PRELIMINARY OFFICIAL STATEMENT DATED ___, 2018

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

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Special 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 Obligations is excluded from gross income for federal income tax purposes. Interest income on the Obligations 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 with tax years beginning before January 1, 2018, which income is subject to the federal alternative minimum tax. In the opinion of Special Counsel, interest income on the Obligations is exempt from Arizona income taxes. See "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT" and "OBLIGATION PREMIUM" herein.

$____________*
CITY OF MESA, ARIZONA
EXCISE TAX REVENUE OBLIGATIONS, SERIES 2018

DRAFT
5/15/2018

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

The City of Mesa, Arizona (the "City"), Excise Tax Revenue Obligations, Series 2018 (the "Obligations") will be executed and delivered in the principal amount of $__________* to provide funds to (i) acquire and construct the Project (as defined herein) and (ii) pay the costs of issuance of the Obligations.

The Obligations will be dated their date of initial delivery and will be issuable as fully registered securities without coupons and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Obligations. Beneficial interest in the Obligations will be available to purchasers in amounts of $5,000 of principal due on a specific maturity date and any integral multiple thereof only under the book- entry system maintained by DTC through brokers and dealers who are, or act through, DTC Participants (as defined in APPENDIX D – "Book-Entry-Only System.") So long as any purchaser is the beneficial owner of an Obligation, such purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal and interest with respect to such Obligations. See APPENDIX D – "Book-Entry-Only System."

The Obligations 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 page hereof. Interest on the Obligations will be payable semiannually on January 1 and July 1 of each year, commencing on January 1, 2019*, until maturity or prior redemption.

See Inside Front Cover for Maturity Schedule and Additional Information

Certain of the Obligations are subject to optional and mandatory redemption prior to their stated maturity dates*. See "THE OBLIGATIONS – Redemption Provisions," herein.

The Obligations will be payable from installment payments and prepayments, if any, to be made by the City pursuant to an Agreement, to be dated as of ____, 2018, between the City and U.S. Bank National Association (the "Trustee"). The installment payments to be made by the City will be secured by a pledge of the City's Excise Taxes (as defined herein). Such pledge will be on parity with the City's pledge of such Excise Taxes made in connection with certain Outstanding Parity Obligations and Additional Obligations (each as defined herein). See "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS" herein.

The Obligations will be special revenue obligations of the City and will be payable solely from the sources described herein. The Obligations do not constitute a general obligation or an indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations of the State of Arizona. The Obligations are not payable from the proceeds of general property taxes and the full faith and credit of the City is not pledged to pay the principal of or interest on the Obligations.

The Obligations are offered when, as and if issued by the City and received by the Underwriter (as defined herein), subject to the approving legal opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Special 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 Obligations will be delivered to DTC on or about ___, 2018*.

This cover page contains certain information for convenience of reference only. It is not a summary of material information with respect to the Obligations. 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 Obligations.

[UNDERWRITER TBD]

* Preliminary, subject to change.

$_______*
CITY OF MESA, ARIZONA
EXCISE TAX REVENUE OBLIGATIONS, SERIES 2018

MATURITY SCHEDULE*

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® (a) (Base No. _____)
2020	$	%	%	
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				

(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 Global Market Intelligence. CUSIP® data herein is provided by CGS. 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 Trustee, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

* Preliminary, subject to change.

CITY OF MESA

CITY COUNCIL

John Giles, *Mayor*
David Luna, *Vice Mayor*
Mark Freeman, *Councilmember*
Christopher Glover, *Councilmember*
Francisco Heredia, *Councilmember*
Kevin Thompson, *Councilmember*
Jeremy Whittaker, *Councilmember*

CITY ADMINISTRATIVE OFFICERS

Christopher Brady, *City Manager*
Kari Kent, *Assistant City Manager*
John Pombier, *Assistant City Manager*
Michael Kennington, *Chief Financial Officer*
Irma Ashworth, *Finance Director*
Dee Ann Mickelsen, *City Clerk*

SPECIAL COUNSEL

Gust Rosenfeld P.L.C.
Phoenix, Arizona

FINANCIAL ADVISOR

Hilltop Securities Inc.
Phoenix, Arizona

TRUSTEE

U.S. Bank National Association
Phoenix, Arizona

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the Excise Tax Revenue Obligations, Series 2018 (the "Obligations"), 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 Obligations 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, Hilltop Securities Inc. (the "Financial Advisor"), or _____________ (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 Obligations 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 Obligations 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 Special 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 F – "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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE OBLIGATIONS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE OBLIGATIONS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES OR YIELDS STATED ON THE INSIDE FRONT COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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OFFICIAL STATEMENT

$_____*
CITY OF MESA, ARIZONA
EXCISE TAX REVENUE OBLIGATIONS, SERIES 2018

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 its $_____* Excise Tax Revenue Obligations, Series 2018 (the "Obligations"), identified on the cover page hereof. Certain information concerning the authorization, purpose, terms, conditions of sale, security for and sources of payment of the Obligations is set forth in this Official Statement.

Initially, the Obligations 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 Obligations will be registered in the name of Cede & Co., as nominee of DTC. Beneficial interests in the Obligations will be offered for sale in the amount of $5,000 of principal due on a specific maturity date and integral multiples thereof, and payments of principal of and interest on the Obligations will be made to DTC and, in turn, through participants in the DTC system. See APPENDIX D – "Book-Entry-Only System."

The Obligations will be payable solely from installment payments (the "Payments") and prepayments, if any (the "Prepayments"), to be made by the City pursuant to an Agreement, to be dated as of ___, 2018 (the "Agreement"), between the City and U.S. Bank National Association, in its capacity as trustee (the "Trustee.")

The Obligations will be executed and delivered pursuant to a Trust Agreement, to be dated as of ___, 2018, (the "Trust Agreement"), between the City and the Trustee. All of the Trustee's interests under the Agreement, including, without limitation, the right to receive and collect the Payments and the right to enforce the payment of the Payments, will be held by the Trustee for the benefit of the registered owners of the Obligations. See APPENDIX H – "Summary of Select Provisions of the Trust Agreement and the Agreement" herein.

The payments to be made by the City under the Agreement will be payable from and secured by a pledge of, and lien on, all of the City's unrestricted excise, transaction, franchise, privilege and business taxes, state shared sales and income taxes, state shared vehicle license taxes, fees for licenses and permits, fines, forfeitures and state revenue sharing that are validly imposed by the City or contributed, allocated or paid to the City and not earmarked by the contributor or the City for a contrary or inconsistent purpose (collectively, "Excise Taxes"). Excise Taxes shall not include excise taxes collected and paid to the City under (a) the .25% transaction privilege (sales) and use tax approved by the voters of the City on May 19, 1998 the use of which is restricted to health, safety and other quality of life uses (b) the .30% transaction privilege (sales) and use tax approved by the voters of the City on May 16, 2006 the use of which is restricted to street projects in the City, or (c) any other similar tax restricted as to its use. Excise Taxes shall not include the voter approved (March 10, 2009) allocation of the 3% transient occupancy tax proceeds the use of which will be used for the promotion of tourism in the City. Such pledge of, and first lien on, the Excise Taxes will be on a parity with the pledge thereof for payment of $49,025,000 City Excise Tax Revenue Obligations, Series 2013 previously issued pursuant to a Trust Agreement, dated as of April 1, 2013 between the City and U.S. Bank National Association, as trustee ("Existing Parity Obligations"), as well as other obligations hereafter issued on parity therewith (the "Additional Obligations.") The Obligations, the Existing Parity Obligations and the Additional Obligations, are collectively referred to as the "Parity Obligations." Parity Obligations, excluding those which have been paid, which have become due and for the payment of which monies have been provided to the trustee therefor, or for which there have been irrevocably set aside with a trustee monies or defeasance obligations bearing interest at such rates and with such maturities as will provide sufficient funds to pay the principal of, premium, if any, and interest on such Parity Obligations as provided in the proceedings under which they were issued, are collectively referred to as the "Outstanding Parity Obligations." See "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS – Excise Tax Revenues" and APPENDIX G – "Excise Taxes."

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* Subject to change.

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.

Brief descriptions of the security for the Obligations and the City are included in this Official Statement together with a summary of select provisions of the Agreement and the Trust Agreement. Such descriptions do not purport to be comprehensive or definitive. All references to the Agreement and the Trust Agreement are qualified in their entirety to such documents, and references herein to the Obligations are qualified in their entirety to the form thereof included in the Trust Agreement, copies of which are available for inspection at the designated corporate trust office of the Trustee.

THE OBLIGATIONS

Authorization and Purpose

The Obligations will be issued pursuant to a Trust Agreement dated as of ___, 2018 between the City and the Trustee (the "Trust Agreement"), and a resolution approving the execution of all legal documents and delivery of the Obligations adopted by the Mayor and City Council of the City on ____, 2018*. The Obligations are being issued to provide funds to (i) acquire and construct the Project (as defined herein) and (ii) pay the costs of issuance of the Obligations.

General Provisions

The Obligations will be dated the date of initial delivery, and will bear interest from such date payable initially on January 1, 2019*, and semiannually thereafter on January 1 and July 1 of each year (each an "Interest Payment Date") until maturity or prior redemption. The Obligations 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 Obligations 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 DTC. For a description of registration and transfer of the Obligations through DTC, see APPENDIX D – "Book-Entry-Only System."

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE OBLIGATIONS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE OBLIGATIONS, EXCEPT THOSE UNDER THE HEADINGS "TAX EXEMPTION," "OBLIGATION PREMIUM" AND "ORIGINAL ISSUE DISCOUNT," WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE OBLIGATIONS.

U.S. Bank National Association will act as the initial registrar, paying agent and trustee under the Trust Agreement (the "Registrar", the "Paying Agent" and the "Trustee"). The City may change the Registrar, Paying Agent or Trustee at any time as provided in the Trust Agreement. The City may retain separate financial institutions to serve as Registrar, Paying Agent or Trustee.

The City has chosen the fifteenth (15th) day of the calendar month (other than a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the place of payment or in the city where the principal corporate trust office of the Registrar is located (a "Business Day")) in the month preceding an Interest Payment Date, or if such day is not a Business Day, the previous Business Day, as the "Record Date" for the Bonds. If the Book-Entry-Only System is discontinued, interest on the Obligations 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 Obligations at the addresses shown on the books of the Registrar (the "Obligation Register") as of the Record Date. Principal of the Obligations will then be payable at maturity or upon redemption prior to maturity upon presentation and surrender on the Obligations 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 Obligations. Interest will be computed on the basis of a year comprised of 360 days consisting of 12 months of 30 days each.

Redemption Provisions*

Optional Redemption

The Obligations are subject to call for redemption prior to maturity, at the option of the City, in whole or in part, from such maturities as may be selected by the City and by lot within any maturity by the method applied by DTC or, if the Book-Entry-Only System is discontinued, by the method applied by the Trustee, on July 1, 20__, or on any date thereafter, by the payment of a redemption price equal to the principal amount of the Obligations called for redemption plus accrued interest to the date of redemption, but without premium.

Mandatory Redemption

The Obligations maturing on July 1, 20__ are subject to mandatory sinking fund redemption prior to their stated maturity on July 1 of the following years ("Redemption Dates") and in the following principal amounts at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium.

Term Obligation Maturity July 1, 20__

Year Redeemed	Principal Amount Redeemed
20__	$
20__ (maturity)	

Whenever an Obligation is purchased, redeemed or delivered by the City to the Trustee for cancellation, the principal amount of the Obligations so retired will satisfy and be credited against the mandatory sinking fund requirements in any order specified by the City.

Notice of Redemption

So long as the Obligations are held under the Book-Entry-Only System, notices of redemption will be sent to DTC, in the manner required by DTC. If the Book-Entry-Only System is discontinued, notice of redemption of any Obligation will be mailed to the registered owner of the Obligations being redeemed at the address shown on the Obligation Register maintained by the Registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Failure to properly give notice of redemption shall not affect the redemption of any Obligation for which notice was properly given. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Notice of any redemption will also be sent to the Municipal Securities Rulemaking Board (the "MSRB"), currently through the MSRB's Electronic Municipal Market Access system ("EMMA"), in the manner required by the MSRB, but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the City or by a Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on or prior to the date set for redemption and if not so held by such date the redemption shall be cancelled and be of no force and effect. The notice of redemption shall describe the conditional nature of the redemption.

Effect of Call for Redemption

Notice of redemption having been given in the manner described above, the Obligations or portions thereof called for redemption will become due and payable on the redemption date and if an amount of money sufficient to redeem all the Obligations or portions thereof called for redemption is held in separate accounts by the City or by a Paying Agent, then the Obligations or portions thereof called for redemption will cease to bear interest from and after such redemption date.

If a conditional redemption notice has been given and money sufficient to redeem all the Obligations or portions thereof called for redemption is not held in separate accounts by the City or by a Trustee on the day set for redemption, then such redemption shall be cancelled and be of no force or effect.

Redemption of Less Than All of an Obligation

The City may redeem an amount which is included in an Obligation in the denomination in excess of, but divisible by, $5,000. In that event, if the Book-Entry-Only System is discontinued, the registered owner shall submit the Obligation for partial redemption and the Paying Agent shall make such partial payment and the Registrar shall cause a new Obligation in a principal amount which reflects the redemption so made to be authenticated, issued and delivered to the registered owner thereof.

THE PROJECT

The Obligations will finance the acquisition, construction and installation of a new higher education building for the initial use of Arizona State Univerity, and to pay all costs associated therewith (the "Project").

SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS

General

The Obligations will be special revenue obligations of the City payable solely from the Payments and Prepayments, if any, to be paid by the City to the Trustee pursuant to the Agreement. The Trustee will hold its right, title and interest in the Agreement in trust for the benefit of the owners of the Obligations pursuant to the Trust Agreement. The Payments to be made by the City will be secured by a pledge by the City of the Excise Taxes. Such pledge of, and first lien on, the Excise Taxes will be on a parity with that of the other Parity Obligations. The City has the right, but no obligation, to appropriate other lawfully available funds to make the Payments. For a description of the City revenues comprising the Excise Taxes, and for a record of the City's recent tax collection experience for each component of the excise taxes, see "EXCISE TAX RECEIPTS" below and APPENDIX G – "EXCISE TAXES."

The Project will not secure the City's obligation to make the Payments under the Agreement. Neither the Trustee nor registered owner of any Obligation will have a right to exclude the City from the Project as a remedy upon the occurrence of an event of default under the Agreement.

The Obligations, the Agreement and the obligation to make the Payments are not general obligations of the City and do not constitute an indebtedness of the City when computing its limit imposed by constitutional, statutory or Charter provisions or a charge against the general credit or taxing power of the City or a liability of the City for payment of the Obligations other than from the Excise Taxes.

Additional Obligations

Additional Obligations under the Trust Agreement

The City reserves the right in the Trust Agreement to issue Additional Obligations upon delivery of each of the following to the Trustee:

(1) A written order of the City as to the delivery of the Additional Obligations signed by a City representative;

(2) An opinion of Special Counsel to the effect that:

(i) the Additional Obligations to be issued will be valid and legal special obligations in accordance with their terms and will be secured thereunder as to Excise Taxes equally and on a parity with all other Parity Obligations at the time Outstanding (as defined in the Trust Agreement) under the Trust Agreement; and

(ii) the execution and delivery of the Additional Obligations will not result in the interest of any Outstanding Parity Obligations becoming included in gross income for federal income tax purposes and that the execution and delivery of the Additional Obligations will not result in the loss of exemption from the registration requirements under the Securities Act of 1933, as amended, of the Parity Obligations and the Trust Agreement.

(3) A duly executed counterpart of a new trust agreement or a supplemental to the Trust Agreement providing terms and provisions of the Additional Obligations and the provisions for the execution and delivery of the Additional Obligations and a duly executed purchase agreement or similar agreement providing further acquisition, construction and installation of a project; and

(4) A certificate of the City Representative to the effect that:

(i) the Excise Taxes received by the City in the next preceding fiscal year shall have amounted to at least two (2) times the highest combined Debt Service requirements for any succeeding fiscal year for amounts payable on any Parity Obligations, including the Additional Obligations so proposed to be secured by a pledge of the same Excise Taxes.

Additional Obligations Issued or Incurred Under Other Documents

In addition to issuing Additional Obligations under the Trust Agreement, as described above, the Agreement gives the City the right to issue or incur Additional Obligations under other financing documents payable from and secured by the Excise Taxes, on a parity with then-outstanding Parity Obligations if the Excise Taxes received by the City in the next preceding fiscal year shall have amounted to at least two (2) times the highest combined Debt Service requirements for any Parity Obligations, including those so proposed to be secured by a pledge of the same Excise Taxes.

EXISTING PARITY OBLIGATIONS

Issue Series	Purpose	Original Amount	Maturity Date	Balance Outstanding
2013	Excise Tax Revenue Obligations	$94,060,000	7-1-32	$ 49,025,000

Subordinate Obligations

The City reserves the right to pledge or encumber Excise Taxes for payment of obligations issued or incurred on a basis junior or subordinate to the pledge of Excise Taxes for payment of the Parity Obligations (the “Subordinate Obligations”).

OUTSTANDING SUBORDINATE OBLIGATIONS

Issue Series	Purpose	Original Amount	Maturity Date	Balance Outstanding
2012	Phoenix-Mesa Gateway Airport Authority	$19,220,000	7-1-14/38	$ 17,465,000

Debt Service Coverage

Pursuant to the Agreement, and to the extent permitted by law, Excise Tax receipts must be retained and maintained by the City so that the combined amount of Excise Taxes in any fiscal year of the City will be equal to at least two (2) times the total of all Debt Service requirements of all Outstanding Parity Obligations payable during such fiscal year. If receipts from Excise Taxes for any fiscal year do not equal at least two (2) times the Debt Service requirements of all Outstanding Parity Obligations payable for the such fiscal year, the City is required under the Trust Agreement to promptly impose new taxes of the type included within the definition of “Excise Taxes” or other City taxes or fees, or increase the rates for the Excise Taxes currently imposed in order that (i) the current receipts will be sufficient to meet all such requirements under the Trust Agreement, and (ii) the current year’s receipts will be reasonably calculated to attain the level as required above for the succeeding fiscal year’s Debt Service requirements of all Outstanding Parity Obligations.

The City's Charter currently provides that prior voter approval would be required for the City to impose new City sales taxes or to increase the rates for current City sales taxes, but no voter approval would be required in connection with the imposition or increase in fines or other components of Excise Taxes. See “EXCISE TAX RECEIPTS” below and APPENDIX G – “Excise Taxes.”

EXCISE TAX RECEIPTS (a)(b)

The following table sets forth the record of Excise Taxes received by the City for the most recent five fiscal years for which such information is available. The table is intended to show the City's recent financial experience only, and is not intended to indicate future or continuing trends in the financial position, or operations, of the City. For descriptions of the City's revenue components comprising Excise Taxes, see APPENDIX G – "Excise Taxes."

Excise Tax Revenue Source	**2016/17**	**2015/16**	**2014/15**	**2013/14**	**2012/13**
City Sales and Use Tax	$109,395,170	$104,116,182	$100,594,223	$ 95,176,628	$ 91,544,216
State-shared Sales Tax	43,286,162	41,649,199	40,123,403	38,215,342	35,936,314
State-shared Income Tax	57,724,388	52,860,478	53,148,628	48,936,692	44,847,095
State-shared Vehicle License Tax (Auto Lieu)	18,587,234	18,133,489	16,775,049	15,658,213	14,690,192
Licenses, Fees and Permits	18,425,202	17,632,225	15,445,667	15,356,219	
Fines and Forfeitures	7,474,335	8,371,814	8,096,099	8,012,011	
Total Revenues	$254,892,491	$242,763,387	$234,183,069	$221,355,105	$

(a) On May 19, 1998, the City's voters approved an increase in the City's transaction privilege (sales) tax rate from 1.00% to 1.50%. 0.50% of the 1.50% transaction (sales) tax rate was restricted to health, safety and other quality of life uses. 0.25% of such increase in the tax rate restricted to health, safety and other quality of life uses expired in May of 2006.

On May 16, 2006, the City's voters approved an increase in the City's transaction privilege (sales) tax rate from 1.25% to 1.75%. 0.30% of the 1.75% was restricted to street projects in the City and 0.25% continued to be restricted to health, safety and other quality of life uses. The remaining 1.20% was unrestricted as to use and could be used for general government purposes. The City's sales tax for general government purposes of 1.20% is pledged for payment of the Payments due under the Agreement.

(b) Does not include excise taxes imposed or earmarked by the City for specific purposes, which currently includes excise taxes levied and paid to the City under (i) the .25% transaction privilege (sales) and use tax approved by the voters of the City on May 19, 1998, the use of which is restricted to health, safety and other quality of life uses, (ii) the .30% transaction privilege (sales) and use tax approved by the voters of the City on May 16, 2006, the use of which is restricted to street projects in the City, (iii) any transient lodging tax associated with certain projects, if any, or (iv) any other similar tax restricted as to its use.

Source: the City.

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)

	2012/13	2013/14	2014/15	2015/16	2016/17
Revenues:					
Taxes	$ 95,279	$95,177	$100,594	$104,116	$109,364
Property Taxes	14,404	22,500	34,022	34,765	34,675
Occupancy Taxes	1,903	1,919	2,081	2,331	2,536
Licenses and Permits	14,054	15,356	15,446	17,580	18,425
Intergovernmental Revenues	108,420	112,304	117,084	118,775	129,221
Charges for Services	16,603	20,829	20,700	22,649	22,691
Fines and Forfeitures	8,502	8,012	8,096	8,795	7,911
Interest	1,011	131	595	416	46
Capital Contributions	132	65	65	300	19
Miscellaneous Revenues	3,036	1,498	3,973	1,148	1,466
Total Revenues	263,344	277,791	302,656	310,875	326,354
Expenditures:					
Current:					
General Government	68,090	69,314	73,901	71,651	77,649
Public Safety	199,298	205,433	214,669	223,733	229,287
Cultural-Recreational	31,671	32,495	33,850	36,516	36,493
Community Environment	10,388	8,050	9,185	13,723	14,801
Total Current Expenditures	309,447	315,292	331,605	345,623	358,230
Revenues Over (Under) Current Expenditures	(46,103)	(37,501)	(28,949)	(34,748)	(31,876)
Capital Outlay	12,961	7,853	1,758	4,580	7,976
Debt Service (b)	36,037	31,280	34,772	33,647	35,806
Total Other Expenditures	48,998	39,133	36,530	38,227	43,782
Revenues Over (Under) Expenditures	(95,101)	(76,634)	(65,479)	(72,975)	(75,658)
Operating Transfers In (Net) (b)	63,731	101,661	67,276	93,245	96,683
Revenues and Transfers Over (Under) Expenditures	(31,370)	25,027	1,797	20,270	21,025
Unrestricted Fund Balance-Beginning	108,851	77,504	99,064	100,861	121,131
(Incr.)Decr.-Restricted Funds	23	(3,467)	-	-	-
Unrestricted Fund Balance-Ending	77,504	99,064	100,861	121,131	142,156
Restricted Funds (c)	3,467	-	-	-	-
Total Fund Balance - Ending	$80,971	$99,064	$100,861	$121,131	$142,156

Source: The City.

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

(b) 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.

(c) 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)

	2012/13	2013/14	2014/15	2015/16	2016/17
Operating Revenue	$296,554	$302,575	$310,413	$332,656	$359,060
Operating Expense	146,847	151,559	159,909	150,603	159,458
Net Income From Operations	149,707	151,016	150,504	182,053	199,602
Development/Impact Fees	7,000	7,023	11,126	12,133	16,629
Miscellaneous Income (a)	4,534	40,792	11,416	18,426	30,798
Interest Income	772	1,323	1,010	3,021	934
Capital Expense	(5,685)	(6,177)	(2,227)	(2,408)	(6,930)
Debt Service/Replacement	(73,435)	(73,415)	(73,843)	(77,181)	(73,766)
Income Before Transfers	82,893	120,562	97,986	136,044	167,267
Operating Transfers (out)	(83,615)	(109,520)	(97,725)	(101,325)	(109,395)
Net Income	(722)	11,042	751	34,719	57,872
Beginning Fund Balance	81,405	80,683	91,725	92,476	127,195
Ending Fund Balance	$ 80,683	$ 91,725	$ 92,476	$127,195	$185,067

(a) Fiscal Year 2013/14 Miscellaneous Income includes a one-time sale of land and additional developer contributions from real estate developers.

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)

	2012/13	2013/14	2014/15	2015/16	2016/17
Revenues:					
Taxes	$ 42,002	$ 45,390	$ 45,743	$ 50,054	$52,971
Licenses & Permits	3,629	3,441	5,446	5,674	4,727
Intergovernmental Revenues	57,562	55,473	63,048	63,718	67,468
Charges for Services	11,057	11,203	15,541	15,529	15,657
Fines and Forfeitures	517	1,098	1,569	1,611	1,311
Contributions	2,131	1,042	1,030	280	296
Interest	384	429	764	1,017	267
Miscellaneous Revenues	2,695	2,814	2,230	2,324	2,456
Total Revenues	119,977	120,890	135,371	140,207	145,153
Expenditures:					
General Government	6,063	5,763	7,165	7,797	8,711
Cultural-Recreational	6,096	6,293	6,515	7,135	7,251
Public Safety	27,373	25,931	28,901	30,795	32,605
Community Environment	44,809	48,523	51,327	51,836	53,602
Service Charges	-	-	-	3	2
Total Current	84,341	86,510	93,908	97,566	102,171
Revenues Over (Under)					
Current Expenditures	35,636	34,380	41,463	42,641	42,982
Capital Outlay	17,226	12,761	18,066	24,119	25,803
Debt Service (a)	11,772	12,417	11,287	12,234	12,377
Total Other Expenditures	28,998	25,178	29,353	36,353	38,180
Revenues Over (Under)	6,638	9,202	12,110	6,288	4,802
Operating Transfers In (Out)	(1,696)	(3,835)	(2,149)	(3,411)	(2,711)
Revenues and Transfers Over					
(Under) Expenditures	4,942	5,367	9,961	2,877	2,091
Fund Balance-Beginning (b)	44,354	49,295	54,662	64,623	67,500
Fund Balance-Ending (b)	$ 49,295	$ 54,662	$ 64,623	$ 67,500	$69,591

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

(b) Totals may not add, or end and beginning balances year to year may not match, due to rounding.

SOURCES AND USES OF FUNDS

The proceeds of the Obligations will be applied substantially as follows:

Sources of Funds	
Principal Amount of the Obligations	$________ *
[Net] Original Issue Premium (a)	
Total Sources of Funds	$
Uses of Funds	
Project Fund	
Costs of Issuance (b)	$
Payment Fund	
Total Uses of Funds	$

(a) Net original issue premium consists of original issue premium on the Obligations less original issue discount on the Obligations.

(b) Includes costs incurred by the City in connection with the issuance of the Obligations and Underwriter's compensation.

* Subject to change.

DEBT SERVICE REQUIREMENTS AND COVERAGE (a)

The table below sets forth (i) the annual debt service requirements of the City's Existing Parity Obligations, (ii) the estimated annual debt service requirements of the Obligations, (iii) the City's estimated combined annual debt service requirements after issuance of the Obligations, and (iv) the estimated debt service coverage ratio for such combined estimated annual debt service requirements based upon the City's Fiscal Year 2016/17 Excise Taxes ($254,892,491).

City of Mesa, Arizona
Excise Tax Revenue Obligation Debt Service Requirements

Fiscal Year Ending (6-30)	Excise Tax Obligations Outstanding: Parity Obligations Outstanding	Excise Tax Obligations Outstanding: Subordinate Obligations Outstanding	The Obligations*: Principal	The Obligations*: Interest (b)	Estimated Combined Annual Debt Service*	Estimated Debt Service Coverage (c)
2018	$ 2,451,250	$1,317,750			$	
2019	2,451,250	1,318,950	$	$		
2020	2,451,250	1,319,350				
2021	2,451,250	1,318,950				
2022	2,451,250	1,317,750				
2023	2,451,250	1,320,750				
2024	2,451,250	1,322,000				
2025	2,451,250	1,321,750				
2026	2,451,250	1,320,000				
2027	2,451,250	1,321,750				
2028	11,326,250	1,321,750				
2029	11,322,500	1,320,000				
2030	11,321,750	1,321,500				
2031	11,322,750	1,321,000				
2032	11,324,250	1,318,500				
2033	2,451,250	1,319,000				
2034		1,317,250				
2035		1,318,250				
2036		1,321,750				
2037		1,317,500				
2038		2,640,750				
			$			

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

(b) The first interest payment on the Obligations is due on January 1, 2019*. Thereafter, interest payments will be made semiannually on January 1 and July 1, until maturity or prior redemption. Interest is estimated at 4.00%.

(c) Debt Service Coverage is computed using the audited Excise Taxes of $254,892,491 for Fiscal Year 2016/17. See "EXCISE TAX RECEIPTS", herein.

OBLIGATION HOLDERS' RISKS

The discussion herein of risks to the owners of the Obligations is not intended as dispositive, comprehensive or definitive, but rather is to summarize certain matters which could affect payment on the Obligations. Other sections of this Official Statement, as cited herein, should be referred to for a more detailed description of risks described in this section, which descriptions are qualified by reference to any documents discussed therein.

* Subject to change.

Excise Taxes and Economic Conditions in the City and the State

The Obligations are payable from and secured by a first lien pledge of Excise Taxes, as described under "SECURITY FOR AND SOURCES OF PAYMENT FOR THE OBLIGATIONS" and "EXCISE TAX RECEIPTS." The amount of Excise Taxes at any time is largely dependent upon the level of retail and other sales activity, which level is, in turn, dependent upon the level of economic activity in the City and in the State generally.

For additional information relating to historic and current economic conditions in the City, see "EXCISE TAX RECEIPTS" above and APPENDIX A – "City of Mesa, Arizona – General Economic and Demographic Information."

Voter Approval Necessary for Certain Tax Increases

The City's Transaction Privilege (Sales) Tax is levied by the City upon persons on account of their business activities within the City. The amount of taxes due are calculated by applying the tax rate against the gross proceeds of sales or gross income derived from the business activities shown in the City Transaction Privilege (Sales) Tax Rates by Category in APPENDIX G. Excise Tax revenues are collected on a monthly basis. Under the City's Charter, its Transaction Privilege (Sales) Tax cannot be raised above a rate of 1% of gross proceeds of sales or gross income without a vote of the City's electors. The City's current Transaction Privilege (Sales) Tax rate is 1.75%, which is comprised of 1.20% unrestricted as to use, 0.25%, restricted to health, safety and other quality of life uses and 0.30%, restricted to street projects in the City. Of these, only the City's sales tax for general government purposes of 1.20% is pledged for payment of the Payments due under the Agreement. Accordingly, any additional increases in the Transaction Privilege (Sales) Tax rate would require voter approval. The limitation above could impact the City's ability to meet its Debt Service coverage as required under the Agreement and as more fully described under "SECURITY FOR AND SOURCES OF PAYMENT FOR THE OBLIGATIONS – Debt Service Coverage."

Legislative Ability to Eliminate or Reduce State-Shared Taxes

The State has shared transaction privilege tax receipts with Arizona cities and towns continuously since 1942 and shared income tax receipts continuously since 1972. However, the State Legislature may eliminate State-shared sales and income taxes and any other State-shared revenues or may change the amount and timing of State-shared sales and income taxes and any other State-shared revenues and is under no legal obligation to maintain the amount of State-shared sales and income taxes or any other State-shared revenues distributed to the City at any amount or level. Accordingly, the City is unable to covenant to maintain its State-shared sales and income taxes at any particular level of coverage to Debt Service on the Obligations or Parity Obligations.

From time to time, bills are introduced in the State Legislature to make changes to the formulas used to allot State-shared sales taxes and State revenue sharing. The possibility of changes in this regard are more likely to be adverse to the City when the State is experiencing financial difficulties. The City cannot determine whether any such measures will become law or how they might affect the revenues that comprise the Excise Taxes. In addition, initiative measures are circulated from time to time seeking to place on the ballot changes in Arizona law which repeal or modify State sales taxes and State income taxes (the major sources of funds for State revenue sharing). The City cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take or the outcome of any such election.

Recent Legislative Changes Regarding State Shared Revenues

Beginning Fiscal year 2017/18, State Shared Revenues will be re-allocated annually using the most recent population estimates fot eh U.S. Census Bureau. Previously, these reveneus were allocated either using a mid-decade or decade census. This new approach provides a more timely allocation of State Shared Revenues.

Legislation recently enacted, and currently in effect ("SB 1487"), permits to the State to withhold certain State-Shared Revenues form a city, town or county (a "Local Jurisdiction") if such Local Jurisdiction has passed an ordinance, regulation or other official action (a "Local Enactment") that violates State law or the State constitution, in the determination of the State Attorney General. Under the legislation, any member of the State Legislature may ask the State Attorney General to investigate a Local Enactment. On being notified of a determination by the State Attorney General, the Local Jurisdiction will have thirty days to resolve the violation as determined by the State Attorney General, or if not, the State Attorney General is required to notify the State Treasurer to withhold State-Shared Sales Taxes and State-Shared Income Taxes from such Local Jurisdiction until the State Attorney General determines that no violation of State law exists. In withholding any such distributions of such State-Shared Revenues, the State Treasurer may not withhold any amount that the affected Local Jurisdiction certifies to the State Attorney General and the State Treasurer as being necessary to make any required deposits or payments for debt service on bonds or other long-term obligations of such Local Jurisdiction that were issued or incurred before committing the violation.

The City is now aware of any current or proposed Local Enactment of the City that would potentially violate State law. If the City received a determination that and adopted Local Enactment violated State law in the determination of the State Attorney General, the City expects it would take whatever actions may be necessary to address the issue within the thirty day period permitted by the legislation. Such actions would include notifying the State Attorney General and the State Treasurer of the amounts of State-Shared Income Taxes necessary to make required deposits or debt service payments on the City's long-term obligations secured by such funds or incurred before the violation occurred and which could not be withheld.

Pending Transaction With an Excise Tax Pledge on a Parity Basis

In addition to the Bonds, the City expects to issue approximately $30,000,000 of Transportation Project Advancement Notes, Series 2018 in the fourth quarter of 2018.

RATINGS

Moody's Investor Service, Inc. ("Moody's") and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), have assigned credit ratings of "__" and "__", respectively, to the Obligations. 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 7 World Trade Center, 250 Greenwich 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 Obligations. 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 Obligations.

LEGAL MATTERS

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

The proposed text of the legal opinion is set forth as APPENDIX E – "Form of Approving Legal Opinion." The legal opinion to be delivered may vary from the text of APPENDIX E – "Form of Approving Legal Opinion" 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 Special Counsel has reviewed or expressed any opinion concerning any matters relating to the Obligations subsequent to the original delivery of the Obligations.

Special Counsel has reviewed the information in the tax caption on the front cover page as well as the information under the headings "THE OBLIGATIONS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS," "TAX EXEMPTION," "OBLIGATION PREMIUM," and "ORIGINAL ISSUE DISCOUNT."

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

Currently and from time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) which, if enacted, could alter or amend the property tax system of the State and numerous matters, both financial and non-financial, impacting the operations of municipalities which could have a material impact on the City and could adversely affect the secondary market value and marketability (liquidity) of the Obligations. 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 Obligations) issued prior to enactment.

The various legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgement of the attorneys rendering the opinions as to the legal issues explicitly addressed herein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgement, of the transaction opined upon, or of the future performance of the 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.

TAX EXEMPTION

In the opinion of Special 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 Obligations is excluded from gross income for federal income tax purposes. In the opinion of Special Counsel, interest income on the Obligations is exempt from State of Arizona income taxes. The opinion of Special Counsel will be dated the date of delivery of the Obligations. A form of such opinion is included herein in APPENDIX E – "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 obligations 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 Obligations. 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 Obligations being included in gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The Obligations 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 Obligations. The opinion of Special Counsel assumes continuing compliance with such covenants, restrictions, conditions and requirements.

The Code also imposes an "alternative minimum tax" upon certain individuals. A taxpayer's "alternative minimum taxable income" ("AMTI") is its taxable income with certain adjustments. Interest income on the Obligations is not an item of tax preference to be included in the AMTI of individuals.

Federal legislation passed in December 2017 eliminates the AMT paid by corporations for tax years beginning on or after January 1, 2018. However, interest income on the Obligations may need to be taken into account for federal income tax purposes as an adjustment to AMTI for certain corporations with tax years beginning before January 1, 2018.

Although Special Counsel will render an opinion that, as of the delivery date of the Obligations, interest income on the Obligations is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Obligations 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 Obligations (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. Special Counsel expresses no opinion regarding any such other tax consequences.

The Obligations are not "private activity bonds" within the meaning of Section 141 of the Code.

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 Obligations. 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 Obligations) issued prior to enactment. Prospective purchasers of the Obligations should consult their tax advisors as to the impact of any proposed or pending legislation.

OBLIGATION PREMIUM

The initial public offering prices of the Obligations maturing on July 1, 20__ through and including July 1, 20__ (collectively, the "Premium Obligations") are greater than the amounts payable on such Premium Obligations at maturity. An amount equal to the difference between the initial public offering price of a Premium Obligation (assuming that a substantial amount of the Premium Obligations 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 Obligations. The basis for federal income tax purposes of a Premium Obligation in the hands of such initial Beneficial Owner must be reduced each year by the amortizable premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable 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 Obligation. 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 Obligations should consult with their own tax advisors with respect to the determination of amortizable premium with respect to the Premium Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Obligations.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the Obligations maturing on July 1, 20___ through and including July 1, 20___ (collectively, the "Discount Obligations"), are less than the respective amounts payable at maturity. As a result, the Discount Obligations will be considered to be issued with original issue discount. The difference between the initial public offering price (assuming it is the first price at which a substantial amount of that maturity of Discount Obligations was sold (the "OID Issue Price")) of the Discount Obligation, and the amount payable at maturity of the Discount Obligations will be treated as "original issue discount." With respect to a Beneficial Owner who purchases a Discount obligation in the initial public offering at the OID Issue Price and who holds the Discount obligation 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 obligation 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 obligation at maturity.

The original issue discount on each of the Discount Obligations is treated for federal income tax purposes and Arizona income tax purposes as accreting daily over the term of such Discount obligation 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 obligation. The adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount obligation. An initial Beneficial Owner of a Discount obligation who disposes of the Discount obligation 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 obligation 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 Obligations. Beneficial Owners who do not purchase the Discount Obligations 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 Obligations.

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

Beneficial Owners of Discount Obligations 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 Obligations, 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 Obligations or that questions the City's right or authority to receive the sources of payment of the Obligations, or in any way contesting or affecting the validity or enforceability of the Obligations, the Trust Agreement, the Agreement 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 Obligations, the Trust Agreement, the Agreement or the Continuing Disclosure Certificate, or have a material adverse effect on the transaction contemplated by this Official Statement.

UNDERWRITING

_____________ (the "Underwriter") has agreed to purchase the Obligations at an aggregate purchase price of $_________ pursuant to an obligation purchase agreement (the "Purchase Contract") entered into by and between the City and the Underwriter. If the Obligations are sold to produce the prices or yields shown on the inside front cover page hereof, the Underwriter's compensation will be $__________. The Purchase Contract provides that the Underwriter will purchase all of the Obligations so offered, if any, are purchased. The Underwriter may offer and sell the Obligations to certain dealers (including dealers depositing Obligations 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 page may be changed from time to time by the Underwriter.

The Underwriter has provided the following information for inclusion in this Official Statement: The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

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 Obligations, 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 Obligations to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2019 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices"), as set forth in APPENDIX F – "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 F – "Form of Continuing Disclosure Certificate."

These covenants will be made in order to assist the Underwriter in complying with the Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The form of the undertaking necessary pursuant to the Rule is included as APPENDIX F 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 Obligations 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 Obligations 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 and Notices for all of the City's outstanding bonds and obligations.

The filings on March 31, 2014, February 1, 2015, and January 26, 2016 did not relate to all of the related CUSIPs; this was corrected on or before May 9, 2017. In reference to the Phoenix-Mesa Gateway Airport Authority Special Facility Revenue Bonds (Mesa Project), Series 2012, the City's Annual Report due to be filed on February 1, 2016 was not filed until March 8, 2016.

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 to be filed on February 1, 2014 was not filed until May 12, 2014. The new software has since been fully implemented.

Certain financial and operating data for Fiscal Years 2011/12 and 2012/13 related to the City's utility systems revenue bonds, street and highway user revenue bonds, highway project advancement notes, excise tax obligations and Phoenix-Mesa Gateway Airport Authority special facility revenue bonds were not presented in the Annual Reports in the same format as originally presented in the applicable Official Statements. Such financial and operating data related to the various bonds were subsequently prepared and filed at various times on or before January 25, 2017.

The presentation of the financial and operating data referenced above has changed over time in the City's various Official Statements. Therefore the presentation of such financial and operating data in the City's Annual Reports may match the current presentation of such financial and operating data instead of the presentation of such financial and operating data when bonds were originally issued. Similarly, certain references to financial and operating data in the City's prior disclosure certificates do not specifically identify which data within an Official Statement appendix the City was to provide in its Annual Reports. In such circumstances, the City has provided data pertaining to the City in its Annual Reports, for example excise tax collections in the City, and the City's Annual Reports do not include data not specifically pertaining to the City, for example excise tax collections in the County or State.

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

Hilltop Securities Inc. (the "Financial Advisor") is Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. 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 Obligations, 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, 2017, a copy of which is included in APPENDIX C 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, 2017 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 Obligations. **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 a 2017 estimated population of 481,275. 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
2017 Estimate (a)	481,275	4,221,684	6,965,897
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

(a) The July 1, 2017 population estimates include October 2015 special census data for certain jurisdictions and such data also indirectly impacts population estimates for other jurisdictions and the County.

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, 2017*.

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: The City.

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 in March 2000 with City Councilmembers serving staggered four-year terms. 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 Mayor and 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 the City'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 Master of Public Administration degree from Brigham Young University.

Kari Kent, Assistant 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 Assistant City Manager in June 2007. Ms. Kent received a Bachelor of Science degree from Northern Arizona University and a Master of Public Administration degree from Arizona State University.

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

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

UNEMPLOYMENT RATE AVERAGES

Year	United States	State of Arizona(a)	Maricopa County(a)	City of Mesa(a)
2018 (b)	4.2%	4.9%	4.2%	4.3%
2017	4.4	4.9	4.2	4.2
2016	4.9	5.3	4.5	4.5
2015	5.3	6.0	5.1	5.2
2014	6.2	6.8	5.8	5.8
2013	7.4	7.7	6.6	6.7

(a) This table includes restated data: Local Area Unemployment Statistics ("LAUS") program data is intermittently revised to incorporate new population controls, updated inputs, re-estimation 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 April 2018 for the National Unemployment Rate and through March 2018 for the LAUS data.

Source: U.S. Department of Labor, Bureau of Labor Statistics– *Local Area Unemployment Statistics* and *National Labor Force Statistics*. Data extracted May 8, 2018.

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

Employer	Description	Approximate Employment
Banner Health System	Hospital Network	8,741
Mesa Public Schools	Public Education	8,439
The Boeing Company	Helicopter Manufacturing and Assembly	4,200
City of Mesa	Government	3,526
Drivetime Automotive Group	Automotive Financing	1,280
Maricopa County Government	Government	986
Gilbert Unified School District	Education	983
Maricopa County Community College District	Government	896
Special Devices Inc.	Technology Manufacturing	722
Santander Consumer USA Holdings	Finance	720
Empire Southwest Machinery	Construction Equipment Dealership	702

Source: The City, Office of Economic Development as of June 30, 2017.

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 passenger terminal. Phoenix-Mesa Gateway Airport is a small-hub commercial airport serving the Phoenix-Mesa metropolitan area with direct service to over 40 cities currently provided by Allegiant Air and 2 Canadian cities through WestJet.

Phoenix-Mesa Gateway Airport is also developing as an international aerospace center with aircraft maintenance, modification, testing, and pilot training. Currently more than 40 companies operate on the airport, including manufacturer service centers for Cessna and Embraer. In Fiscal Year 2012/13, 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 $1.3 billion, supporting 10,470 jobs in the area. On-airport economic activity produced $373 million of output, creating employment for 2,042 on-airport workers.

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 ("ASU") Polytechnic campus, Chandler-Gilbert Community College, Embry-Riddle Aeronautical University, Mesa Community College and UND Aerospace (University of North Dakota, John D. Odegard School of Aerospace Sciences – Phoenix Flight Training Center). 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 provides freeway access to the east side of the airport property. Such access is 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 2013/14-2017/18.

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

Year	Residential	Commercial	Other	Total
2017/18 (a)	$559,094	$307,880	$ 1,523	$ 868,497
2016/17	811,424	646,159	37,761	1,495,344
2015/16	708,158	487,914	25,752	1,221,824
2014/15	489,961	417,428	27,523	934,642
2013/14	395,286	382,959	11,872	790,118

(a) Partial fiscal year data from July 1, 2017 through February 28, 2018.

Source: The City. 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	Total New Housing Units
2017/18 (a)	1,820
2016/17	2,455
2015/16	2,301
2014/15	1,446
2013/14	1,073

(a) Partial fiscal year data from July 1, 2017 through February 28, 2018.

Source: The City. The date on which the permit is issued is not to be construed as the date of construction.

Retail

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

TAXABLE RETAIL SALES
City of Mesa, Arizona

Year	Retail Sales
2017/18 (a)	$2,361,868,547
2016/17	4,566,213,555
2015/16	4,331,420,270
2014/15	4,069,591,771
2013/14	3,944,036,123
2012/13	3,771,601,899

(a) Data reflects collections from July 1, 2017 through December 31, 2017.

Source: The City.

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	213
Arizona Golf Resort	187
Sheraton Mesa at Wrigleyville West	180
Westgate Painted Mountain	152
Hyatt Place Phoenix-Mesa	152
Marriott Courtyard	149
Best Western Mezona Inn	132
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 Major League Baseball Spring Training stadiums and a par 72, 18 hole championship golf course. The award-winning Mesa Arts Center facility opened in spring of 2005 and is located in the downtown area of the City. 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.

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.

CITY OF MESA, ARIZONA
FINANCIAL DATA

Current Year Statistics (For Fiscal Year 2017/18)

City of Mesa, Arizona		
Total General Obligation Bonds Outstanding	$ 390,875,000	(a)
Total Utility Systems Revenue Bonds Outstanding	1,260,560,721	(b)
Total Street and Highway User Revenue Bonds Outstanding	84,995,000	(c)
Total Excise Tax Obligations to Be Outstanding		*(d)
Net Assessed Limited Property Value	3,048,893,359	(e)
Estimated Net Full Cash Value	34,722,772,801	(f)
Estimated Net Assessed Limited Property Value (For Fiscal Year 2018/19) (g)	$3,277,965,031	

(a) Represents all general obligation bonds to be outstanding following issuance of the Bonds. See "STATEMENTS OF BONDS OUTSTANDING – General Obligation Bonds Outstanding" in this appendix.

(b) Represents all utility systems revenue bonds to be outstanding following issuance of the Series 2018 Utility Bonds. See "STATEMENTS OF BONDS OUTSTANDING – Utility Systems Revenue Bonds 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 to be outstanding. See "STATEMENTS OF BONDS OUTSTANDING – Excise Tax Obligations to Be 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 "PROPERTY TAXES – 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 2018/19 provided by the Arizona Department of Revenue. Valuations for Fiscal Year 2018/19 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 Outstanding
City of Mesa, Arizona

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding (a)
2004	Refunding	46,445,000	7-1-09/18	$ 9,065,000
2006	Various Purpose	9,710,000	7-1-13/25	1,575,000
2007	Various Purpose	15,915,000	7-1-19/27	2,815,000
2008	Various Purpose	15,450,000	7-1-09/21	1,875,000
2009	Various Purpose	61,830,000	7-1-10/19	4,370,000
2010	Various Purpose	30,865,000	7-1-20/30	30,865,000
2011	Various Purpose	29,320,000	7-1-12/31	22,125,000 (b)
2012	Refunding	31,665,000	7-1-13/22	10,775,000
2012	Various Purpose	27,290,000	7-1-13/32	22,925,000
2013	Refunding	8,915,000	7-1-14/24	8,795,000
2013	Various Purpose	59,960,000	7-1-14/33	52,400,000
2014	Various Purpose	37,550,000	7-1-15/34	29,825,000
2015	Various Purpose	13,690,000	7-1-16/35	6,740,000
2016A	Refunding	20,475,000	7-1-17/27	20,415,000
2016B	Refunding	22,935,000	7-1-17/29	20,620,000
2016	Various Purpose	37,700,000	7-1-17/36	35,500,000
2017	Refunding	47,450,000	7-1-17/29	46,890,000
2017	Various Purpose	47,180,000	7-1-17/37	47,180,000
2018	Various Purpose	16,120,000	7-1-17/37	16,120,000
Total General Obligation Bonds Outstanding				$390,875,000

(a) Balances of General Obligation Bonds Outstanding are as of the dated date of the Obligations.

(b) 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 6.6%, 6.9% and 6.8% for the federal Fiscal Years 2017/18, 2016/17 and 2015/16, 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.

Utility Systems Revenue Bonds Outstanding
City of Mesa, Arizona

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding (a)
2004	Refunding	40,345,000	7-1-14/19	$ 37,025,000
2004	Utility Improvement	64,625,000	7-1-19/28	2,250,000
2005	Utility Improvement	91,200,000	7-1-19/29	10,750,000
2006	Utility Improvement	105,400,000	7-1-23/30	7,595,000
2006	Refunding	61,300,000	7-1-09/21	56,000,000
2006	Refunding	127,260,000	7-1-12/24	56,445,000
2007	Utility Improvement	65,550,000	7-1-23/31	6,315,000
2008	Refunding	21,125,000	7-1-09/18	2,200,000
2008	Utility Improvement	52,875,000	7-1-23/32	2,125,000
2009	Utility Improvement	59,900,000	7-1-23/33	59,900,000
2009	WIFA Loans	3,758,810	7-1-10/29	1,850,721
2010	Utility Improvement	50,380,000	7-1-34	50,380,000(b)
2011	Utility Improvement	53,950,000	7-1-35	53,950,000
2012	Refunding	31,580,000	7-1-16,17,20,21	14,905,000(b)
2012	Taxable Refunding	80,295,000	7-1-20/27	80,295,000
2012	Utility Improvement	67,300,000	7-1-36	67,300,000
2013	Utility Improvement	47,290,000	7-1-37	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	97,415,000
2015	Utility Improvement	30,220,000	7-1-20/39	30,220,000
2016	Utility Refunding	138,035,000	7-1-25/32	138,035,000
2016	Utility Improvement	90,500,000	7-1-20/40	90,500,000
2017	Utility Refunding	75,435,000	7-1-23/28	75,435,000
2017	Utility Improvement	123,875,000	7-1-21/41	123,875,000
2018	Utility Improvement	124,875,000	7-1-19/34-38/42	112,120,000
Total Utility Systems Revenue Bonds Outstanding				$1,260,560,721

(a) Balances of Utility Systems Revenue Bonds Outstanding are as of the dated date of the Obligations.

(b) 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 6.6%, 6.9% and 6.8% for the federal Fiscal Years 2017/18, 2016/17 and 2015/16, 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.

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

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding (a)
2003	Street Improvements	$26,805,000	7-1-10/22	$ 850,000
2004	Refunding	17,760,000	7-1-14/18	7,250,000
2004	Street Improvements	9,585,000	7-1-10/23	775,000
2005	Refunding	23,800,000	7-1-07/23	23,750,000
2005	Street Improvements	10,225,000	7-1-10/24	825,000
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	20,665,000
2013	Refunding	8,500,000	7-1-24	8,500,000
2015	Refunding	17,555,000	7-1-24/27	17,555,000
Total Street and Highway User Revenue Bonds Outstanding				$84,995,000

(a) Balances of Street and Highway User Revenue Bonds Outstanding are as of the dated date of the Obligations.

Excise Tax Obligations to be Outstanding
City of Mesa, Arizona

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding (a)	
Senior Obligations:					
2013	Excise Tax Revenue Obligations	$94,060,000	7-1-32	$ 49,025,000	
Plus the Obligations					*
Total Senior Obligations Outstanding and to Be Outstanding					*
Subordinate Obligations:					
2012	Phoenix-Mesa Gateway Airport Authority	19,220,000	7-1-14/38	17,465,000	
Total Excise Tax Obligations Outstanding to Be Outstanding				$	*

(a) Balances of Excise Tax Obligations to be Outstanding include the Obligations. Does not include Transportation Project Advancement Notes anticipated to be issued in the fourth quarter of 2018.

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 Full Cash Assessed 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 Net Full Cash Assessed 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.

* Subject to change

General Municipal Purpose Bonds		Parks, Streets and Public Safety Bonds	
Total 6% General Obligation Bonding Capacity	$239,298,239	Total 20% General Obligation Bonding Capacity	$797,660,798
Less 6% General Obligation Bonds Outstanding	-	Less 20% General Obligation Bonds Outstanding	(390,875,000)
Net 6% General Obligation Bonding Capacity	$239,298,239	Net 20% General Obligation Bonding Capacity	$406,785,798

(a) General obligation bonding capacity is calculated using the City's Fiscal Year 2017/18 Net Full Cash Assessed Value of $3,988,303,991.

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 Fiscal Year Ended June 30, 2017, contained in APPENDIX C 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	5.13%	None
Maricopa County	None	7.97	None
Maricopa County Community College District	$445,570,000	7.97	$ 35,510,898
Maricopa Special Health Care District	112,000,000	7.97	8,926,141
East Valley Institute of Technology District No. 401	None	17.92	None
Mesa Unified School District No. 4	270,360,000	86.36	233,469,787
Tempe Elementary School District No. 3	131,875,000	0.79	1,037,638
Tempe Union High School District No. 213	91,995,000	0.32	298,932
Gilbert Unified School District No. 41	99,795,000	25.94	25,885,576
Queen Creek Unified School District No. 95	100,485,000	30.50	30,644,005
Higley Unified School District No. 60	115,040,000	0.82	941,272
Eastmark Community Facilities District No. 1	17,610,000	100.00	17,610,000
City of Mesa (c)	390,875,000	100.00	390,875,000
Total Direct and Overlapping General Obligation Bonded Debt to be Outstanding			$745,194,248

(a) Proportion applicable to the City is computed on the ratio of Net Assessed Limited Property Value as calculated for Fiscal Year 2017/18 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.

General Obligation Bonds	
Overlapping Jurisdiction	Authorized but Unissued
Maricopa County Community College District	$ 3,000
Maricopa County Special Health Care District	754,000,000
Tempe Elementary School District No. 3	110,000,000
Gilbert Unified School District No. 41	66,700,000
Queen Creek Unified School District No. 95	63,555,000
City of Mesa	77,731,000
Eastmark Community Facilities District No. 1	416,790,000

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 Limited Property 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](c) Does not include the City's utility systems revenue bonds to be outstanding in the aggregate principal amount of $1,260,560,721. Does not include the City's street and highway user revenue bonds outstanding in the aggregate principal amount of $84,995,000. Does not include the City's excise tax obligations outstanding and to be outstanding in the aggregate principal amount of $_______*. 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.

* Subject to change.

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

	Per Capita Bonded Debt Population at 481,275 (a)	As a Percentage of City's 2017/18 Net Assessed Limited Property Value	2017/18 Estimated Net Full Cash Value
Direct General Obligation Bonded Debt	$ 812	12.82%	1.13%
Direct and Overlapping General Obligation Debt *	1,548	24.44	2.15

(a) Arizona Department of Administration, Office of Employment and Population Statistics, estimate as of July 1, 2017.

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 City's Mayor and City Councilmembers participate in the Elected Officials Retirement Plan ("EORP") a multiple employer, cost-sharing defined benefit pension plan. The EORP is not described herein because of its relative insignificance to the City's financial statements. Please refer to APPENDIX D – "Audited General Purpose Financial Statements for the Fiscal Year Ended June 30, 2017" for a more detailed description of these plans and the City contributions to the various plans.

Beginning with the Fiscal Year 2014/15, the City implemented Government Accounting Standards Board (GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), which requires cost-sharing employer's pension expense component include its proportionate share of the City's pension expense, as set forth hereunder, 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, 2017, 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	$ 755,877	$ 55,385	$ 811,262
Deferred Outflows of Resources	187,082	10,485	197,567
Deferred Inflows of Resources	56,283	6,905	63,188
Pension Expense	116,380	7,532	123,912

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 2016/17, covered employees were required by state statute to contribute at the actuarially determined rate of 11.48% (11.34% pension plus 0.14% long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.48% (10.78% for retirement, 0.56% for the health insurance premium benefit, and 0.14% 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 2016/17 was 9.47% (9.17% for retirement, 0.21% for the health insurance premium benefit, and 0.09% for long-term disability). The City's ACR contributions to the ASRS for the Fiscal Year 2016/17 were $122,429.

Pension Liability. At June 30, 2017, the City reported a liability of $268,013,311 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The total pension liability as of June 30, 2016 reflects a change in actuarial assumption for a decrease in loads for future permanent benefit increases. At June 30, 2017, the plan's funded ratio was 67.06%

The City's reported liability at June 30, 2017, increased by $12,676,241 from the City's prior year liability of $255,337,070 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 2015/16 contributions. The City's proportion measured as of June 30, 2016, was 1.66045%, which was an increase of 0.0212% from its proportion measured as of June 30, 2015.

Pension Expense and Deferred Outflows/Inflows of Resources. For Fiscal Year 2016/17, the City recognized pension expense for ASRS of $12,066,464. At June 30, 2017, 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	$ 1,629	$ 18,437
Changes of assumptions	-	14,180
Net difference between projected and actual earnings on pension plan investments	29,043	-
Changes in proportion and differences between City contributions and proportionate share of contributions	2,710	797
City contributions subsequent to the measurement date	17,423	-
Total	$ 50,805	$ 33,414

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.

On February 16, 2016, the Governor of Arizona signed into law pension overhaul legislation which makes several changes to the PSPRS. The changes, which only affect new hires that start work after July 1, 2017, will require new public employees to serve until the age of 55 before being eligible for full pension benefits. The legislation caps pension benefits for new hires and splits the cost of pensions 50/50 between employers and new employees, offers new hires the option of a 100% defined contribution plan and ties cost-of-living adjustments to the regional Consumer Price Index, with a cap of 2% (the "COLA Provision"). The COLA Provision also applies to current members of the PSPRS due to voter approval at an election held on May 17, 2016.

In 2016, a suit was then pending questioning employee contribution increases to, and possibly decreased benefits from, the PSPRS. The Arizona Supreme Court determined in a similar 2016 suit that 2011 legislative reforms that increased EORP employee contribution rates and created new conditions to pension benefit increases were unconstitutional. In response to the ruling, EORP employers must return excess contributions to impacted employees; who, under the contested law, had their employee retirement contribution rate increased above the rate that existed prior to the 2011 legislation. Based on the EORP decision the PSPRS suit was terminated and the parties agreed to abide by the EORP decision. The City's employees are covered by PSPRS (the "Plan"). This requires the City to refund the higher employee contributions required by the 2011 legislation. Likewise, those who retired after the effective date of the 2011 legislation may be owed retroactive benefit increases calculated under the previous permanent benefit increase formula. Retroactively increasing retiree benefits may have an adverse impact on the employer funded status and future employer contribution rates.

On November 21, 2017, Maricopa County Superior Court (the "Court") awarded the interest of 5.25% from the date each contribution was withheld to the date excess contributions were returned. Prior to knowing the rate for PSPRS, on July 21, 2017, the City refunded $13,495,164 of excess PSPRS contributions and on January 4, 2018 paid $1,820,197 of pre-judgement and post-judgement PSPRS interest. The City has made all required payments pursuant to such ruling.

Employees Covered by Benefit Terms. At June 30, 2017, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Firefighters	PSPRS Police
Inactive employees or beneficiaries currently receiving benefits	235	513
Inactive employees or beneficiaries entitled to but not yet receiving benefits	51	135
Active employees	392	715
Total	678	1,363

Contributions. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature (A.R.S. Section 38-843). Tier 1 members are required to contribute 11.65% from July 1, 2016 to April 1, 2017. As a result of a court ruling, the contribution rate changed to 7.65% of their annual covered salary on April 2, 2017. Tier 2 members are required to contribution 11.65% 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 2016/17 were 41.24% (40.97% pension plus 0.27% health care), for fire personnel and 42.38% (41.39% pension plus 0.99% health care) for police members.

Pension Liability. At June 30, 2017, the City reported net pension liabilities of $185,042,419 and $358,206,502 for fire and police, respectively. The net pension liabilities were measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2017, the plans funded ratio was 46.70% for fire and 44.26% for police.

Annual Pension Contributions. Fire personnel contributed $3,739,306 ($3,601,120 regular members plus $138,186 DROP members) and police personnel contributed $7,402,036 ($7,094,726 regular members plus $307,310 DROP members) during Fiscal Year 2016/17. For 2017, the City's annual pension contribution of $13,564,174 ($13,475,369 pension, $88,805 health care) for fire and $27,436,722 ($26,795,798 pension, $640,924 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, 2015 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 2016/17 was 28.78% for both fire and police. The City's ACR contributions for Fiscal Year 2016/17 were $14,462 for fire and $13,428 for police.

Pension Expense and Deferred Outflows/Inflows of Resources. For Fiscal Year 2016/17, the City recognized pension expense of $39,285,037 and $72,561,474 for fire and police, respectively. At June 30, 2017, 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	$ -	$ 10,845
Changes in assumptions	23,885	-
Net difference between projected and actual earnings on pension plan investments	13,464	3,245
City contributions subsequent to the measurement date	13,490	-
Total	$ 50,839	$ 13,730

Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 10,587
Changes in assumptions	45,870	-
Net difference between projected and actual earnings on pension plan investments	23,244	5,457
City contributions subsequent to the measurement date	26,809	-
Total	$ 95,923	$ 16,044

Other Post-Employment Benefits

Beginning with the Fiscal Year 2008/09, the City implemented GASB Statement No. 45, *Accounting by Employers for Other Post Employment Benefits (OPEB)* (GASB 45), 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 eligible 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, 2017, approximately 1,825 former employees and beneficiaries were eligible for these benefits. Other Post Employment Benefits costs incurred by the City in Fiscal Year 2016/17 were $19.0 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 89 of APPENDIX D – "Audited General Purpose Financial Statements for the Fiscal Year Ended June 30, 2017."

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, 2017 (in thousands):

Annual Required Contribution	$ 53,744
Interest on Net OPEB Obligation	21,826
Adjusted to Annual Required Contribution	(28,032)
Annual OPEB Cost	47,538
Contributions Made	(19,013)
Increase in Net OPEB Obligation	28,525
Net OPEB Obligation - Beginning of Year	485,025
Net OPEB Obligation - End of Year	$ 513,550

The City's net OPEB obligation as of June 30, 2017 was $513,550 (in thousands). Contributions for Fiscal Year 2015/16 were $19,013 (in thousands).

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

APPENDIX C

CITY OF MESA, ARIZONA

AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

APPENDIX D

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 Obligations. The Obligations 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 Obligations certificate will be executed and delivered for each maturity of the Obligations, 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 Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations 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 Obligations 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 Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations 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 Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligations documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations 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 Registrar and request that copies of notices be provided directly to them.

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

Redemption proceeds and principal and interest payments on the Obligations 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 Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the City or the Registrar, 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 Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

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

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the City or the Registrar. 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 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 OBLIGATIONS UNDER THE AUTHORIZING RESOLUTION; (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 OBLIGATIONS; (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE OBLIGATIONS; OR (5) ANY OTHER MATTERS.

APPENDIX E

FORM OF APPROVING LEGAL OPINION

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[Dated Date]

MAYOR AND COUNCIL
CITY OF MESA, ARIZONA

[TO COME FROM GUST]

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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$______*
CITY OF MESA, ARIZONA
EXCISE TAX REVENUE OBLIGATIONS, SERIES 2018

CONTINUING DISCLOSURE CERTIFICATE
(CUSIP No. _________)

* Subject to change.

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

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APPENDIX G

EXCISE TAXES

City Transaction Privilege (Sales) Tax

For most taxable activities occurring within the City, the City's transaction privilege (sales) tax is levied at 1.75%. Such taxes are levied for general municipal purposes upon entities engaging in business within the City by applying the tax rate against the gross proceeds of sales or gross income derived from business activities and is collected by the City on a monthly basis.

The rates applied to the categories of business activities are as shown in the following table.

City Transaction Privilege (Sales) Tax Rates by Category

Category	Tax Rate
Amusement, Exhibitions & Similar Activities	1.75%
Contracting Construction; Construction Contractors	1.75
Job Printing	1.75
Hotels	1.75
Publishing & Periodicals Distribution	1.75
Restaurants / Bars	1.75
Retail Sales	1.75
Utility Services	1.75
Advertising	1.75
Jet Fuel Sales	$0.03/gallon
Manufactured Buildings	1.75
Timbering & Other Extraction	1.75
Mining	0.10
Rental, Leasing & Licensing for Use of Real Property	1.75
Rental, Leasing & Licensing for Use of Real Property; Additional Tax Upon Transient Lodging	3.00
Rental, Leasing & Licensing for Use of Tangible Personal Property	1.75
Telecommunication Services	1.75
Transporting for Hire	1.75

The City's sales tax for general government purposes of 1.20% is pledged for payment of the Payments due under the Agreement. The City's sales taxes of 0.25% for health, safety and other quality of life uses, 0.30% for street projects in the City and any transient lodging tax (formerly known as transient occupancy tax) are not pledged to the payment of Payments due under the Agreement.

See "EXCISE TAX RECEIPTS" and "OBLIGATION HOLDERS' RISKS – Voter Approval Necessary for Certain Tax Increases" for a discussion of voter approval requirements related to increases in the City's transaction privilege (sales) tax.

The table below sets forth a record of City transaction privilege (sales) tax receipts by industry classification for Fiscal Years 2012/13 through 2016/17.

TRANSACTION PRIVILEGE (SALES) TAX COLLECTIONS BY INDUSTRY CLASSIFICATION

Industry Classification	2012/13	2013/14	2014/15	2015/16	2016/17
Utilities					
Communications					
Publishing					
Printing & Advertising					
Contracting					
Retail Sales					
Restaurants & Bars					
Amusements					
Rentals					
Miscellaneous					
Less: Restricted Excise Taxes					
Net Excise Taxes					

Source: City Finance Department.

State-Shared Revenues

State-Shared Sales Taxes. Pursuant to statutory formula, cities and towns in Arizona receive a portion of the State-levied transaction privilege (sales) tax. The State transaction privilege (sales) tax is levied against the same categories of business activity as the City's transaction privilege (sales) tax with the exception of food sales, which the State exempts from tax. As the following table indicates, the rate of taxation as it relates to such portion of the State-levied transaction privilege (sales) tax varies among the different types of business activities taxed, with the most common rate being 5% of the amount or volume of business transacted.

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

STATE SALES TAX
Taxable Activities, Tax Rates and Distribution Share

	State Transaction Privilege (Sales) Tax Rates				
Taxable Activities	State Tax Rate	Distribution Share	0.60% Education Tax Rate (a)	1.00% Temporary Tax Rate (b)	Combined Tax Rate
Transporting	5.00%	20.00%	0.60%	1.00%	6.60%
Utilities	5.00%	20.00%	0.60%	1.00%	6.60%
Telecommunications	5.00%	20.00%	0.60%	1.00%	6.60%
Pipeline	5.00%	20.00%	0.60%	1.00%	6.60%
Private car line	5.00%	20.00%	0.60%	1.00%	6.60%
Publication	5.00%	20.00%	0.60%	1.00%	6.60%
Job printing	5.00%	20.00%	0.60%	1.00%	6.60%
Prime contracting	5.00%	20.00%	0.60%	1.00%	6.60%
Owner builder sales	5.00%	20.00%	0.60%	1.00%	6.60%
Amusement	5.00%	40.00%	0.60%	1.00%	6.60%
Restaurant	5.00%	40.00%	0.60%	1.00%	6.60%
Personal property rental	5.00%	40.00%	0.60%	1.00%	6.60%
Retail (excluding food sales)	5.00%	40.00%	0.60%	1.00%	6.60%
Transient lodging	5.50%	50.00%	N/A	1.00%	6.50%
Mining – non-metal, oil/gas	3.13%	32.00%	N/A	N/A	3.13%
Commercial lease	0.00%	53.33%	N/A	N/A	0.00%
Severance – metal liferous mining	2.50%	80.00%	N/A	N/A	2.50%
Use tax utilities	5.00%	20.00%	0.60%	1.00%	5.00%
Jet fuel use tax	(c)	40.00%	N/A	N/A	(c)

(a) Represents the State Transaction privilege (sales) tax rate approved by the voters of the State in November 2000 (the "Education Tax") on certain of the categories of business activity at six-tenths of one percent (0.600%). The Education Tax collections are dedicated exclusively to education expenditures of the State and are not distributed to cities in the State, including the City. The effective dates for the Education Tax are June 1, 2001 through June 30, 2021.

(b) Represents the State transaction privilege (sales) tax rate approved by the voters of the State on May 18, 2010 (the "Temporary Tax") on certain of the categories of business activity at one percent (1.000%). Two-thirds of the Temporary Tax collections are dedicated exclusively to primary and secondary education expenditures of the State and the remaining one-third is dedicated exclusively to health and human services and public safety expenditures of the State. The Temporary Tax is not distributed to cities in the State, including the City. The effective dates for the Temporary Tax are June 1, 2010 through May 31, 2013.

(c) Does not include the $0.0305 per gallon State tax on the retail sale of jet fuel, which tax is only levied on the first ten million gallons sold to each purchaser in each calendar year.

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

State-Shared Vehicle License Tax. Approximately twenty percent of the revenues collected for the licensing of motor vehicles is distributed to incorporated cities and towns. A city or town receives its share of the vehicle license tax collections based on its population in relation to the total incorporated population of the county. These monies are distributed on a monthly basis. The only stipulation on the use of this revenue is that it must be expended for a public purpose.

From time to time, bills are introduced in, and legislation enacted by, the Arizona Legislature to change the formulas used to allocate the State-shared sales taxes, State-shared income taxes and State-shared vehicle license tax, including proposed adjustments that would reduce the distribution to cities and towns. The possibility of changes in this respect are more likely to be adverse to the City when the State is experiencing financial difficulties. The City cannot determine whether any such measures will become law or how they might affect the revenues which comprise the State shared revenues. In addition, initiative measures are circulated from time to time seeking to place on the ballot changes in Arizona law which would repeal or modify state sales taxes, state income taxes (the major source of funds for state revenue sharing) and vehicle license taxes. The City cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take or the outcome of any such election.

Other Excise Tax Revenues

Cities and towns in the State have exclusive control over public rights of way dedicated to the municipality, and may grant franchise agreements to, and impose franchise taxes on, utilities using those rights of way. The City also imposes and collects fines and forfeitures for violations of State laws or City ordinances relating to traffic, parking, animal control and other offenses.

APPENDIX H