

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 31, 2023**

**NEW ISSUE — BOOK-ENTRY-ONLY**

**RATINGS: See “Ratings” herein.**

*In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications and the continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, interest on the Bonds (i) is excludable from gross income for federal income tax purposes and (ii) is exempt from income taxation under the laws of the State of Arizona. Further, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the “Code”), on applicable corporations (as defined in Section 59(k) of the Code), interest on the Bonds is not excluded from the determination of adjusted financial statement income for tax years beginning after 2022. See “TAX EXEMPTION” herein for a description of certain other federal tax consequences of ownership of the Bonds.*

**\$82,595,000\***  
**CITY OF MESA, ARIZONA**  
**GENERAL OBLIGATION BONDS,**  
**SERIES 2023**

**DRAFT**  
**09-25-23**

*Dated:* Date of Initial Delivery

*Due:* July 1, as shown on inside front cover page

The City of Mesa, Arizona (the “City”), General Obligation Bonds, Series 2023 (the “Bonds”), will be initially issued in book-entry-only form, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. Beneficial interests in the Bonds will be offered for sale in the amount of \$5,000 of principal due on a specific maturity date and integral multiples thereof. The Bonds are being issued to provide funds to (i) acquire and construct certain public safety, parks and recreation, library and streets and transportation projects and (ii) pay the costs of issuance of the Bonds.

The Bonds will mature on the dates and in the principal amounts and will bear interest from their dated date at the rates set forth on the inside front cover page hereof. Interest on the Bonds will be payable semiannually on July 1 and January 1 of each year, commencing on July 1, 2024\*, until maturity. So long as the Bonds are in book-entry-only form, principal of and interest on the Bonds will be paid to DTC for credit to the accounts of the DTC participants and, in turn, to the accounts of the owners of beneficial interests in the Bonds. See APPENDIX E – “Book-Entry-Only System.”

---

**See Inside Front Cover Page for Maturity Schedule and Additional Information**

---

Certain of the Bonds are subject to redemption prior to their stated maturity dates.\* See “THE BONDS – Redemption Provisions,” herein.

Upon their issuance, the Bonds will be payable as to both principal and interest from a continuing, direct, annual *ad valorem* tax to be levied against all taxable property in the City, such tax to be levied without limitation as to rate or amount. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein.

**Proposals for the Bonds may be submitted solely as an electronic bid using the facilities of PARITY® up to and including the hour of 10:00 A.M., Pacific Standard Time (“PST”), on November 7, 2023\*. See “NOTICE INVITING BIDS FOR THE PURCHASE OF BONDS” for the Bonds herein.**

The Bonds are offered when, as and if issued by the City, subject to the approving legal opinion of Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel, as to validity and tax exemption. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about December 7, 2023\*.

*This cover page contains certain information with respect to the Bonds for convenience of reference only. It is not a summary of all material information with respect to the Bonds. Investors are advised to read this entire Official Statement and all appendices to obtain information essential to the making of an informed investment decision with respect to the Bonds.*

---

\* Subject to change.

**\$82,595,000\***  
**CITY OF MESA, ARIZONA**  
**GENERAL OBLIGATION BONDS, SERIES 2023**

**MATURITY SCHEDULE\***

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® (a) (Base No. 590485)
2024	\$9,255,000	%	%	
2025	5,480,000			
2026	2,410,000			
2027	2,535,000			
2028	2,660,000			
2029	2,790,000			
2030	2,930,000			
2031	3,080,000			
2032	3,235,000			
2033	3,395,000			
2034	3,565,000			
2035	3,740,000			
2036	3,930,000			
2037	4,125,000			
2038	4,330,000			
2039	4,550,000			
2040	4,775,000			
2041	5,015,000			
2042	5,265,000			
2043	5,530,000			

\$ \_\_\_\_\_ Term Bond @ \_\_\_\_\_% Due July 15, 20\_\_ - Yield \_\_\_\_\_% - \_\_\_\_\_

\$ \_\_\_\_\_ Term Bond @ \_\_\_\_\_% Due July 15, 20\_\_ - Yield \_\_\_\_\_% - \_\_\_\_\_

(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 FactSet Research Systems Inc. Copyright© 2023 CGS. All rights reserved. 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, Bond Counsel, the Financial Advisor (each as defined herein), or their agents or counsel assume responsibility for the accuracy of such numbers.

\* Subject to change.

## **CITY OF MESA**

### **CITY COUNCIL**

John Giles, *Mayor*  
Francisco Heredia, *Vice Mayor*  
Jenn Duff, *Councilmember*  
Mark Freeman, *Councilmember*  
Alicia Goforth, *Councilmember*  
Scott Somers, *Councilmember*  
Julie Spilsbury, *Councilmember*

### **CITY ADMINISTRATIVE OFFICERS**

Christopher Brady, *City Manager*  
Scott Butler, *Assistant City Manager*  
Michael Kennington, *Deputy City Manager and Chief Financial Officer*  
Irma Ashworth, *Finance Director*  
Ryan Wimmer, *City Treasurer*  
Holly Moseley, *City Clerk*

### **SPECIAL SERVICES**

#### **BOND COUNSEL**

Greenberg Traurig, LLP  
Phoenix, Arizona

#### **FINANCIAL ADVISOR**

Hilltop Securities Inc.  
Phoenix, Arizona

#### **BOND REGISTRAR & PAYING AGENT**

UMB Bank, n.a.  
Phoenix, Arizona

## REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the General Obligation Bonds, Series 2023 (the “Bonds”), of the City of Mesa, Arizona (the “City”), identified on the cover page hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall be no sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information set forth herein has been provided by the City, the Maricopa County Assessor’s, Finance and Treasurer’s offices, the State of Arizona Department of Revenue, and other sources which are considered to be reliable and customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the City, or Hilltop Securities Inc., the City’s financial advisor (the “Financial Advisor”). 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 Bonds will not be registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon the exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, pertaining to the issuance and sale of municipal securities, nor will the Bonds be qualified under the Securities Act of Arizona in reliance upon various exemptions contained in such act. Neither the Securities and Exchange Commission (the “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 City, the Financial Advisor and Bond Counsel (as defined herein) are not actuaries, nor have any of them performed any actuarial or other analysis of the City’s unfunded liabilities under the Arizona State Retirement System, the Arizona Public Safety Personnel Retirement System or the Elected Officials Retirement Plan.

The City will covenant to provide continuing disclosure as described in this Official Statement under “CONTINUING SECONDARY MARKET DISCLOSURE” and in APPENDIX G – “Form of Continuing Disclosure Undertaking” pursuant to Rule 15c2-12 promulgated by the 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.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Commission.

**TABLE OF CONTENTS**

NOTICE INVITING BIDS FOR THE PURCHASE OF BONDS..... i

INTRODUCTORY STATEMENT ..... 1

THE BONDS..... 1

Authorization and Purpose ..... 1

Other Expected Debt Offerings ..... 2

General Provisions ..... 2

Redemption Provisions..... 2

Optional Redemption..... 2

Mandatory Sinking Fund Redemption..... 2

Notice of Redemption..... 3

Effect of Call for Redemption ..... 3

Redemption of Less Than All of a Bond ..... 3

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS..... 3

Security for the Bonds ..... 3

Defeasance..... 4

Sources of Payment of the Bonds and Other City Bonds ..... 4

Referendum and Ordinance..... 4

RISKS RELATED TO COVID-19 (CORONAVIRUS) ..... 5

CITY GENERAL FUND ..... 6

CITY ENTERPRISE FUNDS ..... 7

CITY SPECIAL REVENUE FUNDS ..... 8

ADDITIONAL GENERAL OBLIGATION BONDS..... 9

SOURCES AND USES OF FUNDS..... 9

ESTIMATED DEBT SERVICE REQUIREMENTS..... 10

RATINGS..... 10

LEGAL MATTERS ..... 11

TAX EXEMPTION..... 11

In General..... 11

Original Issue Premium and Original Issue Discount ..... 12

Changes in Federal and State Tax Law ..... 13

Information Reporting and Backup Withholding ..... 13

LITIGATION ..... 13

No Litigation Relating to the Bonds..... 13

Other Litigation Against the City ..... 14

CERTIFICATION CONCERNING OFFICIAL STATEMENT ..... 14

CONTINUING SECONDARY MARKET DISCLOSURE ..... 14

FINANCIAL ADVISOR..... 15

GENERAL PURPOSE FINANCIAL STATEMENTS..... 15

CONCLUDING STATEMENT ..... 15

  

APPENDIX A: City of Mesa, Arizona – General Economic and Demographic Information

APPENDIX B: City of Mesa, Arizona – Financial Data

APPENDIX C: City of Mesa, Arizona – Utility Systems Information

APPENDIX D: City of Mesa, Arizona – Audited General Purpose Financial Statements for the Fiscal Year Ended  
June 30, 2022

APPENDIX E: Book–Entry–Only System

APPENDIX F: Form of Approving Legal Opinion

APPENDIX G: Form of Continuing Disclosure Undertaking

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**\$82,595,000\***  
**CITY OF MESA, ARIZONA**  
**GENERAL OBLIGATION BONDS,**  
**SERIES 2023**

**NOTICE INVITING BIDS FOR THE PURCHASE OF BONDS**  
**(Electronic Bidding Only)**

**NOTICE IS HEREBY GIVEN** that unconditional bids will be received to and including the hour of [10]:00 a.m., Pacific Standard Time (“PST”), on November 7, 2023\*, by the City of Mesa, Arizona (the “City”), for the purchase of all, but not less than all, of the City’s General Obligation Bonds, Series 2023 in the principal amount of \$82,595,000\* (the “Bonds”) as electronic bids using the facilities of PARITY® (“PARITY”). For purposes of the bids received through the electronic bid process, the time as maintained by PARITY shall constitute the official time.

The City reserves the right to cancel or reschedule the sale of the Bonds or alter the terms thereof upon notice given through PARITY at [www.ipreo.com](http://www.ipreo.com) at any time prior to the time bids are to be received. If no legal bid or bids are received for the Bonds on said date (or such later date as is established as provided herein) at the time specified, bids will be received for the Bonds on such other date and at such other time as shall be designated through PARITY as soon as practicable. As an accommodation to the bidders, telephonic, telecopied or emailed notice of the postponement of the sale date or dates or of a change in the principal payment schedule will be given to any bidder who has requested such notice of the City’s Financial Advisor, Hilltop Securities Inc. (the “Financial Advisor”), Janelle Gold (email: [janelle.gold@hilltopsecurities.com](mailto:janelle.gold@hilltopsecurities.com); telephone: (602) 224-7104). Failure of any bidder to receive such telephonic, telecopied or emailed notice shall not affect the legality of the sale.

Any prospective purchaser that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. The normal fee for the use of PARITY may be obtained from PARITY, and such fee will be the responsibility of those submitting bids. All bids must be submitted on the official bid form that resides on the PARITY system (the “Official Bid Form”), without alteration or interlineation. All electronic bids must be submitted by [10]:00 a.m., PST, on November 7, 2023\*. Subscription to i-Deal’s BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. Representatives of the City will not confirm any subscription nor be responsible for the failure of any prospective purchaser to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice Inviting Bids for the Purchase of Bonds (this “Notice”) and shall be binding upon the bidder as if made by a signed, sealed proposal delivered to the City. Neither the City nor the Financial Advisor shall be responsible for any malfunction or mistake made by, or as a result of, the use of the facilities of PARITY, the use of such facilities being the sole risk of the bidder.

If any provisions of this Notice shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice shall control. All electronic bids will be deemed to incorporate the provisions of this Notice and the Official Bid Form. Further information about PARITY, including any fee charged, may be obtained from IPREO at 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (212) 849-5021 and from the following website: [www.newissuehome.i-deal.com](http://www.newissuehome.i-deal.com).

For information purposes only, bidders are requested to state in their electronic bid the “true interest cost” as described under “AWARD AND DELIVERY” herein.

**BONDS IN GENERAL**

The Bonds will be dated the date of initial delivery. Interest on the Bonds will be payable semiannually on January 1 and July 1 of each year, commencing July 1, 2024\*. The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds through its book-entry system. Purchases of beneficial ownership interests in the Bonds will be made in book-entry form in amounts of \$5,000 of principal due on a specific maturity date, or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interests in the Bonds. The principal of and interest on the Bonds will be paid by UMB Bank, n.a., as the Bond Registrar and Paying Agent for the Bonds (the “Bond Registrar and Paying Agent”), to Cede & Co., as long as Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to the purchasers of beneficial ownership interests in the Bonds is the responsibility of

DTC Participants and Indirect Participants, as more fully described in the preliminary official statement relating to the Bonds (the “Preliminary Official Statement”).

Except as otherwise provided under “MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT” and “REDEMPTION PROVISIONS – Mandatory Redemption,” the Bonds will mature (or be subject to mandatory redemption) on July 1 in each of the years and in the amounts as follows (the “Maturity Schedule”):

Maturity Date (July 1)*	Principal Amount*	Maturity Date (July 1)*	Principal Amount*
2024	\$9,255,000	2034	\$3,565,000
2025	5,480,000	2035	3,740,000
2026	2,410,000	2036	3,930,000
2027	2,535,000	2037	4,125,000
2028	2,660,000	2038	4,330,000
2029	2,790,000	2039	4,550,000
2030	2,930,000	2040	4,775,000
2031	3,080,000	2041	5,015,000
2032	3,235,000	2042	5,265,000
2033	3,395,000	2043	5,530,000

As described below under the heading “REDEMPTION PROVISIONS – Mandatory Redemption,” bidders may combine maturities into one or more term Bonds. Term Bonds, if any, must consist of the total principal payments of two or more consecutive years and mature in the latest of those years. Serial maturities converted to term Bonds, as specified, must bear the same rate of interest. Any term Bonds will be subject to mandatory redemption in the same principal amounts and on the same dates shown in the maturity schedule shown above.

#### **MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT**

The preliminary aggregate principal amount of the Bonds and the preliminary principal amount of each annual principal payment for the Bonds as set forth in this Notice (collectively, the “Preliminary Amounts”) may be revised before the receipt of electronic bids for their purchase (such revised amounts referred to collectively as the “Revised Amounts”). ANY SUCH REVISIONS WILL BE PUBLISHED ON PARITY NOT LATER THAN 5:00 P.M., PST, ON THE LAST BUSINESS DAY PRIOR TO THE DATE OF SALE. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts, and the Revised Amounts will be used to compare bids and select the winning bidder.

The City reserves the right to change the aggregate principal amount of Bonds set forth in this Notice after determination of the winning bidder in an amount not to exceed \$[8,300],000. Further, the City reserves the right to change the maturity schedule set forth in this Notice after determination of the winning bidder, by adjusting one or more principal payments of the Bonds in increments of \$5,000.

As promptly as reasonably possible after the bids are received, the City will notify the winning bidder, if and when award is made, and such entity, upon such notice, shall advise the City of the initial reoffering prices to the public of each maturity of the Bonds (the “Initial Reoffering Prices”). The Initial Reoffering Prices, among other things, will be used by the City to calculate the final principal amount of each annual principal payment for the Bonds (collectively, the “Final Amounts”) to accommodate the objectives of the City. THE WINNING BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES PROPOSED OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS. The dollar amount bid by such entity will be adjusted to reflect changes in the dollar amount of the underwriter’s discount and the original issue discount/premium, if any, but will not change the compensation per \$1,000 of aggregate par amount of Bonds from the compensation that would have been received based on the purchase price in the winning bid and the Initial Reoffering Prices. The Final Amounts will be communicated to such entity as soon as possible, but not later than [3]:00 p.m. PST, on the date of the sale.

#### **REDEMPTION PROVISIONS**

*Optional Redemption.* The Bonds maturing before and on July 1, 20\_\_, will not be subject to redemption prior to their stated maturity dates. The Bonds maturing on and after July 1, 20\_\_, will be subject to optional redemption prior to their

\* Subject to change. See “MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT” herein.



stated maturity dates, at the direction of the City, in whole or in part in denominations of \$5,000 or integral multiples thereof from maturities selected by the City, on July 1, 20\_\_, and on any date thereafter, at a redemption price equal to the principal amount of Bonds being redeemed plus accrued interest to the date fixed for redemption, without premium.

*Mandatory Redemption.* A bidder may specify that the principal amount of Bonds shall be combined into one or more term Bonds maturing in the years as specified, which are subject to mandatory redemption, by lot, selected by the Bond Registrar and Paying Agent annually until payment at maturity in the principal amounts shown in the maturity schedule above at par and accrued interest to the date fixed for redemption, without premium. If so specified, then serial maturities converted into a single term Bond must bear the same rate of interest. Term Bonds, if any, must consist of the total principal payments of two or more consecutive years and mature in the latest of those years.

*Notice of Redemption.* Not more than 60, nor less than 30, days before any redemption date, the Bond Registrar and Paying Agent will cause a notice of any such redemption to be provided to DTC as further described in the Preliminary Official Statement. Such notice may provide that the redemption is conditional upon moneys for payment of the redemption price being held in separate accounts by the Bond Registrar and Paying Agent.

### AUTHORIZATION AND USE OF FUNDS

The Bonds are being issued by the City pursuant to Title 35, Chapter 3, Article 3, Arizona Revised Statutes, and a resolution adopted by the City Council of the City on October 16, 2023\* (the “Resolution”). The Bonds will constitute a portion of the bonds authorized by the voters at special bond elections held in the City on November 6, 2018, and November 3, 2020, and will be issued for the following purposes and to pay costs of issuance of the Bonds:

- i. Public Safety;
- ii. Parks and Recreation
- iii. Library; and
- iv. Streets and Transportation.

### SECURITY AND SOURCE OF PAYMENT

The Bonds will be payable as to principal and interest from a continuing, direct, annual, *ad valorem* tax to be levied against all of the taxable property within the boundaries of the City. The Bonds will be payable from such tax without limit as to rate or amount. Such tax is to be levied, assessed and collected as other taxes of the City, in an amount sufficient to pay the interest on all the Bonds then outstanding and installments of the principal of the Bonds becoming due and payable in the ensuing year.

Pursuant to the Bond Resolution, payment of all or any part of the Bonds may be provided for by the irrevocable deposit, in trust, of moneys or obligations issued or guaranteed by the United States government (“Defeasance Obligations”) or both, which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant, to pay when due the principal or redemption price of and interest on such Bonds. If the maturing principal of the Defeasance Obligations or other moneys, or both, is sufficient to pay the principal of, premium, if any, and interest on such Bonds as the same matures, comes due or becomes payable upon prior redemption, a certificate or report of an accountant shall not be required. Any Bonds so provided for will no longer be outstanding under the Bond Resolution or payable from *ad valorem* taxes on taxable property in the City and the owners of such Bonds shall thereafter be entitled to payment only from the moneys and Defeasance Obligations deposited in trust.

### BID DETAILS AND PARAMETERS

*Form of Bids.* Bids for the Bonds must be unconditional, and for not less than the entire offering of the Bonds. By submitting a bid, each bidder agrees to all of the terms and conditions of this Notice (including any amendments issued by the City through PARITY and i-Deal Prospectus). Bids must be submitted electronically PARITY. Bids may not be withdrawn or revised after the time that bids are due.

*Interest Rates Bid.* Interest on the Bonds is payable commencing on July 1, 2024\*, and thereafter on January 1 and July 1 of each year. Interest is calculated on the basis of a 30-day month and 360-day year from the date of the Bonds. Bids may specify any number of interest rates in multiples of one-eighth of one percent (1/8 of 1 percent) or one-twentieth of one percent (1/20 of 1 percent). All Bonds of the same maturity must bear interest at the same rate and no Bond shall bear interest at more than one rate. **No rate of interest may exceed 6.00% per annum, and the interest**

**rate for Bonds maturing on or after July 1, 20\_\_ must not be below 5.00% per annum.** The highest rate bid may not exceed the lowest rate bid by more than 3.00%.

*Premium and Discount.* No bid will be considered for a price that is less than 100 percent of the aggregate par value of the Bonds.

#### ESTABLISHMENT OF ISSUE PRICE\*

- (a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City on the date of issuance of the Bonds (the “Closing Date”) an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached as the Exhibit to this Notice, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City, the Financial Advisor, and Greenberg Traurig, LLP (“Bond Counsel”).
- (b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:
  - (1) the City shall disseminate this Notice to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
  - (2) all bidders shall have an equal opportunity to bid;
  - (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
  - (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer in conformance with this Notice to purchase the Bonds at a price that produces the lowest true interest cost to the City, as set forth in this Notice under the heading “AWARD AND DELIVERY.”

Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

- (c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. The City may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The City shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.
- (d) By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:
  - (1) the close of the fifth (5th) business day after the sale date; or

---

\* Note: 10% test or hold-the-offering-price rule may apply if competitive sale requirements are not satisfied.

- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

- (e) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or Bond Counsel.
- (f) The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.
- (g) By submitting a bid, each bidder confirms that:
  - (1) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:
    - (A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder and as set forth in the related pricing wires,
    - (B) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and
    - (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

- (2) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder or such underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.
- (h) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Notice. Further, for purposes of this Notice:
- (1) “public” means any person other than an underwriter or a related party,
  - (2) “underwriter” means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
  - (3) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) at least 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
  - (4) “sale date” means the date that the Bonds are awarded by the City to the winning bidder.

#### **RIGHT OF REJECTION**

The City Council of the City, the Deputy City Manager and Chief Financial Officer of the City or the designees of any of them reserve the right to reject any and all bids and to waive any irregularity or informality in any bid, except that the time for receiving bids shall be of the essence.

#### **AWARD AND DELIVERY**

Unless all bids are rejected or the receipt of bids is continued, the award of the Bonds will be made not later than 11:59 p.m., PST, on November \_\_, 2023. The Bonds will be sold to the bidder submitting a bid in conformance with this Notice that produces the lowest true interest cost to the City, based on the bid price, the interest rates specified in the bid and the principal amounts identified in this Notice. The true interest cost will be the rate necessary, on a 30/360 basis and semiannual compounding, to discount the debt service payments from the payment dates to the date of the Bonds and to the price bid. The true interest cost calculations will be performed by the Financial Advisor, and the City will base its determination of the best bid solely on such calculations. (See “BID DETAILS AND PARAMETERS.”) Delivery of the Bonds will be made to the purchaser through the facilities of DTC upon payment in federal or immediately available funds, at the offices of Bond Counsel, or, at the purchaser’s request and expense, at any other place mutually agreeable to both the City and the purchaser. The closing of the sale of the Bonds will be on or about December 7, 2023, or on such other date as is mutually agreed upon.

## **CANCELLATION**

Pursuant to Arizona law, if within three years from the award of the contract for the purchase of the Bonds any person who was significantly involved in initiating, negotiating, securing, drafting or creating a contract for the purchase of the Bonds on behalf of the City becomes an employee or agent of the winning bidder in any capacity or a consultant to the winning bidder with respect to the contract for the purchase of the Bonds, the City may cancel the award of the contract without penalty or further obligation by the City and refuse to deliver the Bonds to the winning bidder. In addition to such cancellation, if such person becomes an employee or agent of such entity with respect to the contract for the purchase of the Bonds, the City may recoup any fees or commissions paid or due to the winning bidder with respect to the award to the winning bidder and the actual sale of the Bonds.

## **GOOD FAITH DEPOSIT**

The winning bidder for the Bonds shall deliver a good faith deposit in the amount of \$\_\_\_\_,000 to the City, as instructed by the City. The good faith deposit must be paid by federal funds wire transfer delivered no later than four hours following the winning bidder's receipt of the verbal award. Wiring instructions will be provided to the winning bidder at the time of the verbal award. If not so received, the bid of the lowest bidder will be rejected and the City may direct the second lowest bidder to submit a Good Faith Deposit and thereafter may award the sale of the Bonds to the same. The good faith deposit will be retained by the City as security for the performance of the winning bidder and shall be applied to the purchase price of the Bonds upon delivery of the Bonds to the winning bidder. Pending delivery of the Bonds, the good faith deposit may be invested for the sole benefit of the City. If the Bonds are ready for delivery and the winning bidder fails or neglects to complete the purchase within 30 days following acceptance of its bid, the good faith deposit shall be retained by the City as reasonable liquidated damages, and not as a penalty.

Such retention will constitute a full release and discharge of all claims by the City against the winning bidder and, in that event, the City may call for additional bids. The City's actual damages may be higher or lower than the amount of such good faith deposit. Such amount constitutes a good faith estimate of the City's actual damages. Each bidder waives the right to claim that actual damages arising from such default are less than such amount.

## **LEGAL OPINION**

The Bonds are sold with the understanding that the City will furnish the purchaser with the approving opinion of Bond Counsel. Bond Counsel has been retained by the City to render its opinion only upon the legality of the Bonds under Arizona law and on the exemption of the interest income on such Bonds from federal and State of Arizona income taxes, the delivery of said opinion being a condition precedent to the delivery of the Bonds and the purchase thereof. (See "TAX EXEMPTION.") The fees of Bond Counsel will be paid from proceeds of the sale of the Bonds. Except to the extent necessary to issue its approving opinion as to validity of the Bonds, Bond Counsel has not been requested to examine or review, and has not examined or reviewed, any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials. In submitting a bid for the Bonds, the bidder agrees to the representation of the City by Bond Counsel. See "LEGAL MATTERS" in the Preliminary Official Statement and Appendix C – "Form of Approving Legal Opinion" to the Preliminary Official Statement.

## **TAX EXEMPTION**

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

In the opinion of Bond Counsel to be rendered with respect to the Bonds on the date of issuance of the Bonds, assuming the accuracy of certain representations and certifications of the City and continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will be excluded from gross income for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), interest on the Bonds will not be excluded from the determination of adjusted financial statement income for tax

years beginning after 2022. Bond Counsel is further of the opinion upon the date of issuance of the Bonds that the interest on the Bonds will be exempt from income taxation under the laws of the State of Arizona.

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

See "TAX EXEMPTION" in the Preliminary Official Statement.

### **CERTIFICATES TO BE DELIVERED**

In connection with the initial issuance of the Bonds, representatives of the City will deliver a certificate certifying that no litigation is pending affecting the sale and issuance of the Bonds, an arbitrage certificate covering expectations concerning the use of proceeds from the sale of the Bonds and related matters and a certificate regarding the accuracy of the hereinafter described final official statement for the Bonds.

### **CUSIP IDENTIFICATION NUMBERS**

It is anticipated that CUSIP identification numbers will be printed on the Bonds; however, neither the failure to print CUSIP numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. The Financial Advisor will obtain CUSIP numbers. The charge of the CUSIP Service Bureau shall be paid by the City.

### **PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL; DELIVERY OF OFFICIAL STATEMENT**

The City deems the Preliminary Official Statement to be final as of its date, except for the omission of the offering prices or yields, the interest rates and any other terms or provisions required by the City to be specified in bids for the Bonds, and other terms of the Bonds depending on such matters. The winning bidder shall supply the Deputy City Manager and Chief Financial Officer of the City, within 24 hours after the award of the Bonds, all necessary pricing information and any underwriter identification necessary to complete the final official statement to be used in connection with the sale of the Bonds.

Promptly after receiving such information, the City will prepare such final official statement in substantially the same form as the Preliminary Official Statement, subject to any amendments which the City believes should be made in such final official statement.

The City will provide the winning bidder with such final official statements within seven (7) business days of the award of the Bonds. Such final official statements will be provided to the winning bidder electronically. No hard copies of such final official statement will be provided to the winning bidder.

### **CONTINUING DISCLOSURE**

The City, as the "obligated person" with respect to the Bonds, will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2024 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The Annual Reports and the Notices of Listed Events will be filed by the City

through the Electronic Municipal Market Access System. These covenants will be made in order to assist the purchaser in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”), and the form of the undertaking necessary pursuant to the Rule is included as Appendix G – “Form of Continuing Disclosure Undertaking” to the Preliminary Official Statement. *Pursuant to Arizona Law, the ability of the City to comply with such covenants will be subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants.* A failure by the City to comply with these covenants, including due to failure to appropriate for such purposes, must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. See “CONTINUING SECONDARY MARKET DISCLOSURE” in the Preliminary Official Statement.

#### **FURTHER INFORMATION**

Further information, including copies of the Bond Resolution and the Preliminary Official Statement, may be obtained from the City of Mesa: Deputy City Manager and Chief Financial Officer at (480) 644-3606, or from Hilltop Securities Inc., Financial Advisor to the City: Janelle Gold (by telephone (602) 224-7104 or by email: [janelle.gold@hilltopsecurities.com](mailto:janelle.gold@hilltopsecurities.com)).

DATED: November 7, 2023

/s/ Michael Kennington  
Michael Kennington,  
Deputy City Manager and Chief Financial Officer  
City of Mesa, Arizona

**EXHIBIT TO NOTICE**

**ISSUE PRICE CERTIFICATE**

**\$ \_\_,000**

**CITY OF MESA, ARIZONA  
GENERAL OBLIGATION BONDS, SERIES 2023**

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] [{"(SHORT NAME OF UNDERWRITER)"}] [(the "Representative")] [, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the "Underwriting Group")] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

**[Alternative 1-Competitive Sale Rule applies]**

**1. [Reasonably Expected Initial Offering Price.]**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.]

**[Alternatives 2-4 are available choices if Alternative 1 does not apply] [Note that Alternative 3 [where two rules apply] involves portions of Sections 1, 2(a) and 2(b) and Alternative 4 involves portions of 2(a) and 2(b)]**

**[1. Sale of the Bonds. [Alternative 2 – All Maturities Use General Rule:** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.][Alternative 3 – Select Maturities Use General Rule: *Sale of the General Rule Maturities.* As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.]

**2. [Initial Offering Price of the [Bonds][Hold-the-Offering-Price Maturities]].**

(a) **[Alternative 4 – All Maturities Use Hold-the-Offering-Price Rule:** [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.] **[Alternative 3 – Select Maturities Use Hold-the-Offering-Price Rule:** [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Hold- the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

(b) **[Alternative 4 – All Maturities use Hold-the-Offering-Price Rule:** As set forth in the Notice Inviting Bids for the Purchase of Bonds and bid award, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Bonds, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.] **[Alternative 3 - Select Maturities Use Hold-the-Offering-**



**Price Rule:** As set forth in the Notice Inviting Bids for the Purchase of Bonds and bid award, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

[2.][3.] **Total Issue Price.** The total of the issue prices of all the Maturities is \$.....

[2.][4.] **Defined Terms.**

[(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”]

[(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

[(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(a) *Issuer* means the City of Mesa, Arizona.

(b) *Maturity* means the Bonds with the same credit and payment terms. The Bonds with different maturity dates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of the Bonds generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) The *Sale Date* of the Bonds is November \_\_, 2023.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER/REPRESENTATIVE]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate Relating To Federal Tax Matters of the Issuer and with respect to compliance with the federal income tax rules affecting the Bonds, and by Greenberg Traurig, LLP, as Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER/REPRESENTATIVE]

By: \_\_\_\_\_

Authorized Representative

Dated: [Closing Date]

**SCHEDULE A**  
**[EXPECTED OFFERING PRICES] [SALE PRICES]**  
**(ATTACHED)**

**SCHEDULE B**  
**[COPY OF UNDERWRITER'S BID] (ATTACHED)**

**OFFICIAL STATEMENT**

**\$82,595,000\***  
**CITY OF MESA, ARIZONA**  
**GENERAL OBLIGATION BONDS,**  
**SERIES 2023**

**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 \$82,595,000\* of its General Obligation Bonds, Series 2023 (the “Bonds”), identified on the cover page hereof. Certain information concerning the authorization, purpose, terms, conditions of sale, security for and sources of payment of the Bonds is set forth in this Official Statement.

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 historical 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 or uncodified, or 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 bonds, “County” means Maricopa County, Arizona and “State” or “Arizona” means the State of Arizona.

**THE BONDS**

**Authorization and Purpose**

The Bonds will be issued pursuant to a resolution authorizing the issuance of the Bonds adopted by the City Council of the City (the “City Council”) on October 16, 2023\* (the “Bond Resolution”).

The Bonds will be issued pursuant to Arizona Revised Statutes, Title 35, Chapter 3, Article 3, as amended, approval given by the qualified electors of the City in elections held on November 6, 2018 and November 3, 2020, and the Bond Resolution. The Bonds are being issued to provide funds to (i) acquire and construct certain public safety, parks and recreation, library and streets and transportation projects, and (ii) pay the costs of issuance of the Bonds.

Set forth in the table below is a listing of the projects expected to be funded by the Bonds and estimates of their respective costs.

Projects to be Funded	Estimated Cost *
Public Safety	\$20,040,000
Fire Department	-
Parks and Recreation	46,090,000
Library	5,010,000
Storm Sewer	-
Streets and Transportation	18,035,000
Total	<u><u>\$89,175,000</u></u>

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

---

\* Subject to change.

## **Other Expected Debt Offerings**

In addition to the Bonds, the City expects to offer \$192,170,000\* Utility Systems Revenue Obligations, Series 2023 (the “2023 Utility Obligations”) pursuant to a separate official statement in October 2023\*. The 2023 Utility Obligations will not be secured by, or payable from, *ad valorem* taxes.

## **General Provisions**

The Bonds will be dated the date of initial delivery, and will bear interest from such date payable semiannually on July 1 and January 1 of each year, commencing on July 1, 2024\* (each an “Interest Payment Date”), until maturity. The Bonds will mature on the dates and in the principal amounts and will bear interest at the rates set forth on the inside front cover page of this Official Statement.

UMB Bank, n.a., will act as the initial registrar and paying agent for the Bonds (the “Registrar” and the “Paying Agent”). The City may change the Registrar or the Paying Agent at any time without prior notice. The City may retain separate financial institutions to serve as the Registrar and the Paying Agent.

Initially, the Bonds will be administered under a book-entry-only system (the “Book-Entry-Only System”) by The Depository Trust Company (“DTC”), New York, New York, a registered securities depository. Unless and until the Book-Entry-Only System is discontinued, the Bonds will be registered in the name of Cede & Co., as nominee of DTC. Beneficial interests in the Bonds 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 Bonds will be made to DTC and, in turn, through participants in the DTC system. See APPENDIX E – “Book-Entry-Only System.”

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

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE BONDS, EXCEPT THOSE UNDER THE HEADING “TAX EXEMPTION,” WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

If the Book-Entry-Only System is discontinued, interest on the Bonds will be payable by check drawn on the Paying Agent, and mailed on or prior to each Interest Payment Date to the registered owners of the Bonds at the addresses shown on the books of the Registrar (the “Bond Register”) on the fifteenth (15<sup>th</sup>) day of the month preceding each such Interest Payment Date (the “Record Date”). Principal of the Bonds will then be payable at maturity to maturity upon presentation and surrender of the Bonds to the designated corporate trust office of the Paying Agent. Additionally, if the Book-Entry-Only System is discontinued, payment of interest may also be made by wire transfer upon twenty (20) days’ prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States by any owner of at least \$1,000,000 aggregate principal amount of the Bonds. 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 Bonds maturing on or prior to July 1, 2033, will not be subject redemption prior to maturity. The Bonds maturing on or after July 1, 2034, will be subject to call for redemption prior to maturity, at the option of the City, in whole or in part from maturities selected by the City and within any maturity by lot, on July 1, 2033, or on any date thereafter, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption, but without premium.

### *Mandatory Sinking Fund Redemption*

The Bonds maturing on July 1 of the following years will be redeemed from funds of the City prior to maturity on the following redemption dates and in the following amounts, by the payment of the redemption price equal to of the principal

---

\* Subject to change.

amount of the Bonds called for redemption plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the date of redemption, but without premium:

Redemption Date (July 1)	Principal Amount
Bonds Maturing in 20__	
20__	\$ __,000
20__	__,000
20__	__,000
20__ (maturity)	__,000

Whenever Bonds are redeemed (other than pursuant to mandatory redemption) or are delivered to the Bond Registrar and Paying Agent for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited against the mandatory redemption requirements for such Bonds for such years as the City may direct.

*Notice of Redemption*

So long as the Bonds 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 Bond will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the Bond Register 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 Bond 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 on deposit with the held in separate accounts by the City or by the 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 Bonds or portions thereof called for redemption will become due and payable on the redemption date and if an amount of money sufficient to redeem all the Bonds or portions thereof called for redemption is held in separate accounts by the City or by the Paying Agent, then the Bonds or portions thereof called for redemption will cease to bear interest from and after such redemption date.

*Redemption of Less Than All of a Bond*

The City may redeem an amount which is included in a t Bond 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 Bond for partial redemption and the Paying Agent shall make such partial payment and the Registrar shall cause a new Bond in a principal amount which reflects the redemption so made to be authenticated, issued and delivered to the registered owner thereof.

**SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS**

**Security for the Bonds**

The Bonds will be payable as to both principal and interest from a continuing, direct, annual *ad valorem* tax levied against all taxable property within the City, such tax to be levied without limitation as to rate or amount.

Following deposit of monies into the debt service fund for payment of the Bonds, the City may invest such monies in investments comprised of, with certain restrictions: federally insured savings accounts or certificates of deposit from eligible depositories; collateralized repurchase agreements; obligations issued or guaranteed by the United States of America or any agency or instrumentality thereof; obligations of the State or any Arizona city (including the City), town or school district; bonds of any county, municipality or municipal utility improvement district payable from property

assessments; the local government investment pool established by the State; commercial paper of prime quality that is rated “P1” by Moody’s Investors Service, Inc. (“Moody’s”) or rated “A+” or better by S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (“S&P”) or their successors (all commercial paper must be issued by corporations organized and doing business in the United States of America); and fixed income securities of corporations organized and doing business in the United States rated “A” or better by Moody’s and S&P.

THE PROCEEDS OF THE BONDS ARE NOT PLEDGED TO, NOR DO THEY SECURE, PAYMENT OF THE BONDS.

### **Defeasance**

Pursuant to the Bond Resolution, payment of all or any part of the Bonds may be provided for by the irrevocable deposit, in trust, of monies or obligations issued or guaranteed by the United States of America (“Defeasance Obligations”) or both, which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant, to pay when due the principal or redemption price of and interest on such Bonds. Any Bonds so provided for will no longer be outstanding under the Bond Resolution or payable from *ad valorem* taxes on taxable property in the City, and the owners of such Bonds shall thereafter be entitled to payment only from the monies and Defeasance Obligations deposited in trust.

### **Sources of Payment of the Bonds and Other City Bonds**

The City intends to provide for the payment of the Bonds solely from the levy of *ad valorem* taxes; however, a portion of the City’s other outstanding general obligation bonds may continue to be paid from certain revenues and monies of the City’s General Fund, Enterprise Funds and Special Revenue Funds. The tables appearing on pages [6, 7, and 8] of this Official Statement are a record of the revenues, expenses and changes in fund balances for each such fund for the most recent five fiscal years for which such information is available. For an explanation of the characteristics and purposes of each of these funds, see APPENDIX D – “City of Mesa, Arizona – Audited General Purpose Financial Statements for the Fiscal Year Ended June 30, 2022.” Although the City may pay debt service on the Bonds from the funds as described above, in no event are such funds pledged to repayment of the Bonds. In the future, however, in the event such revenues and monies are not available for this purpose, or the City determines that such general obligation bonds will not be paid therefrom, the principal of and interest on such other general obligation bonds are secured by and will be paid from the annual levy of an *ad valorem* tax, as described above under “Security for the Bonds.”

### **Referendum and Ordinance**

On April 16, 2019, a political action committee named “Vote Yes on Affordable Utilities” filed an Application for Initiative or Referendum Petition (the “Initiative”) with the City Clerk of the City. The Initiative proposed an amendment to the City Charter of the City to, among other things, establish a limit on the amount of System (as defined herein) revenues that could be transferred to the City’s General Fund and provide a mechanism to rebate a portion of System revenues to ratepayers from time to time. The Initiative failed to secure the statutorily required number of petition signatures, and was not considered at the November 2020 general election. The City is unable to determine or predict whether a similar initiative will be filed in the future, obtain enough petition signatures to be placed on a general election ballot or be approved by the voters of the City.

In January of 2020, City staff presented a proposal and ordinance to the City Council to formalize the City’s process of transferring revenues of the City’s water, electrical, natural gas, wastewater and solid waste systems (collectively, the “System”) to the City’s General Fund (the “Utility Transfer Ordinance”). The City Council adopted the Utility Transfer Ordinance in March of that year. The Utility Transfer Ordinance amends the City Code to permit (i) a transfer of System revenues in an amount not to exceed twenty-five percent (25%) of the System revenues to the City’s General Fund for public safety purposes, and (ii) a transfer of System revenues in an amount not to exceed five percent (5%) of the System revenues to the City’s General Fund for other general City purposes. Any such transfer in accordance with the Utility Transfer Ordinance is at the discretion of the City Council. The Utility Transfer Ordinance expressly states that the amendments to the City Code will not affect, limit, or alter the City’s payment obligations or payment priorities relating to the City’s utility systems revenue bonds or obligations.

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 political subdivisions of the State which could have a material impact on the City and could adversely affect the secondary market value of the Bonds. 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 Bonds) issued prior to enactment.

#### **RISKS RELATED TO COVID-19 (CORONAVIRUS)**

The spread of Coronavirus Disease 2019 (“COVID-19”) continues to affect the nation and the State with ongoing concerns related to health and safety, appropriate preventative protocols, fiscal, and economic issues. Government and business operations in the State, following the rescindment of numerous COVID-19 related Executive Orders by then-Arizona Governor Doug Ducey in March 2021, presently function essentially without government-imposed restrictions related to the global pandemic.

While the City does not currently anticipate that COVID-19 will have a material impact on the collection of property taxes, which is the security and source of payment of principal and interest due on the Bonds, should adverse economic conditions reduce the ability of property taxpayers to pay amounts levied, there can be no assurance that it will not have a materially negative impact on the collection of *ad valorem* taxes.

**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 audited five years ending June 30 (“Fiscal Year”) and most recently concluded unaudited Fiscal Year 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)**

	Audited					Unaudited
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Revenues:						
Taxes	\$116,049	\$124,510	\$132,304	\$156,542	\$	\$
Property Taxes	34,125	33,852	41,789	47,253		
Licenses and Permits	20,103	18,690	19,057	35,031		
Intergovernmental Revenues	138,177	138,512	148,478	167,047		
Charges for Services	24,033	26,207	20,403	18,873		
Fines and Forfeitures	8,155	8,383	7,284	6,954		
Investment Income	208	3,561	4,894	1,468		
Capital Contributions	75	108	-	-		
Miscellaneous Revenues	1,768	4,105	6,048	4,706		
Total Revenues	\$342,693	\$357,928	\$380,257	\$437,874	\$	\$
Expenditures:						
Current:						
General Government	\$ 80,860	\$ 88,060	\$ 86,829	\$ 91,140	\$	\$
Public Safety	237,902	247,848	226,388	205,961		
Cultural-Recreational	15,705	18,715	22,244	11,894		
Community Environment	38,358	40,659	39,164	33,951		
Total Current Expenditures	\$372,825	\$395,282	\$374,625	\$342,946	\$	\$
Revenues Over (Under)						
Current Expenditures	\$(30,132)	\$(37,354)	\$5,632	\$94,928	\$	\$
Capital Outlay	\$13,261	\$12,579	\$11,678	\$21,963	\$	\$
Debt Service	38,176	40,887	48,495	43,154		
Total Other Expenditures	\$51,437	\$53,466	\$60,173	\$65,117	\$	\$
Revenues Over (Under) Expenditures	(81,569)	(90,820)	(54,541)	29,811		
Operating Transfers In (Net)	93,466	92,624	107,008	52,831		
Revenues and Transfers Over						
(Under) Expenditures	\$111,897	\$ 1,804	\$ 52,467	\$ 82,642	\$	\$
Unrestricted Fund Balance - Beginning	123,836	135,733	137,537	190,004		
Total Fund Balance - Ending	\$135,733	\$137,537	\$190,004	\$272,646	\$	\$

Source: The City.



**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 Funds revenues, expenditures and changes in fund balance for the most recent audited five Fiscal Years and most recently concluded unaudited Fiscal Year 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)**

	Audited					Unaudited
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Operating Revenue	\$371,794	\$375,654	\$366,838	\$399,197	\$	\$
Operating Expense	156,203	158,658	150,739	209,594		
Net Income From Operations	215,591	216,996	216,099	189,603		
Non Operating Revenue (Expense):						
Development/Impact Fees	16,089	16,416	14,601	20,350		
Occupancy Tax	1,192	1,602	1,459	-		
Capital Contributions	7,451	3,870	19,426	14,010		
Miscellaneous	(1,604)	48,346	(726)	(4,730)		
Intergovernmental	2,406	3,090	1,632	227		
Investment Income	1,691	8,004	7,618	15		
Capital Expense	(8,605)	(1,730)	(5,519)	(2,691)		
Replacement Expense	(4,083)	(4,761)	(7,599)	(4,010)		
Debt Service	(96,894)	(82,475)	(54,344)	(50,980)		
Income Before Transfers	133,234	209,358	192,647	161,794		
Operating Transfers (Out)	(110,364)	(114,535)	(136,771)	(113,982)		
Net Income	22,870	94,823	55,876	47,812		
Beginning Fund Balance	190,887	213,757	308,580	364,456		
Ending Fund Balance	\$213,757	\$308,580	\$364,456	\$412,268	\$	\$

Source: The City.

**CITY SPECIAL REVENUE FUNDS**

Set forth below is a record of City Special Revenue Funds revenues, expenditures and changes in fund balance for the most recent audited five Fiscal Years and most recently concluded unaudited Fiscal Year 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)**

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Revenues:</b>						
Taxes	\$ 55,711	\$ 68,763	\$ 90,422	\$104,515	\$	\$
Licenses & Permits	5,016	5,122	5,069	7,604		
Intergovernmental Revenues	67,572	66,459	115,535	73,499		
Charges for Services	16,189	17,007	20,077	22,515		
Fines and Forfeitures	1,521	1,684	1,288	895		
Contributions	981	3,862	5,647	693		
Interest	106	147	2,295	130		
Miscellaneous Revenues	3,252	2,443	2,576	2,075		
<b>Total Revenues</b>	<b>\$150,348</b>	<b>\$165,487</b>	<b>\$242,909</b>	<b>\$211,926</b>	<b>\$</b>	<b>\$</b>
<b>Expenditures:</b>						
General Government	\$ 9,349	\$ 9,949	\$ 9,312	\$ 7,283	\$	\$
Cultural-Recreational	28,557	29,465	65,286	45,497		
Public Safety	57,699	57,908	67,963	68,840		
Community Environment	7,785	7,977	8,475	11,645		
Service Charges	2	4	6	6		
<b>Total Current Expenditures</b>	<b>\$103,392</b>	<b>\$105,303</b>	<b>\$151,042</b>	<b>\$133,271</b>	<b>\$</b>	<b>\$</b>
<b>Revenues Over (Under)</b>						
Current Expenditures	\$46,956	\$60,184	\$91,867	\$78,655	\$	\$
Capital Outlay	\$22,648	\$26,172	\$39,353	\$33,751	\$	\$
Debt Service	12,455	12,378	12,398	12,441		
<b>Total Other Expenditures</b>	<b>\$35,103</b>	<b>\$38,550</b>	<b>\$51,751</b>	<b>\$46,192</b>	<b>\$</b>	<b>\$</b>
<b>Revenues Over (Under)</b>	<b>11,853</b>	<b>21,634</b>	<b>40,116</b>	<b>32,463</b>		
<b>Operating Transfers In (Out)</b>	<b>(2,620)</b>	<b>(3,151)</b>	<b>1,422</b>	<b>(6,633)</b>		
<b>Revenues and Transfers Over (Under) Expenditures</b>	<b>\$ 9,233</b>	<b>\$ 18,483</b>	<b>\$ 41,538</b>	<b>\$ 25,830</b>	<b>\$</b>	<b>\$</b>
<b>Fund Balance-Beginning</b>	<b>81,239</b>	<b>90,472</b>	<b>108,955</b>	<b>150,493</b>		
<b>Fund Balance-Ending</b>	<b>\$ 90,472</b>	<b>\$108,955</b>	<b>\$150,493</b>	<b>\$176,323</b>	<b>\$</b>	<b>\$</b>

Source: The City.

**ADDITIONAL GENERAL OBLIGATION BONDS**

The City expects to issue additional general obligation bonds in the future pursuant to existing and future voted bond authorizations. Such bonds may be secured by, and payable from, the same sources of revenue, and the same levy of *ad valorem* taxes, if applicable, as the Bonds and all outstanding general obligation bonds. After issuance of the Bonds, the City will have \$341,741,000\* aggregate principal amount of voter authorized, but unissued, general obligation bonds pursuant to voter approvals at special bond elections held on April 28, 1987, March 26, 1996, March 9, 2004, November 6, 2018, November 3, 2020, and November 8, 2022. In addition, certain amounts of net premium on general obligation bonds of the City reduce the principal amount of authorized but unissued general obligation debt of the City. The purposes and amounts of such authorized but unissued bonds are set forth below.

Purpose of Bond Authorization	1987	1996	2004	2018 *	2020 *	2022	Remaining Total General Obligation Bonds Authorized but Unissued *
Public Safety	\$ -	\$ -	\$ 8,145,000	\$31,650,000	\$ -	\$157,000,000	\$196,795,000
Fire and Medical	-	-	2,514,000	-	-	-	2,514,000
Parks and Recreation	-	7,150,000	9,750,000	20,025,000	-	-	36,925,000
Library (6%)	-	7,944,000	-	11,650,000	-	-	19,594,000
Storm Sewer	213,000	-	6,790,000	-	-	-	7,003,000
Streets and Transportation	-	-	-	-	78,910,000	-	78,910,000
<b>Total</b>	<b>\$213,000</b>	<b>\$15,094,000</b>	<b>\$27,199,000</b>	<b>\$63,325,000</b>	<b>\$78,910,000</b>	<b>\$157,000,000</b>	<b>\$341,741,000</b>

Source: The City.

**SOURCES AND USES OF FUNDS**

The proceeds of the Bonds will be applied as follows:

**Sources of Funds**

Principal amount of the Bonds	\$82,595,000.00 *
[Net] Original Issue Premium (a)	
<b>Total Sources of Funds</b>	<b>\$</b>

**Uses of Funds**

Deposit to Project Fund	\$
Deposit to Debt Service Fund	
Costs of Issuance (b)	
<b>Total Uses of Funds</b>	<b>\$</b>

(a) [Net original issue premium consists of original issue premium on the Bonds less original issue discount on the Bonds.]

(b) Costs incurred by the City in connection with the issuance of the Bonds, including underwriter’s compensation.

\* Subject to change.

## ESTIMATED DEBT SERVICE REQUIREMENTS

The table below sets forth (i) the annual debt service requirements of the City’s outstanding general obligation bonds, (ii) the estimated annual debt service requirements of the Bonds, and (iii) the City’s estimated total annual general obligation bond debt service requirements after issuance of the Bonds.

### City of Mesa, Arizona General Obligation Estimated Debt Service Requirements (a)

Period Ending (July 1)	General Obligation Bonds Outstanding *(b)		The Bonds *		Estimated Combined Annual Debt Service *
	Principal	Interest	Principal	Interest (c)(d)	
2024	\$ 23,070,000	\$9,828,653	\$ 9,255,000	\$2,340,192	\$ 44,493,845
2025	24,745,000	9,049,378	5,480,000	3,667,000	42,941,378
2026	26,235,000	8,170,488	2,410,000	3,393,000	40,208,488
2027	27,195,000	7,286,170	2,535,000	3,272,500	40,288,670
2028	28,210,000	6,300,370	2,660,000	3,145,750	40,316,120
2029	28,110,000	5,285,193	2,790,000	3,012,750	39,197,943
2030	22,550,000	4,287,588	2,930,000	2,873,250	32,640,838
2031	21,745,000	3,331,300	3,080,000	2,726,750	30,883,050
2032	23,160,000	2,519,513	3,235,000	2,572,750	31,487,263
2033	22,655,000	1,781,813	3,395,000	2,411,000	30,242,813
2034	10,415,000	1,093,363	3,565,000	2,241,250	17,314,613
2035	8,165,000	803,063	3,740,000	2,063,000	14,771,063
2036	8,000,000	550,963	3,930,000	1,876,000	14,356,963
2037	5,375,000	305,738	4,125,000	1,679,500	11,485,238
2038	2,415,000	141,613	4,330,000	1,473,250	8,359,863
2039	1,945,000	73,850	4,550,000	1,256,750	7,825,600
2040	820,000	22,150	4,775,000	1,029,250	6,646,400
2041	145,000	4,350	5,015,000	790,500	5,954,850
2042			5,265,000	539,750	5,804,750
Total	<u>\$284,955,000</u>		<u>\$82,595,000</u>		<u>\$471,026,245</u>

(a) Prepared by the Financial Advisor. Totals may not add due to rounding.

(b) Represents all of the City’s outstanding general obligation bonds and general obligation refunding bonds.

(c) The first interest payment on the Bonds is due on July 1, 2024\*. Thereafter, interest payments will be made semiannually on January 1 and July 1, until maturity.

(d) Interest is estimated at 5.00%.

## RATINGS

Fitch Ratings, Inc. (“Fitch”) and S&P have assigned credit ratings of “\_\_” and “\_\_”, respectively, to the Bonds. Such ratings reflect only the views of Fitch and S&P. An explanation of the significance of such ratings may be obtained from Fitch at One State Street Plaza, New York, New York 10004 and from S&P at One California Street, 31<sup>st</sup> Floor, San Francisco, California 94111. Such ratings may subsequently be revised downward or withdrawn entirely by Fitch 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 Bonds. The City will covenant in its Continuing Disclosure Undertaking (as defined herein) (see “CONTINUING SECONDARY MARKET DISCLOSURE” below) that it will cause notices to be filed with the Municipal Securities Rulemaking Board (the “MSRB”) of any formal change in the ratings relating to the Bonds. A securities rating is not a recommendation to buy, sell or hold securities, including the Bonds.

\* Subject to change.

## LEGAL MATTERS

Legal matters relating to the issuance and delivery of the Bonds, the validity of the Bonds under Arizona law and the tax-exempt status of the interest on the Bonds (see “TAX EXEMPTION” herein) are subject to the legal opinion of Greenberg Traurig, LLP, Phoenix, Arizona (“Bond Counsel”). The signed legal opinion of Bond Counsel, dated and premised on the law in effect only as of the date of original delivery of the Bonds, will be delivered substantially in the form of APPENDIX F.

The form of the legal opinion is set forth as APPENDIX F – “FORM OF APPROVING LEGAL OPINION”. The legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distributions of it by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expressed any opinion concerning any of the matters referred to in the opinion subsequent to its date. In rendering its opinion, Bond Counsel will rely upon certificates and representations of facts to be contained in the transcript of proceedings which Bond Counsel will not have independently verified.

While Bond Counsel has participated in the preparation of portions of this Official Statement, it has not been engaged to confirm or verify, and expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the City or the Bonds that may be prepared or made available by the City or others to the holders of the Bonds or others.

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 nonfinancial, impacting the operations of municipalities which could have a material impact on the City and could adversely affect the secondary market value or marketability of the Bonds. 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 Bonds) issued prior to enactment.

The legal opinion to be delivered concurrently with the delivery of the Bonds will express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein dated and speaking only as of the date of delivery of the Bonds. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## TAX EXEMPTION

### **In General**

The Internal Revenue Code of 1986, as amended (the “Code”), includes requirements which the City must continue to meet after the issuance of the Bonds in order that the interest on the Bonds be and remain excludable from gross income for federal income tax purposes. The City’s failure to meet these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The City has covenanted in the Bond Resolution to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds.

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of the City and continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excludable from gross income of the holders thereof for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), interest on the Bonds is not excluded from the determination of adjusted financial statement income for tax years beginning after 2022. Bond Counsel is further of the opinion that the interest on the Bonds is exempt from income taxation under the laws of the State. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds. Prospective purchasers of the Bonds should

consult with their own tax advisors as to the status of interest on the Bonds under the tax laws of any state other than the State.

The above opinion on federal tax matters with respect to the Bonds will be based on and will assume the accuracy of certain representations and certifications of the City, and compliance with certain covenants of the City to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds will be and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations. Bond Counsel will express no opinion as to any other consequences regarding the Bonds.

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

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

### **Original Issue Premium and Original Issue Discount**

Certain of the Bonds ("Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale, or other disposition of that Discount Bond.

Certain of the Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Bonds callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an

earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity), or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond.

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

### **Changes in Federal and State Tax Law**

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

On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (H.R. 5376) into law. For tax years beginning after 2022, this legislation will impose a minimum tax of 15 percent on the adjusted financial statement income of applicable corporations as defined in Section 59(k) of the Code (which is primarily designed to impose a minimum tax on certain large corporations). For this purpose, adjusted financial statement income is not reduced for interest earned on tax-exempt obligations. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential consequences of owning the Bonds.

### **Information Reporting and Backup Withholding**

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

## **LITIGATION**

### **No Litigation Relating to the Bonds**

At the time of delivery of the Bonds, an officer of the City will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending, or to the knowledge of the City, overtly 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 Bonds or that questions the City's right or authority to receive the sources of payment of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Resolution, or the Continuing Disclosure Undertaking, 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 Undertaking, or wherein an unfavorable decision, ruling or finding

would materially adversely affect the validity or enforceability of the Bonds, the Bond Resolution, or the Continuing Disclosure Undertaking, or have a material adverse effect on the transactions contemplated by this Official Statement.

### **Other Litigation Against the City**

Like any large municipality, the City is currently involved in multiple lawsuits and annually receives numerous claims associated with City operations. Based on the information currently available to the City, as of the date of this Official Statement none of the pending lawsuits or received claims are reasonably anticipated to exceed the City's available insurance coverage or materially adversely affect the City or the source of repayment of the Bonds.

From time to time the City receives letters from residents of the City alleging various items including, without limitation, that (i) the rates and fees charged by the City's System are not just and reasonable, (ii) the City's transfer of System revenues to the City's General Fund is not permitted by law and (iii) the City's financial statements inaccurately reflect debt service payments on the City's outstanding general obligation bonds, utility systems revenue bonds, and utility systems revenue obligations. Some of these letters include notice of the respective author's intent to file a lawsuit against the City.

Generally, City staff is able to respond directly to the authors of such letters to address the particular resident's concerns. Currently, the City is not in receipt of any such letters from residents challenging the issuance of the Bonds, however the City did receive letters of the nature described above immediately prior to the sale of the City's general obligation bonds and utility systems revenue bonds in 2018, which has resulted in no legal action to date.

The City is unable to predict if any lawsuits threatened in such future letters from residents will actually be filed, or if any letters from residents will be received prior to the sale of the Bonds. Generally, prior letters received from residents do not present a case or controversy which would adversely affect the issuance, validity or payment of the City's general obligation bonds, utility systems revenue bonds or utility systems revenue obligations, including the Bonds, and if the threatened lawsuits were actually filed, the City believes the claims would lack merit and the City would be entitled to judgment as a matter of law. In addition, based on the City's past experience receiving such letters from residents, if any lawsuits were actually filed the City believes it has a number of meritorious factual and legal defenses and would vigorously defend itself. Although no prediction can be made with respect to the City's liability for any claims asserted in any future resident letters or litigation, the City has previously successfully defended itself in a prior lawsuit involving issues regarding the System ratemaking process and adjustments to the System rates similar to the claims threatened in prior letters from residents.

### **CERTIFICATION CONCERNING OFFICIAL STATEMENT**

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

### **CONTINUING SECONDARY MARKET DISCLOSURE**

The City will covenant for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2024 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices"), as set forth in APPENDIX G – "Form of Continuing Disclosure Undertaking" (the "Continuing Disclosure Undertaking"). 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 Electronic Municipal Market Access system ("EMMA") system as described in APPENDIX G – "Form of Continuing Disclosure Undertaking."

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 G hereto. A failure by the City to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Also pursuant to Arizona law, the ability of the City to comply with such covenants is subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants. Should



the City not comply with such covenants due to a failure to appropriate for such purposes, the City has covenanted to provide notice of such fact in the same fashion it provides the Notices. Absence of continuing disclosure could adversely affect the Bonds and specifically their market price and transferability. The City's Finance Department has instituted written policies and procedures to ensure timely and proper filing of its Annual Reports and Notices for all of the City's outstanding bonds.

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 undertakings 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.

#### **FINANCIAL ADVISOR**

Hilltop Securities Inc. is the financial advisor (the "Financial Advisor") to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

#### **GENERAL PURPOSE FINANCIAL STATEMENTS**

The City's Audited General Purpose Financial Statements for the Fiscal Year Ended June 30, 2022, a copy of which is included in APPENDIX D – "City of Mesa, Arizona – Audited General Purpose Financial Statements for the Fiscal Year Ended June 30, 2022" 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 fiscal year ended June 30, 2022 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 beliefs, assumptions, estimates, projections, forecasts, or other matters of opinion, 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 beliefs, assumptions, 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 Bonds. **This Official Statement has been prepared by the City and executed for and on behalf of the City by its Deputy City Manager and Chief Financial Officer, as indicated below.**

#### **CITY OF MESA, ARIZONA**

By: \_\_\_\_\_  
Deputy City Manager and Chief Financial Officer

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**CITY OF MESA, ARIZONA  
GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION**

**General**

The City is the third largest city in the State and the 35th largest city in the United States. Founded in 1878 and incorporated in 1883, the City had an estimated 2022 population of 516,429. 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
2022 Estimate (a)	516,429	4,586,431	7,409,189
2020 Census	504,258	4,420,568	7,151,502
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) Estimate as of July 1, 2022 (published December 2022).

Source: U.S. Census Bureau, Population Division – *Annual Estimates of the Resident Population*, Arizona Office of Economic Opportunity – *State, County, Place Level Population Estimates for July 1*, and U.S. Census Bureau (2020, 2010, 2000 and 1990) – *Census of Population and Housing*.

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
2020	140.44
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 Councilmembers are elected on a non-partisan basis, and the Vice Mayor is a City Councilmember selected by the City Council.

The City Manager, who has full responsibility for carrying out City Council policies and administering City operations, is appointed by the 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 in 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.

*Michael Kennington, Deputy City Manager and Chief Financial Officer.* Mr. Kennington was hired as the City’s Chief Financial Officer in July 2012 and was promoted to Deputy City Manager and Chief Financial Officer in 2019. He is responsible for the City’s overall financial policies, strategies, planning, and forecasts. Mr. Kennington has a Master of Accountancy degree and Master of Business Administration degree from Brigham Young University and is a Certified Public Accountant.

*Scott Butler, Assistant City Manager.* Mr. Butler is an Assistant City Manager for the City overseeing a variety of departments and initiatives including Police, Fire, Municipal Court, Mayor and City Council Office, Federal and State Affairs, Transportation, Transit, Falcon Field Airport, Grants, and the Public Information Office.

Prior to joining the City eighteen years ago, Mr. Butler served in variety of roles at the local, state and federal level. He served as policy advisor for the Judiciary Committee of the Georgia House of Representatives and as a media/elected official outreach liaison for the White House Office of Scheduling and Advance. While serving as a Senior Policy Advisor to the Georgia Secretary of State, he helped lead the department’s efforts to implement the first statewide electronic voting system in the nation.

Mr. Butler has a Bachelor of Arts degree in Political Science from the University of Georgia and a Master of Public Administration degree from Arizona State University.

**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)
2023 (b)	3.7%	3.6%	3.2%	3.3%
2022	3.7	3.8	3.3	3.4
2021	5.4	5.1	4.6	4.5
2020	8.1	7.8	7.3	7.2
2019	3.7	4.8	4.1	4.1
2018	3.9	4.8	4.1	4.1

(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 August 2023 for the National Unemployment rate and through July 2023 for LAUS data.

Source: U.S. Department of Labor, Bureau of Labor Statistics– *Local Area Unemployment Statistics* and *National Labor Force Statistics*. Data accessed September 6, 2023.

**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
Mesa Public Schools	Public Education	7,726
Banner Health Systems	Hospital Network	6,826
The Boeing Company	Helicopter Manufacturing and Assembly	3,945
City of Mesa	Government	3,579
Wal-Mart	Retail	3,269
Maricopa County	Government	2,191
Frys Food Stores (The Kroger Company)	Retail	1,371
Drivetime Automotive Group	Automotive Financing	1,367
Home Depot	Retail	1,309
Gilbert Public Schools	Public Education	1,004

Source: The City, Office of Economic Development as of August 13, 2023.

**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 more than 60 destinations currently provided by Allegiant Air, Flair Airlines, Sun Country Airlines, Swoop and 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 Gulfstream, Cessna and Embraer. In 2021, the Arizona Department of Transportation completed an economic impact study of the State’s airport system, including Phoenix-Mesa Gateway Airport. According to that study, the airport’s economic benefit (including all multiplier effects) totaled \$1.8 billion, with \$829.4 million in economic activity generated by on-airport activity, creating and supporting 10,224 jobs in the area.

Phoenix-Mesa Gateway Airport is owned and operated by the Phoenix-Mesa Gateway Airport Authority whose members include the City, City of Phoenix (until June 30, 2024), 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 is 600-acres and includes advanced learning labs and classroom space, faculty offices and a 450-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.

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

Fiscal Year	Residential	Commercial	Other	Total
2023/24 (a)	\$ 55,801	\$ 129,627	\$ -	\$ 185,956
2022/23	379,304	2,620,529	3,035	3,002,868
2021/22	894,064	1,348,806	3,112	2,245,982
2020/21	740,870	1,074,928	4,499	1,820,297
2019/20	795,733	544,562	2,076	1,342,371
2018/19	787,199	929,803	6,165	1,723,167

(a) Partial fiscal year data from July 1, 2023, through July 31, 2023.

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**

Fiscal Year	Total New Housing Units
2023/24 (a)	114
2022/23	743
2021/22	2,296
2020/21	2,183
2019/20	2,340
2018/19	2,334

(a) Partial fiscal year data from July 1, 2023, through July 31, 2023.

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**

Fiscal Year	Retail Sales
2023/24 (a)	\$
2022/23	8,483,005,834
2021/22	8,134,561,575
2020/21	7,171,741,191
2019/20	5,776,270,849
2018/19	5,227,198,433

(a) Data reflects collections from July 1, 2023, through \_\_\_\_\_, 2023.

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**

<u>Hotel Name</u>	<u>Number of Sleeping Rooms</u>
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 17-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.

[Placeholder for drought/climate change disclosure.]

**[THIS PAGE INTENTIONALLY LEFT BLANK]**



**CITY OF MESA, ARIZONA  
FINANCIAL DATA**

**Current Year Statistics (For Fiscal Year 2022/23)**

**City of Mesa, Arizona**

Total General Obligation Bonds to be Outstanding	\$ 369,280,000 *(a)
Total Utility Systems Revenue Bonds Outstanding	1,113,497,515 *(b)
Total Utility Systems Revenue Obligations to be Outstanding	330,895,000 *(c)
Total Street and Highway User Revenue Bonds Outstanding	29,030,000 (d)
Total Excise Tax Revenue Obligations Outstanding	47,275,000 (e)
Net Assessed Limited Property Value	4,517,098,052 (f)
Estimated Net Full Cash Value	72,316,478,822 (g)

- 
- (a) Represents all general obligation bonds of the City to be outstanding including the Bonds. See “STATEMENTS OF BONDS OUTSTANDING – General Obligation Bonds to be Outstanding” in this appendix.
  - (b) Represents all utility systems revenue bonds outstanding. See “STATEMENTS OF BONDS OUTSTANDING – Utility Systems Revenue Bonds to be Outstanding” in this appendix.
  - (c) Represents all utility systems revenue obligations to be outstanding following the issuance of the 2023 Utility Obligations. See “STATEMENTS OF BONDS OUTSTANDING – Utility Systems Revenue Obligations to be Outstanding” in this appendix.
  - (d) Represents all street and highway user revenue bonds outstanding. See “STATEMENTS OF BONDS OUTSTANDING – Street and Highway User Revenue Bonds Outstanding” in this appendix.
  - (e) Represents all excise tax revenue obligations outstanding. See “STATEMENTS OF BONDS OUTSTANDING – Excise Tax Revenue Obligations Outstanding” in this appendix.
  - (f) Net of property exempt from taxation; reflects application of applicable assessment ratios.
  - (g) 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.

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

---

\* Subject to change.

**STATEMENTS OF BONDS OUTSTANDING**

**General Obligation Bonds to be Outstanding  
City of Mesa, Arizona**

Issue Series	Purpose	Original Amount	Maturity Date Range	Balance Outstanding
2012	Various Purpose	\$27,290,000	7-1-13/32	\$ 17,100,000 (a)
2013	Refunding	8,915,000	7-1-14/24	3,250,000
2013	Various Purpose	59,960,000	7-1-14/33	38,125,000 (a)
2014	Various Purpose	37,550,000	7-1-15/34	21,975,000
2015	Various Purpose	13,690,000	7-1-16/35	4,990,000
2016A	Refunding	20,475,000	7-1-17/27	17,055,000
2016B	Refunding	22,935,000	7-1-17/29	12,675,000
2016	Various Purpose	37,700,000	7-1-17/36	27,625,000
2017	Refunding	47,450,000	7-1-17/29	34,260,000
2017	Various Purpose	47,180,000	7-1-17/37	33,355,000
2018	Various Purpose	16,120,000	7-1-19/38	6,175,000
2019	Various Purpose	33,065,000	7-1-20/39	14,385,000
2020	Various Purpose	22,075,000	7-1-21/40	9,805,000
2020	Refunding	23,900,000	7-1-21/30	20,635,000
2021	Various Purpose	19,030,000	7-1-21/41	1,870,000
2021	Refunding	14,495,000	7-1-21/31	11,720,000
2022	Various Purpose	22,620,000	7-1-23/32	9,955,000
Total General Obligation Bonds Outstanding				\$284,955,000
Plus the Bonds				82,595,000*
Total General Obligation Bonds to Be Outstanding				<u>\$367,550,000*</u>

(a) The City has authorized the issuance of general obligation refunding bonds to refund certain maturities of the General Obligation Bonds, Series 2012 and Series 2013 (the “GO Bonds To Be Refunded”). The issuance of such bonds are dependent on economic savings and no timeline has been established. Balances shown do not reflect the issuance of general obligation refunding bonds nor the GO Bonds To Be Refunded.

\* Subject to change.

**Utility Systems Revenue Bonds Outstanding  
City of Mesa, Arizona**

Issue Series	Purpose	Original Amount	Maturity Date Range	Balance Outstanding
2006	Utility Improvement	105,400,000	7-1-23/30	\$ 3,875,000
2006	Refunding	127,260,000	7-1-12/24	19,045,000
2007	Utility Improvement	65,550,000	7-1-23/31	4,265,000
2008	Utility Improvement	52,875,000	7-1-23/32	1,575,000
2009	WIFA Loans	3,758,810	7-1-10/29	982,515
2013	Utility Improvement	47,290,000	7-1-37	47,290,000 (a)
2014	Refunding	36,385,000	7-1-37/38	36,385,000
2014	Utility Improvement	102,945,000	7-1-18/30	84,540,000
2015	Utility Improvement	30,220,000	7-1-20/39	25,920,000
2016	Refunding	138,035,000	7-1-25/32	86,275,000
2016	Utility Improvement	90,500,000	7-1-20/40	138,035,000
2017	Refunding	75,435,000	7-1-23/28	117,150,000
2017	Utility Improvement	123,875,000	7-1-21/41	71,070,000
2018	Utility Improvement	112,120,000	7-1-19/42	97,120,000
2019A	Utility Improvement	93,825,000	7-1-20/43	81,825,000
2019B	Refunding	54,225,000	7-1-20/33	52,750,000
2019C	Refunding	79,335,000	7-1-20/35	66,075,000
2020	Utility Improvement	71,070,000	7-1-21/44	66,280,000
2020	Refunding	37,675,000	7-1-34	37,675,000
2021	Utility Improvement	34,685,000	7-1-22/45	30,495,000
2021	Refunding	44,870,000	7-1-35	44,870,000
Total Utility Systems Revenue Bonds Outstanding				<u>\$1,113,497,515</u>

(a) The City has authorized the issuance of utility systems revenue refunding obligations to refund the Utility Systems Revenue Bonds, Series 2013 (the "Utility Bonds To Be Refunded"). The issuance of such obligations are dependent on economic savings and no timeline has been established. Balances shown do not reflect the issuance of utility systems revenue refunding obligations nor the Utility Bonds To Be Refunded.

**Utility Systems Revenue Obligations to be Outstanding  
City of Mesa, Arizona**

Issue Series	Purpose	Original Amount	Maturity Date Range	Balance Outstanding
2021	Utility Improvement	\$14,015,000	7-1-23/45	\$ 14,015,000
2022A	Utility Improvement	54,705,000	7-1-29/46	54,705,000
2022B	Utility Improvement	16,075,000	7-1-23/28	16,075,000
2022C	Refunding	57,655,000	7-1-36	57,655,000
Total Utility Systems Revenue Obligations Outstanding				\$138,725,000
Plus the 2023 Utility Obligations				192,170,000*
Total Utility Systems Revenue Obligations to be Outstanding				<u>\$330,895,000*(a)</u>

(a) The City has authorized the issuance of utility systems revenue refunding obligations to refund the Utility Bonds To Be Refunded. The issuance of such obligations are dependent on economic savings and no timeline has been established. Balances shown do not reflect the issuance of utility systems revenue refunding obligations nor the Utility Bonds To Be Refunded.

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

Issue Series	Purpose	Original Amount	Maturity Date Range	Balance Outstanding
2006	Street Improvements	\$11,675,000	7-1-23/25	\$ 975,000
2007	Street Improvements	10,675,000	7-1-23/27	2,000,000
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				<u>\$29,030,000</u>

**Excise Tax Revenue Obligations Outstanding  
City of Mesa, Arizona**

Issue Series	Purpose	Original Amount	Maturity Date Range	Balance Outstanding
Senior Obligations:				
2020	ASU Project	\$36,010,000	7-1-21/40	\$32,935,000
Subordinate Obligations:				
2012	Phoenix-Mesa Gateway Airport Authority	19,220,000	7-1-14/38	14,340,000
Total Excise Tax Revenue Obligations Outstanding				<u>\$47,275,000</u>

**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.

General Municipal Purpose Bonds			
Total 6% General Obligation Bonding Capacity	\$483,477,515		
Less 6% Original Issue Premium	(387,000)	* (b)	
Less 6% General Obligation Bonds Outstanding	(5,448,614)	*	
Net 6% General Obligation Bonding Capacity	<u>\$477,641,901</u>	*	
Streets and Public Safety Bonds			
Total 20% General Obligation Bonding Capacity	\$1,611,591,719		
Less 20% Original Issue Premium	(14,788,000)	* (b)	
Less 20% General Obligation Bonds Outstanding	(362,101,386)	*	
Net 20% General Obligation Bonding Capacity	<u>\$1,234,702,333</u>	*	

(a) General obligation bonding capacity is calculated using the City's Fiscal Year 2023/24 Net Full Cash Assessed Value of \$8,057,958,599. Table includes the Bonds.

\* Subject to change.

(b) \$6,580,000\* of this amount is premium on the Bonds and reduces (i) the borrowing capacity of the City under the Arizona Constitution and (ii) the principal amount of general obligation bonds authorized at elections held on November 6, 2018 and November 3, 2020. The City's borrowing capacity (but not authorization) will be recaptured as premium is amortized. The City plans to amortize such premium as shown in the table below.

**Original Issue Premium**

Period Ending (July 1)	General Obligation Bonds, Series 2020	General Obligation Refunding Bonds, Series 2020	General Obligation Bonds, Series 2021	General Obligation Refunding Bonds, Series 2021	General Obligation Bonds, Series 2022	The Bonds*	Combined *
2024	\$ 10,000	\$ 245,000	\$ 5,000	\$ 150,000	\$ 60,000	\$ 740,000	\$ 1,210,000
2025	10,000	270,000	5,000	170,000	60,000	435,000	950,000
2026	10,000	310,000	5,000	185,000	65,000	190,000	765,000
2027	10,000	345,000	5,000	205,000	65,000	200,000	830,000
2028	15,000	390,000	-	220,000	70,000	210,000	905,000
2029	15,000	430,000	-	240,000	75,000	220,000	980,000
2030	15,000	3,060,000	5,000	-	80,000	235,000	3,395,000
2031	15,000		5,000	1,400,000	80,000	245,000	1,745,000
2032	15,000		5,000		85,000	260,000	365,000
2033	15,000		5,000			270,000	290,000
2034	15,000		5,000			285,000	305,000
2035	15,000		5,000			300,000	320,000
2036	15,000		5,000			315,000	335,000
2037	15,000		5,000			330,000	350,000
2038	15,000		5,000			345,000	365,000
2039	15,000		5,000			360,000	380,000
2040	15,000		10,000			380,000	405,000
2041			10,000			400,000	410,000
2042			10,000			420,000	430,000
2043						440,000	440,000
<b>Total</b>	<b>\$235,000</b>	<b>\$5,050,000</b>	<b>\$100,000</b>	<b>\$2,570,000</b>	<b>\$640,000</b>	<b>\$6,580,000</b>	<b>\$15,175,000</b>

\* Subject to change.

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

Overlapping Jurisdiction	Portion Applicable to City of Mesa (a)		
	General Obligation Bonded Debt (b)	Approximate Percentage	Net Debt Amount
State of Arizona	None	5.441%	None
Maricopa County	None	8.255	None
Maricopa County Community College District	\$ 87,320,000	8.255	\$ 7,207,901
Maricopa County Special Health Care District	574,205,000	8.209	47,135,463
East Valley Institute of Technology District No. 401	None	16.858	None
Mesa Unified School District No. 4	264,330,000	86.547	228,770,058
Tempe Elementary School District No. 3	125,235,000	1.106	1,385,582
Tempe Union High School District No. 213	107,905,000	0.472	509,286
Gilbert Unified School District No. 41	131,680,000	27.932	36,781,453
Queen Creek Unified School District No. 95	113,840,000	39.052	44,456,961
Higley Unified School District No. 60	69,865,000	2.649	1,850,651
Eastmark Community Facilities District No. 1	59,445,000	100.000	59,445,000
Eastmark Community Facilities District No. 2	5,220,000	100.000	5,220,000
Cadence Community Facilities District	12,670,000	100.000	12,670,000
City of Mesa	367,550,000*	100.000	367,550,000 * (c)
<b>Total Direct and Overlapping General Obligation Bonded Debt to be Outstanding</b>			<b>\$812,982,355 *</b>

- (a) Proportion applicable to the City is computed on the ratio of Net Assessed Limited Property Value as calculated for Fiscal Year 2023/24 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. Authorized but unissued amounts in the following table may be subject to additional reductions based on net premium amounts. Additional bonds may also be authorized by voters within overlapping jurisdictions pursuant to future elections.

Overlapping Jurisdiction	Authorized but Unissued
Tempe Elementary School District No. 3	\$ 20,000,000
Tempe Union High School District No. 213	48,840,000
Eastmark Community Facilities District No. 1	363,220,000
Eastmark Community Facilities District No. 2	64,205,000
Cadence Community Facilities District	30,954,024
City of Mesa	341,741,000*(d)

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 1, 1993. CAWCD is a multi-county water conservation district

\* Subject to change.

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 (the “County Flood Control District”) to contribute \$70 to \$80 million to the CAP. The County Flood Control District’s sole source of revenue to pay the contribution will be ad valorem taxes on real property and improvements.

- (c) Includes the Bonds. Does not include the City’s utility systems revenue bonds to be outstanding in the aggregate principal amount of \$1,113,497,515. Does not include the City’s utility systems revenue obligations to be outstanding in the aggregate principal amount of \$330,895,000\*. Does not include the City’s street and highway user revenue bonds outstanding in the aggregate principal amount of \$29,030,000. Does not include the City’s excise tax revenue obligations outstanding in the aggregate principal amount of \$47,275,000. Such excise tax revenue obligations are secured and payable from a pledge of the City’s transaction privilege tax revenues and certain other General Fund revenues.
- (d) Net of the Bonds.

Source: The various entities.

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

	Per Capita Bonded Debt Population at 516,429 (a)	As a Percentage of City’s	
		2023/24 Net Assessed Limited Property Value	2023/24 Estimated Net Full Cash Value
Direct General Obligation Bonded Debt* (b)	\$ 712	8.14%	0.66%
Direct and Overlapping General Obligation Debt* (b)	1,574	18.00	1.45

(a) Estimate as of July 1, 2022 (published December 2022).

(b) Includes the Bonds.

Source: Arizona Department of Administration, Office of Employment and Population Statistics and *State and County 2023 Abstract of the Assessment Roll*, Arizona Department of Revenue.

**Other Indebtedness  
City of Mesa, Arizona**

The City has other obligations which are payable from various City funds, including purchase obligations and other contractual commitments. For additional information with respect to such obligations, please refer to Note 9 of the City’s Audited General Purpose Financial Statements for the Fiscal Year Ended June 30, 2022, contained in APPENDIX D of this Official Statement.

**Pensions 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 (“ASRS”) is for the benefit of the employees of the state and certain other governmental jurisdictions. All benefitted City employees, except sworn fire and police personnel and the City Council, 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 (“PSPRS”) that is an agent multiple-employer defined benefit pension plan. The Mayor

\* Subject to change.

and City Council contribute to the State’s Elected Officials Retirement Plan (“EORP”) that is also a multiple-employer cost-sharing pension plan. The EORP is not described herein because of its relative insignificance to the City’s financial statements.

In addition, eligible employees are covered by other post employment benefit plans. All sworn fire and police personnel participate in the PSPRS that is an agent multiple-employer defined benefit health insurance premium benefit (“OPEB”) plan. Eligible City employees also participate in the City’s defined benefit medical plan OPEB plan. Eligible City employees covered by Arizona State Retirement System also participate in the ASRS OPEB plan. The ASRS OPEB plan is not described below because of its relative insignificance to the financial statements.

At June 30, 2022, the City reported the following unfunded liabilities related to pensions and OPEB for all plans to which it contributes (in thousands):

Net Pension and OPEB Liabilities		
Plan	Governmental Activities	Business-Type Activities
ASRS	\$ 164,181	\$ 44,171
PSPRS-Fire	213,314	-
PSPRS-Police	419,147	-
OPEB-Police	9,577	-
City OPEB	888,253	89,784
Total	<u>\$1,694,472</u>	<u>\$133,955</u>

For a more detailed description of these plans and the City contributions to the various plans, please refer to Note 16 of the City’s Audited General Purpose Financial Statements for the Fiscal Year Ended June 30, 2022, contained in APPENDIX D of this Official Statement.

**PROPERTY TAXES**

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

As described under the heading “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS,” the City will be required by law to levy or to cause to be levied on all the taxable property in the City a continuing, direct, annual, *ad valorem* property tax sufficient to pay all principal, interest, and costs of administration for the Bonds as the same become due. The State’s *ad valorem* property tax levy and collection procedures are summarized under this heading “PROPERTY TAXES.”

**Taxable Property**

Real property and improvements and personal property are either valued by the Assessor of the County or the Arizona Department of Revenue (the “Department of Revenue”). Property valued by the Assessor of the County is referred to as “locally assessed” property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Department of Revenue is referred to as “centrally valued” property and generally includes large mine and utility entities.

Locally assessed property is assigned two values: Full Cash Value and Limited Property Value (both as defined herein). Centrally valued property is assigned one value: Full Cash Value.

**Full Cash Value**

In the context of a specific property parcel, full cash value (“Full Cash Value”) is statutorily defined to mean “that value determined as prescribed by statute” or if no statutory method is prescribed it is “synonymous with market value which means that estimate of value that is derived annually by using standard appraisal methods and techniques,” which generally include the market approach, the cost approach and the income approach. In valuing locally assessed property, the Assessor of the County generally uses a cost approach to value commercial/industrial property and a market approach to value residential property. In valuing centrally valued property, the Department of Revenue begins generally with information provided by taxpayers and then applies procedures provided by State law. State law allows taxpayers to appeal such Full Cash Values by providing evidence of a lower value, which may be based upon another valuation



approach. Full Cash Value is used as the ceiling for determining Limited Property Value. Unlike Limited Property Value, increases in Full Cash Value are not limited.

**Limited Property Value**

In the context of a specific property parcel, limited property value (“Limited Property Value”) is a property value determined pursuant to the Arizona Constitution and the Arizona Revised Statutes. Except as described in the next sentence, for locally assessed property in existence in the prior year, Limited Property Value is limited to the lesser of Full Cash Value or an amount 5% greater than Limited Property Value determined for the prior year for such specific property parcel. In the following circumstances, Limited Property Value is established at a level or percentage of Full Cash Value that is comparable to that of other properties of the same or similar use or classification: property that was erroneously totally or partially omitted from the property tax rolls in the preceding tax year, except as a result of the matters described in this sentence; property for which a change in use has occurred since the preceding tax year and property that has been modified by construction, destruction, or demolition since the preceding valuation year such that the total value of the modification is equal to or greater than fifteen percent of the Full Cash Value. (Limited Property Value of property that has been split, subdivided, or consolidated varies depending on when the change occurred.) A separate Limited Property Value is not provided for centrally valued property.

**Full Cash Value and Limited Property Value for Taxing Jurisdictions**

The Full Cash Value in the context of a taxing jurisdiction is the sum of the Full Cash Value associated with each parcel of property in the jurisdiction. Full Cash Value of the jurisdiction is the basis for determining constitutional and statutory debt limits for certain political subdivisions in Arizona, including the City.

The Limited Property Value in the context of a taxing jurisdiction is the sum of the Limited Property Value associated with each parcel of locally assessed property within the jurisdiction plus the sum of the Full Cash Value associated with each parcel of centrally valued property within the jurisdiction. Limited Property Value of the jurisdiction is used as the basis for levying both primary and secondary taxes. See “Primary Taxes” and “Secondary Taxes” below.

**Property Classification and Assessment Ratios**

All property, both real and personal, is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the Limited Property Value or Full Cash Value of the property, as applicable, to obtain the “Limited Assessed Property Value” and the “Full Cash Assessed Value,” respectively.

The assessment ratios for each property classification are set forth by tax year in the following table.

**Property Tax Assessment Ratios (Tax Year)**

Property Classification (a)	2019	2020	2021	2022	2023
Mining, Utility, Commercial and Industrial (b)	18.0%	18.0%	18.0%	17.5%	17.0%
Agricultural and Vacant Land	15.0	15.0	15.0	15.0	15.0
Owner Occupied Residential	10.0	10.0	10.0	10.0	10.0
Leased or Rented Residential	10.0	10.0	10.0	10.0	10.0
Railroad Private Car Company and Airline Flight Property (c)	15.0	15.0	15.0	15.0	14.0

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

(b) The assessment ratio for this property classification will decrease to 16.5% for tax year 2024, 16.0% for tax year 2025, 15.5% for tax year 2026 and 15.0% for each tax year thereafter.

(c) This percentage is determined annually pursuant to Arizona Revised Statutes, Section 42-15005.

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

**Primary Taxes**

Per State statute, taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are “primary taxes.” Primary taxes are levied against Net Assessed Limited Property Value (as defined herein). “Net Assessed Limited Property Value” is determined by excluding the value of property exempt

from taxation from Limited Assessed Property Value of locally assessed property and from Full Cash Assessed Value of centrally valued property and combining the resulting two amounts.

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the maximum allowable prior year's levy limit plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

The combined taxes on owner occupied residential property only, for purposes other than voter-approved bond indebtedness and overrides and certain special district assessments, are constitutionally limited to 1% of the Limited Property Value of such property.

### **Secondary Taxes**

Per State statute, taxes levied for payment of bonds like the Bonds, voter-approved budget overrides, the maintenance and operation of special purpose districts such as sanitary, fire, road improvement and career technical education districts, and taxes levied by school districts for qualified desegregation expenditures are "secondary taxes." Like primary taxes, secondary taxes are also levied against Net Assessed Limited Property Value. There is no constitutional or statutory limitation on annual levies for voter approved bond indebtedness and overrides and certain special district assessments.

"Net Full Cash Assessed Value" is determined by excluding the value of property exempt from taxation from Full Cash Assessed Value of both locally assessed and centrally valued property and combining the resulting two amounts. Net Full Cash Assessed Value is the basis for determining general obligation bonded debt limitations for certain political subdivisions in the State, including the City.

### **Tax Procedures**

The State tax year has been defined as the calendar year, notwithstanding the fact that tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year.

On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth certain valuations by taxing district of all property in the County subject to taxation. The tax roll is then forwarded to the Treasurer of the County (the "Treasurer"). (The Assessor of the County is required to have completed the assessment roll by December 15th of the year prior to the levy. This roll identifies the valuation and classification of each parcel located within the County for the tax year.)

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then levied upon each non-exempt parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll due to appeals or other reasons reduces the amount of taxes received by each jurisdiction.

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

### **Delinquent Tax Procedures**

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

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

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

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

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

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

**TAX RATES, VALUES AND TAX COLLECTIONS**

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

Overlapping Jurisdiction	2023/24 Net Assessed Limited Property Value	2023/24 Combined Tax Rate Per \$100 of Net Assessed Limited Property Value (a)(b)
State of Arizona	\$83,026,530,244	None
Maricopa County	54,722,326,231	\$1.2044
Maricopa County Community College District	54,722,326,231	1.1388
Maricopa County Fire District Assistance	54,722,326,231	0.0081 (c)
Maricopa County Flood Control District	50,354,573,089	0.1536 (d)
Maricopa County Special Health Care District	55,027,363,791	0.2716
Maricopa County Library District	54,722,326,231	0.0488
Central Arizona Water Conservation District	55,027,363,791	0.1400 (e)
East Valley Institute of Technology District	26,795,538,826	0.0500
Mesa Unified School District No. 4	3,879,526,341	7.0369
Tempe Elementary School District No. 3	1,954,705,232	4.3521
Tempe Union High School District No. 213	4,582,133,019	2.4272
Gilbert Unified School District No. 41	2,652,529,469	5.6955
Queen Creek Unified School District No. 95	952,004,083	7.1348
Higley Unified School District No. 60	949,683,035	6.2904
Eastmark Community Facilities District No. 1	170,507,375	4.1500
Eastmark Community Facilities District No. 2	11,875,085	4.1500
Cadence Community Facilities District	34,879,463	2.9800
City of Mesa	4,517,098,052	0.8582 (f)

- (a) Represents the combined tax rate includes the tax rate for debt service payments and the tax rate for all other purposes such as maintenance and operation and capital outlay.
- (b) All levies for library districts, hospital districts, fire districts, technology districts, water conservation districts and flood control districts are levied on the net full cash assessed value.
- (c) The County is mandated to levy a tax annually in support of fire districts in the County.
- (d) Does not include the personal property assessed valuation within the County.
- (e) Includes only the assessed valuation located within the County.
- (f) [Insert explanation of discrepancy between revised February AV and AV used for Tax Levy.]

Source: *State and County 2023 Abstract of the Assessment Roll*, Arizona Department of Revenue and *Maricopa County 2023 Tax Levy*, Maricopa County – Finance Department.

**Combined Total Tax Rates  
Per \$100 Assessed Value**

There are 18 taxing jurisdictions which overlap the City’s boundaries. The total overlapping property tax rate per \$100 of assessed value for property owners within the City ranges from \$9.5690 to \$15.1583.

Source: Maricopa County Finance Department.

**Net Assessed Limited Property Value by Property Classification  
City of Mesa, Arizona**

Set forth below is a breakdown of the City’s Net Assessed Limited Property Value by property classification for the most recent five Fiscal Years such information is available.

Class	2019/20	2020/21	2021/22	2022/23	2023/24
Utilities, Commercial & Industrial	\$1,011,889,371	\$1,037,228,320	\$1,110,534,438	1,153,863,242	\$1,224,126,705
Agriculture and Vacant	88,623,131	81,934,953	80,930,826	87,141,358	97,719,921
Residential (Owner Occupied)	1,626,034,719	1,763,163,855	1,890,191,281	2,004,050,009	2,119,990,651
Residential (Rental)	777,304,138	836,375,958	889,782,304	964,177,339	1,047,271,253
Railroad	782,060	755,445	830,039	1,194,347	1,097,223
Residential Historic	11,471,343	16,434,450	17,572,452	22,995,114	26,383,374
Rented Residential Historic	98,927	103,874	114,261	114,521	119,406
Improvements	173,663	213,203	143,475	100,632	389,519
	<u>\$3,516,377,352</u>	<u>\$3,736,210,059</u>	<u>\$3,990,099,076</u>	<u>\$4,233,636,562</u>	<u>\$4,517,098,052</u>

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

**Comparative Net Assessed Limited Property Value Comparisons and Trends**

Fiscal Year	City of Mesa	Maricopa County	State of Arizona
2023/24	\$4,517,098,052	\$54,722,326,231	\$83,026,530,244
2022/23	4,233,636,562	51,575,018,185	78,405,598,978
2021/22	3,990,099,076	48,724,126,672	74,200,233,397
2020/21	3,736,210,059	45,704,969,813	69,914,507,682
2019/20	3,516,278,425	43,194,326,395	66,154,632,834

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

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

Fiscal Year	City of Mesa
2023/24	\$72,316,478,822 (b)
2022/23	55,958,146,848
2021/22	51,311,123,782
2020/21	46,382,667,125
2019/20	41,894,491,557

(a) The City’s estimated net full cash value approximates the total market value of all taxable property located within the City, less the estimated exempt property within the City as calculated by the Arizona Department of Revenue, Division of Property and Special Taxes.

(b) Full Cash Value of the property for Fiscal Year 2023/24 is \$80,859,788,749.

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

Taxpayer (c)	2023/24 Net Assessed Limited Property Value	As % of City’s Total 2023/24 Net Assessed Limited Property Value
PACIFIC PROVING LLC	\$ 37,828,408	0.84%
MPT OF MESA LLC	28,339,077	0.63
MESA CAMPUS LLC	15,226,466	0.34
SACHS RANCH CO LLCHURLEY LAND CO LLC	12,131,815	0.27
HUGHES HELICOPTERS INC	11,892,032	0.26
METRO EAST VALLEY PHASE II LLC	9,916,628	0.22
SACHS RANCH CO LLCHURLEY LAND CO LLC	9,742,809	0.22
SALT RIVER POINT LL LLC	9,629,335	0.21
PLATYPUS DEVELOPMENT LLC	9,169,182	0.20
CCF IND BROADWAY LLC	8,128,255	0.18
	<u>\$152,004,007</u>	<u>3.37%</u>

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

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

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

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

Source: Maricopa County Assessor’s Office.

**SPECIAL NOTE:** The assessed valuation of property owned by the Salt River Project Agricultural Improvement and Power District (“SRP”) is not included in the assessed valuation of the City in the prior tables or in any other valuation

information set forth in this Official Statement. Because of SRP’s quasi-governmental nature, property owned by SRP is exempt from property taxation.

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

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

Since 1964, when the in lieu contribution was originally authorized by the Arizona Revised Statutes, SRP has always made that election. The Fiscal Year 2023/24 in lieu Net Full Cash Assessed Value of SRP within the City is \$ 79,527,000 which represents approximately 1.7606% of the Net Assessed Limited Property Value in the City. SRP’s total estimated contribution in lieu of property tax payments was approximately \$[SRP\_PAYMENT] for Fiscal Year 2023/24.

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

Prior to Fiscal Year 2009/10, the City had operated without a property tax levy since Fiscal Year 1944/45. Beginning in Fiscal Year 2009/10 the City imposed a property tax for payment of a portion of the City’s outstanding general obligation bonds. The table below sets forth the City’s tax collections since Fiscal Year 2018/19.

Fiscal Year	Tax Rate	City Tax Levy	Collected to June 30 of Initial Fiscal Year (a)		Cumulative Collection to June 30, 2023 (a)	
			Amount	% of Levy	Amount	% of Levy (b)
2023/24	\$0.8582	\$38,765,722		(c)		(c)
2022/23	0.9157	38,767,410	\$38,249,575	98.10%	\$38,249,575	98.10%
2021/22	1.1319	45,764,929	44,510,447	97.26	45,066,499	98.47
2020/21	1.1171	41,872,027	41,248,944	98.51	41,690,678	99.57
2019/20	1.1870	41,252,407	40,467,226	98.10	41,087,554	99.60
2018/19	1.0201	33,244,797	32,692,606	98.34	33,005,217	99.28

- (a) Taxes are collected by the Treasurer. Taxes in support of debt service are levied by the County Board of Supervisors as required by Arizona Revised Statutes. Delinquent taxes are subject to an interest and penalty charge of 16.00% per annum, which is prorated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above but are deposited in the County General Fund.
- (b) Percentage of levy collected is calculated using the adjusted levy as of June 30 of the initial Fiscal Year or as of the query date, respectively.
- (c) Fiscal Year 2023/24 taxes in course of collection: first installment is due on October 1, 2023 and is delinquent on November 1, 2023; second installment is due on March 1, 2024 and is delinquent on May 1, 2024.

Source: Maricopa County Treasurer’s Office.

**CITY OF MESA, ARIZONA  
UTILITY SYSTEMS INFORMATION**

**Electric System**

The City Energy Resources Department’s Electric Utility System (“Electric System”) has been in operation since 1917. The Electric System’s electric service area (“ESA”) covers approximately five and a half square miles including the downtown business center of the City. As of Fiscal Year 2022/23 year end, the Electric System served a total of 17,851 customers comprised of 15,082 residential and 2,769 commercial and other customers. The summer system experienced a peak demand in calendar year 2022 of approximately 85.89 megawatts (“MW”)s and Fiscal Year 2022/23 system energy requirements of 326,589 megawatt hours (“MWh”) were metered at the Rogers Substation, the Electric System’s point of supply.

During Fiscal Year 2022/23, the Electric System’s power and transmission resource scheduling and utilization were managed through its participation in the Resources Management Services program (“RMS”) administered by the Western Area Power Administration (“Western”) of the United States Department of Energy. Western provided scheduling, dispatching and accounting functions and purchased supplemental power, as needed, on a monthly, daily and real-time basis. The RMS group consists of the active members of the City, Electrical District Number Two (ED-2), the Town of Fredonia, and Aha Macav Power Service. As part of the RMS group, Western pools these entities’ loads and resources to achieve the benefits of diversity and greater economies of scale in purchased power transactions.

The supply-side resource portfolio of the Electric System for Fiscal Year 2022/23 was comprised of long-term purchased power agreements and short-term seasonal and daily power market purchases. The Electric System contracts for long-term power based on the results of competitive requests for proposals. Additionally, as a member in RMS, the City has access to the wholesale power supply market and the ability to engage in *ad hoc*, short-term firm and non-firm transactions. Power supply resources for the Electric System as of September 2023 are as follows:

Electric Power Resources	Expiration Dates	Maximum Contract MW	
		Summer	Winter
Western Area Power Administration (a):			
Parker-Davis Project	Sep-2028	10.4	8
Colorado River Storage Project	Sep-2024	4.3	3.4
Brookfield Renewable Trading and Marketing LP(b)	Apr-2024	15	15
Constellation Energy Generation, LLC (c)	Dec-2025	10	10
Constellation Energy Generation, LLC (d)	Sep-2024	25	0

- (a) The City and Western are parties to two long-term contracts that provide hydroelectric power from the Parker-Davis Project (“P-DP”) and the Colorado River Storage Project (“CRSP”). The P-DP contract expires on September 30, 2028, and the CRSP contract expires on September 30, 2024. A 40-year extension on the CRSP contract beginning in 2024 has been proposed by WAPA for the same contractual quantities and the re-marketing of the P-DP resource has also begun.
- (b) The City and Brookfield are parties to a 3-year firm 15 MW, 7 x 24, base-load power purchase and sale agreement for demand and associated energy which became effective June 1, 2021 and expires on April 30, 2024.
- (c) The City and Exelon Generation Company, LLC (Constellation) are parties to a 4-year firm 10 MW, 7 x 24, base-load power purchase and sale agreement for demand and associated energy which became effective February 1, 2022 and will expire on December 31, 2025.
- (d) The City and Constellation Energy Generation, LLC (another subsidiary of the Exelon umbrella of companies referred to as “Constellation”) are also parties to a 3-year firm 25 MW, 7 x 16, on-peak power purchase and sale agreement for demand with associated energy beginning June 1, 2022 (for power in June, July, August, and September) that expires September 30, 2024.

The City's purchased power and energy resources are contractually transmitted over Western's Parker-Davis and Pacific-Intertie transmission systems. Beginning October 1, 2018, the City's new transmission contractual arrangements with Western became effective with the City reducing its point-to-point Pacific Intertie transmission (West Wing to Pinnacle Peak) capacity from 25 MW to 15 MW and switching its Parker-Davis transmission from point-to-point service to network integrated transmission service. Power and energy are then transmitted through the Rogers Substation's 230/69 kilovolts ("kV") transformers to the City's two (2) radial 69 kV lines and then to four (4) City-owned and operated 12 kV electrical distribution substation facilities. Power is then transmitted and distributed to the City's service area through associated distribution transformers and lines. As of Fiscal Year 2022/23, there were approximately 66 miles of overhead primary and approximately 107 miles of underground primary distribution lines that distribute power to the City's end-use customers.



The table below contains information with respect to the City’s Electric System.

**Current Electric System Fees and Charges**

Description of Electric Services	Fee/Charge (a) Fiscal Year 2022/23
Residential Electric Service = E1.1	
Monthly Bill Per Meter	
<b>May 1 to October 31<sup>st</sup></b>	
Customer Charge	\$14.50
Usage Charge	
First 1200 kWh	\$0.05231 per kWh
> 1200 kWh	\$0.04822 per kWh
<b>November 1 to April 30<sup>th</sup></b>	
Customer Charge	\$14.50
Usage Charge	
First 800 kWh	\$0.04151 per kWh
> 800 kWh	\$0.01800 per kWh
Energy Cost Adjustment Factor (b)	
Minimum	\$14.50
Non-Residential Service = E3.1	
Monthly Bill Per Meter	
<b>May 1 to October 31<sup>st</sup></b>	
Customer Charge (c)	\$15.74
Demand Charge	
Generation	
First 50 kW	\$0.00 per kW
>50 kW	\$3.52 per kW
Distribution	
First 50 kW	\$0.00 per kW
>50 kW	\$0.3968 per kW
Energy Cost Adjustment Factor(b)	
Distribution	
First 15,000 kWh	\$0.06491 per kWh
15,001-75,000 kWh	\$0.04331 per kWh
>75,000 kWh	\$0.02901 per kWh
<b>November 1 to April 30<sup>th</sup></b>	
Customer Charge (c)	\$15.74
Demand Charge	
Generation	
First 50 kW	\$0.00
>50 kW	\$3.20 per kW
Distribution	
First 50 kW	\$0.00
>50 kW	\$0.1150 per kW
Energy Cost Adjustment Factor (b)	
Distribution	
First 15,000 kWh	\$0.05375 per kWh
15,001-75,000 kWh	\$0.03877 per kWh
>75,000 kWh	\$0.02060 per kWh

- (a) The City may require special service agreements for consumers requiring large electric loads.
- (b) The Energy Cost Adjustment Factor is a monthly per kilowatt hours (“kWh”) charge that was implemented November 1, 2004, which allows for the full recovery of the costs of fuel and purchased power. The average Fiscal Year 2022/23 factor for residential was \$0.08849 per kWh and the average Fiscal Year 2022/23 factor for non-residential was \$0.07714 per kWh.

- (c) Monthly Customer Charge for single phase E3.1 customers. Monthly Customer Charge for three phase E3.1 customers is \$9.72.

Source: The City. The information above reflects only certain basic fees and charges of the City’s Electric System and is not a comprehensive statement of all such fees.

**Electric System Rate Changes  
(2018 - 2023)**

Date	Rate Change
January 1, 2023	\$0.00
February 1, 2022	\$1.50 & \$2.50 (a)
January 1, 2021	\$1.00 (b)
August 1, 2020	\$1.00 (c)
August 1, 2019	\$0.00
August 1, 2018	\$1.00 (d)

- (a) For residential customers, the monthly fixed component of rates (Electric System Service Charge) was increased by \$1.50. For commercial customers, the monthly fixed component of rates was increased by \$2.50.
- (b) For residential and commercial customers, the monthly fixed component of rates (Electric System Service Charge) was increased by \$1.00.
- (c) For residential customers only, the monthly fixed component of rates (Electric System Service Charge) was increased by \$1.00.
- (d) For residential customers only, the monthly fixed component of rates (Electric System Service Charge) was increased by \$1.25.

Source: The City.

**Electric System Customers  
(Fiscal Years 2018/19 - 2022/23) (a)**

Fiscal Year	Residential Customers	Commercial Customers	Other Customers	Total Customers
2022/23	15,082	2,546	223	17,851
2021/22	14,782	2,565	226	17,573
2020/21	14,778	2,517	224	17,519
2019/20	14,467	2,335	224	17,026
2018/19	14,453	2,347	218	17,018

- (a) Electric system customers as of June 30 for each Fiscal Year or “Fiscal Year End” customers.

Source: The City.

The following is a list of the ten largest Electric System customers in alphabetical order for Fiscal Year 2022/23.

**Ten Largest Electric System Customers (a)**

Arizona State University-East  
Bashas Market  
Benedictine University  
Centurylink, Inc.  
Ensemble Mesa Partners, LLC  
Epicurean Fine Food, Inc.  
Mesa Cold Storage, Inc.  
Mesa Public Schools  
Rohrer Corporations  
Valley Metro Rail

---

(a) This represents an aggregation of all of the electric meters under each customer and so each entity may have multiple meters and/or locations.

The combined 2022/23 Electric System fees/charges for the top ten Electric System customers set forth above was \$3.4 million, constituting \_\_\_% of the total 2022/23 Electric System operating revenue. No individual Electric System customer above constitutes more than \_\_\_% of the total 2022/23 Electric System operating revenue. Additionally, while the list above is representative of the top ten Electric System customers as of Fiscal Year 2022/23, customer consumption can fluctuate, among other things, with customer process changes, efficiency enhancement, changes to business practices and locations, and the weather. This can result in yearly shifts in the rankings of the specific customers. However, the City consistently uses budget forecasting methods to account for such variances.

The City also receives electric services from the Electric System and records the revenue as interdepartmental revenue. For Fiscal Year 2022/23, Electric System interdepartmental revenues were \$5.1 million. The City as a customer constitutes approximately \_\_\_% of the total 2022/23 Electric System operating revenue.

---

Source: The City.

**Natural Gas System**

The City Energy Resources Department’s Natural Gas Utility System (“Natural Gas System”) has been in operation since 1917 and was ranked by the American Public Gas Association (“APGA”) as of Fiscal Year 2022/23, as the 13th largest publicly-owned natural gas utility system in the United States in terms of customers served. The Natural Gas System’s service territory is comprised of two major service areas: 1) the City Service Area (“CSA”) of approximately 90 square miles within the City limits; and 2) the Magma Service Area (“MSA”), a 236 square mile system located southeast of the City in Pinal County, Arizona. As of Fiscal Year 2022/23 year end, the City’s combined Natural Gas System operated 1,500 miles of distribution mains and served approximately 74,355 total customers comprised of 71,725 residential and 2,630 commercial and other customers.

The City’s Natural Gas System’s natural gas supplies and associated contracts have been structured to fulfill not only existing system requirements but anticipate system growth and peak needs of that growth. During Fiscal Year 2022/23, the Natural Gas System’s natural gas supplies were provided by BP Energy Company (“BP”). The natural gas supplies provided by BP came from both the San Juan Basin in New Mexico and the Permian Basin in West Texas through three separate contract.

The natural gas was transported via a major pipeline system owned and operated by El Paso Natural Gas Company LLC, a Kinder Morgan company (“EPNG”). EPNG provided the transport service under the terms and conditions of Transportation Service Agreements (“TSA”) No. FT2AF000 and No. FT2AE000 that were effective February 1, 2013. During Fiscal Year 2013/14, TSA No. FT2AE000 was extended for 10 years effective July 1, 2014, given that it was due to expire June 30, 2014; TSA No. FT2AF000 continues on an “evergreen” year-to-year basis. The TSAs provide the City’s Natural Gas System with the ability to transport its total, daily natural gas supplies to the current five (5) Natural Gas System-owned gate stations located in both the CSA and MSA. Although transmission is anticipated to be adequate

to accommodate normal growth in the system, constraints on interstate and regional transmission have been identified as potential limiting factors.

For Fiscal Year 2022/23, the Natural Gas System experienced a total coincident hourly system peak demand of 1,165 dekatherms per hour (“DTh/hr”) on January 24th, 2023 in the CSA and a peak demand of 655DTh/hr on January 24th, 2023 in the MSA. Total natural gas supply deliveries at the Natural Gas System’s gate stations during Fiscal Year 2022/23 were 4,237,267 dekatherms (“DTh”). Facilities and distribution infrastructure necessary to provide service to the majority of the CSA has been completed with the exception of infill projects. Continued growth of the Natural Gas System, especially in the MSA will require the extension of distribution mainlines and associated infrastructure in order to serve developing residential and commercial areas.

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

**Current Natural Gas System Fees and Charges**

Description of Natural Gas Services	Fee/Charge Fiscal Year 2022/23
<b>City Service Area Residential Gas Service = G1.1</b>	
<b>May 1st through October 31<sup>st</sup></b>	
Gas System Service Charge	\$16.56
First 25 Therms	\$0.6685 / therm
All Additional Therms	\$0.2884 / therm
Natural Gas Supply Cost Adjustment (a)	
<b>November 1st through April 30<sup>th</sup></b>	
Gas System Service Charge	\$19.49
First 25 Therms	\$0.6685 / therm
All Additional Therms	\$0.6557 / therm
Natural Gas Supply Cost Adjustment (a)	
<b>City Service Area General Gas Service = G3.1</b>	
<b>May 1st through October 31<sup>st</sup></b>	
Monthly Service Charge	\$39.66
First 1500 Therms	\$0.5333 / therm
All Additional Therms	\$0.3359 / therm
Natural Gas Supply Cost Adjustment (a)	
<b>November 1st through April 30<sup>th</sup></b>	
Monthly Service Charge	\$49.34
First 1500 Therms	\$0.5775 / therm
All Additional Therms	\$0.4852 / therm
Natural Gas Supply Cost Adjustment (a)	
<b>Magma Service Area Residential Gas Service = GM1.1</b>	
<b>May 1st through October 31<sup>st</sup></b>	
Gas System Service Charge	\$17.55
First 25 Therms	\$0.7370 / therm
All Additional Therms	\$0.3179 / therm
Natural Gas Supply Cost Adjustment (a)	
<b>November 1st through April 30<sup>th</sup></b>	
Gas System Service Charge	\$20.79
First 25 Therms	\$0.7370 / therm
All Additional Therms	\$0.7231 / therm
Natural Gas Supply Cost Adjustment (a)	
<b>Magma Service Area General Gas Service = GM3.1</b>	
<b>May 1st through October 31<sup>st</sup></b>	
Monthly Service Charge	\$46.48
First 1500 Therms	\$0.6587 / therm
All Additional Therms	\$0.4148 / therm
Natural Gas Supply Cost Adjustment (a)	
<b>November 1st through April 30<sup>th</sup></b>	
Monthly Service Charge	\$58.41
First 1500 Therms	\$0.7132 / therm
All Additional Therms	\$0.5992 / therm
Natural Gas Supply Cost Adjustment (a)	

(a) The Natural Gas Supply Cost Adjustment allows for the full recovery of the cost of natural gas. It is a monthly per billed therm charge. The average factor for Fiscal Year 2022/23 for residential and general service was \$0.59066 per therm.

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

**Natural Gas System Rate Changes  
(2018-2023)**

Date	Rate Changes
January 1, 2023	\$0.75 & \$2.00 (a)
February 1, 2022	\$0.50 (b)
January 1, 2021	\$0.25 & \$2.00 (c)
August 1, 2020	\$0.75 & \$2.00 (d)
August 1, 2019	\$0.00
August 1, 2018	\$0.45 (e)

- 
- (a) The increase in the monthly fixed component of rates (Service Charge) affected both residential (\$0.75) and non-residential customers (\$2.00).
  - (b) The increase in the monthly fixed component of rates (Service Charge) affected only residential customers.
  - (c) The increase in the monthly fixed component of rates (Service Charge) affected both residential (\$0.25) and non-residential customers (\$2.00).
  - (d) The increase in the monthly fixed component of rates (Service Charge) affected both residential (\$0.75) and non-residential customers (\$2.00).
  - (e) The increase in the monthly fixed component of rates (Service Charge) affected both residential and non-residential customers.

Source: The City.

**Natural Gas System Customers  
(Fiscal Years 2018/19 - 2022/23) (a)**

Fiscal Year	Residential Customers	Commercial Customers	Other Customers	Total Customers
2022/23	71,725	2,394	236	74,355
2021/22	69,595	2,353	234	72,182
2020/21	67,718	2,331	232	70,281
2019/20	66,061	2,338	225	68,624
2018/19	63,472	2,294	227	65,993

- 
- (a) Natural gas system customers as of June 30 for each Fiscal Year or “Fiscal Year End” customers.

Source: The City.

The following is a list of the ten largest Natural Gas System customers in alphabetical order for Fiscal Year 2022/23.

**Ten Largest Natural Gas System Customers (a)**

Arizona Corrugated Container  
Banner Corporate Center - Mesa  
Commercial Metals Company  
Dexcom, Inc  
Empire Southwest LLC  
Mesa Organic Baking CO., INC.  
Mesa Public Schools  
Pacific Standard Specialties, INC  
Regional Public Transit Authority  
Waste Management of Arizona, INC

- 
- (a) This represents an aggregation of all of the electric meters under each customer and so each entity may have multiple meters and/or locations.

The combined Fiscal Year 2022/23 Natural Gas System fees/charges for the top ten Natural Gas System customers set forth above was \$7.7 million, constituting \_\_\_% of the total Fiscal Year 2022/23 Natural Gas System operating revenue. No individual Natural Gas System customer constitutes more than \_\_\_% of the total Fiscal Year 2022/23 Natural Gas System operating revenue. Additionally, while the list above is representative of the top ten Natural Gas System customers as of Fiscal Year 2022/23, customer consumption can fluctuate, among other things, with customer process changes, efficiency enhancement, changes to business practices and locations and the weather. This can result in yearly shifts in the rankings of the specific customers. However, the City consistently uses conservative budget forecasting methods to account for such variances.

The City receives gas services from the Natural Gas System and records the revenue as interdepartmental revenue. For Fiscal Year 2022/23 Natural Gas System interdepartmental revenues for the City were \$1.4 million.

---

Source: The City.

### **Water System**

The water utility system of the City (the “Water System”) serves a population of over 516,429 residing within a 158 square mile area. The Water System currently consists of approximately 164,054 residential, commercial and other connections. The City is well positioned to provide reliable delivery of quality water to meet current and future demands.

Water is provided from three general sources: the Salt and Verde River system, the Colorado River via the Central Arizona Project (“CAP”) canal, and groundwater wells. In addition, the City has rights to stored groundwater in an amount equal to approximately five times its annual demand to mitigate future drought. The City is currently designated with a 100-Year Assured Water Supply by the Arizona Department of Water Resources. The City has adequate supplies for normal growth and has worked hard to provide current and future availability of water supplies for normal and drought conditions. The City has also adopted regulations which require new large water users to acquire additional supplies to accommodate their consumption.

Surface water from the Salt and Verde Rivers is treated at the Val Vista Water Treatment Plant. The plant is jointly owned by the City and the City of Phoenix (“Phoenix”). Currently, the plant has a treatment capacity of 220 million gallons per day (“mgd”), of which the City owns 90 mgd. The plant produces approximately 35% of the water delivered by the City.

Colorado River water is delivered to the City via the CAP Canal. The water is treated at the Brown Road Water Treatment Plant (“BRWTP”) and the Signal Butte Water Treatment Plant (“SBWTP”). Currently the BRWTP has a treatment capacity of 72 mgd and produces approximately 36% of the City’s water. SBWTP has a treatment capacity of 24 mgd and produces approximately 23% of the City’s water. SBWTP Phase II Expansion project is currently underway, construction is expected to begin in the winter of 2023. This expansion project will add 24 mgd of treatment capacity and 8 million gallons of storage.

Groundwater wells produce the remaining 6% of the water delivered by the City on an average day. The City currently has 35 active groundwater wells with a pumping capacity of approximately 87 mgd. The continued development of new wells provides water supplies for future growth, but more importantly, provides redundancy in case of drought, scheduled maintenance of surface water canals, or operational issues within the surface water system.

In addition to the plants and wells outlined above, the City has 19 reservoirs and other storage facilities in the Water System service area capable of holding 109 million gallons of treated water. The City has approximately 2,613 miles of water distribution mains. A backflow prevention program has been implemented to protect the quality of the drinking water from possible sources of contamination. The total current capacity of the Water System is approximately 245 mgd. The record peak demand day occurred in 2005 and amounted to approximately 138 million gallons of water delivered. The average demand in calendar year 2022 was 83.9 mgd, with a peak day of 120.3 million gallons.

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

The City's water master plan was last updated in 2018. An update to the water master plan is currently underway and will be completed in 2024.

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

**Current Water System Fees and Charges**

Description of Water System Services	Fees/Charges Fiscal Year 2022/23
<b>Monthly Minimum Bill-All Classes, All Zones*</b>	
3/4 Inch	\$30.03
1 Inch	\$33.64
1 1/2 Inch	\$47.09
2 Inches	\$61.77
3 Inches	\$122.33
4 Inches	\$193.76
6 Inches	\$371.06
8 Inches	\$549.49
10 Inches	\$744.42
*Includes the first 3,000 gallons of water as a minimum charge for capacity availability	
<b>Monthly Volume Charge - Residential</b>	
First 7,000 Gallons of Water	\$3.41/1,000 Gallons
Next 8,000 Gallons of Water	\$5.12/1,000 Gallons
Next 9,000 Gallons of Water	\$6.18/1,000 Gallons
Additional Usage	\$6.90/1,000 Gallons

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

**Water System Rate Changes  
(2018-2023)**

Date	Rate Change
January 1, 2023	2.75%
February 1, 2022	2.50
January 1, 2021	1.50
July 1, 2020	0.00
July 1, 2019	0.00
July 1, 2018	2.00

Source: The City.

**Water System Customers  
(Fiscal Years 2018/19 - 2022/23)**

Fiscal Year	Residential Customers	Commercial Customers	Multi-Unit Customers	Total Customers
2022/23	140,104	12,414	4,697	157,215
2021/22	139,209	12,067	4,663	155,939
2020/21	137,538	11,330	4,615	153,483
2019/20	136,045	11,106	4,619	151,770
2018/19	133,610	10,787	4,590	148,987

Source: The City. The schedule immediately above reflects customers as of June 30 for each Fiscal Year.



The following is a list of the ten largest Water System customers in in alphabetical order for Fiscal Year 2022/23.

### **Ten Largest Water System Customers**

Banner Corporate Center - Mesa  
Cal-Am, Inc.  
Commercial Metal Company  
Eastmark Residential Association  
Gilbert Public Schools  
Mesa Public Schools  
Niagara Bottling LLC  
Platypus Development, LLC  
Redale LLC  
The Church of Jesus Christ of Latter-Day Saints

The combined Fiscal year 2022/23 Water System fees/charges for the top ten Water System customers set forth above was \$8.8 million constituting \_\_\_% of the total Fiscal Year 2022/23 Water System operating revenue. Additionally, while the list above is representative of the top ten Water System customers as of Fiscal Year 2022/23, customer consumption can fluctuate, among other things, with customer process changes, efficiency enhancement, changes to business practices and locations and the weather. This can result in yearly shifts in the rankings of the specific customers. However, the City consistently uses budget forecasting methods to account for such variances.

The City also receives water services from the Water System and records the revenue as interdepartmental revenue. For Fiscal Year 2022/23 Water System interdepartmental revenues for the City were \$3.8 million.

---

Source: The City.

### **Wastewater System**

The City's wastewater collection system (the "Wastewater System") currently serves approximately 135,295 connections.

The Phoenix-operated 91<sup>st</sup> Avenue Wastewater Treatment Plant ("WWTP"), which is jointly owned by the City, Phoenix, and three other nearby municipalities within the Sub-Regional Operating Group ("SROG"), currently has a 205 mgd capacity. The City's share of that amount is approximately 29 mgd.

The City's Northwest Water Reclamation Plant ("NWWRP") currently has a treatment capacity of 18 mgd. Reclaimed water from the NWWRP is currently primarily delivered to the Granite Reef Underground Storage Project where it is stored to meet future potable water demands. The NWWRP also has solids treatment processing capabilities.

The Southeast Water Reclamation Plant ("SEWRP") serves the northeastern part of the City and has a plant liquids handling capacity of 8 mgd. Bio-solids from the SEWRP are sent to the Phoenix-operated 91st Avenue Wastewater Treatment Plant ("WWTP") for further processing. Substantial components of this facility are nearing the end of useful service, and it is being carefully reviewed by the City with respect to future operations.

The Greenfield Water Reclamation Plant ("GWRP") is a regional plant operated by the City, and co-owned with the Towns of Gilbert and Queen Creek. The GWRP serves the southeast portion of the City and a segment of the northeast portion of the City. The GWRP liquids treatments capacity is currently 30 mgd of which the City of Mesa owns 14 mgd and has a bio-solids processing capacity of 38 mgd of which the City owns 22 mgd.

Reclaimed water from the SEWRP and the GWRP is delivered to the Gila River Indian Community (the "Community") for agricultural use as part of a contractual water exchange. Through this exchange, the City receives four acre-feet of CAP water for delivery by its potable system for every five acre-feet of reclaimed water that is delivered to the Community. The Central Mesa Reuse Pipeline ("CMRP") project will allow reclaimed water from the City's NWWRP to be delivered to the Community. This project, expected to be completed by late 2025, will improve upon the existing contractual water exchange and enhance the City's CAP water portfolio. Moreover, this project will provide for additional redundancy in case of drought, and further support future customer demand and economic development in southeast Mesa.

In addition to the various treatment facilities outlined above, the City has approximately 1,834 miles of sewer mains, 15 lift stations, 21 odor control stations, 8 metering stations, and 41 diversion structures in its wastewater collection system. In addition, the City is part owner in the Baseline/Southern Interceptors, and the Salt River Outfall interceptor mains that transport sludge and wastewater to the 91<sup>st</sup> Avenue WWTP. The City’s Wastewater System master plan was last updated in 2018. An update to the wastewater master plan is currently underway and will be completed in 2024.

The City’s Wastewater System and current agreements allow for a treatment capacity of approximately 60 mgd. The average during calendar year 2022 was 33.8 mgd, with a peak day of 36.6 million gallons.

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

**Current Wastewater System Fees and Charges**

Description of Wastewater System Services	Fee/Charge Fiscal Year 2022/23
<b>Residential Sewer Service - Inside City</b>	
Monthly Bill	
Service Charge	\$21.41
User Charge Component (average winter water consumption)	\$1.76/ 1,000 gallons
Capital Related Component (average winter water consumption in excess of 5,000 gallons)	\$3.18/ 1,000 gallons
<b>General Commercial Sewer Service - Inside City</b>	
Monthly Bill	
Service Charge	\$23.37
User Charge Component (all water used)	\$1.87 / 1,000 gallons
Capital Related Component (all water used in excess of 5,000 gallons)	\$3.36 / 1,000 gallons
<b>Multi-Unit Dwelling Sewer Service - Inside City</b>	
Monthly Bill	
Service Charge	\$23.37
User Charge Component (all water used)	\$1.87/ 1,000 gallons
Capital Related Component (all water used in excess of 5,000 gallons)	\$3.36/ 1,000 gallons

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

**Wastewater System Rate Changes  
(2018-2023)**

Date	Rate Change
January 1, 2023	4.25%
February 1, 2022	3.00
January 1, 2021	3.50
July 1, 2020	0.00
July 1, 2019	0.00
July 1, 2018	2.50

Source: The City.

**Wastewater System Customers  
(Fiscal Years 2018/19 - 2022/23)**

Fiscal Year	Residential Customers	Commercial Customers	Multi-Unit Customers	Industrial Customers	Other Customers	Total Customers
2022/23	130,345	5,492	4,562	0	609	141,008
2021/22	129,279	5,427	4,533	0	608	139,847
2020/21	127,376	5,331	4,481	0	510	137,698
2019/20	125,645	5,248	4,478	0	598	135,969
2018/19	123,414	5,737	4,458	0	0	133,609

Source: The City. The schedule immediately above reflects customers as of June 30 for each Fiscal Year.

**Ten Largest Wastewater System Customers**

Arizona State University-East  
Banner Corporate Center - Mesa  
Cal-Am Properties, Inc.  
Casa Fiesta Tempe Ltd. Ptsp.  
Fry's Food Stores  
International Rectifier EPI Services  
Mesa Public Schools  
MHC Viewpoint, LLC  
Niagara Bottling Llc.  
Town of Gilbert

The combined Fiscal Year 2022/23 Wastewater System fees/charges for the top ten Wastewater System customers set forth above was \$5.1 million constituting \_\_\_% of the total Fiscal Year 2022/23 Wastewater System operating revenue. Additionally, while the list above is representative of the top ten Wastewater System customers as of Fiscal Year 2022/23, customer consumption can fluctuate, among other things, with customer process changes, efficiency enhancement and changes to business practices and locations. This can result in yearly shifts in the rankings of the specific customers. However, the City consistently uses budget forecasting methods to account for such variances.

The City receives wastewater services from the Wastewater System and records the revenue as interdepartmental revenue. For Fiscal Year 2022/23 Wastewater System interdepartmental revenues for the City were \$0.4 million.

Source: The City.

**Solid Waste System**

The City’s solid waste system (the “Solid Waste System”) is the exclusive provider of solid waste collection services to single family residences located within the City. Standard residential solid waste service includes once per week collection of trash. The residential Solid Waste System currently consists of approximately 138,736 customers. The City continues to operate a permanent Household Hazardous Materials (HHM) facility.

The City competes with private solid waste hauler and collection services for commercial customers within the City. The City commercial program has approximately 2,357 customers. The City also provides roll off services to both residential and commercial customers and serves approximately 1,326 customers.

The City has agreements with multiple vendors that operate landfills, transfer stations and recycling centers for the disposal of solid waste and processing of recyclable materials. These additional facilities allow the City to reduce its overall operating costs. These facilities meet all Federal Subtitle D requirements.

**Current Solid Waste System Fees and Charges  
Residential Solid Waste System Monthly Billing (Fiscal Year 2022/23)**

Rates Applicable Per Dwelling Unit (4 or Less Residential Units Per Structure)  
R1.2, R1.2A, R1.2B, R1.21, R1.22, R1.23, R1.28

- Rate R1.2\*: \$30.52 per dwelling unit for once per week 90 gallon trash barrel and recycling barrel collection.
- Rate R1.2A\*: \$27.24 per dwelling unit for once per week 60 gallon trash barrel and recycling barrel collection.
- Rate R1.2B\*: \$25.67 per dwelling unit for once per week 35 gallon trash barrel and recycling barrel collection.
- Rate R1.21: \$14.41 per additional 90 gallon trash barrel collected on the same day as the first trash barrel. Service will be billed for a minimum of six months. This rate is only eligible for R1.2, R1.24 and R1.29 customers.
- Rate R1.22: \$14.41 per additional 60 gallon trash barrel collected on the same day as the first trash barrel. Service will be billed for a minimum of six months.
- Rate R1.23: \$32.75 for the first 90 gallon trash barrel in addition to the R1.2 or R1.24 rate for twice per week trash collection. A \$14.55 service fee applies to each additional barrel that is serviced twice per week.
- Rate R1.28: \$7.21 per 90 gallon green waste barrel collected once per week in conjunction with City of Mesa trash service. Service will be billed for a minimum of six months.

\* An \$0.96 per billing cycle Mesa Green and Clean fee will be assessed to each dwelling unit

Rates Applicable Per Dwelling Unit (5 or More Residential Units Per Structure)  
R1.21, R1.22, R1.23, R1.24, R1.25, R1.28

- Rate R1.24\*: \$27.24 per dwelling unit for a multi-unit structure with five or more residential units for once per week 90 gallon trash barrel and recycling barrel collection when the water account servicing the units is active with one bill payee.
- Rate R1.25\*: \$27.24 per dwelling unit for a multi-unit structure with five or more residential units for once per week 60 gallon trash barrel and recycling barrel collection when the water account servicing the units is active with one bill payee.
- Rate R1.21: \$14.41 per additional 90 gallon trash barrel collected on the same day as the first trash barrel. Service will be billed for a minimum of six months. This rate is only eligible for R1.2, R1.24 and R1.29 customers.
- Rate R1.22: \$14.41 per additional 60 gallon trash barrel collected on the same day as the first trash barrel. Service will be billed for a minimum of six months.
- Rate R1.23: \$32.75 for the first 90 gallon trash barrel in addition to the R1.2 or R1.24 rate for twice per week trash collection. A \$14.55 service fee applies to each additional barrel that is serviced twice per week.
- Rate R1.28: \$7.21 per 90 gallon green waste barrel collected once per week in conjunction with City of Mesa trash service. Service will be billed for a minimum of six months.

\* An \$0.96 per billing cycle Mesa Green and Clean fee will be assessed to each dwelling unit

Rates Applicable Per Dwelling Unit (Every Other Week Recycling)  
R1.28, R1.29, R2.9A, R2.9B

Rate R1.29*:	\$29.53 per dwelling unit for once per week 90 gallon trash barrel collection and every other week recycling barrel collection.**
Rate R2.9A*:	\$26.23 per dwelling unit for once per week 60 gallon trash barrel collection and every other week recycling barrel collection.**
Rate R2.9B*:	\$24.69 per dwelling unit for once per week 35 gallon trash barrel collection and every other week recycling barrel collection.**
Rate R1.28:	\$7.21 per 90 gallon green waste barrel collected once per week in conjunction with City of Mesa trash service. Service will be billed for a minimum of six months.

\* A \$0.96 per billing cycle Mesa Green and Clean fee will be assessed to each dwelling unit. Service will be billed for a minimum of six months.

\*\* Applicability subject to approval of the Solid Waste Division of the City’s Environmental Management and Sustainability Department.

**Commercial Solid Waste System Monthly Billing**

Rate R3.8, R6.2:	\$30.52 for the first 90 gallon trash barrel and recycling barrel for once per week collection.
Rate R3.8A, R6.2A:	\$27.24 for the first 60 gallon trash barrel and recycling barrel for once per week collection.
Rate R3.81, R6.21:	\$14.41 per additional 90 gallon trash barrel for once per week collection on same geographic in-zone day as the first barrel. This rate is only eligible for R3.8 and R6.2 customers. Service will be billed for a minimum of six months.
Rate R3.83, R6.23:	\$14.41 per additional 60 gallon trash barrel for once per week collection on same geographic in-zone day as the first barrel. Service will be billed for a minimum of six months.
Rate R3.82, R6.22:	\$32.75 for the first 90 gallon trash barrel in addition to the above R3.8, R6.2 rate for twice per week collection. A \$14.55 service fee applies to each additional barrel that is serviced twice per week.
Rate R3.88, R6.28:	\$7.21 per 90 gallon green waste barrel collected once per week in conjunction with City of Mesa trash service. Service will be billed for a minimum of six months.

Source: The City. The table above reflects only certain basic fees and charges of the City’s Solid Waste System and is not a comprehensive statement of all such fees.

**Solid Waste System Residential Rate Changes  
(2018-2023)**

<u>Date</u>	<u>Rate Change</u>
February 1, 2023	2.00%
February 1, 2022	2.00
January 1, 2021	0.00
March 1, 2020	0.00
July 1, 2019	0.00
July 1, 2018	2.00

Source: The City.

**Solid Waste System Customers  
(Fiscal Years 2018/19 - 2022/23)**

Fiscal Year	Residential Customers	Commercial Customers	Roll Off Customers (a)	Total Customers
2022/23	138,736	2,357	1,326	142,419
2021/22	138,502	2,482	1,632	142,616
2020/21	136,462	2,429	1,689	140,580
2019/20	135,463	2,416	1,629	139,508
2018/19	131,992	2,271	1,695	135,958

(a) Fiscal Year 2018/19 was originally calculated using the average number of permanent roll off customers each year. This number has been revised to reflect all roll off customer types and includes the total number of customers served annually with the City’s roll off business.

Source: The City. The schedule immediately above reflects customers as of June 30 for each Fiscal Year.

The following is a list of the ten largest Solid Waste System Customers in alphabetical order for Fiscal Year 2022/23.

**Ten Largest Solid Waste System Customers**

- American Homes 4 Rent, LLC
- Cal-Am Properties, Inc.
- Casa Fiesta Tempe Limited Partnership
- Mesa Public Schools
- MHC Monte Vista, LLC
- MHC Viewpoint, LLC
- Mobile Home Communities, Inc.
- MPS-Refuse Only Accounts
- Norton S. Karno, APC ERT
- Tesoro at Greenfield Condominium Association

The combined Fiscal Year 2022/23 Solid Waste System fees/charges for the top ten Solid Waste System customers set forth above was \$2.7 million constituting \_\_\_% of the total Fiscal Year 2022/23 Solid Waste System operating revenue. No individual Solid Waste System customer above constitutes more than \_\_\_% of the total Fiscal Year 2022/23 Solid Waste System operating revenue.

The City receives solid waste services from the Solid Waste System and records the revenue as interdepartmental revenue. For Fiscal Year 2022/23 Solid Waste System interdepartmental revenues for the City were \$0.6 million.

Source: The City.

**Billing and Collection Procedures**

The City bills its utility customers in cycles throughout the month with each customer being billed at approximately the same time every month. Electric, gas and water accounts are based on meter readings, wastewater charges are based on water usage and solid waste disposal fees vary depending on the size of the containers and frequency of collections.

The City’s collection procedures for delinquent utility accounts involve a series of billings and notices with a discontinuance of service at the end of 72 days. Due to the collection procedures, utility deposits required on various accounts and the nature of the service being provided, the City has experienced write-offs at or below one-quarter of one percent during the past three fiscal years.

**CITY OF MESA, ARIZONA**

**AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS FOR  
THE FISCAL YEAR ENDED JUNE 30, 2022**

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.

**[THIS PAGE INTENTIONALLY LEFT BLANK]**



**BOOK-ENTRY-ONLY SYSTEM**

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

## 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 Bonds. The Bonds will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bonds certificate will be executed and delivered for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bonds documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the 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 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the 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 Bonds purchased or tendered through its Participant to the Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interests in the Bonds, on DTC's records, to the Registrar. The requirement for physical delivery of Bonds in connection with an optional tender or mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Registrar's DTC account.

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

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

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 BONDS UNDER THE BOND 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 BONDS; (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE BONDS; OR (5) ANY OTHER MATTERS.

**APPENDIX F**

**FORM OF APPROVING LEGAL OPINION**

[Closing Date]

Mayor and Council  
City of Mesa, Arizona

Re: City of Mesa, Arizona General Obligation Bonds, Series 2023 (the “Bonds”)

We have examined copies of the proceedings of the Mayor and Council of the City of Mesa, Arizona (the “City”), and other proofs submitted to us relative to the sale and issuance of the captioned Bonds. In addition, we have examined such other proceedings, proofs, instruments, certificates and other documents as well as such other materials and such matters of law as we have deemed necessary or appropriate for the purposes of the opinion rendered herein below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid proceedings and proofs.

We are of the opinion that such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to the Constitution and laws of the State of Arizona now in force, and particularly with respect to the Bonds the provisions of Title 35, Chapter 3, Article 3, Arizona Revised Statutes, as amended, and that the Bonds are valid and legally binding obligations of the City, all of the taxable property within which is subject to the levy of a tax, without limitation as to rate or amount, to pay the principal of and interest on the Bonds.

Based on the representations and covenants of the City and subject to the assumption stated in the last sentence of this paragraph, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is exempt from income taxation under the laws of the State of Arizona. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the case of alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the “Code”), on applicable corporations (as defined in Section 59(k) of the Code), interest on the Bonds is not excluded from the determination of adjusted financial statement income for tax years beginning after 2022. We express no opinion regarding other tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the Bonds. The Code, includes requirements which the City must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The Mayor and Council of the City have resolved in the resolution authorizing issuance of the Bonds, adopted by the Mayor and Council of the City on October 16, 2023\*, to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. (Subject to the limitations in the penultimate paragraph hereof, the City has full legal power and authority to comply with such covenants.) In rendering the opinion expressed above, we have assumed continuing compliance with the tax covenants referred to above that must be met after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal tax purposes.

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

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

Respectfully submitted,

---

\* Subject to change.

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

**[THIS PAGE INTENTIONALLY LEFT BLANK]**



## CONTINUING DISCLOSURE UNDERTAKING

**\$82,595,000\***  
**CITY OF MESA, ARIZONA**  
**GENERAL OBLIGATION BONDS,**  
**SERIES 2023**

This Continuing Disclosure Undertaking (this “Undertaking”) is executed and delivered by the City of Mesa, Arizona (the “City”), in connection with the sale and issuance of \$82,595,000\* principal amount of City of Mesa, Arizona General Obligation Bonds, Series 2023 (the “Bonds”). The Bonds are being issued pursuant to Resolution No. \_\_\_\_ adopted by the City Council of the City on October 16, 2023\* (the “Bond Resolution”). The City covenants and agrees as follows:

1. **Definitions.** In addition to those defined hereinabove, the terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires:

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

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

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

“*Commission*” means the Securities and Exchange Commission.

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

“*EMMA*” means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Final Official Statement*” means the Final Official Statement relating to the Bonds, dated \_\_\_\_\_, 2023.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*GAAP*” means generally accepted accounting principles, as applied to governmental units as modified by the laws of the State.

“*Listed Event*” means the events set forth in Exhibit II.

“*Listed Events Disclosure*” means dissemination of disclosure concerning a Listed Event as set forth in Section 5.

“*MSRB*” means the Municipal Securities Rulemaking Board.

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

“*Rule*” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Exchange Act.

“*State*” means the State of Arizona.

2. **Purpose of this Undertaking.** This Undertaking is executed and delivered by the City as of the date set forth below for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule. The City represents that it will be the only obligated person with respect

---

\* Subject to change.

to the Bonds at the time the Bonds are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after such delivery of the Bonds.

3. CUSIP Numbers. The CUSIP Numbers of the Bonds are as follows:

CUSIP No. (Base 590485)	Maturity Date (July 1)
-------------------------	------------------------

4. Annual Financial Information Disclosure. Subject to annual appropriation to cover the costs of preparation and mailing thereof and Section 8 of this Undertaking, the City shall disseminate its Annual Financial Information and its Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I), through EMMA.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. Listed Events Disclosure. Subject to annual appropriation to cover the costs of preparation and mailing thereof and Section 8 of this Undertaking, the City shall disseminate in a timely manner, but not more than ten (10) business days after the occurrence of the event, Listed Events Disclosure through EMMA. Whether events subject to the standard “material” would be material shall be determined under applicable federal securities laws.

6. Consequences of Failure of the City to Provide Information. The City shall give notice in a timely manner through EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

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

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

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

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

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

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

8. Non-Appropriation. The performance by the City of its obligations in this Undertaking shall be subject to the annual appropriation of any funds that may be necessary to permit such performance. In the event of a failure by the City to comply with its covenants under this Undertaking due to a failure to appropriate the necessary funds, the City covenants to provide prompt notice of such fact to the MSRB through EMMA, in a format prescribed by the MSRB.

9. Termination of Undertaking. This Undertaking shall be terminated hereunder if the City shall no longer have liability for any obligation on or relating to repayment of the Bonds under the Bond Resolution.

10. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

11. Additional Information. Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the City chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the City shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information Disclosure or Listed Events Disclosure.

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

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

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

[Signature Page to Follow.]

DATED: \_\_\_\_\_, 2023

CITY OF MESA, ARIZONA

By .....  
Deputy City Manager and Chief Financial Officer

[Signature page to Continuing Disclosure Undertaking]

## EXHIBIT I

### ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data of the type contained in the Final Official Statement (in each case, actual results for most recently completed fiscal year only):

- a. Security for and Sources of Payment of the Bonds – Sources of Payment of the Bonds and Other City Bonds;
- b. Appendix B – City of Mesa, Arizona, Financial Data – Statements of Bonds Outstanding;
- c. Appendix B – City of Mesa, Arizona, Financial Data – Direct and Overlapping General Obligation Bonded Debt to be Outstanding;
- d. Appendix B – City of Mesa, Arizona, Financial Data – Direct and Overlapping Assessed Values and Total Tax Rates;
- e. Appendix B – City of Mesa, Arizona, Financial Data – Net Assessed Limited Property Value by Property Classification;
- f. Appendix B – City of Mesa, Arizona, Financial Data – Net Assessed Limited Property Values of Major Taxpayers; and
- g. Appendix B – City of Mesa, Arizona, Financial Data – Real and Secured Property Taxes Levied and Collected.

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

Annual Financial Information exclusive of Audited Financial Statements will be provided through EMMA by February 1 of each year, commencing February 1, 2024. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements within 30 days after availability to the City.

Audited Financial Statements will be prepared according to GAAP.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Undertaking, the City will disseminate a notice of such change as required by Section 4, including changes in fiscal year or GAAP.

## **EXHIBIT II**

### **EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED**

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations, in each case, with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to the rights of security holders, if material.
8. Bond calls, if material, or tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar events of the City, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.
13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

[Back Cover Logo]