as male and 49.8% as female.
- Most residents identify as either Caucasian (49.7%) or Hispanic/Latino (41.1%).
- 67.9% of residents ages 16 and older were employed in the civilian labor force in 2023.
- 84.4% of people ages 25 or older have at least a high school diploma or equivalent in 2023.
- 32.3% of people ages 25 or older have a Bachelor’s, Graduate or Professional degree in 2023.
- In 2023, the most common employment sectors for city of Phoenix residents are health care & social assistance employing 101,328, retail trade employing 97,527, and construction with 73,224 people employed.
- Median household income of \$77,041 in 2023.
- 57.1% owner-occupied housing rate in 2023.
- On average, the City had 2.66 people per unit in 2023.

Population

The Phoenix MSA encompasses 14,565 square miles, containing both Maricopa County (9,199 square miles) and Pinal County (5,365 square miles). The U.S. Census Bureau estimates that the Phoenix MSA had over 5.0 million residents in 2023. That equates to 68.2% of the Arizona population. Phoenix is the principal city of the Phoenix MSA, measuring 517.7 square miles. It accounts for 32.5% of the Phoenix MSA population in 2023 and 22.2% of the total Arizona population. Other cities within Phoenix MSA with populations of at least 150,000 are Mesa, Chandler, Gilbert, Glendale, Scottsdale, Peoria, and Tempe.

In recent years, population growth in the Phoenix MSA has usually outpaced population growth within the state as a whole. In 2010, the Phoenix MSA accounted for 65.6% of the State of Arizona’s total population. In 2015, it accounted for 66.9% of the State of Arizona’s total population. In 2020, the Phoenix MSA accounted for 67.8% of the State of Arizona’s total population. In 2023, it accounted for 68.2% of the State of Arizona’s total population. The Tucson MSA (Pima County) was home to 14.3% of the state’s residents in 2023. Prescott MSA was home to 3.4% of the state’s population, Lake Havasu MSA 3.0%, Yuma MSA 2.9%, Flagstaff MSA 1.9%, and Sierra Vista MSA 1.7%. Approximately 4.6% of the state’s total population in 2023 live outside the MSAs.

- (1) Commercial real estate rents are usually lower in a triple net lease (“NNN”), because the tenant agrees to pay the property expenses normally paid by the owner (such as real estate taxes, building insurance, and maintenance), as well as rent, and utilities.

The following table compares the population of the Phoenix MSA with 21 peer MSAs. The peer MSAs consist of every western MSA of more than one million people, plus other Sun Belt MSAs of more than 2 million people. The population numbers for 2010 and 2020 are based on actual counts from the 2010 and 2020 decennial censuses respectively. The estimates for 2011-2019 are based on the 2010 decennial census. The estimates for 2021 through and 2023 are based on the 2020 decennial census. The Phoenix MSA ranked 6th in total population in 2023 among the 22 MSAs listed in the table. Nationwide, it is ranked 10th in total population among all 384 MSAs.

It is important to note that in 1994, the U.S. Office of Management and Budget (“OMB”) redefined the Phoenix MSA to include both Maricopa and Pinal counties. There have been no further geographic changes to the Phoenix MSA although the name has been subject to change, as different growth rates across cities have changed the rank of the cities within an MSA by population size.

**Population
Metropolitan Statistical Areas (1)
(in thousands)**

	As of July 1					
	2013	2015	2017	2019	2021	2023
Phoenix-Mesa-Scottsdale, AZ	4,342.20	4,480.20	4,622.40	4,777.50	4,948.40	5,070.10
Atlanta-Sandy Springs-Roswell, GA	5,516.50	5,695.70	5,886.50	6,039.70	6,145.60	6,292.40
Austin-Round Rock, TX	1,884.90	2,004.70	2,118.50	2,231.40	2,358.60	2,473.30
Charlotte-Concord-Gastonia, NC-SC	2,355.00	2,442.00	2,542.40	2,626.90	2,707.50	2,805.10
Dallas-Fort Worth-Arlington, TX	6,743.50	7,025.70	7,314.80	7,545.10	7,774.60	8,100.00
Denver-Aurora-Lakewood, CO	2,694.20	2,802.60	2,877.40	2,944.10	2,978.00	3,005.10
Houston-The Woodlands-Sugar Land, TX	6,322.90	6,663.20	6,888.40	7,050.00	7,217.30	7,481.30
Las Vegas-Henderson-Paradise, NV	2,004.10	2,075.80	2,152.80	2,237.00	2,295.30	2,336.60
Los Angeles-Long Beach-Anaheim, CA	13,112.40	13,258.40	13,310.90	13,239.10	12,970.10	12,799.10
Miami-Ft Lauderdale-West Palm Beach, FL	5,811.10	5,950.10	6,088.50	6,130.30	6,108.80	6,183.20
Orlando-Kissimmee-Sanford, FL	2,283.80	2,410.60	2,549.00	2,645.40	2,699.00	2,817.90
Portland-Vancouver-Hillsboro, OR-WA	2,314.00	2,386.40	2,461.50	2,497.90	2,518.10	2,508.10
Riverside-San Bernardino-Ontario, CA	4,344.40	4,420.60	4,509.80	4,575.10	4,646.50	4,688.10
Sacramento-Roseville-Arden-Arcade, CA	2,218.10	2,275.40	2,337.60	2,385.40	2,408.70	2,420.60
Salt Lake City, UT	1,146.70	1,175.70	1,219.10	1,248.90	1,263.10	1,267.90
San Antonio-New Braunfels, TX	2,272.20	2,366.60	2,454.00	2,527.70	2,605.10	2,704.00
San Diego-Carlsbad, CA	3,199.20	3,262.10	3,293.10	3,297.40	3,274.40	3,270.00
San Francisco-Oakland-Hayward, CA	4,533.30	4,669.50	4,741.10	4,761.70	4,618.40	4,567.00
San Jose-Sunnyvale-Santa Clara, CA	1,931.00	1,986.30	2,009.40	2,006.90	1,951.90	1,945.80
Seattle-Tacoma-Bellevue, WA	3,616.10	3,745.80	3,894.40	3,984.90	4,016.50	4,044.80
Tampa-St. Petersburg-Clearwater, FL	2,862.00	2,954.10	3,067.00	3,144.90	3,230.10	3,343.00
Tucson, AZ	992.30	1,001.30	1,015.80	1,034.90	1,048.90	1,063.20

Source: U.S. Census Bureau

- (1) Estimates for 2020 and 2023 are tied to the 2020 census. Estimates for 2013 through 2019 are tied to the 2010 census and therefore are not comparable.

Based on July 1, 2023 estimates, the U.S. Census Bureau ranks the City of Phoenix as the 5th most populous city in the United States at 1,650,070 residents. This is an increase in population of 0.4% (or 6,171 people) compared to the 2022 estimate. Phoenix has held the same ranking since 2016 and is the only city listed, ranked within the Top Five to experience population growth in 2023 compared to 2022. City estimates for 2022 and 2023 are tied to the 2020 decennial census. The City of Phoenix accounted for 32.5% of the population of the Phoenix MSA, and 22.3% of the total population of the State of Arizona.

Ten Most Populous U.S. Cities, July 1, 2023

Rank	City	State	Population
1	New York	New York	8,258,035
2	Los Angeles	California	3,820,914
3	Chicago	Illinois	2,664,452
4	Houston	Texas	2,314,157
5	Phoenix	Arizona	1,650,070
6	Philadelphia	Pennsylvania	1,550,542
7	San Antonio	Texas	1,495,295
8	San Diego	California	1,388,320
9	Dallas	Texas	1,302,868
10	Jacksonville	Florida	985,843

Source: U.S. Census Bureau

City of Phoenix Population As a Percent of The Phoenix MSA and The State ⁽¹⁾

Year	City of Phoenix	Maricopa and Pinal Population (Combined)	Percentage of State of Arizona Population
2023	1,650,070	32.5%	22.2%
2022	1,643,899	32.8	22.3
2021	1,625,187	32.8	22.3
2020 ⁽²⁾	1,612,459	33.1	22.4
2019	1,680,992	34.0	23.1
2018	1,654,675	34.1	23.1
2017	1,633,560	34.3	23.2
2016	1,612,199	34.5	23.2
2015	1,583,690	34.6	23.2
2014	1,555,445	34.7	23.1

(1) The 2014-2019 estimates are based on the 2010 Census and reflect changes to the April 1, 2010 population due to the Count Question Resolution program and geographic program revisions.

(2) The 2020 estimate is based on the 2020 decennial census and is not directly comparable with 2010-2019 estimates.

Source: U.S. Census Bureau

Employment

Rapid population growth post-World War II has helped to diversify the Arizona economy from extraction-based operations such as copper, cattle, cotton, climate, and citrus to higher value-added sectors such as advanced manufacturing, aerospace and defense, bioscience, and financial services.

Arizona's civilian labor force grew more than 80% between 1990 and 2008, and on average, approximately 95.7% of Arizona's civilian labor force secured employment during those years. There was also steady growth in the number of people employed within the Phoenix MSA between 2010 and 2019. The total number in employment fell in 2020 due to the Covid-19 global pandemic but has increased ever since. In 2024, a total of 2,623,383 people in the civilian labor force in the Phoenix MSA were employed. This suggests that 96.8% of the total labor force in the Phoenix MSA were employed in 2024 - that's 1.8% more people than the previous year. Phoenix MSA also accounted for 72.6% of the state's total employment in 2024.

**Civilian Labor Force Employment:
Phoenix MSA, State of Arizona, and The U.S.
(Not seasonally adjusted)**

<u>Year</u>	<u>Phoenix MSA Employment (1)</u>	<u>State of Arizona Employment (2)</u>	<u>U.S. Employment</u>
2024	2,623,383	3,611,065	161,346,000
2023	2,576,940	3,559,340	161,037,000
2022	2,501,332	3,469,187	158,291,000
2021	2,408,915	3,350,753	152,581,000
2020	2,288,262	3,202,105	147,795,000
2019	2,328,688	3,270,898	157,538,000
2018	2,249,489	3,172,940	155,761,000
2017	2,174,381	3,082,425	153,337,000
2016	2,107,160	2,999,230	151,436,000
2015	2,076,931	2,921,239	148,834,000

(1) Phoenix MSA data for 2016-2024 was updated on April 18, 2025.

(2) State of Arizona data for 2015-2024 was updated on March 5, 2025.

Source: U.S. Bureau of Labor Statistics

The following table compares the labor force of the Phoenix MSA with 21 peer MSAs. The peer MSAs consist of every western metro of more than one million people, plus other Sun Belt metros of more than 2 million people. In 2023, the Phoenix MSA ranked 6th in terms of total labor force among the 22 MSAs examined. The five peer MSA with a total labor force higher than the Phoenix MSA in 2023 were Los Angeles-Long Beach-Anaheim (CA); Dallas-Fort Worth-Arlington (TX); Houston-The Woodlands-Sugar Land (TX); Miami-Fort Lauderdale-West Palm Beach (FL); and Atlanta-Sandy Springs-Roswell (GA).

**Comparison of the Phoenix MSA'S Total Labor Force
Status with 21 Peer MSAs
(Not seasonally adjusted)
Total Labor Force (Thousands)**

MSA	2013	2015	2017	2019	2021	2023
Phoenix-Mesa-Scottsdale, AZ	2,079.10	2,191.50	2,255.80	2,414.10	2,510.20	2,645.30
Atlanta-Sandy Springs-Roswell, GA	2,786.30	2,814.30	3,064.90	3,115.10	3,122.40	3,233.00
Austin-Round Rock, TX	1,017.40	1,073.50	1,150.20	1,229.50	1,317.60	1,454.80
Charlotte-Concord-Gastonia, NC-SC	1,187.80	1,239.50	1,292.20	1,348.30	1,362.90	1,458.20
Dallas-Fort Worth-Arlington, TX	3,467.30	3,583.80	3,778.20	3,943.30	4,109.80	4,376.70
Denver-Aurora-Lakewood, CO	1,463.40	1,506.00	1,577.50	1,654.90	1,693.40	1,742.20
Houston-The Woodlands-Sugar Land, TX	3,176.10	3,259.30	3,309.30	3,400.50	3,437.60	3,621.80
Las Vegas-Henderson-Paradise, NV	998.10	1,027.30	1,060.60	1,134.10	1,097.90	1,186.50
Los Angeles-Long Beach-Anaheim, CA	6,515.30	6,558.10	6,715.60	6,762.50	6,564.80	6,604.50
Miami-Fort Lauderdale-W. Palm Beach, FL	2,915.10	2,980.90	3,079.50	3,138.30	3,078.70	3,242.10
Orlando-Kissimmee-Sanford, FL	1,176.30	1,225.50	1,290.20	1,348.90	1,333.50	1,475.80
Portland-Vancouver-Hillsboro, OR-WA	1,187.60	1,230.10	1,297.10	1,324.60	1,337.20	1,357.90
Riverside-San Bernardino-Ontario, CA	1,886.60	1,952.80	2,012.90	2,071.60	2,120.60	2,171.50
Sacramento-Roseville-Arden-Arcade, CA	1,042.80	1,053.00	1,074.00	1,099.30	1,105.40	1,129.20
Salt Lake City, UT	589.80	611.90	649.90	672.60	691.50	732.80
San Antonio-New Braunfels, TX	1,070.60	1,106.40	1,160.00	1,192.90	1,216.60	1,284.40
San Diego-Carlsbad, CA	1,537.60	1,548.80	1,570.80	1,580.80	1,544.40	1,596.40
San Francisco-Oakland-Hayward, CA	2,404.30	2,477.90	2,543.60	2,576.60	2,463.00	2,517.40
San Jose-Sunnyvale-Santa Clara, CA	997.00	1,042.00	1,067.90	1,081.00	1,041.90	1,071.40
Seattle-Tacoma-Bellevue, WA	1,909.10	1,981.40	2,070.50	2,190.10	2,150.10	2,262.50
Tampa-St. Petersburg-Clearwater, FL	1,416.50	1,447.10	1,494.60	1,541.40	1,579.10	1,692.30
Tucson, AZ	462.30	467.80	464.20	482.50	482.50	494.30

Source: U.S. Bureau of Labor Statistics

The table below compares wage and salary employment in the Phoenix MSA, the State of Arizona, and the nation. In 2024, the top source of total nonfarm employment, expressed as a percentage of total employment in the Phoenix MSA, was professional and business services (16.2%). Professional and business services include professional, scientific and technical services, the management of companies and enterprises, administrative, and waste management services. Other notable sources of employment were education and health services (16.3%), retail and wholesale trade (14.5%), government (10.4%), leisure and hospitality (10.4%), and financial activities (8.8%). The industries listed in the following table are referred to as “super sectors” by the U.S. Bureau of Labor Statistics.

**2024 Wage & Salary Employment:
Phoenix MSA, Arizona, and U.S. (1)**

Industry	Total Employed (in thousands)			Percent of Employed		
	Phoenix MSA	State of Arizona	U.S.	Phoenix MSA	State of Arizona	U.S.
Mining & Logging	3.5	14.1	637	0.1%	0.4%	0.4%
Construction	168.9	211.9	8,009	7.0	6.6	5.1
Manufacturing	149.4	194.5	12,873	6.2	6.1	8.3
Total Goods Producing	321.8	420.5	21,519	13.3	13.1	13.8
Retail & Wholesale Trade	349.6	463.9	21,658	14.5	14.5	13.9
Transportation, Warehousing, Utilities	120.2	153.1	7,161	5.0	4.8	4.6
Information	42.7	51.1	3,007	1.8	1.6	1.9
Financial Activities	211.9	242.1	9,174	8.8	7.6	5.9
Professional & Business Services	389.4	467.4	22,769	16.3	14.7	14.6
Education & Health Services	391.5	518.2	25,980	16.3	16.2	16.3
Leisure and Hospitality	251.2	351.5	16,557	10.4	11.0	10.6
Other Services	76.6	101.9	5,842	3.2	3.2	3.7
Government	249.7	425.1	22,794	10.4	13.3	14.6
Total Services Providing	2,082.8	2,774.3	134,942	86.7	86.9	86.2
Total Non-farm	2,404.6	3,194.8	156,461	100.00%	100.00%	100.00%

(1) Data for 2024 is a preliminary estimate.

Source: U.S. Bureau of Labor Statistics

Comparing industries, the Phoenix MSA’s employment within goods-producing sectors (i.e., mining, manufacturing, and construction) were 0.2% higher as a share of total employment than the State of Arizona, but 0.5% lower than the nation in 2023. Approximately 86.7% of the employment within the Phoenix MSA in 2023 was in service providing industries.

The following table presents the number of annual employees by industry in the Phoenix MSA, 2015 through 2023. The total non-farm employment in 2023 was 2,404,600 an increase of 69,700 over 2022. The most notable increase in employment occurred in the education and health services industry, adding 26,200 employees in 2023.

Non-Farm Wage and Salary Employment
Phoenix MSA
(Annual employees in thousands)

<u>Industry</u>	<u>2015</u>	<u>2017</u>	<u>2019</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Mining & Logging	3.3	3.3	3.5	2.7	3.0	3.5
Construction	97.6	112.4	133.1	140.2	154	168.9
Manufacturing	120.9	124.1	133.9	138.8	147.4	149.4
Retail & Wholesale Trade	300.4	310.7	317.5	330.3	344.5	349.6
Transportation, Warehousing, Utilities	74.4	81.8	92.6	110.0	116.9	120.2
Information	37.1	37.7	40.6	40.1	43.5	42.7
Financial Activities	165.6	183.9	199.3	215.7	216.2	211.9
Professional & Business Services	324.6	345.5	371.9	374.7	390.6	389.4
Education & Health Services	285.8	312.5	340.4	346.8	365.3	391.5
Leisure and Hospitality	208.2	223.4	233.3	213.9	238.6	251.2
Other Services	63.6	66.7	70.3	68.5	73.5	76.6
Government	233.6	238.0	243.9	239.1	241.4	249.7
Total Non-Farm	<u>1,915.1</u>	<u>2,040.0</u>	<u>2180.3</u>	<u>2,220.8</u>	<u>2334.9</u>	<u>2,404.6</u>

Source: U.S. Bureau of Labor Statistics

Non-Farm Wage and Salary Employment
Phoenix MSA
(2013 to 2023 compound annual growth rate)

<u>Industry</u>	<u>Phoenix MSA</u>	<u>State of Arizona</u>	<u>U.S.</u>
Mining & Logging	-0.3%	0.6%	-2.7%
Construction	5.7	5.1	2.9
Manufacturing	2.2	2.0	0.6
Retail & Wholesale Trade	1.8	1.6	0.4
Transportation, Warehousing, Utilities	5.4	5.2	3.2
Information	2.0	1.5	1.0
Financial Activities	2.8	2.6	1.4
Professional & Business Services	2.3	2.0	1.8
Education & Health Services	3.6	3.0	1.7
Leisure and Hospitality	2.5	2.2	1.4
Other Services	1.7	1.4	0.6
Government	0.7	0.3	0.4
Total Non-Farm	<u>2.6%</u>	<u>2.2%</u>	<u>1.2%</u>

Source: U.S. Bureau of Labor Statistics

The compound annual growth rate for total non-farm industries in the Phoenix MSA from 2013 to 2023 is shown in the table above. The compound annual growth rate of 2.6% over the 11 years in the Phoenix MSA was higher than both the state's (2.2%) and the nation's (1.2%). The highest compound annual growth rates in the Phoenix MSA, 2013 to 2023, occurred in transportation, warehousing, and utilities (5.4%), construction (5.7%), and education and health services (3.6%). The only industry that did not record positive growth was mining and logging (-0.3%).

Between 2013 and 2023, the compound annual growth rate for employment in goods producing industries was 3.8% in the Phoenix MSA, a higher growth rate than the state's (3.4%) and the nation's (1.2%). Good producing industries encompass mining and logging construction and manufacturing. For service providing industries, the compound annual growth rate in the Phoenix MSA was 2.4% - a higher growth rate than the state's (2.0%), and the nation's (1.2%). Service providing industries encompass retail and wholesale trade, transportation, warehousing and utilities, information, financial activities, professional and business services, leisure and hospitality, and other (non-government) services.

The table below shows that the Phoenix MSA's total nonfarm job growth in percent terms (3.0%) was higher than the State of Arizona (2.6%) and the nation (2.2%) in 2023. The Phoenix MSA has consistently recorded job growth rates higher than the nation, with the exception of 2020, when the Phoenix MSA's total nonfarm negative growth rate in percent terms was lower than the equivalent losses for the State of Arizona and the nation.

**Comparison of Total Annual
Job Growth Rates**

<u>Year</u>	<u>Phoenix MSA</u>	<u>State of Arizona</u>	<u>U.S.</u>
2023	3.0%	2.6%	2.2%
2022	5.1	4.8	4.3
2021	4.6	4.1	2.9
2020	-2.6	-3.0	-5.8
2019	3.4	3.0	1.3
2018	3.4	2.9	1.6
2017	3.0	2.5	1.6
2016	3.4	2.8	1.8
2015	3.4	2.6	2.1
2014	2.3	2.0	1.9

Source: U.S. Bureau of Labor Statistics

Unemployment

The following table summarizes the proportion of the civilian labor force unemployed each year in the Phoenix MSA since 2014. The unemployment rate in the Phoenix MSA decreased steadily between 2014 and 2018 but increased slightly in 2019. In 2020, the Phoenix MSA unemployment rate increased significantly due to the global pandemic. In 2021 and 2022, it declined significantly. In 2023, the unemployment rate was 3.5% in the Phoenix MSA. That was 0.1 percentage points greater than 2022.

**Civilian Labor Force Unemployment:
Phoenix MSA, State of Arizona, and The U.S.
(Not seasonally adjusted)**

<u>Year</u>	<u>Phoenix MSA Unemployment Number</u>	<u>Phoenix MSA Unemployment Rate</u>	<u>State of Arizona Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2023	91,886	3.5%	3.7%	3.8%
2022	86,411	3.4	3.8	3.6
2021	116,464	4.6	5.1	5.3
2020	179,622	7.3	7.8	8.1
2019	101,297	4.2	4.8	3.7
2018	97,706	4.2	4.8	3.9
2017	97,315	4.3	5.0	4.4
2016	106,455	4.7	5.5	4.9
2015	114,606	5.2	6.1	5.3
2014	125,660	5.9	6.8	6.2

Source: U.S. Bureau of Labor Statistics

The following table compares the unemployment rate in the Phoenix MSA with 21 peer MSAs. The peer MSAs consist of every western MSA of more than one million people, plus other Sun Belt metros of more than 2 million people. There are 13 MSAs with higher unemployment rates than Phoenix MSA in 2023 among the 22 examined.

**Comparison of the Phoenix MSA'S Labor Force
And Unemployment Status with 21 peer MSAs
(Not seasonally adjusted)**

<u>MSA</u>	<u>Unemployment Rate (percent of labor force)</u>					
	<u>2013</u>	<u>2015</u>	<u>2017</u>	<u>2019</u>	<u>2021</u>	<u>2023</u>
Phoenix-Mesa, Scottsdale, AZ	6.7%	5.2%	4.3%	4.2%	4.6%	3.5%
Atlanta-Sandy Springs-Roswell, GA	7.7	5.8	4.6	3.4	3.9	3.1
Austin-Round Rock, TX	5.2	3.4	3.2	2.7	4.1	3.3
Charlotte-Concord-Gastonia, NC-SC	7.6	5.4	4.3	3.6	4.6	3.2
Dallas-Fort Worth-Arlington, TX	6.2	4.1	3.7	3.3	5.1	3.7
Denver-Aurora-Lakewood, CO	6.5	3.6	2.5	2.6	5.5	3.2
Houston-The Woodlands-Sugar Land, TX	6.1	4.6	5.1	3.8	6.3	4.2
Las Vegas-Henderson-Paradise, NV	10	6.9	5.2	4.3	7.8	5.4
Los Angeles-Long Beach-Anaheim, CA	9.0	6.2	4.5	4.1	8.3	4.7
Miami-Fort Lauderdale-West Palm Beach, FL	7.4	5.6	4.4	3.1	5.1	2.5
Orlando-Kissimmee-Sanford, FL	7.3	5.2	3.9	3.1	5.1	2.9
Portland-Vancouver-Hillsboro, OR-WA	7.0	5.1	3.9	3.5	5.1	3.6
Riverside-San Bernardino-Ontario, CA	10	6.6	5.1	4.1	7.4	4.7
Sacramento-Roseville-Arden-Arcade, CA	8.8	5.9	4.6	3.7	6.4	4.3
Salt Lake City, UT	4.1	3.4	3.0	2.5	2.8	2.7
San Antonio-New Braunfels, TX	5.8	3.8	3.6	3.1	5.2	3.7
San Diego-Carlsbad, CA	7.9	5.2	4.0	3.3	6.5	3.9
San Francisco-Oakland-Hayward, CA	6.5	4.3	3.4	2.6	5.6	3.7
San Jose-Sunnyvale-Santa Clara, CA	6.7	4.3	3.3	2.6	4.9	3.6
Seattle-Tacoma-Bellevue, WA	5.3	4.6	4.0	3.2	4.7	3.7
Tampa-St. Petersburg-Clearwater, FL	7.2	5.3	4.1	3.3	4.3	3.0
Tucson, AZ	6.8	5.5	4.6	4.5	5.1	3.8

Source: U.S. Bureau of Labor Statistics

The following table estimates the top 50 major employers in the Phoenix MSA in 2023.

Phoenix MSA Top 50 Employers, 2023

Employer	Employees	Sector
State of Arizona	29,850	Government
Banner Health	29,735	Health; Business Services
Amazon	25,760	Retail; Transportation
Walmart	19,770	Retail
Maricopa County	15,180	Government
Frys Food Stores	15,150	Retail
Intel Corporation	12,990	Manufacturing
Wells Fargo	12,350	Finance; Business Services
Maricopa County Community College District	11,660	Education
Arizona State University	10,970	Education
HonorHealth	10,350	Health Care; Manufacturing
United States Department of the Air Force	9,410	Government
City of Phoenix	9,330	Government
Bank of America	9,210	Finance; Business Services
Dignity Health	9,140	Health Care; Bus. Services
Mayo Clinic	8,870	Health Care; Bus. Services
United States Postal Service	7,820	Transportation
Mesa Unified School District 4	7,750	Education
Honeywell	7,680	Manufacturing
JPMorgan Chase Bank National Association	7,450	Finance; Business Services
McDonalds	7,270	Consumer Services
Safeway	7,150	Retail
United Parcel Service	7,040	Bus. Services; Transportation
State Farm Insurance	7,000	Finance
American Express	6,880	Finance
Home Depot	6,870	Retail
Phoenix Children's Hospital	6,540	Health Care
Marriott	6,240	Leisure
Walgreen Co	5,620	Health Care; Transportation
Target	5,430	Retail
Costco Wholesale	5,400	Retail
Grand Canyon University	5,060	Education
Chandler Unified School District 80	4,870	Education
Unitedhealth Group	4,800	Finance
SRP	4,630	Utilities
Northrop Grumman	4,370	Manufacturing
City of Mesa	4,260	Government
CVS Pharmacy	4,180	Health Care; Warehousing
Carl T Hayden VA Medical Center	4,110	Health Care
Gilbert Unified School District 41	4,010	Education
Paradise Valley Unified School District 69	3,960	Education
Abrazo Healthcare	3,950	Health Care
Kyrene School District 28	3,880	Education
Pinnacle West Capital Corporation	3,840	Utilities
The Boeing Company	3,840	Manufacturing
Circle K	3,750	Retail
Starbucks	3,620	Consumer Services
Hilton Hotels and Resorts	3,470	Leisure
Peoria Unified School District 11	3,440	Education
Deer Valley Unified School District 97	3,300	Education

Source: Maricopa Association of Governments, (2025). 2023 Employer Database.

Gross Domestic Product

Gross Domestic Product (“*GDP*”), is the monetary value of all finished goods and services produced in the U.S. on an annual basis. GDP includes all public and private sector purchases, government expenditures, investments, and the difference between exports and imports. This metric is often used by economists to describe the health of the U.S. economy. Since 2011, the annual GDP of the Phoenix MSA (in current dollars) has increased steadily (apart from in 2017). In 2023, the nominal GDP of the Phoenix MSA is \$398.1 billion. That is 76.2% of the State of Arizona’s GDP.

Phoenix MSA’s Annual Contributions to GDP In the State of Arizona

Year	GDP (millions of current dollars)		Phoenix MSA Percent Contribution to State
	Phoenix MSA	State of Arizona	
2023	398,129	522,767	76.2%
2022	368,730	484,052	76.2
2021	329,621	436,779	75.5
2020	292,187	388,957	75.1
2019	281,155	375,377	74.9
2018	262,723	353,671	74.3
2017	246,068	333,099	73.9
2016	231,625	313,787	73.8
2015	220,022	298,942	73.6
2014	208,994	286,676	72.9

Source: U.S. Bureau of Economic Analysis

The following table estimates the percent contribution (in current or nominal dollars) of different Phoenix MSA industry sectors to GDP in the State of Arizona. In 2023, private industries contributed 91.7% of GDP in the Phoenix MSA. Finance, insurance, real estate, rental, and leasing accounted for 24.8% of the Phoenix MSA’s total GDP in 2023. Professional and business services accounted for 13.0% of the Phoenix MSA’s total GDP. Education and health care were the third highest contributor to GDP, accounting for 9.5% of total GDP in 2023.

Phoenix MSA
GDP Contribution by Industry Sector

Industry Sector	GDP Contribution (in millions of dollars)					
	2013	2015	2017	2019	2021	2023
Private Industries-						
Agriculture, Forestry, Fishing, and Hunting	\$895.2	\$713.3	\$820.0	\$774.5	\$369.2	\$937.3
Mining, Quarrying, and Extraction	1,739.3	1,134.7	1,322.6	1,157.6	2,218.2	2,003.9
Utilities	3,569.2	3,918.2	4,509.2	5,347.7	6,675.5	6,275.7
Construction	8,136.0	9,366.4	12,371.9	16,028.2	19,311.1	27,411.2
Manufacturing	16,119.9	18,462.9	18,271.4	23,104.3	26,598.6	30,745.1
Wholesale Trade	14,424.3	14,908.5	16,253.5	17,587.8	20,205.7	25,496.5
Retail Trade	15,711.8	17,810.0	18,596.8	20,341.2	25,849.0	29,534.3
Transportation and Warehousing ..	6,007.5	7,278.5	8,211.2	9,967.7	11,557.8	14,549.0
Information	6,913.5	8,296.2	9,189.6	11,458.3	13,674.7	14,591.4
Finance, Insurance, Rental, Real Estate & Leasing	48,095.9	51,469.5	58,869.6	66,934.5	81,532.8	98,603.6
Professional & Business Services ..	25,620.0	28,419.1	32,207.2	36,409.8	42,687.0	51,760.1
Education & Health Care	19,306.4	21,095.4	24,211.6	27,538.0	30,597.6	37,811.5
Arts, Entertainment & Recreation, and Accommodation & Food Services	9,589.0	10,144.9	11,702.4	12,537.1	12,661.2	17,725.5
Other Services (Excluding Government)	3,989.4	4,566.2	5,044.1	5,668.4	6,220.6	7,768.3
Total Private Industries	\$180,117.3	\$197,583.9	\$221,581.1	\$254,855.3	\$300,159.0	\$365,213.4
Government	21,650.9	22,438.3	24,486.9	26,299.7	29,461.6	32,916.1
Total All Industries	<u>\$201,768.2</u>	<u>\$220,022.2</u>	<u>\$246,068.0</u>	<u>\$281,155.0</u>	<u>\$329,620.5</u>	<u>\$398,129.5</u>

Source: U.S. Bureau of Economic Analysis

The following table compares the Phoenix MSA's real GDP with 21 peer MSAs, expressed in chained 2018 dollars.⁽¹⁾ The table suggests that the Phoenix MSA's average annual real GDP from 2018 through 2023 was \$290 billion in chained 2018 dollars. In 2023, the Phoenix MSA ranked 9th among the 22 MSAs examined in this report, and Tucson, AZ MSA ranked last.

**Real GDP
Phoenix MSA and 21 Peer MSA's**

	Real GDP (millions of chained 2018 dollars) (1)					
	2018	2019	2020	2021	2022	2023
Phoenix-Mesa-Scottsdale, AZ	\$257,410	\$274,565	\$274,565	\$ 299,094	\$ 313,597	\$ 322,794
Atlanta-Sandy Springs-Roswell, GA	413,029	416,596	416,596	444,713	461,995	471,656
Austin-Round Rock, TX	149,307	163,581	163,581	181,070	198,524	207,470
Charlotte-Concord-Gastonia, NC-SC	171,576	179,137	179,137	190,543	197,347	206,547
Dallas-Fort Worth-Arlington, TX	506,220	520,198	520,198	562,115	594,464	613,381
Denver-Aurora-Lakewood, CO	211,193	222,808	222,808	239,062	250,312	258,989
Houston-The Woodlands-Sugar Land, TX	491,167	478,037	478,037	501,192	522,617	550,796
Las Vegas-Henderson-Paradise, NV	122,721	117,310	117,310	130,074	138,455	142,817
Los Angeles-Long Beach-Anaheim, CA	991,254	982,004	982,004	1,041,711	1,065,348	1,075,057
Miami-Fort Lauderdale-West Palm Beach, FL	359,853	353,847	353,847	391,367	415,201	431,882
Orlando-Kissimmee-Sanford, FL	141,200	140,253	140,253	156,897	167,759	175,313
Portland-Vancouver-Hillsboro, OR-WA	162,730	164,905	164,905	174,797	178,838	182,035
Riverside-San Bernardino-Ontario, CA	177,211	183,495	183,495	195,150	198,952	201,185
Sacramento-Roseville-Arden-Arcade, CA	136,934	138,904	138,904	147,352	150,430	153,783
Salt Lake City, UT	97,160	102,511	102,511	111,346	114,348	117,973
San Antonio-New Braunfels, TX	124,532	127,376	127,376	134,208	143,715	150,320
San Diego-Carlsbad, CA	230,519	233,309	233,309	250,385	258,035	261,672
San Francisco-Oakland-Hayward, CA	560,553	596,467	596,467	662,353	659,278	681,890
San Jose-Sunnyvale-Santa Clara, CA	304,610	339,383	339,383	381,618	379,656	392,456
Seattle-Tacoma-Bellevue, WA	395,709	418,381	418,381	449,527	459,470	487,774
Tampa-St. Petersburg-Clearwater, FL	158,044	165,511	165,511	179,995	190,653	198,915
Tucson, AZ	43,891	45,293	45,293	47,872	48,552	50,781

Source: U.S. Bureau of Economic Analysis

(1) Chained dollars are a method of adjusting real dollar amounts for inflation over time, to facilitate year-on-year comparisons. The U.S. Department of Commerce introduced this measurement in 1996, and the current tables use 2018 as the base year. The U.S. Department of Commerce is still updating pre-2018 years in chained 2018 dollars.

The primary measure of economic performance internationally is per capita GDP. The GDP table below compares the real GDP per capita contributions of all 22 MSAs. The average annual real GDP per capita contribution in the Phoenix MSA in 2023 was \$63,666, expressed in chained 2018 dollars. On the real GDP per capita measure, the Phoenix MSA ranks 15th among the 22 MSAs examined in 2023.

**Real GDP Per Capita
Phoenix MSA and 21 Peer MSAs**

	Real GDP per Capita (Chained 2018 dollars) (1)					
	2018	2019	2020	2021	2022	2023
Phoenix-Mesa-Scottsdale, AZ	\$ 54,833	\$ 56,389	\$ 56,318	\$ 60,442	\$ 62,459	\$ 63,666
Atlanta-Sandy Springs-Roswell, GA	69,271	71,139	68,230	72,363	74,235	74,956
Austin-Round Rock, TX	68,814	71,284	71,118	76,769	81,928	83,885
Charlotte-Concord-Gastonia, NC-SC	66,388	67,558	67,101	70,377	71,641	73,632
Dallas-Fort Worth-Arlington, TX	68,118	69,735	67,854	72,301	74,799	75,726
Denver-Aurora-Lakewood, CO	72,437	75,571	75,017	80,275	83,823	86,182
Houston-The Woodlands-Sugar Land, TX	70,540	69,060	66,941	69,443	71,181	73,623
Las Vegas-Henderson-Paradise, NV	55,928	57,307	51,567	56,669	59,614	61,122
Los Angeles-Long Beach-Anaheim, CA	74,600	77,535	74,515	80,316	82,777	83,995
Miami-Fort Lauderdale-West Palm Beach, FL	58,898	59,963	57,692	64,067	67,624	69,848
Orlando-Kissimmee-Sanford, FL	54,113	55,487	52,324	58,132	60,716	62,213
Portland-Vancouver-Hillsboro, OR-WA	65,616	66,755	65,486	69,418	71,281	72,580
Riverside-San Bernardino-Ontario, CA	38,961	40,455	39,835	41,999	42,610	42,914
Sacramento-Roseville-Arden-Arcade, CA	57,957	59,487	57,876	61,175	62,232	63,531
Salt Lake City, UT	78,662	82,465	81,336	88,154	90,285	93,049
San Antonio-New Braunfels, TX	49,962	51,048	49,591	51,517	54,111	55,592
San Diego-Carlsbad, CA	69,791	71,764	70,801	76,467	78,737	80,023
San Francisco-Oakland-Hayward, CA	117,783	124,819	125,815	143,418	144,006	149,309
San Jose-Sunnyvale-Santa Clara, CA	151,340	159,132	170,057	195,513	195,098	201,697
Seattle-Tacoma-Bellevue, WA	100,334	104,752	103,873	111,921	113,949	120,592
Tampa-St. Petersburg-Clearwater, FL	50,828	52,127	51,920	55,725	57,926	59,503
Tucson, AZ	42,825	43,898	43,335	45,640	45,913	47,764

Source: U.S. Bureau of Economic Analysis

(1) Chained dollars are a method of adjusting real dollar amounts for inflation over time, to facilitate year-on-year comparisons. The U.S. Department of Commerce introduced this measurement in 1996, and the current tables use 2018 as the base year. The U.S. Department of Commerce is still updating pre-2018 years in chained 2018 dollars.

Regional price parities measure the differences in price levels across states and metropolitan areas for a given year and are expressed as a percentage of the overall national price level. They allow for comparisons of buying power across the 50 states and the District of Columbia, or from one MSA area to another, for a given year. If an additional adjustment is made for regional price parity, the Phoenix MSA ranks 17th among the MSAs examined at \$74,414 for nominal GDP per capita in 2023. The table below shows nominal GDP per capita among the 22 MSAs examined, adjusted for regional price parity.

**Adjusted Nominal GDP Per Capita
Phoenix MSA and 21 Peer MSAs**

	<u>2023</u>	<u>2023 Rank</u>
Phoenix-Mesa-Scottsdale, AZ	\$ 74,414	17
Atlanta-Sandy Springs-Roswell, GA	89,852	9
Austin-Round Rock, TX	102,762	5
Charlotte-Concord-Gastonia, NC-SC	93,982	7
Dallas-Fort Worth-Arlington, TX	89,001	10
Denver-Aurora-Lakewood, CO	98,380	6
Houston-The Woodlands-Sugar Land, TX	92,961	8
Las Vegas-Henderson-Paradise, NV	78,383	14
Los Angeles-Long Beach-Anaheim, CA	87,659	11
Miami-Fort Lauderdale-West Palm Beach, FL	77,184	15
Orlando-Kissimmee-Sanford, FL	76,176	16
Portland-Vancouver-Hillsboro, OR-WA	81,862	13
Riverside-San Bernardino-Ontario, CA	50,765	22
Sacramento-Roseville-Arden-Arcade, CA	71,943	18
Salt Lake City, UT	120,693	4
San Antonio-New Braunfels, TX	71,867	19
San Diego-Carlsbad, CA	86,387	12
San Francisco-Oakland-Hayward, CA	144,256	2
San Jose-Sunnyvale-Santa Clara, CA	192,529	1
Seattle-Tacoma-Bellevue, WA	124,005	3
Tampa-St. Petersburg-Clearwater, FL	70,355	20
Tucson, AZ	61,981	21

Source: U.S. Bureau of Economic Analysis

Income

The table below shows that the per capita income for the Phoenix MSA was \$43,862 in 2023. Per capita income is derived by dividing the total aggregate income by the total population. The Phoenix MSA ranked 14th out of the 22 peer MSAs on this measure.

Income Peer Metropolitan Statistical Areas

	Per Capita Income (2023 dollars)
Phoenix-Mesa-Scottsdale, AZ	\$43,862
Atlanta-Sandy Springs-Roswell, GA	44,803
Austin-Round Rock, TX	56,724
Charlotte-Concord-Gastonia, NC-SC	45,768
Dallas-Fort Worth-Arlington, TX	45,033
Denver-Aurora-Lakewood, CO	57,111
Houston-The Woodlands-Sugar Land, TX	40,909
Las Vegas-Henderson-Paradise, NV	39,265
Los Angeles-Long Beach-Anaheim, CA	46,589
Miami-Fort Lauderdale-West Palm Beach, FL	43,769
Orlando-Kissimmee-Sanford, FL	39,291
Portland-Vancouver-Hillsboro, OR-WA	50,644
Riverside-San Bernardino-Ontario, CA	35,408
Sacramento-Roseville-Arden-Arcade, CA	45,878
Salt Lake City, UT	44,456
San Antonio-New Braunfels, TX	37,260
San Diego-Carlsbad, CA	51,564
San Francisco-Oakland-Hayward, CA	71,496
San Jose-Sunnyvale-Santa Clara, CA	76,793
Seattle-Tacoma-Bellevue, WA	62,137
Tampa-St. Petersburg-Clearwater, FL	42,998
Tucson, AZ	39,723

Source: American Community Survey (One-Year Estimate)

The next table shows total personal income and per capita personal income in current dollars for the Phoenix MSA for 2014 through 2023. The Bureau of Economic Analysis defines personal income as "...the income received by, or on behalf of, all persons from all sources: from participation as laborers in production, from owning a home or unincorporated business, from the ownership of financial assets, and from government and business in the form of transfer receipts".⁽¹⁾

(1) Bureau of Economic Analysis. Local Area Personal Income: 2017 news release, November 15, 2018. Available at: https://www.bea.gov/newsreleases/regional/lapi/lapi_newsrelease.htm

By including income from global, as well as domestic sources, personal income is a measurement far wider in scope than the American Community Survey's concept of per capita income shown in the previous table. Per capita personal income is derived by calculating the total personal income divided by total population. The 2023 per capita personal income estimate in the Phoenix MSA is \$66,365.

Phoenix MSA
Total Personal and Per Capita Personal Income

Year	Total Personal Income (in millions of dollars)	Per Capita Personal Income (in current dollars)
2023	\$336,480	\$66,365
2022	314,081	62,555
2021	297,332	60,086
2020	266,582	54,681
2019	240,657	50,373
2018	223,544	47,618
2017	209,486	45,319
2016	197,152	43,272
2015	187,753	41,907
2014	177,096	40,164

Source: U.S. Bureau of Economic Analysis

Exports

In 2023, the Phoenix MSA exported more than \$17.5 billion in goods. Maintaining its ranking as the 26th largest U.S. exporter by merchandise export value based on origin of movement zip code data collected by the International Trade Administration.

Mexico is the top export partner, accounting for \$2.8 billion of the Phoenix MSA's total goods exports in 2023. Canada is second, accounting for \$1.6 billion of the Phoenix MSA's total goods exports, and China third (\$1.3 billion). The Netherlands ranks fourth (\$0.9 billion) and the UK fifth (\$0.9 billion).

Phoenix MSA
Annual Exports

Year	Value (dollars)	Annual Growth Rate
2023	\$17,553,625,455	5.4%
2022	16,658,778,158	17.6
2021	14,165,085,400	27.9
2020	11,073,932,794	-26.8
2019	15,136,633,149	11.2
2018	13,614,869,197	3.0
2017	13,223,063,245	3.0
2016	12,838,188,632	-7.1
2015	13,821,528,121	8.3
2014	12,764,439,477	11.3

Source: International Trade Administration

Real Estate Market

The preliminary estimate for the number of new privately-owned housing units authorized in the Phoenix MSA in 2024 is 45,515 - down 0.2% on the previous year. Approximately 66.3% of the authorized permits in 2024 are for single units in Phoenix MSA, which is higher than the previous year (54.2%). In 2024, the total number of authorized private housing units in the Phoenix MSA is 45,515, compared to the state's 59,306. The city of Phoenix accounts for 19.8% of the authorized permits in the Phoenix MSA in 2024, and 15.2% of the authorized permits in the State of Arizona. This is significantly lower than 2023 when the city accounted for 31.7% of the authorized permits in the Phoenix MSA, and 24.8% of the authorized permits in the State of Arizona. However, the numbers for 2024 remain preliminary.

Permitting always occurs before housing starts. A stronger indicator of economic conditions is therefore housing completions. There is an increase of 11,505 housing units in the city of Phoenix in 2024, compared with 2023. There are 8,997 new housing starts in 2024.

The Maricopa Association of Governments reports that the median sale price for privately-owned housing in the Phoenix MSA has stayed fairly stable over the past two years at \$434,000 for 2022-23, and \$450,000 for 2023-24.⁽¹⁾

New Privately Owned Housing Units Authorized Phoenix MSA and Arizona

Year	1 Unit		2 Units		3 or 4 Units		5+ Units		Total	
	MSA	AZ	MSA	AZ	MSA	AZ	MSA	AZ	MSA	AZ
2024 (2)	30,166	41,901	1,514	1,854	258	296	13,577	15,255	45,515	59,306
2023	24,708	34,429	1,730	2,074	142	334	19,036	21,596	45,616	58,433
2022	26,857	37,348	1,532	1,868	239	320	18,639	21,458	47,267	60,984
2021	34,347	46,561	1,066	1,322	284	336	14,884	17,105	50,581	65,334
2020	31,658	42,277	680	1,040	208	311	15,673	16,714	48,219	60,342
2019	25,026	33,981	664	876	174	202	10,009	11,521	35,873	46,580
2018	23,526	32,127	466	646	203	264	7,148	8,627	31,343	41,664
2017	20,471	28,072	302	432	212	273	8,327	10,695	29,312	39,472
2016	18,433	24,853	410	484	161	168	9,579	10,073	28,583	35,578
2015	16,621	22,311	168	222	186	225	5,427	6,152	22,402	28,910

Source: U.S. Census Bureau

Source: Maricopa Association of Governments

(1) <https://azmag.gov/Programs/Maps-and-Data/Land-Use-and-Housing/Housing-Data-Explorer>

(2) Data for 2024 is a preliminary estimate.

Population and Housing Units ⁽¹⁾
City of Phoenix

<u>Year</u>	<u>Population ⁽²⁾</u>	<u>Change in Population</u>	<u>Housing ⁽³⁾</u>	<u>Change in Housing Units ⁽³⁾</u>
2024	1,679,464	67,775	670,229	11,505
2023	1,611,689	-45,346	658,724	10,341
2022	1,657,035	26,840	648,383	8,789
2021 ⁽³⁾	1,630,195	22,056	639,594	8,842
2020	1,608,139	-9,205	630,752	5,347
2019	1,617,344	19,606	625,407	6,355
2018	1,597,738	18,485	619,052	5,589
2017	1,579,253	19,233	613,463	4,060
2016	1,560,020	24,005	609,403	6,070
2015	1,536,015	29,576	603,333	2,744

(1) The figures for 2021 forward are estimates as of July 1 of each year. The figures for 2020 and earlier are from the April 1 decennial census. Thus the 2020-21 change is for five quarters.

(2) Maricopa Association of Governments uses a different methodology and different data to estimate population.

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

Source: Maricopa Association of Governments.

Value of Building Permits
City of Phoenix
(\$ in thousands)

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	<u>Total</u>
2024	\$1,014,180	\$1,033,495	\$ 613,311	\$3,743,598	\$6,404,584
2023	1,284,249	1,800,939	688,870	3,314,536	7,088,594
2022	1,179,318 ⁽¹⁾	2,926,484	1,974,967	3,111,992	8,816,103
2021	1,496,932	1,256,911	527,677	4,658,188	7,939,708
2020	1,379,302	1,481,012	234,211	3,169,478	6,264,003
2019	1,217,854	1,583,252	207,162	2,049,625	5,057,893
2018	1,125,341	1,158,984	334,010	1,818,854	4,437,189
2017	945,802	1,081,797	211,361	1,747,075	3,986,035
2016	862,071	1,062,657	225,377	1,588,603	3,738,708
2015	824,633	1,130,212	133,785	1,464,853	3,553,483

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

(1) Reflects change in Residential Permits due to previously incomplete data.

New Housing Starts⁽¹⁾

<u>Year</u>	<u>City of Phoenix</u>
2024 ⁽²⁾	8,997
2023	14,468
2022	13,995
2021	11,492
2020	11,657
2019	9,898
2018	7,262
2017	6,832
2016	6,972
2015	4,611

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

(2) Data for 2024 is a preliminary estimate.

Source: U.S. Census Bureau

According to CB Richard Ellis, net absorption in the metro Phoenix retail market dropped into the red in Q4 2024, due to the closure of big box retailers such as 99 Cent Only, Conn's Home Plus and Big Lots. Nevertheless, the metro still ranks among the lowest vacancy retail markets in the nation. The vacancy rate in Q4 is 5.7%, 440 bps below the metro's long-term average of 10.1%, indicating strong market fundamentals. Total retail space under construction at the end of Q4 is 1,073,695 square feet and the total net rentable area is 153,148,873 square feet. Gross absorption also eclipsed the 1 million square foot threshold for the 18th consecutive month.

At the end of 2024, there is 42,483 square feet year-to-date net absorption. The average direct-asking NNN lease rate is \$18.25, up \$0.47 from the previous quarter, representing a 7.3% growth rate for the year. The Downtown Phoenix submarket records the highest average asking lease rate at \$30.54 per square foot⁽¹⁾.

Retail Real Estate Market Phoenix MSA

<u>Year</u>	<u>Vacancy Rate</u>	<u>Year to Date Net Absorption (Square feet)</u>
2024 ⁽¹⁾	5.07%	42,483
2023	5.30	1,595,588
2022	4.90	1,881,861
2021	6.70	997,019
2020	8.00	-13,286
2019	8.00	1,200,000
2018	8.40	1,181,675
2017	8.10	1,601,498
2016	8.90	1,321,833
2015	9.10	1,150,192

Source: CB Richard Ellis

(1) CBRE Phoenix Retail Market Report, Phoenix Office, Q4 2024

The metro Phoenix office market posts negative year-to-date net absorption of 322,431 square feet at the end of Q4 2024. The average full-service gross (GSG) asking lease rate at the end of Q4 remains stable at \$31.13 per square foot. Year-over-year lease rates are down \$0.26 per square foot across the Valley. The availability rate at year-end is 25.8% and the vacancy rate is 23.0%. In the six weeks after the Presidential Election, Phoenix saw the sale of 11 general office buildings over \$5,000,000.⁽¹⁾

**Office Real Estate Market
Phoenix MSA**

<u>Year</u>	<u>Vacancy Rate</u>	<u>Year to Date Net Absorption (Square feet)</u>
2024 ⁽¹⁾ (Q4)	23.00%	-322,431
2023	24.60	1,439,422
2022	23.90	-3,973,725
2021	19.80	-1,148,892
2020	17.45	-1,051,047
2019	14.11	3,210,676
2018	15.20	2,473,034
2017	16.40	2,839,559
2016	17.40	3,219,853
2015	19.30	3,779,039

Source: CB Richard Ellis

**Industrial/Commercial Real Estate Market
Phoenix MSA**

<u>Year</u>	<u>Vacancy Rate</u>	<u>Year to Date Net Absorption (Square feet)</u>
2024 ⁽¹⁾	11.20%	13,291,764
2023	7.40	12,870,909
2022	3.00	26,526,290
2021	3.70	21,363,840
2020	6.00	13,143,535
2019	6.30	10,677,269
2018	6.50	9,781,257
2017	6.84	9,898,893
2016	8.00	9,497,677
2015	10.10	7,046,663

Source: CB Richard Ellis

(1) CBRE Phoenix Office Market Report, Phoenix Office, Q4, 2024

The industrial vacancy rate for the Phoenix MSA in Q4 of 2024 increased to 11.2%, while the average asking NNN lease rate is \$1.00 per square feet. Year-end net absorption was 13.3 million square feet – that is a 2.6% increase compared to 2023. Some of the leases having the largest impact on net absorption in Q4 are Logistics Plus (North Goodyear), Rheem Manufacturing (North Goodyear), Highland Cabinetry (South Goodyear), Hydro Extrusions (Southwest Phoenix) and Thyssen Krupp (North Goodyear). At the end of Q4 2024, CBRE estimates there are 35.9 million square feet of tenants in the industrial market.⁽¹⁾

Outlook/Summary

The Greater Phoenix Blue Chip, managed by Seidman Research Institute, ASU, offers forecasts by a panel of experts who track construction and general economic trends for the Phoenix metro area.⁽¹⁾

The panel's consensus forecast for 2024 is a 1.6% growth in population, accompanied by a 5.7% growth in personal income, and a 2.4% rise in wage and salary employment.

For 2025, the panel currently forecasts a 1.6% growth in population, accompanied by a 5.4% growth in personal income, and a 2.1% rise in wage and salary employment. Manufacturing employment is expected to increase by 2.0%, and construction employment by 2.2%. Retail sales are also predicted to rise 3.4%.

The Greater Phoenix Blue Chip panel also offers a construction forecast for Greater Phoenix. The panel estimates 27,752 new single family and 13,419 new multi-family housing permits in 2024. For 2025, they forecast 29,652 new single family and 19,834 new multi-family housing permits. The overwhelming problem for the single-family market is affordability. Historically, the "acceptable" or affordable mortgage payment is 30% of net household income, but the current U.S. average is 35%.⁽²⁾

CBRE suggests that supply additions have been modest in the Phoenix MSA's retail market in 2024 with elevated debt, land and construction costs creating difficulties for new projects. However, strong economic growth combined with Federal Reserve rate cuts in 2025 could boost commercial real estate performance.⁽³⁾

The vacancy rate continues to remain steady in the Industrial market. Approximately 13.5% of the product under construction was preleased at the end of Q4 2024, with ground breakings focused in the Southeast Valley and Southwest.

CBRE describes the Phoenix office market as "...the definition of consistent" due to a combination of steadily increasing rents and stable vacancies. Over a 3-year period, rental rates have risen on average 2.9% per year, but vacancy rates only increased 1.0% per year. As a result, CBRE expresses confidence that the volume of office leasing and sales can return to pre-pandemic levels in 2025.⁽⁴⁾

(1) Greater Phoenix Blue Chip Economic Forecast, <https://seidmaninstitute.com/wp-content/uploads/2025/01/GPBC-2024-Qtr-4.pdf>

(2) Greater Phoenix Blue Chip Construction Forecast, <https://seidmaninstitute.com/about-us/construction/>

(3) CBRE Phoenix Retail Market Report, Phoenix Office, Q4, 2024

(4) CBRE Phoenix Office Market Report, Phoenix Office, Q4, 2024

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APPENDIX B

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 2024-25 expenditure limit supplied by the Economic Estimates Commission was \$1,971,797,053. The City increased this limit to \$12,976,654,000 to adjust for additional voter-approved modifications, as described below.

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

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

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

Phoenix voters have approved four-year home rule options on a regular basis since the implementation of the expenditure limitation. The home rule option which was approved in 2015 allows the City Council, after hearings are held for each council district, to establish the annual budget as the limit. This four-year home rule option was in effect through 2019-20. In 2018, voters approved a proposition that moved regular City candidate elections from the fall of odd-numbered years to November of even-numbered years. State legislation allows the four-year home rule option to be extended in conjunction with the change of election dates.

The current home rule option, approved by the voters on November 5, 2024, will be in effect for four fiscal years from 2025-26 and expire at the end of 2028-29. Residents of the City of Phoenix, after obtaining community input, will be able to control local expenditures on the proposed spending plan and set the limit at the City's annual budget meeting.

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 C

Retirement and Pension Plans

Substantially all full-time employees and elected officials of the City are covered by one of three contributory 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 ("COPERS") is a single-employer defined benefit pension plan established by the Phoenix City Charter. COPERS covers all eligible full-time employees of the City, with the exception of elected officials and sworn City police and fire personnel. COPERS provides retirement, disability retirement and survivor benefits to its members. The plan can be amended or repealed by a vote of the people.

The general administration, management and operation of COPERS is vested in a nine-member Retirement Board consisting of three elected employee members, four statutory members, a citizen member and a retiree member. The Retirement Board appoints the Retirement Program Administrator and contracts investment counsel and other services necessary to properly administer the plan. Additional information regarding the City's financial statements, including reporting of the City's net position and the net pension liability, is available in the City's Annual Comprehensive Financial Report ("ACFR"). The ACFR is available at <http://emma.msrb.org> or www.phoenix.gov under Departments-Finance-Financial Information & Reports or by calling the City at (602) 262-7166. The most recent report of the Actuary and the plan's annual financial reports are available online at <https://phoenix.gov/copers/pension-plan-reports>.

Employees participate in the plan upon beginning employment with the City. COPERS' membership data is as follows:

	June 30	
	2024	2023
Active Members		
Tier 1	3,545	3,769
Tier 2	509	521
Tier 3	4,712	4,117
Total	8,766	8,407
Deferred Vested Members	1,144	1,149
In Pay Members		
Service Retirees	6,620	6,547
Beneficiaries	1,222	1,226
Disabled Retirees	223	213
Terminated Members with Refunds Due	3,013	—
Total	11,078	7,986
Total Members	20,988	17,542

The City contributes an actuarially determined percentage of payroll to COPERS, as required by City Charter, to fully fund benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over a closed 15-year period. For the fiscal year ended June 30, 2024, the total contribution rate was 35.24% of compensation. Tier 1 employees contributed 5% of their compensation, Tier 2 and Tier 3 employees contributed 11.0% and the City contributed the remainder, which amounted to \$193.1 million for the fiscal year.

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

Schedule of Employer Contributions (in thousands)						
Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Percentage Contributed	Covered Payroll	Actual Contribution as a percentage of Covered Payroll
2024	\$192,538	\$210,701	(\$18,163)	109%	\$750,171	28.09%
2023	179,616	193,136	(13,520)	108	653,263	29.56
2022	167,843	178,319	(10,476)	107	595,304	29.95

The actuarially determined recommended pension contribution rate is 25.82% for fiscal year 2024-25 and 24.59% for fiscal year 2025-26.

The following schedule shows the funding progress of the plan for the last three fiscal years. The total pension liability increased \$160,871,000 from 2022 to 2023 and \$263,132,000 from 2023 to 2024.

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

	Fiscal Year End 2024	Fiscal Year End 2023	Fiscal Year End 2022
Total Pension Liability			
Service cost	\$ 89,016	\$ 81,561	\$ 79,869
Interest on the total pension liability	335,308	324,026	311,636
Differences between expected and actual experience of the total pension liability	119,160	28,788	52,647
Changes of assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(280,352)	(273,504)	(262,660)
Net change in total pension liability	263,132	160,871	181,492
Total pension liability—beginning	4,884,162	4,723,291	4,541,799
Total pension liability—ending	<u>\$5,147,294</u>	<u>\$4,884,162</u>	<u>\$ 4,723,291</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 210,701	\$ 193,136	\$ 178,319
Employee contributions	57,067	47,749	53,350
Pension plan net investment income (loss)	249,173	175,400	(161,785)
Benefit payments, including refunds of employee contributions	(280,352)	(273,504)	(262,660)
Pension plan administrative expense	(4,870)	(1,373)	(2,564)
Net change in plan fiduciary net position	231,719	141,408	\$ (195,340)
Plan fiduciary net position—beginning	3,384,095	3,242,687	3,438,027
Plan fiduciary net position—ending	<u>\$3,615,814</u>	<u>\$3,384,095</u>	<u>\$ 3,242,687</u>
Net pension liability	<u>1,531,480</u>	<u>\$1,500,067</u>	<u>\$ 1,480,604</u>
Plan fiduciary net position as a percentage of the total pension liability	70.25%	69.29%	68.65%
Covered payroll	\$ 750,171	\$ 653,263	\$ 595,304
Net pension liability as a percentage of covered payroll	204.15%	229.63%	248.71%

Actuarial assumptions used to determine the total pension liability in the June 30, 2024 valuation were based on the results of the actuarial experience study covering the period from July 1, 2014 through June 30, 2019. Those assumption, applied to all periods included in the measurement, are as follows:

Investment Rate of Return	7.00%
Inflation	2.30%
Salary Increase Rate	2.80% plus merit component based on service ranging from 4.20% at 1 year of service to 0.0% for members with 15 or more years of service
Cost of Living Adjustment	0.50% through 2024, 1.00% from 2025-2029 and then 1.25% thereafter
Administrative Expenses	Assumed to be equal to the prior year's amount, increased by 2.50%

Based on the assumption that employee and City contributions to COPERs will continue to follow the established contribution policy and the sufficiency of the Fiduciary Net Position, the long-term expected rate of return on the plan's investments, 7.00%, was applied as the single rate to all periods of projected benefit payments to determine the total pension liability.

City of Phoenix Pension Reform

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

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

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

On July 1, 2013 as a result of the voter approved changes, a two-tier system was created for COPERS. A Tier 1 employee is any employee hired by the City before July 1, 2013, or any employee hired by the City on or after July 1, 2013 who participated in the Arizona State Retirement System prior to July 1, 2011. A Tier 2 employee is any employee hired by the City on or after July 1, 2013 who is not a Tier 1 employee. Effective July 1, 2013, Tier 1 employees continued to contribute 5.0% of their compensation to the plan, and Tier 2 employees contributed one-half of the total required actuarial percentage. The contribution rate for the City is the total projected percentage less the member contribution rates for each tier.

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

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

Prop 103 continues the 50/50 split in the contribution rate for new hires, but created a ceiling in the employee rate of 11.0% of their compensation. The ceiling applies to both Tier 2 and Tier 3 employees to help improve the recruitment and retention of employees. The City Council approved the plan on March 4, 2015, and on August 25, 2015 voters also approved Prop 103, which became effective on January 1, 2016.

Accrued Vacation or Sick-Leave on City of Phoenix’s Pension Benefits

The benefit amount under COPERS depends, in part, on a retiring employee’s highest average annual compensation paid over a multi-year period. As part of pension reform, the City restricted “pension spiking” by no longer allowing unused sick leave accrued after July 1, 2012, and unused vacation leave accrued after June 30, 2014, to be included when calculating a member’s “final average compensation.” This practice was upheld by the Arizona Supreme Court on July 10, 2020, in *Piccioli v. City of Phoenix*, CV-19-0116 and *AFSCME v. Phoenix* CV-19-0143.

On July 10, 2020 the Arizona Supreme Court issued rulings on “pension spiking” in *Piccioli v. City of Phoenix*, CV-19-0116 and *AFSCME v. Phoenix* CV-19-0143, where the former addressed the implication of sick leave and the latter vacation leave. The City of Phoenix pays pension benefits to eligible employees upon retirement. The amount of that benefit depends, in part, on a retiring employee’s highest average annual compensation paid over a multi-year period. The primary issue in the cases was whether a one-time payout for accrued sick or vacation leave upon retirement was “compensation” under the COPERS’ Plan that must be included when calculating a member’s “final average compensation,” which is used in determining the pension benefit amount. The Court held that the City did not need to include the one-time payments for unused sick or vacation leave at retirement as part of final average compensation. Thus, the City did not violate the Arizona Constitution by prospectively eliminating the payouts made at the time of retirement for sick leave accrued after July 1, 2012, and vacation leave accrued after June 30, 2014, from the calculation of final average compensation.

In 2012, when *Piccioli v. City of Phoenix*, CV2012-010330 was filed, the Board of Trustees of COPERS took action, upon advice from their consulting actuary, to not recognize any savings from the leave changes until after the court cases were adjudicated. At that time, the savings of the changes were estimated to equal about 9% of the total fund value. This 9% load has been built in to valuations since 2012. Following the opinions from the Arizona Supreme Court in July 2020, COPERS' consulting actuary had prepared a recommendation to remove 7.5% of that load, holding back 1.5% to account for future negative experience related to certain assumptions. On August 6, 2020, the COPERS Board approved the actuaries recommendation. Based on the June 30, 2019 valuation, it is estimated that continuing the practices upheld by the Court will result in savings of \$156.9 million over a 20-year period.

Citizen Pension Reform Initiative

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

State of Arizona Public Safety Personnel Retirement System

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

Periodic employer contributions to the pension and health insurance premium subsidy plans are determined on an actuarial basis using the entry age normal cost method. Normal cost is funded on a current basis. The City’s unfunded actuarial accrued liability is funded over a closed period, and as of June 30, 2016, the City had 20 years remaining in the amortization period. Senate Bill 1442, passed by the State Legislature on April 17, 2017, authorized the governing body of an employer to make a one-time request to increase the amortization to a closed period not exceeding 30 years. On June 21, 2017, the City Council voted to submit a request to the APSPRS Board of Trustees to increase the City’s amortization period from 20 years to 30 years. The change was reflected in the employer contribution rate beginning with the July 1, 2018 contribution, and represents the minimum required contribution percentage. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the entry age normal cost method. The funding strategy for normal cost and the unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis.

The System, for both police and fire personnel, is funded via member contributions of 7.65% of compensation for employees whose membership date was prior to July 20, 2011, and 11.65% of compensation for employees whose membership date began on or after July 20, 2011. Employees whose membership date was on or after January 1, 2012 have the option of participating in the hybrid plan for non-social security positions with contributions of 14.65%, of which 3.0% goes toward a defined contribution plan and is matched by the employer. Employer rates are set by an actuarial valuation and expressed as a percent of compensation. For fiscal year ended June 30, 2024, the required employer contribution rates were as follows:

	<u>Police</u>	<u>Fire</u>
Tier 1	81.45%	67.70%
Tier 2	81.45%	67.70%
Tier 3	9.65%	9.98%
Tier 3 Legacy	67.43%	50.91%

For fiscal year ended June 30, 2024, the City chose to contribute \$260.1 million and \$136.0 million for Police and Fire, respectively and were based on the following contribution rates:

	<u>Police</u>	<u>Fire</u>
Tier 1	90.88%	74.74%
Tier 2	90.88%	74.74%
Tier 3	9.65%	9.98%
Tier 3 Legacy	76.86%	57.95%

The City's APSPRS membership data is as follows:

	<u>June 30, 2023</u>	
	<u>Police</u>	<u>Fire</u>
Retirees and Beneficiaries	2,961	1,292
Inactive and Non-Retired Members	945	279
Active Members	<u>2,210</u>	<u>1,483</u>
Total	<u><u>6,116</u></u>	<u><u>3,054</u></u>

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

	POLICE		
	Fiscal Year End 2024	Fiscal Year End 2023	Fiscal Year End 2022
<u>Total Pension Liability</u>			
Service cost	\$ 50,051	\$ 51,950	\$ 51,687
Interest on the total pension liability	283,256	274,353	265,180
Differences between expected and actual experience of the total pension liability	212,929	34,170	23,801
Changes of assumptions	—	44,315	—
Benefit payments, including refunds of employee contributions	(228,135)	(225,952)	(204,565)
Net change in total pension liability	318,101	178,836	136,103
Total pension liability—beginning	3,998,129	3,819,293	3,683,190
Total pension liability—ending	<u>\$4,316,230</u>	<u>\$3,998,129</u>	<u>\$3,819,293</u>
<u>Plan Fiduciary Net Position</u>			
Employer contributions	\$ 236,868	\$ 183,098	\$ 172,800
Employee contributions	24,586	25,362	23,096
Pension plan net investment income	129,063	(69,084)	379,441
Benefit payments, including refunds of employee contributions	(228,134)	(225,952)	(204,565)
Pension plan administrative expense	(1,012)	(1,246)	(1,780)
Other(1)	5	52	4
Net change in plan fiduciary net position	161,376	(87,770)	\$ 368,996
Plan fiduciary net position—beginning	1,652,104	1,739,874	1,370,878
Plan fiduciary net position—ending	<u>\$1,813,480</u>	<u>\$1,652,104</u>	<u>\$1,739,874</u>
Net pension liability	<u>\$2,502,750</u>	<u>\$2,346,025</u>	<u>\$2,079,419</u>
Plan fiduciary net position as a percentage of the total pension liability	42.02%	41.32%	45.55%
Covered payroll	\$ 259,384	\$ 222,342	\$ 229,875
Net pension liability as a percentage of covered valuation payroll . .	964.88%	1055.14%	904.59%
(1) Other changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and employee reserves.			

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

	FIRE		
	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
<u>Total Pension Liability</u>			
Service cost	\$ 38,641	\$ 35,322	\$ 32,998
Interest on the total pension liability	154,988	149,188	143,726
Differences between expected and actual experience of the total pension liability	61,321	12,208	2,186
Changes of assumptions	—	23,529	—
Benefit payments, including refunds of employee contributions	(118,825)	(110,412)	(102,431)
Net change in total pension liability	136,125	109,835	76,479
Total pension liability—beginning	2,173,382	2,063,547	1,987,068
Total pension liability—ending	<u>\$2,309,507</u>	<u>\$2,173,382</u>	<u>\$2,063,547</u>
<u>Plan Fiduciary Net Position</u>			
Employer contributions	\$ 125,294	\$ 107,767	\$ 106,126
Employee contributions	15,087	14,300	13,566
Pension plan net investment income	75,270	(39,442)	212,684
Benefit payments, including refunds of employee contributions	(118,825)	(110,412)	(102,431)
Pension plan administrative expense	(514)	(711)	(994)
Other(1)	(47)	2	12
Net change in plan fiduciary net position	96,265	(28,496)	\$ 228,963
Plan fiduciary net position—beginning	956,467	984,963	756,000
Plan fiduciary net position—ending	<u>\$1,052,732</u>	<u>\$ 956,467</u>	<u>\$ 984,963</u>
Net pension liability	<u>\$1,256,775</u>	<u>\$1,216,915</u>	<u>\$1,078,584</u>
Plan fiduciary net position as a percentage of the total pension liability	45.58%	44.01%	47.73%
Covered payroll	\$ 164,128	\$ 151,969	\$ 148,348
Net pension liability as a percentage of covered payroll	765.73%	800.77%	727.06%

(1) Other changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and employee reserves.

Actuarial assumptions used to determine the total pension liability in the June 30, 2021 actuarial valuation were based on the results of the actuarial experience study covering the period from July 1, 2011 through June 30, 2016. Those assumptions, applied to all periods included in the measurement, are as follows:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Price Inflation	2.50%
Salary Increases	3.25% to 15.00% including inflation
Tier 1 and 2 Investment Rate of Return	7.20%, net of investment and administrative expense
Tier 3 Investment Rate of Return	7.00%, net of investment and administrative expense
Tier 3 Compensation Limit	\$115,868 for 2021. Assumed increases of 2.00% per year
Retirement Rates	Rates based on a 2022 experience study using actual plan experience
Mortality Rates	All rates were updated to reflect the PubS-2010 tables. The mortality assumptions sufficiently accommodate future mortality improvements.

The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. The assumed future permanent benefit increase used for this valuation is 2.00%.

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

	<u>Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution(1)</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
Police	2024	\$ —	\$260,075	\$ —	\$ —	—%
	2023	189,040	236,868	(47,828)	259,384	91.32
	2022	154,979	183,098	(28,119)	222,342	82.35
	2021	153,644	172,800	(19,156)	229,875	75.17
	2020	167,099	167,099	—	233,472	71.57
	2019	149,442	149,442	—	228,846	65.30
	2018	124,618	124,618	—	221,105	56.36
Fire	2024	\$ —	\$135,973	\$ —	\$ —	—%
	2023	102,404	125,294	(22,890)	164,128	76.34
	2022	96,217	107,767	(11,550)	151,969	70.91
	2021	89,913	106,126	(16,213)	148,348	71.54
	2020	90,148	90,148	—	139,641	64.56
	2019	77,142	77,142	—	135,273	57.03
	2018	73,288	73,288	—	132,503	55.31

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

understanding, the Actuarially Determined Contributions shown in the Schedule of Contributions are the actual contributions made by the City in the fiscal year. Fiscal year 2024 actual contributions represent contributions made subsequent to the measurement date.

The actuarially determined recommended pension contribution rates for Police were 67.32% for fiscal year 2021-22, 73.34% for fiscal year 2022-23, and is 81.45% for fiscal year 2023-24. The actuarially determined recommended pension contribution rates for Fire were 63.29% for fiscal year 2021-22, 63.38% for fiscal year 2022-23, and is 67.70% for fiscal year 2023-24.

APSPRS Pension Reform

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

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

- Revise the formula used to calculate cost of living adjustments (“*COLA*”)
- Increase member contribution rate from 7.65% to 11.65% by fiscal year 2015-16
- Eliminate the Deferred Retirement Option Plan (“*DROP*”) for employees hired after January 1, 2012
- Increase the number of years of service required to become retirement eligible from 20 to 25
- Increase the number of consecutive years of salary used to compute pension from three to five
- Calculated pension cannot exceed 80.0% of the five consecutive years’ average

On February 20, 2014, the Arizona Supreme Court upheld a lower court ruling that provisions of SB 1609 revising the formula used to calculate cost of living adjustments of members of the Arizona Elected Officials Retirement Plan violated the Arizona Constitution to the extent those provisions applied to elected officials hired prior to January 1, 2012. Because that Supreme Court ruling applies to invalidate the same language in similar provisions of SB 1609 which relate to APSPRS, COLA increases for members hired prior to January 1, 2012 and affected by SB 1609 will be restored retroactively, which required rate increases from employers, including the City. The APSPRS Board allowed employers to phase-in the pension contribution rate increase over 3 years beginning with the 2015-16 fiscal year. The City’s contribution rate for fiscal year 2015-16 increased 7.96% for fire and 9.31% for police due the phase-in. In fiscal year 2016-17, the City’s contribution rate increased 4.93% for fire and 6.05% for police. The City is unable to determine the rate increase for the last year of the phase-in or any potential savings due to other provisions of SB 1609.

On November 10, 2016, the Arizona Supreme Court upheld another lower court ruling that provisions of SB 1609 which increased employee contribution rates and curtailed certain benefit increases were also unconstitutional. The decision means that many current employees will receive refunds, while some retirees will receive retroactive benefit increases. The issuance of refunds by the City will have minimal effect on contribution rates. Neither of the Supreme Court decisions will impact the ability of the City to fulfill its obligations on its bonds. The City is not aware of any other pending lawsuits regarding SB 1609.

In February 2016, the Governor signed Senate Bills 1428 and 1429 to further reform the APSPRS. Most of the changes only affect new hires who start after June 30, 2017. Those changes include requiring new public safety employees to serve until age 55 before being eligible for full pension benefits, splitting the annual pension cost 50/50 between employers and new employees, and providing new hires the option of choosing a 100% defined contribution plan in place of a defined benefit (or pension) plan. The one change that could affect current retirees and those hired both before and after June 30, 2017, is a 2.0% annual cap on cost-of-living adjustments, which would be tied to the metropolitan Phoenix-Mesa Consumer Price Index. For the cost-of-living cap to apply to current members of APSPRS, it needed to be approved by voters. Proposition 124, which capped the cost of living adjustments for current and new members, was approved by voters on May 17, 2016.

Elected Officials' Retirement Plan

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

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

In 2017, a trial court ruled that the 23.50% level percent employer contribution rate for the defined benefit plan was unconstitutional without supplemental funding because it was insufficient to cover the actuarial computed unfunded liabilities.

In March 2018, the Arizona State Legislature introduced Senate Bill 1478 ("SB 1478"), which proposed to eliminate the 23.50% employer contribution rate and replace it with an actuarially determined employer contribution rate. SB 1478 requires the contribution rate to be sufficient to meet both the normal cost and the unfunded accrued liability amortized over a closed period of at least 20 years, but not more than 30 years, beginning July 1, 2018. The Governor signed SB 1478 into law on May 16, 2018. Effective July 1, 2018, the EORP employer contribution rate was 61.5% and 61.625% for EODCRS. Effective July 1, 2019, the EORP employer contribution rate was 61.43% and 61.555% for EODCRS.

Pension reform for EORP was approved by voters in November 2018. The reform requires a replacement of the permanent benefit increase, or PBI, with a cost-of-living-adjustment based on annual changes recognized by the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index for the Phoenix-Mesa-Scottsdale CBSA. The PBI could increase as much as 4.0% per year, while the new cost-of-living adjustment increase has a cap of 2.0% per year.

No additional disclosures regarding EORP are provided due to the immateriality to the City's finances as a whole. EORP financial statements are available online at www.psprs.com.

Additional Information

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

Additional information regarding the APSPRS and the EORP, including annual financial reports, actuary reports, trend information and detailed assumptions is available at www.psprs.com/investments--financials/annual-reports.

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APPENDIX D

Health Care Benefits for Retired Employees

The City provides certain postemployment health care benefits for its retirees. City retirees meeting certain qualifications are eligible to participate in the City's health insurance program along with the City's active employees. As of August 1, 2007, separate unblended rates have been established for active and retiree health insurance.

In June 2004, the Governmental Accounting Standards Board ("*GASB*") issued Statement 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. The City implemented *GASB* Statement 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, effective July 1, 2007.

GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaces *GASB 45* and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The new *GASB* statement requires the presentation of liability for *OPEB* obligations in the employer's financial statements. The Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit *OPEB* also are addressed. The City implemented *GASB 75* effective July 1, 2017.

Medical Expense Reimbursement Plan

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. The *MERP* is a single-employer, defined benefit *OPEB* plan.

The subsidy provides an offset to out of pocket healthcare expenses such as premiums, deductibles and co-pays, whether the retiree or survivor elects to purchase coverage through city sponsored retiree plans or other sources. City sponsored health plans are provided to eligible non-Medicare retirees and dependents. The subsidy varies with length of service or bargaining unit, from \$117 to \$202 per month. Retirees may be eligible for additional subsidies depending on their bargaining unit, retirement date, or enrollment in the City's medical insurance program. Current and future eligible retirees who purchase health insurance through the City's plan will receive an additional subsidy to minimize the impact of unblending health insurance rates for active and retired employees.

In December 2007, the City established the City of Phoenix *MERP* Trust to fund all or a portion of the City's share of liabilities incurred in providing the benefits as reflected in Administrative Regulation 2.42 — Medical Expense Reimbursement Plan for Retirees and Eligible Surviving Spouses or Qualified Domestic Partners. A five-member Board of Trustees was delegated fiduciary responsibility for the *MERP* Trust, subject to oversight of the City Council.

The employees covered by MERP at June 30, 2023, the effective date of the biennial OPEB valuation, are:

	<u>2023</u>
Plan Members Currently Receiving Benefits	10,148
Active Plan Members	<u>1,832</u>
Total Plan Members	<u><u>11,980</u></u>

Contributions by the City (plus earnings thereon) are the sole source of funding for the MERP. The City's Board of Trustees, subject to oversight by the City Council has the authority to establish and amend the contribution requirements of the City and active employees. The Board of Trustees establishes the rates based on an actuarially determined rate recommended by an independent actuary. The actuarial determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, the City contributed \$15.5 million. Employees are not required to contribute to the MERP.

The MERP actuarially determined contribution, actual contribution and covered payroll for the last two fiscal years follows:

MERP Schedule of Employer Contributions (in thousands)					
<u>Fiscal Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a percentage of Covered Payroll</u>
2024	\$15,541	\$15,541	\$ —	\$125,255	12.41%
2023	19,750	19,750	—	170,892	11.56

The City's net OPEB liability for MERP was measured as of June 30, 2023, and the total MERP OPEB liability used to calculate the net OPEB liability for MERP was determined by an actuarial valuation as of June 30, 2023. The net OPEB liability for MERP is measured as the total MERP OPEB liability, less the amount of the plan's fiduciary net position. In actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations based on the Board's adopted assumptions and methods).

A single discount rate of 6.5% was used to measure the total MERP OPEB liability as of June 30, 2024. This single discount rate was based on an expected rate of return on MERP OPEB plan investments of 6.5%. Based on the stated assumptions and the projection of cash flows, the MERP OPEB fiduciary net position and future contributions were projected to be sufficient to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on MERP OPEB plan investments was applied to all periods of projected benefit payments to determine the total MERP OPEB liability.

The following schedule shows the funding progress of the plan for the last two fiscal years. The total MERP OPEB liability decreased \$2,473,000 from 2023 to 2024.

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

	MERP	
	Fiscal Year End 2024	Fiscal Year End 2023
<u>Total OPEB Liability</u>		
Service cost	\$ 2,967	\$ 2,673
Interest on the total OPEB liability	21,769	23,719
Differences between expected and actual experience	—	(26,599)
Changes of assumptions	—	(2,501)
Benefit payments, including refunds of employee contributions	(27,209)	(27,676)
Net change in total OPEB liability	(2,473)	(30,384)
Total OPEB liability—beginning	347,030	377,414
Total OPEB liability—ending	<u>\$344,557</u>	<u>\$347,030</u>
<u>Plan Fiduciary Net Position</u>		
Employer contributions	\$ 15,541	\$ 19,750
OPEB plan net investment income	23,582	17,964
Benefit payments, including refunds of employee contributions	(27,209)	(27,676)
Other	(666)	(605)
Net change in plan fiduciary net position	11,248	9,433
Plan fiduciary net position—beginning	208,686	199,253
Plan fiduciary net position—ending	<u>\$219,934</u>	<u>\$208,686</u>
Net OPEB liability—ending	<u>\$124,623</u>	<u>\$138,344</u>
Plan fiduciary net position as a percentage of the total OPEB liability	63.83%	60.13%
Covered payroll	\$125,255	\$170,892
Net OPEB liability as a percentage of covered payroll	99.50%	80.95%

Post Employment Health Plan

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

Long-Term Disability Program

In November 2008, the City established the City of Phoenix Long-Term Disability (“LTD”) Trust to fund all or a portion of the City’s liabilities incurred in providing the benefits as reflected in Administrative Regulation 2.323 — City of Phoenix Long-Term Disability Program. The LTD Trust is a single-employer, defined benefit plan. A five-member Board of Trustees was delegated fiduciary responsibility for the LTD Trust, subject to oversight by the City Council. The LTD Trust issues a separate report that can be obtained through the City of Phoenix, Finance Department, Financial Accounting and Reporting Division, 251 W. Washington Street, 9th Floor, Phoenix, Arizona, 85003.

Long-term disability benefits are available to regular, full-time, benefit-eligible employees who have been employed by the City for at least 12 consecutive months. The program provides income protection of 2/3 of an employee's monthly base salary following a continuous three-month waiting period from the last day worked and the use of all leave accruals. The benefit continues to age 80 for those disabled prior to July 1, 2013 and age 75 for those disabled on or after July 1, 2013. The City pays 100% of the cost of this benefit.

The number of participants as of June 30, 2023, the effective date of the biennial OPEB valuation, follows:

	<u>Police</u>	<u>Fire</u>	<u>General City</u>	<u>Total</u>
Active Employees	2,666	1,748	8,468	12,882
Disabled Employees	15	12	287	314
Total Covered Participants	<u>2,681</u>	<u>1,760</u>	<u>8,755</u>	<u>13,196</u>

Contributions by the City (plus earnings thereon) are the sole source of funding for the LTD program. The LTD Trust's Board of Trustees, subject to oversight by the City Council has the authority to establish and amend the contribution requirements of the City and active employees. The Board of Trustees establishes the rates based on an actuarially determined rate recommended by an independent actuary. The actuarial determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Although the LTD Plan is fully funded, the City elected to contribute \$1,688,000 for the year ended June 30, 2024, and \$912,000 for the year ended June 30, 2023.

The LTD actuarially determined contribution, actual contribution and covered payroll for the last two fiscal years follows:

LTD Schedule of Employer Contributions (in thousands)					
<u>Fiscal Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a percentage of Covered Payroll</u>
2024	\$3,266	\$1,688	\$1,578	\$1,005,338	0.17%
2023	2,617	912	1,705	980,817	0.09

The City's net OPEB liability for LTD was measured as of June 30, 2023, and the total LTD OPEB liability used to calculate the net LTD OPEB liability was determined by an actuarial valuation as of June 30, 2023. The net LTD OPEB liability is measured as the total OPEB liability, less the amount of the plan's fiduciary net position. In actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations based on the LTD Trust's Board of Trustees adopted assumptions and methods).

A single discount rate of 6.5% was used to measure the total OPEB liability for LTD as of June 30, 2024. This single discount rate was based on an expected rate of return on LTD OPEB plan investments of 6.5%. Based on the stated assumptions and the projection of cash flows, the LTD OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on LTD OPEB plan investments was applied to all periods of projected benefit payments to determine the total LTD OPEB liability.

The following schedule shows the funding progress of the plan for the last two fiscal years. The total LTD OPEB liability increased \$3,115,000 from 2023 to 2024.

Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios
(in thousands)

	<u>Fiscal Year End 2024</u>	<u>Fiscal Year End 2023</u>
<u>Total OPEB liability/(asset)</u>		
Service cost	\$ 4,524	\$ 3,964
Interest on the total OPEB liability/(asset)	3,367	3,230
Differences between expected and actual experience	—	227
Changes of assumptions	—	(582)
Benefit payments, including refunds of employee contributions	(4,776)	(5,231)
Net change in total OPEB liability/(asset)	3,115	1,608
Total OPEB liability/(asset)—beginning	51,929	50,321
Total OPEB liability/(asset)—ending	<u>\$ 55,044</u>	<u>\$ 51,929</u>
<u>Plan Fiduciary Net Position</u>		
Employer contributions	\$ 1,687	\$ 912
OPEB plan net investment income	8,623	6,859
Benefit payments, including refunds of employee contributions	(4,776)	(5,231)
OPEB plan administrative expense	(590)	(539)
Other	(11)	(14)
Net change in plan fiduciary net position	4,933	1,987
Plan fiduciary net position—beginning	79,464	77,477
Plan fiduciary net position—ending	<u>\$ 84,397</u>	<u>\$ 79,464</u>
Net OPEB liability/(asset)—ending	<u>\$ (29,353)</u>	<u>\$ (27,535)</u>
Plan fiduciary net position as a percentage of the total OPEB liability/(asset) ...	153.33%	153.02%
Covered payroll	\$1,005,538	\$980,817
Net OPEB liability/(asset) as a percentage of covered payroll	(2.92)%	(2.81)%

APSPRS—OPEB

The Arizona Public Safety Personnel Retirement System (“APSPRS”) administers an agent multiple-employer defined benefit retirement system established by Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes that provides retirement benefits, as well as death and disability benefits to public safety employees of certain state and local governments. Authority to make amendments to the plan rests with the Arizona State Legislature. The APSPRS acts as a common investment and administrative agent that is jointly administered by a Board of Trustees and participating local boards.

The City’s APSPRS membership data is as follows:

	<u>June 30, 2023</u>	
	<u>Police</u>	<u>Fire</u>
Retirees and Beneficiaries	2,961	1,292
Inactive, Non-Retired Members	399	234
Active Members	2,210	1,483
Total	<u>5,570</u>	<u>3,009</u>

APSPRS has the authority to establish and amend the contribution requirements of the City and active employees. APSPRS establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability.

Employees are not required to contribute to the APSPRS OPEB plan. The City makes both the employee and employer contribution when an APSPRS employee is covered under industrial leave.

The APSPRS actuarially determined contribution, actual contribution and covered payroll is calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported.

**APSPRS
Schedule of Employer Contributions
(in thousands)**

	Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contribution in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a percentage of Covered Payroll
Police	2023	\$119	\$119	\$ —	\$259,384	0.05%
Fire	2023	\$ 47	\$ 47	\$ —	\$164,128	0.03%

The following schedule shows the funding of the APSPRS OPEB plan for the last fiscal year. The City's net OPEB liability for APSPRS was measured as of June 30, 2023, and the total APSPRS OPEB liability used to calculate the net OPEB liability for APSPRS was determined by an actuarial valuation as of the same date.

**Schedule of Changes in Net OPEB Liability and Related Ratios for Reporting Date Ended June 30,
(in thousands)**

	APSPRS	
	Police 2024	Fire 2024
<u>Total OPEB Liability</u>		
Service cost	\$ 878	\$ 567
Interest on the total OPEB liability	3,471	1,904
Differences between expected and actual experience of the Total OPEB Liability	(1,943)	(2,349)
Benefit payments, including refunds of employee contributions	(3,826)	(1,924)
Changes of assumptions	—	—
Net change in total OPEB liability	(1,420)	(1,802)
Total OPEB liability—beginning	49,239	26,837
Total OPEB liability—ending	<u>\$ 47,819</u>	<u>\$ 25,035</u>
<u>Plan Fiduciary Net Position</u>		
Contributions—employer	\$ 119	\$ 47
Contributions—employee	119	47
Net Investment Income	5,406	3,074
Benefit payments, including refunds of employee contributions	(3,826)	(1,924)
OPEB Plan administrative expense	(45)	(22)
Net change in plan fiduciary net position	1,772	1,222
Plan fiduciary net position—beginning	72,041	40,862
Plan fiduciary net position—ending	<u>\$ 73,813</u>	<u>\$ 42,084</u>
Net OPEB liability/(asset)	<u>(25,994)</u>	<u>\$ (17,049)</u>
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	154.36%	168.10%
Covered payroll	\$259,384	\$164,128
Net OPEB liability/(asset) as a percentage of covered payroll	(10.02%)	(10.39%)

Actuarial Valuations

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

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

Additional Information

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

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APPENDIX E

Summary of Certain Provisions of Legal Documents

The following information summarizes or paraphrases certain provisions of the Airport Revenue Bond Ordinance, the City Purchase Agreement and the Indenture. Such information is not a full statement of the terms of such documents and, accordingly, is qualified by reference to the full text thereof.

CERTAIN DEFINITIONS

The following are definitions in summary form of certain terms used in the Airport Revenue Bond Ordinance, the City Purchase Agreement and the Indenture:

“Airport” means the airports of the City presently known as “Phoenix — Sky Harbor International Airport,” “Phoenix — Goodyear Airport,” and “Phoenix — Deer Valley Airport,” including all additions, extensions and improvements thereto which may be made while any Bonds remain Outstanding, including all property and facilities of every nature owned or operated by the City and used in connection with its airports or for airport purposes, including but without limitation, lands, rights-in-land, terminals and other buildings and facilities, hangars, runways, ramps, shops, stores and similar facilities located in the terminal building areas, parking meters and facilities, facilities for limousine, taxi and car rental services, restrooms, sinks, showers, toilets, luggage lockers, repair shops, facilities for the sale of oil and fuel, communication facilities, restaurant and bar facilities, and all other property and facilities of every nature located on or used in connection with the airports and the land on which each is located, and including airport facilities not described in this definition if such facilities have been added to the definition of Airport by subsequent resolution or ordinance of the City.

“Airport Improvement Fund” means the fund of that name created in Article II of the Airport Revenue Bond Ordinance.

“Airport Revenue Bond Ordinance” means Ordinance No. S-21974 adopted by the Mayor and Council of the City on April 20, 1994, as amended to date and as further supplemented and amended from time to time.

“Airport Revenues” or *“Revenues”* means all income and revenue received by the City directly or indirectly from the use and operation of the Airport, including but without limitation, revenues pledged, dedicated or allocated for the benefit of the Airport, rentals, landing fees, use charges, income from the sale of services, fuel, oil and other supplies or commodities, income from the use for agricultural purposes of portions of the Airport not currently used for Airport purposes, fees from concessions, amounts received from or on behalf of the Arizona National Guard, parking meter and parking lot receipts, storage locker and restroom income, income from communication services, fees or income from limousine, taxi and car rental services, bar and restaurant income, advertising revenues, receipts derived from the lease or any other contractual arrangement with respect to the use of the Airport, receipts from the sale of any property of the Airport, proceeds of any insurance covering business interruption loss. Airport Revenues and Revenues also includes income received from the investment of any moneys held in the funds and accounts (other than the Construction Fund and the Rebate Fund) created under the Airport Revenue Bond Ordinance. Airport Revenues and Revenues shall not include the following: (i) money received as grants or gifts from the United States of America or the State of Arizona, except to the extent that any such money shall be received as payments for use of the Airport or its facilities; (ii) proceeds received on insurance resulting from casualty damage to assets of the Airport to the extent such proceeds are used to repair or replace facilities or property of the Airport; (iii) rentals or other charges derived by the City under and pursuant to a lease or leases relating to Special Purpose Facilities; (iv) the proceeds of the sale of any Bonds or other obligations issued for Airport purposes; or (v) receipts from Passenger Facility Charges.

“Bondholder” means the registered owner of one or more Bonds.

“*Bond Fund*” means the fund of that name described in Article II of the Airport Revenue Bond Ordinance.

“*Bond Payment Date*” means the dates established for the payment of interest on any Bonds or Principal Requirement on any Bonds as set forth in the Series Ordinance authorizing such Bonds.

“*Bond Reserve Fund*” means a common reserve for the Bonds as may be secured thereby under their terms.

“*Bond Year*” means a twelve-month period beginning July 2 of the calendar year and ending on the next succeeding July 1, or such other period as set forth in a Series Ordinance.

“*Bonds*” or “*Parity Bonds*” or “*Senior Lien Obligations*” means obligations payable from Net Airport Revenues.

“*Bonds Being Refunded*” means the Corporation’s Junior Lien Airport Revenue Bonds, Series 2015A maturing July 1, 2025 through and including July 1, 2045 and the Corporation’s Junior Lien Airport Revenue Refunding Bonds, Series 2015B maturing July 1, 2034.

“*Chief Financial Officer*” means the official of the City performing the duties now performed by the actual, acting or interim Chief Financial Officer.

“*City*” means the City of Phoenix, Arizona.

“*City Manager*” means the official of the City performing the duties now performed by the City Manager.

“*City Purchase Agreement*” or “*Agreement*” means, the Junior Lien City Purchase Agreement dated as of June 1, 2025 between the City and the Corporation.

“*Clerk*” or “*City Clerk*” means the official of the City performing the duties now performed by the City Clerk.

“*Code*” means the Internal Revenue Code of 1986, as amended and supplemented from time to time, and shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, to the extent applicable to the Bonds for the use of proceeds of the Bonds or the Airport.

“*Commercial Paper*” means Senior Lien Obligations or Junior Lien Obligations, as applicable, with a maturity of not more than 270 days from the date of issuance and which are issued and reissued from time to time.

“*Compound Interest Bonds*” means Bonds which for a stated period of time bear interest which interest is calculated based on regular compounding, payable only (i) at maturity or earlier redemption or (ii) on a specified date, from and after which such Bonds bear interest payable on a regularly scheduled basis. Bonds described in clause (ii), above, shall be deemed to be “*Compound Interest Bonds*” until the specified date on which the compounded interest ceases to accrue.

“*Consultant*” means a firm of consultants or professionals experienced in the development, planning, financing, operation or management of airports or airport facilities.

“*Cost of Maintenance and Operation*” means all expenditures (exclusive of depreciation and interest on money borrowed) which are necessary to the efficient maintenance and operation of the Airport and its facilities, such expenditures to include the items normally included as essential expenditures in the operating budgets of municipally owned airports.

“*Council*” means the Mayor and Council of the City of Phoenix or such other body as may from time to time be acting as the body which governs said City.

“*Credit Facility*” means a bank, financial institution, insurance company or indemnity company enhancing the credit of any Bonds by assuring holders of such Bonds that principal of and interest on said

Bonds will be paid promptly when due and includes the issuance of an insurance policy, surety bond or other form of security for the Bond Reserve Fund as described in Article II, Section 2.5 of the Airport Revenue Bond Ordinance.

“Debt Service Reserve Requirement” means, with respect to the Senior Lien Obligations, Maximum Annual Debt Service, provided that if the Debt Service Reserve Requirement is satisfied with the proceeds of obligations the interest on which is excludible from gross income for federal income tax purposes, then the amount of proceeds used in order to satisfy the Debt Service Reserve Requirement shall not exceed any restrictions relating to the use of such funds for such purpose set forth in the Code. The Debt Service Reserve Requirement may be recalculated from time to time as Bonds are rendered no longer Outstanding.

“Derivative Product” means an agreement of the City entered into in accordance with Section 2.13 of the Airport Revenue Bond Ordinance.

“Escrow Agent” means U.S. Bank Trust Company, National Association as escrow agent and as bond registrar, paying agent and bond trustee for the Bonds Being Refunded.

“Escrow Agent Agreement” means the Escrow Agent Agreement dated as of June 1, 2025 between the Corporation and the Escrow Agent.

“Event of Default” means one of the events defined as such in the City Purchase Agreement or Indenture as the case may be.

“Fiscal Year” means the 12-month period used by the City for its general accounting purposes as the same may be changed from time to time, said fiscal year currently extending from July 1 to June 30.

“Indenture” means, the Bond Indenture dated as June 1, 2025 between the Corporation and the Trustee.

“Independent Certified Public Accountant” means a firm of certified public accountants which is not in the regular employ of the City on a salary basis.

“Interest Account” means the account of that name established in Article II of the Airport Revenue Bond Ordinance.

“Interest Requirement” means the amount of interest falling due on the next Bond Payment Date, net of any amounts deposited in the Interest Account or Construction Fund which are available to pay interest on Bonds.

“Investment Earnings” means all interest received on and profits derived from investments made with any money held under the Indenture.

“Junior Lien Bond Fund” means the Junior Lien Bond Fund established pursuant to the Junior Lien Obligation Documents.

“Junior Lien Compound Interest Bonds” means Junior Lien Obligations which for a stated period of time bear interest which interest is calculated based on regular compounding, payable only (i) at maturity or earlier redemption or (ii) on a specified date, from and after which such Junior Lien Obligations bear interest payable on a regularly scheduled basis. Junior Lien Obligations described in clause (ii), above, shall be deemed to be *“Junior Lien Compound Interest Bonds”* until the specified date on which the compounded interest ceases to accrue.

“Junior Lien Credit Facility” means a Credit Facility with respect to the Junior Lien Obligations.

“Junior Lien Derivative Product” means a swap agreement, forward agreement, interest rate agreement or other similar agreement of the City entered into in accordance with the Junior Lien Obligation Documents.

“Junior Lien Interest Account” means the Junior Lien Interest Account of the Junior Lien Bond Fund established pursuant the Junior Lien Obligation Documents.

“Junior Lien Interest Payment Date” means the dates established for the payment of Junior Lien Interest Requirements.

“Junior Lien Interest Requirement” means the amount of interest due on Junior Lien Obligations.

“Junior Lien Obligation Documents” means any ordinance, indenture, contract or agreement of the City constituting or authorizing Junior Lien Obligations.

“Junior Lien Obligations” means obligations payable from Designated Revenues.

“Junior Lien Parity Debt Service Reserve Requirement” means, initially \$91,374,692.25, which is the least of: (i) Maximum Annual Junior Lien Debt Service for the Series 2017D Junior Bonds, the Series 2019 Junior Bonds and the 2025 Junior Bonds without regard to any applicable Junior Lien Passenger Facility Charge Credit, (ii) 10% of the stated principal amount of the Series 2017D Junior Bonds, the Series 2019 Junior Bonds and the 2025 Junior Bonds and (iii) 125% of the average annual Principal Requirements and Interest Requirements with respect to the Series 2017D Junior Bonds, the Series 2019 Junior Bonds and the 2025 Junior Bonds. The Junior Lien Parity Debt Service Reserve Requirement may be recalculated from time to time as Junior Lien Obligations secured by the Junior Lien Parity Reserve Fund are rendered no longer Outstanding or in the event the City elects to make the Junior Lien Parity Reserve Fund a parity reserve fund for the benefit of additional Junior Lien Obligations. In that event, as set forth in Section 2.6(d) of the City Purchase Agreement, the requirements set forth above shall be determined on an aggregate basis according to the Junior Lien Obligations secured by the Junior Lien Parity Reserve Fund.

“Junior Lien Parity Reserve Fund” means the Junior Lien Parity Reserve Fund established pursuant to Section 2.7 of the 2017 Junior Lien City Purchase Agreement, Section 2.8 of the 2019 Junior Lien City Purchase Agreement and Section 2.6 of the City Purchase Agreement, and assigned to the 2017 Trustee under the 2017 Indenture, the 2019 Trustee under the 2019 Indenture and the Trustee under the Indenture and as may be further assigned in the event such fund shall become a parity reserve fund for the benefit of additional Junior Lien Obligations.

“Junior Lien Passenger Facility Charge Credit” means the amount of principal of and/or interest to come due on specified Junior Lien Obligations during any Fiscal Year to which Passenger Facility Charges, state and/or federal grants or other moneys have received all required governmental approvals and have been irrevocably committed or are held by the Trustee or another fiduciary and are to be set aside exclusively to be used to pay Junior Lien Interest Requirements and/or Junior Lien Principal Requirements on such specified Junior Lien Obligations during the period of such commitment (unless such Passenger Facility Charges, state and/or other moneys are subsequently included in the definition of Airport Revenues).

“Junior Lien Principal Account” means the Junior Lien Principal Account established pursuant to the Junior Lien Obligation Documents.

“Junior Lien Principal Payment Date” means the dates established for the payment of Principal Requirements on Junior Lien Obligations.

“Junior Lien Principal Requirement” means, as of any date of calculation, the sum of (a) the principal amount due on Junior Lien Obligations plus (b) the amount of principal of Junior Lien Obligations required to be redeemed pursuant to a mandatory redemption feature. In computing the Junior Lien Principal Requirement, an amount of Junior Lien Obligations required to be redeemed pursuant to mandatory redemption in each year shall be deemed to fall due in that year and (except in case of default in observing a mandatory redemption requirement) shall be deducted from the amount of Junior Lien Obligations maturing on the scheduled maturity date. In the case of Junior Lien Obligations supported by a Junior Lien Credit Facility, the Junior Lien Principal Requirements for such Junior Lien Obligations shall be determined in accordance with the principal retirement schedule specified in the Junior Lien Obligation Documents authorizing the issuance or providing for the sale of Junior Lien Obligations, rather than any amortization schedule set forth in such Junior Lien Credit Facility. Junior Lien Obligation Documents authorizing

Junior Lien Obligations which are Junior Lien Compound Interest Bonds may amend the definition of “*Junior Lien Principal Requirement*.”

“*Maximum Annual Debt Service*” means an amount of money equal to the highest aggregate Principal Requirement and Interest Requirements to fall due and payable in the current or any future Bond Year of all Outstanding Bonds, as adjusted for any Derivative Product entered into with a Qualified Counterparty in accordance with Section 2.13 of the Airport Revenue Bond Ordinance and less any applicable Passenger Facility Charge Credit. For purposes of the Junior Lien Obligation Documents, an adjustment for a Derivative Product with a Qualified Counterparty pursuant to Section 2.13 of the Airport Revenue Bond Ordinance means: (i) the City shall treat the amount or rate of interest payable with respect to the Parity Bonds to which such Derivative Product relates as the interest rate payable under such Derivative Product; and (ii) the City may disregard the notional principal amount of any such Derivative Product with a Qualified Counterparty. In case any Bonds outstanding or proposed to be issued shall bear interest at a variable rate, the Interest Requirement of such Bonds in each Bond Year during which such variable rate applies shall be computed at the lesser of (i) the maximum rate which such Bonds may bear under the terms of their issuance or (ii) the rate of interest established for long-term bonds by the 20-year bond index most recently published by THE BOND BUYER OF NEW YORK, NEW YORK, prior to the date of computation (or in the absence of such published index, some other index selected in good faith by the Chief Financial Officer of the City after consultation with one or more reputable, experienced investment bankers as being equivalent thereto) (the “*Variable Rate Assumption*”). With respect to any Bonds issued as Commercial Paper or proposed to be issued, the Principal Requirement shall be calculated as if the entire amount of Commercial Paper authorized to be issued under the Series Ordinance were to be amortized over a term of 30 years commencing in the year in which such Commercial Paper is issued or proposed to be issued and with substantially level annual debt service payments and the Interest Requirement shall be computed using the Variable Rate Assumption.

“*Maximum Annual Junior Lien Debt Service*” means an amount equal to the highest aggregate Junior Lien Principal Requirements and Junior Lien Interest Requirements to fall due and payable in the current or any future Bond Year of all Outstanding Junior Lien Obligations, as adjusted pursuant to any Junior Lien Derivative Product with a Qualified Junior Lien Counterparty in accordance with the Junior Lien Obligation Documents and less any applicable Junior Lien Passenger Facility Charge Credit. In case any Junior Lien Obligations outstanding or proposed to be issued shall bear interest at a variable rate, the Junior Lien Interest Requirement of such Junior Lien Obligations in each Bond Year during which such variable rate applies shall be computed at the lesser of (i) the maximum rate which such Junior Lien Obligations may bear under the terms of their issuance or (ii) the rate of interest established for long-term bonds by the 20- year bond index most recently published by THE BOND BUYER of New York, New York, prior to the date of computation (or in the absence of such published index, some other index selected in good faith by the Chief Financial Officer of the City after consultation with one or more reputable, experienced investment bankers as being equivalent thereto) (the “*Junior Lien Variable Rate Assumption*”). With respect to any Commercial Paper issued or proposed to be issued, the Junior Lien Principal Requirement shall be calculated as if the entire amount of Commercial Paper authorized to be issued under the Junior Lien Obligation Documents were to be amortized over a term of 30 years commencing in the year in which such Commercial Paper is issued or proposed to be issued and with substantially level annual debt service payments and the Junior Lien Interest Requirement shall be computed using the Junior Lien Variable Rate Assumption.

“*Moody’s*” means Moody’s Investors Service, Inc. and its successors or assigns.

“*Net Airport Revenues*” or “*Net Revenues*” means the Revenues of the Airport, after provision for payment of all Cost of Maintenance and Operation.

“*Operation and Maintenance Fund*” means the fund of that name established in Article II of the Airport Revenue Bond Ordinance.

“*Other Available Funds*” means passenger facility charges, unrestricted grant money and other moneys available to the Airport which are not included in the definition of Revenues or Airport Revenues.

“Other Available Monies” means Other Available Funds which the City elects to make available for a particular purpose.

“Outstanding” means all obligations of the class concerned which shall have been issued and delivered with the exception of (a) obligations in lieu of which other obligations have been issued under agreement to replace lost, mutilated or destroyed obligations, (b) obligations surrendered by the holders in exchange for other obligations and (c) obligations for the payment of which provision has been made as provided in the Senior Lien Obligation Documents or Junior Lien Obligation Documents.

“Passenger Facility Charge Credit” means the amount of principal of and/or interest to come due on specified Bonds during any Fiscal Year to which Passenger Facility Charges, state and/or federal grants or other moneys have received all required governmental approvals and have been irrevocably committed or are held in the Bond Fund or otherwise in trust by or on behalf of the Paying Agent and are to be set aside exclusively to be used to pay Interest Requirements and/or Principal Requirements on such specified Bonds during the period of such commitment (unless such Passenger Facility Charges, state and/or other moneys are subsequently included in the definition of Airport Revenues).

“Passenger Facility Charges” means charges collected by the City pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

“Paying Agent” means the paying agent for each series of Bonds as set forth in the Series Ordinance authorizing such Bonds.

“Permitted Investments” means, to the extent from time to time permitted by law (including provisions of the City Charter) as investments for City money:

- (a) Qualified Permitted Investments;
- (b) obligations of, or obligations guaranteed as to the timely payment of principal and interest by, the United States of America or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America;
- (c) Federal Housing Administration debentures which must not be redeemable prior to their stated maturity;
- (d) obligations of the Federal Home Loan Mortgage Corporation (including only securities guaranteed as to timely payment of principal and interest);
- (e) obligations of the Farm Credit System;
- (f) obligations of Federal Home Loan Banks;
- (g) obligations of the Federal National Mortgage Association (excluding interest-only stripped securities);
- (h) federal funds, unsecured certificates of deposit, time deposits and banker’s acceptances (in each case, having maturities of not more than 365 days) of any bank, the short-term obligations of which are rated in one of the two highest applicable rating categories by the Rating Agency;
- (i) deposits which are fully insured by the Federal Deposit Insurance Corporation (*“FDIC”*);
- (j) debt obligations rated in one of the two highest applicable rating categories by the Rating Agency (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);
- (k) commercial paper having maturities not in excess of one year rated in one of the two highest applicable rating categories by the Rating Agency;

(l) investment in money market funds rated in one of the two highest applicable rating categories by the Rating Agency;

(m) repurchase agreements with any transferor with long-term unsecured debt rated in the highest applicable rating categories or commercial paper rated in one of the two highest applicable rating categories by the Rating Agency; and

(n) U.S. Treasury STRIPS, and any stripped securities assessed or rated in one of the two highest applicable rating categories by the Rating Agency.

“PFC Revenue Fund” means the PFC Revenue Fund established pursuant to the Junior Lien Obligation Documents.

“PFC Revenues” means Passenger Facility Charges, to the extent received by the City in each Fiscal Year, plus interest earnings on the PFC Revenue Fund.

“Principal Account” means the account of that name created in Article II of the Airport Revenue Bond Ordinance.

“Principal Payment Date” means the dates established for the payment of Principal Requirements on any Bonds as set forth in the Series Ordinance authorizing such Bonds.

“Principal Requirement” means, as of any date of calculation, the sum of (a) the principal amount of Bonds falling due during the then current Bond Year plus (b) the amount of principal of Bonds required to be redeemed pursuant to a mandatory redemption feature during the then current Bond Year. In computing the Principal Requirement, an amount of Bonds required to be redeemed pursuant to mandatory redemption in each year shall be deemed to fall due in that year and (except in case of default in observing a mandatory redemption requirement) shall be deducted from the amount of Bonds maturing on the scheduled maturity date. In the case of Bonds supported by a Credit Facility, the Principal Requirements for such Bonds shall be determined in accordance with the principal retirement schedule specified in the proceedings authorizing the issuance of such Bonds, rather than any amortization schedule set forth in such Credit Facility. A Series Ordinance authorizing the issuance or providing for the sale of Parity Bonds which are Compound Interest Bonds may amend the definition of *“Principal Requirement”*.

“Prior City Agreement” means the Junior Lien City Purchase Agreement dated as of December 1, 2015 between City as purchaser and the Corporation as Seller.

“Purchase Price” means the sum of the payments required by the City Purchase Agreement to be paid by the City to the Corporation.

“Qualified Counterparty” means a counterparty to a Derivative Product (i) which is a bank, insurance company, indemnity company, financial institution or any similar or related company with a credit rating in one of the two highest rating categories of the Rating Agency, or if none of the Bonds are then rated by Moody’s or S&P, any other nationally recognized rating agency or (ii) the obligations of which are guaranteed by an entity described in clause (i).

“Qualified Junior Lien Counterparty” means a counterparty to a Junior Lien Derivative Product (i) which is a bank, insurance company, indemnity company, financial institution or any similar or related company with a credit rating in one of the two highest rating categories of the Rating Agency, or if none of the Junior Lien Obligations are then rated by Moody’s or S&P, any other nationally recognized rating agency, (ii) the obligations of which are guaranteed by an entity described in clause (i), or (iii) the obligations of which are fully secured by obligations described in items (i) or (ii) of the definition of Qualified Permitted Investments which are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (B) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (C) subject to a perfected first lien on behalf of the Trustee, and (D) free and clear from all third-party liens.

“Qualified Permitted Investments” means any one or more of the following classes of investments:

(i) direct 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;

(ii) any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in clause (i) above; and

(iii) to the extent permitted by law at the time of making such investment, any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (b) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) or clause (ii) above, which fund may be applied only to the payment of interest when due, principal of and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) or clause (ii) above, which have been deposited in such fund along with any cash on deposit in such fund is sufficient to pay interest when due, principal of and redemption premium, if any, on the bonds or other obligations described in this clause (iii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (iii), as appropriate.

“Rating Agency” means Moody’s if any of the Bonds are then rated by Moody’s and S&P if the Bonds are then rated by S&P.

“Refinanced Property” means the property actually funded or refinanced with proceeds of the Bonds Being Refunded, consisting of portions of the projects so described on Exhibit A to the City Purchase Agreement.

“Revenue Fund” means the fund of that name created in Article II of the Airport Revenue Bond Ordinance.

“S&P” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC and its successors or assigns.

“Senior Lien Obligations” means Bonds or Parity Bonds.

“Senior Lien Obligation Documents” means any ordinance, indenture, contract or agreement of the City constituting or authorizing Senior Lien Obligations.

“Series Ordinance” means an ordinance or ordinances (which may be supplemented by one or more ordinances) to be adopted prior to the delivery of any series of Parity Bonds; said ordinance as supplemented shall establish the date or dates of the pertinent series of Parity Bonds, the schedule of maturities thereof, whether any will be Compound Interest Bonds, the name of the purchaser of each series of Parity Bonds, the purchase price thereof, the rate or rates of interest to be borne thereby and the method by which interest is to be calculated, and the terms and conditions, if any, under which such Bonds may be made subject to redemption (mandatory or optional) prior to maturity and such other details as the City may determine.

“Special Purpose Facilities” means (1) hangars, aircraft overhaul, maintenance or repair shops, reservation centers, motels, hotels, storage facilities, garages, cargo handling buildings and necessary ramp areas incidental thereto, and other similar facilities, (2) projects as now or hereafter provided in the Industrial Development Financing Act (Title 35, Chapter 5 of the Arizona Revised Statutes), and (3) such other facilities or projects as the City shall designate as a Special Purpose Facility, and the cost of construction and acquisition of which facilities are financed with the proceeds of bonds, notes, leases, purchase agreements or other obligations which are payable solely from revenues of the Special Purpose Facility or revenues of the user of the Special Purpose Facilities.

“Series 2019 Junior Bonds” means, collectively, the Series 2019A Junior Bonds, the Series 2019B Junior Bonds and the Series 2019C Junior Bonds.

“*Series 2019A Junior Bonds*” means the Corporation’s Junior Lien Airport Revenue Bonds, Series 2019A.

“*Series 2019B Junior Bonds*” means the Corporation’s Junior Lien Airport Revenue Bonds, Series 2019B.

“*Series 2019C Junior Bonds*” means the Corporation’s Junior Lien Airport Revenue Refunding Bonds, Taxable Series 2019C.

“*Series 2017D Junior Bonds*” means the Corporation’s Junior Lien Airport Revenue Refunding Bonds, Series 2017D.

“*Series 2010B Interest Subaccount*” means the Series 2010B Interest Subaccount of the PFC Interest Account of the PFC Revenue Fund.

“*Series 2010B Junior Bonds*” means the Corporation’s Junior Lien Airport Revenue Bonds, Taxable Series 2010B (Recovery Zone Economic Development Bonds — Direct Payment).

“*Tax Exemption Certificate*” means the Tax Exemption Certificate and Agreement relating to the Tax-Exempt Bonds.

“*Trustee*” means U.S. Bank Trust Company, National Association in its capacity as trustee under the Indenture, or any successor thereto.

“*2025 Junior Lien Interest Account*” means the Junior Lien Interest Account of the 2025 Junior Lien Bond Fund.

“*2025 Junior Lien Principal Account*” means the 2025 Junior Lien Principal Account of the 2025 Junior Lien Bond Fund.

“*2019 Junior Lien City Purchase Agreement*” means the Junior Lien City Purchase Agreement dated as of December 1, 2019 between the City and the Corporation, as the same may be supplemented or amended from time to time.

“*2019 Indenture*” means the Bond Indenture dated as of December 1, 2019 between the Corporation and the 2019 Trustee.

“*2017 Trustee*” means the Trustee for the Junior Series 2017D Bonds.

“*2017 Indenture*” means the Bond Indenture dated as of December 1, 2017 between the Corporation and the 2017 Trustee.

“*2017 Junior Lien City Purchase Agreement*” means the Junior Lien City Purchase Agreement dated as of December 1, 2017 between the City and the Corporation, as the same may be amended from time to time.

THE AIRPORT REVENUE BOND ORDINANCE

SECTION 2.1. *Pledge.* All Bonds are special obligations of the City payable from and secured by the Net Airport Revenues and moneys, securities and funds pledged therefore. There are hereby pledged for the payment of Principal Requirement, Interest Requirement and redemption premium on the Bonds in accordance with their terms and the provisions of the Airport Revenue Bond Ordinance and any Series Ordinance, subject to the provisions of any Series Ordinance permitting the application thereof for the purposes and on the terms and conditions set forth in the Series Ordinance, (1) the Net Airport Revenues, and (2) moneys held in the Bond Fund established or confirmed by the Airport Revenue Bond Ordinance or any Series Ordinance.

SECTION 2.2. *Establishment of Funds.* For a description of Section 2.2, as modified by the City Purchase Agreement and the Junior Lien Obligation Documents, see “*SECURITY AND SOURCE OF PAYMENT- Flow of Funds.*”

SECTION 2.3. *Operation and Maintenance Fund.* Amounts deposited in the Operation and Maintenance Fund shall be used to pay Cost of Maintenance and Operation.

SECTION 2.4. *Bond Fund.* Amounts deposited in the Bond Fund shall be deposited into either the Principal Account or the Interest Account. Amounts deposited in the Principal Account shall be used to pay Principal Requirements and amounts held in the Interest Account shall be used to pay Interest Requirements on Bonds. Moneys in the Principal Account and Interest Account shall be transferred at least one business day before each Principal Payment Date or Bond Payment Date, as applicable, to the appropriate Paying Agent for each series of Bonds.

SECTION 2.5. *Bond Reserve Fund.* Amounts held in the Bond Reserve Fund shall be used to make payments on any Bonds secured by the Bond Reserve Fund to the extent there are insufficient funds in the Bond Fund to make such payment. The City hereby agrees to fund the Bond Reserve Fund in an amount equal to the Debt Service Reserve Requirement provided that the initial funding of the Bond Reserve Fund and any subsequent increase in the Bond Reserve Fund due to the issuance of Parity Bonds secured thereby shall be made in equal monthly deposits over not more than a twenty-four (24) month period from the date of issuance of the Parity Bonds. In the event amounts are withdrawn from the Bond Reserve Fund in order to make payments on any Bonds secured thereby or in the event amounts in the Bond Reserve Fund are valued and the value thereof is less than the Debt Service Reserve Requirement, the City agrees to replenish the Bond Reserve Fund to the Debt Service Reserve Requirement by payment under the method described above, commencing on the first day of the month following such withdrawal from the Bond Reserve Fund or valuation of the Bond Reserve Fund. The City reserves the right to establish a separate bond reserve fund for any Parity Bonds which pursuant to the terms of the Series Ordinance authorizing such Parity Bonds is not secured by the Bond Reserve Fund.

The funding of any separate bond reserve fund for a series of the Refunding Bonds may be made by depositing a surety bond or similar financial instrument into such separate bond reserve fund provided that the surety bond or similar financial instrument meets the requirements set forth below with regard to funding the Bond Reserve Fund with a surety bond or similar financial instrument. The funding of any separate bond reserve fund and the replenishment of the separate bond reserve fund shall be set forth in the Series Ordinance establishing such separate bond reserve fund, provided that the funding and replenishment of such separate bond reserve fund may be made pro rata with any funding or replenishment of the Bond Reserve Fund.

The City reserves the right at any time to deposit a surety bond or similar financial instrument into the Bond Reserve Fund in order to fund the Bond Reserve Fund to the required level. If the City chooses to deposit a surety bond or similar financial instrument into the Bond Reserve Fund, then the City shall receive a certificate or opinion to the effect that the surety bond or financial instrument is a binding obligation of the issuer thereof and shall receive evidence that the issuer thereof has a credit rating in one of the top two rating categories of a nationally recognized credit rating service, and, if the surety bond or similar financial instrument is replacing proceeds of obligations the interest on which is excludible from gross income for federal income tax purposes, then the City shall also receive an opinion of a firm of attorneys experienced in the practice of municipal bond law which opinion is to the effect that replacing such proceeds with a surety bond or similar financial instrument will not adversely affect the exclusion from gross income of the interest on such obligations for federal income tax purposes. Each such surety bond or similar financial instrument shall be unconditional and irrevocable and shall provide such security as is described in this section with respect to which the surety bond or similar financial instrument is purchased. Notwithstanding Article VIII, the City reserves the right, if it deems it necessary in order to acquire such surety bond or other financial instrument, to amend the Airport Revenue Bond Ordinance without the consent of any of the holders of the Bonds in order to provide for the repayment of amounts drawn under such surety bond or other financial instrument, in order to secure the amounts to be repaid which security may be subordinate only to payments of Cost of Maintenance and Operation and payments into the Bond Fund, or to grant the provider of such surety bond or other financial instrument such additional rights as the City deems necessary. Further, in lieu of making deposits to the Bond Reserve Fund or any separate bond reserve fund pursuant to this Section 2.5, the City may transfer the amounts which would have been deposited to the Bond Reserve Fund or any separate bond reserve fund to a Credit Facility as reimbursement for amounts paid under any insurance policy, surety bond or other similar financial instrument.

In the event the Bond Reserve Fund contains both cash or Permitted Investments and a surety bond or other financial instrument, then the cash and Permitted Investments shall be liquidated prior to drawing upon the surety bond or financial instrument. Further, replenishment of the Bond Reserve Fund shall be made first to the reinstatement of such surety bond or other financial instrument and then, at the option of the City, to cash or Permitted Investments.

SECTION 2.6. *Airport Improvement Fund.* Amounts held in the Airport Improvement Fund may be used for any lawful airport purpose including but not limited to the payment of obligations of the City relating to the Airport including general obligation bonds issued for airport purposes and any obligations owed by the City pursuant to leases or installment purchase agreements or other obligations relating to the Airport.

SECTION 2.7. *Construction Fund.* A special fund is hereby created and designated “*City of Phoenix Airport Construction Fund*” (the “*Construction Fund*”) into which the City shall deposit proceeds of Parity Bonds hereafter issued for the purpose of improving and extending the Airport. The money in said fund shall be applied to the payment of the cost of adding to, extending, improving, bettering and reconstructing the Airport and related facilities, or for the repayment of advances made for that purpose in accordance with and subject to the provisions and restrictions set forth in this Section or may be transferred to the Bond Fund if necessary to pay Principal Requirements or Interest Requirements on Bonds or if funds have been deposited therein to pay capitalized interest on Bonds. Any monies in said fund not presently needed for the payment of current obligations during the course of construction may be invested in Permitted Investments which provide funds in a manner expected to meet the needs of the project being financed. Any such investments shall be held for the account of the Construction Fund until maturity or until sold, and at maturity or upon such sale the proceeds received therefrom including accrued interest and premium, if any, shall be immediately deposited in said fund and shall be disposed of in the manner and for the purposes herein provided. Moneys may be transferred from the Construction Fund in accordance with policies of the City relating to the expenditure of City moneys.

SECTION 2.9. *Investment of Funds and Accounts.* Money in the aforementioned funds and accounts shall be invested and reinvested in Permitted Investments at the highest rates reasonably available (except to the extent that a restricted yield is required or advisable under the Code). Money in the Interest Account and the Principal Account may be invested by the City in Permitted Investments maturing or redeemable at the option of the holder prior to the next succeeding Bond Payment Date or Principal Payment Date, as applicable, but whenever the aggregate of the money in said accounts exceeds the amount necessary to pay interest and principal falling due on the next Bond Payment Date, such excess may be invested in Permitted Investments maturing or redeemable at the option of the holder prior to the next following Bond Payment Date. Whenever any money in the Bond Reserve Fund invested as above provided is needed for the payment of Principal Requirements of or Interest Requirements on the Bonds the City shall cause such investments to be liquidated at current market prices, to the amount required, without further instructions and shall cause the proceeds of such liquidation to be applied to the payment of Principal Requirements and Interest Requirements. Money in each of said funds shall be accounted for as a separate and special fund apart from all other City funds, provided that investments of money therein may be made in a pool of investments together with other money of the City of Phoenix so long as sufficient Permitted Investments in said pool, not allocated to other investments of contractually or legally limited duration, are available to meet the requirements of the foregoing provisions hereof.

SECTION 2.13. *Derivative Products.* The City reserves the right to enter into arrangements involving derivative products including swap agreements, forward agreements, interest rate agreements, and other similar agreements, to the extent permitted by law, and make payments on such agreements from Net Airport Revenues, and reserves the right to establish funds, accounts and subaccounts to make payment on such agreement and reserves the right to revise the flow of funds set forth in Section 2.2 of the Airport Revenue Bond Ordinance

provided that such revisions do not result in payments under such agreements being made on a basis which is senior to the payment of any Bonds. To the extent the City enters into such agreements and pledges Net Airport Revenues to the payment of such agreements on a parity with the Bonds, such agreements may only be incurred if the City satisfies the relevant Parity Bonds test set forth in Article III subject to the provisions set forth below in this Section 2.13. In determining whether the Parity Bonds test is satisfied in connection with any such agreements, the City is permitted to treat the amount or rate of interest on the Parity Bonds to which the applicable agreement applies as the amount payable under such agreement, provided that any agreement is with a Qualified Counterparty, thus the City is permitted to include the interest rate payable under such agreements in calculating the additional bonds test established in Article III. Further, the City is permitted to disregard the notional principal amount of any such agreement provided that such agreement is with a Qualified Counterparty. The City agrees to give written notice to the Rating Agency not less than thirty (30) days prior to entering into a Derivative Product payable from Net Airport Revenues.

SECTION 3.1. *No Prior Lien Bonds nor Parity Bonds Except as Herein Permitted.* The Bonds shall enjoy complete parity of lien on the Net Airport Revenues despite the fact that any of the Bonds may be delivered at an earlier date than any other of the Bonds. The City shall not (i) issue other obligations of any kind or nature or (ii) assume any additional obligations in connection with the acquisition by the City of other Airport facilities, payable from or enjoying a lien on the Net Airport Revenues or any part thereof having priority over or (except as hereinafter permitted) parity with the Bonds.

SECTION 3.2. *Additional Bonds for Refunding Purposes.* Any or all of the Bonds may be refunded at maturity, upon redemption in accordance with their terms or with the consent of the holders thereof, and the refunding bonds so issued shall constitute Parity Bonds; *provided, however,* that:

(a) An officer of the City shall certify that the Maximum Annual Debt Service becoming due and payable from the date of such determination to maturity or earlier redemption on the Bonds of all series to be Outstanding immediately after the date of authentication and delivery of such refunding bonds is not greater than 110% of the Maximum Annual Debt Service becoming due and payable from the date of such determination to maturity or earlier redemption on the Bonds of all series Outstanding immediately prior to the authentication and delivery of such refunding bonds; and

(b) The bonds being refunded will no longer be Outstanding upon the issuance of the refunding bonds.

SECTION 3.3. *Parity Bonds Generally.* Parity Bonds may also be issued pursuant to a Series Ordinance if the following conditions are satisfied:

(a) An officer of the City shall certify that either the Net Revenues for the most recently completed Fiscal Year for which audited financial statements are available or the Net Revenues for 12 consecutive months out of the most recent 18 calendar months, in each case together with Other Available Funds deposited in the Bond Fund during such period,* (i) were sufficient to satisfy the rate covenant set forth in Section 4.3 and (ii) would have been at least equal to 120% of Maximum Annual Debt Service for all Bonds to be Outstanding, including the Parity Bonds proposed to be issued; and

(b) A Consultant provides a report which projects that Net Revenues will be sufficient to satisfy the rate covenant set forth in Section 4.3 (including any Parity Bonds to be issued) in each Fiscal Year after subtracting from the amount required to be paid into the Bond Fund from the Revenue Fund any applicable Passenger Facility Charge Credit, which report addresses the period of time beginning with the first full Fiscal Year following the issuance of the Parity Bonds through the later of (i) three Fiscal Years following

* The additional bonds test in the Junior Lien Obligation Documents for Senior Lien Obligations does not permit the inclusion of Other Available Funds for purposes of Section 3.3(a). See "THE CITY PURCHASE AGREEMENT-Section 4.5. Additional Senior Lien Obligations Generally."

the expected date of completion (as provided to the Consultant by an officer of the City) of any construction projects to be financed at the Airport with the proceeds of the relevant Parity Bonds or (ii) five Fiscal Years following the issuance of the Parity Bonds.

SECTION 4.1. *In General.* The City hereby makes the following covenants, in addition to all other covenants in this Bond Ordinance, with each and every successive holder of any of the Bonds (including Parity Bonds) so long as any of said Bonds remain Outstanding.

SECTION 4.2. *Maintenance of the Airport in Good Condition.* The City shall maintain the Airport in good condition and operate the same in a proper and economical manner.

SECTION 4.3. *Rate Covenant.* The City covenants that it will in each Fiscal Year establish, maintain and enforce schedules of rates, fees and charges for the use of the Airport (i) sufficient to produce Net Airport Revenues at least equal to 125% of the amount required to be paid into the Bond Fund from the Revenue Fund, after subtracting Other Available Funds deposited in the Bond Fund, in such Fiscal Year and subtracting any Passenger Facility Charge Credit applicable to such Fiscal Year, provided that for purposes of this Section, the Principal Requirement and Interest Requirement for a series of Bonds to which a Derivative Product with a Qualified Counterparty applies may be determined after giving effect to the amount of interest paid on the Bonds plus/minus the amount due to/from the Qualified Counterparty with regard to the interest it has paid on the Derivative Product and exclusive of any payment which may be owed by the City upon termination prior to maturity of such Derivative Product and (ii) sufficient to produce amounts required to be deposited in the Bond Reserve Fund and any separate bond reserve fund for such Fiscal Year.

SECTION 4.4. *Books and Records.* The City shall maintain proper books and records accounting for the operation of the Airport. Such books and records shall be kept in accordance with standard accounting practices and procedures customarily used for airports of similar nature to the Airport. The City will cause such books to be audited annually by an Independent Certified Public Accountant.

SECTION 4.5. *Insurance.* The City will cause to be procured and maintained insurance (which may take the form of or include an adequately-funded program of self-insurance) covering the Airport properties and operations, of such kind and in the amounts normally carried by airports of comparable size, location and operations, including, but without limitation, fidelity insurance, public liability insurance, property damage insurance, fire and extended coverage insurance, use and occupancy or rental value insurance, product liability insurance, workmen's compensation insurance and hanger keeper's liability insurance. To the extent the City accumulates and maintains a fund for self-insurance, such insurance may be substituted for all or part of the insurance otherwise required to be carried under the provisions of this paragraph. All policies providing use and occupancy or rental value insurance shall be made payable to and deposited with the City and the City shall have the sole right to receive any proceeds of such policies and to collect any receipt for claims thereunder; provided, however, that any and all proceeds of use and occupancy or rental value insurance paid to the City shall be deposited by it forthwith to the credit of the Revenue Fund.

SECTION 4.6. *Sale or Lease of Airport.* The City covenants not to sell essential Airport property, whether real or personal, unless an officer of the City certifies that the City will be able to continue to meet the rate covenant set forth in Section 4.3 of the Airport Revenue Bond Ordinance in each of the five years after the sale or certifies that the value of the property to be sold and sold within the last twelve months does not exceed five percent (5%) of the total fair market value of the assets of the Airport as determined by an officer of the City.

Notwithstanding any of the foregoing provisions of this section, leases and other agreements and contracts for use of any services or facilities of the airport in effect at the time of delivery of the Bonds shall not be subject to revision except by agreement between the parties, with the concurrence of the Consultants, and the city may enter into new leases, or other agreements or contracts for the use of services or facilities of the airport on such

terms and for such periods of times as the City shall determine to be proper; provided, however, that no such new lease, agreement or contract shall provide for the payments of rents, fees or charges at a rate less than the rate prevailing at the airport for similar services or facilities at the time of delivery of the Bonds unless such rents, fees or charges shall be approved by the Consultants; and provided further that no such new lease agreement or contract (except land leases and except those which provide for a fixed minimum rental or a percentage of gross income, whichever is larger) shall be for a term exceeding 3 years unless:

1. It be negotiated on a net rent basis, (a "net lease") or
2. It contains provisions for renegotiation of the amount of the required payments without limit of intervals of not more than 3 years beginning with the date thereof;

and providing further that (other than a net lease, whether or not it provides for a fixed minimum rental or a percentage of gross income) no new lease, agreement or contract which provides for a fixed minimum rental or a percentage of gross income, whichever is larger, shall be for a term exceeding 10 years unless it contains provision for renegotiation of the fixed minimum rental and of the percentage of gross income without limit at the end of the initial 10 years, and at the end of each 5-year period thereafter.

SECTION 4.7. *Satisfaction of Liens.* The City will from time to time duly pay and discharge or cause to be paid and discharged all taxes, assessments and other governmental charges, if any, lawfully imposed upon the Airport or any part thereof or upon the Net Airport Revenues, as well as any lawful claims for labor, materials or supplies which if unpaid might by law become a lien or charge upon the Airport or the Revenues or any part thereof or which might impair the security of the Bonds, except when the City in good faith contests its liability to pay the same.

SECTION 7.1. *Provision for Payment.* Bonds for the payment or redemption of which sufficient moneys or sufficient Qualified Permitted Investments (as evidenced by the report of an Independent Certified Public Accountant) shall have been deposited with a bank or trust company doing business in the State of Arizona (whether upon or prior to the maturity or the redemption date of such Bonds) shall be deemed to be paid and no longer Outstanding under this Ordinance; *provided, however*, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or firm arrangements shall have been made for the giving thereof. Qualified Permitted Investments shall be considered sufficient for purposes of this Article VII only if said investments fall due and bear interest in such amounts and at such times as will assure sufficient cash (whether or not such Qualified Permitted Investments are redeemed by the City thereof pursuant to any right of redemption) to pay currently maturing interest and to pay principal and redemption premiums if any when due on the Bonds without rendering the interest on any Bonds taxable under the Code.

The City may at any time surrender to the Bond Registrar for cancellation by it any Bonds previously authenticated and delivered hereunder which the City may have acquired in any manner whatsoever. All such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

* * *

SECTION 8.1. *Supplemental Ordinances and Resolutions Not Requiring Consent of Bondholders.* The City, from time to time and at any time, subject to the conditions and restrictions in this Ordinance contained, may enact one or more ordinances or resolutions or both which thereafter shall form a part hereof, for any one or more or all of the following purposes:

- (a) To add to the covenants and agreements of the City in this Ordinance contained, other covenants and agreements thereafter to be observed or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City (including but not limited to the right to issue Parity Bonds under Article III);

(b) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Ordinance, to permit the issuance of coupon Bonds, capital appreciation bonds or cross over refunding bonds, or in regard to matters or questions arising under this Ordinance, as the City may deem necessary or desirable and not inconsistent with this Ordinance but only if such modifications do not result in materially diminishing the security hereby granted to the owners of any Bonds at the time Outstanding.

(c) To increase the size or scope of the Airport.

(d) To make amendments with respect to the use of an insurance policy, surety bond or other form of security in the Bond Reserve Fund and of the type referred to in Section 2.12 with respect to changes in the City's accounting system.

Any supplemental ordinance or resolution authorized by the provisions of this Section 8.1 may be enacted by the City without the consent of or notice to the owners of any of the Bonds at the time Outstanding, notwithstanding any of the provisions of Section 8.2.

SECTION 8.2. *Supplemental Ordinances Requiring Consent of Bondholders.* With the consent (evidenced as provided in Article VI) of the owners of not less than 51% in principal amount of the Bonds*, the City may from time to time and at any time adopt an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Ordinance or of any supplemental ordinance; *provided, however*, that no such supplemental ordinance shall (1) extend the fixed maturity of any Bond or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce or extend the time for payment of any premium payable on the redemption thereof, without the consent of the owner of each Bond so effected, or (2) reduce the aforesaid percentage of owners of the Bonds required to approve any such supplemental ordinance without the consent of the owners of all Bonds, or (3) deprive the owner of a Bond of the right to payment of the Bond or from the Net Revenues, in each case, without the consent of the owners of all Bonds so effected. For purposes of determining whether the 51% test of the preceding sentence shall have been met, the principal amount of any Compound Interest Bonds from time to time Outstanding shall be determined by reference to the accreted value of such Compound Interest Bonds on the date of such determination. No amendment may be made under this Section 8.2 which affects the rights or duties of the insurer of any of the Bonds or any Credit Facility (including the issuer of any insurance policy or surety bond deposited in the Bond Reserve Fund or any separate bond reserve fund) without its consent.

It shall not be necessary for the consent of the Bondholders under this Section 8.2 to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the enactment by the City of any supplemental ordinance pursuant to the provisions of this Section 8.2, the City shall cause the Bond Registrar to mail a notice by registered or certified mail to the registered owners of all Bonds Outstanding at their addresses shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar setting forth in general terms the substance of such supplemental ordinance.

THE CITY PURCHASE AGREEMENT

SECTION 2.1. *Agreement to Issue 2025 Junior Bonds; Application of Bond Proceeds.* (a) In order to provide for the refunding of the Bonds Being Refunded, to provide a deposit to the Junior Lien Parity Reserve

* Junior Lien Obligations are not included in the definition of Bonds.

Fund and to pay for the costs of issuance of the 2025 Junior Bonds, the Corporation will cause to be issued under the Indenture \$84,635,000.00 aggregate principal amount of 2025 Junior Bonds, maturing and bearing interest as provided in the Indenture, as executed and delivered on the date of issuance of the 2025 Junior Bonds. A portion of the proceeds of the 2025 Junior Bonds shall be deposited with the Escrow Agent under the Escrow Agent Agreement.

(b) The City will pay the reasonable expenses of the Corporation and the Trustee, if any, including, but not limited to, out-of-pocket expenses and charges, fees and disbursements of counsel, including bond counsel, if any, all printing expenses, and all other expenses reasonably incurred by the Corporation and the Trustee, if any, by reason of the execution of this City Purchase Agreement.

SECTION 2.4. Revised Flow of Funds Under Airport Revenue Bond Ordinance and Junior Lien Obligation Bond Documents. As authorized by Section 2.2 of the Airport Revenue Bond Ordinance, the revised flow of funds set forth in Section 2.6 of the 2019 Junior Lien City Purchase Agreement is hereby incorporated by reference.

SECTION 2.5. Derivative Products. The City reserves the right to enter into Derivative Products pursuant to Section 2.13 of the Airport Revenue Bond Ordinance. The City also reserves the right to enter into a Junior Lien Derivative Product, to the extent permitted by law, and make payments on such agreements from Designated Revenues, and reserves the right to establish funds, accounts and subaccounts to make payment on such agreement and reserves the right to revise the flow of funds set forth in Section 2.2 of the Airport Revenue Bond Ordinance and in Section 2.4 of the City Purchase Agreement provided that such revisions, except as permitted pursuant to Section 2.13 of the Airport Revenue Bond Ordinance, do not result in payments under such agreements being made on a basis which is senior to the payment of any Junior Lien Obligations. To the extent the City enters into such agreements and pledges Designated Revenues to the payment of such agreements on a parity with the Junior Lien Obligations, such agreements may only be incurred if the City satisfies the relevant additional obligations test set forth in Article IV of the City Purchase Agreement subject to the provisions set forth below in this Section 2.5. In determining whether the additional obligations test is satisfied in connection with any such agreements, the City is permitted to treat the amount or rate of interest on the Junior Lien Obligations to which the applicable agreement applies as the amount payable under such agreement, provided that any agreement is with a Qualified Junior Lien Counterparty, thus the City is permitted to include the net payment due under such agreements in calculating the additional obligations test established in Article IV. Further, the City is permitted to disregard the notional principal amount of any such agreement provided that such agreement is with a Qualified Junior Lien Counterparty. The City agrees to give written notice to the Rating Agency not less than thirty (30) days prior to entering into a Junior Lien Derivative Product payable from Designated Revenues.

SECTION 2.6. Junior Lien Parity Reserve Fund. (a) As permitted by Section 2.2 of the Airport Revenue Bond Ordinance, Section 2.7 of the 2017 Junior Lien City Purchase Agreement and Section 2.8 of the 2019 Junior Lien City Purchase Agreement, the Junior Lien Parity Reserve Fund shall secure the payment of the Series 2017D Junior Bonds, the Series 2019 Junior Bonds and the 2025 Junior Bonds and except as otherwise provided Section 2.7(d) of the 2017 Junior Lien City Purchase Agreement, Section 2.8(d) of the 2019 Junior Lien City Purchase Agreement and Section 2.6(d) of the City Purchase Agreement shall not be available to make payments on any other Junior Lien Obligations or Senior Lien Obligations or any of the City's obligations hereunder other than pursuant to Section 3.3(a), (b) and (c) of the 2017 Junior Lien City Purchase Agreement with respect to the Series 2017D Junior Bonds, Section 3.3(a), (b) and (c) of the 2019 Junior Lien City Purchase Agreement with respect to the Series 2019 Junior Bonds and Section 3.3(a), (b) and (c) of the City Purchase Agreement with respect to the 2025 Junior Bonds.

(b) The Junior Lien Parity Reserve Fund shall be funded in an amount equal to the Junior Lien Parity Debt Service Reserve Requirement. The City will, concurrently herewith, cause to be deposited with the Bond Trustee

\$ from proceeds of the 2025 Junior Bonds representing the balance of the Junior Lien Parity Debt Service Reserve Requirement. The Junior Lien Parity Reserve Fund may be funded with cash, Permitted Investments (as defined in the Airport Revenue Bond Ordinance) or a surety bond or other similar financial instrument meeting the requirements of Section 2.5 of the Airport Revenue Bond Ordinance but with a rating of “Aaa” by Moody’s and “AAA” by S&P if in the form of a surety bond or insurance policy (a “*Qualified Surety Bond*”). In the event the City chooses to provide Qualified Surety Bond in substitution for the initial cash deposit or a subsequent Qualified Surety Bond, the City shall receive a certificate or an opinion to the effect that the Qualified Surety Bond is a binding obligation of the issuer thereof and shall receive evidence that the issuer thereof has the required credit ratings. Any substitution of a Qualified Surety Bond for a cash deposit funded from Series 2017D Junior Bond, Series 2019A Junior Bond, Series 2019B Junior Bond or 2025 Junior Bond proceeds shall be subject to receipt by the City of an opinion of nationally recognized bond counsel that such substitution will not cause interest or any of the Series 2017D Junior Bonds, Series 2019A Junior Bond, Series 2019B Junior Bond or 2025 Junior Bonds to become includible in gross income for federal income tax purposes. Each such Qualified Surety Bond shall be unconditional and irrevocable and shall provide such security as is described in Section 2.5 of the Airport Revenue Bond Ordinance. In the event the Junior Lien Parity Reserve Fund contains both cash or Permitted Investments and a surety bond or other financial instrument, then the cash and Permitted Investments shall be liquidated prior to drawing upon the surety bond or financial instrument. Further, replenishment of the Junior Lien Parity Reserve Fund shall be made, subject to the flow of funds established in Section 2.4 of the City Purchase Agreement, first to the reinstatement of such Qualified Surety Bond and then, at the option of the City, to cash or Permitted Investments. In the event the amount on deposit in the Junior Lien Parity Reserve Fund consists of cash or Permitted Investments with a value in excess of the Junior Lien Parity Debt Service Reserve Requirement, the Bond Trustee shall, at the direction of the City, transfer such excess to the City.

(c) In the event amounts are withdrawn from the Junior Lien Parity Reserve Fund to pay principal of or interest on the Series 2017D Junior Bonds, Series 2019 Junior Bonds, 2025 Junior Bonds or any other Junior Lien Obligations to the extent permitted under Section 2.6(d) of the City Purchase Agreement, the City shall replenish the Junior Lien Parity Reserve Fund as required by Sections 2.3 and 2.4 of the City Purchase Agreement and/or reimburse the provider of a Qualified Surety Bond on a pro rata basis with amounts to be used to reimburse a Junior Lien Credit Facility for Junior Lien Obligations other than the Series 2017D Junior Bonds, Series 2019 Junior Bonds, 2025 Junior Bonds or other Junior Lien Obligations secured thereby, and/or replenish any other reserve funds established for Junior Lien Obligations on a basis subordinate to payment of Junior Lien Obligations.

(d) At the direction of the City, upon notice to the Trustee, Section 2.4 and this Section 2.6 may be amended without notice to, or consent of the owners of the Series 2017D Junior Bonds, Series 2019 Junior Bonds or 2025 Junior Bonds to provide that the Junior Lien Parity Reserve Fund shall be a parity reserve fund for the benefit of one or more series of Junior Lien Obligations. In connection with any such amendment, the Junior Lien Parity Debt Service Reserve Requirement shall be modified only to the extent necessary to reflect on an aggregate basis the principal amount and annual debt service requirements of the Junior Lien Obligations to be secured by the Junior Lien Parity Reserve Fund. The Trustee is authorized to enter into an intercreditor agreement (or jointly signed closing certificate) with the trustee for any Junior Lien Obligations to be secured by the Junior Lien Parity Reserve Fund to acknowledge the parity nature of the Junior Lien Parity Reserve Fund.

(e) If the City chooses the above described alternatives to a cash-funded Junior Lien Parity Reserve Fund, any amounts owed by the City to the issuer of such credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to Sections 4.2, 4.3 and 4.6(b) of the City Purchase Agreement.

SECTION 2.8. *Reserve Funds for Additional Junior Lien Obligations.* The City reserves the right to establish and maintain additional separate reserve funds required in connection with the issuance, and for the

benefit of, additional Junior Lien Obligations. The funding of such reserve funds shall be subject to Section 2.4 of the City Purchase Agreement.

SECTION 3.1. *Agreement of Sale.* The Corporation has sold to the City the Refinanced Property pursuant to the Prior City Agreement. In consideration for the reduction in purchase payments owed under the Prior City Agreement resulting from the refinancing of the Bonds Being Refunded, the City hereby agrees that it will pay to the account of the Corporation at the designated office of the Trustee, as the Purchase Price of the Refinanced Property, but only from the Designated Revenues and other amounts pledged hereby, an amount equal to the aggregate of the sums prescribed by Section 3.3 of the City Purchase Agreement and elsewhere in this City Purchase Agreement, to be paid at or before the respective dates called for in said Section 3.3 or elsewhere in this City Purchase Agreement.

SECTION 3.3. *Amounts of Purchase Price Payable Upon Issuance of 2025 Junior Bonds.* The City agrees that it will pay, solely from the Designated Revenues, Other Available Monies and funds committed pursuant to Section 3.5(b) of the City Purchase Agreement, as the Purchase Price of the Refinanced Property, the aggregate of the amounts for which provision is made in this Section and elsewhere in this City Purchase Agreement.

(a) On or before the last Business Day of each December and June, commencing December 31, 2025, until principal of and interest on the 2025 Junior Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the City shall pay into the 2025 Junior Lien Interest Account, solely from the Designated Revenues, Other Available Monies and funds committed pursuant to Section 3.5(b) of the City Purchase Agreement, a sum equal to the interest on the 2025 Junior Bonds falling due on the next succeeding 2025 Junior Bond Payment Date.

(b) On or before the last Business Day of June, 2026 and the last Business Day of each June thereafter, until principal of and interest on the Junior Lien Bonds has been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the City shall pay into the 2025 Junior Lien Principal Account, solely from the Designated Revenues, Other Available Monies and funds committed pursuant to Section 3.5(b) of the City Purchase Agreement, a sum equal to the Junior Lien Principal Requirement for the 2025 Junior Bonds for the then current Bond Year.

(c) If at any 2025 Junior Bond Payment Date following delivery of the 2025 Junior Bonds the balance available in the 2025 Junior Lien Bond Fund is insufficient to make required payments of principal and interest due on such date, the City will pay solely from the Designated Revenues, Other Available Monies and funds committed pursuant to Section 3.5(b) of the City Purchase Agreement, any such deficiency in sufficient time to prevent default in the payment of principal of or interest on the 2025 Junior Bonds falling due on such 2025 Junior Bond Payment Date; provided however, that any amount at any time held by the Trustee in the 2025 Junior Bond Interest Account shall be credited against the aforesaid obligations next thereafter required to be met by the City, but only to the extent such amount is in excess of the amount required for payment of past due interest on any Junior Lien Obligations, whether or not such Junior Lien Obligations shall have been presented for payment.

(d) The City shall pay the amounts required to replenish the Junior Lien Parity Reserve Fund and reimburse the provider of a Qualified Surety Bond as set forth in Section 2.4 and 2.6 of the City Purchase Agreement.

(e) The City shall pay to the Trustee its fees and expenses in accordance with the provisions of the Indenture.

(f) In the event the City should fail to pay when due any of the amounts required in this Section, the item or installment so in default shall continue as an obligation of the City payable, solely from the Designated Revenues, Other Available Monies and amounts in the Junior Lien Parity Reserve Fund, until the amount in default shall have been fully paid, and the City agrees to pay the same with interest thereon at the rate applicable to the corresponding maturities of 2025 Junior Bonds, from the date said payment was to be made to the date of payment by the City until paid.

(g) The City shall pay to the official entitled to collect the same, when due, all taxes of whatever nature, if any, that may be imposed upon the Refinanced Property, the Corporation, its property, operations or income, whether by state, local or federal government, and including every governmental charge whether for services rendered or not, which the Corporation is required or may be required by law to pay with respect to the Refinanced Property.

(h) To the extent not paid from proceeds of the 2025 Junior Bonds, the City shall pay to the Corporation amounts sufficient to reimburse the Corporation for all its expenses in connection with the issuance of the 2025 Junior Bonds and this City Purchase Agreement if and when paid by the Corporation. Such amounts shall be paid from the Designated Revenues to the Corporation, if a City Representative submits a requisition, signed by an officer of the Corporation, accompanied by invoices showing that the payments represented thereby have been made for purposes approved by the City, such amounts shall be paid from Designated Revenues as directed by the Corporation.

SECTION 3.5. *Limitation on Source of City Payments.*

Except to the extent the City determines to make payments from Other Available Monies, all amounts to be paid by the City under any section of this City Purchase Agreement shall be payable solely from the Designated Revenues. Under no circumstances shall amounts paid under this City Purchase Agreement from Other Available Monies constitute a pledge of such Other Available Monies and amounts payable by the City hereunder shall never constitute a general obligation of the City or a pledge of ad valorem taxes by the City.

SECTION 4.1. *Prior Lien Airport Revenue Obligations.* The City shall not incur any obligations payable from the Net Revenues except for (a) additional Senior Lien Obligations issued for the purpose of refunding other Senior Lien Obligations upon meeting the conditions specified in the Senior Lien Obligation Documents and upon meeting the conditions specified in Section 4.4 of the City Purchase Agreement, (b) additional Senior Lien Obligations issued for other than refunding purposes upon meeting the conditions specified in the Senior Lien Obligation Documents and upon meeting the conditions specified in Section 4.5 of the City Purchase Agreement and (c) Derivative Products meeting the requirements of the Airport Revenue Bond Ordinance.

The City shall not incur any obligations payable from the Designated Revenues in the future on a parity with its obligations under this City Purchase Agreement except for (i) additional Junior Lien Obligations entered into or issued for the purpose of refunding the Junior Lien Obligations or Senior Lien Obligations if upon the incurring of such Junior Lien Obligations, the conditions specified in Section 4.2 of the City Purchase Agreement are met, or (ii) additional Junior Lien Obligations entered into or issued for purposes other than refunding the other Junior Lien Obligations or Senior Lien Obligations if, upon the incurring of such Junior Lien Obligations, the conditions specified in Section 4.3 of the City Purchase Agreement are met.

Subject to the foregoing, the City reserves the right to incur additional Senior Lien Obligations and Junior Lien Obligations.

SECTION 4.2. *Additional Junior Lien Obligations for Refunding Purposes.* Any or all of the Junior Lien Obligations or Senior Lien Obligations may be refunded at maturity, upon redemption in accordance with their terms or with the consent of the holders thereof, and the refunding obligations so issued, if so designated by the City, shall constitute Junior Lien Obligations *provided, however*, that if any of the existing Junior Lien Obligations shall remain after the issuance of such refunding obligations:

(a) An officer of the City shall certify that the Maximum Annual Junior Lien Debt Service becoming due and payable from the date of such determination to maturity or earlier redemption on the Junior Lien Obligations of all series to be Outstanding immediately after the date of authentication and delivery of such refunding bonds is not greater than 110% of the Maximum Annual Junior Lien Debt Service becoming due and payable from the date of such determination to maturity or earlier redemption on the Junior Lien Obligations of all series Outstanding immediately prior to the authentication and delivery of such refunding bonds; and

(b) The bonds being refunded will no longer be outstanding upon the issuance of the refunding bonds.

SECTION 4.3. *Junior Lien Obligations Generally.* Additional Junior Lien Obligations may also be issued if the following conditions are satisfied:

(a) An officer of the City shall certify that either the Designated Revenues for the most recently completed Fiscal Year for which audited financial statements are available or the Designated Revenues for any 12 consecutive months out of the most recent 24 calendar months were sufficient to satisfy the rate covenant set forth in Section 4.6(b) of the City Purchase Agreement and would have been at least equal to 110% of the Maximum Annual Junior Lien Debt Service for all Junior Lien Obligations to be Outstanding, including the Junior Lien Obligations proposed to be issued; or

(b) A Consultant provides a report which projects that Designated Revenues will be sufficient to satisfy the rate covenant set forth in Section 4.6(b) of the City Purchase Agreement (including any Junior Lien Obligations to be issued) in each Fiscal Year after subtracting from the amount required to be paid *into* the Junior Lien Bond Fund from the Revenue Fund any applicable Junior Lien Passenger Facility Charge Credit, which report addresses the period of time beginning with the first full Fiscal Year following the issuance of the Junior Lien Obligations through the later of (i) three Fiscal Years following the expected date of completion (as provided to the Consultant by an officer of the City) of any construction projects to be financed at the Airport with the proceeds of the relevant Junior Lien Obligations or (ii) five Fiscal Years following the issuance of the Junior Lien Obligations.

SECTION 4.4. *Additional Senior Lien Obligations for Refunding Purposes.* Any or all of the Senior Lien Obligations or Junior Lien Obligations may be refunded at maturity, upon redemption in accordance with their terms or with the consent of the holders thereof, and, if so designated by the City, the refunding bonds so issued shall constitute Parity Bonds; *provided, however*, that:

(a) An officer of the City shall certify that the Maximum Annual Debt Service becoming due and payable from the date of such determination to maturity or earlier redemption on the Bonds of all series to be Outstanding immediately after the date of authentication and delivery of such refunding bonds is not greater than 110% of the Maximum Annual Debt Service becoming due and payable from the date of such determination to maturity or earlier redemption on the Bonds of all series Outstanding immediately prior to the authentication and delivery of such refunding bonds; and

(b) The bonds being refunded will no longer be outstanding upon the issuance of the refunding bonds.

SECTION 4.5. *Additional Senior Lien Obligations Generally.* Senior Lien Obligations may also be issued if the following conditions are satisfied:

(a) An officer of the City shall certify that either the Net Revenues for the most recently completed Fiscal Year for which audited financial statements are available or the Net Revenues for any 12 consecutive months out

of the most recent 18 calendar months (i) were sufficient to satisfy the rate covenant set forth in Section 4.6(a) of the City Purchase Agreement and (ii) would have been at least equal to 120% of Maximum Annual Debt Service for all Bonds to be Outstanding, including the Parity Bonds proposed to be issued; and

(b) A Consultant provides a report which projects that Net Revenues will be sufficient to satisfy the rate covenant set forth in Section 4.6(a) (including any Parity Bonds to be issued) in each Fiscal Year after subtracting from the amount required to be paid into the Bond Fund from the Revenue Fund any applicable Passenger Facility Charge Credit, which report addresses the period of time beginning with the first full Fiscal Year following the issuance of the Parity Bonds through the later of (i) three Fiscal Years following the expected date of completion (as provided to the Consultant by an officer of the City) of any construction projects to be financed at the Airport with the proceeds of the relevant Parity Bonds or (ii) five Fiscal Years following the issuance of the Parity Bonds.

SECTION 4.6. *Rate Covenant.* (a) The City covenants that it will in each Fiscal Year establish, maintain and enforce schedules of rates, fees and charges for the use of the Airport (i) sufficient to produce Net Revenues at least equal to 125% of the amount required to be paid into the Bond Fund from the Revenue Fund, after subtracting Other Available Funds deposited in the Bond Fund in such Fiscal Year and after subtracting any Passenger Facility Charge Credit applicable to such Fiscal Year, provided that for purposes of this Section, the Principal Requirement and Interest Requirement for a series of Bonds to which a Derivative Product with a Qualified Counterparty applies may be determined after giving effect to the netting provisions of Section 2.13 of the Airport Revenue Bond Ordinance and exclusive of any payment which may be owed by the City upon termination prior to maturity of such Derivative Product and (ii) sufficient to produce amounts required to be deposited in the Bond Reserve Fund and any separate bond reserve fund for such Fiscal Year.

(b) The City further covenants that it will in each Fiscal Year establish, maintain and enforce schedules of rates, fees and charges for the use of the Airport (i) sufficient to produce Designated Revenues at least equal to 110% of the amount required to be paid into the Junior Lien Bond Fund from the Revenue Fund, net of Other Available Funds deposited in the Junior Lien Bond Fund in such Fiscal Year after subtracting any Junior Lien Passenger Facility Charge Credit applicable to such Fiscal Year, provided that for purposes of this Section, the Junior Lien Principal Requirement and Junior Lien Interest Requirement for a series of Junior Lien Obligations to which a Junior Lien Derivative Product with a Qualified Junior Lien Counterparty applies may be determined after giving effect to the netting provisions of Section 2.5 of the City Purchase Agreement and exclusive of any payment which may be owed by the City upon termination prior to maturity of such Derivative Product and (ii) sufficient to produce amounts required to be deposited in the Junior Lien Parity Reserve Fund and any separate bond reserve fund for Junior Lien Obligations for such Fiscal Year.

SECTION 4.7. *Subordinate Junior Lien Obligations.* The City reserves the right to issue or enter into obligations payable from Designated Revenues after payment of Junior Lien Obligations, which are subordinate to the City's obligation to pay the Purchase Price hereunder.

SECTION 5.1. *In General.* The City hereby makes the following covenants, in addition to those contained in the Airport Revenue Bond Ordinance (which are incorporated by reference herein) and in Article IV of the City Purchase Agreement, so long as any of the 2025 Junior Bonds remain Outstanding under the Indenture. The Corporation, or the Trustee, as their respective interests appear, shall have the right to enforce all of the covenants and agreements of the City contained in the Airport Revenue Bond Ordinance.

SECTION 5.3. *Maintenance and Utilities.* All maintenance and repair of the Refinanced Property and utilities therefor shall be the responsibility of the City. In exchange for the payment of the Purchase Price hereunder, the Corporation agrees to provide nothing more than the Refinanced Property and the funds to discharge amounts under the Prior City Agreement.

SECTION 7.1. *Events of Default.* Any one or more of the following events (herein called “*Events of Default*”) shall constitute a default hereunder:

- (a) An Event of Default under Section 5.1 of the Airport Revenue Bond Ordinance;
- (b) or the City shall fail to make any payment of the Purchase Price under Section 3.3(a) or (b) of the City Purchase Agreement or
- (c) The City shall fail to make any payment of the Purchase Price under Section 3.3(c), (d) or (e) of the City Purchase Agreement for a period of 30 days after notice of such failure shall have been given in writing to the City by the Corporation or by the Trustee; or
- (d) The City shall fail to perform any other covenant herein for a period of 30 days after written notice specifying such default shall have been given to the City by the Corporation or the Trustee, provided that if such failure be such that it cannot be remedied within such 30-day period, it shall not be deemed an Event of Default so long as the City diligently tries to remedy the same.

SECTION 7.2. *Remedies on Default by City.* Upon the occurrence of an Event of Default as above defined, the Corporation shall, but only if requested to do so by the Trustee, without further demand or notice, exercise any of the available remedies at law or in equity, including, but not limited to, specific performance, however, under no circumstances may amounts due hereunder be accelerated. The Corporation may assign any or all of its rights and privileges under this Section to the Trustee, and upon furnishing evidence of such assignment to the City, the Trustee may, subject to Section 7.12 of the Indenture, exercise any or all of such rights or privileges as it may deem advisable.

SECTION 7.3. *Default by Corporation.* The Corporation shall in no event be in default in the performance of any of its obligations hereunder unless and until the Corporation shall have failed to perform such obligation within 30 days or such additional time as is reasonably required to correct any such default after notice by the City to the Corporation properly specifying wherein the Corporation has failed to perform any such obligation. No default by the Corporation shall relieve the City of its obligations to make the various payments herein required, so long as any of the 2025 Junior Bonds remain outstanding; however, the City may exercise any other remedy available at law or in equity to require the Corporation to remedy such default so long as such remedy does not interfere with or endanger the payments required to be made to the Trustee under the Indenture.

THE INDENTURE

The information set forth below summarizes or paraphrases certain provisions of the Indenture.

SECTION 1.3. *All 2025 Junior Bonds Not General Obligations of the Corporation.* The 2025 Junior Bonds herein authorized and the payments to be made by the Corporation thereon and into the various funds established under this Indenture are not general obligations of the Corporation but are limited obligations payable solely from payments under the City Purchase Agreement.

SECTION 5.3. *Flow of Funds.* So long as any 2025 Junior Bonds are Outstanding, in each Bond Year, payments received by the Bond Trustee shall be applied in the following manner and order of priority:

- (a) *2025 Junior Lien Interest Account.* The Bond Trustee shall deposit to the 2025 Junior Lien Interest Account on or before the last Business Day of each December and June an amount equal to the amount of interest to be paid on Outstanding 2025 Junior Bonds on the next 2025 Bond Payment Date. Monies in the 2025 Junior Lien Interest Account shall be used to pay interest on the 2025 Junior Bonds as it becomes due.

(b) *2025 Junior Lien Principal Account.* The Bond Trustee shall deposit to the 2025 Junior Lien Principal Account on or before the last Business Day of each June (in each Bond Year ending on a date on which 2025 Junior Bonds mature or are subject to mandatory redemption), an amount equal to the principal amount at maturity plus an amount equal to any mandatory sinking fund redemption requirement of Section 3.2(c) of the City Purchase Agreement of 2025 Junior Bonds Outstanding which will mature or be subject to mandatory redemption on the last day of such Bond Year. Monies in the 2025 Junior Lien Principal Account shall be used to retire 2025 Junior Bonds by payment at their scheduled maturity or their mandatory sinking fund retirement date.

(c) *2025 Redemption Account.* If the City makes an optional prepayment of any installment of principal which is to be applied to redeem 2025 Junior Bonds in accordance with Section 3.2(a) of the Indenture and specifying the amount and maturities of 2025 Junior Bonds to be redeemed and the optional redemption date, the amount so paid shall be credited to the 2025 Redemption Account and applied promptly by the Bond Trustee, first, to cause the amounts credited to the 2025 Junior Lien Interest Account or the 2025 Junior Lien Principal Account of the 2025 Junior Bond Fund, in that order, to be not less than the amounts then required to be credited thereto, and, second, to retire 2025 Junior Bonds by purchase, redemption or both purchase and redemption in accordance with the City's directions. Any such purchase shall be made at the best price obtainable with reasonable diligence and no 2025 Junior Bond shall be so purchased at a cost or price (including brokerage fees or commissions or other charges), excluding accrued interest, which exceeds the redemption price at which such 2025 Junior Bond could be redeemed on the date of purchase or on the next succeeding date upon which such 2025 Junior Bond is subject to redemption, plus accrued interest, to the date of purchase. Any such redemption shall be of 2025 Junior Bonds then subject to redemption at the redemption price then applicable for redemption of such 2025 Junior Bonds.

Any balance remaining in the 2025 Redemption Account after the purchase or redemption of 2025 Junior Bonds in accordance with the City's directions shall be transferred to the 2025 Junior Lien Interest Account.

Any balance remaining in the 2025 Junior Lien Redemption Account after the purchase or redemption of 2025 Junior Bonds in accordance with the City's directions shall be transferred to the 2025 Junior Lien Interest Account.

SECTION 5.4. *Junior Lien Parity Reserve Fund.*

(a) In accordance with Section 2.5 of the Airport Revenue Bond Ordinance, Section 2.7 of the 2017 Junior Lien City Purchase Agreement, Section 2.8 of the 2019 Junior Lien City Purchase Agreement and Section 2.6 of the City Purchase Agreement, the Corporation has assigned to the 2017 Trustee, the 2019 Trustee and the Bond Trustee the Junior Lien Parity Reserve Fund which shall be used to make payments on the Series 2017D Junior Bonds, the Series 2019 Junior Bonds and the 2025 Junior Bonds and shall not be available to make payments on any other Junior Obligations or Senior Obligations, (except as otherwise provided in Section 2.7(d) of the 2017 Junior Lien City Purchase Agreement, Section 2.8(d) of the 2019 Junior Lien City Purchase Agreement, Section 2.6(d) of the City Purchase Agreement and Section 5.4(c) of the Indenture) or any of the City's obligations under the City Purchase Agreement other than pursuant to Section 3.3(a) (b) and (c) of the 2017 Junior Lien City Purchase Agreement, Section 3.3(a), (b) or (c) of the 2019 Junior Lien City Purchase Agreement and Section 3.3(a), (b) and (c) of the City Purchase Agreement. In the event there is not on deposit the amounts at the times in the respective accounts described in Section 5.3(a), (b) and (c) of the 2017 Indenture, Section 5.3(a) (b) and (c) of the 2019 Indenture and Section 5.3(a), (b) or (c) of the Indenture, the amount of such deficiency shall be paid directly from the Junior Lien Parity Reserve Fund.

(b) The Junior Lien Parity Reserve Fund may be funded with cash, Permitted Investments or a Qualified Surety Bond meeting the requirements of Sections 2.7 and 2.8 of the 2017 Junior Lien City Purchase Agreement, Sections 2.8 and 2.9 of the 2019 Junior Lien City Purchase Agreement and Sections 2.6 and 2.7 of the City Purchase Agreement and Section 2.5 of the Airport Revenue Bond Ordinance. As described in Section 5.2 of the Indenture, the City has caused to be deposited with the 2017 Trustee, the 2019 Trustee and the

Bond Trustee cash in an amount equal to the Junior Lien Parity Debt Service Reserve Requirement (as defined in the City Purchase Agreement). In the event the City chooses to provide a Qualified Surety Bond in substitution for the initial cash deposit or a subsequent Qualified Surety Bond, the City shall receive a certificate or an opinion to the effect that the Qualified Surety Bond is a binding obligation of the issuer thereof and shall receive evidence that the issuer thereof has the required credit ratings. Any substitution of a Qualified Surety Bond for a cash deposit funded from Series 2017D Junior Bond proceeds, Series 2019A Junior Bond proceeds, Series 2019B Junior Bond proceeds or 2025 Junior Bond proceeds shall be subject to receipt by the City of an opinion of nationally recognized bond counsel that such substitution will not cause interest or any of the Series 2017D Junior Bonds, Series 2019A Junior Bonds, Series 2019B Junior Bonds or 2025 Junior Bonds to become includible in gross income for federal income tax purposes. Each such Qualified Surety Bond shall be unconditional and irrevocable and shall provide such security as is described in Section 2.5 of the Airport Revenue Bond Ordinance.

In the event the Junior Lien Parity Reserve Fund contains both cash or Permitted Investments and a surety bond or other financial instrument, then the cash and Permitted Investments shall be liquidated prior to drawing upon the surety bond or financial instrument. Further, replenishment of the Junior Lien Parity Reserve Fund shall be made, subject to the flow of funds established in Sections 2.4 and 2.5 of the 2017 Junior Lien City Purchase Agreement, Sections 2.5 and 2.6 of the 2019 Junior Lien City Purchase Agreement and Section 2.4 of the City Purchase Agreement and, first to the reinstatement of such Qualified Surety Bond and then, at the option of the City, to cash or Permitted Investments. In the event the amount on deposit in the Junior Lien Parity Reserve Fund consists of cash or Permitted Investments with a value in excess of the Junior Lien Parity Debt Service Reserve Requirement, the 2017 Trustee, the 2019 Trustee and the Bond Trustee shall, at the direction of the City, transfer such excess to the City.

(c) At the direction of the City, upon notice to the Trustee, this Section and Section 2.7 of the 2017 Junior Lien City Purchase Agreement, Section 2.8 of the 2019 Junior Lien City Purchase Agreement and Section 2.6 of the City Purchase Agreement may be amended without notice to, or consent of the owners of the Series 2017D Junior Bonds, the Series 2019 Junior Bonds or the 2025 Junior Bonds to provide that the Junior Lien Parity Reserve Fund shall be a parity reserve fund for the benefit of one or more series of Junior Obligations. In connection with any such amendment, the Junior Lien Parity Service Reserve Requirement shall be modified only to the extent necessary to reflect on an aggregate basis the principal amount and annual debt service requirements of the Junior Obligations to be secured by the Junior Lien Parity Reserve Fund. The Bond Trustee is authorized to enter into an intercreditor agreement (or jointly signed closing certificate) with the trustee for any Junior Lien Obligations to be secured by the Junior Lien Parity Reserve Fund to acknowledge the parity nature of the Junior Lien Parity Reserve Fund.

SECTION 6.1. *Payment of Principal and Interest.* Subject to the limited liability and sources of payment specified herein, the Corporation covenants that it will promptly cause to be paid amounts due on the 2025 Junior Bonds at the place, on the dates and in the manner provided herein and in said 2025 Junior Bonds according to the terms thereof. The amounts due on the 2025 Junior Bonds are payable solely from moneys held or received by the Trustee hereunder or under the Purchase Agreement, all of which are hereby specifically assigned and pledged to such payment in the manner and to the extent specified herein and nothing herein or in the 2025 Junior Bonds shall be construed as assigning or pledging any other funds or assets of the Corporation.

SECTION 6.4. *Rights under Purchase Agreement.* The Corporation agrees that the Trustee in its own name or in the name of the Corporation upon notice to the Corporation may enforce all rights of the Corporation and all obligations of the City (except with respect to the Corporation's rights to indemnity and to reimbursement or payment of expenses and fees and certain other rights that are not assigned hereunder) under the Purchase Agreement for and on behalf of the Holders, whether or not the Corporation is then in default hereunder.

SECTION 7.1. *Events of Default.* Each of the following is hereby declared an “Event of Default” under the Indenture:

(a) If payment of any installment of interest on any 2025 Junior Bond shall not be made in full when the same becomes due and payable;

(b) If payment of the principal or redemption premium, if any, on any 2025 Junior Bond shall not be made in full when the same becomes due and payable;

(c) If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of all or any part of the interests pledged hereunder and such custody or control shall continue for more than 60 days;

(d) If the Corporation shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions on its part to be performed as provided herein or in the 2025 Junior Bonds and such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Corporation and the City by the Trustee, unless within such 30 days the Corporation shall have commenced and be diligently pursuing in good faith appropriate corrective action to the satisfaction of the Trustee; the Trustee may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 25% in principal amount of the 2025 Junior Bonds then Outstanding;

(e) Any “*Event of Default*” under the City Purchase Agreement; or

(f) The City fails to comply with any applicable provision of the Tax Exemption Certificate with the result that interest on any of the 2025 Junior Bonds becomes includible in gross income for purposes of federal income taxes.

SECTION 7.2. *Remedies and Enforcement of Remedies.* (a) Upon the occurrence and continuance of any Event of Default and in accordance with Article VII of the Indenture and Article VII of the Purchase Agreement, the Trustee may, and upon the written request of the Holders of not less than a majority in principal amount of the 2025 Junior Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the 2025 Junior Bondholders hereunder and the 2025 Junior Bonds by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to, an action for the recovery of any amounts due hereunder or for damages for the breach of this Indenture, and the Trustee may pursue any other remedy which the law affords, including the remedy of specific performance. The Trustee shall also have those remedies which the Corporation is provided pursuant to Article VII of the City Purchase Agreement, subject to any limitations on such remedies set forth in Article VII.

(b) Regardless of the happening of an Event of Default and subject to Section 7.7 of the Indenture, the Trustee, if requested in writing by the Holders of not less than a majority in principal amount of the 2025 Junior Bonds then Outstanding shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders, provided that such request is in accordance with law and the provisions hereof and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Holders of 2025 Junior Bonds not making such request.

SECTION 7.3. *No Acceleration.* In no event shall the Trustee have the right to accelerate or cause to become immediately due and payable or payable in advance of their scheduled maturity dates, other than an

optional redemption pursuant to this Indenture and then only to the extent of the amount to be so redeemed and only pursuant to Article III of the Indenture, amounts due hereunder.

SECTION 7.4. Application of Revenues and Other Moneys After Default. During the continuance of an Event of Default all moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article, shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee with respect thereto, be deposited in the Series 2025 Junior Bond Fund, and all amounts held by the Trustee hereunder shall be applied as follows:

First: To the payment of amounts, if any, payable pursuant to the Tax Exemption Certificate;

Second: To the payment to the Persons entitled thereto of all installments of interest (including interest on amounts unpaid when due on the 2025 Junior Bonds) then due, and, if the amount available shall not be sufficient to pay in full any installment or installments then due, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and

Third: To the payment to the Persons entitled thereto of the unpaid Principal Installments or redemption price of any 2025 Junior Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the 2025 Junior Bonds due on any date, then to the payment thereof ratably, according to the amounts of Principal Installments or redemption price due on such date, to the Persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal of the 2025 Junior Bonds to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Series 2025 Junior Bond until such 2025 Junior Bond shall be presented to the Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all principal of and interest on the 2025 Junior Bonds which has become due has been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid and the 2025 Junior Bond Fund contains the amounts then required to be credited thereto, any balance remaining shall be paid to the City.

SECTION 7.5. Remedies Not Exclusive. No remedy by the terms hereof conferred upon or reserved to the Trustee or the 2025 Junior Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity or by statute on or after the date hereof.

SECTION 7.6. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the 2025 Junior Bonds may be enforced by the Trustee, without the possession of any of the 2025 Junior Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding may be brought without the necessity of joining as plaintiffs or defendants any Holders of the 2025 Junior Bonds. Subject to the provisions of Section 7.4 of the Indenture, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding 2025 Junior Bonds.

SECTION 7.7. Individual 2025 Junior Bondholder Action Restricted. (a) No Holder of any Series 2025 Junior Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement

hereof or for the execution of any trust hereunder or for any remedy hereunder except for the right to institute any suit, action or proceeding in equity or at law for the enforcement of the Trustee's duties and powers hereunder upon the occurrence of all of the following events:

(i) The Holders of at least a majority in principal amount 2025 Junior Bonds Outstanding, shall have made written request to the Trustee to proceed to exercise the powers granted herein; and

(ii) Such 2025 Junior Bondholders shall have offered the Trustee reasonable security or indemnity as provided in Section 8.2(e) of the Indenture; and

(iii) The Trustee shall have failed or refused to exercise the duties or powers herein granted for a period of 60 days after receipt by it of such request and offer of indemnity; and

(iv) During such 60-day period no direction inconsistent with such written request has been delivered to the Trustee by the Holders of a greater majority in principal amount of 2025 Junior Bonds then Outstanding.

(b) No one or more Holders of 2025 Junior Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security hereof or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all 2025 Junior Bonds Outstanding.

(c) Nothing contained herein shall affect or impair, or be construed to affect or impair, the right of the Holder of any 2025 Junior Bond (i) to receive payment of the principal of or interest on such 2025 Junior Bond, as the case may be, on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any 2025 Junior Bond may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien hereof on the moneys, funds and properties pledged hereunder for the equal and ratable benefit of all Holders of 2025 Junior Bonds.

SECTION 7.8. *Termination of Proceedings.* In case any proceeding taken on account of an Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the 2025 Junior Bondholders, then the Corporation, the Trustee and the 2025 Junior Bondholders shall be restored to their former positions and rights hereunder, and all rights and powers of the Trustee and the 2025 Junior Bondholders shall continue as if no such proceeding had been taken.

SECTION 9.1. *Supplements Not Requiring Consent of 2025 Junior Bondholders.* The Corporation acting through the Corporation Representative and the Trustee may, but without the consent of or notice to any of the Holders, enter into one or more Supplements for one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission herein or to correct or supplement any provision herein which may be inconsistent with any other provision herein, or, to make any other provisions with respect to matters or questions arising hereunder provided such action shall, in the opinion of the Trustee, not materially adversely affect the interests of the Holders;

(b) To grant or confer upon the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;

(c) To secure additional revenues or provide additional security or reserves for payment of the 2025 Junior Bonds;

(d) To comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder;

(e) To provide for the appointment of a successor trustee or co-trustee pursuant to the terms of Section 8.7 and Section 8.12 of the Indenture;

(f) To permit 2025 Junior Bonds in bearer form if, in the opinion of Bond Counsel received by the Corporation and the Trustee, such action will not cause the interest on any 2025 Junior Bonds to become includible in gross income for purposes of federal income taxes;

(g) To preserve the exclusion of the interest on the 2025 Junior Bonds from gross income for purposes of federal or State income taxes and to preserve the power of the Corporation to continue to issue bonds or other obligations (specifically not limited to the 2025 Junior Bonds authorized hereby) the interest on which is likewise exempt from federal and State income taxes;

(h) To adopt procedures for the disclosure of information to 2025 Junior Bondholders and to others in accordance with any guidelines for such purpose promulgated by the American Bankers Association or some other similar national organization, as such guidelines may be made applicable to the Indenture by agreement of the Trustee, the Corporation and the City; and

(i) To provide for the Junior Lien Parity Reserve Fund to be a parity reserve fund for the benefit of one or more series of Junior Lien Obligations as set forth in Section 5.4(c) of the Indenture.

SECTION 9.3. *Execution and Effect of Supplements.* (a) In executing any Supplement, the Trustee and Corporation shall be entitled to receive and to rely upon an opinion of counsel stating that the execution of such Supplement is authorized or permitted hereby. The Trustee may but shall not be obligated to enter into any such Supplement which affects the Trustee's own rights, duties or immunities.

(b) Any Supplement under this Article which adversely affects the rights of the City shall not become effective unless and until the City shall have consented in writing to the execution and delivery of such Supplement. In this regard the Trustee shall cause notice of the proposed execution and delivery of any such Supplement together with a copy of the proposed Supplement to be delivered to the City at least ten days prior to the date of its proposed execution and delivery in the case of a Supplement referred to in Section 9.1 of the Indenture and at least ten days prior to the date of mailing of the notice of the proposed execution and delivery in the case of a Supplement referred to in Section 9.2.

(c) Upon the execution and delivery of any Supplement in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplement shall form a part hereof for all purposes and every Holder of a 2025 Junior Bond theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(d) Any 2025 Junior Bond authenticated and delivered after the execution and delivery of any Supplement in accordance with this Article may, and if required by the Corporation or the Trustee shall, bear a notation in form approved by the Corporation and Trustee as to any matter provided for in such Supplement. If the Corporation shall so determine, upon advice of Bond Counsel, new 2025 Junior Bonds so modified as to conform in the opinion of the Trustee and the Corporation to any such Supplement may be executed by the Corporation and authenticated and delivered by the Trustee in exchange for and upon surrender of 2025 Junior Bonds then Outstanding.

SECTION 9.4. *Amendments to City Purchase Agreement Not Requiring Consent of 2025 Junior Bondholders.* The Corporation and the Trustee may, without the consent of or notice to any of the Holders consent to and join with the City in the execution and delivery of any amendment, change or modification of the City Purchase Agreement as may be required (i) by the provisions thereof; (ii) to cure any ambiguity or formal defect or omission therein or to correct or supplement any provision therein which may be inconsistent with any other provision therein, or to make any other provisions with respect to matters or questions arising thereunder provided such action shall, in the opinion of the Trustee, not materially adversely affect the interests of the Holders; (iii) to provide for the Junior Lien Parity Reserve Fund to be a parity reserve fund for the benefit of one or more series of Junior Lien Obligation as set forth in Section 2.6(d) thereof; (iv) to preserve the exclusion of the interest on the 2025 Junior Bonds from gross income for purposes of federal or State income taxes and to preserve the power of the Corporation to continue to issue bonds or other obligations (specifically not limited to the 2025 Junior Bonds authorized hereby) the interest on which is likewise exempt from federal and State income taxes and (v) in connection with any other change therein which in the opinion of the Trustee will not materially adversely affect the interests of the Holders or the Trustee. In addition, the Corporation and the City may amend the description of the Refinanced Property in Exhibit A to the City Purchase Agreement at any time without notice to or consent of the Trustee or the Holders.

SECTION 9.5. *Amendments to City Purchase Agreement Requiring Consent of 2025 Junior Bondholders.* (a) Except for amendments, changes or modification to the City Purchase Agreement referred to in Section 9.4 of the Indenture and subject to the terms and provisions and limitations contained in this Article and not otherwise, the Trustee may consent to and join with the City in the execution and delivery of any amendment, change or modification to the City Purchase Agreement only upon the consent of the Holders of not less than a majority in principal amount of 2025 Junior Bonds then Outstanding, given as provided in this Section, provided, however, no such amendment, change or modification may affect the obligation of the City to make payments under the City Purchase Agreement or reduce the amount of or extend the time for making such payments without the consent of the Holders of all 2025 Junior Bonds then Outstanding.

(b) If at any time the Corporation and the City shall request the consent of the Trustee to any such amendment, change or modification to the Purchase Agreement the Trustee shall, upon being satisfactorily indemnified by the City with respect to expenses, cause notice of the proposed amendment, change or modification to be given in the same manner as provided in Section 9.2 of the Indenture with respect to Supplements hereto. Such notice shall briefly set forth the nature of the proposed amendment, change or modification and shall state that copies thereof are on file at the office of the Trustee for inspection by all 2025 Junior Bondholders.

(c) If the consent to and approval of the execution of such amendment, change or modification is given by the Holders of not less than the aggregate principal amount or number of 2025 Junior Bonds specified in subsection (a) within the time and in the manner provided by Section 9.2 of the Indenture with respect to Supplements hereto, but not otherwise, such amendment, change or modification may be consented to, executed and delivered upon the terms and conditions and with like binding effect upon the Holders as provided in Sections 9.2 and 9.3 of the Indenture with respect to Supplements hereto.

* * *

SECTION 10.1. *Discharge.* If payment of all principal of, premium, if any, and interest on all of the 2025 Junior Bonds in accordance with their terms and as provided herein is made, or is provided for in accordance with this Article, and if all other sums, if any, payable by the Corporation hereunder shall be paid, then the liens, estates and security interests granted hereby shall cease. Thereupon, upon the request of the Corporation, and upon receipt by the Trustee of an opinion of counsel addressed to the Corporation and Trustee stating that all conditions precedent to the satisfaction and discharge of the lien hereof have been satisfied, the Trustee shall execute and deliver proper instruments acknowledging such satisfaction and discharging the lien hereof and the Trustee shall transfer all property held by it hereunder, other than moneys or obligations held by the Trustee for payment of

amounts due or to become due on the 2025 Junior Bonds, to the Corporation, the City or such other Person as may be entitled thereto as their respective interests may appear. Such satisfaction and discharge shall be without prejudice to the rights of the Trustee thereafter to charge and be compensated or reimbursed for services rendered and expenditures incurred in connection herewith.

The Corporation or the City may at any time surrender to the Trustee for cancellation any 2025 Junior Bonds previously authenticated and delivered which the Corporation or the City may have acquired in any manner whatsoever and such 2025 Junior Bonds upon such surrender and cancellation shall be deemed to be paid and retired.

SECTION 10.2. *Providing for Payment of 2025 Junior Bonds.* Payment of all or any part of the 2025 Junior Bonds in authorized denominations may be provided for by the deposit with the Trustee or a qualified institution under Article VII of the Airport Revenue Bond Ordinance as agent for the Trustee (the “*Depository Trustee*”) of moneys or Qualified Permitted Investments which are not redeemable in advance of their maturity dates, or which are redeemable in advance of their maturity dates only at the option of the Holder thereof, or both. The moneys and the maturing principal and interest income on such Qualified Permitted Investments, if any, shall be sufficient, as evidenced by a certificate of an independent nationally recognized certified public accountant or firm of such accountants or nationally recognized public finance consulting firm addressed to, and acceptable to the City, to pay when due the principal or redemption price of and interest on such 2025 Junior Bonds. The moneys and Qualified Permitted Investments shall be held by the Trustee or the Depository Trustee irrevocably in trust for the Holders of such 2025 Junior Bonds solely for the purpose of paying the principal, or redemption price of and interest on such 2025 Junior Bonds as the same shall mature, come due or become payable upon prior redemption, and, if applicable, upon simultaneous direction, expressed to be irrevocable, to the Trustee and the Depository Trustee as to the dates upon which any such 2025 Junior Bonds are to be redeemed prior to their respective maturities.

If payment of 2025 Junior Bonds is so provided for, the Trustee or the Depository Trustee shall mail a notice so stating to each Holder of a 2025 Junior Bond so provided for 2025 Junior Bonds, the payment of which has been provided for in accordance with this Section, shall no longer be deemed Outstanding hereunder or secured hereby. The obligation of the Corporation in respect of such 2025 Junior Bonds shall nevertheless continue but the Holders thereof shall thereafter be entitled to payment only from the moneys or Qualified Permitted Investments deposited with the Trustee or the Depository Trustee to provide for the payment of such 2025 Junior Bonds.

APPENDIX F

Proposed Form of Legal Opinion of Bond Counsel

[Letterhead of Greenberg Traurig, LLP]

[To Be Dated Closing Date]

We hereby certify that we have examined a certified copy of the proceedings of the City of Phoenix Civic Improvement Corporation (the “*Corporation*”) passed preliminary to the issue of its Junior Lien Airport Revenue Refunding Bonds, Series 2025 in the amount of \$84,635,000 (the “*2025 Junior Bonds*”) in fully registered form, dated the date of initial authentication and delivery thereof. The 2025 Junior Bonds are being issued to refund certain bonds previously issued to finance or refinance improvements to the airport facilities of the City of Phoenix, Arizona (the “*City*”).

We have examined the law and such documents and matters as we have deemed necessary to render this opinion, including, without limitation, the original or a copy identified to our satisfaction as being a true copy of the Indenture (as defined herein).

As to questions of fact material to the opinions expressed herein, we have relied upon, and have assumed due compliance with the provisions of, the proceedings and other documents, and have relied upon certifications and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, the use to be made of the proceeds of the 2025 Junior Bonds. Reference is made to certifications of and opinions of counsel to parties other than the Corporation with respect to the existence and powers of such parties to enter into and perform the instruments referred to, the authorization, execution and delivery of such instruments by such parties and such instruments being binding upon and enforceable against such parties; we express no opinion as to such matters.

The 2025 Junior Bonds are being issued pursuant to a Bond Indenture, dated as of June 1, 2025 (the “*Indenture*”) between the Corporation and U.S. Bank Trust Company, National Association, as trustee (the “*Trustee*”). The 2025 Junior Bonds are payable solely, as to both principal and interest, from payments made by the City under the Junior Lien City Purchase Agreement, dated as of June 1, 2025 (the “*City Purchase Agreement*”) between the Corporation and the City.

Based upon the foregoing, we are of the opinion as of this date, which is the date of initial delivery of the 2025 Junior Bonds against payment therefor, that:

1. The Indenture, the City Purchase Agreement and the 2025 Junior Bonds have been duly authorized, executed and delivered by the Corporation and are valid and binding upon and enforceable against the Corporation.

2. The 2025 Junior Bonds constitute special obligations of the Corporation, and the principal of and interest and any premium on the 2025 Junior Bonds (collectively, “*debt service*”), unless paid from other sources, are payable solely from the revenues and other moneys pledged and assigned by the Indenture to secure that payment. Those revenues and other moneys include payments required to be made by the City under the City Purchase Agreement, and the City’s obligation to make those payments is secured by a pledge of Designated Revenues (as defined in the City Purchase Agreement) received from the City’s airport facilities. The Indenture creates the pledge which it purports to create in the pledged revenues and of other moneys in the funds and accounts created by the Indenture (other than the Rebate Fund), which pledge will be perfected only as to the revenue and other moneys on deposit in the funds and accounts created by the Indenture and held by the Trustee. The 2025 Junior Bonds and the payment of debt service are not secured by an obligation or pledge of any moneys raised by taxation; the 2025 Junior 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 City Purchase Agreement, including the City’s

obligation to make the payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the City.

3. The Internal Revenue Code of 1986, as amended (the “Code”), includes requirements which the City and the Corporation must continue to meet after the issuance of the 2025 Junior Bonds in order that interest on the 2025 Junior Bonds be excludable from gross income for federal income tax purposes. The failure of the City and the Corporation to meet these requirements may cause interest on the 2025 Junior Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The City and the Corporation have covenanted to take the actions required by the Code in order to maintain the excludability from gross income for federal income tax purposes of interest on the 2025 Junior Bonds. (Subject to the limitations in the next to last paragraph hereof, that the City and the Corporation have full legal power and authority to comply with such covenants. Under existing statutes, regulations, rulings and court decisions, subject to the assumption stated in the last sentence of this paragraph, interest on the 2025 Junior Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and, if the foregoing is the case, the interest on the 2025 Junior Bonds is exempt from income taxation under the laws of the State of Arizona. Interest on the 2025 Junior Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), interest on the 2025 Junior Bonds is not excluded from the determination of adjusted financial income. We express no opinion regarding other federal tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the 2025 Junior Bonds. In rendering the opinion expressed above, we have assumed continuing compliance with the tax covenants referred to above that must be met after the issuance of the 2025 Junior Bonds in order that interest on the 2025 Junior Bonds not be included in gross income for federal tax purposes.

In rendering the foregoing opinions, we have assumed and relied upon compliance with the City’s and the Corporation’s covenants and the accuracy, including with respect to the application of the proceeds of the Bonds Being Refunded and the 2025 Junior Bonds, respectively, which we have not independently verified, of the City’s and the Corporation’s representations and certifications contained in the transcript. The accuracy of those representations and certifications, and the City’s and the Corporation’s compliance with those covenants, may be necessary for the interest on the 2025 Junior Bonds to be and remain excluded from gross income for federal and State income tax purposes and for certain of the other tax effects stated above. Failure to comply with certain requirements subsequent to issuance of the 2025 Junior Bonds could cause interest on the 2025 Junior Bonds to be included in gross income for federal and State income tax purposes retroactively to the date of issuance of the 2025 Junior Bonds. We have also relied upon the Verification Report of Samuel Klein and Company, certified public accountants, as to the adequacy of the obligations issued or guaranteed by the United States Government in which the proceeds of the 2025 Junior Bonds have been invested to provide for the retirement of the Bonds Being Refunded.

The rights of the owners of the 2025 Junior Bonds and the enforceability of those rights under the 2025 Junior Bonds and the documents referred to above may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

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

Respectfully submitted,

APPENDIX G

Form of Continuing Disclosure Undertaking

This Continuing Disclosure Undertaking, dated June 11, 2025 (the “*Undertaking*” or the “*Agreement*”), is executed and delivered by the City of Phoenix, Arizona (the “*City*”), in connection with the issuance of \$84,635,000 City of Phoenix Civic Improvement Corporation Junior Lien Airport Revenue Refunding Bonds, Series 2025 (the “*2025 Junior Bonds*”). The 2025 Junior Bonds are being issued pursuant to a Bond Indenture, dated as of June 1, 2025 (the “*Indenture*”), between the City of Phoenix Civic Improvement Corporation (the “*Corporation*”) and U.S. Bank Trust Company, National Association, as trustee (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 2025 Junior 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 2025 Junior Bonds at the time the 2025 Junior 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 2025 Junior 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.

“*City Purchase Agreement*” means the Junior Lien City Purchase Agreement dated as of June 1, 2025, between the City and the Corporation.

“*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>.

“*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.

“*Financial Obligations*” means a debt obligation, a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or a guarantee of a debt obligation or a derivative. The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

“*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 2025 Junior Bonds.

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

“*State*” means the State of Arizona.

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

3. *CUSIP Number/Final Official Statement.* The CUSIP Numbers of the 2025 Junior Bonds are as follows:

<u>Maturity Date</u>	<u>CUSIP No. *</u>	<u>Coupon</u>
07/01/2026	71883MQS6	5.00 %
07/01/2027	71883MQT4	5.00
07/01/2028	71883MQU1	5.00
07/01/2029	71883MQV9	5.00
07/01/2030	71883MQW7	5.00
07/01/2031	71883MQX5	5.00
07/01/2032	71883MQY3	5.00
07/01/2033	71883MQZ0	5.00
07/01/2034	71883MRA4	5.00
07/01/2035	71883MRB2	5.00
07/01/2036	71883MRC0	5.00
07/01/2037	71883MRD8	5.00
07/01/2038	71883MRE6	5.00
07/01/2039	71883MRF3	5.00
07/01/2040	71883MRG1	5.00
07/01/2041	71883MRH9	5.00
07/01/2042	71883MRJ5	5.00
07/01/2043	71883MRK2	5.00
07/01/2044	71883MRL0	5.00
07/01/2045	71883MRM8	5.00

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2025 CUSIP Global Services. All rights reserved. CUSIP® numbers are provided for convenience of reference only. None of the City, the Corporation, the Financial Advisor, the Participating Underwriters or their respective counsel or agents takes responsibility for the accuracy of such numbers.

The Final Official Statement relating to the 2025 Junior Bonds is dated May 20, 2025 (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 format as prescribed by the MSRB. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any of the 2025 Junior Bonds or defeasance of any 2025 Junior Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the 2025 Junior Bondholders pursuant to the Indenture.

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 2025 Junior 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 City Purchase Agreement or the Indenture, and the sole remedy available to 2025 Junior 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 2025 Junior 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 Indenture 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 2025 Junior Bonds under the City Purchase Agreement. 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 2025 Junior 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 City Purchase Agreement 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: Jeffrey J. Barton
Its City Manager

By: _____
Kathleen Gitkin
Chief Financial Officer

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data of the type contained in the Final Official Statement under the following tables or captions:

- (1) Table 3 – “City of Phoenix Civic Improvement Corporation Senior Lien Airport Revenue Bonds Outstanding”;
- (2) Table 4 – “City of Phoenix Civic Improvement Corporation Junior Lien Airport Revenue Bonds Outstanding”;
- (3) Table 5 – “City of Phoenix, Aviation Department Enterprise Fund Comparative Schedule of Revenues, Expenditures, Historical Debt Service Coverage and Changes in Fund Balances” (most recently completed Fiscal Year);
- (4) Table 6 – “Airlines Reporting Enplaned Passengers and Air Cargo” (most recently completed Fiscal Year);
- (5) Table 7 – “Total Enplaned Passengers by Airline” (most recently completed Fiscal Year);
- (6) “Aviation Capital Improvement Program” (most recent capital improvement program as of the most recently completed Fiscal Year, but excluding Table 9,
- (7) Table 10 – “Historical Average Cost Per Enplanement” (most recently completed Fiscal Year);
- (8) Table 11 – “Historical PFC Collections” (most recently completed Fiscal Year); and
- (9) Table 12 – “PFC Approvals and Revenues”.

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 or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB or the Commission. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA, if any, by February 1 of each year, commencing February 1, 2026. 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.

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

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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 2025 Junior Bonds, or other material events affecting the tax status of the 2025 Junior Bonds
7. Modifications to the rights of 2025 Junior Bondholders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the 2025 Junior 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
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the City, any of which reflect financial difficulties

* 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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