

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2020

NEW ISSUE — BOOK-ENTRY-ONLY

RATINGS: See “Ratings” herein.

In the opinion of Sherman & Howard L.L.C., Phoenix, Arizona, Bond Counsel, assuming continuous compliance by the City (as defined herein) with certain covenants described herein, interest on the Bonds (as defined herein) is excluded from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the “Code”), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Code. In the opinion of Bond Counsel, interest income on the Bonds is exempt from Arizona income taxes. See “TAX MATTERS” herein.

\$22,075,000*

CITY OF MESA, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2020

\$24,095,000*

CITY OF MESA, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2020

Dated: Date of Initial Delivery

Due: July 1, as shown on inside front cover pages

The City of Mesa, Arizona (the “City”), General Obligation Bonds, Series 2020 (the “Project Bonds”), and General Obligation Refunding Bonds, Series 2020 (the “Refunding Bonds” and, together with the Project Bonds, the “Bonds”), will be initially issued in book-entry-only form in the name of Cede & Co., as nominee of The Depository Trust Company, a registered securities depository (“DTC”). Beneficial interests in the 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 improvements, libraries improvements, museums, arts and cultural facilities, parks, open space and recreational facilities improvements, and streets improvements, (ii) refund certain maturities of the City’s outstanding general obligation bonds (the “Bonds Being Refunded”) and (iii) 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 pages hereof. Interest on the Bonds will be payable semiannually on January 1 and July 1 of each year, commencing on July 1, 2021*, until maturity or prior redemption. 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 Pages for Maturity Schedules and Additional Information

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

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

Principal of and interest on the Refunding Bonds will be payable as to both principal and interest from *ad valorem* taxes levied against all taxable property in the City without limit as to rate, but limited in amount to a total amount not greater than the aggregate amount of principal and interest which will become due on the Bonds Being Refunded from the date of issuance of the Refunding Bonds to the final maturity of the Bonds Being Refunded. The application of such taxes to the Refunding Bonds will be subject to the prior rights of the owners of the Bonds Being Refunded to payment from the same *ad valorem* taxes in the event of a deficiency in the proceeds of the Refunding Bonds held in trust to pay the principal of and premium, if any, and interest on the Bonds Being Refunded, as they become due. The owners of the Refunding Bonds must rely on the sufficiency of the monies held in trust for payment of the Bonds Being Refunded. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS,” and “PLAN OF REFUNDING” herein.

The Bonds are offered when, as and if issued by the City and received by the Underwriter (as defined herein), subject to the approving legal opinions of Sherman & Howard L.L.C., Phoenix, Arizona, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon solely for the benefit of the Underwriter by Squire Patton Boggs (US) LLP, Phoenix, Arizona, counsel to the Underwriter. It is expected that the Bonds will be delivered to DTC on or about December __, 2020*.

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

PIPER | SANDLER

* Subject to change.

\$22,075,000*
CITY OF MESA, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2020

MATURITY SCHEDULE*

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® (a) (Base No. 590485)
2021	\$11,315,000	%	%	
2022	460,000			
2023	470,000			
2024	480,000			
2025	490,000			
2026	500,000			
2027	510,000			
2028	520,000			
2029	530,000			
2030	540,000			
2031	555,000			
2032	570,000			
2033	590,000			
2034	605,000			
2035	625,000			
2036	635,000			
2037	650,000			
2038	665,000			
2039	675,000			
2040	690,000			

\$_____ Term Bonds @ ____% Due July 1, 20__, at a yield of ____% - CUSIP® (a) No. 590485__

\$_____ Term Bonds @ ____% Due July 1, 20__, at a yield of ____% - CUSIP® (a) No. 590485__

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* Subject to change.

\$24,095,000*
CITY OF MESA, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020

MATURITY SCHEDULE*

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® (a) (Base No. 590485)
2021	\$ 1,690,000	%	%	
2022	735,000			
2023	850,000			
2024	1,015,000			
2025	1,130,000			
2026	1,300,000			
2027	1,440,000			
2028	1,630,000			
2029	1,795,000			
2030	12,510,000			

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* Subject to change.

CITY OF MESA

CITY COUNCIL

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

CITY ADMINISTRATIVE OFFICERS

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

BOND COUNSEL

Sherman & Howard L.L.C.
Phoenix, Arizona

FINANCIAL ADVISOR

Hilltop Securities Inc.
Phoenix, Arizona

BOND REGISTRAR & PAYING AGENT

UMB Bank, n.a.
Phoenix, Arizona

* Councilman Jeremy Whittaker's term runs through January of 2021.

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the General Obligation Bonds, Series 2020 and the General Obligation Refunding Bonds, Series 2020 (collectively 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”), or Piper Sandler & Co. (the “Underwriter”). The presentation of information, including tables of receipts from taxes and other revenue sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No person, including any broker, dealer or salesman, has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. All estimates and assumptions contained herein have been based on the latest information available and are believed to be reliable, but no representations are made that such estimates and assumptions are correct or will be realized. All beliefs, assumptions, estimates, projections, forecasts and matters of opinion contained herein are forward looking statements which must be read with an abundance of caution and which may not be realized or may not occur in the future. The information and any expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any of the other parties or matters described herein since the date hereof.

The 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 nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of the Official Statement or approved this series of securities for sale.

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

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

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

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

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

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OFFICIAL STATEMENT

\$22,075,000*
CITY OF MESA, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2020

\$24,095,000*
CITY OF MESA, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2020

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, inside front cover pages and appendices hereto, has been prepared by the City of Mesa, Arizona (the “City”), in connection with the original issuance of \$22,075,000* of its General Obligation Bonds, Series 2020 (the “Project Bonds”) and \$24,095,000* General Obligation Refunding Bonds, Series 2020 (the “Refunding Bonds” and, together with the Project Bonds, 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 uncoded, 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

Project Bonds

The Project 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 5, 2013 and November 6, 2018; and a resolution authorizing the issuance of the Project Bonds adopted by the City Council of the City (the “City Council”) on October 19, 2020* (the “Project Bond Resolution”). The Bonds are being issued to provide funds to (i) acquire and construct certain public safety improvements, libraries improvements, museums, arts and cultural facilities, parks, open space and recreational facilities improvements, and streets improvements, and (ii) pay the costs of issuance of the Project Bonds.

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

Projects to be Funded	Estimated Cost*
Museums, Arts and Cultural, and Parks Improvements	\$ 3,010,000
Libraries Improvements	1,005,000
Streets Improvements	10,035,000
Public Safety Improvements	8,025,000
Total	<u>\$22,075,000</u>

* Subject to change.

Refunding Bonds

The Refunding Bonds will be issued pursuant to Arizona Revised Statutes, Title 35, Chapter 3, Article 4, as amended, and a resolution authorizing the issuance of the Refunding Bonds adopted by the City Council on October 19, 2020* (the “Refunding Bond Resolution” and, together with the Project Bond Resolution, the “Bond Resolution”). Proceeds from the sale of the Refunding Bonds will be used to refund certain outstanding general obligation bonds of the City (the “Bonds Being Refunded”) as described under the heading “PLAN OF REFUNDING” and to pay the costs of issuance of the Refunding Bonds.

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.

Other Expected Debt Offerings

In addition to the Bonds, the City expects to offer \$36,150,000* Excise Tax Revenue Obligations, Series 2020 (the “2020 Excise Tax Revenue Obligations”), \$70,065,000* Utility Systems Revenue Bonds, Series 2020 (the “2020 Utility Bonds”) and \$38,180,000* Utility Systems Revenue Refunding Bonds, Series 2020 (the “2020 Utility Refunding Bonds”) pursuant to separate official statements in November 2020. None of the 2020 Excise Tax Revenue Obligations, the 2020 Utility Bonds or the 2020 Utility Refunding Bonds will 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 initially on July 1, 2021*, and semiannually thereafter on January 1 and July 1 of each year (each an “Interest Payment Date”) until maturity or prior redemption. 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 pages 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, a registered securities depository (“DTC”). 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 MATTERS”, 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 (15th) day of the month preceding each such Interest Payment Date (the “Record Date”). Principal of the Bonds will then be payable at maturity or upon redemption prior 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.

* Subject to change.

Redemption Provisions*

Optional Redemption

The Project Bonds maturing on or prior to July 1, 20__, will not be subject redemption prior to maturity. The Project Bonds maturing on or after July 1, 20__, 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, 20__, 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.

The Refunding Bonds will not be subject to redemption prior to their stated maturities.

Mandatory Sinking Fund Redemption

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

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

Whenever Project Bonds are redeemed (other than pursuant to mandatory redemption) or are delivered to the Registrar for cancellation, the principal amount of the Project Bonds so retired shall satisfy and be credited against the mandatory redemption requirements for such Project 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 monies for the payment of the redemption price and accrued interest are not 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 monies 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 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 Project Bonds will be payable as to both principal and interest from *ad valorem* taxes levied against all taxable property within the City without limit as to rate or amount.

The Refunding Bonds will be payable as to both principal and interest from *ad valorem* taxes levied against all taxable property within the City without limit as to rate, but limited in amount to a total amount not greater than the aggregate amount of principal and interest which will become due on the Bonds Being Refunded from the date of issuance of the Refunding Bonds to the final maturity of the Bonds Being Refunded. The issuance of the Refunding Bonds will in no way infringe upon the rights of the owners of the Bonds Being Refunded to payment from the same *ad valorem* taxes in the event of a deficiency in the monies held in trust to pay the principal of, premium, if any, and interest on the Bonds Being Refunded, as they become due. The owners of the Refunding Bonds must rely upon the sufficiency of the monies held in trust for payment of the Bonds Being Refunded. See "PLAN OF REFUNDING" and "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

Following deposit of monies into the debt service funds 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, municipal 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, 2019." 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]

[UPDATE/REVIEW SECTION] 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 proposes 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 can 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. A full copy of the Initiative is available for review from the City Clerk's office at 20 East Main Street, Suite 150, Mesa Arizona 85201. If the Initiative secures the statutorily required number of petition signatures, the Initiative could be voted on by voters of the City at the November 2020 general election.

The Initiative's proposed amendments to the City Charter would create a "Utility Fund" that is accounted for separately from the City's General Fund. The proposed amendments in the Initiative would allow System revenues to be used for the payment of debt service on the City's utility systems revenue debt and general obligation bonds, but the payment of debt service on general obligation bonds would be limited to general obligation bonds issued for the acquisition, construction, improvement and equipping of System infrastructure and assets. Furthermore, the proposed amendments would, in each fiscal year, limit the transfer of System revenues to the City's General Fund to twenty percent (20%) of the System gross revenues (the "General Fund Transfer Limitation"), subject to the City Council's discretionary approval each year. In addition, at the end of each fiscal year, any amounts remaining in the Utility Fund established in accordance with the Initiative will be reimbursed to System customers, or System rates will be reduced proportionately to the amount of remaining monies in the Utility Fund.

As of the date hereof, the City is unable to determine or predict whether the Initiative will obtain enough petition signatures for the Initiative to be on the November 2020 general election ballot. Likewise, as of the date hereof, the City is unable to determine or predict whether voters of the City will approve the City Charter amendment at the November 2020 general election.

If ultimately approved by the voters of the City, the Initiative would have a material impact on City's General Fund revenues due to the General Fund Transfer Limitation, but the Initiative is not anticipated to have a material adverse impact on debt service payments for the City's utility systems revenue debt or general obligation bonds. The Initiative would have no adverse impact to the City's utility systems revenue bond holders. However, if the Initiative is ultimately approved by voters, certain conforming changes to Resolution No. 6362 adopted by the City Council on July 29, 1991, as thereafter amended and supplemented, may be necessary. With respect to the City's general obligation bonds, any impact of the Initiative, if approved by voters, would be minimal and there would be no adverse impact to the City's general obligation bond holders. During Fiscal Year 2018/19 the City paid in excess of seventy percent (70%) of its general obligation debt service from secondary property taxes, with the balance of debt service paid from the City's General Fund. Because secondary property taxes are the pledged source of repayment of the City's general obligation bonds, if necessary after implementation of the Initiative, the City would adjust its secondary property tax collections accordingly pursuant to Arizona law.

On January 30, 2020, City staff presented a proposal and ordinance to the City Council to formalize the City's process of transferring System revenues to the City's General Fund (the "Utility Transfer Ordinance"). [On March 16, 2020, the City Council adopted the Utility Transfer Ordinance, and the Utility Transfer Ordinance is effective as of thirty (30) days after adoption.] 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 would be at the discretion of the City Council.

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 outbreak of a novel strain of coronavirus and spread of Coronavirus Disease 2019 ("COVID-19"), which has been designated a global pandemic by the World Health Organization, is negatively impacting local, state and global economies, as governments, businesses, and citizens react to, plan for, and try to prevent or slow further transmission of the virus. Financial markets, including the stock markets in the United States and globally, have seen significant recent volatility and declines attributed to COVID-19 concerns. On March 11, 2020, as part of the State's response to address the outbreak, Arizona Governor, Doug Ducey (the "Governor"), declared a state of emergency. On March 13, 2020, the United States President declared a national emergency, freeing up funding for federal assistance to state and local governments. Following the expiration on May 15, 2020 of a six week stay home Executive Order, the State currently operates under the "Stay Healthy, Return Smarter, Return Stronger" Executive Order (the "Stay Healthy Order") (subject to further directives included in subsequent orders including those described below). The Stay Healthy Order promotes physical distancing, while encouraging social connectedness and allows businesses to open in compliance with federal guidelines as the State continues to attempt to limit the spread of COVID-19. Additionally, the Stay Healthy Order encourages vulnerable individuals to minimize their time away from home. On June 17, 2020, following COVID-19 case and hospitalizations increases in the State, the Governor announced enhanced actions and issued an Executive Order 2020-40 (Continuing Arizona Mitigation Efforts) regarding testing, contact tracing, securing personal protective equipment (PPE), permitting local jurisdictions to adopt face covering policies and additional guidance for businesses. Following Executive Order 2020-40, the County passed Resolution No. 2020-49, requiring every person over the age of five in the County to cover their nose and mouth with a face covering when in a public setting where continuous physical distancing is difficult or impossible. On June 29, 2020, additional executive orders by the Governor provided limitations on large gatherings; pausing until July 27, 2020 the operations of bars, gyms, movie theatres, water parks, and tubing rentals; and delaying the start of in-person K-12 education until August 17, 2020. On July 9, 2020 Executive Order 2020-47 (Limiting Indoor Dining), further limited indoor dining at restaurants to less than 50% occupancy and Executive Order 2020-48 (Slowing the Spread of COVID-19) regarding enhanced reporting requirements of COVID-19 patients and other data in hospitals, nursing homes, long-term care facilities and other medical facilities, ensuring hospital bed capacity and appropriate hospital staffing, and extending insurance coverage for COVID-19 treatment. As of July 23, 2020, the order pausing operations of the previously specified activities has been extended, subject to a two week review. On August 10, the State announced a rating system that allows businesses to partially reopen in counties where the spread of COVID-19 is deemed "moderate" or "minimal." The entire State was initially rated "substantial." Businesses in counties rated "substantial" may apply to the State Department of Health Services to reopen. As of August 28, the County rating was "moderate" and businesses in the County are not required to apply to reopen, provided, however, that businesses must still complete a filing with the State Department of Health Services declaring that the business will comply with rules set by the State Department of Health Services for operating in the pandemic. The rules determined by the State Department of Health Services vary depending on the type of business. Once a business completes this filing with the State Department of Health Services, it may reopen without further approval from the State, but may be subject to closure or other enforcement if found to be violating the rules set by the State Department of Health Services.

The Mayor of the City, John C. Giles (the "Mayor"), declared a local emergency (the "Emergency Proclamation") on March 17, 2020, which imposed limited and temporary restrictions on the use of certain public establishments. The Mayor issued proclamations on May 5, 2020 and May 12, 2020. On June 20, 2020, the Mayor updated the Emergency Proclamation to include the requirement to wear face coverings in public places where social distancing is not possible. This proclamation was effective starting June 22, 2020 and will continue until further notice, unless repealed or revised by the Mayor or authority is preempted by the Governor under paragraph 4 of his Executive Order 2020-40.

Potential Impact on the City. While the City does not currently anticipate a material effect on the collection of property taxes, which is a significant revenue source for operating purposes and is the security and source of payment of principal and interest due on the Bonds, should adverse economic conditions lead to an increase in unemployment rates for residents in the City, property tax collection rates within the City could be adversely affected.

The City cannot predict how the spread of COVID-19, the Stay Healthy Order, or the various governmental or private actions taken in response thereto will affect its finances or operations, including the receipt of property tax collections. The City cannot predict (i) the duration or extent of the COVID-19 pandemic; (ii) what effect the COVID-19 pandemic will continue to have on global, national, and local economies, including the land development business; or (iii) the impact the COVID-19 pandemic will have on the property within the City. There can be no assurance that COVID-19 will not have a materially negative impact on the collection of ad valorem property taxes for the payment of principal of and interest on the Bonds, or a materially negative impact on the value of the City.

Postponed Foreclosures. On March 26, 2020, the United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under the CARES Act, certain homeowners may be eligible to receive forbearance and pause payments for a minimum of six months, with the possibility of an additional six months. The CARES Act provides for the suspension of foreclosure actions and evictions. Homeowners subject to any of the following federally-backed loans may be eligible: (i) loans insured by the Federal Housing Administration (FHA) under Title II of the National Housing Act, which is the main title under which FHA insures residential mortgage loans; (ii) loans insured under National Housing Act section 255, which addresses home equity conversion (i.e., reverse) mortgage loans insured by FHA; (iii) loans guaranteed under Housing and Community Development Act of 1992 sections 184 or 184A, which address loans related to Native American families and housing authorities and loans related to Native Hawaiian families and authorities; (iv) loans guaranteed or insured by the U.S. Department of Veterans Affairs (VA); (v) loans Guaranteed or insured by the U.S. Department of Agriculture (USDA); (vi) loans originated by the United States Department of Agriculture; or (vii) loans purchased or securitized by Fannie Mae or Freddie Mac.

Additionally, other mortgage lenders have announced similar suspension of foreclosures or forbearance options in connection with loans that may not be backed by the federal government. Any impact of such forbearance options for mortgage payments, which may include property taxes (including, ad valorem property taxes securing repayment the Bonds) and assessments that are collected by the mortgage lender with monthly mortgage payments and then remitted to the Treasurer, cannot be predicted at this time.

On March 24, 2020, the Governor of Arizona signed Executive Order 2020-14: "Postponement of Eviction Actions," which mandates that Arizona law enforcement officers shall temporarily delay enforcement of eviction action orders for residential premises under certain circumstances related to the effects of COVID-19. On July 16, 2020, the Governor of Arizona signed Executive Order 2020-49; "Continued Postponement of Eviction Enforcement Actions," which extended the Governor's prior Executive Order. Although the Governor's Executive Orders only pertain to rental property evictions, governors of other states have announced temporary suspensions of residential mortgage foreclosure actions in response to the COVID-19 outbreak. Whether the Governor of Arizona will sign a similar Executive Order temporarily suspending residential mortgage foreclosure actions in Arizona, and the impact of any such potential Executive Order on foreclosure of properties with delinquent ad valorem property tax payments, cannot be predicted at this time.

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
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Revenues:						
Taxes	\$100,619	\$104,156	\$109,364	\$116,049	\$124,510	
Property Taxes	33,770	34,035	33,790	34,125	33,852	
Licenses and Permits	15,446	17,580	18,425	20,103	18,690	
Intergovernmental Revenues	117,084	118,775	129,221	138,177	138,512	
Charges for Services	20,700	22,649	22,691	24,033	26,207	
Fines and Forfeitures	8,096	8,795	7,911	8,155	8,383	
Investment Income	595	416	46	208	3,561	
Capital Contributions	65	300	19	75	108	
Miscellaneous Revenues	3,973	1,148	1,466	1,768	4,105	
Total Revenues	300,348	307,854	322,933	342,693	357,928	
Expenditures:						
Current:						
General Government	73,901	71,651	77,649	80,860	88,060	
Public Safety	214,669	223,733	229,287	237,902	247,848	
Cultural-Recreational	33,850	36,516	36,493	15,705	18,715	
Community Environment	9,185	13,723	14,801	38,358	40,659	
Total Current Expenditures	331,605	345,623	358,230	372,825	395,282	
Revenues Over (Under)						
Current Expenditures	(31,257)	(37,769)	(35,297)	(30,132)	(37,354)	
Capital Outlay	1,758	4,580	7,976	13,261	12,576	
Debt Service	34,772	33,647	35,806	38,176	40,887	
Total Other Expenditures	36,530	38,227	43,782	51,437	53,466	
Revenues Over (Under) Expenditures	(67,787)	(75,996)	(79,079)	(81,569)	(90,820)	
Operating Transfers In (Net)	67,276	93,245	96,683	93,466	92,624	
Revenues and Transfers Over						
(Under) Expenditures	(511)	17,249	17,604	11,897	1,804	
Unrestricted Fund Balance-Beginning	89,494	88,983	106,232	123,836	135,733	
Total Fund Balance - Ending	\$ 88,983	\$106,232	\$123,836	\$135,733	\$137,537	

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
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Operating Revenue	\$310,413	\$332,656	\$359,060	\$371,794	\$375,654	
Operating Expense	159,909	150,603	159,458	156,203	158,658	
Net Income From Operations	150,504	182,053	199,602	215,591	216,996	
Non Operating Revenue (Expense):						
Development/Impact Fees	11,126	12,133	16,629	16,089	16,416	
Occupancy Tax	989	1,161	1,085	1,192	1,602	
Capital Contributions	8,870	12,918	17,149	7,451	3,870	
Miscellaneous	1,399	288	12,406	(1,604)	48,346	
Intergovernmental	158	4,059	158	2,406	3,090	
Investment Income	1,010	3,021	934	1,691	8,004	
Capital Expense	(2,227)	(2,408)	(6,930)	(8,605)	(1,730)	
Replacement Expense	(5,957)	(6,513)	(6,843)	(4,083)	(4,761)	
Debt Service	(67,337)	(70,668)	(66,923)	(96,894)	(82,475)	
Income Before Transfers	97,986	136,044	167,267	133,234	209,358	
Operating Transfers (Out)	(97,235)	(101,325)	(109,395)	(110,364)	(114,535)	
Net Income	751	34,719	57,872	22,870	94,823	
Beginning Fund Balance	91,725	92,476	127,195	185,067	207,937	
Ending Fund Balance	\$ 92,476	\$127,195	\$185,067	\$207,937	\$302,760	

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)

	Audited					Unaudited
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Revenues:						
Taxes	\$ 47,821	\$ 50,054	\$ 52,971	\$ 55,711	\$ 68,763	
Licenses & Permits	5,446	5,674	4,727	5,016	5,122	
Intergovernmental Revenues	63,048	63,718	67,468	67,572	66,459	
Charges for Services	15,541	15,529	15,657	16,189	17,007	
Fines and Forfeitures	1,569	1,611	1,311	1,521	1,684	
Contributions	1,030	280	296	981	3,862	
Interest	764	1,017	267	106	147	
Miscellaneous Revenues	2,230	2,324	2,456	3,252	2,443	
Total Revenues	137,449	140,207	145,153	150,348	165,487	
Expenditures:						
General Government	7,165	7,797	8,711	9,349	9,949	
Cultural-Recreational	6,515	7,135	7,251	28,557	29,465	
Public Safety	28,901	30,795	32,605	57,699	57,908	
Community Environment	51,327	51,836	53,602	7,785	7,977	
Service Charges	-	3	2	2	4	
Total Current Expenditures	93,908	97,566	102,171	103,392	105,303	
Revenues Over (Under)						
Current Expenditures	43,541	42,641	42,982	46,956	60,184	
Capital Outlay	18,066	24,119	25,803	22,648	26,172	
Debt Service	11,287	12,234	12,377	12,455	12,378	
Total Other Expenditures	29,353	36,353	38,180	35,103	38,550	
Revenues Over (Under) Expenditures	14,188	6,288	4,802	11,853	21,634	
Operating Transfers In (Out)	(2,149)	(3,411)	(2,711)	(2,620)	(3,151)	
Revenues and Transfers Over						
(Under) Expenditures	12,039	2,877	2,091	9,233	18,483	
Fund Balance-Beginning	64,232	76,271	79,148	81,239	90,472	
Fund Balance-Ending	\$ 76,271	\$ 79,148	\$ 81,239	\$ 90,472	\$108,955	

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 \$218,591,000* aggregate principal amount of voter authorized, but unissued, general obligation bonds pursuant to voter approvals given at special bond elections held on April 28, 1987, March 26, 1996, March 9, 2004, November 5, 2013 and November 6, 2018. The purposes and amounts of such authorized but unissued bonds are set forth below. On November 3, 2020, voters of the City will consider authorizing \$100,000,000 of general obligation bonds of the City to finance streets projects of the City.

Purpose of Bond Authorization	1987	1996	2004	2013	2018	Remaining Total General Obligation Bonds Authorized but Unissued *
Public Safety	\$ -	\$ -	\$ 8,145,000	\$ -	\$ 66,930,000	\$ 75,075,000
Fire and Medical	-	-	2,514,000	-	-	2,514,000
Parks and Recreation	-	7,150,000	9,750,000	-	80,230,000	97,130,000
Library (6%)	-	7,944,000	-	-	18,695,000	26,639,000
Storm Sewer	213,000	-	6,790,000	-	-	7,003,000
Streets	-	-	-	10,230,000	-	10,230,000
Total	\$213,000	\$15,094,000	\$27,199,000	\$10,230,000	\$165,855,000	\$218,591,000

Source: The City.

* Subject to change.

PLAN OF REFUNDING

The proceeds of the Refunding Bonds remaining after payment of certain costs of issuance will be transferred to UMB Bank, n.a., (the “Prior Registrar”), as bond registrar, transfer agent and paying agent of the Bonds Being Refunded, to be applied to the payment of the principal of and interest due on the Bonds Being Refunded identified below. Such proceeds will be held by the Prior Registrar uninvested and applied to pay debt service on the Bonds Being Refunded until their prior redemption date as specified in the following table, and to redeem the Bonds Being Refunded on such date, without premium.

Bonds Being Refunded

The following table sets forth the series, stated maturity dates, principal amounts outstanding and to be redeemed, redemption dates, redemption prices and CUSIP numbers of the Bonds Being Refunded:

Refunded Issue	Maturity Date (July 1)	Principal Amount Outstanding	Amount Being Refunded *	Redemption Date *	Redemption Price	CUSIP® (a) (Base No. 590485)
Taxable General	2021	\$ 1,250,000	\$ 1,250,000	January 12, 2021	100%	VE5
Obligation Bonds,	2022	1,375,000	1,375,000	January 12, 2021	100	VF2
Series 2010 (Build	2023	1,500,000	1,500,000	January 12, 2021	100	VG0
America Bonds –		1,675,000	1,675,000	January 12, 2021	100	VH8
Direct Pay)	2024					
	2025	1,800,000	1,800,000	January 12, 2021	100	VJ4
	2026	1,975,000	1,975,000	January 12, 2021	100	VK1
	2027	2,125,000	2,125,000	January 12, 2021	100	VL9
	2028	2,325,000	2,325,000	January 12, 2021	100	VM7
	2029	2,500,000	2,500,000	January 12, 2021	100	VN5
	2030	13,225,000	13,225,000	January 12, 2021	100	VP0
		<u>\$29,750,000</u>	<u>\$29,750,000</u>			

- (a) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2020 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, the Financial Advisor (as defined herein), the Underwriter (as defined herein) or their agents or counsel assume responsibility for the accuracy of such numbers.

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

* Subject to change.

SOURCES AND USES OF FUNDS

The proceeds of the Bonds will be applied as follows:

Sources of Funds	<u>Project Bonds</u>	<u>Refunding Bonds</u>	<u>Total</u>
Principal amount of the Bonds	\$22,075,000.00 *	\$24,095,000.00 *	\$46,170,000.00 *
[Net] Original Issue Premium (a)			
Total Sources of Funds	<u>\$</u>	<u>\$</u>	<u>\$</u>
 Uses of Funds			
Deposit to Project Fund	\$	\$	\$
Deposit to Prior Registrar			
Costs of Issuance (b)			
Deposit to Debt Service Fund			
Total Uses of Funds	<u>\$</u>	<u>\$</u>	<u>\$</u>

-
- (a) [Net original issue premium consists of original issue premium on the Bonds less original issue discount on the Bonds.]
- (b) Includes compensation of the Underwriter and certain costs incurred by the City in connection with the issuance of the Bonds.

* 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 net of the Bonds Being Refunded, (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 (07-01)	General Obligation Bonds		The Bonds*				Estimated Combined Annual Debt Service*
	Outstanding* (b)		The Project Bonds*		The Refunding Bonds*		
	Principal	Interest	Principal	Interest (c)(d)	Principal	Interest (c)(e)	
2021	\$ 19,200,000	\$9,979,890	\$11,315,000	\$369,756	\$ 1,690,000	672,652	\$ 43,227,298
2022	19,790,000	9,357,519	460,000	322,800	735,000	1,120,250	31,785,569
2023	20,325,000	8,729,390	470,000	309,000	850,000	1,083,500	31,766,890
2024	20,985,000	8,059,953	480,000	294,900	1,015,000	1,041,000	31,875,853
2025	22,495,000	7,380,228	490,000	280,500	1,130,000	990,250	32,765,978
2026	23,765,000	6,609,788	500,000	265,800	1,300,000	933,750	33,374,338
2027	24,540,000	5,844,320	510,000	250,800	1,440,000	868,750	33,453,870
2028	25,410,000	4,987,320	520,000	235,500	1,630,000	796,750	33,579,570
2029	25,090,000	4,108,862	530,000	219,900	1,795,000	715,250	32,459,012
2030	8,310,000	3,259,550	540,000	204,000	12,510,000	625,500	25,449,050
2031	20,250,000	2,997,563	555,000	187,800			23,990,363
2032	21,145,000	2,292,713	570,000	171,150			24,178,863
2033	21,955,000	1,642,163	590,000	154,050			24,341,213
2034	9,690,000	974,713	605,000	136,350			11,406,063
2035	7,430,000	700,113	625,000	118,200			8,873,313
2036	7,245,000	463,913	635,000	99,450			8,443,363
2037	4,605,000	234,250	650,000	80,400			5,569,650
2038	1,635,000	86,025	665,000	60,900			2,446,925
2039	1,145,000	34,350	675,000	40,950			1,895,300
2040			690,000	20,700			710,700
Total	\$305,010,000		\$22,075,000		\$24,095,000		\$441,593,181

(a) Prepared by the Financial Advisor.

(b) Represents all of the City's outstanding general obligation bonds and general obligation refunding bonds, net of the Bonds Being Refunded.

(c) The first interest payment on the Bonds is due on July 1, 2021*. Thereafter, interest payments will be made semiannually on January 1 and July 1, until maturity or prior redemption.

(d) Interest is estimated at 3.00%.

(e) Interest is estimated at 5.00%.

* Subject to change.

RATINGS

Fitch Ratings, Inc. (“Fitch”), Moody’s and S&P have assigned credit ratings of “___”, “___” and “___”, respectively, to the Bonds. Such ratings reflect only the views of Fitch, Moody’s 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, from Moody’s at One Front Street, Suite 1900, San Francisco, California 94111 and from S&P at One California Street, 31st Floor, San Francisco, California 94111. Such ratings may subsequently be revised downward or withdrawn entirely by Fitch, Moody’s or S&P, if, in their respective judgment, circumstances so warrant. Any subsequent downward revision or withdrawal of such ratings may have an adverse effect on the market price and transferability of the Bonds. The City will covenant in its Continuing Disclosure Certificate (as defined herein) (see “CONTINUING SECONDARY MARKET DISCLOSURE” below) that it will cause notices to be filed with the MSRB of any formal change in the ratings relating to the Bonds. A securities rating is not a recommendation to buy, sell or hold securities, including the Bonds.

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 MATTERS” herein) are subject to the legal opinions of Sherman & Howard L.L.C., Phoenix, Arizona (“Bond Counsel”), whose services as Bond Counsel have been retained by the City. The signed legal opinions 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 to the City at the time of original issuance.

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

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

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

TAX MATTERS

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Code, and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Code. In the opinion of Bond Counsel, interest income on the Bonds is exempt from State of Arizona income taxes. For purposes of this paragraph and the succeeding discussion, “interest” includes the original issue discount on certain of the Bonds only to the extent such original issue discount is accrued as described herein. The opinions of Bond Counsel will be dated the date of delivery of the Bonds. The forms of such opinions are included herein in APPENDIX F – “Forms of Approving Legal Opinions.”

The Code imposes several requirements which must be met with respect to the Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the Bonds. These requirements include: (a) limitations as to the use of proceeds of the Bonds; (b) limitations on the extent to which proceeds of the Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Bonds above the yield on the Bonds to be paid to the United States Treasury. The City covenanted and represented in the Bond Resolution and will covenant and represent in a federal tax exemption certificate of the City that: it will not take any action or omit to take any action with respect to the Bonds, any funds of the City, or any facilities financed with the proceeds of the Bonds, if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code. Bond Counsel’s opinion as to the exclusion of interest on the Bonds from gross income and alternative minimum taxable income is rendered in reliance on

these covenants, and assumes continuous compliance therewith. The failure or inability of the City to comply with these requirements could cause the interest on the Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the City and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

With respect to the Bonds that were sold in the initial offering at a discount (the "Discount Bonds"), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Code) will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income or alternative minimum taxable income under the conditions described in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Bonds. Owners who are subject to state or local income taxation should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Code contains numerous provisions which may affect an investor's decision to purchase the Bonds. Owners of the Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Code, backup withholding may be imposed on payments on the Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Code. Certain of the Bonds were sold at a premium, representing a difference between the original offering price of those Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Bonds. Owners of the Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Bonds, the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Bonds. Owners of the Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, the market value of the Bonds may be adversely affected. Under current audit procedures the Service will treat the City as the taxpayer and the Bond owners may have no right to participate in such procedures. The City has covenanted in the Bond Resolution, and will covenant in the federal tax exemption certificate of the City, not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the City, the Financial Advisor, the Underwriter, Bond Counsel or counsel to the Underwriter is responsible for paying or reimbursing any Bond holder with respect to any audit or litigation costs relating to the Bonds.

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, 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 Certificate, or contesting in any way the completeness or accuracy of this Official Statement, or any amendment or supplement thereto, or contesting the power or authority of the City to execute and deliver the Continuing Disclosure Certificate, or wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds, the Bond Resolution, or the Continuing Disclosure Certificate, or have a material adverse effect on the transactions contemplated by this Official Statement.

Other Litigation Against the City

On June 23, 2017, two lawsuits against the City, City police officers and others were consolidated in the United States District Court for the District of Arizona. The lawsuits allege wrongful death and other claims related to an officer-involved fatal shooting. The plaintiffs are the decedent’s spouse, two minor children, and parents. The police officer, who was charged with second degree murder, was acquitted at a criminal trial in December 2017. In court filings and notices of claims, the plaintiffs have indicated they are seeking a combined total of \$83 million in damages. The City has a \$3 million self-insured retention, and \$50 million of insurance coverage on top of its retention. The City maintains a \$10 million trust fund balance to cover claims. This event would be considered a single incident/occurrence per the City’s policy. The City has meritorious factual and legal defenses and intends to vigorously defend against any liability; but hypothetically, even if plaintiffs were to be successful, it is expected that any resulting damages would be materially and substantially less than the amounts sought by the plaintiffs.

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 water, electrical, natural gas, wastewater and solid waste systems (collectively, the “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 and utility systems revenue bonds. 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 have 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 or utility systems revenue bonds, 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 City's utility systems ratemaking process and adjustments to the City's utility systems rates similar to the claims threatened in prior letters from residents.

UNDERWRITING

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

The Underwriter has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices, including the Bonds. Pursuant to the Distribution Agreement, CS&Co will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co sells.

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, 2022 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices"), as set forth in APPENDIX G – "Form of Continuing Disclosure Certificate" (the "Continuing Disclosure Certificate"). The Annual Reports and Notices and any other documentation or information required to be filed by such covenants will be filed by the City with the MSRB, in a format prescribed by the MSRB. Currently the MSRB requires filing through the MSRB's EMMA system as described in APPENDIX G – "Form of Continuing Disclosure Certificate."

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

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

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

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, 2019, a copy of which is included in APPENDIX D of this Official Statement, have been audited by CliftonLarsonAllen LLP, certified public accountants, to the extent and for the period indicated in their report thereon. The City is not aware of any facts that would make such Audited General Purpose Financial Statements misleading. The Audited General Purpose Financial Statements are for the Fiscal Year ended June 30, 2019 and are not current. The City neither requested nor obtained the consent of CliftonLarsonAllen LLP to include the report, and CliftonLarsonAllen LLP has performed no procedures subsequent to rendering its opinion on the financial statements.

CONCLUDING STATEMENT

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

Neither this Official Statement nor any statements that may have been or that may be made orally or in writing are to be construed as a part of a contract with the original purchasers or subsequent owners of the 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

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

General

The City is the third largest city in the State and the 35th largest city in the United States. Founded in 1878 and incorporated in 1883, the City had a 2019 estimated population of 497,439. 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
2019 Estimate (a)	497,439	4,367,835	7,187,990
2010 Census	439,041	3,817,117	6,392,017
2000 Census	396,375	3,072,149	5,130,632
1990 Census	288,091	2,122,101	3,665,228

(a) The July 1, 2019 population estimates include October 2015 special census data for certain jurisdictions and such data also indirectly impacts population estimates for other jurisdictions and the County.

Source: U.S. Census Bureau, Population Division – *Annual Estimates of the Resident Population* and U.S. Census Bureau – *2010 Census, 2000 Census and 1990 Census*. Arizona, Office of Economic Opportunity – *State, County, Place Level Population Estimates for July 1, 2019*.

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 the various City departments.

City Administrative Staff

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

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

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

Michael Kennington, 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.

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)
2020 (b)	8.8%	7.9%	7.3%	7.2%
2019	3.7	4.7	4.0	4.0
2018	3.9	4.7	4.1	4.1
2017	4.4	4.9	4.2	4.2
2016	4.9	5.4	4.6	4.6

(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 July 2020 for the National Unemployment rate and through June 2020 for LAUS data. Data accessed August 14, 2020.

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

Manufacturing and Non-Manufacturing Employment

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

MAJOR EMPLOYERS City of Mesa, Arizona

Employer	Description	Approximate Employment
Banner Health Systems	Hospital Network	8,321
Mesa Public Schools	Public Education	8,184
City of Mesa	Government	4,492
The Boeing Company	Helicopter Manufacturing and Assembly	4,336
Wal-Mart	Retail	2,455
Drivetime Automotive Group	Automotive Financing	1,422
24-7 Intouch	Communications	1,400
Frys Food Stores (The Kroger Company)	Retail	1,338
AT&T	Telecommunications	1,276
The Home Depot	Retail	1,137

Source: The City, Office of Economic Development as of June 30, 2019.

Phoenix-Mesa Gateway Airport and the Airport/Campus District

Phoenix-Mesa Gateway Airport (formerly known as Williams Gateway Airport) has three runways (10,401 feet, 10,201 feet, and 9,301 feet) and a passenger terminal. Phoenix-Mesa Gateway Airport is a small-hub commercial airport serving the Phoenix-Mesa metropolitan area with direct service to over 40 cities currently provided by Allegiant Air and 2 Canadian cities through WestJet.

Phoenix-Mesa Gateway Airport is also developing as an international aerospace center with aircraft maintenance, modification, testing, and pilot training. Currently more than 40 companies operate on the airport, including manufacturer service centers for Cessna and Embraer. In Fiscal Year 2012/13, the airport commissioned Arizona State University to conduct an economic impact study. According to that study, the total economic benefit (including all multiplier effects) totaled \$1.3 billion, supporting 10,470 jobs in the area. On-airport economic activity produced \$373 million of output, creating employment for 2,042 on-airport workers.

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

Adjacent to Phoenix-Mesa Gateway Airport, the Airport/Campus District serves approximately 8,700 students. The campus includes five higher education partners - Arizona State University ("ASU") Polytechnic campus, Chandler-Gilbert Community College, Embry-Riddle Aeronautical University, Mesa Community College and UND Aerospace (University of North Dakota, John D. Odegard School of Aerospace Sciences – Phoenix Flight Training Center). The ASU Polytechnic campus has expanded and added new academic buildings that doubled the instructional lab and classroom space, and added faculty offices and a 500-seat auditorium.

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

Construction

The following tables set forth annual records of building permit values and new housing permits issued within the City.

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

Fiscal Year	Residential	Commercial	Other	Total
2020/21(a)	\$133,888	\$106,106	\$ 361	\$ 240,355
2019/20	795,733	544,562	2,076	1,342,371
2018/19	787,199	929,803	6,165	1,723,167
2017/18	872,078	510,733	3,237	1,386,048
2016/17	811,424	646,159	37,761	1,495,344

(a) Partial fiscal year data from July 1, 2020 through August 31, 2020.

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
2020/21(a)	422
2019/20	2,340
2018/19	2,334
2017/18	2,765
2016/17	2,455

(a) Partial fiscal year data from July 1, 2020 through August 31, 2020.

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
2020/21 (a)	\$
2019/20	5,776,270,849
2018/19	5,227,198,433
2017/18	4,833,976,880
2016/17	4,566,213,555

(a) Data reflects collections from July 1, 2020 through ____, 2020.

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.

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**CITY OF MESA, ARIZONA
FINANCIAL DATA**

Current Year Statistics (For Fiscal Year 2020/21)**City of Mesa, Arizona**

Total General Obligation Bonds to be Outstanding	\$ 351,180,000 *(a)
Total Utility Systems Revenue Bonds to be Outstanding	1,292,735,723 *(b)
Total Street and Highway User Revenue Bonds to be Outstanding	58,750,000 (c)
Total Excise Tax Revenue Obligations to be Outstanding	52,145,000 *(d)
Net Assessed Limited Property Value	3,736,210,059 (e)
Estimated Net Full Cash Value	46,382,667,125 (f)

-
- (a) Represents all general obligation bonds of the City to be outstanding following the issuance of the Bonds and net of the Bonds Being Refunded. See “STATEMENTS OF BONDS OUTSTANDING – General Obligation Bonds to be Outstanding” in this appendix.
- (b) Represents all utility systems revenue bonds to be outstanding following the issuance of the 2020 Utility Bonds and the 2020 Utility Refunding Bonds and net of the utility systems revenue bonds being refunded. See “STATEMENTS OF BONDS OUTSTANDING – Utility Systems Revenue Bonds to be Outstanding” in this appendix.
- (c) Represents all street and highway user revenue bonds outstanding. See “STATEMENTS OF BONDS OUTSTANDING – Street and Highway User Revenue Bonds Outstanding” in this appendix.
- (d) Represents all excise tax revenue obligations to be outstanding following the issuance of the 2020 Excise Tax Revenue Obligations. See “STATEMENTS OF BONDS OUTSTANDING – Excise Tax Revenue Obligations to be Outstanding” in this appendix.
- (e) Net of property exempt from taxation; reflects application of applicable assessment ratios.
- (f) Estimated net full cash value is the total market value of the property less unsecured personal property and less estimated exempt property within the City, as projected by the Arizona Department of Revenue, Division of Property and Special Taxes.

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
2007	Various Purpose	\$15,915,000	7-1-19/27	\$ 1,400,000
2008	Various Purpose	15,450,000	7-1-09/21	625,000
2010	Various Purpose	30,865,000	7-1-20/30	29,750,000 (a)
2011	Various Purpose	29,320,000	7-1-12/31	17,675,000
2012	Refunding	31,665,000	7-1-13/22	4,590,000
2012	Various Purpose	27,290,000	7-1-13/32	20,150,000
2013	Refunding	8,915,000	7-1-14/24	7,590,000
2013	Various Purpose	59,960,000	7-1-14/33	45,700,000
2014	Various Purpose	37,550,000	7-1-15/34	26,175,000
2015	Various Purpose	13,690,000	7-1-16/35	5,915,000
2016A	Various Purpose	20,475,000	7-1-17/27	20,235,000
2016B	Refunding	22,935,000	7-1-17/29	16,555,000
2016	Refunding	37,700,000	7-1-17/36	32,525,000
2017	Refunding	47,450,000	7-1-17/29	44,055,000
2017	Various Purpose	47,180,000	7-1-17/37	38,405,000
2018	Various Purpose	16,120,000	7-1-19/38	7,050,000
2019	Various Purpose	33,065,000	7-1-20/39	16,365,000
Total General Obligation Bonds Outstanding				\$334,760,000
Less the Bonds Being Refunded				(29,750,000)*
Plus the Refunding Bonds				24,095,000*
Plus the Project Bonds				22,075,000*
Total General Obligation Bonds to Be Outstanding				<u>\$351,180,000*</u>

- (a) Represents the Bonds Being Refunded. These bonds were issued as taxable bonds under the Build America Bond program for which subsidy payments equal to 35% of the interest payments on such bonds are expected to be made by the federal government. Bonds issued under the Build America Bonds program have had such subsidy payments reduced by 5.7%, 5.9%, and 6.2% for the federal Fiscal Years 2020/21, 2019/20 and 2018/19, respectively, due to sequestration reductions imposed by the federal government. Additional sequestration reductions or other reductions may be imposed by the federal government in future years. The City is required to pay the shortfall in the interest payments caused by the reduction.

* Subject to change.

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

Issue Series	Purpose	Original Amount	Maturity Date Range	Balance Outstanding
2004	Utility Improvement	\$ 40,345,000	7-1-19/28	\$ 2,250,000
2005	Utility Improvement	91,200,000	7-1-19/29	10,750,000
2006	Utility Improvement	105,400,000	7-1-23/30	7,595,000
2006	Refunding	61,300,000	7-1-09/21	18,000,000
2006	Refunding	127,260,000	7-1-12/24	53,670,000
2007	Utility Improvement	65,550,000	7-1-23/31	6,315,000
2008	Utility Improvement	52,875,000	7-1-23/32	2,125,000
2009	WIFA Loans	3,758,810	7-1-10/29	1,430,723
2010	Utility Improvement	50,380,000	7-1-34	44,690,000(b)
2011	Utility Improvement	53,950,000	7-1-35	53,950,000
2012	Refunding	31,580,000	7-1-16/21	7,465,000
2012	Utility Improvement	67,300,000	7-1-36	67,300,000
2013	Utility Improvement	47,290,000	7-1-37	47,290,000
2014	Refunding	36,385,000	7-1-37/38	36,385,000
2014	Utility Improvement	102,945,000	7-1-18/30	86,545,000
2015	Utility Improvement	30,220,000	7-1-20/39	29,220,000
2016	Refunding	138,035,000	7-1-25/32	138,035,000
2016	Utility Improvement	90,500,000	7-1-20/40	89,500,000
2017	Utility Improvement	75,435,000	7-1-23/28	75,435,000
2017	Utility Improvement	123,875,000	7-1-21/41	123,875,000
2018	Utility Improvement	112,120,000	7-1-19/42	106,120,000
2019A	Utility Improvement	93,825,000	7-1-20/43	90,825,000
2019B	Refunding	54,225,000	7-1-20/33	54,025,000
2019C	Refunding	79,335,000	7-1-20/35	76,385,000
Total Utility Systems Revenue Bonds Outstanding				\$1,229,180,723
Less the Bonds Being Refunded by the 2020 Utility Refunding Bonds				(44,690,000)*
Plus the 2020 Utility Refunding Bonds				38,180,000*
Plus the 2020 Utility Bonds				70,065,000*
Total Utility Systems Revenue Bonds to Be Outstanding				<u>\$1,292,735,723*</u>

(a) The City expects to offer the 2020 Utility Bonds and the 2020 Utility Refunding Bonds pursuant to a separate official statement in November 2020.

(b) These bonds were issued as taxable bonds under the Build America Bond program for which subsidy payments equal to 35% of the interest payments on such bonds are expected to be made by the federal government. Bonds issued under the Build America Bonds program have had such subsidy payments reduced by 5.7%, 5.9% and 6.2% for the federal Fiscal Years 2020/21, 2019/20 and 2018/19, respectively, due to sequestration reductions imposed by the federal government. Additional sequestration reductions or other reductions may be imposed by the federal government in future years. The City is required to pay the shortfall in the interest payments caused by the reduction.

* Subject to change.

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

Issue Series	Purpose	Original Amount	Maturity Date Range	Balance Outstanding
2004	Street Improvements	\$ 9,585,000	7-1-10/23	\$ 375,000
2005	Refunding	23,800,000	7-1-07/23	8,000,000
2005	Street Improvements	10,225,000	7-1-10/24	400,000
2006	Street Improvements	11,675,000	7-1-23/25	1,825,000
2007	Street Improvements	10,675,000	7-1-23/27	3,000,000
2012	Refunding	36,090,000	7-1-14/22	19,095,000
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>\$58,750,000</u>

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

Issue Series	Purpose	Original Amount	Maturity Date Range	Balance Outstanding
Subordinate Obligations:				
2012	Phoenix-Mesa Gateway Airport Authority	19,220,000	7-1-14/38	<u>\$15,995,000</u>
Total Excise Tax Revenue Obligations Outstanding				<u>\$15,995,000</u>
Plus the 2020 Excise Tax Revenue Obligations (a)				<u>36,150,000</u> *
Total Excise Tax Revenue Obligations to be Outstanding				<u>\$52,145,000</u> *

(a) The City expects to offer the 2020 Excise Tax Revenue Obligations pursuant to a separate official statement in November 2020.

**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		Streets and Public Safety Bonds	
Total 6% General Obligation Bonding Capacity	\$317,102,427	Total 20% General Obligation Bonding Capacity	\$1,057,008,091
Less 6% Original Issue Premium (b)	_* *	Less 20% Original Issue Premium (b)	(5,655,000)*
Less 6% General Obligation Bonds Outstanding	<u>(1,506,213)*</u> *	Less 20% General Obligation Bonds Outstanding	<u>(349,673,787)*</u>
Net 6% General Obligation Bonding Capacity	<u>\$315,596,214*</u> *	Net 20% General Obligation Bonding Capacity	<u>\$701,679,304*</u>

* Subject to change.

- (a) General obligation bonding capacity is calculated using the City's Fiscal Year 2020/21 Net Full Cash Assessed Value of \$5,285,040,458. Table includes the Bonds and is net of the Bonds Being Refunded.
- (b) This amount reduces the borrowing capacity, but not authorization, of the City under the Arizona Constitution. The City's borrowing capacity will be recaptured as premium is amortized. The City expects to generate and amortize premium on the Refunding Bonds as shown in the table below.

Period Ending (07/01)	20% Original Issue Premium from Refunding Bonds*
2021	\$ 395,000
2022	175,000
2023	200,000
2024	240,000
2025	265,000
2026	305,000
2027	340,000
2028	385,000
2029	420,000
2030	2,930,000
	<u>\$5,655,000</u>

**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	5.344%	None
Maricopa County	None	8.175	None
Maricopa County Community College District	\$250,065,000	8.175	\$ 20,441,877
Maricopa County Special Health Care District	429,125,000	8.154	34,989,733
East Valley Institute of Technology District No. 401	None	16.533	None
Mesa Unified School District No. 4	272,360,000	86.575	235,796,427
Tempe Elementary School District No. 3	138,845,000	0.757	1,051,321
Tempe Union High School District No. 213	82,360,000	0.317	261,299
Gilbert Unified School District No. 41	132,715,000	26.935	35,746,391
Queen Creek Unified School District No. 95	127,065,000	34.605	43,970,340
Higley Unified School District No. 60	95,550,000	1.539	1,470,478
Eastmark Community Facilities District No. 1	51,270,000	100.000	51,270,000 *
Eastmark Community Facilities District No. 2	2,010,000	100.000	2,010,000 *
Cadence Community Facilities District	6,075,000	100.000	6,075,000 *
City of Mesa (c)	351,180,000	100.000	351,180,000 *
Total Direct and Overlapping General Obligation Bonded Debt to be Outstanding			<u>\$784,262,866</u> *

* Subject to change.

- (a) Proportion applicable to the City is computed on the ratio of Net Assessed Limited Property Value as calculated for Fiscal Year 2020/21 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
Maricopa County Special Health Care District	\$304,000,000
Mesa Unified School District No. 4	155,000,000
Tempe Elementary School District No. 3	55,000,000
Gilbert Unified School District No. 41	68,000,000
Queen Creek Unified School District No. 95	12,885,000
Eastmark Community Facilities District No. 1	379,765,000*
Eastmark Community Facilities District No. 2	67,990,000*
Cadence Community Facilities District	38,869,000*
City of Mesa	218,591,000*(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 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 and is net of the Bonds Being Refunded. Does not include the City’s utility systems revenue bonds to be outstanding in the aggregate principal amount of \$1,292,735,723*. Does not include the City’s street and highway user revenue bonds outstanding in the aggregate principal amount of \$58,750,000. Does not include the City’s excise tax revenue obligations to be outstanding in the aggregate principal amount of \$52,145,000*. Such 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.

* Subject to change.

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

	Per Capita Bonded Debt Population at 497,439 (b)	As a Percentage of City's	
		2020/21 Net Assessed Limited Property Value	2020/21 Estimated Net Full Cash Value
Direct General Obligation Bonded Debt	\$ 706	9.40%	0.76%
Direct and Overlapping General Obligation Debt	1,577	20.99	1.69

(a) Includes the Bonds and is net of the Bonds Being Refunded.

(b) Arizona Department of Administration, Office of Employment and Population Statistics, estimate as of July 1, 2019.

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 8 of the City's Audited General Purpose Financial Statements for the Fiscal Year Ended June 30, 2019, 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 health insurance premium benefit plan. The 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 Public Safety Personnel Retirement System ("PSPRS") that is an agent multiple-employer defined benefit health insurance premium benefit ("OPEB") plan. Eligible City employees also participate in the City's 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, 2019, 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	\$ 179,469	\$ 47,764
PSPRS-Fire	203,638	-
PSPRS-Police	396,877	-
OPEB-Police	9,563	-
City OPEB	651,223	95,592
Total	<u>\$1,440,770</u>	<u>\$143,356</u>

* Subject to change.

For a more detailed description of these plans and the City contributions to the various plans, please refer to Note 15 of the City's Audited General Purpose Financial Statements for the Fiscal Year Ended June 30, 2019, 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)	2016	2017	2018	2019	2020
Mining, Utility, Commercial and Industrial	18%	18%	18%	18%	18%
Agricultural and Vacant Land	15	15	15	15	15
Owner Occupied Residential	10	10	10	10	10
Leased or Rented Residential	10	10	10	10	10
Railroad Private Car Company and Airline Flight Property (b)	14	15	14	15	15

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

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

Source: *State and County Abstract of the Assessment Roll for Tax Years 2016 to 2020*, 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 Underwriter 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	2020/21 Net Assessed Limited Property Value	2020/21 Total Tax Rate Per \$100 Assessed Value
State of Arizona	\$69,914,507,682	None
Maricopa County	45,704,969,813	\$1.8435 (a)
Maricopa County Community College District	45,704,969,813	1.2881
Maricopa County Fire District Annual Levy (b)	45,704,969,813	0.0090
Maricopa County Flood Control District (b)	42,084,633,673	0.1792
Maricopa County Special Health Care District	45,822,046,238	0.3046
Maricopa County Library District (b)	45,704,969,813	0.0556
Central Arizona Water Conservation District	45,822,046,238	0.1400
East Valley Institute of Technology District	22,598,319,396	0.0500
Mesa Unified School District No. 4	3,358,470,654	7.3696
Tempe Elementary School District No. 3	1,661,540,517	4.4629
Tempe Union High School District No. 213	3,965,462,859	2.4991
Gilbert Unified School District No. 41	2,201,483,124	6.2580
Queen Creek Unified School District No. 95	611,553,339	7.4048
Higley Unified School District No. 60	743,044,780	6.9096
Eastmark Community Facilities District No. 1	96,810,045	4.1500
Eastmark Community Facilities District No. 2	4,052,059	4.1500
Cadence Community Facilities District	11,840,785	4.1500
City of Mesa	3,736,210,059	1.1171

(a) Includes the "State Equalization Assistance Property Tax." The State Equalization Assistance Property Tax in Fiscal Year 2020/21 has been set at \$0.4426 and is adjusted annually pursuant to Arizona Revised Statutes Section 41-1276.

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

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and *Maricopa County 2020 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 \$11.8532 to \$17.1500.

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	2020/21	2019/20	2018/19	2017/18	2016/17
Utilities, Commercial & Industrial	\$1,037,228,320	\$1,011,889,371	\$ 949,143,814	\$ 868,501,324	\$ 842,966,181
Agriculture and Vacant	81,934,953	88,623,131	81,878,254	87,211,175	91,036,617
Residential (Owner Occupied)	1,763,163,855	1,626,034,719	1,522,700,651	1,409,559,520	1,312,536,592
Residential (Rental)	836,375,958	777,304,138	717,002,790	677,001,729	635,036,793
Railroad	755,445	782,060	797,482	830,845	774,537
Residential Historic	16,434,450	11,471,343	6,181,190	5,576,451	5,713,230
Commercial Historic	None	None	None	None	None
Rented Residential Historic	103,874	98,927	82,253	None	None
Improvements	213,203	173,663	178,597	212,315	226,661
	<u>\$3,736,210,059</u>	<u>\$3,516,377,352</u>	<u>\$3,277,965,031</u>	<u>\$3,048,893,359</u>	<u>\$2,888,290,611</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
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
2018/19	3,277,965,031	40,423,232,421	62,328,357,186
2017/18	3,048,893,359	38,251,891,249	59,404,007,785
2016/17	2,888,290,611	36,135,494,474	56,589,592,481

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
2020/21	\$46,382,667,125
2019/20	41,894,491,557
2018/19	37,880,755,006
2017/18	34,722,772,801
2016/17	32,414,724,417

- (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.

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

Taxpayer (c)	2020/21 Net Assessed Limited Property Value	As % of City's Total 2020/21 Net Assessed Limited Property Value
MPT OF MESA LLC	\$25,920,382	0.69%
SACHS RANCH CO LLC/HURLEY LAND CO LLC	24,952,103	0.67
QWEST CORPORATION	11,464,301	0.31
HUGHES HELICOPTERS INC	10,142,925	0.27
WHITESTONE VILLAGE SQUARE AT DANA PARK LLC	8,825,328	0.24
SALT RIVER POINT LL LLC	8,807,486	0.24
MESA CAMPUS LLC	8,745,997	0.23
WAL-MART STORES INC	8,428,288	0.23
PLATYPUS DEVELOPMENT LLC	8,075,586	0.22
CCF BKM BROADWAY LLC	7,434,522	0.20
EAST MESA MALL LLC	6,992,406	0.19
DTR1C-SGW LLC/DTL-SGW LLC	6,940,025	0.19
TRW VEHICLE SAFETY SYSTEMS INC	6,909,797	0.18
AX STAPLEY LP	5,952,614	0.16
SOUTHWEST GAS CORPORATION (T&D)	5,887,573	0.16
	<u>\$155,479,333</u>	<u>4.16%</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.

None of the City, Bond Counsel, the Underwriter, counsel to the Underwriter 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 2020/21 in lieu Net Full Cash Assessed Value of SRP within the City is \$72,183,000 which represents approximately 1.9320% of the Net Assessed Limited Property Value in the City. SRP's total estimated contribution in lieu of property tax payments was approximately \$806,356 for Fiscal Year 2020/21.

**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 2015/16.

Fiscal Year	Tax Rate	City Tax Levy	Collected to 6-30 of Initial Fiscal Year (a)		Cumulative Collection to June 30, 2020 (a)	
			Amount	% of Levy	Amount	% of Levy (b)
2020/21	\$1.1171	\$41,737,203	(c)			
2019/20	1.1870	\$41,740,629	\$40,467,226	96.95%	\$40,467,226	98.10%
2018/19	1.0201	33,438,521	32,820,491	98.15	33,108,225	99.59
2017/18	1.0968	33,424,797	32,905,633	98.45	33,314,271	99.67
2016/17	1.1578	33,440,629	32,765,223	98.28	33,088,336	99.25
2015/16	1.2125	33,532,275	32,811,426	98.53	33,204,227	99.02

- (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 6-30 of the initial Fiscal Year or as of the query date, respectively.
- (c) Fiscal Year 2020/21 taxes in course of collection: first installment due 10-01-20, delinquent 11-01-20; second installment due 03-01-21, delinquent 05-01-21

Source: Maricopa County Treasurer's Office.

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

[Updates to come]

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 2019/20, the Electric System served a total of 17,018 customers comprised of 14,453 residential and 2,565 commercial and other customers. The summer system experienced a peak demand in calendar year 2019 of approximately 88.27 megawatts ("MW"s) and Fiscal Year 2018/19 system energy requirements of 329,157 megawatt hours ("MWh") were metered at the Rogers Substation, the Electric System's point of supply.

During Fiscal Year 2018/19, 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 2018/19 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 spring 2020 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
Citigroup Energy Inc. (b)	Mar-2020	15	15
Exelon Generation Company, LLC (c)	Aug-2020	10	-
CitiGroup Energy, Inc. (d)	Dec-2021	5	5
Shell Energy North America, L.P. (e)	Sep-2020	15	-

- (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.
- (b) The City and Exelon Generation Company, LLC ("Constellation") were parties to a 5-year firm 15 MW, 7 x 24, base-load power purchase and sale agreement for demand and associated energy which was scheduled to expire on March 31, 2017 but was extended and expired September 30, 2018. This agreement has been replaced by a new 1.5-year firm 15 MW, 7 x 24, base-load power purchase and sale agreement for demand and associated energy with Citigroup Energy Inc. which became effective October 1, 2018 and was scheduled to expire on March 31, 2020. A request for proposals ("RFP") has been issued for the renewal of this supply for a period beginning as early as April 1, 2020. Terms of the replacement contract will be based on best bids. Advantageous market pricing available, the City's access to the wholesale power supply market and its ability to engage in *ad hoc*, short-term firm and non-firm transactions will be used until a longer-term replacement supply is contracted.
- (c) The City and Constellation are also parties to a 5-year firm 10 MW, 7 x 16, on-peak power purchase and sale agreement for demand with associated energy beginning July 1, 2016 (for power in July and August) and expiring

August 31, 2020. A RFP was issued, however, pricing was not advantageous to enter into a new peak supply contract.

- (d) The City and CitiGroup Energy are parties to a five (5) megawatts (MW) base load, firm electric power supply with a term of two (2) years beginning January 1, 2020 and ending December 31, 2021.
- (e) The City and Shell Energy North America are parties to a 3-year firm 15 MW, 7 x 16, on-peak power purchase and sale agreement for demand and associated energy beginning May 1, 2016 and terminating September 30, 2020.

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 2018/19 there were approximately 194.3 miles of overhead primary and approximately 257.3 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) (2019/20)
Residential Electric Service = E1.1	
Monthly Bill Per Meter	
May 1 to October 31	
Customer Charge	\$12.00
Usage Charge	
First 1200 kWh	\$0.05128 per kWh
> 1200 kWh	\$0.04822 per kWh
November 1 to April 30	
Customer Charge	\$12.00
Usage Charge	
First 800 kWh	\$0.03765 per kWh
> 800 kWh	\$0.01633 per kWh
Energy Cost Adjustment Factor (b)	
Minimum	\$12.00
Non-Residential Service = E3.1	
Monthly Bill Per Meter	
May 1 to October 31	
Customer Charge (c)	\$7.22
Demand Charge	
Generation	
First 50 kW	\$0.00 per kW
>50 kW	\$3.52 per kW
Distribution	
First 50 kW	\$0.00 per kW
>50 kW	\$0.3968 per kW
Energy Cost Adjustment Factor(b)	
Distribution	
First 15,000 kWh	\$0.06491 per kWh
15,001-75,000 kWh	\$0.04125 per kWh
>75,000 kWh	\$0.02901 per kWh
November 1 to April 30	
Customer Charge (c)	\$7.22
Demand Charge	
Generation	
First 50 kW	\$0.00
>50 kW	\$3.20 per kW
Distribution	
First 50 kW	\$0.00
>50 kW	\$0.115 per kW
Energy Cost Adjustment Factor (b)	
Distribution	
First 15,000 kWh	\$0.05375 per kWh
15,001-75,000 kWh	\$0.03692 per kWh
>75,000 kWh	\$0.02060 per kWh

(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 2018/19 factor for residential was \$0.04393 per kWh and the average Fiscal Year 2018/19 factor for non-residential was \$0.03258 per kWh.

- (c) Monthly Customer Charge for single phase E3.1 customers. Monthly Customer Charge for three phase E3.1 customers is \$13.24.

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
(2015 - 2019)**

Date	Rate Change
August 1, 2019	\$0.00
August 1, 2018	\$1.00 (a)
August 1, 2017	\$1.25 (b)
August 1, 2016	\$1.50 (c)
August 1, 2015	\$1.50 (c)

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- (a) For residential customers only, the monthly fixed component of rates (Electric System Service Charge) was increased by \$1.00.
- (b) For residential customers only, the monthly fixed component of rates (Electric System Service Charge) was increased by \$1.25.
- (c) For residential customers only, the monthly fixed component of rates (Electric System Service Charge) was increased by \$1.50.
- (d) For residential customers only, the monthly fixed component of rates (Electric System Service Charge) was increased by \$0.79.

Source: The City.

**Electric System Customers
(Fiscal Years 2014/15 - 2018/19) (a)**

Fiscal Year (a)	Residential Customers	Commercial Customers	Other Customers	Total Customers
2018/19	14,453	2,347	218	17,018
2017/18	14,501	2,350	215	17,066
2016/17	14,418	2,358	215	16,991
2015/16	14,311	2,333	210	16,854
2014/15	14,170	2,362	171	16,703

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- (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 order by revenue for Fiscal Year 2018/19.

Ten Largest Electric System Customers

Mesa Public Schools
Ensemble Mesa Partners, LLC
Centurylink, Inc.
Mesa Cold Storage, Inc.
Valley Metro Rail
Rohrer Corporations
Epicurean Fine Food, Inc.
Benedictine University
Courtyard Towers Properties 1, LLC
Circle K Stores, Inc.

The combined 2018/19 Electric System fees/charges for the top ten Electric System customers set forth above was \$2,716,788, constituting 8.8% of the total 2018/19 Electric System operating revenue. No individual Electric System customer above constitutes more than 3% of the total 2018/19 Electric System operating revenue. Additionally, while the list above is representative of the top ten Electric System customers as of Fiscal Year 2018/19, 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 2018/19, Electric System interdepartmental revenues were \$3,085,321. The City as a customer constitutes approximately 10.0% of the total 2018/19 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 2018/19, as the 11th 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 2018/19, the City's combined Natural Gas System operated 1,359 miles of distribution mains and served approximately 65,993 total customers comprised of 63,472 residential and 2,521 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 2018/19, the Natural Gas System's natural gas supplies were provided by Shell Energy North America, L.P. ("SENA"). The natural gas supplies provided by SENA came from both the San Juan Basin in New Mexico and the Permian Basin in West Texas. The natural gas was transported via a major pipeline system owned and operated by El Paso Natural Gas Company LLC, a Kinder Morgan company ("EPNG"). EPNG provided the transport service under the terms and conditions of Transportation Service Agreements ("TSA") No. FT2AF000 and No. FT2AE000 that were effective February 1, 2013. During Fiscal Year 2013/14, TSA No. FT2AE000 was extended for 10 years effective July 1, 2014 given that it was due to expire June 30, 2014; TSA No. FT2AF000 continues on an "evergreen" year-to-year basis. The TSAs provide the 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.

For Fiscal Year 2018/19, the Natural Gas System experienced a total coincident hourly system peak demand of 1,156 dekatherms per hour ("DTh/hr") on January 3, 2019 in the CSA and a peak demand of 517 DTh/hr on February 20, 2019 in the MSA. Total natural gas supply deliveries at the Natural Gas System's gate stations during Fiscal Year 2018/19 were 3,641,124 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 (2019/20)
City Service Area Residential Gas Service = G1.1	
May 1st through October 31st	
Gas System Service Charge	\$ 15.06
First 25 Therms	0.6685 / therm
All Additional Therms	0.2167 / therm
Natural Gas Supply Cost Adjustment (a)	
November 1st through April 30th	
Gas System Service Charge	\$ 17.99
First 25 Therms	0.6685 / therm
All Additional Therms	0.4926 / therm
Natural Gas Supply Cost Adjustment (a)	
City Service Area General Gas Service = G3.1	
May 1st through October 31st	
Monthly Service Charge	\$ 35.66
First 1200 Therms	0.5280 / therm
All Additional Therms	0.3166 / therm
Natural Gas Supply Cost Adjustment (a)	
November 1st through April 30th	
Monthly Service Charge	\$ 45.34
First 1200 Therms	0.5718 / therm
All Additional Therms	0.4574 / therm
Natural Gas Supply Cost Adjustment (a)	
Magma Service Area Residential Gas Service = GM1.1	
May 1st through October 31st	
Gas System Service Charge	\$ 16.05
First 25 Therms	0.7370 / therm
All Additional Therms	0.2388 / therm
Natural Gas Supply Cost Adjustment (a)	
November 1st through April 30th	
Gas System Service Charge	\$ 19.29
First 25 Therms	0.7370 / therm
All Additional Therms	0.5433 / therm
Natural Gas Supply Cost Adjustment (a)	
Magma Service Area General Gas Service = GM3.1	
May 1st through October 31st	
Monthly Service Charge	\$ 42.48
First 1200 Therms	0.6522 / therm
All Additional Therms	0.3910 / therm
Natural Gas Supply Cost Adjustment (a)	
November 1st through April 30th	
Monthly Service Charge	\$ 54.41
First 1200 Therms	0.7061 / therm
All Additional Therms	0.5648 / 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 2018/19 for residential and general service was \$0.25714 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
(2015-2019)**

Date	Rate Changes
August 1, 2019	\$0.00
August 1, 2018	\$0.45 (a)
August 1, 2017	\$0.75 (a)
August 1, 2016	\$1.00 (a)
August 1, 2015	\$1.29 (a)

(a) 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 2014/15 - 2018/19)(a)**

Fiscal Year (a)	Residential Customers	Commercial Customers	Other Customers	Total Customers
2018/19	63,472	2,294	227	65,993
2017/18	61,452	2,289	228	63,969
2016/17	59,515	2,268	227	62,010
2015/16	57,908	2,252	224	60,384
2014/15	55,786	2,206	224	59,216

(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 order by revenue for Fiscal Year 2018/19.

Ten Largest Natural Gas System Customers

Banner Desert Medical Center
Regional Public Transit Authority
Commercial Metal Company
Mesa Public Schools
Waste Management of Arizona, Inc.
Banner Corporate Center-Mesa
The Boeing Company
Pacific Standard Specialties, Inc.
Arizona Corrugated Container, LLC
Banner Gateway Hospital

The combined Fiscal Year 2018/19 Natural Gas System fees/charges for the top ten Natural Gas System customers set forth above was \$3,261,805, constituting 6.9% of the total Fiscal Year 2018/19 Natural Gas System operating revenue. No individual Natural Gas System customer constitutes more than 1.6% of the total Fiscal Year 2018/19 Natural Gas System operating revenue. Additionally, while the list above is representative of the top ten Natural Gas System customers as of Fiscal Year 2018/19, 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 2018/19 Natural Gas System interdepartmental revenues for the City were \$763,026.

Source: The City.

Water System

The water utility system of the City (the “Water System”) serves a population of over 496,000, residing within a 158 square mile area. The Water System currently consists of approximately 158,500 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 designated with a 100-Year Assured Water Supply by the Arizona Department of Water Resources. The City has adequate supplies for growth and has worked hard to provide current and future availability of water supplies for normal and drought conditions.

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 40% 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 34% of the City’s water. SBWTP was completed in June 2018 and has the capacity to treat 24 mgd of CAP water. SBWTP produced approximately 16% of the City’s water in 2019.

Groundwater wells produce the remaining 11% of the water delivered by the City on an average day. The City currently has 32 active groundwater wells with a pumping capacity of approximately 83 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 2,485 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 2019 was 84 mgd, with a peak day of 119 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 updated in 2018.

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 (2019/20)
Monthly Minimum Bill-All Classes, All Zones*	
3/4 Inch	\$28.10
1 Inch	\$31.47
1 1/2 Inch	\$44.05
2 Inches	\$57.78
3 Inches	\$114.44
4 Inches	\$181.25
6 Inches	\$347.11
8 Inches	\$514.03
10 Inches	\$696.38
*Includes the first 3,000 gallons of water as a minimum charge for capacity availability	
Monthly Volume Charge - Residential	
First 9,000 Gallons of Water	\$3.19/1,000 Gallons
Next 9,000 Gallons of Water	\$4.79/1,000 Gallons
Next 6,000 Gallons of Water	\$5.77/1,000 Gallons
Additional Usage	\$6.46/1,000 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
(2015-2019)**

Date	Rate Change
July 1, 2019	0.00%
July 1, 2018	2.00
July 1, 2017	3.50
July 1, 2016	5.00
July 1, 2015	5.00

Source: The City.

**Water System Customers
(Fiscal Years 2014/15 - 2018/19)**

Fiscal Year	Residential Customers	Commercial Customers	Multi-Unit Customers	Total Customers
2018/19	133,610	10,787	4,590	148,987
2017/18	130,806	10,793	4,570	146,169
2016/17	129,008	10,532	4,553	144,093
2015/16	126,612	10,703	4,545	141,861
2014/15	124,230	10,456	4,492	139,178

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 order by revenue for Fiscal Year 2018/19.

Ten Largest Water System Customers

Mesa Public Schools
CalAm, Inc. (Cal-Am Properties, Inc.)
The Church of Jesus Christ of Latter-Day Saints.
Gilbert Public Schools
Arizona State University-East
Commercial Metal Company
Banner Desert Medical Center
DMB Mesa Proving Grounds, LLC
Platypus Development, LLC
Eastmark Residential Association

The combined Fiscal year 2018/19 Water System fees/charges for the top ten Water System customers set forth above was \$6,188,188 constituting 4.4% of the total Fiscal Year 2018/19 Water System operating revenue. No individual Water System customer above constitutes more than 1.6% of the total Fiscal Year 2018/19 Water System operating revenue. Additionally, while the list above is representative of the top ten Water System customers as of Fiscal Year 2018/19, 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 2018/19 Water System interdepartmental revenues for the City were \$3,870,560.

Source: The City.

Wastewater System

The City's wastewater collection system (the "Wastewater System") currently serves approximately 127,500 connections.

The Phoenix-operated 91st 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 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 Greenfield Water Reclamation Plant ("GWRP") for further processing.

The 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. GWRP currently has a treatment capacity of 16 mgd of which the City owns 4 mgd. The GWRP currently has bio-solids processing capacity of 24 mgd, of which the City owns 12 mgd. An expansion is underway at the GWRP, which will provide the City with a total of 14 mgd of liquids handling capacity, and 22 mgd for solids on completion, anticipated in the fall of 2020.

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.

In addition to the various treatment facilities outlined above, the City has approximately 1789 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 91st Avenue WWTP. The City's Wastewater System master plan was updated in 2018.

The City's Wastewater System and current agreements allow for a treatment capacity of approximately 60 mgd. The average during calendar year 2019 was 34.9 mgd, with a peak day of 37.0 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 (2019/20)
Residential Sewer Service - Inside City	
Monthly Bill	
Service Charge	\$19.27
User Charge Component (average winter water consumption)	\$1.58 / 1,000 gallons
Capital Related Component (average winter water consumption in excess of 5,000 gallons)	\$2.86 / 1,000 gallons
General Commercial Sewer Service - Inside City	
Monthly Bill	
Service Charge	\$19.81
User Charge Component (all water used)	\$1.58 / 1,000 gallons
Capital Related Component (all water used in excess of 5,000 gallons)	\$2.86 / 1,000 gallons
Multi-Unit Dwelling Sewer Service - Inside City	
Monthly Bill	
Service Charge	\$19.81
User Charge Component (all water used)	\$1.58 / 1,000 gallons
Capital Related Component (all water used in excess of 5,000 gallons)	\$2.86 / 1,000 gallons
Industrial Sewer Service - Inside City	
Monthly Bill	
Capital Component	
Flow (in excess of 5,000 gallons)	\$2.786 / 1,000 gallons
Biochemical Oxygen Demand ("BOD") (in excess of lbs. contributed in first 5,000 gallons)	\$0.216 / pound
Suspended Solids ("SS") (in excess of lbs. contributed in first 5,000 gallons)	\$0.179 / pound
Flow	User Charge Component \$0.819 / 1,000 gallons
BOD	\$0.400 / pound
SS	\$0.239 / pound
Minimum - Capital Component (includes use of 5,000 gallons)	\$15.29
User Charge Billing Component	\$3.83

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
(2015-2019)**

Date	Rate Change
July 1, 2019	0.00%
July 1, 2018	2.50%
July 1, 2017	4.00%
July 1, 2016	5.00%
July 1, 2015	5.00%

Source: The City.

**Wastewater System Customers
(Fiscal Years 2014/15 - 2018/19)**

Fiscal Year	Residential Customers	Commercial Customers	Multi-Unit Customers	Industrial Customers	Other Customers	Total Customers
2018/19	123,414	5,737	4,458	0	0	133,609
2017/18	120,507	5,651	4,436	0	0	130,594
2016/17	118,743	5,622	4,418	0	0	128,783
2015/16	114,107	5,597	4,399	0	0	124,103
2014/15	113,901	5,488	4,362	0	0	123,751

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 Wastewater System customers in order by revenue for Fiscal Year 2018/19.

Ten Largest Wastewater System Customers

Mesa Public Schools
 Cal-Am Properties, Inc.
 Platypus Development, LLC
 Arizona State University-East
 Banner Desert Medical Center
 Town of Gilbert
 International Rectifier EPI Services
 MHC Viewpoint, LLC
 Fry's Food Stores
 Wal-Mart Stores, Inc.

The combined Fiscal Year 2018/19 Wastewater System fees/charges for the top ten Wastewater System customers set forth above was \$4,384,183 constituting 5.27% of the total Fiscal Year 2018/19 Wastewater System operating revenue. No individual Wastewater System customer above constitutes more than 1.5% of the total Fiscal Year 2018/19 Wastewater System operating revenue. Additionally, while the list above is representative of the top ten Wastewater System customers as of Fiscal Year 2018/19, 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 2018/19 Wastewater System interdepartmental revenues for the City were \$468,510.

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 and once per week collection of recyclables. The City's solid waste collection system utilizes both blue barrel and green barrel curbside recycling programs. The blue barrel Recycling Program accepts paper, cardboard, metal food cans, and beverage bottles, jugs and cans and the green barrels are for the Green Yard Waste Program. A 27.4% diversion rate in materials going to landfills has historically been realized from these programs. The residential Solid Waste System currently consists of approximately 132,000 customers. The City currently has approximately 2,300 customers who have metal bin service. The City's permanent Household Hazardous Materials facility opened in the fall of 2018.

The City competes with private solid waste hauler and collection services for commercial customers within the City. As of July 2016, the City competes with private solid waste haulers for apartment complexes with five or more units.

The City has multiple agreements with multiple vendors that operate landfills, transfer stations and recycling centers for the disposal of solid waste and processing of recycle 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 2019/20)

Rates Applicable Per Dwelling Unit (4 or Less Residential Units Per Structure)

R1.2, R1.2A, R1.21, R1.22; R1.23, R1.28

Rate R1.2*:	\$29.34 per dwelling unit for once per week 90 gallon trash barrel and recycling barrel collection.
Rate R1.2A*:	\$26.19 per dwelling unit for once per week 60 gallon trash barrel and recycling barrel collection.
Rate R1.2B*:	\$24.68 per dwelling unit for once per week 35 gallon trash barrel and recycling barrel collection.
Rate R1.21:	\$13.85 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:	\$13.85 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:	\$31.48 for the first 90 gallon trash barrel in addition to the R1.2 or R1.24 rate for twice per week trash collection. A \$13.98 service fee applies to each additional barrel that is serviced twice per week.
Rate R1.28:	\$6.93 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.

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*:	\$26.19 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*:	\$26.19 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:	\$13.85 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:	\$13.85 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:	\$31.48 for the first 90 gallon trash barrel in addition to the R1.2 or R1.24 rate for twice per week trash collection. A \$13.98 service fee applies to each additional barrel that is serviced twice per week.

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

Rate R1.29*:	\$28.38 per dwelling unit for once per week 90 gallon trash barrel collection and every other week recycling barrel collection.
Rate R2.9A*:	\$25.22 per dwelling unit for once per week 60 gallon trash barrel collection and every other week recycling barrel collection.
Rate R2.9B*:	\$23.74 per dwelling unit for once per week 35 gallon trash barrel collection and every other week recycling barrel collection.
Rate R1.28:	\$6.93 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 \$0.84 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.

Commercial Solid Waste System Monthly Billing

Rate R3.8, R6.2:	\$29.34 for the first 90 gallon trash barrel and recycling barrel for once per week collection.
Rate R3.8A, R6.2A:	\$26.19 for the first 60 gallon trash barrel and recycling barrel for once per week collection.
Rate R3.81, R6.21*:	\$13.85 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*:	\$13.85 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:	\$31.48 for the first 90 gallon trash barrel in addition to the above R3.8, R6.2 rate for twice per week collection. A \$13.98 service fee applies to each additional barrel that is serviced twice per week.
Rate R3.88, R6.28*:	\$6.93 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 Rate Changes
(2015-2019)**

Date	Rate Change
July 1, 2019	0.00%
July 1, 2018	2.00%
July 1, 2017	3.50%
July 1, 2016	4.00%
August 1, 2015	5.00%

Source: The City.

**Solid Waste System Customers
(Fiscal Years 2014/15 - 2018/19)**

Fiscal Year	Residential Customers(a)	Commercial Customers (b)	Other Customers	Total Customers
2018/19	131,992	2,271	300	134,563
2017/18	128,723	2,258	300	131,281
2016/17	125,986	2,531	300	128,817
2015/16	134,259	2,481	300	137,040
2014/15	132,209	2,428	300	134,937

- (a) Fiscal Year 2014/15 - 2015/16 originally were calculated using the average number of residential customers. These numbers have been revised to reflect the customer count as of June 30 each Fiscal Year.
- (b) Fiscal Year 2014/15 included both special handling and caster services for certain customers. These numbers have been revised to count these commercial customers only once.

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 order by revenue for Fiscal Year 2018/19.

Ten Largest Solid Waste System Customers

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

The combined Fiscal Year 2018/19 Solid Waste System fees/charges for the top ten Solid Waste System customers set forth above was \$2,174,175 constituting 3.4% of the total Fiscal Year 2018/19 Solid Waste System operating revenue. No individual Solid Waste System customer above constitutes more than 1.1% of the total Fiscal Year 2018/19 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 2018/19 Solid Waste System interdepartmental revenues for the City were \$548,813.

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-half of one percent during the past four Fiscal Years.

APPENDIX D

CITY OF MESA, ARIZONA

AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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.

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APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

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

DTC will act as securities depository for the 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.

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

FORMS OF APPROVING LEGAL OPINIONS

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[CLOSING DATE]

City of Mesa, Arizona

\$22,075,000*
City of Mesa, Arizona
General Obligation Bonds, Series 2020

Ladies and Gentlemen:

We have acted as bond counsel to the City of Mesa, Arizona (the “City”), in connection with its issuance of General Obligation Bonds, Series 2020, in the aggregate principal amount of \$22,075,000* (the “Bonds”), pursuant to an authorizing resolution of the City Council of the City passed and adopted on October 19, 2020* (the “Bond Resolution”). In such capacity, we have examined the City’s certified proceedings and such other documents and such law of the State of Arizona and of the United States of America as we have deemed necessary to render this opinion letter.

Regarding questions of fact material to our opinions, we have relied upon the City’s certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding general obligations of the City.
2. All of the taxable property of the City is subject to the levy of an ad valorem tax without limitation as to rate or amount to pay the principal of and interest on the Bonds.
3. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Tax Code”), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the City’s certified proceedings and in certain other documents and certain other certifications furnished to us.
4. Under laws of the State of Arizona in effect as of the date hereof, interest on the Bonds is exempt from Arizona income tax.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the City incurred pursuant to the Bonds and the Bond Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement dated _____, 2020, relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds or upon any

* Subject to change.

federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

SHERMAN & HOWARD L.L.C.

[CLOSING DATE]

City of Mesa, Arizona

\$24,095,000*
City of Mesa, Arizona
General Obligation Refunding Bonds, Series 2020

Ladies and Gentlemen:

We have acted as bond counsel to the City of Mesa, Arizona (the “City”), in connection with its issuance of General Obligation Refunding Bonds, Series 2020, in the aggregate principal amount of \$24,095,000* (the “Bonds”), pursuant to an authorizing resolution of the City Council of the City passed and adopted on October 19, 2020* (the “Bond Resolution”). In such capacity, we have examined the City’s certified proceedings and such other documents and such law of the State of Arizona and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them by the Bond Resolution.

Regarding questions of fact material to our opinions, we have relied upon the City’s certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding general obligations of the City.
2. All of the taxable property of the City is subject to the levy of an ad valorem tax to pay the principal of and interest on the Bonds without limitation as to rate to pay the principal of and interest on the Bonds, but limited to a total amount not greater than the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Bonds to the final date of maturity of the Bonds Being Refunded. The net proceeds of the Bonds have been deposited in an irrevocable escrow trust and held in cash or invested in obligations issued by or guaranteed by the United States of America which mature with interest so as to provide funds for the payment of the Bonds Being Refunded with interest on maturity or upon an available redemption date. The owners of the Bonds must rely on the sufficiency of such funds for payment of the Bonds Being Refunded. The issuance of the Bonds shall in no way infringe upon the rights of the holders of the Bonds Being Refunded to rely upon a tax levy for payment of principal of and interest on the Bonds Being Refunded if such funds prove insufficient.
3. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Tax Code”), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the City’s certified proceedings and in certain other documents and certain other certifications furnished to us.

* Subject to change.

4. Under laws of the State of Arizona in effect as of the date hereof, interest on the Bonds is exempt from Arizona income tax.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the City incurred pursuant to the Bonds and the Bond Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In expressing the opinions above, we are relying, in part, on a report of independent certified public accountants verifying the mathematical computations of the adequacy of the maturity principal amounts of and interest on the investments and moneys included in the irrevocable escrow trust established pursuant to the Escrow Trust Agreement to pay all interest when due on the Bonds Being Refunded and the principal thereof becoming due on the prior redemption date thereof or at stated maturity.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement dated _____, 2020, relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

SHERMAN & HOWARD L.L.C.

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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\$22,075,000*
CITY OF MESA, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2020

AND

\$24,095,000*
CITY OF MESA, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2020

(CUSIP BASE NUMBER 590485)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered on [Closing Date], by the City of Mesa, Arizona (the “Issuer”), in connection with the issuance of the Issuer’s General Obligation Bonds, Series 2020, in the aggregate original principal amount of \$22,075,000* (the “Project Bonds”), and the Issuer’s General Obligation Refunding Bonds, Series 2020, in the aggregate original principal amount of \$24,095,000* (the “Refunding Bonds” and, together with the Project Bonds, the “Bonds”). The Project Bonds are being issued pursuant to Resolution No. _____ of the Issuer passed and adopted by the City Council of the Issuer on October 19, 2020* (the “Project Bond Resolution”), and the Refunding Bonds are being issued pursuant to Resolution No. _____ of the Issuer passed and adopted by the City Council of the Issuer on October 19, 2020* (together with the Project Bond Resolution, the “Bond Resolution”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” shall mean 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) 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 in compliance with the Rule.

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Official Statement” shall mean the final official statement dated _____, 2020, relating to the Bonds.

* Subject to change.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

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

SECTION 3. Provision of Annual Reports.

a. The Issuer shall, or shall cause the Dissemination Agent to, not later than February 1 of each year, commencing February 1, 2021, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

b. If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, file or cause to be filed with the MSRB a notice in substantially the form attached as Exhibit “A.”

c. The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(2) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least forty-five (45) days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

a. A copy of its annual financial statements for the fiscal year ending on the preceding June 30 prepared in accordance with generally accepted accounting principles as applied to governmental units audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when available. If the Issuer’s audited annual financial statements are not submitted with the Annual Report, the Issuer will provide the MSRB a copy of its audited annual financial statements within thirty (30) days of receipt thereof by the Issuer. If the fiscal year of the Issuer changes, the Issuer shall, or shall cause the Dissemination Agent to, file a notice of such change in the same manner as for a notice of a Material Event.

b. An update of the type of information identified in Exhibit “B” hereto, which is contained in the Official Statement with respect to the Bonds.

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

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB’s internet website or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults, *if material*;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers, or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- g. Modifications to rights of Bond holders, *if material*;
- h. Bond calls, *if material*, and tender offers;
- i. Defeasances;
- j. Release, substitution or sale of property securing repayment of the Bonds, *if material*;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the Issuer*;
- m. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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*;
- n. Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;
- o. Incurrence of a Financial Obligation of the Issuer, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Bond holders, *if material*; and
- p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule;

* For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person (such as the Issuer) 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 obligated person, 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 obligated person.

or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds. Such termination described above in (i) shall not terminate the obligation of the Issuer to give notice of such defeasance, prior redemption or payment in full of all the Bonds.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Subject to Appropriation. Pursuant to Arizona law, the Issuer's undertaking to provide information in accordance with this Disclosure Certificate is subject to appropriation to cover the costs of preparing and sending the Annual Report and notices of Material Events to the MSRB. Should funds that would enable the Issuer to provide the information required to be disclosed hereunder not be appropriated, then notice of such fact will be made in a timely manner to the MSRB in the form of Exhibit "C" attached hereto.

SECTION 14. Governing Law. This Disclosure Certificate shall be governed by the laws of the State of Arizona and any action to enforce this Disclosure Certificate must be brought in an Arizona state court. The terms and provisions of this Disclosure Certificate shall be interpreted in a manner consistent with the interpretation of such terms and provisions under the Rule and the federal securities laws.

DATE: [Closing Date].

CITY OF MESA, ARIZONA

By: _____
Its: Deputy City Manager and Chief Financial Officer

EXHIBIT "A"

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Mesa, Arizona

Name of Bond Issue: General Obligation Bonds, Series 2020, in the aggregate original principal amount of \$22,075,000*, and General Obligation Refunding Bonds, Series 2020, in the aggregate original principal amount of \$24,095,000*.

CUSIP: 590485

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate executed on [Closing Date], by the Issuer. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____, 20__.

CITY OF MESA, ARIZONA

By: _____
Its: _____

* Subject to change.

EXHIBIT “B”

INDEX OF OFFICIAL STATEMENT INFORMATION TO BE UPDATED

1. Annually updated financial information and operating data of the type contained in the following subsections of the Official Statement:
 - 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.
2. In the event of an amendment pursuant to Section 9 hereof not previously described in an Annual Report, an explanation, in narrative form, of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided and, if the amendment is made to the accounting principles to be followed, a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles, including a qualitative discussion of the differences, and the impact on the presentation and, to the extent feasible, a quantitative comparison.

EXHIBIT “C”

NOTICE OF FAILURE TO APPROPRIATE FUNDS

Name of Issuer: City of Mesa, Arizona

Name of Bond Issue: General Obligation Bonds, Series 2020, in the aggregate original principal amount of \$22,075,000*, and General Obligation Refunding Bonds, Series 2020, in the aggregate original principal amount of \$24,095,000*.

CUSIP: 590485

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Issuer failed to appropriate funds necessary to perform the undertaking required by the Continuing Disclosure Certificate dated [Closing Date].

Dated: _____, 20__.

CITY OF MESA, ARIZONA

By: _____

Its: _____

* Subject to change.

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