

# City of Phoenix, Arizona

**\$133,620,000\***

Various Purpose

General Obligation Bonds,  
Tax-Exempt Series 2024A

**\$105,185,000\***

Various Purpose

General Obligation Bonds,  
Taxable Series 2024B

Investor Presentation

July 2024

**City of Phoenix**

*\* Preliminary, subject to change*



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# Financing Overview

<b>Issuer</b>	City of Phoenix, Arizona
<b>Par Amount</b>	\$133,620,000* Tax-Exempt Series 2024A; \$105,185,000* Taxable Series 2024B
<b>Tax Status</b>	Tax-Exempt & Taxable
<b>Amortization</b>	Taxable maturities from July 1, 2028 through 2032; Tax-Exempt maturities from July 1, 2032 through 2047
<b>Security</b>	The 2024 Bonds are direct and general obligations of the City and are payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property therein without limitations as to rate or amount; GO bondholders are protected by a Statutory Lien through Arizona Revised Statutes
<b>Use of Funds</b>	The proceeds of the 2024 Bonds, together with other legally available funds, will be used for various capital improvements of the City
<b>Optional Redemption</b>	Series 2024A: Subject to optional redemption on or after July 1, 2034* at par Series 2024B: Make-Whole Call
<b>Ratings</b>	Aa1 (Moody's); AA+ (S&P); AAA (Fitch)
<b>POS Posting</b>	Tuesday, July 2, 2024*
<b>Sale Date</b>	Tuesday, July 16, 2024*
<b>Settlement Date</b>	Wednesday, August 7, 2024*
<b>Senior Manager</b>	Piper Sandler & Co.

\*Preliminary, subject to change.



# Agenda

- Overview and Economic Information
- City of Phoenix Budget
- Housing Market & Property Taxes
- Debt Profile & Plan of Finance
- Investor Relations & Contact Information



# Overview and Economic Information



# City of Phoenix Overview

- City of Phoenix operates under a Council-Manager form of government
- 5<sup>th</sup> largest city in the US based upon population
  - 71% population increase since 1990
  - Current population over 1.6 million
- In 2022, Phoenix MSA accounted for more than 76% of statewide GDP
- Top national and international tourist destination
- Strong regional economy, including housing market





# City of Phoenix – A Diversified, Growing Economy

- **Large, diverse employment base**

- Health Care, Education, Manufacturing, Financial, Retail, Governments and Schools, Technology, Tourism
- Large Base of Employers/Corporate and Regional Headquarters

- **Established higher education institutions**

- All three State public universities have campuses in Phoenix; plus, community colleges and private universities

- **Efficient transportation systems**

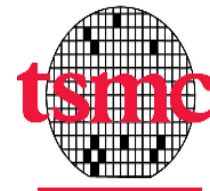
- Air, rail, interstate, and robust highway system

- **Vibrant downtown**

- Convention Center & Hotel destination
- 2023 Super Bowl Activities, 2024 Final Four, 2027 NBA All-Star Game

- **Taiwan Semiconductor Manufacturing Corporation**

- \$40 billion investment to bring semiconductor manufacturing facilities to the City
- More than 4,500 new jobs anticipated with average annual salary of \$80,350





# City of Phoenix – Demographic and Economic Overview

City Population (fifth largest in U.S.) <sup>(1)</sup> :	1,644,409
City Labor Force <sup>(2)</sup> :	843,333
Phoenix Metro Labor Force <sup>(3,4)</sup> :	2.6 million
Median Household Income <sup>(1)</sup> :	\$75,969
Unemployment Rate <sup>(3,4)</sup>	3.5%
Population over 25 with Bachelor's or higher <sup>(1)</sup> :	32.7%

<sup>(1)</sup> U.S. Census Bureau (2022 data).

<sup>(2)</sup> U.S. Bureau of Labor Statistics (2022 data).

<sup>(3)</sup> Data is for Phoenix-Mesa-Scottsdale MSA.

<sup>(4)</sup> U.S. Bureau of Labor Statistics (2023 data).





# City of Phoenix Budget





# Budget Review Process

- The Budget & Research (B&R) Department follows an in-depth process each fiscal year to ensure a balanced budget
- Staff closely monitors revenues and expenditures and, if actuals deviate from the budget, takes quick and prudent action to address any variances
- City departments prepare revised expenditure estimates twice a year and B&R reviews and makes necessary adjustments
- Mid-year revenue shortfalls can result in mid-year expenditure reductions
- B&R keeps the City Manager and the City Council advised on the status of the budget through periodic budget status reports
- Proven track record of taking action to balance the budget in the event of economic downturns, revenue reductions, or increased costs



# Budget Summary

- Required by State Law and City Charter to adopt a balanced budget each year
- Proven track record of responding quickly to economic downturns; strategic use of Coronavirus Relief Funds
- Consistent annual increases in revenues over last four years
- Estimated General Fund Balance of \$245<sup>(1)</sup> million in FY 2023-24; a 10% increase from FY 2022-23
- City Council annually approves the Pension Policy to pay down unfunded liability



1. Based on seven months of actual unaudited data



# General Fund Financial Data

## General Fund Revenues by Major Source (Budgetary Basis) (in thousands)

	<u>Actual</u> <u>FY 2022-23</u>	<u>Estimated</u> <u>FY 2023-24<sup>(1)</sup></u>
<b>Local Taxes:</b>		
Sales Tax	\$ 674,528	\$ 707,300
Privilege License Fees	3,385	3,505
Other General Fund Excise Taxes	19,452	19,613
<b>State-Shared:</b>		
Sales Tax	241,813	249,557
State Income Tax	308,183	435,754
Vehicle License Tax	80,593	82,227
<b>Primary Property Tax</b>	201,050	207,980
<b>User Fees/Other Revenues</b>	163,900	197,528
<b>Total General Fund</b>	<u>\$ 1,692,904</u>	<u>\$ 1,903,464</u>

1. Based on seven months of actual unaudited data



# Housing Market & Property Taxes





# Property Tax Overview

- Housing prices have recovered, rising significantly since the 2008-2009 recession
- The total property tax rate is made up of the primary rate, which pays for general City operations, and the secondary rate, which is pledged specifically for the repayment of debt service for GO bonds
- Arizona voters approved the Property Tax Assessed Valuation Amendment in 2012 limiting annual AV growth to 5% plus new construction, but does not put any restrictions on the secondary property tax rate
- Arizona Revised Statute § 35-458 limits the secondary property tax levy to the annual debt service amount plus a reasonable delinquency factor; this amount can also include anticipated new money issues and defeasances
- GO Bondholders are protected by Statutory Lien through Arizona Revised Statute
- The City Council can vote to have the secondary property tax rate raised independently



# Primary and Secondary Property Tax

	<b>Primary Property Tax</b>	<b>Secondary Property Tax</b>
<b>Fund Recipient</b>	General Fund	Secondary Property Tax Fund
<b>Use</b>	Operation & maintenance expenditures	Principal & interest on GO Bonds
<b>Primary Assessed Valuation</b>	Limited Property Value, which is used to calculate Limited Net Assessed Value (LNAV), is limited to 5% growth per year on existing property plus new construction (Prop 117)	
<b>Levy limit</b>	2% increase over prior year plus new construction	Limited to the annual debt service requirement; can also include new money issues and defeasances
City Council can increase property tax rates independently		



# Property Tax Rate

- Rate increase from \$1.82 to \$2.17 per \$100 of assessed value in FY 2016-17 with small decreases in following years

<b><u>Fiscal Year</u></b>	<b><u>City's Primary Tax Rate Per \$100 Assessed</u></b>	<b><u>City's Secondary Tax Rate Per \$100 Assessed</u></b>	<b><u>City's Total Tax Rate Per \$100 Assessed</u></b>
2023-24	\$1.29	\$0.81	\$2.10
2022-23	1.30	0.81	2.11
2021-22	1.31	0.81	2.12
2020-21	1.31	0.82	2.13
2019-20	1.31	0.82	2.13
2018-19	1.32	0.82	2.14
2017-18	1.34	0.82	2.16
2016-17	1.34	0.83	2.17
2015-16	1.34	0.48	1.82
2014-15	1.35	0.47	1.82

\* Source: Maricopa County Treasurer's Office.





# Growing Housing Prices Lead to Strong LNAV

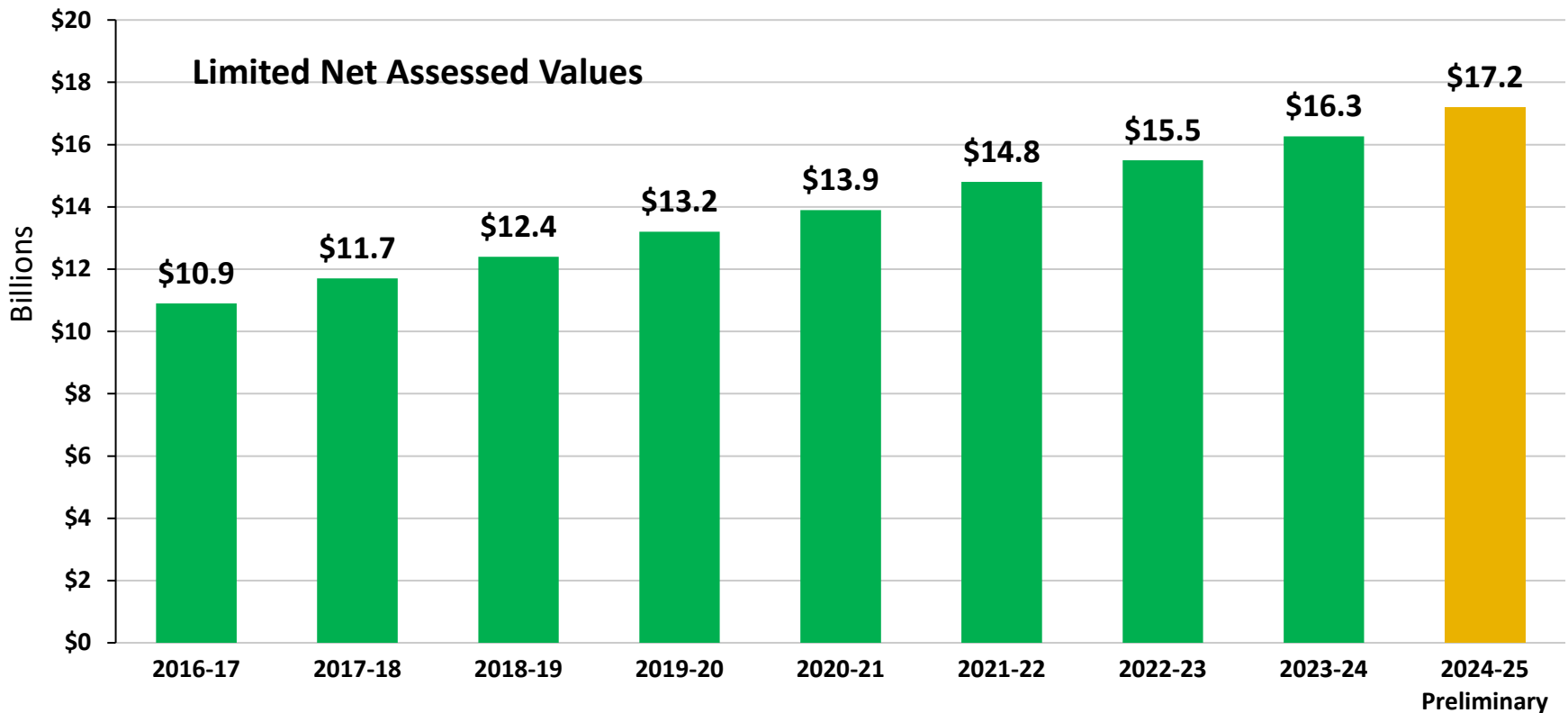
- City housing construction and permitting remains robust, with 10,341 housing units added and 14,468 new housing starts in 2023
- Full Cash Net Assessed Value (FCNAV) is tied to market values; property tax levy is determined by Limited Net Assessed Value (LNAV), which is based on the FCNAV but is limited by legislation
- Preliminary FY 2024-25 LNAV is \$17.2 billion a 5.7% increase compared to prior year





# Phoenix Limited Net Assessed Values

- Five-year average annual growth of **5.6%** from FY 2019-20 to FY 2023-24
- Five-year total growth of **23.0%** from FY 2019-20 to FY 2023-24



Note: There is generally an 18-month lag before market conditions effect the tax levy



# Voter Approved GO Bond Programs

- Since 1957, Phoenix has used a community-driven bond program process to address capital needs of the City
- The process is inclusive, comprehensive and transparent by involving citizens in prioritizing and choosing the capital projects
- In November of 2023 Phoenix voters approved a \$500 million GO bond program, the first new authorization since 2006
  - Program will support major investments in economic development, environmental initiatives, housing, libraries, parks, and public safety
  - The Series 2024 Bonds will be funding \$250 million of projects





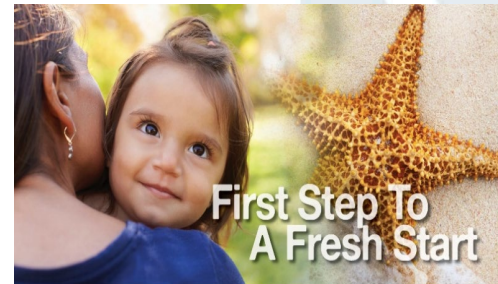
# Debt Profile & Plan of Finance





# Outstanding GO Bonds

- Outstanding GO principal of \$545,620,000 as of July 1, 2024
- Existing GO Bonds have a short average life with rapid amortization
  - \$316,115,000 principal amount will be paid off within approximately 3 years
  - Average life of 4.1 years
  - Substantial future debt capacity without increase secondary tax rate
- No derivatives or variable rate exposure
- No pension obligation bonds





# General Obligation Bonded Debt Statistics

Bonded GO Debt Outstanding as of 7-1-2024*	\$545.62 million
Bonded GO Debt Per Capita**	\$331.80
Full Cash Value FY 2023-24	\$292.92 billion
Bonded GO Debt as a % of Full Cash Value	0.19%
Limited Net Assessed Value FY 2023-24	\$16.27 billion
Bonded GO Debt as a % of Limited Net Assessed Value	3.35%

\*Represents net direct debt and overlapping general obligation bonds outstanding as of July 1, 2024, a portion of which are expected to mature on July 1, 2024

\*\* Population estimate is as of July 1, 2022, the most recently available figure from the U.S. Census Bureau (Population Estimate: 1,644,409)



# GO Bonds, Series 2024A (Tax-Exempt) and Series 2024B (Taxable) - Plan of Finance\*

	Series 2024A	Series 2024B (Taxable)
<b>Par Amounts</b>	\$133,620,000*	\$105,185,000*
<b>Purpose</b>	Various 2023 GO Bond Program Projects	Various 2023 GO Bond Program Taxable Projects
<b>Structure</b>	Principal amortization over 16 years starting in 2032	Principal amortization over 5 years starting in 2028
<b>Final Maturity</b>	7/1/2047	7/1/2032
<b>Call Provision</b>	10-Year Call	Make-Whole Call

\* Preliminary, subject to change.



# GO Bonds, Series 2024A (Tax-Exempt) & Series 2024B (Taxable) - Amortization\*

Maturity (July 1)	Series 2024A Tax-Exempt Principal*
2032	9,815,000
2033	14,500,000
2034	15,000,000
2035	17,500,000
2036	9,000,000
2037	9,000,000
2038	9,000,000
2039	9,000,000
2040	8,805,000
2041	8,000,000
2042	4,000,000
2043	4,000,000
2044	4,000,000
2045	4,000,000
2046	4,000,000
2047	4,000,000
<b>Total</b>	<b>\$133,620,000</b>

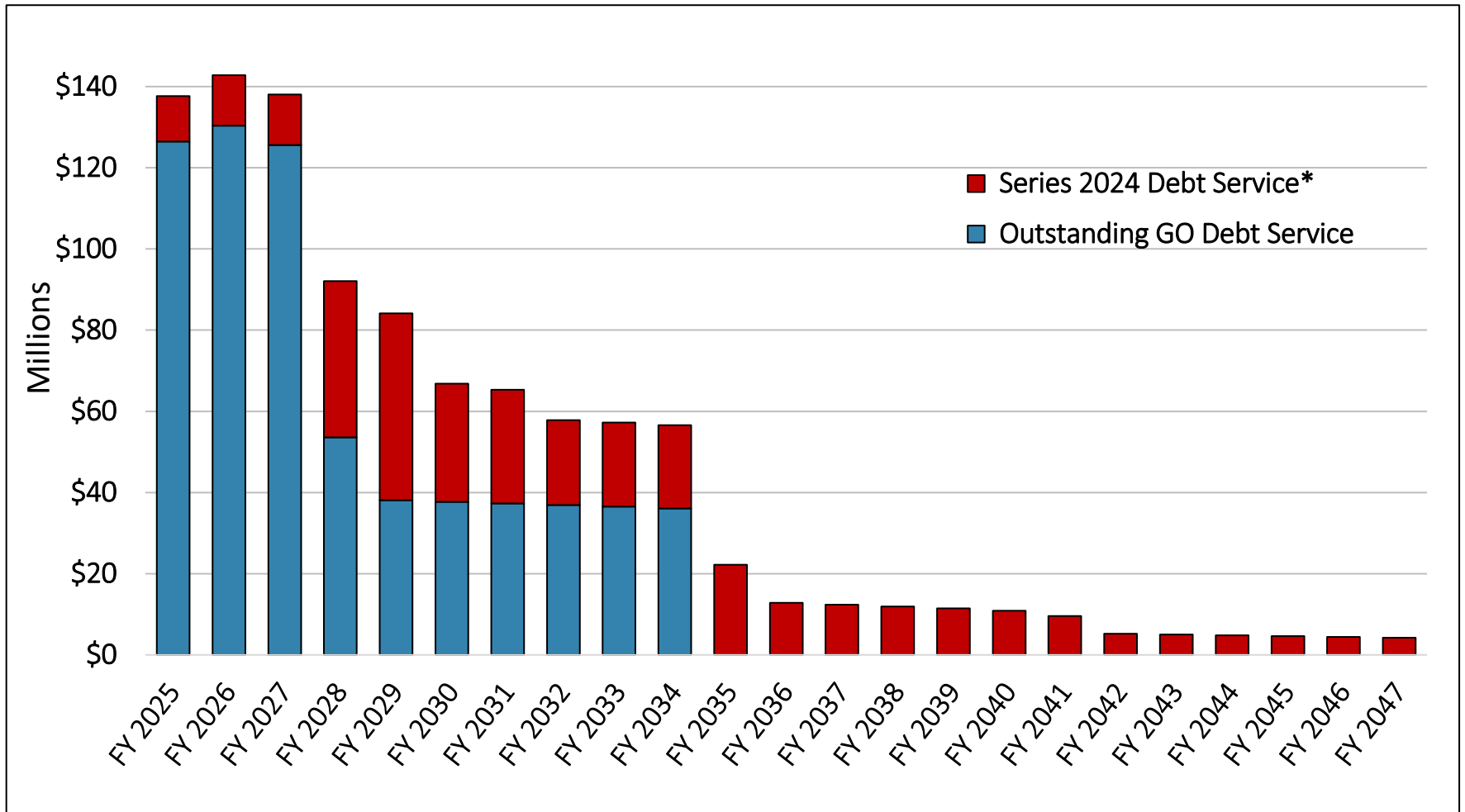
Maturity (July 1)	Series 2024B Taxable Principal*
2028	\$26,000,000
2029	35,000,000
2030	20,000,000
2031	20,000,000
2032	4,185,000
<b>Total</b>	<b>\$105,185,000</b>

\* Preliminary, subject to change.





# Debt Service Requirements\*



\* Preliminary, subject to change. As of July 1, 2024, the estimated average life of the new and current outstanding GO debt is 5.9 years.



# GO Bonds Calendar\*

July						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

August						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Event	Date*
Release POS and Investor Presentation	Tuesday, July 2, 2024
Bond Pricing	Tuesday, July 16, 2024
Closing and Delivery of 2024 Bonds	Wednesday, August 7, 2024

\* Preliminary, subject to change.



# Investor Relations & Contact Information



# Investor Relations Website

Additional information is available at the City's Investor Relations website:

[phoenix.gov/finance/investor](http://phoenix.gov/finance/investor)

The screenshot shows the City of Phoenix Investor Information page. At the top is the City of Phoenix logo and a search bar. Below the search bar are navigation links: myPHX311, PHX Pay Online, Map It, Find Public Records, PHX Newsroom, and Translate. The main heading is "Investor Information". Below this is a "Share this page" section with social media icons for Facebook, Twitter, LinkedIn, YouTube, Email, and Print. The page contains a welcome message, an introductory paragraph about Phoenix's status as the fifth largest city in the US, a paragraph about the City's use of bonds for financing, and a paragraph about the information's currency. At the bottom, there are two columns of links to various financial reports and documents, including a "RECENT BOND SALE" section for Junior Lien Wastewater System Revenue Bonds, Series 2023.

**City of Phoenix**

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## Investor Information

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Welcome to the City of Phoenix Investor Information Page.

Phoenix is the fifth largest City in the United States, the capital of Arizona, and the center of the metropolitan area encompassed by Maricopa County. Phoenix has been one of the most rapidly growing metropolitan areas in the country for several decades in terms of population, employment and personal income growth.

The sustained growth of Phoenix has contributed to the City's use of bonds as a major source of financing for its capital improvement programs. The City issues bonds to fund infrastructure and development through the following major debt categories: General Obligation; Excise Tax Revenue; Airport Revenue; Water Revenue; Wastewater Revenue; Community Facilities Districts; State of Arizona Distribution Revenue; Transit Excise Tax Revenue; and Rental Car Facility Charge Revenue.

The information contained in each document is current only as of its date, and the City is under no obligation to update or supplement any such documents. Further disclaimers of liability by the City can be found by accessing [Disclaimers](#) herein.

(Note: Adobe Acrobat is required to view some of the following links)

- [Aviation Annual Comprehensive Financial Reports](#)
- [Budget Information](#)
- [Annual Comprehensive Financial Reports, Popular Annual Financial Report and Annual Expenditure Limitation Reports](#)
- [Continuing Disclosure](#)
- [Credit Ratings \(PDF\)](#)
- [Current FY Monthly Financial Reports](#)
- [Debt Policy \(PDF\)](#)
- [Independent Registered Municipal Advisors \(IRMA\) Notification \(PDF\)](#)
- [Official Statements](#)
- [Park Central Community Facilities District](#)
- [Pension Information: City and Public Safety](#)
- [Pension Reform](#)
- [Pension Reform - Summary of Voter Approved Changes \(PDF\)](#)
- [Sky Harbor International Airport Statistics](#)
- [Single Audit Reports](#)
- [Water and Wastewater Utility Bill Comparison \(PDF\)](#)

**RECENT BOND SALE:**

City of Phoenix Civic Improvement Corporation

- Junior Lien Wastewater System Revenue Bonds, Series 2023
  - [Final Official Statement \(PDF\)](#)



# City of Phoenix, Arizona

## General Obligation Bonds, Series 2024

### **Questions Regarding the City of Phoenix :** **(602) 262-7166**

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Cristina Razzaq, Debt Manager  
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**(602) 495-5466**

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### **Questions Regarding the Series 2024 Bonds:**

Piper Sandler  
Peter Phillippi, Managing Director and Group Head  
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**(602) 808-5427**