

City of Phoenix (AZ) Civic Improvement Corporation

\$180,000,000*

Subordinated Excise Tax Revenue Bonds
Series 2024

Investor Presentation

June 2024

City of Phoenix

*Preliminary, subject to change.



Disclaimer

This electronic Investor Presentation you are about to view is provided as of June 11, 2024 for a proposed offering by the City of Phoenix Civic Improvement Corporation (the “Corporation”) of its Subordinated Excise Tax Revenue Bonds, Series 2024 (the “Bonds”) on the behalf of the City of Phoenix, Arizona (the “City”). If you are viewing this presentation after June 11, 2024 there may have been events after that date that could have a material adverse effect on the financial data and other information of the Corporation and the City as presented herein; the Corporation and the City have no obligation to update this Investor Presentation. All financial data and other information provided herein are not warranted as to completeness or accuracy and are subject to change without notice.

This Investor Presentation is provided for your information and convenience only. Any investment decisions regarding the Bonds should be made only after a careful review of the complete Preliminary Official Statement for the Bonds. By accessing this Investor Presentation, you agree not to duplicate, copy, download, screen capture, electronically store or record this Investor Presentation, nor to produce or distribute this Investor Presentation in any form whatsoever.

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Financing Summary

Issuer	City of Phoenix Civic Improvement Corporation
Bonds	Subordinated Excise Tax Revenue Bonds, Series 2024 (the “Bonds”)
Par Amount	\$180,000,000*
Tax Status	Tax-Exempt
Amortization	Fixed rate bonds maturing 7/1/2028 – 7/1/2047
Redemption Provisions	Bonds maturing on or after 7/1/2035 subject to par call on or after 7/1/2034
Sale Type & Timing	Competitive Bid June 25, 2024 8AM MST (11AM New York time)*
Purpose	To finance capital projects such as technology upgrades, solid waste facilities and equipment, public safety property, systems and equipment, and other municipal facilities
Pledged Revenues	All excise, transaction, privilege, business and franchise taxes, state-shared sales and income taxes, and receipts from licenses and permits, except for those specifically earmarked for a contrary or inconsistent purpose
Ratings	Aa1/AAA/AA+ (M/S/F)

*Preliminary, subject to change.



City of Phoenix – Demographic and Economic Overview

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

⁽¹⁾ U.S. Census Bureau (2022 data).

⁽²⁾ U.S. Bureau of Labor Statistics (2022 data).

⁽³⁾ Data is for Phoenix-Mesa-Scottsdale MSA.

⁽⁴⁾ U.S. Bureau of Labor Statistics (2023 data).



City of Phoenix – the 5th Largest City in the United States and the Economic Engine for Arizona

- **Economic hub of the state**
 - Phoenix is the fifth largest city in the United States; also the state capital and county seat
 - Provides stabilizing institutional influence with a long-standing role as home to major employers: the State, Maricopa County, the City
 - Phoenix Metropolitan Statistical Area (MSA) accounts for more than 76.1% of statewide Gross Domestic Product (GDP) and 68.2% of the State's population (2022)
- **Thriving, diverse economic base**
 - Strong regional economy with unemployment rates below national average and sustained economic growth
 - Emerging biotechnology center – the Phoenix Biomedical campus downtown and the Arizona Biomedical Corridor in north Phoenix
 - Top national and international tourist destination
- **Rapid recent growth**
 - Population has grown 71% since 1990
 - City housing construction and permitting remains robust with 14,468 housing starts in 2023 and 45,637 new housing units, with 31.7% authorized in the Phoenix region



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**

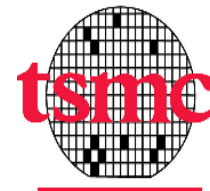
- Air, rail, interstate, and robust highway system

- **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 General Fund Budget

The Fiscal Year 2024-25 General Fund budget is expected to be enacted on June 12, 2024.

	(\$ in thousands)	
	Actual	Estimated*
	2022-23	2023-24
Resources:		
Beginning Balance	\$ 224,446	\$ 222,931
Revenue	1,692,904	1,903,464
Recoveries	4,259	4,124
Transfers	(74,872)	1,549
Total Resources	\$ 1,846,737	\$ 2,132,068
Expenditures:		
Operating	\$ 1,592,222	\$ 1,821,499
Capital	31,584	65,856
Total Expenditures	\$ 1,623,806	\$ 1,887,355
Ending Fund Balance (Budgetary)	\$ 222,931	\$ 244,713

* Based on seven-month actuals and five-month estimates.



The Bonds Benefit from Strong Security Features

- The Bonds are special revenue obligations of the City of Phoenix Civic Improvement Corporation (the “Corporation”)
- There are currently no senior or junior bonds outstanding, but those liens remain available for future use
- Pledged revenues include all excise, transaction, privilege, business and franchise taxes, state-shared sales and income taxes, and receipts from licenses and permits, except for those specifically earmarked for a contrary or inconsistent purpose
 - Privilege license (sales and use) taxes and fees make up approximately half of the total revenues
 - State-shared sales and income taxes are subjected to changes in State formulas; recent State actions to eliminate residential rental sales taxes and to collapse income tax brackets into a single 2.5% “flat tax” are estimated to reduce City revenues by \$54.4 million, and \$86.4 million, and \$84.4 million over the next three fiscal years, respectively



Bonds Benefit from Strong Security Features (continued)

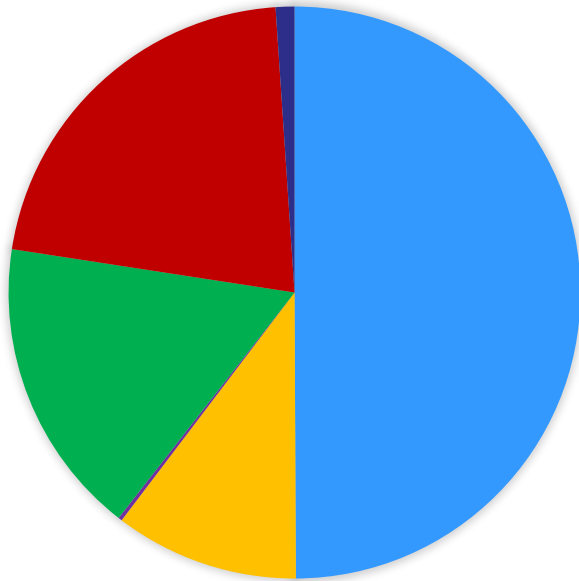
- Debt service supported by unconditional payments from the City
 - City makes semiannual payments under a loan agreement between the City and the Corporation, sufficient to cover debt service on the Bonds (the “Loan Payments”)
 - The Loan Payments are unconditional and not subject to appropriation but do not constitute a pledge of the City’s full faith and credit
- The Corporation remains well below Additional Bonds Test limits
 - For Senior Bonds*: two times the combined maximum annual debt service of Senior, Junior and Subordinate Bonds, including the bonds to be issued
 - For Junior Bonds*: two times the combined maximum annual debt service of Senior, Junior and Subordinate Bonds, including the bonds to be issued
 - For Subordinate Bonds: One time the combined maximum annual debt service for Senior and Junior Bonds, plus two times the maximum debt for Subordinate Bonds, including the bonds to be issued

*No senior or junior bonds outstanding as of July 1, 2024.



Pledged Excise Tax Revenues

REVENUE SOURCES



- Privilege License Tax and Fees
- Utility & Franchise Fees
- Licenses & Permits
- State-Shared Sales Tax
- State-Shared Income Tax
- Recreational Marijuana Sales Tax

Actual FY 2022-23 Excise Tax Revenue Sources (in thousands)

Privilege License Tax and Fees	\$715,179*
Utility & Franchise Fees	149,145
Licenses & Permits	3,018
State-Shared Sales Tax	241,813
State-Shared Income Tax	308,183
Recreational Marijuana Sales Tax	15,175
FY 2023 Total	\$1,432,513

* Privilege License (Sales and Use) Tax and Fees include taxes on retail, restaurant, bars, construction contracting, residential rental, hotels, vehicle rentals, and other activities. *Does not include certain dedicated excise tax revenues approved by voters for a specific purpose.*



Excise Tax Credit Strengths

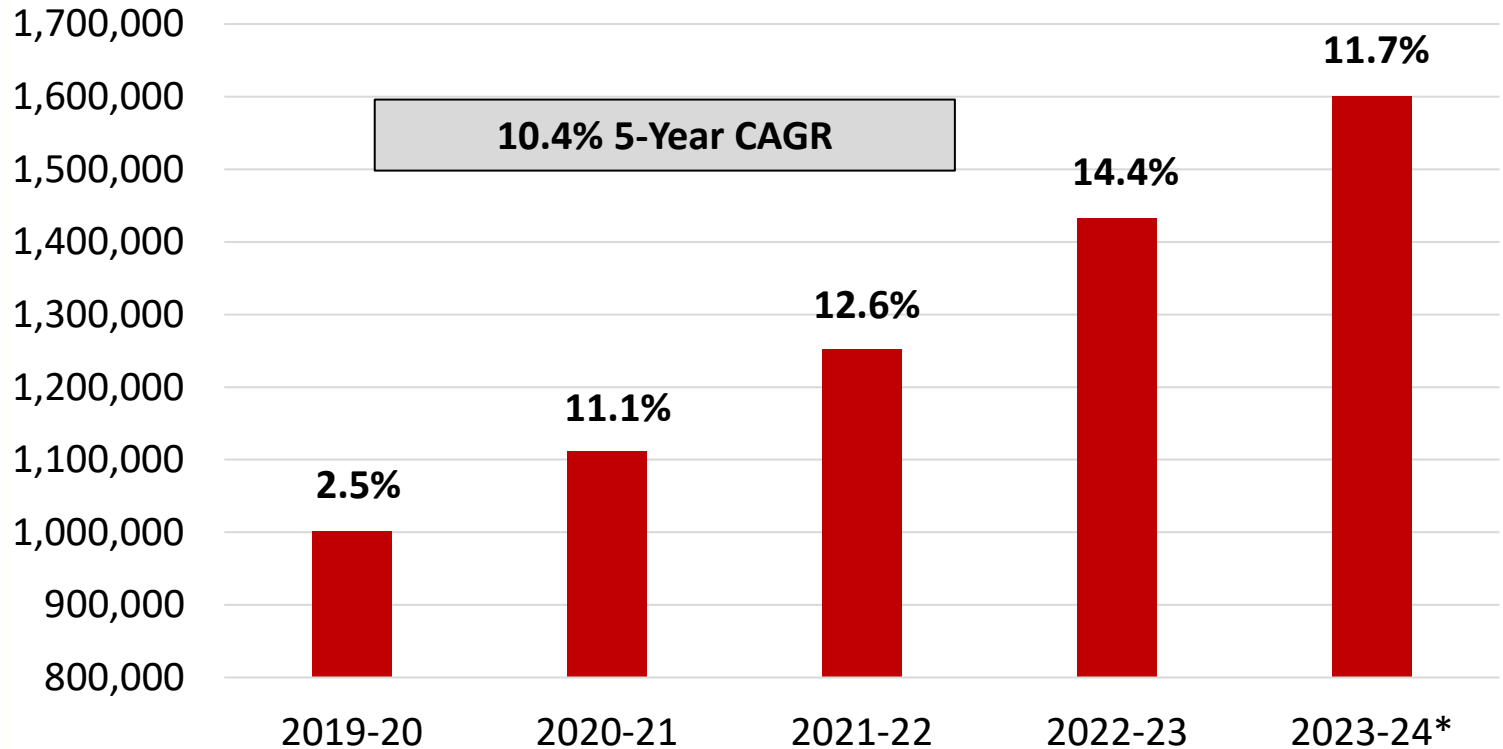
- **Strong growth in pledged excise taxes**
 - Growth of 59.9% from FY 2019-20 to FY 2023-24 (from \$1.001 billion to \$1.601 billion)
 - 5-year Compound Annual Growth Rate (“CAGR”): 10.4%
 - Strong excise tax growth can be primarily related to growth in Phoenix in general and related growth in infrastructure funded by the private sector as well as the City’s own projects
- **Growth and low leverage have contributed to consistently strong coverage**
 - From FY 2019-20 through FY 2023-24 coverage ranged from 11.7x to 17.5x (inclusive of all liens)
 - \$1.008 billion* outstanding as of July 1, 2024 (inclusive of the Bonds)

*\$39.8 million of these bonds with maturities from 7/1/2025 to 7/1/2045 are further supported by City solid waste revenues.



History of Strong Pledged Revenue Growth

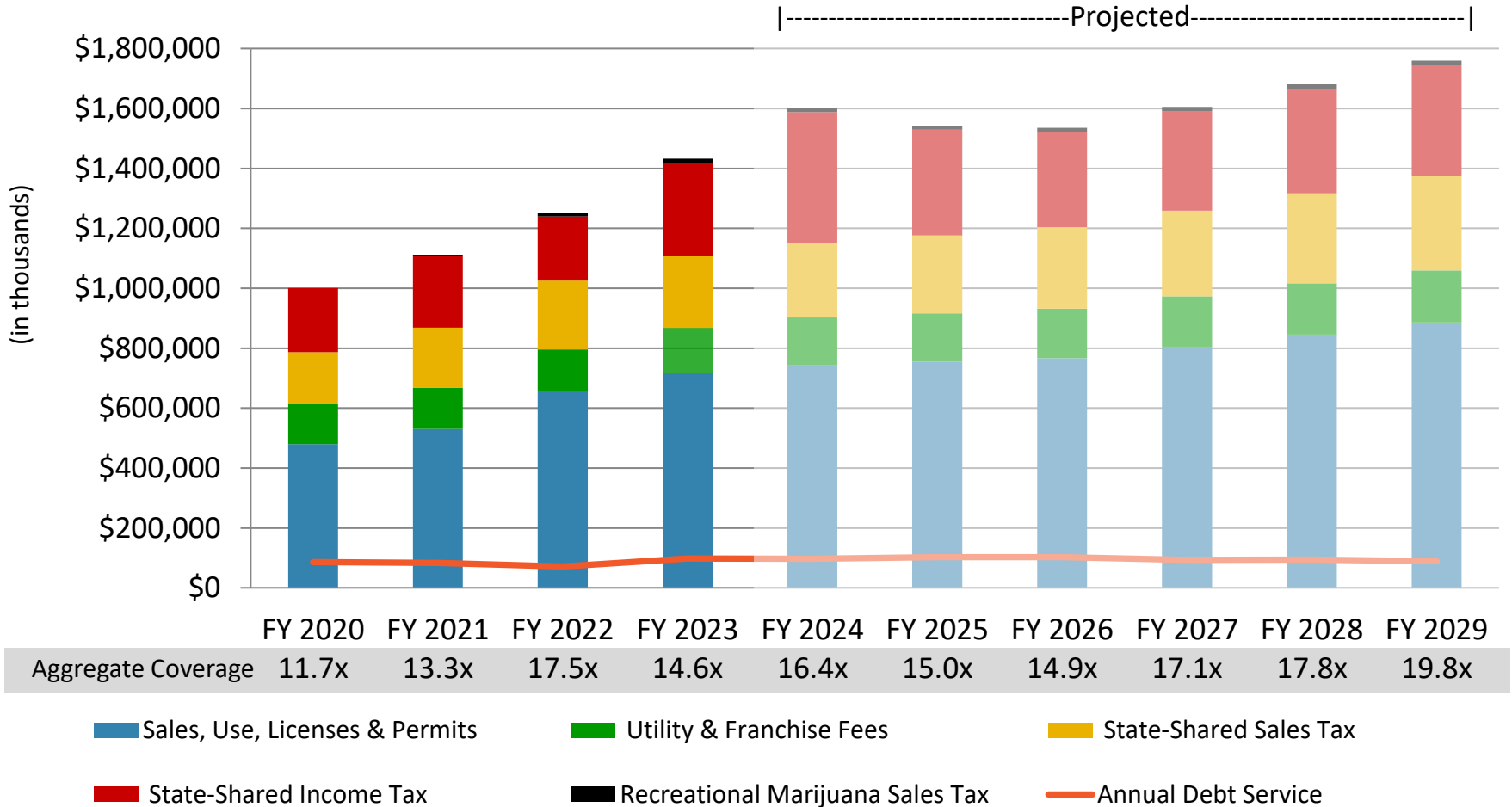
Growth in Pledged Excise Tax Revenue Fiscal Years 2019-20 to 2023-24



*Estimated.



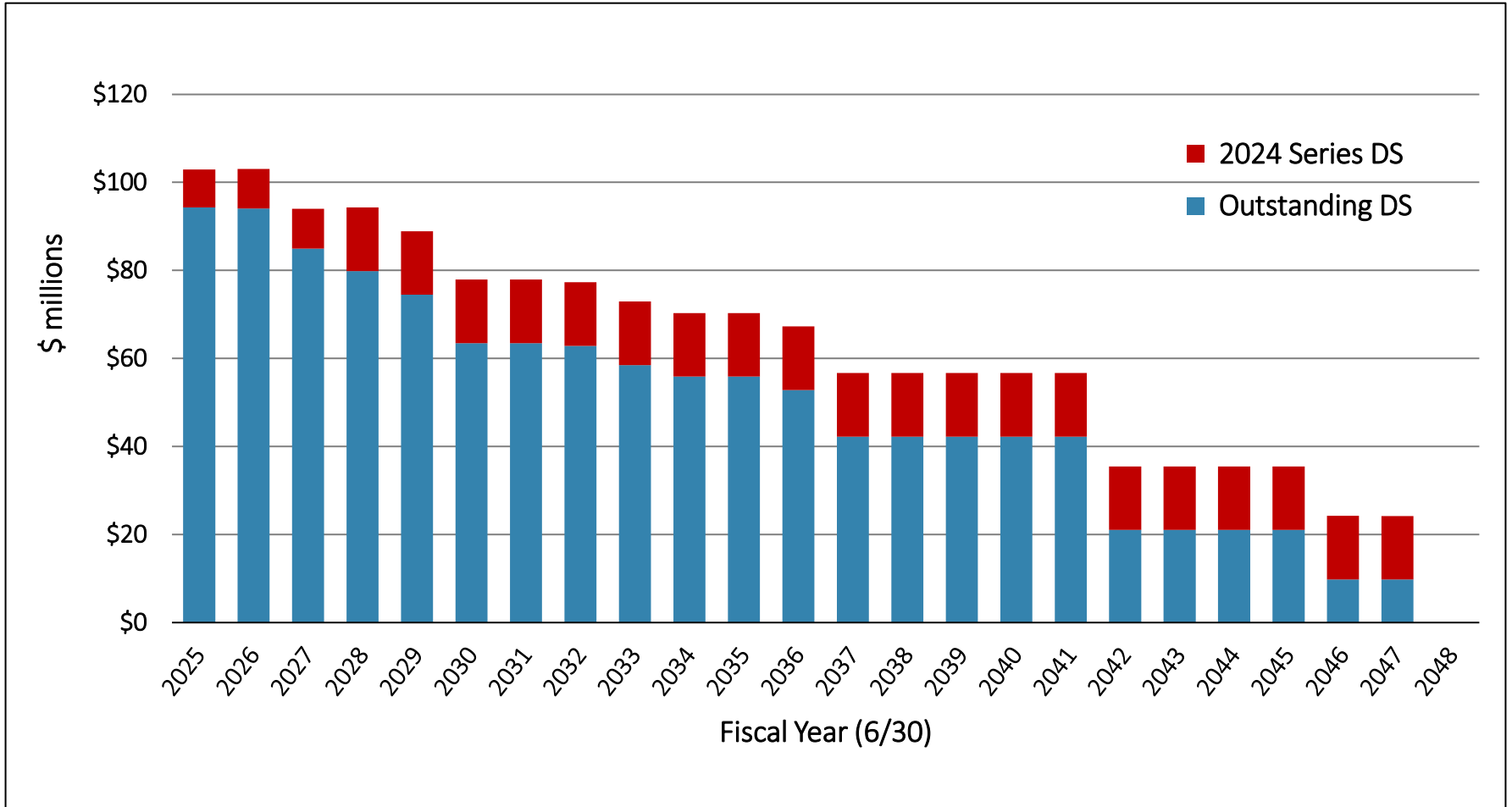
Actual and Projected Pledged Excise Tax Revenues & Aggregate Debt Coverage*



*Includes expected debt service on the Bonds.



Debt Service Requirements



*Preliminary, subject to change. Assumes 5% interest rates on the Bonds.



Amortization Schedule for the Bonds*

Maturing July 1	Principal Amount (\$000s)	Maturing July 1	Principal Amount (\$000s)
2028	5,445	2038	8,870
2029	5,715	2039	9,310
2030	6,000	2040	9,775
2031	6,300	2041	10,265
2032	6,615	2042	10,780
2033	6,950	2043	11,315
2034	7,295	2044	11,885
2035	7,660	2045	12,475
2036	8,045	2046	13,100
2037	8,445	2047	13,755
		Total	180,000

*All figures preliminary and subject to change.



Investor Relations Website

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

phoenix.gov/finance/investor

The screenshot shows the City of Phoenix Investor Information page. At the top, there is the City of Phoenix logo and a search bar. Below the search bar is a navigation menu with links for myPHX311, PHX Pay Online, Map It, Find Public Records, PHX Newsroom, and Translate. The main heading is "Investor Information" with social media sharing options. The page content includes a welcome message, an overview of Phoenix's status as the fifth largest city in the US, and a detailed list of bond categories. A "RECENT BOND SALE" section highlights the Junior Lien Wastewater System Revenue Bonds, Series 2023, with a link to the Final Official Statement (PDF). A list of links for various reports and documents is provided at the bottom.

Investor Information

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 \(PDF\)](#)



Transaction Schedule and Contact Information

Event	Date*
Release POS and Investor Presentation	Tuesday, June 11, 2024
Competitive Bids	Tuesday, June 25, 2024 8AM MST (11AM New York time)
Closing and Delivery of Bonds	Wednesday, July 17, 2024

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