PRELIMINARY OFFICIAL STATEMENT DATED ____, 2016

NEW ISSUE — BOOK ENTRY ONLY **RATINGS: See "Ratings" herein.**

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the City, as mentioned under "TAX EXEMPTION" herein, interest income on the Tax-Exempt Series 2016A Bonds is excluded from gross income for federal income tax purposes. Interest income on the Tax-Exempt Series 2016A Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; however, such interest income must be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations, which income is subject to the federal alternative minimum tax. In the opinion of Bond Counsel, interest income on the Tax-Exempt Series 2016A Bonds is exempt from Arizona income taxes. See "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT" and "BOND PREMIUM" herein.

DRAFT
2-8-2016

$20,475,000*
CITY OF MESA, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS, TAX-EXEMPT SERIES 2016A

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

The City of Mesa, Arizona (the "City") General Obligation Refunding Bonds, Tax-Exempt Series 2016A (the "Tax-Exempt Series 2016A Bonds") will be initially issued in book-entry-only form in the name of Cede & Co., as nominee of The Depository Trust Company, a registered securities depository ("DTC"). Beneficial interests in the Tax-Exempt Series 2016A Bonds will be offered for sale in the amount of $5,000 of principal due on a specific maturity date and integral multiples thereof. The Tax-Exempt Series 2016A Bonds are being issued to provide funds to (i) refund in advance of maturity the Bonds Being Refunded (as defined herein) and (ii) pay the costs of issuance of the Tax-Exempt Series 2016A Bonds.

The Tax-Exempt Series 2016A Bonds will mature on the dates and in the principal amounts and will bear interest from their date at the rates set forth on the inside front cover. Interest on the Tax-Exempt Series 2016A Bonds will be payable semiannually on January 1 and July 1 of each year, commencing on July 1, 2016*, until maturity. So long as the Tax-Exempt Series 2016A Bonds are in book-entry-only form, principal of and interest on the Tax-Exempt Series 2016A Bonds will be paid to DTC for credit to the accounts of the DTC participants and, in turn, to the accounts of the owners of beneficial interests in the Tax-Exempt Series 2016A Bonds. See APPENDIX E – "Book-Entry-Only System."

See Inside Front Cover for Maturity Schedule and Additional Information

The Tax-Exempt Series 2016A Bonds are not subject to redemption prior to their stated maturity dates.

Upon their issuance, the Tax-Exempt Series 2016A Bonds will be direct general obligations of the City, payable as to both principal and interest from ad valorem taxes levied against all taxable property within the City without limit as to rate, but limited in amount to a total amount not greater than the aggregate amount of principal and interest which will become due on the Bonds Being Refunded from the date of issuance of the Tax-Exempt Series 2016A Bonds to the final maturity of the Bonds Being Refunded. The application of such taxes to the Tax-Exempt Series 2016A Bonds will be subject to the prior rights of the owners of the Bonds Being Refunded to payment from the same ad valorem taxes in the event the monies from the maturing principal and income from United States government obligations purchased with the net proceeds of the Tax-Exempt Series 2016A Bonds are insufficient to pay the principal of and premium, if any, and interest on the Bonds Being Refunded, as they become due. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE TAX-EXEMPT SERIES 2016A BONDS," "PLAN OF REFUNDING" and "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

The Tax-Exempt Series 2016A Bonds are offered when, as and if issued by the City and received by the Underwriter, subject to the approving legal opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon solely for the benefit of the Underwriter by Squire Patton Boggs (US) LLP, Phoenix, Arizona, counsel to the Underwriter. It is expected that the Tax-Exempt Series 2016A Bonds will be delivered to DTC on or about April __, 2016.

This cover page contains certain information for convenience of reference only. It is not a summary of material information with respect to the Tax-Exempt Series 2016A Bonds. Investors must read this entire Official Statement and all appendices to obtain information essential to the making of an informed investment decision with respect to the Tax-Exempt Series 2016A Bonds.

RBC Capital Markets

* Preliminary, subject to change.

$20,475,000*
CITY OF MESA, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS, TAX-EXEMPT SERIES 2016A

MATURITY SCHEDULE*

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® (a) (Base No. _____)
2017	$40,000	%	%	
2018	40,000			
2019	40,000			
2020	40,000			
2021	790,000			
2022	830,000			
2023	1,520,000			
2024	1,600,000			
2025	5,000,000			
2026	5,210,000			
2027	5,365,000			

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* Preliminary, subject to change.

CITY OF MESA

CITY COUNCIL

John Giles, *Mayor*
Dennis Kavanaugh, *Vice Mayor*
Alex Finter, *Councilmember*
Christopher Glover, *Councilmember*
David Luna, *Councilmember*
Dave Richins, *Councilmember*
Kevin Thompson, *Councilmember*

CITY ADMINISTRATIVE OFFICERS

Christopher Brady, *City Manager*
Kari Kent, *Deputy City Manager*
John Pombier, *Deputy City Manager*
Michael Kennington, *Chief Financial Officer*
DeeAnn Mickelsen, *City Clerk*

BOND COUNSEL

Gust Rosenfeld P.L.C.
Phoenix, Arizona

FINANCIAL ADVISOR

FirstSouthwest, a Division of Hilltop Securities Inc.
Phoenix, Arizona

DEPOSITORY TRUSTEE, BOND REGISTRAR & PAYING AGENT

U.S. Bank N.A.
Phoenix, Arizona

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the General Obligation Refunding Bonds, Tax-Exempt Series 2016A (the "Tax-Exempt Series 2016A Bonds") of the City of Mesa, Arizona (the "City"), identified on the cover page hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall be no sale of the Tax-Exempt Series 2016A Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information set forth herein has been provided by the City, the Maricopa County Assessor's, Finance and Treasurer's offices, the State of Arizona Department of Revenue, and other sources which are considered to be reliable and customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the City, FirstSouthwest, a Division of Hilltop Securities Inc. (the "Financial Advisor"), or RBC Capital Markets, LLC (the "Underwriter"). The presentation of information, including tables of receipts from taxes and other revenue sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No person, including any broker, dealer or salesman has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. All estimates and assumptions contained herein have been based on the latest information available and are believed to be reliable, but no representations are made that such estimates and assumptions are correct or will be realized. All beliefs, assumptions, estimates, projections, forecasts and matters of opinion contained herein are forward looking statements which must be read with an abundance of caution and which may not be realized or may not occur in the future. The information and any expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any of the other parties or matters described herein since the date hereof.

The Tax-Exempt Series 2016A Bonds will not be registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon the exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, pertaining to the issuance and sale of municipal securities, nor will the Tax-Exempt Series 2016A Bonds be qualified under the Securities Act of Arizona in reliance upon various exemptions contained in such act. 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 the Official Statement or approved this series of securities for sale.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy of completeness of such information.

The City, the Financial Advisor, the Underwriter, counsel to the Underwriter and Bond Counsel (as defined herein) are not actuaries, nor have any of them performed any actuarial or other analysis of the City's unfunded liabilities under the Arizona State Retirement System, the Arizona Public Safety Personnel Retirement System or the Elected Officials Retirement Plan.

The City will covenant to provide continuing disclosure as described in this Official Statement under "Continuing Secondary Market Disclosure" and in APPENDIX G – "Form of Continuing Disclosure Certificate" pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission.

A wide variety of information, including financial information, concerning the City is available from publications and websites of the City and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of, or incorporated into, this Official Statement, except as expressly noted herein.

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OFFICIAL STATEMENT

$20,475,000*
CITY OF MESA, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS, TAX-EXEMPT SERIES 2016A

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been prepared by the City of Mesa, Arizona (the "City") in connection with the original issuance of $20,475,000* General Obligation Refunding Bonds, Tax-Exempt Series 2016A (the "Tax-Exempt Series 2016A Bonds"), identified on the cover page hereof. Certain information concerning the authorization, purpose, terms, conditions of sale, security for and sources of payment of the Tax-Exempt Series 2016A Bonds is set forth in this Official Statement.

Initially, the Tax-Exempt Series 2016A Bonds will be administered under a book-entry-only system (the "Book-Entry-Only System") by The Depository Trust Company, a registered securities depository ("DTC"). Unless and until the Book-Entry-Only System is discontinued, the Tax-Exempt Series 2016A Bonds will be registered in the name of Cede & Co., as nominee of DTC. Beneficial interests in the Tax-Exempt Series 2016A Bonds will be offered for sale in integral multiples of $5,000, and payments of principal of and interest on the Tax-Exempt Series 2016A Bonds will be made to DTC and, in turn, through participants in the DTC system. See APPENDIX E – "Book-Entry-Only System."

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 presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position, results of operations, or other affairs of the City. No representation is made that past experience, as shown by such financial or other information, will necessarily continue or be repeated in the future.

Reference to provisions of Arizona law, whether codified in the Arizona Revised Statutes ("A.R.S.") or uncodified, or of the Arizona Constitution, or the Charter of the City (the "Charter") are references to those provisions in their current form. Those provisions may be amended, repealed or supplemented.

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

THE TAX-EXEMPT SERIES 2016A BONDS

Authorization and Purpose

The Tax-Exempt Series 2016A Bonds will be issued pursuant to A.R.S. Title 35, Chapter 3, Article 4. The Tax-Exempt Series 2016A Bonds are being issued under the provisions of a resolution authorizing issuance of the Tax-Exempt Series 2016A Bonds adopted by the Mayor and Council of the City on February 22, 2016 (the "Bond Resolution"). The Tax-Exempt Series 2016A Bonds are being issued to provide funds to (i) refund in advance of maturity the Bonds Being Refunded (as defined herein) and (ii) pay the costs of issuance of the Tax-Exempt Series 2016A Bonds.

A copy of the full text of the Bond Resolution may be inspected at the Office of the Chief Financial Officer, 20 East Main Street, Suite 700, Mesa, Arizona 85201.

In addition to the Tax-Exempt Series 2016A Bonds, the City expects to issue $93,355,000* Utility Systems Revenue Refunding Bonds, Series 2016 ("2016 Utility Refunding Bonds") and $22,935,000* General Obligation Refunding Bonds, Taxable Series 2016B ("Taxable Series 2016B Bonds") concurrently with the Tax-Exempt Series 2016A Bonds, but pursuant to separate official statements.

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* Subject to change.

Proceeds of the sale of the Tax-Exempt Series 2016A Bonds will be used to establish an irrevocable trust (the "Depository Trust") of moneys and obligations issued by the United States of America ("Government Obligations") which will provide funds to pay, when due, the principal of, redemption premiums, if any, and interest on certain outstanding general obligation bonds of the City (the "Bonds Being Refunded") as described under the heading "PLAN OF REFUNDING." See "SOURCES AND USES OF FUNDS." The moneys and the Government Obligations will be held in such irrevocable trust by U.S. Bank National Association, as depository trustee (the "Depository Trustee").

General Provisions

The Tax-Exempt Series 2016A Bonds will be dated the date of initial delivery, and will bear interest from such date payable initially on July 1, 2016* and semiannually thereafter on January 1 and July 1 of each year (each an "Interest Payment Date") until maturity. The Tax-Exempt Series 2016A Bonds will mature on the dates and in the principal amounts and will bear interest at the rates set forth on the inside front cover page of this Official Statement.

The Tax-Exempt Series 2016A Bonds will be issued only in fully registered form in the amount of $5,000 of principal due on a specific maturity date and any integral multiples thereof and will be initially registered in the name of Cede & Co., as nominee for the DTC. For description of registration and transfer of the Tax-Exempt Series 2016A Bonds through DTC, see APPENDIX E – "Book-Entry-Only System."

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE TAX-EXEMPT SERIES 2016A BONDS, REFERENCES IN THIS OFFICIAL STATEMENT, EXCEPT THOSE UNDER THE HEADING "TAX EXEMPTION," "BOND PREMIUM" AND "ORIGINAL ISSUE DISCOUNT" TO THE REGISTERED OWNERS OF THE TAX-EXEMPT SERIES 2016A BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE TAX-EXEMPT SERIES 2016A BONDS.

So long as the Book-Entry-Only System is in effect, U.S. Bank National Association will act as the registrar and paying agent for the Tax-Exempt Series 2016A Bonds (the "Registrar" and the "Paying Agent"). If the Book-Entry-Only System is discontinued, interest on the Tax-Exempt Series 2016A Bonds will be payable by check drawn on the Paying Agent, and mailed on or prior to each Interest Payment Date to the registered owners of the Tax-Exempt Series 2016A Bonds at the addresses shown on the books of the Registrar (the "Bond Register") on the 15th day of the month preceding each such Interest Payment Date (the "Record Date"). Principal of the Tax-Exempt Series 2016A Bonds will then be payable at maturity or upon redemption prior to maturity upon presentation and surrender on the Tax-Exempt Series 2016A Bonds to the designated corporate trust office of the Paying Agent. Additionally, if the Book-Entry-Only System is discontinued, payment of interest may also be made by wire transfer upon twenty (20) days prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States by any owner of at least $1,000,000 aggregate principal amount of the Tax-Exempt Series 2016A Bonds. Interest will be computed on the basis of a year comprised of 360 days consisting of 12 months of 30 days each.

The City may change the Registrar or the Paying Agent at any time without prior notice. The City may retain separate financial institutions to serve as Registrar and Paying Agent.

No Prior Redemption

The Tax-Exempt Series 2016A Bonds will not be subject to redemption prior to their stated maturity dates.

SECURITY FOR AND SOURCES OF PAYMENT OF THE TAX-EXEMPT SERIES 2016A BONDS

Security for the Tax-Exempt Series 2016A Bonds

The Tax-Exempt Series 2016A Bonds will be direct general obligations of the City, payable as to both principal and interest from ad valorem taxes levied against all taxable property within the City without limit as to rate, but limited in amount to a total amount not greater than the aggregate amount of principal and interest which will

* Subject to change.

become due on the Bonds Being Refunded from the date of issuance of the Tax-Exempt Series 2016A Bonds to the final maturity of the Bonds Being Refunded. The application of such taxes to the Tax-Exempt Series 2016A Bonds will be subject to the prior rights of the owners of the Bonds Being Refunded to payment from the same ad valorem taxes in the event the monies from the maturing principal and income from the Government Obligations in the Depository Trust are insufficient to pay the principal of, premium, if any, and interest on the Bonds Being Refunded, as they become due. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE TAX-EXEMPT SERIES 2016A BONDS," "PLAN OF REFUNDING" and "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

The majority of the proceeds of the Tax-Exempt Series 2016A Bonds will be deposited with the Depository Trustee in accordance with the Depository Trust Agreement (as defined herein).. Any proceeds deposited in the Debt Service Fund will be invested in accordance with Arizona law. **THE PROCEEDS OF THE TAX-EXEMPT SERIES 2016A BONDS ARE NOT PLEDGED TO, NOR DO THEY SECURE, PAYMENT OF THE TAX-EXEMPT SERIES 2016A BONDS.**

Sources of Payment of the Tax-Exempt Series 2016A Bonds and Other City Bonds

The City intends to provide for the payment of the Tax-Exempt Series 2016A Bonds solely from the levy of ad valorem taxes; however, a portion of its other outstanding general obligation bonds may continue to be paid from certain revenues and moneys of the City's General Fund, Enterprise Funds and Special Revenue Funds. The tables appearing on pages 4, 5 and 6 of this Official Statement are a record of the revenues, expenses and changes in fund balances for each such fund for Fiscal Year 2010/11 through 2014/15. For an explanation of the characteristics and purposes of each of these funds, see APPENDIX D – "City of Mesa, Arizona – Audited General Purpose Financial Statements for the Year Ended June 30, 2015." In the future, however, in the event such revenues and moneys are not available for this purpose, or the City determines that such general obligation bonds will not be paid therefrom, the principal of and interest on such other general obligation bonds are secured by and will be paid from the annual levy of an ad valorem tax, as described under "Security for the Tax-Exempt Series 2016A Bonds."

CITY GENERAL FUND

Set forth below is a record of the City's General Fund revenues, expenditures and changes in fund balance for the most recent five fiscal years for which such information is available. This information is not intended to indicate future or continuing trends in the financial affairs of the City.

CITY OF MESA, ARIZONA
SELECTED GOVERNMENTAL INFORMATION REVENUES AND EXPENSES
(IN THOUSANDS) (a)

	2010/11	2011/12	2012/13	2013/14	2014/15
Revenues:					
Taxes (b)	$100,819	$ 86,996	$ 95,279	$95,177	$100,594
Property Taxes	14,274	14,323	14,404	22,500	34,022
Occupancy Taxes	2,148	2,019	1,903	1,919	2,081
Licenses and Permits	9,291	10,985	14,054	15,356	15,446
Intergovernmental Revenues	114,737	106,521	108,420	112,304	117,084
Charges for Services	12,127	9,102	16,603	20,829	20,700
Fines and Forfeitures	15,560	15,864	8,502	8,012	8,096
Interest	372	385	1,011	131	595
Capital Contributions	-	-	132	65	65
Miscellaneous Revenues	6,523	5,792	3,036	1,498	3,973
Total Revenues	$275,851	$251,987	$263,344	$277,791	$302,656
Expenditures:					
Current:					
General Government	$ 40,652	$ 41,669	$ 68,090	$ 69,314	$ 73,901
Public Safety	208,436	209,703	199,298	205,433	214,669
Cultural-Recreational	42,211	32,002	31,671	32,495	33,850
Community Environment	11,650	7,329	10,388	8,050	9,185
Bad Debt (c)	5,399	6,980	-	-	-
Total Current Expenditures	$308,348	$297,683	$309,447	$315,292	$331,605
Revenues Over (Under) Current Expenditures	(32,497)	(45,696)	(46,103)	(37,501)	(28,949)
Capital Outlay	18,654	16,304	12,961	7,853	1,758
Debt Service (d)	30,609	28,894	36,037	31,280	34,772
Total Other Expenditures	$ 49,263	$ 45,198	$ 48,998	$ 39,133	$ 36,530
Revenues Over (Under) Expenditures	(81,760)	(90,894)	(95,101)	(76,634)	(65,479)
Operating Transfers In (Net) (d)	76,471	77,863	63,731	$101,661	67,276
Revenues and Transfers Over (Under) Expenditures	(5,289)	(13,031)	(31,370)	25,027	1,797
Unrestricted Fund Balance-Beginning	113,034	122,118	108,851	77,504	99,064
(Incr.)Decr.-Restricted Funds	14,373	(236)	23	(3,467)	-
Unrestricted Fund Balance-Ending	$122,118	$108,851	$77,504	$99,064	$100,861
Restricted Funds (e)	$ 3,208	$ 3,444	$ 3,467	$ -	$ -
Total Fund Balance - Ending	$125,326	$112,295	$80,971	$99,064	$100,861

Source: The City.

(a) The table above includes a restatement of funds for all previous years.

(b) Beginning with Fiscal Year 2010/11, the City reclassified the Street Sales Tax Fund from the General Fund to the Special Revenue Funds. In addition, the City reclassified the Public Art Fund from the Special

Revenue Funds to the General Fund. These changes were required due to the implementation of GASB Statement 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*.

(c) Beginning with Fiscal Year 2012/13, bad debt is no longer a material line item.

(d) Fiscal Year 2012/13 Debt Service has been adjusted to reflect the redemption of the City's General Obligation Refunding Bonds, Series 2003. Net Operating Transfers In has been adjusted to reflect a reduction in Transfers Out, which was transferred to the Debt Service Fund to cover this obligation.

(e) As of Fiscal Year 2013/14, Restricted Funds are no longer included in the General Fund.

CITY ENTERPRISE FUNDS

The City annually provides for a significant portion of the City's General Fund revenue from the transfer of certain net revenues generated by the City's Enterprise Funds, particularly the Utility Systems Enterprise Fund. Set forth below is a record of City Enterprise Fund revenues, expenditures and changes in fund balance for the most recent five fiscal years for which such information is available. This information is not intended to indicate future or continuing trends in the financial affairs of the City.

CITY OF MESA, ARIZONA
ENTERPRISE FUNDS
REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
(IN THOUSANDS)

	2010/11	2011/12	2012/13	2013/14	2014/15
Operating Revenue	$296,063	$311,926	$296,554	$ 302,575	$310,413
Operating Expense	147,085	146,894	146,847	151,559	159,909
Net Income From Operations	$148,978	$165,032	$149,707	$ 151,016	$150,504
Development/Impact Fees	$ 3,258	$ 4,338	$ 7,000	$ 7,023	$ 11,126
Miscellaneous Income (a)	6,543	7,499	4,534	40,792	11,416
Interest Income	595	835	772	1,323	1,010
Capital Expense	(5,249)	(7,289)	(5,685)	(6,177)	(2,227)
Debt Service/Replacement	(61,911)	(71,762)	(73,435)	(73,415)	(73,843)
Income Before Transfers	$ 92,214	$ 98,653	$ 82,893	$ 120,562	$ 97,986
Operating Transfers (out)	$(83,615)	$(83,615)	$(83,615)	$(109,520)	$ (97,725)
Net Income	$ 8,599	$ 15,038	$ (722)	$ 11,042	751
Beginning Fund Balance	$ 57,768	$ 66,367	$ 81,405	$ 80,683	$ 91,725
Ending Fund Balance	$ 66,367	$ 81,405	$ 80,683	$ 91,725	$ 92,476

(a) Fiscal Year 2013/14 Miscellaneous Revenues include a one-time sale of land and additional Developer Contributions.

CITY SPECIAL REVENUE FUNDS

Set forth below is a record of City Special Revenue Fund revenues, expenditures and changes in fund balance for the most recent five fiscal years for which such information is available. This information is not intended to indicate future or continuing trends in the financial affairs of the City.

CITY OF MESA, ARIZONA
SPECIAL REVENUE FUNDS
REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
(IN THOUSANDS)

	2010/11	2011/12	2012/13	2013/14	2014/15
Revenues:					
Taxes (a)	$ 20,792	$ 39,857	$ 42,002	$ 45,390	$ 45,743
Licenses & Permits	3,286	2,374	3,629	3,441	5,446
Intergovernmental Revenues	54,616	50,716	57,562	55,473	63,048
Charges for Services	8,345	16,847	11,057	11,203	15,541
Fines and Forfeitures	108	226	517	1,098	1,569
Contributions	-	-	2,131	1,042	1,030
Interest	132	393	384	429	764
Miscellaneous Revenues	247	835	2,695	2,814	2,230
Total Revenues	$ 87,526	$111,248	$119,977	$120,890	$135,371
Expenditures:					
General Government	$ -	$ -	$ 6,063	$ 5,763	$ 7,165
Cultural-Recreational	-	11,890	6,096	6,293	6,515
Public Safety	5,985	15,792	27,373	25,931	28,901
Community Environment	56,831	57,244	44,809	48,523	51,327
Total Current Expenditures	$ 62,816	$84,926	$ 84,341	$ 86,510	$ 93,908
Revenues Over (Under) Current Expenditures	$ 24,710	$ 26,322	$ 35,636	$ 34,380	$ 41,463
Capital Outlay	$ 16,358	$ 18,955	$ 17,226	$ 12,761	$ 18,066
Debt Service (b)	17,033	15,742	17,177	17,207	15,322
Total Other Expenditures	$ 33,391	$ 34,697	$ 34,403	$ 29,968	$ 33,388
Revenues Over (Under) Expenditures	$ (8,681)	$ (8,375)	$ 1,233	$ 4,412	$ 8,075
Operating Transfers In/(Out)	$ 7,351	$ 5,449	$ (1,696)	$ (3,835)	$ (2,149)
Revenues and Transfers Over (Under) Expenditures	$ (1,330)	$ (2,926)	$ (463)	$ 577	$ 5,926
Fund Balance-Beginning	$ 48,607	$ 47,279	$ 44,354	$ 43,891	$ 44,468
Fund Balance-Ending	$ 47,277	$ 44,353	$ 43,891	$ 44,468	$ 50,394

(a) Beginning with Fiscal Year 2010/11, the City reclassified the Street Sales Tax Fund from the General Fund to the Special Revenue Funds. In addition, the City reclassified the Court Construction Fee Fund from the Special Revenue Funds to the Debt Service Fund, the Vehicle Replacement Fund from the Special Revenue Funds to the Capital Project Funds, the Public Art Fund from the Special Revenue Funds to the General Fund and the Regional Transportation Plan Fund from the Special Revenue Funds to the Capital Project Funds. These changes were required due to the implementation of GASB Statement 54 - *Fund Balance Reporting and Governmental Fund Type Definitions.*

(b) Fiscal Year 2012/13 debt service has been adjusted to include debt service on the City's Highway Project Advancement Notes, Series 2011A.

ADDITIONAL GENERAL OBLIGATION BONDS

The City expects to issue additional general obligation bonds in the future pursuant to existing and future voted bond authorizations. Such bonds may be secured by, and payable from, the same sources of revenue, and the same levy of ad valorem taxes, if applicable, as the Tax-Exempt Series 2016A Bonds and all outstanding general obligation bonds. After issuance of the Tax-Exempt Series 2016A Bonds, the City will have $178,731,000* aggregate principal amount of voter authorized, but unissued, general obligation bonds pursuant to voter approvals given at special bond elections held on April 28, 1987, March 26, 1996, March 9, 2004, November 6, 2012 and November 5, 2013. The purposes and amounts of such authorized but unissued bonds are set forth below.

Purpose of Bond Authorization	1987	1996	2004	2012	2013	Remaining General Obligation Bonds Authorized But Unissued*
Public Safety			$ 8,145,000		$ 37,560,000	$ 45,705,000
Fire Department			4,974,000			4,974,000
Parks and Recreation		$ 7,150,000	9,750,000	$28,845,000		45,745,000
Library Improvements		7,944,000				7,944,000
Storm Sewer	$213,000		6,790,000			7,003,000
Solid Waste						-
Streets					67,360,000	67,360,000
Total	$213,000	$15,094,000	$29,659,000	$28,845,000	$104,920,000	$178,731,000

Source: The City.

PLAN OF REFUNDING

A portion of the proceeds of the Tax-Exempt Series 2016A Bonds will be placed in the Depository Trust with the Depository Trustee to be applied to the payment of the principal of and interest due on the bonds being refunded identified below (the "Bonds Being Refunded"). Such funds will be used to acquire the Government Obligations, the principal of and interest on which, when due, are calculated to be sufficient to provide moneys to pay the principal of and interest due on the Bonds Being Refunded. See "Verification of Mathematical Computations."

The Government Obligations will be held by the Depository Trustee in trust for the payment of such principal of and interest on the Bonds Being Refunded pursuant to the terms of a depository trust agreement (the "Depository Trust Agreement") between the City and the Depository Trustee.

* Subject to change.

Bonds Being Refunded

The following table sets for the stated maturity dates, redemption dates and redemption prices of the Bonds Being Refunded:

Refunded Issue*	Maturity Date (July 1) *	Principal Amount Outstanding	Amount Being Refunded*	Maturity or Redemption Date	Redemption Price	CUSIP® (a) (Base No. 590485
General Obligation Bonds, Series 2006	2021	$ 750,000	$ 750,000	7/1/2016	N/A	SS8
	2022	800,000	800,000	7/1/2016	100%	ST6
	2023	800,000	800,000	7/1/2016	100%	SU3
	2024	800,000	800,000	7/1/2016	100%	SV1
	2025	4,225,000	4,225,000	7/1/2016	100%	SW9
General Obligation Bonds, Series 2007	2023	700,000	700,000	7/1/2017	100%	TM0
	2024	800,000	800,000	7/1/2017	100%	TN8
	2025	800,000	800,000	7/1/2017	100%	TP3
	2026	5,300,000	5,300,000	7/1/2017	100%	TQ1
	2027	5,500,000	5,500,000	7/1/2017	100%	TR9
		$20,475,000	$20,475,000			

(a) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ, Copyright(c) 2016 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Financial Advisor, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

To the extent that the monies and the Government Obligations held in the Depository Trust are not sufficient to pay, when due, the principal of and interest on the Bonds Being Refunded, as they are redeemed as stated above, the ad valorem taxes levied to pay the Tax-Exempt Series 2016A Bonds will be subject to the prior rights of the owners of the Bonds Being Refunded to payment from the same tax levy. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE TAX-EXEMPT SERIES 2016A BONDS."

The City is refinancing the Bonds Being Refunded to achieve debt service savings.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton LLP, a firm of independent certificate public accountants, will deliver to the City, on or before the issue date of the Tax-Exempt Series 2016A Bonds, its verification report indicating, among other things, that it has verified, in accordance with the standards of attestation engagements established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the sufficiency of the anticipated receipts from the Government Obligations, together with the initial cash deposit, to pay, when due the principal of, applicable premiums, if any, and interest on the Bonds Being Refunded and (b) the yields on the Government Obligations and the Tax-Exempt Series 2016A Bonds. The verification performed by Grant Thornton LLP will be solely based upon data, information and documents provided to Grant Thornton LLP by the City and its representatives. Grant Thornton LLP has restricted its procedures to recalculating the computations provided by the City and its representatives and has assumed the accuracy of the data, information and documents used in the computations.

* Subject to change.

SOURCES AND USES OF FUNDS

The proceeds of the Tax-Exempt Series 2016A Bonds will be applied substantially as follows:

Sources of Funds	
The Tax-Exempt Series 2016A Bonds	$20,475,000.00 *
[Net] Original Issue Premium (a)	
Total Sources of Funds	$
Uses of Funds	
Costs of Issuance (b)	$
Deposit to Depository Trust	
Total Uses of Funds	$

(a) [Net original issue premium consists of original issue premium on the Tax-Exempt Series 2016A Bonds less original issue discount on the Tax-Exempt Series 2016A Bonds.]

(b) Includes Underwriter's compensation.

ESTIMATED DEBT SERVICE REQUIREMENTS (a)

The table below sets forth (i) the estimated annual debt service requirements of the City's outstanding general obligation bonds, net of the Bonds Being Refunded and the bonds being refunded by the Taxable Series 2016B Bonds, (ii) the estimated annual debt service requirements of the Tax-Exempt Series 2016A Bonds and the Taxable Series 2016B Bonds, and (iii) the City's estimated total annual general obligation bond debt service requirements after issuance of the Tax-Exempt Series 2016A Bonds and Taxable Series 2016B Bonds.

City of Mesa, Arizona
$20,475,000*
General Obligation Refunding Bonds, Tax-Exempt Series 2016A
Estimated General Obligation Debt Service Requirements

Fiscal Year Ending	General Obligation Bonds Outstanding* (b) (c)		The Tax-Exempt Series 2016A Bonds*		The Taxable Series 2016B Bonds *		Estimated Combined Annual Debt
(6-30)	Principal	Interest	Principal	Interest (d)	Principal	Interest (e)	Service*
2016	$20,950,000	$12,554,627	$ -	141,619	$ -	$ 94,288	$33,740,534
2017	18,240,000	10,716,360	40,000	614,250	2,315,000	917,400	32,843,010
2018	19,285,000	9,950,113	40,000	613,050	-	824,800	30,712,963
2019	13,715,000	9,181,700	40,000	611,850	2,525,000	824,800	26,898,350
2020	14,255,000	8,676,513	40,000	610,650	1,415,000	723,800	25,720,963
2021	14,125,000	8,118,625	790,000	609,450	1,300,000	667,200	25,610,275
2022	14,725,000	7,557,050	830,000	585,750	1,270,000	615,200	25,583,000
2023	14,730,000	6,971,906	1,520,000	560,850	1,130,000	564,400	25,477,156
2024	15,325,000	6,382,156	1,600,000	515,250	1,140,000	519,200	25,481,606
2025	12,700,000	5,780,531	5,000,000	467,250	880,000	473,600	25,301,381
2026	13,225,000	5,239,356	5,210,000	317,250	3,535,000	438,400	27,965,006
2027	13,900,000	4,692,994	5,365,000	160,950	3,520,000	297,000	27,935,944
2028	20,250,000	4,115,244			2,555,000	156,200	27,076,444
2029	21,200,000	3,257,775			1,350,000	54,000	25,861,775
2030	15,825,000	2,346,463					18,171,463
2031	14,315,000	1,501,950					15,816,950
2032	14,950,000	983,750					15,933,750
2033	15,550,000	532,250					16,082,250
2034	3,025,000	70,500					3,095,500
2035	500,000	10,000					510,000
	$290,790,000		$20,475,000		$22,935,000		

(a) Prepared by the Financial Advisor (as defined below).

(b) Represents all outstanding General Obligation Bonds, net of the Bonds Being Refunded and the bonds being refunded by the Taxable Series 2016B Bonds.

(c) Interest on the City's Taxable General Obligation Bonds, Series 2010 (Build America Bonds – Direct Pay) is without reduction of the federal subsidy payments. See footnote (a) to the "Statements of Bonds Outstanding" table on page B-2 herein.

(d) The first interest payment on the Tax-Exempt Series 2016A Bonds is due on July 1, 2016*. Thereafter, interest payments will be made semiannually on January 1 and July 1, until maturity. Interest is estimated at 3.00%.

(e) The first interest payment on the Taxable Series 2016B Bonds is due on July 1, 2016*. Thereafter, interest payments will be made semiannually on January 1 and July 1, until maturity. Interest is estimated at 4.00%.

* Subject to change.

RATINGS

Moody's Investor Service, Inc. ("Moody's") and Standard & Poor's Financial Services LLC ("S&P") have assigned credit ratings of "__" and "__", respectively, to the Tax-Exempt Series 2016A Bonds. Such ratings reflect only the views of Moody's and S&P. An explanation of the significance of such ratings may be obtained from Moody's at 99 Church Street, New York, New York 10007 and from S&P at 55 Water Street, New York, New York 10041. Such ratings may subsequently be revised downward or withdrawn entirely by Moody's or S&P, if, in their respective judgment, circumstances so warrant. Any subsequent downward revision or withdrawal of such ratings may have an adverse effect on the market price and transferability of the Tax-Exempt Series 2016A Bonds. The City will covenant in its continuing disclosure certificate (see "Continuing Secondary Market Disclosure" below) that it will cause notices to be filed with the MSRB of any formal change in the ratings relating to the Tax-Exempt Series 2016A Bonds.

LEGAL MATTERS

Legal matters relating to the issuance and delivery of the Tax-Exempt Series 2016A Bonds, the validity of the Tax-Exempt Series 2016A Bonds under Arizona law and the tax-exempt status of the interest on the Tax-Exempt Series 2016A Bonds (see "TAX EXEMPTION" herein) are subject to the legal opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona ("Bond Counsel"), whose services as Bond Counsel have been retained by the City. The signed legal opinion of Bond Counsel, dated and premised on the law in effect only as of the date of original delivery of the Tax-Exempt Series 2016A Bonds, will be delivered to the City at the time of original issuance.

The proposed text of the legal opinion is set forth as APPENDIX F. The legal opinion to be delivered may vary from the text of APPENDIX F if necessary to reflect the facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Bond Counsel has reviewed or expressed any opinion concerning any matters relating to the Tax-Exempt Series 2016A Bonds subsequent to the original delivery of the Tax-Exempt Series 2016A Bonds.

Such legal opinion expresses the professional judgment of Bond Counsel as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the performance of parties to the transaction. The rendering of an opinion also does not guarantee the outcome of any legal dispute that may arise out of the transaction.

Certain legal matters will be passed upon solely for the benefit of the Underwriter (as defined below under "UNDERWRITER") by Squire Patton Boggs (US) LLP, Phoenix, Arizona, as counsel to the Underwriter.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the City as described below, interest income on the Tax-Exempt Series 2016A Bonds is excluded from gross income for federal income tax purposes. In the opinion of Bond Counsel, interest income on the Tax-Exempt Series 2016A Bonds is exempt from State of Arizona income taxes. The opinion of Bond Counsel will be dated the date of delivery of the Tax-Exempt Series 2016A Bonds. A form of such opinion is included herein in APPENDIX F – "Form of Approving Legal Opinion."

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Tax-Exempt Series 2016A Bonds from gross income for federal income tax purposes, including a requirement that the City rebate to the federal government certain of its investment earnings with respect to the Tax-Exempt Series 2016A Bonds. The City has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions, and requirements could result in the interest income on the Tax-Exempt Series 2016A Bonds being included in gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The Tax-Exempt Series 2016A Bonds do not provide for an adjustment in interest rate or yield in the event of taxability and an event of taxability does not cause an acceleration of the principal on the Tax-Exempt Series 2016A Bonds. The opinion of Bond Counsel assumes continuing compliance with such covenants. The Code also imposes an "alternative minimum tax" upon certain corporations and individuals. A taxpayer's "alternative minimum taxable income" ("AMTI") is its taxable income with certain adjustments. Interest income on the Tax-Exempt Series 2016A Bonds is not an item of tax preference to be included in the AMTI of individuals or corporations. Notwithstanding the preceding sentence, one of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess (if any) of the corporation's "adjusted current earnings" over the corporation's AMTI for the taxable year (determined without regard to such adjustment for excess book income and the alternative tax net operating loss deduction). A corporation's "adjusted current earnings" includes all tax-exempt interest, including the interest on the Tax-Exempt Series 2016A Bonds.

Although Bond Counsel will render an opinion that, as of the delivery date of the Tax-Exempt Series 2016A Bonds, interest income on the Tax-Exempt Series 2016A Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Tax-Exempt Series 2016A Bonds may otherwise affect a Beneficial Owner's federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers who become owners of beneficial interests in the Tax-Exempt Series 2016A Bonds (the "Beneficial Owners"), including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax-exempt obligations should consult their tax consultants as to the applicability of such tax consequences to the respective Beneficial Owner. The nature and extent of these other tax consequences will depend upon the respective Beneficial Owner's particular tax status and the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

The Tax-Exempt Series 2016A Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

Currently and from time to time, there are legislative proposals in Congress which, if enacted could alter or amend the federal tax matters referred to above or adversely affect the market value of the Tax-Exempt Series 2016A Bonds. Any such change that occurs before initial delivery of the Tax-Exempt Series 2016A Bonds could cause Bond Counsel to deliver an opinion substantially different from the opinion shown in APPENDIX F. The extent of change in Bond Counsel's opinion cannot be determined at this time. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Tax-Exempt Series 2016A Bonds) issued prior to enactment.

BOND PREMIUM

The initial public offering price of the Tax-Exempt Series 2016A Bonds maturing on July 1, 20__ through and including July 1, 20__ (collectively, the "Premium Bonds") are greater than the amounts payable on such Premium Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial Beneficial Owner of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial Beneficial Owner must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial Beneficial Owner is determined by using such Beneficial Owner's yield to maturity. Beneficial Owners of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the Tax-Exempt Series 2016A Bonds maturing on July 1, 20___ through and including July 1, 20___ (collectively, the "Discount Bonds"), are less than the respective amounts payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price (the "Issue Price") of the Discount Bonds, and the amount payable at maturity, of the Discount Bonds will be treated as "original issue discount." With respect to a Beneficial Owner who purchases a Discount Bond in the initial public offering at the Issue Price and who holds the Discount Bond to maturity, the full amount of original issue discount will constitute interest income which is not includible in the gross income of the Beneficial Owner of the Discount Bond for federal income tax purposes and Arizona income tax purposes and that

Beneficial Owner will not, under present federal income tax law and present Arizona income tax law, realize a taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated for federal income tax purposes and Arizona income tax purposes as accreting daily over the term of such Discount Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 (with straight-line interpolation between compounding dates).

The amount of original issue discount accreting each period will be added to the Beneficial Owner's tax basis for the Discount Bond. The adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bond. An initial Beneficial Owner of a Discount Bond who disposes of the Discount Bond prior to maturity should consult his or her tax advisor as to the amount of the original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or disposition of the Discount Bond prior to maturity.

The Code contains certain provisions relating to the accretion of original issue discount in the case of subsequent Beneficial Owners of the Discount Bonds. Beneficial Owners who do not purchase the Discount Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of the ownership of Discount Bonds.

A portion of the original issue discount that accretes in each year to a Beneficial Owner of a Discount Bond may result in certain collateral federal income tax consequences as described in "TAX EXEMPTION" herein.

Beneficial Owners of Discount Bonds in states other than Arizona should consult their own tax advisors with respect to the state and local taxes.

LITIGATION

At the time of delivery of the Tax-Exempt Series 2016A Bonds, an officer of the City will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending, or to the knowledge of the City, threatened against the City, affecting the existence of the City or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Tax-Exempt Series 2016A Bonds or that questions the City's right or authority to receive the sources of payment of the Tax-Exempt Series 2016A Bonds, or in any way contesting or affecting the validity or enforceability of the Tax-Exempt Series 2016A Bonds, the Bond Resolution, or the Continuing Disclosure Certificate, or contesting in any way the completeness or accuracy of this Official Statement, or any amendment or supplement thereto, or contesting the power or authority of the City to execute and deliver the Continuing Disclosure Certificate, or wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Tax-Exempt Series 2016A Bonds, the Bond Resolution, or the Continuing Disclosure Certificate, or have a material adverse effect on the transaction contemplated by this Official Statement.

UNDERWRITER

RBC Capital Markets, LLC (the "Underwriter") has agreed to purchase the Tax-Exempt Series 2016A Bonds at an aggregate purchase price of $_________ pursuant to a bond purchase agreement (the "Purchase Contract") entered into by and between the City and the Underwriter. If the Tax-Exempt Series 2016A Bonds are sold to produce the prices or yields shown on the inside front cover hereof, the Underwriter's compensation will be $__________. The Purchase Contract provides that the Underwriter will purchase all of the Tax-Exempt Series 2016A Bonds so offered, if any, are purchased. The Underwriter may offer and sell the Tax-Exempt Series 2016A Bonds to certain dealers (including dealers depositing Tax-Exempt Series 2016A Bonds into unit investment trusts) and others at prices lower or yields higher than the public offering prices stated on the inside front cover page hereof. The initial offering prices or yields set forth on the inside front cover may be changed from time to time by the Underwriter.

CERTIFICATION CONCERNING OFFICIAL STATEMENT

The closing documents will include a certificate confirming that, to the best knowledge, information and belief of the City's Chief Financial Officer, the descriptions and statements contained in this Official Statement are at the time of issuance of the Tax-Exempt Series 2016A Bonds, true, correct and complete in all material respects and do not contain an untrue statement of a material fact, or omit to state a material fact required to be stated therein in order to make the statements, in light of the circumstances under which they are made, not misleading. In the event this Official Statement is supplemented or amended, the foregoing confirmation will also encompass such supplements or amendments.

CONTINUING SECONDARY MARKET DISCLOSURE

The City will covenant for the benefit of holders and Beneficial Owners of the Tax-Exempt Series 2016A Bonds to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2017 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices”), as set forth in APPENDIX G – “Form of Continuing Disclosure Certificate” (the “Continuing Disclosure Certificate”). The Annual Reports and Notices and any other documentation or information required to be filed by such covenants will be filed by the City with the MSRB, in a format prescribed by the MSRB. Currently the MSRB requires filing through the MSRB’s EMMA system as described in APPENDIX G – “Form of Continuing Disclosure Certificate.”

These covenants will be made in order to assist the Underwriter in complying with the Securities Exchange and Commission Rule 15c2-12 (the “Rule”). The form of the undertaking necessary pursuant to the Rule is included as APPENDIX G hereto. A failure by the City to comply with these covenants 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 Tax-Exempt Series 2016A Bonds in the secondary market. Also pursuant to Arizona law, the ability of the City to comply with such covenants is subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants. Should the City not comply with such covenants due to a failure to appropriate for such purposes, the City has covenanted to provide notice of such fact in the same fashion it provides the Notices. Absence of continuing disclosure could adversely affect the Tax-Exempt Series 2016A Bonds and specifically their market price and transferability. The City’s Finance Department has instituted processes to ensure timely and proper filing of its Annual Reports for all of the City’s outstanding bonds.

The Annual Report, which was due on February 1, 2013, was filed on February 12, 2013. In addition, the City did not file its notice of failure to timely file such Annual Report until June 2, 2014. The filing on February 12, 2013 did not relate to all of the CUSIP numbers for bonds issued in 2010, 2011 and 2012; this error was corrected on February 27, 2013. In reference to the City’s Highway Project Advancement Notes, the Annual Report which was due on February 1, 2010, was filed on September 10, 2014. In reference to the Phoenix-Mesa Gateway Airport Authority Special Facility Revenue Bonds (Mesa Project), Series 2012, the City’s Annual Report was due on February 1, 2013, but was not filed until February 12, 2014.

The City implemented new accounting software during Fiscal Year 2012/13, which caused delays in preparing the Annual Report for Fiscal Year 2012/13. As a result, the Annual Report due on February 1, 2014 was filed on May 12, 2014. The new software has since been fully implemented.

The City failed to present certain information in the Annual Reports in the same format and detail as originally presented in the applicable Official Statements. This general information was contained in the Annual Report. For example, schedules of net revenues and debt service coverage for Fiscal Year 2008/09 through 2012/13 should have been presented on a modified accrual basis as part of the Annual Report related to the City’s utility systems revenue bonds. The schedules of net revenues and debt service coverage were subsequently prepared and filed on March 24, 2014. Other schedules correcting these failures for the past five years were subsequently prepared and filed on or before September 10, 2014.

In reference to the City’s general obligation bonds, utility systems revenue bonds, street and highway user revenue bonds, and excise tax revenue obligations, the City did not timely file certain bond insurance rating changes, but the City has filed such notices on or before September 22, 2014.

FINANCIAL ADVISOR

FirstSouthwest, a Division of Hilltop Securities Inc. (the “Financial Advisor”) is Financial Advisor to the City in connection with the issuance of the Tax-Exempt Series 2016A Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Tax-Exempt Series 2016A Bonds is contingent upon the issuance and delivery of the Tax-Exempt Series 2016A Bonds. The Financial Advisor has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Tax-Exempt Series 2016A Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

GENERAL PURPOSE FINANCIAL STATEMENTS

The City's Audited General Purpose Financial Statements for the year ended June 30, 2015, a copy of which is included in APPENDIX D of this Official Statement, have been audited by CliftonLarsonAllen LLP, certified public accountants, to the extent and for the period indicated in their report thereon. The City is not aware of any facts that would make such Audited General Purpose Financial Statements misleading. The Audited General Purpose Financial Statements are for the year ended June 30, 2015 and are not current. The City neither requested nor obtained the consent of CliftonLarsonAllen LLP to include the report, and CliftonLarsonAllen LLP has performed no procedures subsequent to rendering its opinion on the financial statements.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these statements have been or will be realized. Such estimates, projections, forecasts or other matters of opinion are forward looking statements which must be read with an abundance of caution. Information set forth in this Official Statement has been derived from the records of the City and from certain other sources, as referenced, and is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

Neither this Official Statement nor any statements that may have been or that may be made orally or in writing are to be construed as a part of a contract with the original purchasers or subsequent owners of the Tax-Exempt Series 2016A Bonds. **This Official Statement has been prepared by the City and executed for and on behalf of the City by its Chief Financial Officer, as indicated below.**

CITY OF MESA, ARIZONA

By: ________________________
Chief Financial Officer

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CITY OF MESA, ARIZONA
GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The City is the third largest city in the State and the 38th largest city in the United States. Founded in 1878 and incorporated in 1883, the City has an estimated population of 460,950. The following table illustrates the City's population statistics since 1990, along with the population statistics for the County and the State, respectively

POPULATION STATISTICS

Year	City of Mesa	Maricopa County	State of Arizona
2015 Estimate	460,950	4,076,438	6,758,251
2010 Census	439,041	3,817,117	6,392,017
2000 Census	396,375	3,072,149	5,130,632
1990 Census	288,091	2,122,101	3,665,228

Source: U.S. Census Bureau, Population Division – *Annual Estimates of the Resident Population* and U.S. Census Bureau – *2010 Census*, *2000 Census* and *1990 Census*. Arizona Department of Administration, Office of Employment and Population Statistics – *State, County, Place Level Population Estimates for July 1, 2015*.

The following table sets forth a record of the City's geographic area since 1970.

SQUARE MILE STATISTICS
City of Mesa, Arizona

Year	Square Miles
2010	133.14
2000	125.00
1990	122.11
1980	66.31
1970	20.80

Source: City of Mesa, Arizona, Planning and Community Development Department

Municipal Government and Organization

The City operates under a charter form of government with citizens electing a Mayor and six City Councilmembers to set policy for the City. In 1998, a voter initiative was approved changing the way that City Councilmembers are elected from an at-large to a district system. Six districts were created and in March 2000, the first three district City Councilmembers were elected in Districts 1, 2 and 3. In March 2002, Districts 4, 5 and 6 elected their first district City Councilmembers. The City Councilmembers serve terms of four years, with three members being elected every two years. The Mayor continues to be elected at-large every four years. The Mayor and City Council are elected on a non-partisan basis, and the Vice Mayor is a City Councilmember selected by the City Council.

The City Manager, who has full responsibility for carrying out City Council policies and administering City operations, is appointed by the Mayor and City Council. The City Manager is responsible for the appointment of City department heads. Additionally, City employees are hired under merit system procedures as specified in the City Charter. The various functions of City government and operations are undertaken by City employees working the various City departments.

City Administrative Staff

Christopher Brady, City Manager. Mr. Brady was appointed by the City Council to serve as City Manager effective January 1, 2006. Under Mesa's council-manager form of government, the City Manager serves as the chief operating officer of the City, one of the fastest-growing cities of the United States. Mr. Brady implements the policies established by the City Council and coordinates all City departments and other affairs assigned by the City Charter. Prior to joining the City, Mr. Brady served as Assistant City Manager for the City of San Antonio, Texas. Mr. Brady has a Bachelor of Fine Arts degree in Political Science and a Masters in Public Administration from Brigham Young University.

Kari Kent, Deputy City Manager. Ms. Kent has been with the City since 1993. She was promoted to Solid Waste Management Director in 1999, Assistant Development Services Director in July 2001, and Neighborhood Services Director in June 2006, and was appointed Deputy City Manager in June 2007. Ms. Kent received a Bachelor of Science Degree from Northern Arizona University and a Masters of Public Administration from Arizona State University.

John Pombier, Deputy City Manager. Mr. Pombier was hired as the City Prosecutor in 2003 and was promoted to Deputy City Manager in 2011. Mr. Pombier has a law degree from Arizona State University and a Bachelor of Business Administration from University of Michigan School of Business.

Michael Kennington, Chief Financial Officer. Mr. Kennington was hired as the City's Chief Financial Officer in July 2012 and is responsible for the City's overall financial policies, strategies, planning and forecasts. He has a Master of Accountancy degree and Master of Business Administration degree from Brigham Young University and is a Certified Public Accountant.

Economy

The City's major economic sectors are comprised of manufacturing, non-manufacturing, government and commercial activities (including construction and commerce), agriculture and tourism.

The following table sets forth unemployment rate averages for the United States, the State, the County and the City for the most recent five full years for which such information is available.

UNEMPLOYMENT RATE AVERAGES

Year	United States	State of Arizona(a)	Maricopa County(a)	City of Mesa(a)
2015 (b)	5.3%	6.1%	5.2%	5.2%
2014	6.2	6.9	5.9	5.9
2013	7.4	7.8	6.6	6.7
2012	8.1	8.4	7.3	7.4
2011	8.9	9.5	8.6	8.7

(a) This table includes restated data: Local Area Unemployment Statistics ("LAUS") program data is intermittently revised to incorporate new population controls, updated inputs, reestimation of models, and adjustment to new census division and national control totals.

(b) Data is not seasonally adjusted, is preliminary and is an average through October 2015 for LAUS data and through November 2015 for the National Unemployment Rate. Data accessed January 2016.

Source: U.S. Department of Labor, Bureau of Labor Statistics– *Local Area Unemployment Statistics* and *National Labor Force Statistics*.

Manufacturing and Non-Manufacturing Employment

A list of significant employers located within the City is set forth in the following table.

MAJOR EMPLOYERS
City of Mesa, Arizona
City of Mesa

[CITY UPDATES PENDING]

Employer	Description	Approximate Employment
Banner Health System	Hospital Network	9,573
Mesa Public Schools	Public Education	8,770
The Boeing Company	Helicopter Manufacturing and Assembly	4,700
City of Mesa	Government	3,519
Maricopa County Government	Government	2,644
Wal-Mart	Retail	2,533
Mesa Community College	Education	1,951
The Kroger Company (Fry's)	Grocery Store	1,210
Gilbert Unified Schools	Public Education	1,087
Aviall Inc.	Aviation Parts	842
Home Depot	Retail	837

Source: City of Mesa – Office of Economic Development, Phoenix Business Journal, Reference USA, MAG Employer Database, updated _____.

Phoenix-Mesa Gateway Airport and the Airport/Campus District

Phoenix-Mesa Gateway Airport (formerly known as Williams Gateway Airport) has three runways (10,401 feet, 10,201 feet, and 9,301 feet) and a newly expanded and remodeled passenger terminal. Phoenix-Mesa Gateway Airport is a small-hub commercial airport serving the Phoenix-Mesa metropolitan area with direct service to over 30 cities currently provided by Allegiant Air.

Phoenix-Mesa Gateway Airport is also developing as an international aerospace center with aircraft maintenance, modification, testing, and pilot training. Currently more than 35 aviation companies operate on the airport, including three manufacturer service centers for Cessna, Embraer, and Hawker-Beechcraft. In Fiscal Year 2009/10, the airport commissioned Arizona State University to conduct an economic impact study. According to that study, the total economic benefit (including all multiplier effects) totaled $685 million, supporting 4,900 jobs in the area. On-airport economic activity produced $273 million of output, creating employment for 886 on-airport workers, and proprietor earnings of $53.6 million.

Phoenix-Mesa Gateway Airport is owned and operated by the Phoenix-Mesa Gateway Airport Authority whose members include the City, City of Phoenix, Town of Gilbert, Town of Queen Creek, the City of Apache Junction and the Gila River Indian Community.

Adjacent to Phoenix-Mesa Gateway Airport, the Airport/Campus District serves approximately 8,700 students. The campus includes five higher education partners - Arizona State University Polytechnic campus, Chandler-Gilbert Community College, Embry-Riddle Aeronautical University, Mesa Community College and UND Aerospace. The ASU Polytechnic campus has expanded and added new academic buildings that doubled the instructional lab and classroom space, and added faculty offices and a 500-seat auditorium.

State Route 24, a one-mile freeway segment extending access from the existing State Route 202 freeway eastward, was completed May 2014. This freeway segment lies immediately north of Phoenix-Mesa Gateway Airport, and will provide freeway access to the east side of the airport property. Such access will be beneficial for the economic development of properties located on, and adjacent to, Phoenix-Mesa Gateway Airport, as well as future terminal development on the east side.

Construction

The following tables set forth annual records of building permit values and new housing permits issued within the City for the period 2011-2015/16.

VALUE OF BUILDING PERMITS
City of Mesa, Arizona
($000's omitted)

Year (a)	Residential	Commercial	Industrial	Other	Total
2015/16 (b)	$335,148	$175,698	-	$11,524	$522,370
2014/15	489,961	417,428	-	27,523	934,642
2013/14	395,286	382,959	-	11,872	790,118
2012/13	334,138	308,994	-	5,266	706,865
2012	243,762	331,860	-	2,546	578,168
2011	169,238	293,054	-	35,323	497,615

(a) Data from 2011 and 2012 is for calendar years. Data for 2012/13 through 2014/15 is for fiscal years.

(b) Partial fiscal year data from July 1, 2015 through December 2015.

Source: The City and Arizona State University Realty Studies. Construction is valued on the basis of estimated cost, not on market price or value of construction at the time the permit is issued. The date on which the permit is issued is not to be construed as the date of construction.

NEW HOUSING PERMITS
City of Mesa, Arizona

Year (a)	Total New Housing Units
2015/16 (b)	905
2014/15	1,446
2013/14	1,073
2012/13	957
2012	739
2011	1,447

(a) Data from 2011 and 2012 is for calendar years. Data for 2012/13 through 2014/15 is for fiscal years.

(b) Partial fiscal year data from July 1, 2015 through December 2015.

Source: The City and Arizona State University Realty Studies. The date on which the permit is issued is not to be construed as the date of construction.

Retail

The following table set forth is a record of retail sales activity within the City.

TAXABLE RETAIL SALES
City of Mesa, Arizona

Year	Retail Sales
2015	$4,069,591,771
2014	3,944,036,123
2013	3,771,601,899
2012	3,557,501,931
2011	3,458,279,940

Source: The City.

Agriculture

Although still a contributor to the economic base, the agricultural sector is no longer a significant factor of the City's economy due to the industrial, commercial and residential development which has occurred over the past 30 years. The principal products of the City's remaining agricultural sector are dairy and citrus.

Tourism

The tourism sector is a significant contributor to the City's economy. The City's hotels, motels, golf courses, parks and playgrounds, restaurants and retail shops provide tourists with accommodations and recreational facilities. There are more than 60 hotels in the City, with all of the major hotel brands represented. The table below contains a listing of certain hotels located within the City.

HOTELS
City of Mesa, Arizona

Hotel Name	Number of Sleeping Rooms
Phoenix Marriott Mesa	275
Hilton Phoenix East-Mesa	260
Holiday Inn Mesa	246
Dobson Ranch Inn & Suites	212
Arizona Golf Resort	187
Hyatt Place Phoenix-Mesa	152
Marriott Courtyard	149
Best Western Mezona Inn	128
Country Inn and Suites	126
La Quinta (West)	125
Days Hotel Mesa-Gilbert	120
Quality Inn/Suites	119

Source: Mesa Convention and Visitors Bureau.

The City owns and operates the Mesa Convention Center (the "Convention Center") which offers convention facilities. The Convention Center is situated on a 22-acre site adjacent to the Phoenix Marriott Mesa. The Convention Center includes Centennial Hall, which is a multipurpose facility of approximately 15,000 square feet, and the Centennial Conference Center and the Rendezvous Center, which offer an additional 18,500 square feet of meeting space. The City operates and maintains 58 parks, including 11 sports complexes and 133 basins covering more than 2,000 acres. In addition, the City manages 9 aquatic facilities, 2 professional baseball stadiums and a par 72, 18 hole championship golf course. The award-winning Mesa Arts Center facility in downtown Mesa opened in spring of 2005. The Mesa Arts Center is a 212,775 square-foot performing arts, visual arts and arts education facility, the largest and most comprehensive arts center in the State.

APPENDIX B

CITY OF MESA, ARIZONA
FINANCIAL DATA

Current Year Statistics (For Fiscal Year 2015/16)		
City of Mesa, Arizona		
Total General Obligation Bonds to Be Outstanding	$ 334,200,000	*(a)
Total Utility Systems Revenue Bonds to Be Outstanding	998,400,962	*(b)
Total Street and Highway User Revenue Bonds Outstanding	100,285,000	(c)
Total Excise Tax Obligations Outstanding	112,430,000	(d)
Net Assessed Limited Property Value	2,757,912,916	(e)
Estimated Net Full Cash Value	29,165,292,711	(f)
Estimated Net Assessed Value (For Fiscal Year 2016/17) (g))		
Net Assessed Limited Property Value	$____________	

(a) Represents all general obligation bonds to be outstanding following issuance of the Tax-Exempt Series 2016A Bonds and Taxable Series 2016B Bonds. See "Statements of Bonds Outstanding – General Obligation Bonds to Be Outstanding" in this appendix.

(b) Represents all utility systems revenue bonds to be outstanding. See "Statements of Bonds Outstanding – Utility Systems Revenue Bonds to Be Outstanding" in this appendix.

(c) Represents all street and highway user revenue bonds outstanding. See "Statements of Bonds Outstanding – Street and Highway User Revenue Bonds Outstanding" in this appendix.

(d) Represents all excise tax obligations of the City outstanding. See "Statements of Bonds Outstanding – Excise Tax Obligations Outstanding" in this appendix.

(e) Net of property exempt from taxation and reflects application of applicable assessment ratios. For information on constitutional and statutory changes in the taxable values of property beginning in Fiscal Year 2015/16 and thereafter, see "Recent Constitutional and Statutory Changes Affecting Property Taxes" herein.

(f) Estimated net full cash value is the total market value of the property less unsecured personal property and less estimated exempt property within the City, as projected by the Arizona Department of Revenue, Division of Property and Special Taxes.

(g) Estimated valuations for Fiscal Year 2016/17 provided by the Arizona Department of Revenue. Valuations for Fiscal Year 2016/17 are not official until approved by the Board of Supervisors of the County on the third Monday in August for the following fiscal year. Although the final official valuations are not expected to differ materially from the estimated valuations, they are subject to positive or negative adjustments until approved by the Board of Supervisors of the County. Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue.

* Subject to change.

STATEMENTS OF BONDS OUTSTANDING

General Obligation Bonds to Be Outstanding
City of Mesa, Arizona

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding	
2004	Refunding	46,445,000	7-1-09/18	46,130,000	
2005	Various Purpose	11,705,000	7-1-12/24	1,000,000	
2006	Various Purpose	9,710,000	7-1-13/25	9,275,000	
2007	Various Purpose	15,915,000	7-1-19/27	15,915,000	
2008	Various Purpose	15,450,000	7-1-09/28	13,450,000	
2009	Various Purpose	61,830,000	7-1-10/29	43,745,000	
2010	Various Purpose	30,865,000	7-1-20/30	30,865,000	(a)
2011	Various Purpose	29,320,000	7-1-12/31	25,075,000	
2012	Refunding	31,665,000	7-1-13/22	16,065,000	
2012	Various Purpose	27,290,000	7-1-13/32	24,725,000	
2013	Refunding	8,915,000	7-1-14/24	8,855,000	
2013	Various Purpose	59,960,000	7-1-14/33	56,425,000	
2014	Various Purpose	37,550,000	7-1-15/34	31,975,000	
2015	Various Purpose	13,690,000	7-1-16/35	13,690,000	
Total General Obligation Bonds Outstanding				$337,190,000	
Less the Bonds Being Refunded				(20,475,000)	*
Plus the Tax-Exempt Series 2016A Bonds				20,475,000	*
Less the Bonds Being Refunded by the Taxable Series 2016B Bonds (b)				(25,925,000)	*
Plus the Taxable Series 2016B Bonds (b)				22,935,000	*
Total General Obligation Bonds to Be Outstanding (b)				$334, 020,000	*

(a) These bonds were issued as taxable bonds under the Build America Bond program for which subsidy payments equal to 35% of the interest payments on such bonds are expected to be made by the federal government. Bonds issued under the Build America Bonds program have had such subsidy payments reduced by 6.8%, 7.3% and 7.2% for the federal Fiscal Years 2015/16, 2014/15 and 2013/14, respectively, due to sequestration reductions imposed by the federal government. Additional sequestration reductions or other reductions may be imposed by the federal government in future years. The City is required to pay the shortfall in the interest payments caused by the reduction.

(b) The City expects to offer $22,935,000* of General Obligation Refunding Bonds, Taxable Series 2016B (the "Taxable Series 2016B Bonds") pursuant to a separate official statement.

* Subject to change.

Utility Systems Revenue Bonds to Be Outstanding (a)
City of Mesa, Arizona

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding	
2002	Utility Improvement	57,950,000	7-1-09/21	$ 2,000,000	
2002	Refunding	129,000,000	7-1-04/17	20,465,000	
2003	Utility Improvement	50,470,000	7-1-10/22	4,000,000	
2004	Refunding	40,345,000	7-1-14/19	40,280,000	
2004	Utility Improvement	64,625,000	7-1-19/28	6,125,000	
2005	Utility Improvement	91,200,000	7-1-19/29	13,500,000	
2006	Utility Improvement	105,400,000	7-1-23/30	42,180,000	(b)
2006	Refunding	61,300,000	7-1-09/21	58,075,000	
2006	Refunding	127,260,000	7-1-12/28	126,835,000	
2007	Utility Improvement	65,550,000	7-1-23/31	65,550,000	
2008	Refunding	21,125,000	7-1-09/18	6,325,000	
2008	Utility Improvement	52,875,000	7-1-23/32	52,875,000	
2009	Utility Improvement	59,900,000	7-1-23/33	59,900,000	(c)
2009	WIFA Loans	3,758,810	7-1-10/29	2,115,962	
2010	Utility Improvement	50,380,000	7/1/1934	50,380,000	(c)
2011	Utility Improvement	53,950,000	7/1/1935	53,950,000	
2012	Refunding	31,580,000	7-1-16,17,20,21	31,580,000	
2012	Taxable Refunding	80,295,000	7-1-20/27	80,295,000	
2012	Utility Improvement	67,300,000	7/1/1936	67,300,000	
2013	Utility Improvement	47,290,000	7/1/1937	47,290,000	
2014	Utility Improvement	36,385,000	7-1-37/38	36,385,000	
2014	Utility Refunding	102,945,000	7-1-18/30	102,945,000	
2015	Utility Improvement	30,220,000	7-1-20/39	30,220,000	
Total Utility Systems Revenue Bonds Outstanding				$1,000,570,962	
Less the Utility Systems Revenue Refunding Bonds Being Refunded by the Series 2016 Utility Refunding Bonds (d)				(95,525,000)	*
Plus the Series 2016 Utility Refunding Bonds (d)				93,355,000	*
Total Utility Systems Revenue Bonds to Be Outstanding (d)				$998,400,962	*

(a) Excludes $29,650,000 principal amount of the City's Utility Systems Revenue Refunding Bonds, Series 2002, which were refunded by the City's Taxable Utility Systems Revenue Refunding Bonds, Series 2012. Debt service requirements for such refunded bonds are provided for by obligations issued by the United States of America that are held in irrevocable trust by U.S. Bank National Association.

(b) Excludes $9,000,000 principal amount of the City's Utility Systems Revenue Bonds, Series 2006 which are defeased to the July 1, 2017 redemption date. Debt service requirements for such defeased bonds are provided for by cash held in irrevocable trust by U.S. Bank National Association.

(c) These bonds were issued as taxable bonds under the Build America Bond program for which subsidy payments equal to 35% of the interest payments on such bonds are expected to be made by the federal government. Bonds issued under the Build America Bonds program have had such subsidy payments reduced by 6.8%, 7.3% and 7.2% for the federal Fiscal Years 2015/16, 2014/15 and 2013/14, respectively, due to sequestration reductions imposed by the federal government. Additional sequestration reductions or other reductions may be imposed by the federal government in future years. The City is required to pay the shortfall in the interest payments caused by the reduction

(d) The City expects to offer $93,355,000* of Utility Systems Revenue Refunding Bonds, Series 2016 (the "Series 2016 Utility Refunding Bonds") pursuant to a separate official statement.

* Subject to change.

Street and Highway User Revenue Bonds Outstanding (a)
City of Mesa, Arizona

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding
2003	Street Improvements	$26,805,000	7-1-10/22	$ 2,255,000
2004	Refunding	17,760,000	7-1-14/18	15,320,000
2004	Street Improvements	9,585,000	7-1-10/23	975,000
2005	Refunding	23,800,000	7-1-07/23	23,750,000
2005	Street Improvements	10,225,000	7-1-10/24	1,075,000
2006	Street Improvements	11,675,000	7-1-23/25	1,825,000
2007	Street Improvements	10,675,000	7-1-23/27	3,000,000
2012	Refunding	36,090,000	7-1-14/22	26,030,000
2013	Refunding	8,500,000	7/1/2024	8,500,000
2015	Refunding	17,555,000	7-1-24/27	17,555,000
Total Street and Highway User Revenue Bonds Outstanding				$100,285,000

(a) Excludes $8,500,000 principal amount of the City's Street and Highway User Revenue Bonds, Series 2005, which were refunded by the City's Street and Highway User Revenue Refunding Bonds, Series 2013. Debt service requirements for such refunded bonds are provided for by obligations of the United States of America that are held in irrevocable trust by U.S. Bank National Association.

Excludes $18,670,000 principal amount of the City's street and highway user revenue bonds originally issued in 2003, 2004, 2005, 2006 and 2007, which were refunded by the City's Street and Highway User Revenue Refunding Bonds, Series 2015. Debt service requirements for such refunded obligations are provided for by obligations of the United States of America that are held in irrevocable trust by U.S. Bank National Association

Excise Tax Obligations Outstanding
City of Mesa, Arizona

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding
Senior Obligations:				
2013	Excise Tax Revenue Obligations	$94,060,000	7/1/27, 7/1/32	$ 94,060,000
Subordinate Obligations:				
2012	Phoenix-Mesa Gateway Airport Authority	19,220,000	7/1/14-38	18,370,000
Total Excise Tax Obligations Outstanding				$112,430,000

Direct General Obligation Bonded Debt, Legal Limitation and Unused General Obligation Bonding Capacity (a)
City of Mesa, Arizona

The Arizona Constitution provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed six percent of the Net Assessed Limited Property Value of the taxable property in that city. In addition, an incorporated city may become indebted in an amount not exceeding an additional twenty percent of the of the Net Assessed Limited Property Value of the city for supplying such city with water, artificial light, or sewers, when the works for supplying such water, light, or sewers are or shall be owned and controlled by the municipality, and for the acquisition and development by the city of land or interests therein for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities.

General Municipal Purpose Bonds			Parks, Streets and Public Safety Bonds		
Total 6% General Obligation Bonding	$165,474,774		Total 20% General Obligation Bonding Capacity	$551,582,583	
Less 6% General Obligation Bonds	(1,225,038)	*	Less 20% General Obligation Bonds Outstanding	(332,974,962)	*
Net 6% General Obligation Bonding Capacity	$164,249,736	*	Net 20% General Obligation Bonding Capacity	$218,607,621	*

(a) General obligation bonding capacity is calculated using the City's Fiscal Year 2015/16 Net Assessed Limited Property Value of $2,757,912,916. Table includes the Tax-Exempt Series 2016A Bonds and the Taxable Series 2016B Bonds and is net of the Bonds Being Refunded and the bonds being refunded by the Taxable Series 2016B Bonds.

Other Indebtedness
City of Mesa, Arizona

The City has other obligations which are payable from various City funds, including purchase obligations, lease obligations and other contractual commitments. For additional information with respect to such obligations, please refer to Note 8 of the City's Audited General Purpose Financial Statements For The Year Ended June 30, 2015, contained in APPENDIX D of this Official Statement.

Direct and Overlapping General Obligation Bonded Debt Outstanding
City of Mesa, Arizona

		Portion Applicable to City of Mesa (a)		
Overlapping Jurisdiction	General Obligation Bonded Debt (b)	Approximate Percentage	Net Debt Amount	
State of Arizona	None	5.03%	None	
Maricopa County	None	7.97	None	
Maricopa Community College District	$593,820,000	7.97	$47,327,454	
East Valley Institute of Technology District No. 401	None	18.03	None	
Mesa Unified School District No.	249,810,000	86.40	215,835,840	
Tempe Elementary School District No. 3	112,635,000	0.65	732,128	
Tempe Union High School District No. 213	100,500,000	0.27	271,350	
Gilbert Unified School District No. 41	101,545,000	26.32	26,726,644	
Queen Creek Unified School District No. 95	60,000,000	32.05	19,230,000	
Higley Unified School District No.	98,505,000	0.83	817,592	
Eastmark Community Facilities District No. 1	9,985,000	100.00	9,985,000	
City of Mesa (c)	334,200,000*	100.00	334,200,000	*
Total Direct and Overlapping General Obligation Bonded Debt to be Outstanding			$655,126,007	*

(a) Proportion applicable to the City is computed on the ratio of Net Assessed Limited Property Value as calculated for Fiscal Year 2015/16 for the overlapping jurisdiction to the amount of such valuation which lies within the City.

(b) Includes total general obligation bonds outstanding less redemption funds on hand. Does not include authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future.

* Subject to change.

General Obligation Bonds Overlapping Jurisdiction	Authorized but Unissued
Maricopa County Community College	$ 3,000
Mesa Unified School District No. 4	99,000,000
Higley Unified School District No. 60	25,785,000
Tempe Union High School District No. 213	29,525,000
Gilbert Unified School District No. 41	12,000,000
Queen Creek Unified School District No. 95	54,815,000
City of Mesa	178,731,000*

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States Department of the Interior (the "Department of the Interior"), for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April of 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages have been fixed for the entire 50-year repayment period, which commenced October l, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to 14 cents per $100 of Net Assessed Full Cash Value, of which 14 cents is currently being levied. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract. Does not include the obligation of the Maricopa County Flood Control District to contribute $70 to $80 million to the CAP. The Maricopa County Flood Control District's sole source of revenue to pay the contribution will be ad valorem taxes on real property and improvements.

(c) Does not include the City's utility systems revenue bonds to be outstanding in the aggregate principal amount of $998,400,962*. Does not include the City's street and highway user revenue bonds outstanding in the aggregate principal amount of $100,285,000. Does not include the City's excise tax obligations outstanding in the aggregate principal amount of $112,430,000. Such obligations are secured and payable from a pledge of the City's transaction privilege tax revenues and certain other General Fund revenues.

Source: The various entities.

Direct and Overlapping General Obligation Bonded Debt Ratios
City of Mesa, Arizona

		As a Percentage of City's	
	Per Capita Bonded Debt Population at 460,950 (a)	2015/16 Net Assessed Limited Property Value	2015/16 Estimated Full Cash Value
Direct General Obligation Bonded Debt*	$ 725.03	12.12 %	1.15 %
Direct and Overlapping General Obligation Debt*	1,421.25	23.75	2.25

(a) Arizona Department of Administration, Office of Employment and Population Statistics, estimate as of July 1, 2015.

Retirement Plans and Other Post Employment Benefits
City of Mesa, Arizona

All benefitted employees of the City are covered by one of three pension systems. The Arizona State Retirement System is for the benefit of the employees of the state and certain other governmental jurisdictions. All benefited City employees, except sworn fire and police personnel and the Mayor and City Councilmembers, are included in the plan that is a multiple-employer cost-sharing defined benefit pension plan. All sworn fire and police personnel participate in the Public Safety Personnel Retirement System that is an agent multiple-employer plan. The Mayor and City Councilmembers contribute to the State's Elected Officials Retirement Plan that is also a multiple-employer cost-sharing pension plan. Please refer to APPENDIX D – "Audited General Purpose Financial Statements for the Fiscal Year Ended June 30, 2015" for a more detailed description of these plans and the City contributions to the various plans.

At June 30, 2015, the City reported the following aggregate amounts related to pensions for all plans to which it contributes (in thousands):

Statement of Net Position and Statement of Activities	**Governmental Activities**	**Business-Type Activities**	**Total**
Net Pension Liabilities	$ 603,333	$ 45,382	$ 648,715
Deferred Outflows of Resources	115,762	5,320	121,082
Deferred Inflows of Resources	72,554	9,083	81,637
Pension Expense	62,962	2,488	65,450

Arizona State Retirement System Defined Benefit Plan

All the City's eligible benefitted general employees participate in the Arizona State Retirement System ("ASRS"), a multiple-employer, cost-sharing defined benefit pension plan. ASRS was established by the State of Arizona to provide pension benefits for employees of the state and employees of participating political subdivisions and school districts. ASRS is administered in accordance with Title 38, Chapter 5 of the Arizona Revised Statutes. ASRS provides for retirement, disability, and death and survivor benefits. ASRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Arizona State Retirement System, P.O. Box 33910, Phoenix, Arizona, 85067-3910 or by calling 1-800-621-3778.

Contributions. Arizona law provides statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For Fiscal Year 2014/15, covered employees were required by state statute to contribute at the actuarially determined rate of 11.60 percent (11.48 pension plus 0.12 long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.60 percent (10.89 percent for retirement, 0.59 percent for the

* Subject to change.

health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll.

For Fiscal Year 2015/16, covered employees are required by state statute to contribute at the actuarially determined rate of __.__ percent (__.__ pension plus _.__ long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of __.__ percent (__.__ percent for retirement, _.__ percent for the health insurance premium benefit, and _.__ percent for long-term disability) of the active members' annual covered payroll.

Additionally, the City is required to pay an ASRS Alternate Contribution Rate (ACR) for retired members who return to work on or after July 1, 2012, in any capacity and in a position ordinarily filled by an employee of the City to mitigate the potential impact that retired members who return to work may have on the ASRS Trust Fund. The contribution rate for Fiscal Year 2014/15 was 9.57 percent. The City's ACR contributions to the ASRS for the year ending June 30, 2015 were $103,843.

Pension Liability. Beginning with the Fiscal Year 2014/15, the City implemented GASB 68, *Accounting and Financial Reporting for Pensions ("GASB 68")*, which requires cost-sharing employer's pension expense component include its proportionate share of the ASRS's pension expense, the net effect of annual changes in the employer's proportionate share and the annual differences between the employer's actual contributions and its proportionate share.

At June 30, 2015, the City reported a liability of $241,791,760 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014.

The City's reported liability at June 30, 2015, decreased by $38,614,708 from the City's prior year liability of $280,406,468 because of changes in the ASRS' net pension liability and the City's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability. The City's proportion of the net pension liability was based on the City's Fiscal Year 2014/15 contributions. The City's proportion measured as of June 30, 2014, was 1.634103 percent, which was a decrease of 0.052619 from its proportion measured as of June 30, 2013.

Pension Expense and Deferred Outflows/Inflows of Resources. For Fiscal Year 2014/15, the City recognized pension expense for ASRS of $13,253,255. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 12,289	$ -
Net difference between projected and actual earnings on pension plan investments	-	42,282
Changes in proportion and differences between City contributions and proportionate share of contributions	-	6,113
City contributions subsequent to the measurement date	16,146	-
Total	$ 28,435	$ 48,395

Public Safety Personnel Retirement System

The City contributes to the Public Safety Personnel Retirement System ("PSPRS"), an agent multiple-employer public safety employee retirement system that acts as a common investment and administrative agent for the various sworn fire and police agencies within the state. All sworn fire and police personnel are eligible to participate in the plan. The plan provides retirement, disability benefits, and death benefits to plan members and beneficiaries. The PSPRS is jointly administered by its fund manager and 256 local boards and was established by Title 38, Chapter 5 Article 4 of the Arizona Revised Statutes. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Public Safety Personnel Retirement System, 1020 East Missouri, Phoenix, Arizona, 85014 or by calling 602-255-5575.

Employees Covered by Benefit Terms. At June 30, 2015, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Firefighters	PSPRS Police
Inactive employees or beneficiaries currently receiving benefits	207	444
Inactive employees entitled to but not yet receiving benefits	53	105
Active employees	360	722
Total	620	1,271

Contributions. Benefit and contribution provisions are established by State law and may be amended only by the State of Arizona Legislature (A.R.S. Section 38-843). PSPRS members are required to contribute 11.05 percent of their annual covered salary. The City is required to contribute an actuarially determined rate expressed as a percent of covered salary and a distribution of the net earnings of the PSPRS. The City's rates for Fiscal Year 2014/15 were 32.59 percent (30.99 pension plus 1.60 health care), for fire personnel and 33.07 percent (31.26 pension plus 1.81 health care) for police members.

Annual Pension Contributions. Fire personnel contributed $3,567,975 ($3,492,231 regular members plus $75,744 DROP members) and police personnel contributed $7,095,849 ($6,926,574 regular members plus $169,275 DROP members) during Fiscal Year 2014/15. For 2015, the City's annual pension cost of $10,299,545 ($9,794,140 pension, $505,667 health care) for fire and $20,724,742 ($19,592,917 pension, $1,134,459 health care) for police was equal to the City's required and actual contributions for the pension cost including health care. The required contribution was determined as part of the June 30, 2012 actuarial valuation using an individual entry-age actuarial cost method.

The City is also required to pay a PSPRS Alternate Contribution Rate (ACR) for retired members who return to work in any capacity and in a position ordinarily filled by an employee of the City, unless the retired member is required to participate in another state retirement system and the retired member returned to work before July 20, 2011. The ACR rate is equal to the portion of the total required contribution that is applied to the amortization of the unfunded actuarial accrued liability for the fiscal year beginning July 1, based on the actuarial calculation of the total required contribution for the preceding fiscal year ended on June 30. The contribution rate for Fiscal Year 2014/15 was 19.65 percent for both fire and police. The City's ACR contributions for the year ending June 30, 2015 were $32,681 for fire and $54,230 for police.

Pension Expense and Deferred Outflows/Inflows of Resources. For Fiscal Year 2014/15, the City recognized pension expense of $16,840,086 and $35,210,813 for fire and police, respectively. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 5,993
Changes in assumptions	19,885	-
Net difference between projected and actual earnings on pension plan investments	-	6,617
City contributions subsequent to the measurement date	9,827	-
Total	$ 29,712	$ 12,610

Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 9,479
Changes in assumptions	42,851	-
Net difference between projected and actual earnings on pension plan investments	-	11,126
City contributions subsequent to the measurement date	19,647	-
Total	$ 62,498	$ 20,605

Elected Officials Retirement

The City's Mayor and City Councilmembers participate in the Elected Officials Retirement Plan ("EORP") a multiple employer, cost-sharing defined benefit pension plan. The fund manager of the Public Safety Personnel Retirement System ("PSPRS") is the administrator for the EORP that was established by Title 38, Chapter 5, Article 3 of the Arizona Revised Statutes to provide pension benefits for state and county elected officials, judges and certain city elected officials. EORP provides retirement benefits as well as death and disability benefits. EORP was closed to new enrollees December 31, 2013 per Arizona Revised Statute A.R.S. §38-801. EORP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Elected Officials Retirement Plan, 1020 East Missouri Avenue, Phoenix, Arizona, 85014 or by calling 602-255-5575.

Contributions. The retirement plan's funding policy (required by State Statute) provides for periodic employer contributions at actuarially determined rates and employee contributions of 13.0 percent of their annual covered salary. Incorporated city or town employers are required to contribute an amount sufficient to meet both the normal cost of a level-cost method attributable to the EORP, plus the amount required to amortize the unfunded accrued liability for the employer. Such amounts are to be determined each year by actuarial valuation and paid as a level percent of compensation. The contribution requirements for plan members are established and may be amended by the fund manager, a five-member board. The City's rate for the Fiscal Year 2014/15 was 23.5 percent, including healthcare. The City's contribution to EORP for the Fiscal Year 2014/15 was $50,084, which was equal to the required contribution for the year. The City's employees contributed $27,705 for the same time period.

Pension Liability. At June 30, 2015, the City reported a liability of $1,406,265 for its proportionate share of the EORP net pension liability that reflected a reduction for the City's proportionate share of the State's appropriation for EORP. The amount the City recognized as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows (in thousands):

City's proportionate share of EORP net pension liability	$ 1,406
States proportionate share of net pension liability associated with the City	431
Total	$ 1,837

Pension Expense and Deferred Outflows/Inflows of Resources. For Fiscal Year 2014/15, the City recognized pension expense for EORP of $544,638. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6	$ -
Net difference between projected and actual earnings on pension plan investments	-	27
Changes of assumptions	381	-
City contributions subsequent to the measurement date	50	-
Total	$ 437	$ 27

Other Post-Employment Benefits

Beginning with the Fiscal Year 2008/09, the City implemented GASB 45, *Accounting by Employers for Other Post Employment Benefits (OPEB)*, which requires the City to report the actuarially accrued cost of post-employment benefits, other than pensions, such as health and life insurance for current and future retirees. GASB 45 will require that such benefits be recognized as current costs over the working lifetime of employees, and to the extent such costs are not prefunded, GASB 45 will require the reporting of such costs as a financial statement liability. Under GASB 45, the City will be required to commission an actuarial valuation of its OPEB costs every two years. City contributions to OPEB costs that are less than an actuarially determined annual required contribution will result in net OPEB costs, which under GASB 45 will be required to be recorded as a liability in the City's financial statements. The City provides post-retirement health care benefits to all retirees in accordance with the compensation plan adopted by the City Council each fiscal year. These benefits include medical, dental and vision insurance programs and are the same as those offered to active employees. Retirees may select single or family coverage. As of June 30, 2015, approximately 1,700 former employees and beneficiaries were eligible for these benefits. Other Post Employment Benefits costs incurred by the City in Fiscal Year 2014/15 were $50.8 million for health care costs for active and retired employees. This cost represents actual claims paid for retirees under the self-insurance program and premiums paid to the vision care provider, net of contributions received from retirees and retirement systems. See Note 16 – Post Employment Benefit on page 91 of APPENDIX D – "Audited General Purpose Financial Statements for the Year Ended June 30, 2015."

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The City's annual OPEB cost and the related information for the plan are as follows at June 30, 2015 (in thousands):

Annual Required Contribution	$ 56,339
Interest on Net OPEB Obligation	18,295
Adjusted to Annual Required Contribution	(23,884)
Annual OPEB Cost	50,750
Contributions Made	(17,125)
Increase in Net OPEB Obligation	33,625
Net OPEB Obligation - Beginning of Year	423,000
Net OPEB Obligation - End of Year	$456,625

The City's net OPEB obligation as of June 30, 2015 was $465,625. Contributions for Fiscal Year 2014/15 were $17.1 million.

Beginning January 1, 2009, all new hires are ineligible for coverage under the City's self-insured health plan.

PROPERTY TAXES

The City operated without a property tax from Fiscal Year 1944/45 to Fiscal Year 2008/09. The City began to impose a property tax in Fiscal Year 2009/10 for payment of a portion of the City's outstanding general obligation bonds.

Recent Constitutional and Statutory Changes Affecting Property Taxes

Beginning in Fiscal Year 2015/16 and for each fiscal year thereafter, a voter-approved constitutional amendment and related enabling legislation imposes additional limits on the growth in taxable value of most real property and improvements, including mobile homes, used for levying ad valorem property taxes, including both primary and secondary ad valorem taxes. Primary ad valorem taxes are levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and certain special taxing districts as described below. Secondary ad valorem taxes are levied for debt retirement (e.g., debt service on the Tax-Exempt Series 2016A Bonds), voter-approved budget overrides and the maintenance and operation of special service districts as described below.

Prior to Fiscal Year 2015/16, the value of real property and improvements, including mobile homes, used for levying primary ad valorem taxes was based on a limited property value described below ("Primary Property Tax Value") and the value used for levying secondary ad valorem taxes ("Secondary Property Tax Value") was based on full cash value ("Full Cash Value") described below. The Primary Property Tax Value for property increased by the greater of either 10% of the prior year's Primary Property Tax Value or 25% of the difference between the prior year's Primary Property Tax Value and the current year's Full Cash Value. There was no limit on the growth of Full Cash Value or Secondary Property Tax Value. See "Tax Procedures – *Determination of Full Cash Value*" herein. As more fully described below, property assessment ratios were then applied against these respective values, and property exempt from taxation was netted out of the valuation, to arrive at "Net Assessed Primary Value" and "Net Assessed Secondary Value". The tax rate imposed for primary tax and secondary tax purposes was then applied against the respective Net Assessed Primary or Net Assessed Secondary Value to determine the respective primary and secondary tax levy amounts.

Beginning with Fiscal Year 2015/16 and thereafter, both primary ad valorem taxes and secondary ad valorem taxes are levied based upon a revised limited property value (the "Limited Property Value"), which (i) for locally assessed property (as described below) in existence in the prior year that did not undergo modification through construction, destruction, split or change in use, is equal to the lesser of (a) the Full Cash Value of the property or (b) an amount five percent greater than the Limited Property Value of such property determined for the prior year and (ii) for centrally valued property (as described below) is equal to the Full Cash Value. Property that is subject to an equalization order that the State Legislature exempts from the above property tax limitation is also valued at Full Cash Value. There is no limit on the growth of Full Cash Value of such exempted or centrally assessed property. The property tax assessment ratios are then applied against the Limited Property Value, and property exempt from taxation is netted out of the Limited Property Value, to arrive at "Net Assessed Limited Property Value." The tax rates imposed for both primary tax and secondary tax purposes are then applied against the Net Assessed Limited Property Value to determine the respective primary and secondary tax levy amounts.

Because Fiscal Year 2015/16 is the first year for implementation of the constitutional amendment and use of Limited Property Values and Net Assessed Limited Property Values, there is currently no comparative data for such property values from prior fiscal years to present in this Official Statement. Accordingly, prior-year information is presented using the then-applicable, but now replaced valuation rules, including Net Assessed Primary Values and Net Assessed Secondary Values.

Additional changes may be made to the manner in which properties are valued for tax purposes and taxes are levied. The City cannot determine whether any such measures will become law or how they might affect property tax collections for the City. However, removing or amending limits on the growth rate of Limited Property Value for locally assessed property would require further amendment to the State Constitution.

Ad Valorem Taxes

General

For tax purposes in Arizona, real property is either valued by the Assessor of the County or by the Arizona Department of Revenue. Property valued by the Assessor of the County is referred to as "locally assessed" property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Arizona Department of Revenue is referred to as "centrally valued" property and includes: (1) property used in the business of patented or unpatented producing mines, mills and smelters; (2) producing oil, gas and geothermal interests; (3) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (4) aircraft regularly scheduled and operated by an aircraft company; (5) standing timber; (6) pipelines; and (7) personal property, except mobile home.

Primary Taxes

Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts, certain special taxing districts, and the State are primary taxes. These taxes are levied against the Net Assessed Limited Property Value of the taxing jurisdiction. The State does not currently levy ad valorem taxes but the State currently requires a county (including the County) to levy a “State equalization assistance property tax” to provide equalization assistance to school districts in such county which is used to offset the cost of State equalization to those school districts.

The amount of primary taxes levied by a county (including the County), city, town and community college district is constitutionally limited to a maximum increase of 2% over the maximum allowable prior year’s levy limit amount plus any taxes on property not subject to tax in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). Each taxing entity’s maximum allowable property tax levy limit amount was rebased to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in the prior year). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

Primary taxes on residential property only are constitutionally limited to 1% of the Limited Property Value of such property. This constitutional limitation on residential primary tax levies is implemented by reducing the school district’s taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional state aid (or, in some counties, county taxpayers are required to make payments to offset the effects of reduced property taxes). In the case of the County, a primary tax of $0.5123 per $100 of Net Assessed Limited Property Value is levied for this purpose to provide equalization assistance funds to local school districts in the County.

Secondary Taxes

Taxes levied for debt retirement (e.g., debt service on the Tax-Exempt Series 2016A Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts are secondary taxes. These taxes are levied against the Net Assessed Limited Property Value. There is no limitation on annual levies for voter-approved bond indebtedness and certain special district assessments are also unlimited. Debt service on the Tax-Exempt Series 2016A Bonds is payable solely from secondary property taxes.

Tax Procedures

Tax Year

The Arizona tax year is defined as the calendar year, although tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year, when payment of the second installment of property taxes for the prior tax year becomes delinquent.

General

On or before the third Monday in August of each year, the Board of Supervisors of the County prepares the tax roll that sets forth the valuation by taxing district of all property in the County subject to taxation. The Assessor of the County is required to complete the assessment roll by December 15th of the year prior to the levy. This tax roll also shows the valuation and classification of each parcel of land located within the County for the tax year. The tax roll is then forwarded to the Treasurer of the County (the “Treasurer”). With the various budgetary procedures having been completed by the governmental entities, the appropriate primary and secondary tax rate for each jurisdiction is then applied to the Net Assessed Limited Property Value of each parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll as it existed on the date of the levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.

The property tax lien on real property attaches on January 1 of the fiscal year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years.

The State Legislature, from time to time, may change the manner in which taxes are levied, including changing the assessment ratios and property classifications. The City cannot determine whether any such measures will become law or how they might affect property tax collections for the City. However, removing or amending limits on the growth rate of Limited Property Value for locally assessed property would require further amendment to the State Constitution.

Determination of Full Cash Value

The first step in the tax process is the determination of the Full Cash Value of each parcel of real property within the State. Full Cash Value is statutorily defined to mean "that value determined as prescribed by statute" or if no statutory method is prescribed it is "synonymous with market value." "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally includes the market approach, the cost approach and the income approach. As a general matter, the various county assessors use a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the county assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

The Assessor of the County, upon meeting certain conditions, may value residential, agricultural and vacant land at the same Full Cash Value for up to three years. The Assessor of the County currently values existing properties on a two-year cycle.

Arizona law provides for a property valuation "freeze" on Full Cash Value for certain residential property owners 65 years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Protection Option") if the owners' total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate." The Property Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the valuation reverts to its then-current Full Cash Value. Any freeze on increases in Full Cash Value will translate to the assessed value of the affected property as hereinafter described.

Following the determination of the Full Cash Value, the Assessor of the County then determines the Limited Property Value by applying any applicable property growth limitations as described under "Recent Constitutional and Statutory Changes Affecting Property Taxes" above.

Assessment Ratios

All property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) that is multiplied by the applicable Limited Property Value to obtain the assessed valuation. The appropriate property classification ratio is applied to the applicable Limited Property Value of each property parcel to determine the assessed valuation for such parcel. The current assessment ratios for each class of property are set forth in the following table.

Property Tax Assessment Ratios (Tax Year)

Property Classification (a)	2016	2015	2014	2013	2012
Mining, Utility, Commercial and Industrial (b)	18.0%	18.5%	19.5%	20.0%	20.0%
Agricultural and Vacant Land (b)	15.0	16.0	16.0	16.0	16.0
Owner Occupied Residential	10.0	10.0	10.0	10.0	10.0
Leased or Rented Residential	10.0	10.0	10.0	10.0	10.0
Railroad Private Car Company and Airline Flight Property (c)	14.0	15.0	16.0	15.0	15.0

(a) Additional classes of property exist, but seldom amount to a significant portion of a municipal body's total valuation

(b) Full Cash Values, up to an amount established by law for each tax year, on commercial, industrial and agricultural personal property are exempt from taxation. For tax year 2016 and 2015, such maximum amount is $152,926 and $146,973, respectively. This exemption is indexed annually for inflation. Any portion of the Full Cash Value in excess of that amount will be assessed at the applicable rate.

(c) This percentage is determined annually to be equal to the ratio of (i) the total assessed value for primary and secondary purposes of all mining, utility, commercial, industrial, and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total limited value used for primary tax purposes of such properties.

Source: *Abstract of the Assessment Roll,* Arizona Department of Revenue.

Delinquent Tax Procedures

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

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

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

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

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Tax-Exempt Series 2016A Bonds. None of the City, the Financial Advisor, the Underwriter nor their respective attorneys, agents or consultants have undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the Treasurer is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the City's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

Direct and Overlapping Assessed Values and Total Tax Rates
Per $100 Assessed Value

Overlapping Jurisdiction	2015/16 Net Assessed Limited Property Value	2015/16 Total Tax Rate Per $100 Assessed Value	
State of Arizona	$54,840,074,052	None	
Maricopa County	34,623,670,323	$1.8663	(a)
Maricopa County Community College District	34,623,670,323	1.4940	
Maricopa County Fire District Annual Levy (b)	34,623,670,323	0.0116	
Maricopa County Flood Control District (b)	31,100,587,859	0.1592	
Maricopa County Special Health Care District	34,623,670,323	0.3021	
Maricopa County Library District (b)	34,623,670,323	0.0556	
Central Arizona Water Conservation District (b)	34,623,670,323	0.1400	
East Valley Institute of Technology District No. 401	15,228,027,249	0.0500	
Mesa Unified School District No. 4	2,585,940,158	7.3646	
Tempe Elementary School District No. 3	1,250,829,431	5.4718	
Tempe Union High School District No. 213	3,033,283,201	2.8747	
Gilbert Unified School District No. 41	1,583,134,273	6.4567	
Queen Creek Unified School District No. 95	304,796,650	6.1749	
Higley Unified School District No. 60	520,298,071	6.9514	
City of Mesa	2,757,912,916	1.2125	

(a) Includes the "State Equalization Assistance Property Tax." The State Equalization Assistance Property Tax in Fiscal Year 2015/16 has been set at $0.5054 and is adjusted annually pursuant to Arizona Revised Statutes Section 41-1276.

(b) The assessed valuation of the Flood Control District does not include the personal property assessed valuation within the County. The Net Assessed Limited Property Value for the Central Arizona Water Conservation District reflects the assessed valuation located within Maricopa County only. The County is mandated to levy a tax annually in support of County fire districts. All levies for library districts, hospital districts, fire districts, technology districts, water conservation districts and flood control districts are levied on the Net Full Cash Assessed Value.

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue.

Combined Total Tax Rates
Per $100 Assessed Value

There are 15 taxing jurisdictions which overlap the City's boundaries. The total overlapping property tax rate for property owners within the City ranges from $11.4662 to $13.6442.

Source: Maricopa County Finance Department.

Assessed Value by Property Classification (a)
City of Mesa, Arizona

Set forth below is a breakdown of the City's Net Assessed Limited Property Value and Net Full Cash Assessed Value by property classification for the most recent five years such information is available.

Class	Net Assessed Limited Property Value 2015/16	Net Full Cash Assessed Value 2014/15	2013/14	2012/13	2011/12
Utilities, Commercial & Industrial	$ 827,345,515	$848,947,715	$879,596,665	$993,714,198	$1,125,127,153
Agriculture and Vacant	94,775,525	97,241,337	90,657,611	103,384,568	135,740,405
Residential (Owner Occupied)	1,243,570,283	1,291,605,977	1,129,859,346	1,340,266,150	1,521,455,253
Residential (Rental)	590,390,020	580,094,614	456,534,196	331,009,181	380,383,951
Railroad	828,031	881,550	1,028,490	1,241,914	942,432
Historic	844,139	2,273,888	1,816,619	647,654	511,091
Improvements	159,403	127,673	140,995	158,419	117,025
	$2,757,912,916	$2,821,172,75	$2,559,633,922	$2,770,422,084	$3,164,277,311

(a) Fiscal Year 2015/16 indicates Net Assessed Limited Property Value utilizing new constitutional and statutory property valuation requirements. Fiscal Year 2011/12 through 2014/15 indicate the then-applicable, but now replaced, Net Full Cash Assessed Value.

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue.

Comparative Assessed Value Comparisons and Trends (a)

Fiscal Year	City of Mesa	Maricopa County	State of Arizona
Net Assessed Limited Property Value:			
2015/16	$2,757,912,916	$34,623,670,323	$54,840,074,052
Net Full Cash Assessed Value:			
2014/15	2,821,172,754	35,079,646,593	55,352,051,074
2013/14	2,559,633,922	32,229,006,810	52,598,341,678
2012/13	2,770,422,084	34,400,455,712	56,283,023,907
2011/12	3,164,277,311	38,760,296,714	61,784,402,437

(a) Fiscal Year 2015/16 indicates Net Assessed Limited Property Value utilizing new constitutional and statutory property valuation requirements. Fiscal Year 2011/12 through 2014/15 indicate the then-applicable, but now replaced, Net Full Cash Assessed Value.

Source: *State and* County *Abstract of the Assessment Roll,* Arizona Department of Revenue.

Estimated Net Full Cash Assessed Value (a)
City of Mesa, Arizona

Fiscal Year	City of Mesa
2015/16	$29,165,292,711
2014/15	23,856,664,882
2013/14	20,977,492,203
2012/13	22,355,239,037
2011/12	25,508,872,276

(a) The City's estimated Net Full Cash Assessed Value approximates the total market value of all taxable property located within the City, less the estimated exempt property within the City as calculated by the State of Arizona Department of Revenue, Division of Property and Special Taxes.

Net Assessed Property Values of Major Taxpayers (a)(b)
City of Mesa, Arizona

Taxpayer(c)	2015/16 Net Assessed Limited Property Value	As % of City's Total 2015/16 Net Assessed Limited Property Value
SACHS RANCH CO LLC/HURLEY LAND CO LLC	21,613,846	0.78%
MPT OF MESA LLC	20,873,445	0.76%
QWEST CORPORATION	13,917,329	0.50%
A T & T PROPERTY TAX	12,569,032	0.46%
PLATYPUS DEVELOPMENT LLC	11,111,746	0.40%
WAL-MART STORES INC	10,355,352	0.38%
HUGHES HELICOPTERS INC	8,368,123	0.30%
WHITESTONE VILLAGE SQUARE AT DANA PARK LLC	8,127,547	0.29%
EAST MESA MALL LLC	7,187,205	0.26%
DTD DEVCO 8W LLC	7,037,115	0.26%
IIT BROADWAY 101 CC LLC	5,620,252	0.20%
TRW VEHICLE SAFETY SYSTEMS INC	5,314,522	0.19%
BACM 2005-3 RETAIL 1445 LLC	4,828,103	0.18%
STAPLEY OFFICE INC	4,793,585	0.17%
		5.14%

(a) The City has not made an independent determination of the financial position of any of the City's major property taxpayers.

(b) Indicates Net Assessed Limited Property Value utilizing new constitutional and statutory property valuation requirements.

(c) Some of the major taxpayers are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the Filings can be obtained from the public reference section of the Commission at prescribed rates. In addition, the Filings may also be inspected at the offices of the NYSE at 20 Broad Street, New York, New York 10005. The filings may also be obtained through the internet on the SEC's EDGAR database at www.sec.gov.

None of the City, Bond Counsel, Financial Advisor, Underwriter or counsel to the Underwriter has examined the information set forth in the Filings for accuracy or completeness, nor have they assumed responsibility for the same.

Source: Maricopa County Treasurer's Office.

***SPECIAL NOTE**: The assessed valuation of property owned by the Salt River Project Agricultural Improvement and Power District ("SRP") is not included in the assessed valuation of the City in the prior table or in any other valuation information set forth in this Official Statement. Because of SRP's quasi-governmental nature, property owned by SRP is exempt from property taxation.*

However, SRP may elect each year to make voluntary contributions in lieu of property taxes with respect to certain of its electrical facilities (the "SRP Electric Plant"). If SRP elects to make the in lieu contribution for the year, the full cash value of the SRP Electric Plant and the in lieu contribution amount is determined in the same manner as the *full cash value and property taxes owed is determined for similar non-governmental public utility property, with certain special deductions.*

If SRP elected not to make such contributions, the City would be required to contribute funds from other sources or levy an increased tax rate on all other taxable property to provide sufficient amounts to pay debt service on the Tax-Exempt Series 2016A Bonds. If after electing to make the in lieu contribution, SRP then failed to make the in lieu contribution when due, the Treasurer and the City have no recourse against the property of SRP and there may be a delay in the payment of that portion of the debt service on the Tax-Exempt Series 2016A Bonds that would have been paid by SRP's in lieu contribution.

Since 1964, when the in lieu contribution was originally authorized by the Arizona Revised Statutes, SRP has always made that election. The Fiscal Year 2015/16 in lieu Net Assessed Full Cash Value of SRP within the City is $68,059,876 which represents approximately 2.47% of the Net Assessed Limited Property Value in the City. SRP's total estimated contribution in lieu of property tax payments was approximately $825,226 for Fiscal Year 2015/16.

Real and Secured Property Taxes Levied and Collected
City of Mesa, Arizona

Prior to Fiscal Year 2009/10, the City had operated without a property tax levy since Fiscal Year 1944/45. Beginning in Fiscal Year 2009/10 the City imposed a property tax for payment of a portion of the City's outstanding general obligation bonds. The table below sets forth the City's tax collections since Fiscal Year 2011/12.

	City of Mesa, Arizona		Collected to 6-30 of Initial Fiscal Year (a)		Cumulative Collection to Jan. 5, 2016 (a)	
Fiscal Year	Tax Rate	City Tax Levy	Amount	% of Levy	Amount	% of Levy (b)
2015/16	$1.2125	$33,532,275	(c)		$18,954,069	56.62%
2014/15	1.1853	33,410,265	$32,640,782	98.39%	32,906,289	99.29
2013/14	0.8636	22,097,241	21,676,493	98.34	21,974,562	99.94
2012/13	0.5104	14,168,414	13,854,780	98.35	14,024,060	99.93
2011/12	0.4469	14,167,976	13,710,137	97.33	14,008,656	99.95

(a) Taxes are collected by the Treasurer. Taxes in support of debt service are levied by the Maricopa County Board of Supervisors as required by Arizona Revised Statutes. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County General Fund.

(b) Percentage of levy collected to query date is calculated using the adjusted levy as of the query date.

(c) 2016 taxes in course of collection: first installment due 10-01-15, delinquent 11-01-15; second installment due 03-01-16, delinquent 05-01-16.

Source: Maricopa County Treasurer's Office.

APPENDIX C

CITY OF MESA, ARIZONA
UTILITY SYSTEMS INFORMATION

Electric System

The City of Mesa (the "City" or "Mesa") Energy Resources Department's Electric Utility System ("Electric System") has been in operation since 1917. The Electric System's electric service area ("ESA") covers approximately six square miles including the downtown business center of the City. As of Fiscal Year 2014/15, the Electric System served a total of 16,703 customers comprised of 14,170 residential and 2,533 commercial and other customers. There are no industrial customers in the ESA. A fiscal year summer system peak demand of approximately 82.7 MWs and system energy requirements of 321,849 MWhs was metered at the Rogers Substation, the Electric System's point of supply.

During Fiscal Year 2014/15, the Electric System's power and transmission resource scheduling and utilization were managed through its participation in the Resources Management Services program ("RMS") administered by the Western Area Power Administration ("Western") of the United States Department of Energy. Western provided scheduling, dispatching and accounting functions and purchased supplemental power, as needed, on a monthly, daily and real-time basis. The RMS group consists of Mesa, Electrical District Number Two (ED-2), the Town of Fredonia, Aha Macav Power Service, and the Cortaro-Marana Irrigation and Drainage District. As part of the RMS group, Western pools these entities' loads and resources to achieve the benefits of diversity and greater economies of scale in purchased power transactions.

The supply-side resource portfolio of the Electric System for Fiscal Year 2014/15 was comprised of long-term purchased power agreements and short-term seasonal and daily power market purchases. The Electric System contracts for long-term power based on the results of competitive requests for proposals. Additionally, as a member in RMS, the City has access to the wholesale power supply market and the ability to engage in *ad hoc,* short-term firm and non-firm transactions. Current power supply resources for the Electric System are as follows:

		Maximum Contract MW	
Electric Power Resources	Expiration Dates	Summer	Winter
Western Area Power Administration (1):			
* Parker-Davis Project	Sep-2028	10.4	8
* Colorado River Storage Project	Sep-2024	4.3	3.4
Exelon Generation Company, LLC (2)	Mar-2017	15	15
Exelon Generation Company, LLC (3)	Aug-2015	10	-
Exelon Generation Company, LLC (4)	Oct-2018	10	-
Shell Energy North America, L.P. (5)	Dec-2018	10	11
Shell Energy North America, L.P. (6)	Sep-2015	15	0

(1) Mesa and Western are parties to two long-term contracts that provide hydroelectric power from the Parker-Davis Project ("P-DP") and the Colorado River Storage Project ("CRSP"). The P-DP contract expires on September 30, 2028, and the CRSP contract expires on September 30, 2024.

(2) Mesa and Exelon Generation Company, LLC ("Constellation") are parties to a 5-year firm 15 MW, 7 x 24, base-load power purchase and sale agreement for demand with associated energy beginning April 1, 2012 and expiring March 31, 2017. Please note that effective November 25, 2013, Constellation was merged into Exelon Generation Company, LLC.

(3) Mesa and Constellation are also parties to 3-year firm 10 MW, 7 x 16, on-peak power purchase and sale agreement for demand with associated energy beginning July 1, 2013 (for power in July and August) and expiring August 31, 2015. Mesa will assess its resource needs and issue a Request for Proposals (RFP) to replace this resource contract during the first quarter of 2016.

(4) Mesa and Constellation are also parties to 5-year firm 10 MW, 7 x 16, on-peak, Day-Ahead Call Option power purchase and sale agreement for firm energy beginning June 1, 2014 and expiring October 31, 2018.

(5) Mesa and Shell Energy North America, L.P. ("SENA") are parties to a 5-year firm 11-0 MW, 7 x 24, base-load power purchase and sale agreement for demand and associated energy beginning January 1, 2014 and terminating December 31, 2018. This contract has monthly varying power demand levels from a low of 0 MWs to a high of 11 MWs.

(6) Mesa and SENA are also parties to a 3-year firm 15 MW, 7 x 16, on-peak power purchase and sale agreement for demand and associated energy beginning May 1, 2013 and terminating September 30, 2015. Mesa will assess its resource needs and issue a Request for Proposals (RFP) to replace this resource contract during the first quarter of 2016

Mesa's purchased power and energy resources are contractually transmitted over Western's Parker-Davis and Pacific Intertie transmission systems to Western's 500/230 kV West Wing and 230 kV Pinnacle Peak Substations and then to the 230 kV Rogers Substation, jointly owned by Salt River Project ("SRP"), Western, and Mesa. The power and energy are transmitted to Mesa's two (2) radial 69kV lines and then to four (4) Mesa owned and operated 12 kV electrical distribution substation facilities. Power is then transmitted and distributed to Mesa's service area through associated distribution lines. As of Fiscal Year 2014/15 there were approximately 197.5 miles of overhead primary and approximately 253 miles of underground primary distribution lines that distribute power to the customer end-use distribution transformers.

Electrical Utility Industry Deregulation

Background

In the 1998 legislative session, the Arizona legislature adopted House Bill 2663 ("H.B. 2663"). H.B. 2663 attempted to establish a framework for the adoption of administrative rules by the Arizona Corporation Commission ("ACC") for the phasing in of electric competition for the sale of retail power by public power entities (such as Mesa). Under H.B. 2663, however, Mesa could "opt out" and not open its service area to competition so long as Mesa did not provide service outside its service area boundaries. In August of 1998, Mesa adopted a resolution exercising its authority to "opt out" of competition due to non-competition covenants made by Mesa in the Master Resolution. In 2000, however, the Arizona legislature adopted Senate Bill 1056 ("S.B. 1056") under which Mesa was required to open its service territory to competition beginning in January 2002.

Present

Electric industry restructuring in Arizona, however, continues to be on hold indefinitely given the lack of substantive regulatory activity since 2004 and the issuance of a variety of regulatory orders beginning in 2002 and an Arizona Court of Appeals opinion in 2014, that have invalidated or placed on hold rules and regulatory actions considered significant prerequisites for implementing deregulation. This stance was reaffirmed on September 2013 when the ACC voted to close its recently opened docket concerning deregulation of the retail electric market in Arizona. This marked the second time the state started down the path of deregulation and opted against it.

The tables below contain information with respect to the City's Electric System.

Current Electric System Fees and Charges

Description of Electric Services	Fee/Charge * (2015/16)
Residential Electric Service = E1.1	
Monthly Bill Per Meter	
May 1 to October 31	
Customer Charge	$8.00
Usage Charge	
First 1200 kWh	$0.05128 per kWh
> 1200 kWh	$0.04822 per kWh
November 1 to April 30	
Customer Charge	$8.00
Usage Charge	
First 800 kWh	$0.03765 per kWh
> 800 kWh	$0.01633 per kWh
Energy Cost Adjustment Factor**	
Minimum	$8.00
Non-Residential Service = E3.1	
Monthly Bill Per Meter	
May 1 to October 31	
Customer Charge***	$6.22
Demand Charge	
Generation	
First 50 kW	$0.00 per kW
>50 kW	$3.52 per kW
Distribution	
First 50 kW	$0.00 per kW
>50 kW	$0.3968 per kW
Energy Cost Adjustment Factor**	
Distribution	
First 15,000 kWh	$0.06491 per kWh
15,001-75,000 kWh	$0.04125 per kWh
>75,000 kWh	$0.02901 per kWh
November 1 to April 30	
Customer Charge	$6.22
Demand Charge	
Generation	
First 50 kW	$0.00
>50 kW	$3.20 per kW
Distribution	
First 50 kW	$0.00
>50 kW	$0.115 per kW
Energy Cost Adjustment Factor**	
Distribution	
First 15,000 kWh	$0.05375 per kWh
15,001-75,000 kWh	$0.03692 per kWh
>75,000 kWh	$0.02060 per kWh

* The City may require special service agreements for consumers requiring large electric loads.

** The Energy Cost Adjustment Factor is a monthly per KWH charge that was implemented November 1, 2004, which allows for the full recovery of the costs of fuel and purchased power costs. The average Fiscal Year

2014/15 factor for residential was $0.06105 per kWh and the average Fiscal Year 2014/15 factor for non-residential was $0.04970 per kWh.

*** Monthly Customer Charge for single phase E3.1 customers. Monthly Customer Charge for three phase E3.1 customers is $12.24.

Source: City of Mesa Energy Resources Department. The information above reflects only certain basic fees and charges of the City's electric system and is not a comprehensive statement of all such fees.

Electric System Rate Increases (2011-2015)

Date	Rate Increase
August 1, 2015	$1.50*
August 1, 2014	$0.79**
August 1, 2013	None
August 1, 2012	None
August 1, 2011	None

* For residential customers only, the monthly fixed component of rates (Electric System Service Charge) was increased by $1.50.

** For residential customers only, the monthly fixed component of rates (Electric System Service Charge) was increased by $0.79.

Source: City of Mesa Energy Resources Department.

Electric System Customers
(Fiscal Years 2010/11 through 2014/15)

Fiscal Year	Residential Customers	Commercial Customers	Other Customers	Total Customers
2014/15	14,170	2,362	171	16,703
2013/14	13,966	2,322	172	16,460
2012/13	13,613	2,298	184	16,095
2011/12	13,359	2,289	193	15,841
2010/11	13,290	2,250	185	15,725

Source: City of Mesa Energy Resources Department. The schedule immediately above reflects customers as of June 30 for each fiscal year.

The following is a list of the ten largest Electric System customers in order by revenue.

Ten Largest Electric System Customers

Mesa Public Schools
Pacifica Centennial, LLC
Centurylink, Inc.
Mesa Cold Storage
Promise Hospital of Phoenix, Inc.
Mesa Arizona Temple
Basha’s Market-2
Epicurean Fine Foods, Inc.
Circle K Stores
Hogue Printing

The combined 2014/15 Electric System fees/charges for the top ten Electric System customers set forth above was $3,320,450, constituting 10.0% of the total 2014/15 Electric System operating revenue ($33,239,588). No individual Electric System customer above constitutes more than 3.5% of the total 2014/15 Electric System operating revenue. Additionally, while the list above is representative of the top ten Electric System customers as of June 30th of Fiscal Year 2014/15, customer consumption can fluctuate, among other things, with customer process changes, efficiency enhancement and changes to business practices and locations. This can result in yearly shifts in the rankings of the specific customers. However, the City consistently uses budget forecasting methods to account for such variances. The City also receives electric services from the Electric System, and records the revenue as interdepartmental revenue. For Fiscal Year 2014/15, Electric interdepartmental revenues were $3,880,327. The City as a customer constitutes approximately 11% of the total 2014/15 Electric System operating revenue.

Source: City of Mesa Energy Resources Department

Natural Gas System

The City Energy Resources Department's Natural Gas Utility System ("Natural Gas System") has been in operation since 1917, and was ranked by the American Public Gas Association ("APGA") as of Fiscal Year 2014/15 as the 14th largest publicly-owned gas utility system in the United States in terms of customers served. The Natural Gas System's natural gas service territory is comprised of two major service areas: 1) the City Service Area ("CSA") of approximately 90 square miles within the City limits; and 2) the Magma Service Area ("MSA"), a 236 square mile system located southeast of the City in Pinal County, Arizona. As of the Fiscal Year 2014/15, the City's combined Natural Gas System operated 1,264 miles of distribution mains and served approximately 59,216 total customers comprised of 56,786 Residential and 2,430 Commercial and other customers.

The Natural Gas System's natural gas supplies and associated contracts have been structured to fulfill not only existing system requirements, but anticipate system growth and peak needs of that growth. During Fiscal Year 2014/15, the Natural Gas System's natural gas supplies were provided by Shell Energy North America, L.P. ("SENA"). The natural gas supplies provided by SENA came from both the San Juan Basin in New Mexico and the Permian Basin in West Texas. The natural gas was transported via a major pipeline system owned and operated by El Paso Natural Gas Company LLC, a Kinder Morgan company ("EPNG"). EPNG provided the transport service under the terms and conditions of Transportation Service Agreements ("TSA") No. FT2AF000 and No. FT2AE000 that were effective February 1, 2013. During Fiscal Year 2013/14, TSA No. FT2AE000 was extended for 10 years effective July 1, 2014 given that it was due to expire June 30, 2014; TSA No. FT2AF000 continues on an "evergreen" year-to-year basis. The TSAs provide the Natural Gas System with the ability to transport its total, daily natural gas supplies to the current five (5) Natural Gas System-owned gate stations located in both the CSA and MSA.

For Fiscal Year 2014/15, the Natural Gas System experienced a total coincident hourly system peak delivery of 1,497.1 DThs per hour. Total natural gas supply deliveries at the Natural Gas System's gate stations during Fiscal Year 2014/15 were 2,869,171 DThs. Facilities and distribution infrastructure necessary to provide service to the majority of the CSA has been completed. Continued growth of the Natural Gas System, especially in the MSA will require the extension of distribution mains in order to serve developing residential and commercial areas.

The following tables provide information with respect to the City's Natural Gas System.

Current Natural Gas System Fees and Charges

Description of Natural Gas Services	Fee/Charge (2015/16)
City Service Area Residential Gas Service = G1.1	
May 1st through October 31st	$ 12.11
Gas System Service Charge	0.6685 / therm
First 25 Therms	0.2167 / therm
All Additional Therms	
Natural Gas Supply Cost Adjustment*	
November 1st through April 30th	$ 15.04
Gas System Service Charge	0.6685 / therm
First 25 Therms	0.4926 / therm
All Additional Therms	
Natural Gas Supply Cost Adjustment*	
City Service Area Gas Service = G3.1	
May 1st through October 31st	$ 31.46
Monthly Service Charge	0.5280 / therm
First 1200 Therms	0.3166 / therm
All Additional Therms	
Natural Gas Supply Cost Adjustment*	
November 1st through April 30th	$ 41.14
Monthly Service Charge	0.5718 / therm
First 1200 Therms	0.4574 / therm
All Additional Therms	
Natural Gas Supply Cost Adjustment*	
Magma Service Area Residential Gas Service = GM1.1	
May 1st through October 31st	$ 13.10
Gas System Service Charge	0.7370 / therm
First 25 Therms	0.2388 / therm
All Additional Therms	
Natural Gas Supply Cost Adjustment*	
November 1st through April 30th	$ 16.34
Gas System Service Charge	0.7370 / therm
First 25 Therms	0.5433 / therm
All Additional Therms	
Natural Gas Supply Cost Adjustment*	
Magma Service Area General Gas Service = GM3.1	
May 1st through October 31st	$ 38.28
Monthly Service Charge	0.6522 / therm
First 1200 Therms	0.3910 / therm
All Additional Therms	
Natural Gas Supply Cost Adjustment*	
November 1st through April 30th	$ 50.21
Monthly Service Charge	0.7061 / therm
First 1200 Therms	0.5648 / therm
All Additional Therms	$ 12.11
Natural Gas Supply Cost Adjustment*	0.6685 / therm

* The Natural Gas Tariff Adjustment allows for the full recovery of the cost of natural gas. It is a monthly per billed therm charge. The average factor for Fiscal Year 2014/15 for residential and general service was $0.41325 per therm.

Source: City of Mesa Energy Resources Department. The table above reflects only certain basic fees and charges of the City's Natural Gas System and is not a comprehensive statement of all such fees.

Natural Gas System Rate Increases (2011-2015)

Date	Rate Increase
August 1, 2015	$1.25*
August 1, 2014	$1.14**
August 1, 2013	0.00%
August 1, 2012	0.00%
August 1, 2011	2.50%

* The monthly fixed component of rates (Service Charge) was increased by $1.29 for both residential and non-residential customers

** The monthly fixed component of rates (Service Charge) was increased by $1.14 for both residential and non-residential customers

Source: City of Mesa Energy Resources Department.

Natural Gas System Customers
(Fiscal Years 2010/11 through 2014/15)

Fiscal Year	Residential Customers	Commercial Customers	Other Customers	Total Customers
2014/15	56,786	2,206	224	59,216
2013/14	55,615	2,175	221	58,011
2012/13	54,544	2,191	206	56,941
2011/12	53,408	2,207	213	55,828
2010/11	52,326	2,195	211	54,732

Source: City of Mesa Energy Resources Department. The schedule immediately above reflects customers as of June 30 of each fiscal year

The following is a list of the ten largest Natural Gas System customers in order by revenue.

Ten Largest Natural Gas System Customers

Banner Desert Medical Center
Regional Public Transit Authority
Mesa Public Schools
Commercial Metals Company
Waste Management of Arizona, Inc
Banner Corporate Center-Mesa
The Boeing Company
Arizona Corrugated Container, LLC
Banner Gateway Hospital
Quality Emulsions, LLC

The combined Fiscal Year 2014/15 Natural Gas System fees/charges for the top ten Natural Gas System customers set forth above was $4,153,047, constituting 10.60% of the total Fiscal Year 2014/15 Natural Gas System operating revenue ($39,051,278). No individual Natural Gas System customer constitutes more than 3% of the total Fiscal Year 2014/15 Natural Gas System operating revenue. Additionally, while the list above is representative of the top ten Natural Gas System customers as of Fiscal Year 2014/15, customer consumption can fluctuate, among other things, with customer process changes, efficiency enhancement and changes to business practices and locations. This can result in yearly shifts in the rankings of the specific customers. However, the City consistently uses conservative budget forecasting methods to account for such variances.

The City receives gas services from the Natural Gas System and records the revenue as interdepartmental revenue. For Fiscal Year 2014/15 Natural Gas interdepartmental revenues for the City were $460,699.

Source: City of Mesa Energy Resources Department.

Water System

The water utility system of the City (the "Water System") serves a population of over 465,000, residing within a 170 square mile area. The Water System currently consists of approximately 146,927 residential and commercial connections. The City is well positioned to provide reliable delivery of quality water to meet current and future demands.

Water is provided from three general sources: the Salt and Verde River system, the Colorado River via the Central Arizona Project ("CAP"), and groundwater wells. In addition, the City has stored an amount of surface water equal to approximately five times its annual demand in underground aquifers to mitigate future drought. The City is designated with a 100-Year Assured Water Supply by the Arizona Department of Water Resources. Currently, the City has legal access to approximately twice the amount of water that it delivers, allowing adequate supplies for growth. The City has worked hard to provide current and future availability of water supplies for normal and drought conditions.

The City has 20 storage facilities in the Water System service area capable of holding 112 million gallons. The City has approximately 2,370 miles of water distribution mains. A backflow prevention program has been implemented and enforced to protect the quality of the drinking water from possible sources of contamination. The total current capacity of the Water System is approximately 248 million gallons per day ("mgd"). The record peak day was in 2005 and required approximately 138 mgd. The average day in calendar year 2015 was 78 mgd with a peak day of 111 mgd.

Surface water from the Salt and Verde Rivers is treated at the Val Vista Water Treatment Plant. The plant is jointly owned by Mesa and the City of Phoenix. Currently, the plant has a treatment capacity of 220 mgd, of which Mesa owns 90 mgd. The plant produces approximately 37% of the water delivered by the City.

Colorado River water is delivered to the City via the CAP Canal. The water is treated at the Mesa CAP Water Treatment Plant. Currently the plant has a treatment capacity of 72 mgd and produces approximately 54% of the City's water.

Groundwater wells produce the remaining 9% of the water delivered by the City on an average day. The City currently has 31 active groundwater wells with a pumping capacity of approximately 86 mgd. The continued development of new wells provides water supplies for future growth, but more importantly, provides redundancy in case of drought, scheduled maintenance of surface water canals, or operational issues within the surface water system.

The City is actively involved in promoting water conservation. As public education plays a large role in conservation, the City makes available a variety of free publications, participates in community and business sponsored events, maintains a speaker's bureau, and sponsors a youth education program. The City has also instituted a rebate program for low water use landscaping, and has generally incorporated an inclining block rate structure to encourage water conservation.

The City's water master plan was updated in 2012.

The following tables provide information with respect to the City's Water System.

Current Water System Fees and Charges

Description of Water System Services	Fees/Charges
Monthly Minimum Bill-All Classes, All Zones*	
3/4 Inch	$ 25.35
1 Inch	28.39
1 1/2 Inch	39.74
2 Inches	52.12
3 Inches	103.25
4 Inches	163.51
6 Inches	313.13
8 Inches	463.72
10 Inches	628.23
*Includes the first 3,000 gallons of water as a minimum charge for capacity availability	
Monthly Volume Charge - Residential	
First 11,000 Gallons of Water	$2.88/1,000 Gallons
Next 11,000 Gallons of Water	$4.32/1,000 Gallons
Next 2,000 Gallons of Water	$4.90/1,000 Gallons
Additional Usage	$5.05/1,000 Gallons

Source: City of Mesa Water Resources Department. The table above reflects only certain basic fees and charges of the City's Water System and is not a comprehensive statement of all such fees.

Water System Rate Increases (2011-2015)

Date	Rate Increase
July 1, 2015	5.00%
July 1, 2014	7.00%
August 1, 2013	2.00%
August 1, 2012	0.00%
August 1, 2011	6.80%

Source: City of Mesa Water Resources Department.

Water System Customers
(Fiscal Years 2010/11 through 2014/15)

Fiscal Year	Residential Customers	Commercial Customers	Multi-Unit Customers	Total Customers
2014/15	124,230	10,456	4,492	139,178
2013/14	123,064	10,197	4,486	137,747
2012/13	121,486	10,220	4,462	136,168
2011/12	120,335	10,125	4,443	134,903
2010/11	119,359	10,025	4,380	133,764

Source: City of Mesa Water Resources Department. The schedule immediately above reflects customers as of June 30 for each fiscal year.

The following is a list of the ten largest Water System customers in order by revenue.

Ten Largest Water System Customers

Mesa Public Schools
LDS Church
ASU East Single Family Homes
Cal-Am Properties, Inc.
Gilbert Public Schools
Commercial Metals Company
Banner Desert Medical Center
Platypus Development, LLC
Bella Via Community Association
IMT-LB Del Coronado/Mesa LLC

The combined Fiscal Year 2014/15 Water System fees/charges for the top ten Water System customers set forth above was $5,398,113 constituting 4.68% of the total Fiscal Year 2014/15 Water System operating revenue ($115,226,958). No individual Water System customer above constitutes more than 2% of the total Fiscal year 2014/15 Water System operating revenue. Additionally, while the list above is representative of the top ten Water System customers as of the Fiscal Year 2014/15, customer consumption can fluctuate, among other things, with customer process changes, efficiency enhancement and changes to business practices and locations. This can result in yearly shifts in the rankings of the specific customers. For instance, it is anticipated that Platypus Development, LLC will be replaced on the list in future years. However, the City consistently uses budget forecasting methods to account for such variances.

The City receives water services from the Water System and records the revenue as interdepartmental revenue. For Fiscal Year 2014/15 Water interdepartmental revenues for the City were $3,207,402.

Source: City of Mesa Water Resources Department

Wastewater System

The City's gravity wastewater collection system (the "Wastewater System") currently serves approximately 124,000 residential and commercial connections. Three water reclamation plants ("WRP") and one wastewater treatment plant ("WWTP") provide wastewater treatment for the City of Mesa.

The Phoenix-operated 91st Avenue WWTP, which is jointly owned by Mesa and four other nearby municipalities within the Sub-Regional Operating Group ("SROG"), currently has a 205 mgd capacity. Mesa's portion of that amount is approximately 29 mgd.

The City owns and operates three water reclamation plants. The Northwest Water Reclamation Plant ("NWWRP") currently has a treatment capacity of 18 mgd. Reclaimed water from the NWWRP is delivered to the Granite Reef Underground Storage Project where it is converted into water rights that can be used to meet future potable water demands. The plant also has solids treatment processing capabilities.

The Southeast Water Reclamation Plant ("SEWRP") serves the northeastern part of the City and has a plant capacity of 8 mgd. The plant sends its bio-solids to the Greenfield Water Reclamation Plant ("GWRP").

The GWRP is a regional plant operated by Mesa, and co-owned with the Towns of Gilbert and Queen Creek. The GWRP serves southeast Mesa and a portion of northeast Mesa. GWRP currently has a treatment capacity of 16 mgd of which Mesa owns 4 mgd. The ultimate treatment capacity of the plant is expected to reach 56 mgd with Mesa's portion expected to reach 27 mgd. The plant currently has bio-solids processing capacity of 24 mgd of which Mesa owns 12 mgd. The ultimate bio-solids capacity of the plant is expected to reach 64 mgd, of which Mesa will own 35 mgd. Reclaimed water from the SEWRP and the GWRP is delivered to the Gila River Indian Community (the "Community") for agricultural use as part of a contractual water exchange. Through this exchange, the City receives four acre-feet of Central Arizona Project water for use in its potable system for every five acre-feet of reclaimed water that is delivered to the Community.

The City has approximately 1,705 miles of sewer mains, 15 lift stations, 22 odor control stations, 5 metering stations, and 36 diversion structures in its wastewater collection system. In addition, the City is part owner in the Baseline/Southern Interceptors, and the Salt River Outfall ("SRO") interceptor mains that transport sludge and wastewater to the 91st Avenue WWTP. The City's Wastewater System master plan was updated in 2013.

The City's Wastewater System and current agreements allow for a treatment capacity of approximately 60 mgd. The average day during calendar year 2015 was 33.8 mgd, with a peak day of 37.6 mgd.

The following tables provide information with respect to the City's Wastewater System.

Current Wastewater System Fees and Charges

Description of Wastewater System Services	Fee/Charge (2015/16)
Residential Sewer Service - Inside City	
Monthly Bill	
Service Charge	$17.22
User Charge Component (average winter water consumption)	1.41 / 1,000 gallons
Capital Related Component (average winter water consumption in excess of 5,000 gallons)	2.55 / 1,000 gallons
General Commercial Sewer Service - Inside City	
Monthly Bill	
Service Charge	$17.70
User Charge Component (all water used)	1.41 / 1,000 gallons
Capital Related Component (all water used in excess of 5,000 gallons)	2.55 / 1,000 gallons
Multi-Unit Dwelling Sewer Service - Inside City	
Monthly Bill	
Service Charge	$17.70
User Charge Component (all water used)	1.41 / 1,000 gallons
Capital Related Component (all water used in excess of 5,000 gallons)	2.55 / 1,000 gallons
Industrial Sewer Service - Inside City	
Monthly Bill	
Capital Component	
Flow (in excess of 5,000 gallons)	$2.489 / 1,000 gallons
BOD (in excess of lbs. contributed in first 5,000 gallons)	0.193 / pound
SS (in excess of lbs. contributed in first 5,000 gallons)	0.160 / pound
	User Charge Component
Flow	$0.731 / 1,000 gallons
BOD (Biochemical Oxygen Demand)	0.357 / pound
SS (Suspended Solids)	0.213 / pound
Minimum - Capital Component (includes use of 5,000 gallons)	13.67
User Charge Billing Component	3.43

Source: City of Mesa Water Resource Department. The table above reflects only certain basic fees and charges of the City's Wastewater System and is not a comprehensive statement of all such fees

Wastewater System Rate Increases (2011-2015)

Date	Rate Increase
July 1, 2015	5.00%
July 1, 2014	7.00%
August 1, 2013	2.00%
August 1, 2012	0.00%
August 1, 2011	5.80%

Source: City of Mesa Water Resources Department

Wastewater System Customers
(Fiscal Years 2010/11 through 2014/15)

Fiscal Year	Residential Customers	Commercial Customers	Multi-Unit Customers	Industrial Customers	Other Customers	Total Customers
2014/15	113,901	5,488	4,362	0	0	123,751
2013/14	112,813	5,457	4,352	1	0	122,623
2012/13	111,171	5,398	4,335	1	0	120,905
2011/12	110,007	5,378	4,333	2	0	119,720
2010/11	107,275	4,839	4,269	2	460	116,845

Source: City of Mesa Finance Department. The schedule immediately above reflects customers as of June 30 for each fiscal year

The following is a list of the ten largest Wastewater System customers in order by revenue.

Ten Largest Wastewater System Customers

Mesa Public Schools
Town of Gilbert
Cal-Am Properties, Inc.
ASU East Single Family Homes
Platypus Development, LLC
Banner Desert Medical Center
IMT-LB Del Coronado/Mesa LLC
Wal-Mart Stores, Inc.
AMEC Environment & Infrastructure, Inc.
Viewpoint RV Resort, LLC

The combined Fiscal Year 2014/15 Wastewater System fees/charges for the top ten Wastewater System customers set forth above was $4,181,911 constituting 6.00% of the total Fiscal Year 2014/15 Wastewater System operating revenue ($70,860,459). No individual Wastewater System customer above constitutes more than 2% of the total Fiscal year 2014/15 Wastewater System operating revenue. Additionally, while the list above is representative of the top ten Wastewater System customers as of Fiscal Year 2014/15, customer consumption can fluctuate, among other things, with customer process changes, efficiency enhancement and changes to business practices and locations. This can result in yearly shifts in the rankings of the specific customers. For instance, it is anticipated that Platypus

Development, LLC will be replaced on the list in future years. However, the City consistently uses budget forecasting methods to account for such variances.

The City receives wastewater services from the Wastewater System and records the revenue as interdepartmental revenue. For Fiscal Year 2014/15 Wastewater interdepartmental revenues for the City were $349,721.

Source: City of Mesa Water Resource Department.

Solid Waste System

The City's solid waste system (the "Solid Waste System") is the exclusive provider of solid waste collection services to single and multi-family residences located within the City. The City's solid waste collection system utilizes both a blue barrel and green barrel curbside recycling program. A 32% diversion rate in materials going to landfills is realized from these programs, saving the City considerable expense. Standard residential solid waste service includes once per week collection of trash and once per week collection of recyclables. Single-family residences and many multi-family residences are serviced using automated side-loader trucks, thereby reducing the personnel required from a collection crew to a single driver/operator. The residential Solid Waste System currently consists of approximately 132,309 customers.

The City's Solid Waste System is also the exclusive provider of solid waste collection services to apartment complexes using front loader trucks. The City currently has approximately 3,000 customers who have metal bin service.

The City competes with private solid waste hauler and collection services for commercial customers within the City. It is currently estimated that the City serves approximately 43% of the total commercial customers in the City.

In December 2007, the City extended its agreement through Fiscal Year 2014/15 for use of the Salt River-Pima Maricopa Indian Community's landfill located directly north of the City across the Salt River. This landfill is a designed facility that meets all Federal Subtitle D requirements.

In Fiscal Year 2014/15, the City negotiated and entered into six new agreements covering eleven landfills and/or Transfer Stations. These additional facilities allow the City to reduce our overall operating costs. These facilities meet all Federal Subtitle D requirements.

Current Solid Waste System Fees and Charges
Residential Solid Waste System Monthly Billing

Rate R1.2*: $26.72 per unit for single dwellings units, duplexes, triplexes and fourplexes when the water account servicing the unit or units is active or where the resident resides within Mesa Solid Waste service area, for once per week residential solid waste barrel collection and once per week recycling barrel collection (90 gallon individual garbage barrel). $23.86 per unit for single dwelling units when the water account servicing the unit or units is active, or where the resident resides within Mesa Solid Waste service area for once per week residential solid waste barrel collection and once per week recycling barrel collection (60 gallon garbage barrel).

Rate R1.21: $12.62 per each additional 60/90 gallon solid waste barrel collected on same day as first solid waste barrel.

Rate R1.23: $28.67 per unit for the first barrel in addition to the above R1.2 rate for twice per week solid waste collection, and $12.62 for each additional barrel at twice per week.

Rate R1.24*: $23.86 per unit for multiple dwelling units with five to twenty units when the water account servicing the units is active, or where the resident resides within Mesa Solid Waste service area for once per week solid waste barrel collection and once per week recycling barrel collection.

Rate R1.26*: $26.72 per unit for duplexes, triplexes and fourplexes when the water account servicing the unit or units is active, or where the resident resides within Mesa Solid Waste service area for metal bin service.

Rate R1.27*: $23.86 per unit for multiple dwelling units with five to twenty units when the water account servicing the units is active, or where the resident resides within Mesa Solid Waste service area for metal bin collection. Applicability of this rate shall be based on one-half cubic yard of capacity per unit per week.

Rate R1.28: $6.31 per each 90 gallon green waste barrel collected once per week.

Rate R1.29*: $25.85 per unit for single dwellings units, when the water account servicing the unit is active or where the resident resides within Mesa Solid Waste service area, for once per week residential solid waste barrel collection (90 gallon individual garbage barrel) and every other week recycling barrel collection, applicability subject to approval of the Deputy City Manager or designee. $22.97 per unit for single dwelling units when the water account servicing the unit is active, or where the resident resides within Mesa Solid Waste service area for once per week residential solid waste barrel collection (60 gallon garbage barrel) and every other week recycling barrel collection, applicability subject to approval of the Deputy City Manager or designee. $21.62 per unit for single dwelling units when the water account servicing the unit is active, or where the resident resides within Mesa Solid Waste service area for once per week residential solid waste barrel collection (35 gallon garbage barrel) and every other week recycling barrel collection, applicability subject to approval of the Deputy City Manager or designee

* A $0.74 per billing cycle Mesa Green and Clean fee will be assessed to each dwelling unit.

Commercial Solid Waste System Monthly Billing

Rate R3.8: $26.72 for the first 90 gallon barrel for once per week solid waste barrel collection and once per week recycling barrel collection. $22.72 for the first 60 gallon barrel for once per week solid waste barrel collection and once per week recycling barrel collection.

Rate R3.81: $12.62 per each additional 60/90 gallon solid waste barrel for once per week solid waste barrel collection on same geographic in-zone day as the first barrel.

Rate R3.82: $28.62 per unit for the first barrel in addition to the above R3.8 rate for twice per week solid waste barrel collection, and $12.02 for each additional barrel at twice per week. Source: City of Mesa Solid Waste Department.

Source: City of Mesa Utilities Rate book FY2015/16. The table above reflects only certain basic fees and charges of the City's solid waste system and is not a comprehensive statement of all such fees.

Solid Waste System Rate Increases (2011-2015)

Date	Rate Increase
August 1, 2015	5.00%
July 1, 2014	6.90%
August 1, 2013	2.00%
August 1, 2012	0.00%
August 1, 2011	0.00%

Source: City of Mesa Solid Waste Department.

Solid Waste System Customers
(Fiscal Years 2010/10 through 2014/15)

Fiscal Year	Residential Customers	Commercial Customers	Other Customers	Total Customers
2014/15	132,2029	3,000	300	135,509
2013/14	130,073	3,000	300	133,373
2012/13	122,682	3,034	302	126,018
2011/12	120,409	2,906	201	123,516
2010/11	115,811	2,166	219	118,196

Source: City of Mesa Solid Waste Department. The schedule immediately above reflects customers as of June 30 for each fiscal year.

Ten Largest Solid Waste System Customers

The following is a list of the ten largest Solid Waste System customers in order by revenue.

Cal-Am Properties, Inc.
Mesa Public Schools
MHC Monte Vista, LLC
Casa Fiesta Tempe Ltd. Ptsp.
Norton S. Karno APC ERT
Mobile Homes Communities
Tesoro at Greenfield Condo Assoc.
MHC Monte Vista, LLC
Sierra Villages Associates
Las Palmas, Ltd.

The combined Fiscal Year 2014/15 Solid Waste System fees/charges for the top ten Solid Waste System customers set forth above was $1,763,965 constituting 3.39% of the total Fiscal Year 2014/15 Solid Waste System operating revenue ($52,025,885). No individual Solid Waste System customer above constitutes more than 1% of the total Fiscal Year 2014/15 Solid Waste System operating revenue.

The City receives solid waste services from the Solid Waste System Department and records the revenue as interdepartmental revenue. For Fiscal Year 2014/15 Solid Waste interdepartmental revenues for the City were $489,353.

Source: City of Mesa Finance Department.

Billing and Collection Procedures

The City bills its utility customers in cycles throughout the month with each customer being billed at approximately the same time every month. Electric, gas and water accounts are based on meter readings, wastewater charges are based on water usage and solid waste disposal fees vary depending on the size of the containers and frequency of collections. The City's collection procedures for delinquent utility accounts involve a series of billings and notices with a discontinuance of service at the end of 72 days. Due to the collection procedures, utility deposits required on various accounts and the nature of the service being provided, the City has experienced write-offs at or below one-half of one percent during the past four fiscal years.

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APPENDIX D

CITY OF MESA, ARIZONA

AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The following audited financial statements are the most recent available to the City. These financial statements are not current and may not represent the current financial conditions of the City.

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

This information concerning DTC and DTC's book-entry system has been obtained from DTC and the City takes no responsibility for the accuracy thereof. The Beneficial Owners (defined below) should confirm this information with DTC or the DTC participants.

DTC will act as securities depository for the Tax-Exempt Series 2016A Bonds. The Tax-Exempt Series 2016A Bonds will be executed and delivered 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 Bonds certificate will be executed and delivered for each maturity of the Tax-Exempt Series 2016A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Tax-Exempt Series 2016A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Tax-Exempt Series 2016A Bonds on DTC's records. The ownership interest of each actual purchaser of each Obligation ("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 Tax-Exempt Series 2016A 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 Tax-Exempt Series 2016A Bonds, except in the event that use of the book-entry system for the Tax-Exempt Series 2016A Bonds is discontinued.

To facilitate subsequent transfers, all Tax-Exempt Series 2016A 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 Tax-Exempt Series 2016A Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Tax-Exempt Series 2016A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Tax-Exempt Series 2016A 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 Tax-Exempt Series 2016A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Tax-Exempt Series 2016A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Tax-Exempt Series 2016A Bonds documents. For example, Beneficial Owners of Tax-Exempt Series 2016A Bonds may wish to ascertain that the nominee holding the Tax-Exempt Series 2016A 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 Tax-Exempt Series 2016A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Tax-Exempt Series 2016A 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 City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Tax-Exempt Series 2016A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the 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, the City or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the 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.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered through its Participant to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interests in the Tax-Exempt Series 2016A Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Tax-Exempt Series 2016A Bonds in connection with an optional tender or mandatory purchase will be deemed satisfied when the ownership rights in the Tax-Exempt Series 2016A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Tax-Exempt Series 2016A Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Obligation certificates are required to be printed and delivered.

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

NONE OF THE CITY, THE UNDERWRITER, THE TRUSTEE OR THE FINANCIAL ADVISOR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, TO DIRECT PARTICIPANTS, OR TO INDIRECT PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE TAX-EXEMPT SERIES 2016A BONDS UNDER THE AUTHORIZING RESOLUTION OR THE TRUST AGREEMENT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST OR PAYMENT AMOUNT DUE WITH RESPECT TO THE PRINCIPAL OR INTEREST OR PAYMENT AMOUNT DUE WITH RESPECT TO THE TAX-EXEMPT SERIES 2016A BONDS; (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE TAX-EXEMPT SERIES 2016A BONDS; OR (5) ANY OTHER MATTERS.

APPENDIX F

FORM OF APPROVING LEGAL OPINION

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_________, 2016

MAYOR AND COUNCIL

CITY OF MESA

MARICOPA COUNTY, ARIZONA

We have examined the transcript of proceedings relating to the issuance by the City of Mesa, Arizona (the "*City*"), of its $_____________ aggregate principal amount General Obligation Refunding Bonds, Tax-Exempt Series 2016A (the "*Bonds*"). The Bonds are dated the date of initial delivery and bear interest payable January 1 and July 1 of each year to maturity, commencing July 1, 2016*.

As to questions of fact material to our opinion, we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The Bonds are valid and binding general obligations of the City.

2. All taxable property within the City is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the Bonds without limit as to rate, except that the total aggregate of taxes levied to pay the principal of and interest on the Bonds in the aggregate shall not exceed the total aggregate amount of principal and interest to become due on the bonds being refunded from the date of issuance of the Bonds to the final date of maturity of the bonds being refunded; and subject further to the rights vested in the owners of such bonds being refunded to the payment of such bonds being refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United States of America purchased from the proceeds of the sale of the Bonds and placed in trust for the purpose of providing for payment of principal of and premium and interest on such bonds being refunded. The owners of the Bonds must rely on the sufficiency of the moneys and obligations placed irrevocably in trust for payment of the bonds being refunded. Subject to the foregoing, it is required by law that there be levied, assessed and collected, in the same manner as other taxes of the City, an annual tax upon the taxable property in the City sufficient to pay the principal of and interest on the Bonds when due.

3. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; however, such interest income must be taken into account for federal income tax purposes as an adjustment to alternative minimum

* Subject to change.

taxable income for certain corporations, which income is subject to federal alternative minimum tax. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "*Code*"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the City rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could cause the Bonds to be "arbitrage bonds" within the meaning of the Code or otherwise result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The City has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the City with such restrictions, conditions and requirements.

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

GUST ROSENFELD P.L.C.

Scott W. Ruby
Bond Counsel

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CITY OF MESA, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS,
TAX-EXEMPT SERIES 2016A

CONTINUING DISCLOSURE CERTIFICATE
(CUSIP No. 590485)

This Continuing Disclosure Certificate (the "*Disclosure Certificate*") is undertaken by the City of Mesa, Arizona (the "*City*") in connection with the issuance of General Obligation Refunding Bonds, Tax-Exempt Series 2016A (the "*Bonds*"). In consideration of the initial sale and delivery of the Bonds, the City covenants as follows:

Section 1. **Purpose of the Disclosure Certificate**. This Disclosure Certificate is for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule (as hereinafter defined).

Section 2. **Definitions**. Any capitalized term used herein shall have the following meanings, unless otherwise defined herein:

"*Annual Report*" shall mean the annual report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Bondholder*" shall mean any registered owner or beneficial owner of the Bonds.

"*Bond Counsel*" shall mean Gust Rosenfeld P.L.C. or such other nationally recognized bond counsel as may be selected by the City.

"*Dissemination Agent*" shall mean the City or any person designated in writing by the City as the Dissemination Agent.

"*EMMA*" shall mean the Electronic Municipal Market Access system of MSRB, or any successor thereto approved by the United States Securities and Exchange Commission, as a repository for municipal continuing disclosure information pursuant to the Rule.

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

"*Official Statement*" shall mean the final official statement dated ____________, 2016 relating to the Bonds.

"*Participating Underwriter*" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. **Provision of Annual Reports**.

(a) The City shall, or shall cause the Dissemination Agent to, not later than February 1 of each year (the "*Filing Date*"), commencing February 1, 2017, provide electronically to MSRB, in a format prescribed by MSRB, an Annual Report for the fiscal year ending on the preceding June 30 which is consistent with the requirements of Section 4 of this Disclosure Certificate. Currently, filings are required to be made with EMMA. Not later than fifteen (15) business days prior to such Filing Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City).

(b) If the City is unable or for any reason fails to provide electronically to EMMA an Annual Report or any part thereof by the Filing Date required in subsection (a) above, the City shall, in a timely manner, send a notice to EMMA in substantially the form attached as *Exhibit A* not later than such Filing Date.

(c) If the City's audited financial statements are not submitted with the Annual Report and the City fails to provide to EMMA a copy of its audited financial statements within 30 days of receipt thereof by the City, then the City shall, in a timely manner, send a notice to EMMA in substantially the form attached as ***Exhibit B***.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date(s) for providing the Annual Report and audited financial statements the proper address of EMMA; and

(ii) if the Dissemination Agent is other than the City, file a report or reports with the City certifying that the Annual Report and audited financial statements, if applicable, have been provided pursuant to this Disclosure Certificate, stating the date such information was provided and listing where it was provided.

Section 4. **Content of Annual Reports**.

(a) The Annual Report may be submitted as a single document or as separate documents comprising an electronic package, and may incorporate by reference other information as provided in this Section, including the audited financial statements of the City; provided, however, that if the audited financial statements of the City are not available at the time of the filing of the Annual Report, the City shall file unaudited financial statements of the City with the Annual Report and, when the audited financial statements of the City are available, the same shall be submitted to EMMA within 30 days of receipt by the City.

(b) The City's Annual Report shall contain or incorporate by reference the following:

(i) Type of Financial and Operating Data to be Provided:

(A) Subject to the provisions of Sections 3 and 4(a) hereof, annual audited financial statements for the City.

(B) Annually updated financial information and operating data of the type contained in the following subsections of the Official Statement:

[- Security for and Sources of Payment of the Bonds - Sources of Payment of the Bonds;

- Appendix B – Financial Data – Statements of Bonds Outstanding.]

(C) In the event of an amendment pursuant to Section 8 hereof not previously described in an Annual Report, an explanation, in narrative form, of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided and, if the amendment is made to the accounting principles to be followed, a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles, including a qualitative discussion of the differences, and the impact on the presentation and, to the extent feasible, a quantitative comparison.

(ii) Accounting Principles Pursuant to Which Audited Financial Statements Shall Be Prepared: The audited annual financial statements shall be prepared in accordance with generally accepted accounting principles and state law requirements as are in effect from time to time. A more complete description of the accounting principles currently followed in the preparation of the City's audited annual financial statements is contained in Note 1 of the audited financial statement included within the Official Statement.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The City shall clearly identify each such other document so incorporated by reference.

Section 5. **Reporting of Listed Events**.

(a) This Section 5 shall govern the giving of notices by the City of the occurrence of any of the following events with respect to the Bonds, and the City shall in a timely manner, not in excess of ten business days after the occurrence of the event, provide notice of the following events with EMMA:

(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 (the "*IRS*") of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) Modifications to rights of Bondholders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the City;

(13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material

Note to paragraph 5(a)(12) above: For the purposes of the event identified in paragraph 5(a)(12) above, 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 or 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.

Section 6. **Termination of Reporting Obligation**. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Such termination shall not terminate the obligation of the City to give notice of such defeasance or prior redemption.

Section 7. **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 Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

Section 8. **Amendment**. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate if:

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

(b) This Disclosure Certificate, as amended, would, in the opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Bondholders, as determined by Bond Counsel.

Notice of any amendment to the accounting principles shall be sent within 30 days to EMMA.

Section 9. **Filing with EMMA**. The City shall, or shall cause the Dissemination Agent to, electronically file all items required to be filed with EMMA.

Section 10. **Additional Information**. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. **Default**. In the event of a failure of the City to comply with any provision of this Disclosure Certificate any Bondholder may seek specific performance by court order to cause the City to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance and such failure shall not constitute a default under the Bonds or the resolution authorizing the Bonds.

Section 12. **Compliance by the City**. The City hereby covenants to comply with the terms of this Disclosure Certificate. The City expressly acknowledges and agrees that compliance with the undertaking contained in this Disclosure Certificate is its sole responsibility and the responsibility of the Dissemination Agent, if any, and that such compliance, or monitoring thereof, is not the responsibility of, and no duty is present with respect thereto for, the Participating Underwriter, Bond Counsel or the City's financial advisor.

Section 13. **Subject to Appropriation**. Pursuant to Arizona law, the City's undertaking to provide information under this Disclosure Certificate is subject to appropriation to cover the costs of preparing and sending the Annual Report and notices of material events to EMMA. Should funds that would enable the City to provide the information required to be disclosed hereunder not be appropriated, then notice of such fact will be made in a timely manner to EMMA in the form of *Exhibit C* attached hereto.

Section 14. **Beneficiaries**. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Bondholders, and shall create no rights in any other person or entity.

Section 15. **Governing Law**. This Disclosure Certificate shall be governed by the law of the State of Arizona and any action to enforce this Disclosure Certificate must be brought in an Arizona state court. The terms and provisions of this Disclosure Certificate shall be interpreted in a manner consistent with the interpretation of such terms and provisions under the Rule and the federal securities law.

Date: ___________, 2016.

CITY OF MESA, ARIZONA

By_______________________________________

Its Chief Financial Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Mesa, Arizona
Name of Bond Issue: $___________ General Obligation Refunding Bonds, Tax-Exempt Series 2016A
Dated Date of Bonds: ______________, 2016 CUSIP 590485

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated _____________, 2016. The City anticipates that the Annual Report will be filed by ______________________.

Dated: __________________

CITY OF MESA, ARIZONA

By____
Its ____

EXHIBIT B

NOTICE OF FAILURE TO FILE AUDITED FINANCIAL STATEMENTS

Name of Issuer: City of Mesa, Arizona
Name of Bond Issue: $___________ General Obligation Refunding Bonds, Tax-Exempt Series 2016A
Dated Date of Bonds: ______________, 2016 CUSIP 590485

NOTICE IS HEREBY GIVEN that the City failed to provide its audited financial statements with its Annual Report or, if not then available, within 30 days of receipt as required by Section 4(a) of the Continuing Disclosure Certificate dated __________, 2016, with respect to the above-named Bonds. The City anticipates that the audited financial statements for the year ended June 30, ____ will be filed by ______________________.

Dated: _________________

CITY OF MESA, ARIZONA

By ____
Its ____

EXHIBIT C

NOTICE OF FAILURE TO APPROPRIATE FUNDS

Name of Issuer: City of Mesa, Arizona
Name of Bond Issue: $___________ General Obligation Refunding Bonds, Tax-Exempt Series 2016A
Dated Date of Bonds: ______________, 2016 CUSIP 590485

NOTICE IS HEREBY GIVEN that the City failed to appropriate funds necessary to perform the undertaking required by the Continuing Disclosure Certificate dated _________, 2016.

Dated: ________________

CITY OF MESA, ARIZONA

By ____
Its ____

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