

NEW ISSUE – BOOK-ENTRY-ONLY FORM

RATINGS: See “RATINGS” herein.

*In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications and the continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, interest on the Bonds (i) is excludable from gross income for federal income tax purposes and (ii) is exempt from income taxation under the laws of the State of Arizona. Further, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. See “TAX EXEMPTION” herein for a description of certain other federal tax consequences of ownership of the Bonds.*

**\$10,995,000\***

**CITY OF EL MIRAGE, ARIZONA  
GENERAL OBLIGATION REFUNDING BONDS,  
SERIES 2022**

**Dated:** Date of Initial Authentication and Delivery

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

The General Obligation Refunding Bonds, Series 2022 (the “Bonds”) of the City of El Mirage, Arizona (the “City”), will be issued in the form of fully-registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Beneficial ownership interests in the Bonds may be purchased in amounts of \$5,000 of principal due on a specific maturity date or integral multiples thereof. The Bonds will mature on the dates and in the principal amounts and will bear interest from their date of delivery to their maturity or prior redemption as set forth on the inside front cover page. Interest on the Bonds will accrue from the date of initial authentication and delivery and will be payable semiannually on January 1 and July 1 of each year commencing on July 1, 2022\*, until maturity or prior redemption.

The Bonds are being issued for the purpose of (i) refunding and redeeming the Bonds Being Refunded (as defined herein), (ii) paying capitalized interest on the Bonds through July 1, 2022 and (iii) and paying costs relating to the issuance of the Bonds.

**SEE MATURITY SCHEDULE ON INSIDE FRONT COVER PAGE**

The City will initially utilize DTC’s “book-entry-only system,” although the City and DTC each reserve the right to discontinue the book-entry-only system at any time. Utilization of the book-entry-only system will affect the method and timing of payment of principal of and interest on the Bonds and the method of transfer of the Bonds. So long as the book-entry-only system is in effect, a single fully-registered Bond, for each maturity of the Bonds, will be registered in the name of Cede & Co., as nominee of DTC, on the registration books maintained by U.S. Bank National Association, the initial bond registrar and paying agent for the Bonds. DTC will be responsible for distributing the principal and interest payments to its direct and indirect participants who will, in turn, be responsible for distribution to the beneficial owners of the Bonds (the “Beneficial Owners”). So long as the book-entry-only system is in effect and Cede & Co. is the registered owner of the Bonds, all references herein (except under the heading “TAX EXEMPTION”) to owners of the Bonds will refer to Cede & Co. and not the Beneficial Owners. See APPENDIX F – “BOOK-ENTRY-ONLY SYSTEM” herein.

Certain of the Bonds will be subject to redemption prior to their stated maturity dates as described under the heading “THE BONDS – Redemption Provisions” herein.\*

The Bonds will be payable as to principal and interest from a continuing, direct, annual, *ad valorem* tax levied against all of the taxable property located within the boundaries of the City as more fully described herein. The Bonds will be payable from such tax without limit as to rate but limited in amount so that the total aggregate of taxes levied to pay principal and interest on the Bonds in the aggregate will not exceed the total aggregate of principal of and interest 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 application of such taxes to the payment of the Bonds will be subject to the rights vested in the owners of the Bonds Being Refunded to the payment of the Bonds Being Refunded from the same source in the event of a deficiency in the securities to be purchased with the proceeds of the Bonds and held in trust to pay principal of and interest on the Bonds Being Refunded. The owners of the Bonds must rely on the sufficiency of the monies and securities held in such 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 will be offered when, as and if issued by the City and received by the underwriter identified below (the “Underwriter”), subject to the legal opinion of Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed on for the Underwriter by its counsel \_\_\_\_\_. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about April \_\_, 2022\*.

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

**UNDERWRITER TBD**

\* Preliminary, subject to change.

**\$10,995,000\***  
**CITY OF EL MIRAGE, ARIZONA**  
**GENERAL OBLIGATION REFUNDING BONDS,**  
**SERIES 2022**

**MATURITY SCHEDULE\***  
**Base CUSIP® No. 28328R<sup>(a)</sup>**

| Maturity<br>Date<br>(July 1) | Principal<br>Amount | Interest<br>Rate | Yield | CUSIP® (a)<br>No. 28328R |
|------------------------------|---------------------|------------------|-------|--------------------------|
| 2022                         | \$160,000           |                  |       |                          |
| 2023                         | 680,000             |                  |       |                          |
| 2024                         | 705,000             |                  |       |                          |
| 2025                         | 370,000             |                  |       |                          |
| 2026                         | 380,000             |                  |       |                          |
| 2027                         | 395,000             |                  |       |                          |
| 2028                         | 415,000             |                  |       |                          |
| 2029                         | 430,000             |                  |       |                          |
| 2030                         | 450,000             |                  |       |                          |
| 2031                         | 465,000             |                  |       |                          |
| 2032                         | 485,000             |                  |       |                          |
| 2033                         | 500,000             |                  |       |                          |
| 2034                         | 525,000             |                  |       |                          |
| 2035                         | 545,000             |                  |       |                          |
| 2036                         | 570,000             |                  |       |                          |

\$3,920,000 4.00% Term Bond due July 1, 2042 – Yield \_\_\_% CUSIP®<sup>(1)</sup> 28328R\_\_\_

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\* Preliminary, subject to change.

## **CITY OF EL MIRAGE, ARIZONA**

### **CITY COUNCIL**

Alexis Hermosillo, *Mayor*  
Monica Dorcey, *Vice Mayor*  
Roy Delgado, *Councilmember*  
Michael Hutchinson, *Councilmember*  
Anita Norton, *Councilmember*  
David Shapera, *Councilmember*  
Donna Winston, *Councilmember*

### **CITY ADMINISTRATIVE OFFICIALS**

Crystal Dyches, *City Manager*  
Robert Nilles, *Deputy City Manager*  
Dana Williams, *Finance Director*  
Pierce Coleman PLLC, *City Attorney*  
Sharon Antes, *City Clerk*  
Michael Parascandola, *City Magistrate*

### **BOND COUNSEL**

Greenberg Traurig, LLP  
*Phoenix, Arizona*

### **FINANCIAL ADVISOR**

Piper Sandler & Co.  
*Phoenix, Arizona*

### **BOND REGISTRAR, PAYING AGENT AND ESCROW TRUSTEE**

TBD  
*Phoenix, Arizona*

## REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the City of El Mirage, Arizona (the “City”) General Obligation Refunding Bonds, Series 2022 (the “Bonds”), identified on the inside front 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. No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations other than as 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 any of the foregoing.

The information set forth in this Official Statement has been provided by the City, Maricopa County, 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 Piper Sandler & Co. (the “Financial Advisor”) or \_\_\_\_\_ (the “Underwriter”). 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 or other affairs of 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, will be realized or will be repeated 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 other parties or matters described herein since the date thereof.

The sale and issuance of the Bonds will not be registered under the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Arizona Securities Act in reliance upon exemptions provided under such acts for the sale and issuance of securities such as the Bonds. The Bonds will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, State or other government entity or agency will have passed upon the merits of the Bonds or the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

None of the City, the Underwriter, the Financial Advisor and Bond Counsel (as defined herein) are actuaries, nor have any of them performed any actuarial or other analysis of the City’s unfunded liabilities under the Arizona Public Safety Retirement System, the Arizona State Retirement System or the Elected Officials’ Retirement Plan.

The Underwriter has provided the following sentence for inclusion into this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibilities to investors under 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.

In connection with this offering, the Underwriter may allow concessions or discounts from the initial public offering prices to dealers and others, and the Underwriter may over allot or engage in transactions intended to stabilize the prices of the Bonds at levels above those which might otherwise prevail in the open market in order to facilitate their distribution. Such stabilization, if commenced, may be discontinued at any time.

A wide variety of other 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.

The information contained herein in APPENDIX F – “BOOK-ENTRY-ONLY SYSTEM” has been furnished by The Depository Trust Company and no representation has been made by the City, the Financial Advisor or any of their counsel or agents, as to the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE UNDERWRITER MAY OVERALLOT OR ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET IN ORDER TO FACILITATE THEIR DISTRIBUTION. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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## OFFICIAL STATEMENT

**\$10,995,000\***  
**CITY OF EL MIRAGE, ARIZONA**  
**GENERAL OBLIGATION REFUNDING BONDS,**  
**SERIES 2022**

### INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the Appendices attached hereto, sets forth information concerning the offering by the City of El Mirage, Arizona (the “City”) of its General Obligation Refunding Bonds, Series 2022 (the “Bonds”) in the aggregate principal amount of \$10,995,000\*. See APPENDIX A – “CITY OF EL MIRAGE, ARIZONA – GENERAL AND DEMOGRAPHIC INFORMATION”, APPENDIX B – “CITY OF EL MIRAGE, ARIZONA – FINANCIAL INFORMATION” and APPENDIX E – “CITY OF EL MIRAGE, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021” for certain information regarding the City.

Reference to provisions of the State of Arizona (the “State” or “Arizona”) law, whether codified in the Arizona Revised Statutes or uncodified, or of the Arizona Constitution, are reference to those current provisions. The provisions may be amended, repealed or supplemented.

### THE BONDS

#### Authorization and Purpose

The Bonds will be issued pursuant to Title 35, Chapter 3, Article 4, Arizona Revised Statutes (the “Act”), and a resolution adopted by the Mayor and Council of the City on February 15, 2022 (the “Resolution”).

Proceeds from the sale of the Bonds will be used to (i) establish an irrevocable trust of monies and obligations issued by the United States of America (the “Government Obligations”) which will pay, when due, principal of and interest on the hereinafter defined Bonds Being Refunded, and (ii) pay costs of issuance of the Bonds. The monies and the Government Obligations will be held in an irrevocable trust (the “Trust”) for the owners of the Bonds Being Refunded \_\_\_\_\_ (the “Escrow Trustee”).

The City has general obligation bonds currently outstanding, and additional general obligation bonds may be authorized at future special bond elections. See TABLE 14A – “Direct General Obligation Bonded Debt Outstanding and to be Outstanding” in APPENDIX B – “CITY OF EL MIRAGE, ARIZONA – FINANCIAL INFORMATION.”

#### General Description

The Bonds will be dated as of the date of their initial delivery and initially will be registered only in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), under the book-entry-only system described in APPENDIX F – “BOOK-ENTRY-ONLY SYSTEM” (the “Book-Entry-Only System”). Beneficial ownership interests in the Bonds may be purchased through direct and indirect participants of DTC in amounts of \$5,000 of principal due on a specific maturity date or integral multiples thereof. See APPENDIX F – “BOOK-ENTRY-ONLY SYSTEM.” The Bonds will mature on the dates and in the principal amounts and bear interest at the rates from their date, all as set forth on the inside cover page and will be payable on July 1, 2022\*, and on each January 1 and July 1 thereafter until maturity or prior redemption. The City has chosen the fifteenth day of the month preceding an interest payment date as the “Record Date” for the Bonds.

See “TAX EXEMPTION” herein for a discussion of the treatment of interest income on the Bonds for federal or State income tax purposes.

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\* Preliminary, subject to change.

**Bond Registrar and Paying Agent**

\_\_\_\_\_, will serve as the initial bond registrar, transfer agent and paying agent (the “Bond Registrar and Paying Agent”) for the Bonds. The City may change the Bond Registrar and Paying Agent without notice to or consent of the owners of the Bonds.

**Redemption Provisions\***

*Optional Redemption.* The Bonds maturing before and on July 1, 20\_\_ will not be subject to redemption prior to their stated maturity dates. The Bonds maturing on and after July 1, 20\_\_ will be subject to optional redemption prior to their stated maturity dates, at the direction of the City, in whole or in part in denominations of \$5,000 or integral multiples thereof from maturities selected by the City, on July 1, 20\_\_ and on any date thereafter, at a redemption price equal to the principal amount of Bonds being redeemed plus accrued interest to the date fixed for redemption, without premium.

*Mandatory Redemption.* The Bonds maturing on July 1, 2042 (the “Term Bonds”) are subject to mandatory redemption and will be redeemed in the years and in the amounts set forth below, at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the date fixed for redemption as follows:

| Term Bond due July 1, 20__ |                     |
|----------------------------|---------------------|
| Redemption<br>Date         | Principal<br>Amount |
| _____                      | \$ _____            |
| 20__                       |                     |
| 20__                       |                     |
| 20__                       |                     |
| 20__                       |                     |
| 20__                       |                     |
| 20__                       |                     |
| 20__ (maturity)            |                     |

See APPENDIX F for DTC’s method of appointment when less than all of the Bonds of a maturity are called prior to redemption. If the Book-Entry-Only System is discontinued, the Bond Registrar and Paying Agent shall proceed to select for redemption (by lot in such manner as the Bond Registrar and Paying Agent may determine) from the Term Bonds, a principal amount of the Term Bonds equal to the aggregate principal amount of the Term Bonds redeemable with the required mandatory payment, and shall call such Term Bonds for redemption on the next July 1 and give notice of such redemption.

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

*Notice of Redemption.* So long as the Bonds are held under the Book-Entry-Only System, notices of redemption will be sent to DTC in the manner required by DTC. See APPENDIX F – “BOOK-ENTRY-ONLY SYSTEM.” 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 maintained by the Bond Registrar and Paying Agent not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. 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. Neither the failure of any registered owner of Bonds to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for redemption of Bonds as to which proper notice of redemption was given.

Notice of any redemption will also be provided as set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE UNDERTAKING,” 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 the Bond Registrar and Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such monies being so held on 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.

### **Coronavirus Disease 2019 (“COVID-19”)**

The COVID-19 global pandemic continues to affect the nation and the State with ongoing concerns related to health and safety, appropriate preventative protocols, fiscal and economic issues, and student learning loss. At present, government and business operations in the State, following the rescindment of numerous COVID-19-related Executive Orders by Arizona Governor Doug Ducey, essentially function without government-imposed restrictions relating to the pandemic.

While the City does not currently anticipate the collection of *ad valorem* taxes, which is the security and source of payment of principal and interest due on the Bonds, will be materially adversely affected by the continued existence of COVID-19, should adverse economic conditions reduce the ability of property tax payers to pay amounts levied, it could have an adverse effect on the collection of *ad valorem* taxes.

The City, however, cannot predict how the spread of COVID-19 or the various governmental or private actions taken in response to COVID-19 will affect City finances or the collection of *ad valorem* taxes, which is the security and source of payment of principal and interest due on the Bonds. The full financial effect of COVID-19 on the City could change significantly as circumstances and events evolve. The City will monitor events as they occur, particularly those that may have a material adverse effect on the City’s budget and finances.

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

### **General**

The Bonds will be payable as to principal and interest from a continuing, direct, annual, *ad valorem* tax to be levied against all of the taxable property within the boundaries of the City. The Bonds will be payable from such tax without limit as to rate but limited in amount so that the total aggregate of taxes levied to pay principal and interest on the Bonds in the aggregate will not exceed the total aggregate of principal of and interest 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 application of such taxes to the payment of the Refunding Bonds will be subject to the rights vested in the owners of the Bonds Being Refunded to the payment of the Bonds Being Refunded from the same source in the event of a deficiency in the monies and the Government Obligations held in the Trust to pay principal of and interest on the Bonds Being Refunded. The owners of the Bonds must rely on the sufficiency of the monies and the Government Obligations held in the Trust for payment of the Bonds Being Refunded.

Subject to such limitation, such taxes are to be levied, assessed and collected as other taxes of the City, in an amount sufficient to pay the interest on all the Bonds then outstanding and installments of the principal of the Bonds becoming due and payable in the ensuing year.

General obligation bonds heretofore and hereafter issued by the City have and will have an equal claim with the Bonds upon the proceeds of taxes levied for debt service on the Bonds. See TABLE 14A – Direct General Obligation Bonded Debt Outstanding and to be Outstanding in APPENDIX B – “CITY OF EL MIRAGE, ARIZONA – FINANCIAL INFORMATION.”

## Defeasance

Pursuant to the 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 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.

## PLAN OF REFUNDING

The net proceeds from the sale of the Bonds, after payment of costs relating to the issuance of the Bonds, will be placed in the Trust with the Escrow Trustee pursuant to the terms of an Escrow Trust Agreement, to be dated as of April 1, 2022\*, between the City and the Escrow Trustee, to be applied to the payment of the bonds as identified below (collectively, the “Bonds Being Refunded”) on the date and at the price identified below. To the extent the monies and the Government Obligations held in the Trust are not sufficient to pay, when due, the principal of and interest on the Bonds Being Refunded, then the *ad valorem* taxes levied to pay debt service on the Bonds will be subject to the prior right of the owners of the Bonds Being Refunded to payment of such tax levy. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” and “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

### Schedule of Bonds Being Refunded\*

| Issue Series | Maturity Date (July 1) | Interest Rate | Principal Amount Outstanding | Principal Amount Refunded | Redemption Date (July 1) | Redemption Price | CUSIP No. 28328R (a) |
|--------------|------------------------|---------------|------------------------------|---------------------------|--------------------------|------------------|----------------------|
| 2012A        | 2023                   | 3.000%        | \$ 395,000                   | \$ 395,000                | 2022                     | 100%             | AL0                  |
|              | 2024                   | 3.250         | 405,000                      | 405,000                   | 2022                     | 100              | AM8                  |
|              | 2025                   | 3.250         | 420,000                      | 420,000                   | 2022                     | 100              | AN6                  |
|              | 2027                   | 3.680         | 875,000                      | 875,000                   | 2022                     | 100              | AP1                  |
|              | 2033                   | 4.080         | 3,065,000                    | 3,065,000                 | 2022                     | 100              | AR7                  |
| 2012B        | 2042                   | 3.800         | 6,450,000                    | 6,450,000                 | 2022                     | 100              | AQ9                  |
|              | 2023                   | 3.000         | 340,000                      | 340,000                   | 2022                     | 100              | BC9                  |
|              | 2024                   | 3.250         | 350,000                      | 350,000                   | 2022                     | 100              | BD7                  |
|              |                        |               | <u>\$ 12,300,000</u>         | <u>\$ 12,300,000</u>      |                          |                  |                      |

(a) See footnote (a) on the inside front cover page.

The *ad valorem* property tax to be levied for the payment of the Bonds will be unlimited as to rate, but limited in amount so that the total aggregate of taxes levied to pay principal and interest on the Bonds in the aggregate will not exceed the total aggregate of principal and interest 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 Act provides that the issuance of the Bonds will in no way infringe upon the rights of holders of the Bonds Being Refunded to rely upon a tax levy for the payment of principal of and interest on the Bonds Being Refunded if the monies and the Government Obligations held in the Trust prove insufficient. The Act further provides that owners of the Bonds must rely upon the sufficiency of such monies and the Government Obligations held in the Trust for the payment of the Bonds Being Refunded. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS.”

\* Preliminary, subject to change.

## VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C., a firm of independent certified public accountants, will deliver to the City, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants (the "AICPA"), the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Bonds Being Refunded and (b) the mathematical computations of yield used by Greenberg Traurig, LLP ("Bond Counsel") to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes.

Causey Demgen & Moore P.C. relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the City. In addition, Causey Demgen & Moore P.C. has relied on any information provided to it by the City's retained advisors, consultants or legal counsel. Causey Demgen & Moore P.C. was not engaged to perform audit or attest services under AICPA auditing or attestation standards or to provide any form of attest report or opinion under such standards in conjunction with this engagement.

### SOURCES AND USES OF FUNDS

#### Sources of Funds

|                                  |                  |
|----------------------------------|------------------|
| Principal Amount of the Bonds    | \$10,995,000.00* |
| [Net] Original Issue Premium (a) | _____            |
| Total Sources of Funds           | _____            |

#### Uses of Funds

|                                 |       |
|---------------------------------|-------|
| Payment of Bonds Being Refunded |       |
| Costs of Issuance Fund (b)      |       |
| Deposit to the Interest Fund    | _____ |
| Total Uses of Funds             | _____ |

- 
- (a) Net original issue premium consists of original issue premium on the Bonds, less original issue discount on the Bonds.
  - (b) Will include bond insurance premium, if any, and compensation and costs of the Underwriter (as defined herein) with respect to the Bonds.

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\* Preliminary, subject to change.

## ESTIMATED DEBT SERVICE REQUIREMENTS

The following schedule sets forth the (i) annual debt service on the outstanding general obligation bonds of the City, net of the Bonds Being Refunded; (ii) less the Bonds Being Refunded, (iii) estimated annual debt service on the Bonds; and (iv) total estimated annual debt service requirements on the general obligation bonds of the City after the issuance of the Bonds.

**TABLE 1**

**Schedule of Estimated Annual Debt Service Requirements (a)  
City of El Mirage, Arizona**

| Fiscal<br>Year<br>Ended<br>July 1 | Outstanding<br>General Obligation<br>Bonded Debt<br>Debt Service | Less:                     |                     | Plus:                |                     | Estimated<br>Net General<br>Obligation<br>Bonded Debt<br>Service to be<br>Outstanding* |
|-----------------------------------|--|---------------------------|---------------------|----------------------|---------------------|--|
|                                   |  | The Bonds Being Refunded* |                     | The Bonds*           |                     |  |
|                                   |  | Principal                 | Interest            | Principal            | Interest (b)        |  |
| 2022                              | \$ 1,694,856   |                           | \$ 267,981          | \$ 160,000           | \$ 103,842 (c)      | \$ 1,690,717   |
| 2023                              | 2,105,363  | \$ 735,000                | 535,963             | 680,000              | 433,400             | 1,947,800  |
| 2024                              | 2,106,413  | 755,000                   | 513,913             | 705,000              | 406,200             | 1,948,700  |
| 2025                              | 2,118,575  | 420,000                   | 489,375             | 370,000              | 378,000             | 1,957,200  |
| 2026                              | 2,114,925  | 430,000                   | 475,725             | 380,000              | 363,200             | 1,952,400  |
| 2027                              | 2,113,275  | 445,000                   | 460,675             | 395,000              | 348,000             | 1,950,600  |
| 2028                              | 2,029,500  | 465,000                   | 445,100             | 415,000              | 332,200             | 1,866,600  |
| 2029                              | 2,024,500  | 480,000                   | 426,500             | 430,000              | 315,600             | 1,863,600  |
| 2030                              | 907,300  | 500,000                   | 407,300             | 450,000              | 298,400             | 748,400  |
| 2031                              | 907,300  | 520,000                   | 387,300             | 465,000              | 280,400             | 745,400  |
| 2032                              | 906,500  | 540,000                   | 366,500             | 485,000              | 261,800             | 746,800  |
| 2033                              | 904,900  | 560,000                   | 344,900             | 500,000              | 242,400             | 742,400  |
| 2034                              | 907,500  | 585,000                   | 322,500             | 525,000              | 222,400             | 747,400  |
| 2035                              | 908,250  | 615,000                   | 293,250             | 545,000              | 201,400             | 746,400  |
| 2036                              | 907,500  | 645,000                   | 262,500             | 570,000              | 179,600             | 749,600  |
| 2037                              | 905,250  | 675,000                   | 230,250             | 590,000              | 156,800             | 746,800  |
| 2038                              | 906,500  | 710,000                   | 196,500             | 615,000              | 133,200             | 748,200  |
| 2039                              | 906,000  | 745,000                   | 161,000             | 635,000              | 108,600             | 743,600  |
| 2040                              | 908,750  | 785,000                   | 123,750             | 665,000              | 83,200              | 748,200  |
| 2041                              | 909,500  | 825,000                   | 84,500              | 695,000              | 56,600              | 751,600  |
| 2042                              | 908,250  | 865,000                   | 43,250              | 720,000              | 28,800              | 748,800  |
|                                   | <u>\$ 28,100,906</u>   | <u>\$ 12,300,000</u>      | <u>\$ 6,838,731</u> | <u>\$ 10,995,000</u> | <u>\$ 4,934,042</u> | <u>\$ 24,891,217</u>   |

(a) Prepared by Piper Sandler & Co. (“Financial Advisor”). See APPENDIX B – “CITY OF EL MIRAGE, ARIZONA – FINANCIAL INFORMATION – DIRECT AND OVERLAPPING BONDED INDEBTEDNESS – Direct General Obligation Bonded Debt Outstanding and to be Outstanding” for a discussion of certain matters that may impact the calculation of outstanding debt.

(b) Interest on the Bonds is estimated.

(c) The first interest payment on the Bonds will be due on July 1, 2022\*. Thereafter, interest payments will be made semiannually on each January 1 and July 1 until maturity or prior redemption.

\* Preliminary, subject to change.

## LITIGATION

To the knowledge of the City, no litigation or administrative action or proceeding is pending, restraining or enjoining, or seeking to restrain or enjoin, the issuance or delivery of the Bonds or the levy, collection or receipt of *ad valorem* property taxes to pay the debt service on the Bonds, contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds. An authorized City representative will deliver a certificate to the same effect at the time of the original delivery of the Bonds.

## LEGAL MATTERS

Legal matters incident to the authorization, sale and issuance by the City of the Bonds and with regard to the tax-exempt status thereof will be passed upon by Bond Counsel, whose services have been retained by the City. The signed legal opinion of Bond Counsel, dated and premised on the law in effect as of the date of the Bonds, will be delivered to the Underwriter at the time of original delivery of the Bonds. The form of that opinion is included as APPENDIX C - "FORM OF APPROVING LEGAL OPINION" hereto. The legal opinion to be delivered may vary from the text of APPENDIX C - "FORM OF APPROVING LEGAL OPINION" if necessary to reflect the facts and law existing on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Bond Counsel has reviewed or expressed any opinion concerning any matters relating to the Bonds subsequent to the original delivery of the Bonds.

Certain legal matters will be passed upon for the Underwriter by \_\_\_\_\_, counsel to the Underwriter.

From time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) which, if enacted, could alter or amend the property tax system of the State and numerous matters, both financial and nonfinancial, impacting the operations of municipalities which could have a material impact on the City and could adversely affect the secondary market value or marketability of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

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

## TAX EXEMPTION

### General

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

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of the City and continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excludable from gross income of the holders thereof for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that the interest on the Bonds is exempt from income taxation under the laws of the State. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors as to the status of interest on the Bonds under the tax laws of any state other than the State.

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

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the Bonds, or the ownership or disposition of the Bonds. Prospective purchasers of Bonds should be aware that the ownership of Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the interest on the Bonds, (iii) the inclusion of the interest on the Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the interest on the Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (v) the inclusion of interest on the Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the impact of these other tax consequences.

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

### **Original Issue Premium**

The Bonds (for purposes of this section, "Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Bonds callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond.

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

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

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

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

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

## **RATINGS**

Moody’s Investors Service, Inc. (“Moody’s”) and S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (“S&P”) have assigned ratings of “\_\_\_” and “\_\_\_,” respectively, to the Bonds. Such ratings reflect only the views of Moody’s and S&P. An explanation of the significance of a rating assigned by Moody’s may be obtained at One Front Street, Suite 1900, San Francisco, CA 94111. An explanation of the significance of a rating assigned by S&P may be obtained at One California Street, 31<sup>st</sup> Floor, San Francisco, California 94111. Such ratings may be revised or withdrawn entirely at any time by Moody’s or S&P if, in their respective judgment, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price or marketability of the Bonds. The City will covenant in its continuing disclosure undertaking with respect to the Bonds that it will file notice of any formal change in any ratings relating to the Bonds. See “CONTINUING DISCLOSURE” and APPENDIX D – “FORM OF CONTINUING DISCLOSURE UNDERTAKING” herein.

## **UNDERWRITING**

\_\_\_\_\_ (the “Underwriter”) has agreed to purchase the Bonds, subject to certain conditions, at a purchase price of \$ \_\_\_\_\_. If the Bonds are sold to produce the yields shown on the inside front cover page hereof, the Underwriter’s compensation will be \$ \_\_\_\_\_. The Bonds may be offered and sold to certain dealers (including the Underwriter and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter. The Underwriter’s obligations are subject to certain conditions precedent, and the Underwriter will be obligated to purchase all of the Bonds if any of the Bonds are purchased.

## **RELATIONSHIP AMONG PARTIES**

Bond Counsel has previously represented, and is currently representing, the Underwriter and the Financial Advisor, with respect to other financings and has acted or is acting as bond counsel with respect to other bonds underwritten by the Underwriter and the Financial Advisor and may do so in the future. Bond Counsel also serves and has served as bond counsel for one or more of the political subdivisions that the City territorially overlaps. Counsel to the Underwriter has previously acted as bond counsel with respect to other bonds underwritten by the Underwriter and the Financial Advisor and may continue to do so in the future if requested.

## **CONTINUING DISCLOSURE**

The City will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2023 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices of Listed Events”). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the City as such will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access System (“EMMA”), each as described in APPENDIX D – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is also set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” These covenants will be made in order to assist the Underwriter in complying with the Securities and Exchange Commission’s Rule 15c2-12(b)(5) (the “Rule”). 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. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. Pursuant to Arizona Law, the ability of the City to comply with such covenants will be subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants. Should the City not comply with such covenants due to a failure to appropriate for such purpose, the City has covenanted to provide notice of such fact to the MSRB. Absence of continuing disclosure, due to non- appropriation or otherwise, could adversely affect the Bonds and specifically their market price and transferability.

The City has implemented written procedures to facilitate compliance with such undertakings. *[To be updated upon receipt of third party report]*

## **FINANCIAL ADVISOR**

The Financial Advisor has been engaged by the City for the purpose of advising the City as to certain debt service structuring matters specific to the Bonds and on certain matters relative to the City’s overall debt financing program. The Financial Advisor has assisted in the assembly and preparation of this Official Statement at the direction and on behalf of the City. No person is entitled to rely on the Financial Advisor’s participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of the information contained herein.

## FINANCIAL STATEMENTS

The annual comprehensive financial report of the City for the fiscal year ended June 30, 2021, a copy of which is included in APPENDIX E – “CITY OF EL MIRAGE, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021” of this Official Statement, includes the City’s financial statements for the fiscal year ended June 30, 2021 that were audited by HintonBurdick, CPAs & Advisors, Certified Public Accountants, to the extent indicated in its report thereon. **The City has not requested the consent of HintonBurdick, CPAs & Advisors to include its report and HintonBurdick, CPAs & Advisors has performed no procedures subsequent to rendering its report 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 opinions or estimates have been or will be realized. Information in this Official Statement has been derived by the City from official and other sources 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 statement that may have been or that may be made orally or in writing is to be construed as part of a contract with the original purchasers or subsequent owners of the Bonds.

CITY OF EL MIRAGE, ARIZONA

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

**CITY OF EL MIRAGE, ARIZONA –  
GENERAL AND DEMOGRAPHIC INFORMATION**

**General**

Located in the northwest portion of the greater Phoenix metropolitan area, the City has grown from a small town dependent on agriculture to a diverse urban economy with a 2010 census population of 31,767. The City was founded in 1937 from agricultural beginnings. The City was later incorporated in 1951 and was at the time primarily a compact residential community. The City is located approximately 16 miles north of Phoenix, Arizona. As development in the Phoenix metropolitan area accelerated to the northwest, the City experienced significant growth, primarily since the year 2000.

**TABLE 2**

**POPULATION STATISTICS  
City of El Mirage, Arizona**

| <u>Year</u>       | <u>City of<br/>El Mirage</u> | <u>Maricopa<br/>County</u> | <u>State of<br/>Arizona</u> |
|-------------------|------------------------------|----------------------------|-----------------------------|
| 2021 Estimate (a) | 36,101                       | 4,507,419                  | 7,285,370                   |
| 2020 Census       | 35,805                       | 4,420,568                  | 7,151,502                   |
| 2010 Census       | 31,797                       | 3,817,117                  | 6,392,017                   |
| 2000 Census       | 7,609                        | 3,072,149                  | 5,130,632                   |
| 1990 Census       | 5,001                        | 2,122,101                  | 3,665,305                   |
| 1980 Census       | 4,307                        | 1,509,175                  | 2,716,546                   |

(a) Population estimate as of July 2021 (data released in December 2021) provided by Arizona Office of Economic Opportunity.

Source: Except as otherwise noted, the U.S. Census Bureau.

**Municipal Government and Utilities**

The City operates pursuant to a Council/Manager form of government. The Mayor and six City Councilmembers are elected at large on a non-partisan ballot for four-year terms. The Council determines the duties and compensation of City officials and employees, and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades and other municipal purposes. The City Council appoints the City Manager.

The City Manager is responsible for executing City Council policies and administering City operations. The Finance Director is responsible for the financial management of the City. The City government is responsible for furnishing basic municipal services. Primary services delivered by the City’s approximately 220 full-time and part-time, permanent employees include police, City courts, fire protection, parks and recreation, sanitation, water, sewer, building safety, public works and general administration. For fiscal year 2021/22, the operating budget is \$54.7 million and the total adopted budget, which includes the operating budget, depreciation, capital outlay and other financing uses, is \$104.0 million.

**Economy**

Historically the City’s economy was based around agriculture and farming. However, due to the residential growth of the Phoenix metropolitan area, including the City, employment opportunities in the services industries have increased. The City is home to numerous retail establishments that accommodate the City’s increased residential population’s need for goods and services.

**TABLE 3**  
**MAJOR EMPLOYERS**  
**City of El Mirage, Arizona**

| Employer                              | Description                   | Approximate<br>Number of<br>Employees |
|---------------------------------------|-------------------------------|---------------------------------------|
| Dysart Unified School District No. 89 | Education                     | 510                                   |
| Wal-Mart                              | Retail                        | 280                                   |
| City of El Mirage                     | Government                    | 200                                   |
| DVC Construction Company              | Construction                  | 160                                   |
| CalPortland Company                   | Construction                  | 150                                   |
| Parks Sons of Sun City Inc            | Business Services             | 130                                   |
| BNSF Railway Co.                      | Transportation & Distribution | 120                                   |
| Someset Landscape                     | Business Services             | 110                                   |
| Southwest Steel Inc                   | Construction                  | 100                                   |
| Top Line Construction Inc.            | Construction                  | 90                                    |

Source: Annual Comprehensive Financial Reports for El Mirage and Finance Department of the City.

The following table illustrates the unemployment rate averages for the City, Maricopa County, Arizona (the “County”), the State and the United States of America.

**TABLE 4**  
**UNEMPLOYMENT RATE AVERAGES**

| Year     | City of<br>El Mirage | Maricopa<br>County | State of<br>Arizona | United<br>States |
|----------|----------------------|--------------------|---------------------|------------------|
| 2021 (a) | 6.4%                 | 5.3%               | 5.8%                | 5.5%             |
| 2020     | 8.1                  | 7.4                | 7.9                 | 8.1              |
| 2019     | 4.5                  | 4.2                | 4.9                 | 3.7              |
| 2018     | 4.6                  | 4.1                | 4.8                 | 3.9              |
| 2017     | 4.7                  | 4.2                | 4.9                 | 4.4              |
| 2016     | 5.1                  | 4.7                | 5.5                 | 4.9              |

(a) Data through November 2021 and is not seasonally adjusted.

Source: Arizona Office of Economic Opportunity and Population Statistics, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

## Commerce

The following table illustrates the past five years of sales tax collections.

**TABLE 5**  
**SALES TAX COLLECTIONS**  
**City of El Mirage, Arizona**

| Fiscal<br>Year | Amount       |
|----------------|--------------|
| 2020/21        | \$13,385,017 |
| 2019/20        | 11,658,020   |
| 2018/19        | 8,511,646    |
| 2017/18        | 8,017,809    |
| 2016/17        | 7,382,109    |

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Source: Annual Comprehensive Financial Reports for El Mirage and Finance Department of the City.

## Transportation

The City is accessible via the Loop 101 and U.S. 60 from the Phoenix Metropolitan area. Glendale Municipal Airport serves the residents of the City with a 5,350 foot lighted and paved runway. Residents also have access to the Phoenix Sky Harbor Airport which is approximately a 45-minute drive away. The Union Pacific rail line also runs through the City, providing industrial sites with rail access.

## Education

Within the City are four elementary schools, one junior high and one high school. Two private elementary schools are also within the City limits. Several community colleges, including Glendale Community College and Estrella Mountain Community College, are located in nearby communities. Arizona State University also has a campus located in Glendale, Arizona, Arizona State University-West, which is approximately nine miles from the City. Arizona State University-West offers resources for study and research including libraries and museums with collections, studios and performing arts spaces and scientific and technological research facilities. Arizona State University-West campus balances the traditions of a liberal arts education with the applied sciences and technologies required in the workplace.

Estrella Mountain Community College offers day and evening classes to over 7,300 students in the western portion of the County. Estrella Mountain Community College offers certificate and degree programs in Business and Personal Computers, Business Technology in the Office, Hospitality and Hotel Management, and Organizational Leadership. Transfer programs are available in Communication, English, Mathematics, and Sociology. Glendale Community College offers day and evening classes to over 32,000 students. Glendale Community College offers a large number of degree and certificate program in Justice Studies, Applied Science, Art History, Athletics, Automotive Technology, Biology, Computer Information Systems, Business Technology for the Office, Chemistry, Child and Family Studies, Computer Science, Electronics and Semiconductor Manufacturing Technology, English, Engineering Science, Geology, Journalism, Mathematics, Psychology and Video Production. Glendale Community College is also the location of the GM Training Center, which was formed in 1985 through a partnership with General Motors. This Training Center offers training and retraining to GM dealership technicians in the latest repair and service procedures. The Center also provides an associate's degree program for new dealership technicians through partnerships with General Motors, Ford, Chrysler, Toyota and Nissan.

CITY OF EL MIRAGE, ARIZONA –  
FINANCIAL INFORMATION

PROPERTY TAXES

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, limited as described under such heading. 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 “the value determined as prescribed by statute” or if a statutory method is not prescribed it is “synonymous with market value which means the 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 a 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.

**TABLE 6**  
**PROPERTY TAX ASSESSMENT RATIOS**  
**Tax Year 2017 through Tax Year 2021**

| Property Classification (a)                                   | Tax Year |      |      |      |      |
|---|----------|------|------|------|------|
|   | 2017     | 2018 | 2019 | 2020 | 2021 |
| Mining, utilities, commercial and industrial (b)              | 18%      | 18%  | 18%  | 18%  | 18%  |
| Agriculture 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 (c) | 15       | 14   | 15   | 15   | 15   |

- (a) Additional property classifications exist, but seldom amount to a significant portion of a municipal body’s total valuation.
- (b) The assessment ratio for this property classification will decrease to 17.5% for tax year 2022, 17% for tax year 2023, 16.5% for tax year 2024 and 16% for each tax year thereafter.
- (c) This percentage is determined annually pursuant to Section 42-15005, Arizona Revised Statutes.

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

**Primary Taxes**

Per State statute, taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are “primary taxes.” Primary taxes are levied against Net Limited Assessed Property Value (as defined herein). “Net Limited Assessed 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. This constitutional limitation on the combined tax levies for owner occupied residential property is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid.

### **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, water conservation 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 Limited Assessed Property Value. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness and overrides and certain special district assessments.

### **Calculating Debt Limitations**

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 bonded debt limitations for certain political subdivisions in Arizona, 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 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. Set forth below is a record of property taxes levied and collected in the City for a portion of the current fiscal year and all of the previous five fiscal years.

**TABLE 7**

**Property Taxes Levied and Collected (a)(b)  
City of El Mirage, Arizona**

| Fiscal<br>Year | Tax Rate  | Adopted<br>Tax Levy | Adjusted<br>Tax Levy as<br>of June 30th | Collected to June 30th<br>of Initial Fiscal Year |                   | Adjusted<br>Levy as of<br>12/31/2021 | Cumulative Collections<br>to December 31, 2021 |                   |
|----------------|-----------|---------------------|---|--|-------------------|--------------------------------------|--|-------------------|
|                |           |                     |   | Amount   | % of Adj.<br>Levy |                                      | Amount   | % of Adj.<br>Levy |
| 2021/22        | \$ 3.3906 | \$ 4,683,439        | \$ 4,683,439                            | (c)  | (c)               | \$ 4,679,092                         | \$ 2,648,424                                   | 56.00 %           |
| 2020/21        | 3.6834    | 4,473,196           | 4,457,136                               | \$ 4,375,709                                     | 98.00 %           | 4,456,444                            | 4,417,434                                      | 99.00             |
| 2019/20        | 3.7438    | 4,207,720           | 4,178,343                               | 4,102,616  | 98.00             | 4,177,296                            | 4,181,051                                      | 100.00            |
| 2018/19        | 3.9610    | 4,345,042           | 4,342,970                               | 4,210,907  | 96.00             | 4,231,580                            | 4,230,152                                      | 99.97             |
| 2017/18        | 3.6337    | 3,693,234           | 3,689,581                               | 3,624,214  | 98.23             | 3,672,228                            | 3,671,173                                      | 99.97             |
| 2016/17        | 3.7834    | 3,697,789           | 3,682,607                               | 3,594,068  | 97.60             | 3,665,568                            | 3,664,528                                      | 99.00             |

- (a) Taxes are certified and collected by the Treasurer of the County. Taxes in support of debt service are levied by the Board of Supervisors of the County as required by Arizona Revised Statutes. Delinquent taxes are subject to an interest and penalty charge of 16% per annum which is prorated at a monthly rate of 1.33%. Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment pays the entire year’s tax bill by December 31. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County General Fund.
- (b) The Tax Levy is adjusted downward in future years after the initial levy as a result of successful taxpayer appeals. The Tax Levy, net of resolutions (as presented in the Maricopa County Treasurer’s Office report), is noted in this presentation.
- (c) Fiscal Year 2021/22 taxes in course of collections. The first installment was due on October 1, 2021 and became delinquent on November 1, 2021. The second installment will be due on March 1, 2022 and will become delinquent on May 1, 2022.

**SRP In Lieu Contribution**

SPECIAL NOTE: The assessed value of property owned by the Salt River Project Agricultural Improvement and Power District (“SRP”) is not included in the assessed value of the City in the prior table 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 portion of the SRP Electric Plant located within the City 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 elected to make the in lieu contribution. The fiscal year 2021/22 in lieu assessed valuation of SRP within the City is \$5,950 which represents approximately 0.0043% of the fiscal year 2021/22 Net Assessed Limited Property Value in the City.

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and the Treasurer of the County.

## **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 of the County 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 of the County 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.

## ASSESSED VALUATIONS AND TAX RATES

**TABLE 8**

**Direct and Overlapping Net Limited Assessed Property Value and Tax Rates  
Per \$100 Assessed Valuation**

| <u>Overlapping Jurisdiction</u>              | <u>2021-22<br/>Net Assessed<br/>Limited<br/>Property Value</u> | <u>2021-22<br/>Combined Primary and<br/>Secondary Tax Rates<br/>Rates Per \$100<br/>Net Assessed Limited<br/>Property Value</u> |
|--|--|---|
| State of Arizona                             | \$ 74,200,360,570  | None  |
| Maricopa County                              | 48,724,126,672   | \$1.7722 (a)  |
| Maricopa County Community College District   | 48,724,126,672   | 1.2257  |
| Maricopa County Library District             | 48,724,126,672   | 0.0556  |
| Maricopa County Flood Control District       | 44,882,715,452   | 0.1792 (b)  |
| Maricopa County Fire District Assistance Tax | 48,724,126,672   | 0.0086  |
| Maricopa County Special Health Care District | 48,724,126,672   | 0.2970  |
| Central Arizona Water Conservation District  | 48,724,126,672   | 0.1400 (c)  |
| Electrical District No. 7                    | 1,105,637,893  | 0.0061  |
| Dysart Unified School District               | 1,621,415,957  | 6.1820  |
| Western Maricopa Education District No. 402  | 18,085,233,843   | 0.1579  |
| City of El Mirage                            | 136,892,780  | 3.3899  |

- (a) Includes the “State Equalization Assistance Property Tax” which is levied by the County and has been set at \$0.4263 per \$100 Net Limited Assessed Property Value for fiscal year 2021/22. Such amount is adjusted annually pursuant to Arizona Revised Statutes, Section 41-1276.
- (b) The assessed valuation of the flood control district does not include the personal property assessed valuation of the County.
- (c) Value shown for the Central Arizona Water Conservation District covers only the County portion of such district. (See footnote (b) following TABLE 16).

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

**Total Tax Rates Per \$100 Assessed Valuation**

The total overlapping property tax rate for property owners within the City ranges from \$7.0682 to \$13.4142 per \$100 Net Assessed Limited Property Value, depending upon the specific jurisdictions which overlap the property.

**TABLE 9****Net Limited Assessed Property Value by Property Classification (a)  
City of El Mirage, Arizona**

| Class                                       | 2021-22               | 2020-21               | 2019-20               | 2018-19               | 2017-18               |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Commercial, industrial, utilities and mines | \$ 40,925,049         | \$ 29,961,297         | \$ 30,244,942         | \$ 25,940,103         | \$ 24,700,993         |
| Agricultural and vacant                     | 4,690,459             | 4,852,779             | 4,461,229             | 4,153,048             | 4,039,469             |
| Residential (owner occupied)                | 60,428,725            | 55,369,863            | 52,015,967            | 49,513,757            | 46,375,071            |
| Residential (rental)                        | 29,495,263            | 27,901,317            | 27,227,358            | 25,868,210            | 24,861,040            |
| Railroad                                    | 1,353,284             | 1,330,819             | 1,373,206             | 1,329,360             | 1,434,548             |
| Totals (a)                                  | <u>\$ 136,892,780</u> | <u>\$ 119,416,075</u> | <u>\$ 115,322,702</u> | <u>\$ 106,804,478</u> | <u>\$ 101,411,121</u> |

(a) Totals may not add up due to rounding.

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and *Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

**TABLE 10****Net Limited Assessed Property Value of Major Taxpayers  
City of El Mirage, Arizona**

| Major Taxpayer (a)                  | 2021-22<br>Net Assessed<br>Limited<br>Property Value | As % of<br>City's Total<br>Net Assessed<br>Limited<br>Property Value |
|-------------------------------------|--|--|
| Microsoft Corporation               | \$10,078,650   | 7.36 %   |
| Arizona Public Service Company      | 4,815,874  | 3.52   |
| Pueblo El Mirage LLC                | 3,806,280  | 2.78   |
| Pipe Portfolio Owner (multi) LP     | 3,312,293  | 2.42   |
| Wal Mart Stores Inc.                | 3,129,678  | 2.29   |
| Clayton Homes Inc.                  | 2,113,509  | 1.54   |
| BNSF Railway Company                | 1,746,099  | 1.28   |
| Coyote Pass RV and Mini Storage LLC | 1,648,062  | 1.20   |
| El Mirage RV & Boat Storage         | 1,340,170  | 0.98   |
| Cives Corporation                   | 1,278,234  | 0.93   |
| Total                               | <u>\$33,268,849</u>                                  | <u>24.30 %</u>   |

(a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, 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, copied and obtained at prescribed rates at the Commission's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. 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 data base at <http://www.sec.gov>. No representative of the City, the Financial Advisor, the Underwriter, Bond Counsel or counsel to the Underwriter have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: Assessor of the County.

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

The following table is shown to indicate for fiscal years 2017/18 through 2021/22, the Net Assessed Limited Property Values of the City, the County and the State, each on a comparative basis.

**TABLE 11**

**Comparative Net Assessed Limited Property Values  
City of El Mirage, Arizona**

| Fiscal<br>Year | City of<br>El Mirage | Maricopa<br>County | State of<br>Arizona |
|----------------|----------------------|--------------------|---------------------|
| 2021-22        | \$ 136,892,780       | \$ 48,724,126,672  | \$ 74,200,233,397   |
| 2020-21        | 119,416,075          | 45,704,969,813     | 69,914,521,042      |
| 2019-20        | 115,322,702          | 43,194,326,395     | 66,154,632,834      |
| 2018-19        | 106,804,478          | 40,423,232,421     | 62,328,357,186      |
| 2017-18        | 101,411,121          | 38,236,246,402     | 59,404,007,785      |

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

**TABLE 12**

**Estimated Net Full Cash Value History  
City of El Mirage, Arizona**

| Fiscal<br>Year | Estimated<br>Net Full Cash<br>Value (a) |
|----------------|---|
| 2021/22        | \$ 2,153,183,607                        |
| 2020/21        | 1,843,080,701                           |
| 2019/20        | 1,646,041,021                           |
| 2018/19        | 1,471,741,368                           |
| 2017/18        | 1,287,882,125                           |

(a) Estimated Net Full Cash Value is the total estimated market value of the property within the City as determined by the Arizona Department of Revenue, Division of Property and Special Taxes, less the estimated exempt property within the City.

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

**DIRECT AND OVERLAPPING BONDED INDEBTEDNESS**

**TABLE 13**

**Current Year Statistics (For Fiscal Year 2021/22)  
City of El Mirage, Arizona**

|  |                    |
|--|--------------------|
| Net Limited Assessed Property Value                              | \$ 136,892,780     |
| Net Full Cash Assessed Value                                     | 250,003,509        |
| Estimated Net Full Cash Value                                    | 2,153,183,607      |
| <br>   |                    |
| Total General Obligation Bonds Outstanding and to be Outstanding | \$ 18,715,000* (a) |
| Total Water and Sewer Revenue Obligations Outstanding            | 17,198,541         |

(a) Includes the Bonds and is net of the Bonds Being Refunded. See footnotes (b) and (c) to TABLE 15 for a description of the treatment of certain proceeds of the Bonds and other general obligation bonds of the City for State debt limit purposes.

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and the District.

**TABLE 14A**

**Direct General Obligation Bonded Debt Outstanding and to be Outstanding  
City of El Mirage, Arizona**

| Issue Series   | Original Principal Amount | Purpose                  | Final Maturity Date (July 1) | Principal Balance Outstanding |
|--|---------------------------|--------------------------|------------------------------|-------------------------------|
| 2012A  | \$ 14,900,000             | General Obligation Bonds | 2042                         | \$ 11,990,000                 |
| 2012B  | 3,305,000                 | Refunding Bonds          | 2024                         | 1,015,000                     |
| 2017REF  | 8,385,000                 | Refunding Bonds          | 2029                         | 7,015,000                     |
| Total General Obligation Bonded Debt Outstanding                 |                           |                          |                              | \$ 20,020,000                 |
| Less: Bonds Being Refunded                                       |                           |                          |                              | (12,300,000)                  |
| Plus: The Bonds  |                           |                          |                              | 10,995,000 *                  |
| General Obligation Bonded Debt Outstanding and to be Outstanding |                           |                          |                              | \$ 18,715,000 *               |

\* Preliminary, subject to change.

**TABLE 14B**

**Water and Wastewater Revenue Obligations Outstanding  
City of El Mirage, Arizona**

| <u>Issue<br/>Series (a)</u>                               | <u>Original<br/>Principal<br/>Amount</u> | <u>Purpose</u>         | <u>Final<br/>Maturity<br/>Dates<br/>(July 1)</u> | <u>Principal<br/>Balance<br/>Outstanding</u> |
|---|--|------------------------|--|--|
| 2006 (DWSRF)  | \$ 16,143,128                            | Restructure Debt       | 2025   | \$ 3,772,962                                 |
| 2008 (DWSRF)  | 4,040,000                                | New Money/New Projects | 2027   | 1,808,729                                    |
| 2012 (CWSRF)  | 500,000                                  | New Money/New Projects | 2032   | 344,438                                      |
| 2012 (DWSRF)  | 4,050,000                                | New Money/New Projects | 2032   | 2,584,912                                    |
| 2020 (DWSRF)  | 8,687,200                                | New Money/New Projects | 2045   | 8,687,500                                    |
| Total Water and Wastewater System Obligations Outstanding |  |                        |  | <u>\$ 17,198,541</u>                         |

- (a) These obligations take the form of loan agreements with the Water Infrastructure Finance Authority of Arizona (“WIFA”), a State bond bank, pursuant to which the City has agreed to make semi-annual payments equal to the principal and interest on such WIFA loans.

**Direct General Obligation Bonded Debt, Legal Limitation  
and Available General Obligation Bonding Capacity  
City of El Mirage, Arizona**

Under the provisions of the Arizona Constitution, the limit for general obligation bonded indebtedness of a city for general municipal purposes may not exceed six percent (6%) of Net Full Cash Assessed Value in that city. In addition to the six percent (6%) limitation for general purpose bonds, cities may issue general obligation bonds up to an additional twenty percent (20%) of the Net Full Cash Assessed Value for such city for water, artificial light or sewers, for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities, for the acquisition and development of public safety, law enforcement, fire and emergency facilities and streets and transportation facilities.

**TABLE 15**

| <b>General Municipal Purpose Bonds</b>        |                     | <b>Water, Light, Sewer, Open Space, Public Safety,<br/>Law Enforcement, Fire and Emergency Services,<br/>Park, Street, and Transportation Bonds</b> |                     |
|---|---------------------|---|---------------------|
| Total 6% General Obligation Bonding Capacity  | \$15,000,211        | Total 20% General Obligation Bonding Capacity   | \$ 50,000,702       |
| Less: 6% General Obligation Bonds Outstanding | (1,540,000)*(a)     | Less: 20% General Obligation Bonds Outstanding  | (18,480,000)*(a)    |
| Less: Original Issue Premium                  | *(b)                | Less: Original Issue Premium  | *(b)                |
| Less: Unamortized Original Issue Premium      | (8,390)*(c)         | Less: Unamortized Original Issue Premium  | (100,283)*(c)       |
| Net 6% General Obligation Bonding Capacity    | <u>\$13,451,821</u> | Net 20% General Obligation Bonding Capacity   | <u>\$31,420,418</u> |

- (a) Includes the Bonds and is net of the Bonds Being Refunded.
- (b) This amount reduces in equal amount the City's borrowing capacity. Such capacity will be recaptured as premium is amortized. This is the excess amount between the par amount of the Bonds Being Refunded and the par amount of the Bonds.
- (c) This amount reduces in equal amount the City's borrowing capacity. Such capacity will be recaptured as premium is amortized.

\* Preliminary, subject to change.

TABLE 16

**Direct and Overlapping General Obligation Bonded Debt  
City of El Mirage, Arizona**

| Overlapping Jurisdiction  | Overlapping<br>General<br>Obligation<br>Bonded Debt (b) | Proportion Applicable to<br>City of El Mirage (a) |                       |
|---|---|---|-----------------------|
|   |   | Approximate<br>Percent                            | Net Debt<br>Amount    |
| State of Arizona  | None  | 0.18 %  | None                  |
| Maricopa County   | None  | 0.28  | None                  |
| Maricopa County Community College District                                    | \$ 184,715,000  | 0.28  | \$ 518,966            |
| Maricopa County Special Health Care District                                  | 640,695,000   | 0.28  | 1,800,063             |
| Dysart Unified School District  | 97,086,000  | 8.34  | 8,094,174             |
| Western Maricopa Education District No. 402                                   | 144,220,000   | 0.76  | 1,100,141             |
| City of El Mirage (c)   | 18,715,000  | 100.00  | 18,715,000*           |
| Total Direct and Overlapping General Obligation Bonded Debt to be Outstanding |   |   | <u>\$ 30,228,344*</u> |

- (a) Proportion applicable to the City is computed on the ratio of Net Assessed Limited Property Value for 2021/22. Includes proportionate stated principal amount of general obligation bonds outstanding (without regard to premium).
- (b) Does not include outstanding principal amounts of certificates of participation, revenue obligations, loan obligations, improvement bonds, or other debt not secured by *ad valorem*
- (c) property taxes. Includes total stated principal amount of general obligation bonds outstanding. Additional bonds may be authorized by voters within overlapping jurisdictions pursuant to future elections.

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 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 will be 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 Limited Assessed Property Value, of which 14 cents is being levied. (See Sections 48-3715 and 48-3715.02, Arizona Revised Statutes.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

- (d) Includes the Bonds, net of the Bonds Being Refunded

Source: Various entities, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association, *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and the Treasurer of the County.

\* Preliminary, subject to change.

**TABLE 17**

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

|  | Per Capita<br>Bonded Debt<br>Population<br>Estimated @<br>36,101 | As % of City's<br>Total 2021/22<br>Net Assessed<br>Limited<br>Property Value | As % of City's<br>2021/22<br>Estimated Full<br>Cash Value |
|--|--|--|---|
| Net Direct General Obligation Bonded Debt Outstanding and to be Outstanding (a)*                 | \$518.41   | 13.67%   | 0.87%   |
| Net Direct and Overlapping General Obligation Bonded Debt Outstanding and to be Outstanding (a)* | \$837.33   | 22.08%   | 1.40%   |

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

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and the U.S. Census Bureau.

**CITY EMPLOYEE RETIREMENT SYSTEM**

All full-time employees of the City, excluding the Mayor and City Council participate in one of the two pension plans administered by the State described below. See Note 8 in APPENDIX E for further discussion of the retirement plans of the City.

The Government Accounting Standards Board adopted GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their “proportionate share” of the plan’s net pension liability in their government-wide financial statements. GASB 68 will also require that the cost-sharing employer’s pension expense component include its proportionate share of the plan’s pension expense, the net effect of annual changes in the employer’s proportionate share and the annual differences between the employer’s actual contributions and its proportionate share.

*Arizona State Retirement System*

All full-time City employees (except public safety personnel and elected officials) participate in the Arizona State Retirement System (the “System”), a multiple-employer cost-sharing defined benefit pension plan. The System was established in 1953 and became effective in 1971. The System provides for retirement, disability, health insurance premium benefits, and death and survivor benefits. The System is administered in accordance with A.R.S. Title 38, Chapter 5.

The actuarially determined contribution rates for the fiscal year 2020/21 were 12.22% (12.04% retirement and 0.18% long-term disability) for both employees and employers. The City’s contribution to the System for the fiscal year 2020/21 was \$2,484,277 equal to the required contributions, not including alternate contributions.

Effective July 1, 2021, the City’s annual contribution rates are 12.41% (11.65% retirement and 0.39% long-term disability) for fiscal year 2021/22 for both employees and employers.

The System has reported increases in its unfunded liabilities as compared to both the smoothed value of plan assets and the market value of plan assets. The most recent annual reports for the System may be accessed at: <https://www.azasrs.gov>. The effect of the increase in the System’s unfunded liabilities on the City, or on the City’s and its employees’ future annual contributions to the System, cannot be determined at this time.

\* Preliminary, subject to change.

*Arizona Public Safety Personnel Retirement System (Full-Time Police and Firefighter Employees)*

All full-time sworn police officers and firefighters are eligible to participate in the Public Safety Personnel Retirement System (the “PSPRS”) in separate agent multiple-employer defined benefit retirement plans. The PSPRS is jointly administered by the fund manager (a five-member board appointed by the Governor and the State Legislature) and 257 local boards. The PSPRS provides for retirement, health insurance premium benefits, and death and survivor benefits. The PSPRS is administered in accordance with A.R.S. Title 38, Chapter 5, Article 4.

The actuarially determined contribution rates for the fiscal year ended June 30, 2021 were 36.08% of annual covered payroll for police tiers 1 and 2, 29.08% for tier 3 defined benefit (DB) and 10.41% for tier 3 defined contribution (DC). For firefighters the contribution rate was and 19.07% for tiers 1 and 23.07% for tier 2, 16.46% for tier 3 DB and 13.93% for tier 3 DC. The City’s employer contribution to the PSPRS for the fiscal year ended June 30, 2021 was \$1,334,619 for police and \$517,018 for firefighters, equal to the required contributions, not including alternate contributions.

Effective July 1, 2021, the City’s annual contribution rates are 7.65% for both groups of employees in tier 1, 11.65% for both groups in tier 2, 9.94% for Police tier 3 DB, 9.88% for Police DC, 12.94% for Fire DB and 9.88% for Fire DC. The rates are as follows for employers:

Tier 1 Contribution Rate

Hired into a PSPRS position before January 1, 2012:

Police: 36.87%                      Fire: 19.20%

Tier 2 Contribution Rate

Hired into a PSPRS position on/after January 1, 2012 and before July 1, 2017:

Police: 36.87%                      Fire: 23.20%

Tier 3 Contribution Rate

Hired into a PSPRS position on/after July 1, 2017:

Defined Benefit:

Police: 31.33%                      Fire: 17.43%

Defined Contribution:

Police: 31.27%                      Fire: 14.37%

The PSPRS has reported increases in its unfunded liabilities as compared to both the smoothed value of plan assets and the market value of plan assets. The most recent annual reports for the PSPRS may be accessed at: <http://www.psprs.com/investments-financials/annual-reports>. The City’s net pension liability is \$1,649,378 for fire and \$10,925,223 for police as of June 30, 2021.

## REVENUES AND EXPENDITURES

The following revenue and expenditure information was derived from the City’s budgeted figures for fiscal year 2021/22 and audited financial statements for the fiscal years 2016/17 through 2020/21. Budgeted expenditure figures for fiscal year 2021/22 are on a cash basis and are presented in the format required by state law. Budgeted figures for fiscal year 2021/22 are “forward looking” statements that may not be realized during the course of the fiscal year as presented herein and thus must be viewed with an abundance of caution. All other figures are prepared on a modified accrual basis from the audited financial statements of the City. School districts in Arizona are not required to submit revenue budgets. See APPENDIX E – “CITY OF EL MIRAGE, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021” for the most recent audited financial statements of the City. The presentation which follows has not been independently subject to any audit procedures.

Such audited financial statements are the most recent available for the City, are not current and therefore must be considered with an abundance of caution. **The City has not requested the consent of HintonBurdick, CPAs & Advisors to include its report and HintonBurdick, CPAs & Advisors has performed not procedures subsequent to rendering its report on the financial statements.**

**TABLE 18**

**General Fund**

|  | Adopted (a)           | Audited (b)          |                       |                      |                      |                       |
|--|-----------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------|
|  | 2021-22               | 2020-21              | 2019-20               | 2018-19              | 2017-18              | 2016-17               |
| <b>REVENUES</b>  |                       |                      |                       |                      |                      |                       |
| Property taxes   | \$ 2,600,000          | \$ 2,326,061         | \$ 2,216,903          | \$ 2,226,575         | \$ 1,650,815         | \$ 1,656,488          |
| City sales taxes   | 12,000,000            | 13,385,017           | 11,673,068            | 8,538,740            | 8,020,802            | 7,445,186             |
| Franchise taxes  | 700,000               | 772,317              | 696,912               | 742,741              | 774,856              | 712,143               |
| Licenses, permits and fees   | 535,000               | 708,361              | 837,063               | 449,482              | 295,737              | 269,103               |
| Intergovernmental revenue  | 10,570,000            | 11,095,571           | 9,857,849             | 9,353,989            | 9,171,311            | 8,615,041             |
| Charges for services   | 235,000               | 234,762              | 277,748               | 1,213,951            | 620,855              | 272,747               |
| Fees   | 955,000               | 1,414,414            | 1,040,871             | -                    | -                    | -                     |
| Fines and forfeitures  | 430,000               | 555,715              | 479,266               | 415,490              | 387,602              | 390,592               |
| Investment earnings  | 65,000                | 51,737               | 515,501               | 1,386,675            | 700,768              | 275,568               |
| Other revenues   | 15,000                | 186,530              | 201,077               | 305,202              | 184,377              | 214,754               |
| <b>TOTAL REVENUES</b>  | <b>\$ 28,105,000</b>  | <b>\$ 30,730,485</b> | <b>\$ 27,796,258</b>  | <b>\$ 24,632,845</b> | <b>\$ 21,807,123</b> | <b>\$ 19,851,622</b>  |
| <b>EXPENDITURES</b>  |                       |                      |                       |                      |                      |                       |
| Current:   |                       |                      |                       |                      |                      |                       |
| General government   | \$ 12,956,500         | \$ 7,638,489         | \$ 7,386,048          | \$ 5,960,933         | \$ 5,787,226         | \$ 5,897,470          |
| Public safety  | 16,990,017            | 14,704,179           | 11,197,805            | 12,403,422           | 10,380,987           | 10,344,620            |
| Culture and recreation   | -                     | -                    | -                     | 851,186              | 840,136              | 794,042               |
| Contingency  | 109,731               | -                    | -                     | 803,162              | -                    | -                     |
| Capital outlay   | 4,421,700             | 1,144,547            | 845,749               | 1,156,144            | 1,125,007            | 5,494,389             |
| Debt service   |                       |                      |                       |                      |                      |                       |
| Principal  | -                     | -                    | 2,308,750             | 157,500              | 151,500              | -                     |
| Interest and fiscal charges  | -                     | -                    | 114,100               | 120,925              | 126,450              | 126,150               |
| <b>TOTAL EXPENDITURES</b>  | <b>\$ 34,477,948</b>  | <b>\$ 23,487,215</b> | <b>\$ 21,852,452</b>  | <b>\$ 21,453,272</b> | <b>\$ 18,411,306</b> | <b>\$ 22,656,671</b>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES BEFORE OTHER<br/>FINANCING SOURCES (USES)</b> | <b>\$ (6,372,948)</b> | <b>\$ 7,243,270</b>  | <b>\$ 5,943,806</b>   | <b>\$ 3,179,573</b>  | <b>\$ 3,395,817</b>  | <b>\$ (2,805,049)</b> |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                       |                      |                       |                      |                      |                       |
| Sale of assets   | \$ 30,000             | \$ 42,411            | \$ 31,307             | \$ 486,041           | \$ 288,961           | \$ -                  |
| Transfers out  | -                     | (826,500)            | (11,095,500)          | (1,389,000)          | (2,179,500)          | (1,425,500)           |
| Transfers in   | 12,430,000            | 4,706,910            | 3,768,642             | 2,632,500            | 2,833,008            | 2,806,491             |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>  | <b>\$ 12,460,000</b>  | <b>\$ 3,922,821</b>  | <b>\$ (7,295,551)</b> | <b>\$ 1,729,541</b>  | <b>\$ 942,469</b>    | <b>\$ 1,380,991</b>   |
| Net change in fund balances  | \$ 6,087,052          | \$ 11,166,091        | \$ (1,351,745)        | \$ 4,909,114         | \$ 4,338,286         | \$ (1,424,058)        |
| FUND BALANCE, BEGINNING OF YEAR  | 43,331,265            | 32,165,174           | 33,516,919            | 28,607,804           | 24,269,518           | 25,693,576            |
| FUND BALANCE, END OF YEAR  | <b>\$ 49,418,317</b>  | <b>\$ 43,331,265</b> | <b>\$ 32,165,174</b>  | <b>\$ 33,516,918</b> | <b>\$ 28,607,804</b> | <b>\$ 24,269,518</b>  |

(a) These amounts are preliminary and unaudited, subject to change upon audit.

(b) These amounts are from audited financial statements of the City for the years indicated. This table has not, however, been the subject of any separate audit process.

FORM OF APPROVING LEGAL OPINION

[Closing Date]

Mayor and Council  
City of El Mirage, Arizona

Re: City of El Mirage, Arizona General Obligation Refunding Bonds, Series 2022

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

We are of the opinion that such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to the Constitution and laws of the State of Arizona now in force, particularly the provisions of Title 35, Chapter 3, Article 4, Arizona Revised Statutes, as amended, and that the Bonds are valid and legally binding obligations of the City, all of the taxable property within which is subject to the levy of a tax, without limitation as to rate, 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 with proceeds of the sale of the Bonds (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 invested in obligations issued by or guaranteed by the United States government which mature with interest so as to provide funds to pay when due, or called for redemption, the Bonds Being Refunded together with interest thereon, and such proceeds and obligations have been deposited in the respective principal and interest redemption funds, and shall be held in trust 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 and securities held irrevocably in the trust 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 the payment of principal and interest on the Bonds Being Refunded if such funds and securities prove insufficient.

Based on the representations and covenants of the City and subject to the assumption stated in the last sentence of this paragraph, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and the interest on the Bonds is exempt from income taxation under the laws of the State of Arizona. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. We express no opinion regarding other tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the Bonds. The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the City must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The Mayor and Council of the City have resolved in Resolution No. \_\_\_\_\_, adopted by the Mayor and Council of the City

on February 15, 2022, to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. (Subject to the same limitations in the penultimate paragraph hereof with respect to such covenants, the City has full legal power and authority to comply with such covenants.) In rendering the opinion expressed above, we have assumed continuing compliance with the tax covenants referred to above that must be met after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal tax purposes.

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

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

Respectfully submitted,

FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$10,995,000\*  
CITY OF EL MIRAGE, ARIZONA  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2022

This Continuing Disclosure Undertaking (this “Undertaking”) is executed and delivered by the City of El Mirage, Arizona (the “City”), in connection with the sale and issuance of \$10,995,000\* principal amount of City of El Mirage, Arizona General Obligation Refunding Bonds, Series 2022 (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the Mayor and Council of the City on February 15, 2022 (the “Bond Resolution”). The City covenants and agrees as follows:

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

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

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

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

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

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

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

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

“*Final Official Statement*” means the Final Official Statement relating to the Bonds, dated \_\_\_\_\_, 2022.

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

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

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

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

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

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\* Preliminary, subject to change.

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

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

“*State*” means the State of Arizona.

2. Purpose of this Undertaking. This Undertaking is executed and delivered by the City as of the date set forth below for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule. The City represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after such delivery of the Bonds.

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

| CUSIP No.<br>(Base 28328R) | Maturity Date<br>(July 1) |
|----------------------------|---------------------------|
|----------------------------|---------------------------|

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DATED: [Closing Date]

CITY OF EL MIRAGE, ARIZONA

By.....  
Mayor

ATTEST:

.....  
City Clerk

## EXHIBIT I

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

“Annual Financial Information” means financial information and operating data of the type contained in the Final Official Statement in Tables 7, 9, 10, 14A, 15 and 16 (in each case, actual results for most recently completed fiscal year only).

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

Annual Financial Information exclusive of Audited Financial Statements will be provided through EMMA by February 1 of each year, commencing February 1, 2022. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements within 30 days after availability to the City.

Audited Financial Statements will be prepared according to GAAP.

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

## EXHIBIT II

### EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

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

**APPENDIX E**

**CITY OF EL MIRAGE, ARIZONA –**

**AUDITED ANNUAL FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

## APPENDIX F

### BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued 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 Bond will be issued 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 Securities 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 the Direct Participants, the “Participants”). DTC has Standard & Poor’s rating of: “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect 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 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 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 DTC 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 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 the 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 Bond 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 Bond Registrar and Paying Agent 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 an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue 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).

Payment of principal of and interest on the Bonds and the redemption price of any Bond 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 Bond Registrar and Paying Agent, 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 Bond Registrar and Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Bond Registrar and Paying Agent, 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 and Indirect Participants.

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 Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.