

CITY COUNCIL REPORT



Meeting Date: 2/3/2015
 Charter Provision: *Provide for the orderly government and administration of the affairs of the City*
 Objective: *Refunding Debt Issuance*

ACTION

Adopt Resolution No. 10023 approving the sale of City of Scottsdale General Obligation Refunding Bonds, Series 2015, in an aggregate amount not to exceed \$165 million and authorizing the negotiation, execution and delivery of certain agreements by the City Treasurer.

BACKGROUND

The City's financial advisor, Piper Jaffray, has been monitoring market trends and suggests that this may be an optimal time to refinance a portion of existing General Obligation (GO) debt in order to lower debt financing costs to the City. As some of the bonds proposed to be refunded are supported by property tax payments and some of the bonds are supported by Preserve excise sales taxes, there will be a positive impact on all City of Scottsdale taxpayers.

Bond refundings are similar to the refinancing of mortgages. Existing debt is prepaid and new debt, at a lower interest rate, is issued to replace the original debt. Like mortgage refinancings, bond refundings are highly sensitive to changes in market interest rates. Since refunding bonds replace existing debt, the City's bonding capacity is not impacted. In the last several years, the City has refunded various bonds resulting in substantial savings in debt service costs.

Our financial strategy to proceed requires that market conditions upon issuance of the refunding bonds must produce minimum overall debt service savings to the taxpayer with a present value, net of all issuance costs, of at least 3.00% or \$1,000,000. Based upon currently outstanding debt, rate structure and current market conditions, it is estimated that the bond refundings will exceed these minimum requirements.

The refunding bonds will be rated by the three major credit rating firms: Standard and Poor's, Fitch IBCA and Moody's Investor Services. The current GO bond ratings are AAA from Standard and Poor's and from Fitch and Aaa from Moody's.

Approval of Resolution No. 10023 will allow staff to react to favorable movements in bond market rates. The actual maturities refunded and the timing of the bond sale will depend on prevailing market interest rates.

City Council Report | Resolution No. 10023, General Obligation Refunding Bond Issuance

The City Treasurer's Office has reviewed the above refunding proposal with its financial advisor (Piper Jaffray) and bond counsel (Gust Rosenfeld). Both parties concur with our recommendation to proceed at this time.

Attached to the resolution are numerous draft bond documents that have several sections that are blank and will need to be completed at the time of the bond sale. This is standard procedure when issuing or refunding bonds.

ANALYSIS & ASSESSMENT

The proposed debt issuance is in compliance with the City's adopted financial policies, specifically capital and debt policies.

RESOURCE IMPACTS

The sale of the property-tax supported portion of the GO refunding bonds will reduce the annual debt service of the City and will result in a positive impact on the secondary property tax rate and levy. The sale of the Preserve portion of the GO refunding bonds will result in reduced Preserve debt service payments.

OPTIONS & STAFF RECOMMENDATION

Recommended Approach

Adopt Resolution No. 10023 authorizing staff to issue up to \$165 million of General Obligation refunding bonds when and if market conditions are favorable. After the refunding bonds are sold, Council will be informed as to the final savings.

Not approving the refunding resolution would maintain the current debt position and would forego any available savings.

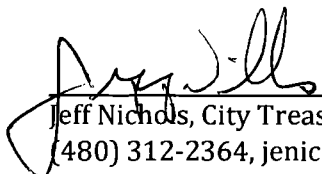
RESPONSIBLE DEPARTMENT(S)

City Treasurer's Office

STAFF CONTACTS (S)

Lee Guillory, Finance Director, (480) 312-7084
lguillory@ScottsdaleAZ.gov

APPROVED BY



Jeff Nichols, City Treasurer
(480) 312-2364, jenichols@ScottsdaleAZ.gov

11/15/15

Date

ATTACHMENTS

1. Resolution No. 10023
 - Exhibit A - Bond Form
2. Draft Bond Documents:
 - 2A. Bond Registrar, Transfer Agent and Paying Agent Contract
 - 2B. Depository Trust Agreement
 - Exhibit A – Investments
 - Exhibit B - Notice of Refunding
 - Exhibit C - Notice of Redemption
 - 2C. Continuing Disclosure Certificate
 - Exhibits A, B and C – Failure to File Notice Forms
 - 2D. Preliminary Official Statement

RESOLUTION NO. 10023

RESOLUTION RELATING TO FINANCE; AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF THE CITY OF SCOTTSDALE, ARIZONA, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015; DELEGATING THE AUTHORITY TO APPROVE CERTAIN MATTERS WITH RESPECT TO THE BONDS AND THE BONDS BEING REFUNDED; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; AUTHORIZING THE APPOINTMENT OF A BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT AND A DEPOSITORY TRUSTEE; APPROVING THE FORM OF CERTAIN DOCUMENTS AND AUTHORIZING COMPLETION, EXECUTION AND DELIVERY THEREOF; DELEGATING THE AUTHORITY TO APPROVE AND DEEM FINAL A FORM OF OFFICIAL STATEMENT; RATIFYING ALL ACTIONS TAKEN AND TO BE TAKEN WITH RESPECT TO THE BONDS IN FURTHERANCE OF THIS RESOLUTION.

WHEREAS, the following general obligation bonds of the City of Scottsdale, Arizona (the "*City*") have been issued and are outstanding: General Obligation Bonds, Projects of 2000 and 2004, Series 2005; General Obligation Refunding Bonds, Series 2005; and General Obligation Bonds, Projects of 2000 and 2004, Series 2008 (together, the "*Prior Bonds*"); and

WHEREAS, the Mayor and Council of the City find that the issuance of not to exceed \$165,000,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2015 (the "*Bonds*") for the purpose of refunding some or all of the Prior Bonds selected by the City Treasurer (the "*Bonds Being Refunded*") is necessary and advisable and is in the best interests of the City to lower the debt service payments due on its general obligation debt; and

WHEREAS, the firm of Piper Jaffray & Co. will serve as the City's financial advisor (the "*Financial Advisor*") with respect to the Bonds; and

WHEREAS, the City Treasurer will receive a proposal for the purchase of the Bonds from an underwriter or underwriters, as selected by the City Treasurer, with the assistance of the Financial Advisor (the "*Underwriter*"), on such terms and at such prices, interest rates, maturities and redemption features as may hereafter be approved by the City Treasurer and agreed to by the Underwriter; and

WHEREAS, the form of a Bond Purchase Agreement entered into between the City and the Underwriter (the "*Bond Purchase Agreement*") will be received from Underwriter for the purchase of the Bonds in a form that will be substantially similar to the Bond Purchase Agreement the City has entered into in the past; and

WHEREAS, by this resolution the Mayor and Council will authorize the execution, issuance and sale of the Bonds to the Underwriter in accordance with the Bond Purchase Agreement; and

WHEREAS, the execution and delivery of the Bond Purchase Agreement, as completed, by the Mayor, the Vice Mayor, or the City Treasurer shall be conclusive evidence of approval of such final terms and provisions; and

WHEREAS, all acts, conditions and things required by the constitution and laws of the State of Arizona to happen, exist and be performed precedent to and in the enactment of this resolution have happened, exist and have been performed as so required in order to make this resolution a valid and binding instrument for the security of the Bonds authorized herein;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA, as follows:

Section 1. Authorization. For purposes of providing funds to refund all or a portion of the Prior Bonds, the Bonds to be titled "City of Scottsdale, Arizona, General Obligation Refunding Bonds, Series 2015" in an aggregate principal amount of not to exceed \$165,000,000 are hereby authorized to be issued and sold in accordance with the provisions of this resolution and delivered against payment therefor by the Underwriter. The series designation of the Bonds may change if the Bonds are not sold in calendar year 2015. The Bonds will be issued to provide funds to refund all or a portion of the Prior Bonds as indicated in the Depository Trust Agreement (as defined hereafter) and to pay the costs of issuance of the Bonds. The Mayor and Council find and determine that it is expedient and advisable for the City to restructure a portion of its outstanding bonded debt to lower the City's debt service payments. The Bonds may be issued only if the present value of the debt service savings that will occur, net of all costs associated with the Bonds, shall be not less than \$1,000,000 or at least three percent (3.00%) of the principal amount of the Bonds Being Refunded.

Section 2. Terms.

A. **Bonds.** The Bonds will be dated such date as set forth in the Bond Purchase Agreement, will mature on July 1 in some or all of the years 2015 through 2034, inclusive, and will bear interest from their date to the maturity or earlier redemption date of each of the Bonds at the interest rates set forth in the Bond Purchase Agreement, and shall have a combined all-in true interest cost of not to exceed 4.00%.

The principal amount maturing in each year, the interest rates applicable to each maturity, the optional and mandatory redemption provisions and any other final terms of the Bonds, including purchase price and provision for original issue discount and original issue premium, shall be as set forth in the Bond Purchase Agreement and approved by the City Treasurer and such approval shall be evidenced by the execution and delivery of the Bond Purchase Agreement. The Bonds are expected to be initially issued in fully registered book-entry-only form in denominations equal to the respective year's maturity amount. If the book-entry-only system described in the Bond Registrar, Transfer Agent and Paying Agent Contract (the "*Book-Entry-Only System*") is discontinued, the Bonds will be in the denominations of \$5,000 of principal due on any maturity date each or integral multiples thereof. Interest on the Bonds shall be payable semiannually on each January 1 and July 1 (each an Interest Payment

Date) during the term of the Bonds, commencing July 1, 2015 (or on a later date as set forth in the Bond Purchase Agreement).

B. Book-Entry-Only System. Ownership of the Bonds will be registered on the registration books of the Registrar (as defined hereafter). So long as the Book-Entry-Only System is in effect, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*") or registered assigns. So long as the Bonds are administered under the Book-Entry-Only System, interest payments and principal payments that are part of periodic principal and interest payments shall be paid to Cede & Co. or its registered assigns in same-day funds no later than the time established by DTC on each interest or principal payment date (or in accordance with then-existing arrangements between the City and DTC). The City has previously entered into an agreement (the "*Letter of Representations*") with DTC in connection with the issuance of the City's bonds including the Bonds and, while the Letter of Representations is in effect, the procedures established therein shall apply to the Bonds.

C. Registration. If the Book-Entry-Only System is discontinued, the Registrar's (as defined hereafter) registration books shall show the registered owners of the Bonds (the owner or owners of the Bonds as shown on the Registrar's registration books shall be referred to as "*Owner*" or "*Owners*"). If the Book-Entry-Only System is discontinued, the Bonds will be administered by the Registrar in a manner which assures against double issuance and provides a system of transfer of ownership on the books of the Registrar in the manner set forth in the Bonds. The City recognizes that Section 149(a) of the Internal Revenue Code of 1986, as amended (the "*Code*"), requires the Bonds to be issued and to remain in fully registered form in order that interest thereon is exempt from federal income taxation under laws in force at the time the Bonds are delivered.

D. Payment. If the Book-Entry-Only System is discontinued, interest on the Bonds will be payable on each Interest Payment Date by the Paying Agent (as hereafter defined) by check mailed to the Owner thereof at such Owner's address as shown on the registration books maintained by the Registrar as of the close of business of the Registrar on the Record Date (as such term is defined in Section 10 of this resolution).

If the Book-Entry-Only System is discontinued, principal of the Bonds will be payable, when due, only upon presentation and surrender of the Bond at the designated corporate trust office of the Paying Agent (as hereafter defined). Upon written request made 20 days prior to an interest payment date by an Owner of at least \$1,000,000 in principal amount of Bonds outstanding all payments of interest and, if adequate provision for surrender is made, principal and premium, if any, shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by such Owner.

The principal and redemption price, if any, with respect to the Bonds shall be payable in lawful money of the United States of America upon surrender when due at the designated office of the Paying Agent.

E. Other Terms. The Bonds shall have such other terms and provisions as are set forth in Exhibit A hereto and shall be sold under the terms and conditions set forth in the Bond Purchase Agreement.

Section 3. Prior Redemption.

A. Optional Redemption. The Bonds may be subject to optional redemption as will be determined by the City Treasurer and set forth in the Bond Purchase Agreement.

B. Mandatory Redemption. The Bonds may be subject to mandatory redemption as will be determined by the City Treasurer and set forth in the Bond Purchase Agreement.

Whenever Bonds subject to mandatory redemption are purchased, redeemed (other than pursuant to mandatory redemption) or delivered by the City to the Registrar 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.

C. Notice of Redemption. So long as the Bonds are held under the Book-Entry-Only System, notices of redemption will be sent only to DTC in the manner required by DTC. If the Book-Entry-Only System is discontinued, notice of redemption of any Bond will be mailed by first class mail, postage prepaid, to the Owner thereof at the address shown on the books of the Registrar not more than 60 days nor less than 30 days prior to the date set for redemption. Notice of redemption may be given to any securities depository by mail, facsimile, wire or other generally accepted electronic means of transmission of such notices. Failure to properly give notice of redemption shall not affect the redemption of any Bond for which notice was properly given. The Registrar shall also send notice of redemption to the Municipal Securities Rulemaking Board (the "MSRB"), currently through the MSRB's Electronic Municipal Market Access system, in the manner required by the MSRB.

D. Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, and, if moneys for payment of the redemption price are held in separate accounts by the Paying Agent, interest on such Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security hereunder and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and such Bonds shall be deemed paid and no longer outstanding.

E. Redemption of Less Than All of a Bond. The City may redeem an amount which is included in a Bond in the denomination in excess of, but divisible by, \$5,000. If the Book-Entry-Only System is discontinued, in that event, the Owner shall submit the Bond for partial redemption and the Paying Agent shall make such partial payment and the Registrar shall cause to be issued a new Bond in a principal amount equal to the unpaid amount remaining on such Bond after the redemption to be issued, authenticated and delivered to the Owner thereof.

Section 4. Security. For the purpose of paying the principal and premium (if any) of, interest on and costs of administration of the registration and payment of the Bonds, there shall be levied on all the taxable property in the City a continuing, direct, annual, ad valorem tax sufficient to pay all such principal, interest and administration costs of the Bonds as the same becomes due, such taxes to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected. Taxes levied with respect to the payment of principal of and interest on the Bonds, shall be limited as follows: the total aggregate of taxes levied to pay principal of and interest on the Bonds, in the aggregate shall not exceed the total aggregate principal of and interest to become due on the Bonds Being Refunded, calculated from the date of issuance of the Bonds to the final maturity date of the Bonds Being Refunded; and further, if the trust created to pay principal of and premium, if any, and interest on the Bonds Being Refunded is insufficient to make such payments when due, any taxes levied to pay principal and interest on the Bonds shall first be applied to the payments of amounts due on the Bonds Being Refunded. The proceeds of the taxes shall be kept in a special fund of the City entitled the "Debt Service Fund" and shall be used only for the payment of principal, interest, premium, if any, or costs as above-stated.

Section 5. Use of Proceeds. Upon the delivery of and payment for the Bonds in accordance with the terms of their sale, the net proceeds from the sale of the Bonds, after payment of the costs and expenses of issuance, shall be set aside, together with certain funds of the City, if any, required to pay the Bonds Being Refunded, in a special trust fund maintained by a bank or trust company selected by the City Treasurer as depository trustee (the "*Depository Trustee*") and shall be used to pay, when due, principal of and interest and premium on the Bonds Being Refunded, all as more fully described in the Depository Trust Agreement, by and between the City and the Depository Trustee (the "*Depository Trust Agreement*"). Amounts credited to the trust, other than any beginning cash balance, shall be invested immediately in obligations issued by or guaranteed by the United States of America, the maturing principal of and interest on which, together with any beginning cash balance, shall be sufficient to pay the principal of and premium and interest on the Bonds Being Refunded as the same becomes due at maturity or prior redemption as provided herein.

Any balance of the net proceeds of the Bonds remaining after creation of the trust for the Bonds Being Refunded shall be transferred to the Debt Service Fund.

Section 6. Form of Bonds. The Bonds shall be in substantially the form of *Exhibit A* attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Bond Purchase Agreement and are approved by those officers executing the Bonds; execution thereof by such officers shall constitute conclusive evidence of such approval. If the Book-Entry-Only System is discontinued, the forms of the Bonds shall be adjusted to accommodate the requirements of non-book-entry bonds.

The Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each Bond shall show both the date of the issue and the date of such Bond's authentication and registration. The Bonds are prohibited from being converted to coupon or bearer form without the consent of the Mayor and Council and approval of bond counsel.

Section 7. Execution of Bonds and Other Documents.

A. Bonds. The Bonds shall be executed for and on behalf of the City by the Mayor, or Vice Mayor, attested by the Clerk and countersigned by the City Treasurer by their manual or facsimile signatures and the City seal will be either photographically, mechanically or manually imprinted, affixed or reproduced on the Bonds. If an officer whose signature is on a Bond no longer holds that office at the time the Bond is authenticated and registered, such Bond shall nevertheless be valid. A Bond shall not be valid or binding until authenticated by the manual signature of an authorized representative of the Registrar. The signature of the authorized representative of the Registrar shall be conclusive evidence that such Bond has been authenticated and issued pursuant to this resolution.

B. Registrar Contract. The form of Bond Registrar, Transfer Agent and Paying Agent Contract, in substantially the form presented to the Mayor and Council and on file with the City, concerning duties of the Registrar and the Paying Agent for the Bonds is hereby approved, and the Mayor, the Clerk or the City Treasurer is hereby directed to execute such contract on behalf of the City with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing the documents and cause such respective contract to be delivered. Execution and delivery by such officers shall constitute conclusive evidence of such approval.

C. Depository Trust Agreement. The form of the Depository Trust Agreement, in substantially the form presented to the Mayor and Council and on file with the City, concerning the refunding of the Bonds Being Refunded is hereby approved, and the Mayor, the Clerk or the City Treasurer is hereby directed to execute such contract on behalf of the City with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing the documents. Execution by such officers shall constitute conclusive evidence of such approval and cause such contract to be delivered.

D. Continuing Disclosure Certificate. In order to comply with the provisions of the Rule (as hereafter defined), unless an exemption from the terms and provisions of the Rule is applicable to the Bonds, the form of the Continuing Disclosure Certificate (the "*Certificate*"), in substantially the form presented to the Mayor and Council on file with the City, is hereby approved, and the Mayor, the Clerk or the City Treasurer is hereby authorized and directed to execute and deliver on behalf of the City, the Certificate for the benefit of the Owners (including beneficial owners) of the Bonds.

E. Official Statement. The preparation of a preliminary official statement in a form that is deemed "final", as hereafter described, is hereby authorized and approved and the distribution of such preliminary official statement is hereby authorized and approved. Such preliminary official statement shall be in a form that is approved and deemed "final" for all purposes of Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934 (the "*Rule*"), by the City Treasurer. The City will cause a final official statement (the "*Official Statement*") in substantially the form of the preliminary official statement referred to

above to be prepared and distributed with the Bonds upon initial issuance. The Mayor, Vice Mayor or City Treasurer is authorized to approve, execute and deliver the Official Statement on behalf of the City and the execution by such officer shall be deemed conclusive evidence of such approval. The preliminary official statement and the Official Statement may be prepared in conjunction with, and may be part of the same document, the preliminary official statement and the Official Statement for any other bonds which may be issued by the City.

Section 8. Mutilated, Lost or Destroyed Bonds. In case any Bond becomes mutilated or destroyed or lost, the Registrar shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of the mutilated Bond or in lieu of and in substitution for the Bond destroyed or lost, upon the Owners paying the reasonable expenses and charges of the City in connection therewith and, in the case of the Bond destroyed or lost, filing with the Registrar of evidence satisfactory to the Registrar that such Bond was destroyed or lost, and furnishing the Registrar with a sufficient indemnity bond pursuant to Arizona Revised Statutes § 47-8405.

Section 9. Acceptance of Offer; Sale of Bonds; Bond Purchase Agreement Approval. The City Treasurer, with the assistance of the City's Financial Advisor, will select the Underwriter, which will purchase such Bonds pursuant to the form of Bond Purchase Agreement to be received by the City Treasurer and City Finance Director. When the final terms of such Bonds are known, the Bond Purchase Agreement shall be finalized. The Mayor, the Vice Mayor, or the City Treasurer is authorized and directed to cause the Bond Purchase Agreement to be completed and executed; provided, however, that the parameters of this resolution shall govern the Bond Purchase Agreement and neither the Mayor, the Vice Mayor, or the City Treasurer is authorized to insert in the Bond Purchase Agreement any terms or conditions which would be contrary to this resolution. Upon the completion, execution and delivery of the Bond Purchase Agreement, any or all of the Bonds are ordered sold to the Underwriter pursuant to the Bond Purchase Agreement.

The City Treasurer is hereby authorized and directed to cause the Bonds to be delivered to or upon the order of the Underwriter upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the Bond Purchase Agreement. Any other provision of this resolution to the contrary notwithstanding, the Bonds shall not be sold with a premium that exceeds the net premium permitted by Arizona Revised Statutes § 35-473.01.

Section 10. Registrar and Paying Agent. The City will maintain an office or agency where Bonds may be presented for registration (the "*Registrar*") or transfer and an office or agency where Bonds may be presented for payment (the "*Paying Agent*"). The City Treasurer may appoint one or more co-registrars or one or more additional paying agents. The Registrar and the Paying Agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the owners of the Bonds.

Initially, Wells Fargo Bank, N.A., Los Angeles, California, will act as, and is hereby designated as, the Registrar and Paying Agent with respect to the Bonds. Any entity into which the Registrar and Paying Agent is merged or consolidated shall continue as the Registrar and Paying Agent hereunder without notice to the Owners of the Bonds or any further action by

the City. The City may change the Registrar and Paying Agent without notice to or consent of the Owners of the Bonds and the City may act in any such capacity.

The Registrar may appoint an authenticating agent acceptable to the City to authenticate Bonds. An authenticating agent may authenticate Bonds whenever the Registrar may do so. Each reference in this resolution to authentication by the Registrar includes authentication by an authenticating agent acting on behalf and in the name of the Registrar's entity and subject to the Registrar's direction.

The Registrar shall keep separate registers for the Bonds. One register will show the Owners of the Bonds and any transfer of the Bonds. When Bonds are presented to the Registrar or a co-registrar with a request to register transfer, the Registrar shall register the transfer on the registration books if its requirements for transfer are met and shall authenticate and deliver one or more Bonds registered in the name of the transferee of the same principal amount, maturity or payment date and rate of interest as the surrendered Bonds. All transfer fees and costs shall be paid by the transferor. The "*Record Date*" for the Bonds shall be the close of business of the Registrar on the fifteenth day of the month preceding an interest payment date or principal payment date, as applicable. The Registrar may, but shall not be required to, transfer or exchange any Bonds during the period commencing on the Record Date to and including the respective interest payment date. If the Registrar transfers or exchanges Bonds within the period referred to above, interest on such Bonds shall be paid to the person who was the Owner at the close of business of the Registrar on the Record Date as if such transfer or exchange had not occurred.

The Registrar shall authenticate Bonds for original issue up to \$170,000,000 upon the written request of the City Treasurer. The aggregate principal amount of Bonds outstanding at any time may not exceed those amounts except for replacement Bonds as to which the requirements of the Registrar and the City are met.

Section 11. Resolution a Contract. This resolution shall constitute a contract between the City and the Owners and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the Owners of the Bonds then outstanding. The performance by the Mayor and Council of the obligations in this resolution, the Bonds and the other agreements listed in Section 7 of this resolution is hereby authorized and approved.

Section 12. Ratification of Actions. All actions of the officers and agents of the City which conform to the purposes and intent of this resolution and which further the issuance and sale of the Bonds as contemplated by this resolution whether heretofore or hereafter taken are hereby ratified, confirmed and approved. The proper officers and agents of the City are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the City as may be necessary to carry out the terms and intent of this resolution.

Section 13. Depository Trust Agreement. Notwithstanding the proposed form of the Depository Trust Agreement, if it is in the best interest of the City, the Mayor and Council hereby authorize the City Treasurer to pay the Bonds Being Refunded, at or before maturity, by

establishing a trust with the Depository Trustee to deposit or cause to be deposited money in the necessary amount to pay, when due, the principal of and interest and premium, if any, on the Bonds Being Refunded, and to amend the Depository Trust Agreement accordingly.

Section 14. Tax Covenants. In consideration of the purchase and acceptance of the Bonds by the Owners thereof and, as authorized by Arizona Revised Statutes, Title 35, Chapter 3, Article 7, and in consideration of retaining the exclusion of interest income on the Bonds from gross income for federal income tax purposes, the City covenants with the Owners from time to time of the Bonds to neither take nor fail to take any action which action or failure to act is within its power and authority and would result in interest income on the Bonds becoming subject to inclusion as gross income for federal income tax purposes under either laws existing on the date of issuance of the Bonds or such laws as they may be modified or amended.

With respect to the Bonds herein authorized to be sold, the City or a partner of Gust Rosenfeld P.L.C., bond counsel to the City or other nationally recognized bond counsel ("*Bond Counsel*"), is authorized to execute and file on behalf of the City information reporting returns and to file or deliver such other information as may be required by Section 149(e) of the Code.

The Mayor and Council hereby agree that the City will comply with such requirements and will take any such actions as in the opinion of Bond Counsel are necessary to prevent interest income on the Bonds, from becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements to be prepared by Bond Counsel; to pay to the United States of America any required amounts representing yield reduction payments or rebates of arbitrage profits relating to the Bonds; filing forms, statements and supporting documents as may be required under the federal tax laws; and limiting the term of and yield on investments made with moneys relating to the Bonds.

Section 15. Redemption of Prior Bonds and Weighted Average Maturity. Some or all of the maturities of the Prior Bonds may be refunded. Those selected for refunding are referred to herein as the Bonds Being Refunded. The Mayor and Council hereby order that the maturities of the Prior Bonds and the times that the Bonds Being Refunded will be redeemed will be determined by the City Treasurer and will be as set forth in the Official Statement and as indicated in the Depository Trust Agreement. The weighted average maturity of the Bonds shall be at least 75% of the weighted average maturity of the Bonds Being Refunded.

Section 16. Severability. If any section, paragraph, subdivision, sentence, clause or phrase of this resolution is for any reason held to be illegal, invalid or unenforceable, such decision will not affect the validity of the remaining portions of this resolution. The Mayor and Council hereby declare that this resolution would have been adopted and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections,

paragraphs, subdivisions, sentences, clauses or phrases of this resolution may be held illegal, invalid or unenforceable.

PASSED, ADOPTED AND APPROVED by the Council of City of Scottsdale, Arizona, on February 3, 2015.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Bond Counsel

Exhibit A: Bond Form

CERTIFICATION

I, Carolyn Jagger, the duly appointed and acting City Clerk of the City of Scottsdale, Arizona, do hereby certify that the above and foregoing Resolution No. 10023 was duly passed by the City Council of the City of Scottsdale, Arizona, at a regular meeting held on February 3, 2015, and the vote was ____ aye's and ____ nay's and that the Mayor and ____ Council Members were present thereat.

DATED: February __, 2015

City Clerk

EXHIBIT A

(Form of Bond to be used While Book-Entry-Only System is in Effect)

Number: _____

Denomination: _____

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Registrar (or any successor registrar) for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC, (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**CITY OF SCOTTSDALE, ARIZONA
GENERAL OBLIGATION
REFUNDING BOND,
SERIES 2015**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Dated Date</u>	<u>CUSIP</u>
_____%	July 1, 20__	_____, 2015	810453 ____

Registered Owner: Cede & Co.

Principal Amount: _____ AND NO/100 DOLLARS (\$_____)

CITY OF SCOTTSDALE, ARIZONA (the "City"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

INSERT CALL FEATURE HERE, IF APPLICABLE

Interest is payable on January 1 and July 1 of each year commencing _____ 1, 20__, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original dated date set forth above. Interest will be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Principal of and interest on this bond are payable in lawful money of the United States of America. Interest payments and principal payments that are part of periodic principal and interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in same-day funds no later than the time established by DTC on each interest or principal payment date in accordance with existing arrangements between the City and DTC.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in

the issuance of this bond exist, have occurred and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon all of the taxable property in the City for the payment of this bond and of the interest hereon as each becomes due, as limited as described herein.

This bond is one of an issue of general obligation refunding bonds in the aggregate principal amount of \$_____ of like tenor except as to amount, maturity date, redemption provisions, interest rate and number, issued by the City to provide funds to refund certain previously issued and outstanding bonds of the City, pursuant to a resolution of the Mayor and Council of the City duly adopted prior to the issuance hereof (the "*Resolution*"), and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of general obligation refunding bonds, and all amendments thereto, and all other laws of the State of Arizona thereunto enabling.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes on all taxable property within the City sufficient for that purpose, the full faith and credit of the City are hereby irrevocably pledged; provided, however, that the total aggregate of taxes levied to pay principal and interest on the issue of bonds of which this bond is one, in the aggregate shall not exceed the total aggregate principal and interest to become due on the bonds being refunded from the date of issuance of the issue of bonds of which this bond is a part to the final date of maturity of the bonds being refunded; and subject, further, to the rights vested in the owners of the bonds being refunded by the bonds of this issue to the payment of such bonds being refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United States of America purchased from the proceeds of the sale of the bonds of this issue and placed in trust for the purpose of providing for payment of principal of, premium, and interest on the bonds being refunded. The owner of this bond must rely on the sufficiency of the moneys and obligations placed irrevocably in trust for payment of the bonds being refunded.

The registrar or paying agent may be changed by the City without notice.

So long as the book-entry-only system is in effect, this bond is non-transferable. If the book-entry-only system is discontinued, this bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the registrar, which on the original issue date is the corporate trust office of _____ upon surrender and cancellation of this bond. Bonds of this issue will be issued only in fully registered form in the denomination of \$5,000 of principal or integral multiples thereof.

The City, the registrar and the paying agent may treat the registered owner of this bond as the absolute owner for the purpose of receiving principal and interest and for all other purposes and none of them shall be affected by any notice to the contrary.

The City has caused this bond to be executed by the Mayor, attested by the Clerk and countersigned by the City Treasurer, which signatures may be facsimile signatures and the City seal has been mechanically or photographically impressed on this bond. This bond is not valid or binding upon the City without the manually affixed signature of an authorized representative of the registrar. This bond is prohibited from being issued in coupon or bearer form without the consent of the City and the occurrence of certain other conditions.

CITY OF SCOTTSDALE, ARIZONA

Mayor

ATTEST:

Clerk

COUNTERSIGNED:

City Treasurer

DATE OF AUTHENTICATION AND REGISTRATION: _____

AUTHENTICATION CERTIFICATE

This bond is one of the City of Scottsdale, Arizona, General Obligation Refunding Bonds, Series 2015, described in the Resolution mentioned herein.

_____, as Registrar

Authorized Representative

(INSERT INSURANCE STATEMENT HERE, IF APPLICABLE)

FORM OF ASSIGNMENT

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship
and not as tenants in common

UNIF GIFT/TRANS MIN ACT- _____ Custodian _____
(Cust) (Minor)

under Uniform Gifts/Transfers to Minors Act (State)

Additional abbreviations may also be used though not in list above

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Name and Address of Transferee)
the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____
_____, attorney to transfer the within bond on the
books kept for registration thereof, with full power of substitution in the premises.

Dated _____

Note: The signature(s) on this assignment must correspond with
the name(s) as written on the within registered bond in every
particular without alteration or enlargement or any change
whatsoever.

Signature Guaranteed:

Firm or Bank

Authorized Signature

Signature guarantee should be made by a guarantor institution
participating in the Securities Transfer Agents Medallion Program
or in such other program acceptable to the Registrar

ALL FEES AND TRANSFER COSTS SHALL BE PAID BY THE TRANSFEROR

DRAFT

FEDERAL TAXPAYER I.D. NO. 86-6000735

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT CONTRACT FOR BONDS OF THE CITY OF SCOTTSDALE, ARIZONA

This Bond Registrar, Transfer Agent and Paying Agent Contract dated as of _____ 1, 2015 (the "*Contract*"), is made and entered into between the **CITY OF SCOTTSDALE, ARIZONA** (hereinafter called the "*City*"), and _____, _____ (hereinafter called the "*Bank*"), and witnesseth as follows:

The City will issue its City of Scottsdale, Arizona, General Obligation Refunding Bonds, Series 2015 in the aggregate principal amount of \$ _____ (the "*Bonds*"). The Mayor and Council (the "*Council*") of the City have determined that the services of a bond registrar, transfer agent and paying agent are necessary and in the best interests of the City. Initially, the Bonds will be issued in book-entry-only form through The Depository Trust Company ("*DTC*") and, so long as the book-entry-only system (the "*Book-Entry-Only System*") is in effect the Bonds will be registered in the name of Cede & Co., the nominee name of DTC.

The Bank desires to perform registrar, transfer agent and paying agent services during the life of Bonds.

For and in consideration of the mutual promises, covenants, conditions and agreements hereinafter set forth, the parties do agree as follows:

1. **Services.** The Bank hereby agrees to provide the following services:

A. Registrar services which shall include, but not be limited to (1) authenticating and verifying the Bonds initially; (2) keeping registration books sufficient to comply with Section 149 of the Internal Revenue Code of 1986, as amended (the "*Code*"); (3) recording transfers of ownership of the Bonds promptly as such transfers occur; (4) protecting against double or overissuance; (5) authenticating new Bonds prepared for issuance to transferees of original and subsequent purchasers; and (6) informing the City of the need for additional printings of the Bonds should the forms printed prior to initial delivery prove inadequate.

B. Transfer agent services which shall include, but not be limited to, (1) receiving and verifying all Bonds tendered for transfer; (2) preparing new Bonds for delivery to transferees and delivering same either by delivery or by mail, as the case may be; (3) destroying Bonds submitted for transfer; and (4) providing proper information for recordation in the registration books.

C. Paying agent services which shall include, but not be limited to, (1) providing a billing to the City at least thirty (30) days prior to a Bond interest payment date setting forth the amount of principal and interest due on such date; (2) preparing, executing,

wiring or mailing all interest payments to each registered owner of the Bonds on or before the scheduled payment date and in no event later than the time established by DTC on the date such payments are due unless sufficient funds to make such payments have not been received by the Bank; (3) verifying all matured Bonds upon their surrender; (4) paying all principal and premium, if any, due upon the Bonds as they are properly surrendered therefor to the Bank; (5) preparing a semiannual reconciliation showing all principal and interest paid during the period and providing copies thereof to the City; (6) inventorying all documentation of payments made, including the amount, payee and wire confirmation or imaged information for six (6) years after payment; and (7) making proof of such payments available to the City or any owner or former owner.

2. **Record Date.** The "*Record Date*" for the payment of interest will be the fifteenth (15th) day of the month preceding an interest payment date. Normal transfer activities will continue after the Record Date but the interest payment on a particular Bond will be mailed to the registered owners of Bonds as shown on the books of the Bank on the close of business on the Record Date. Principal (and premium, if any) shall be paid only on surrender of the particular Bond at or after its maturity or prior redemption date, if applicable.

3. **Redemption Notices.** The Bank agrees to provide certain notices to the Bond owners as required to be provided by the Bank in, and upon being provided with a copy of, the resolution of the City approving the issuance, sale and delivery of the Bonds. So long as the Book-Entry-Only System is in effect, the Bank shall send notices of redemption to DTC in the manner required by DTC. If the Book-Entry-Only System is discontinued, the Bank shall mail notice of redemption of any Bond to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the registrar 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.

The Bank also agrees to send notice of any redemption to the Municipal Securities Rulemaking Board (the "*MSRB*"), currently through the MSRB's Electronic Municipal Market Access system, in the manner required by the MSRB, but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the City or the Bank prior to sending the notice of redemption, such redemption shall be conditional on such moneys 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.

Each redemption notice must contain, at a minimum, the complete official name of the issue with series designation, CUSIP number, certificate numbers, amount of each Bond called (for partial calls), date of issue, interest rate, maturity date, publication date (date of

release to the general public or the date of general mailing of notices to Bond owners and information services), redemption date, redemption price, redemption agent and the name and address of the place where Bonds are to be tendered, including the name and phone number of the contact person. Such redemption notices may contain a statement that no representation is made as to the accuracy of the CUSIP numbers printed therein or on the Bonds.

4. **Issuance and Transfer of Bonds.** The Bank will issue the Bonds to registered owners, require the Bonds to be surrendered and cancelled and new Bonds issued upon transfer, and maintain a set of registration books showing the names and addresses of the owners from time to time of the Bonds. The Bank shall promptly record in the registration books all changes in ownership of the Bonds.

5. **Payment Deposit.** The City will transfer immediately available funds to the Bank no later than one (1) business day prior to or, if agreed to by the parties hereto, on the date on which the interest, principal and premium payments (if any) are due on the Bonds, but in no event later than the time established by DTC, on the date such payments are due. The Bank shall not be responsible for payments to Bond owners from any source other than moneys transferred, or caused to be transferred, to it by the City.

6. **Collateral.** The Bank shall collateralize the funds on deposit at the Bank in accordance with A.R.S. §§ 35-323 and 35-491.

7. **Turnaround Time.** The Bank will comply with the three (3) business day turnaround time required by Securities and Exchange Commission Rule 17Ad-2 on routine transfer items.

8. **Fee Schedule; Initial Fee.** For its services under this Contract, the City will pay the Bank in accordance with the fee schedule set forth in the attached Exhibit A, which is incorporated herein by reference. The fee for the Bank's initial services hereunder and services to be rendered until the end of the City's current fiscal year (fiscal year 2014-2015) is \$_____ and shall be billed by the Bank to the City after closing and paid by the City after the initial delivery of the Bonds solely from proceeds of the Bonds. Subsequent payments shall be made in accordance with this Contract.

9. **Costs and Expenses.** The City hereby agrees to pay all costs and expenses of the Bank pursuant hereto. If, for any reason, the amounts the City agrees to pay herein may not be paid from the annual tax levy for debt service on the Bonds, such costs shall be paid by the City from any funds lawfully available therefor and the City agrees to take all actions necessary to budget for and authorize expenditure of such amounts.

10. **Fees for Services in Subsequent Fiscal Years.** The Bank will bill the City prior to June 1, 2015, and prior to each June 1 thereafter.

11. **Hold Harmless.** The Bank shall indemnify and hold harmless the City, its Mayor and Council, the City Treasurer and all boards, commissions, officials, officers and

employees of the City, individually and collectively, from the Bank's failure to perform to its standard of care as herein stated.

12. **Standard of Care Required.** In the absence of bad faith on its part in the performance of its services under this Contract, the Bank shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be authorized hereby or within the rights and powers conferred upon it hereunder, nor for action taken or omitted to be taken by it in good faith and in accordance with advice of counsel, and shall not be liable for any mistakes of fact or errors of judgment or for any actions or omissions of any kind unless caused by its own willful misconduct or negligence.

13. **Entire Contract.** This Contract and Exhibit A attached hereto contain the entire understanding of the parties with respect to the subject matter hereof, and no waiver, alteration or modification of any of the provisions hereof, shall be binding unless in writing and signed by a duly authorized representative of all parties hereto.

14. **Amendment.** The City and the Bank reserve the right to amend any individual service set forth herein or all of the services upon providing a sixty (60) day prior written notice. Any corporation, association or agency into which the Bank may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from such conversion, sale merger, consolidation or transfer to which it is a party, *ipso facto*, shall be and become successor registrar, transfer agent and paying agent under this Contract and vested with all or the same rights, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

15. **Resignation or Replacement.** The Bank may resign or the City may replace the Bank as registrar, transfer agent and paying agent at any time by giving thirty (30) days' written notice of resignation or replacement to the City or to the Bank, as applicable. The resignation shall take effect upon the appointment of a successor registrar, transfer agent and paying agent. A successor registrar, transfer agent and paying agent will be appointed by the City; provided, that if a successor registrar, transfer agent and paying agent is not so appointed within ten (10) days after a notice of resignation is received by the City, the Bank may apply to any court of competent jurisdiction to appoint a successor registrar, transfer agent and paying agent. Any resignation or replacement of the Bank pursuant to this Section shall be without cost to the City.

In the event the Bank resigns or is replaced, the City reserves the right to appoint a successor registrar, transfer agent and paying agent who may qualify pursuant to A.R.S. § 35-491, et seq., or any subsequent statute pertaining to the registration, transfer and payment of bonds. In such event the provisions hereof with respect to payment by the City shall remain in full force and effect, but the City Treasurer shall then be authorized to use the funds collected for payment of the costs and expenses of the Bank hereunder, provided that the Bank shall have been paid its fees and expenses due and owing to it, to pay the successor registrar, transfer agent

and paying agent or as reimbursement if the City Treasurer acts as registrar, transfer agent and paying agent.

16. **Reports to Arizona Department of Revenue.** The Bank shall make such reports to the Arizona Department of Revenue (the "*Department*") pertaining to the retirement of any Bonds and of all payments of interest thereon within 30 days of a request therefor, from the City or its agents to comply with the requirements of the Department pursuant to A.R.S. § 35-502.

17. **Form of Records.** The Bank's records shall be kept in compliance with standards as have been or may be issued from time to time by the Securities and Exchange Commission, the MSRB, the requirements of the Code and any other securities industry standard. Bank shall retain such records in accordance with the applicable record keeping standard of the Internal Revenue Service. In lieu of destruction and immediately prior to the date the Bank would destroy any Bondholder or Bond payment records maintained by the Bank pursuant to this Contract, such records shall be provided to the City.

18. **Advice of Counsel and Special Consultants.** When the Bank deems it necessary or reasonable, it may apply to Gust Rosenfeld P.L.C. or such other law firm or attorney approved by the City for instructions or advice. Any fees and costs incurred shall be added to the next fiscal year's fees, costs and expenses to be paid to the Bank.

19. **Examination of Records.** The City, or its duly authorized agents may examine the records relating to the Bonds at the office of the Bank where such records are kept at reasonable times as agreed upon with the Bank and such records shall be subject to audit from time to time at the request of the City, the Bank or the Auditor General of the State of Arizona (the "*State*").

20. **Payment of Unclaimed Amounts.** In the event any check for payment of interest on a Bond is returned to the Bank unendorsed or is not presented for payment within two (2) years from its payment date, or any Bond is not presented for payment of principal at the maturity or redemption date, if applicable, if funds sufficient to pay such interest or principal due upon such Bond shall have been made available to the Bank for the benefit of the owner thereof, it shall be the duty of the Bank to hold such funds, without liability for interest thereon, for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. The Bank's obligation to hold such funds shall continue for two years and six months (subject to applicable escheat or unclaimed property law) following the date on which such interest or principal payment became due, whether at maturity or at the date fixed for redemption, or otherwise, at which time the Bank shall surrender such unclaimed funds so held to the City, whereupon any claim of whatever nature by the owner of such Bond arising under such Bond shall be made upon the City and shall be subject to the provisions of applicable law.

21. **Invalid Provisions.** If any provision of this Contract is held to be illegal, invalid or unenforceable under present or future laws, this Contract shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this

Contract; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

22. **Mutilated, Lost or Destroyed Bonds.** With respect to Bonds which are mutilated, lost or destroyed, the Bank shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond lost or destroyed, upon the registered owner's paying the reasonable expenses and charges in connection therewith and, in the case of any Bond destroyed or lost, filing by the registered owner with the Bank and the City of evidence satisfactory to the Bank and the City that such Bond was destroyed or lost, and furnishing the Bank and the City with a sufficient indemnity bond pursuant to A.R.S. § 47-8405.

23. **Conflict of Interest.** Each party gives notice to the other parties that A.R.S. § 38-511 provides that the State, its political subdivisions or any department or agency of either, may within three (3) years after its execution cancel any contract without penalty or further obligation made by the State, its political subdivisions or any of the departments or agencies of either, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either, is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

24. **Covenants.** The City has agreed in its authorizing resolution to take all necessary actions required to preserve the tax-exempt status of the Bonds. Such actions may require the calculation of amounts of arbitrage rebate which may be due and owing to the United States. The calculation of such rebate amount may be performed by an individual or firm qualified to perform such calculations and who or which may be selected and paid by the City. If the City does not retain a consultant to do the required calculations concerning arbitrage rebate and if, in the sole discretion of the City, a rebate calculation is required to permit interest on the City's Bonds to be and remain exempt from gross income for federal income tax purposes, the City may include, in addition to all other bills payable under this Contract, the costs and expenses and fees of an arbitrage consultant. The City may contract with a consultant to perform such arbitrage calculations as are necessary to meet the requirements of the Code. All fees, costs and expenses so paid may be deducted from moneys of the City or from tax levies made to pay the interest on the Bonds. Such costs, fees and expenses shall be considered as interest payable on the Bonds. This Contract shall be full authority to the City to cause to be levied and collected such amounts as may be necessary to make all rebates to the United States of America.

25. **Levy for Expenses.** Except for the initial fiscal year's costs and expenses, all costs and expenses incurred with respect to services for registration, transfer and payment of the Bonds and, if applicable, for costs and expenses in connection with the calculation of arbitrage rebate shall be treated as interest on the Bonds and the City agrees to include the same in the taxes levied for interest debt service during each of the ensuing fiscal years.

26. **Waiver of Trial by Jury.** Each party hereto hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the

extent that any such right shall now or hereafter exist with regard to this Contract, or any claim, counterclaim or other action arising in connection herewith. This waiver of right to trial by jury is given knowingly and voluntarily by each party, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue.

27. **Governing Law.** The Contract is governed by the laws of the State.

28. **Transfer Expenses.** The transferor of any Bond will be responsible for all fees and costs relating to such transfer of ownership.

29. **E-verify Requirements.** To the extent applicable under A.R.S. § 41-4401, the Bank and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). The Bank's, or its subcontractors', breach of the above-mentioned warranty shall be deemed a material breach of this Contract and may result in the termination of the Contract by the City. The City retains the legal right to randomly inspect the papers and records of the Bank and its subcontractors who work on the Contract to ensure that the Bank and its subcontractors are complying with the above-mentioned warranty.

The Bank and its subcontractors warrant to keep the papers and records open for random inspection by the City during normal business hours. The Bank and its subcontractors shall cooperate with the City's random inspections including granting the City entry rights onto its property to perform the random inspections and waiving their respective rights to keep such papers and records confidential.

30. **Electronic Storage.** The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproduction of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

31. **Counterparts.** This Contract may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute but one instrument.

This Contract is dated and effective as of _____ 1, 2015.

CITY OF SCOTTSDALE, ARIZONA

By _____
City Treasurer

APPROVED AS TO FORM:

GUST ROSENFELD, P.L.C.

Bond Counsel

_____, as Bank

By _____
Authorized Representative

Attach as Exhibit A the fee schedule of the Bank.

DRAFT**DEPOSITORY TRUST AGREEMENT**

This Depository Trust Agreement (the "*Agreement*") dated as of _____ 1, 2015, by and between the **CITY OF SCOTTSDALE, ARIZONA** (the "*City*"), and **WELLS FARGO BANK, N.A.**, a national banking association authorized to do trust business in the State of Arizona, as depository trustee (the "*Depository Trustee*") and as registrar of the bonds being refunded (the "*Refunded Registrar*");

WITNESSETH:

WHEREAS, the following bonds of the City have been issued and are currently outstanding (the "*Bonds Being Refunded*");

CUSIP (Base No. 810453)	Issue (Dated Date)	Name of Issue	Original Principal Amount	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Redemption Date (July 1)	Redemption Price on Bonds Being Refunded (% of Principal)
P61 P79 P87 P95 Q29 Q37 Q45 Q52 Q60	03/29/2005	General Obligation Refunding Bonds, Series 2005 (the " <i>Series 2005 Refunding Bonds Being Refunded</i> ")	\$5,105,000 5,355,000 5,615,000 5,865,000 2,095,000 6,470,000 6,785,000 11,075,000 9,875,000	2016 2017 2018 2019 2020 2021 2022 2023 2024	\$5,105,000 5,355,000 5,615,000 5,865,000 2,095,000 6,470,000 6,785,000 11,075,000 9,875,000	2015 2015 2015 2015 2015 2015 2015 2015 2015	100% 100% 100% 100% 100% 100% 100% 100% 100%
T26	12/01/2005	General Obligation Bonds, Projects of 2000 and 2004, Series 2005 (the " <i>Series 2005 Bonds Being Refunded</i> ")	\$12,325,000	2024	\$12,325,000	2016	100%
U57 U65 U73 U81 U99 V23 V31 V49 V56 V64 V72 V80 W48	05/13/2008	General Obligation Bonds, Projects of 2000 and 2004, Series 2008 (the " <i>Series 2008 Bonds Being Refunded</i> ")	\$6,450,000 6,700,000 6,775,000 7,600,000 7,800,000 8,300,000 8,925,000 9,575,000 10,225,000 10,750,000 1,000,000 1,050,000 4,700,000	2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2034	\$6,450,000 6,700,000 6,775,000 7,600,000 7,800,000 8,300,000 8,925,000 9,575,000 10,225,000 10,750,000 1,000,000 1,050,000 4,700,000	2018 2018 2018 2018 2018 2018 2018 2018 2018 2018 2018 2018 2018	100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100%

; and

WHEREAS, the Refunded Registrar is the bond registrar and paying agent for the Bonds Being Refunded; and

WHEREAS, by a resolution adopted on February 3, 2015 (the "*Bond Resolution*"), the Mayor and Council of the City has authorized the issuance, sale and delivery of \$_____ in aggregate principal amount of the City's General Obligation Refunding Bonds, Series 2015 (the "*Refunding Bonds*"), issued to refund the Bonds Being Refunded; and

WHEREAS, the Bond Resolution authorizes and directs the City to enter into an irrevocable trust agreement with the Depository Trustee for the safekeeping and handling of the moneys and securities to be held in trust to pay the Bonds Being Refunded; and

WHEREAS, the Depository Trustee agrees to accept and administer the trust created hereby;

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements hereinafter set forth it is hereby agreed as follows:

Section 1. Deposit With Depository Trustee. Pursuant to this Agreement, the Depository Trustee has received for deposit to the account of the City the following amount:

Refunding Bond proceeds
Less: Underwriter's Discount
Less: Deposit into Debt Service Fund
Less: Costs of Issuance
Total

Such proceeds of the Refunding Bonds, shall be applied as follows: (a) \$_____ to currently refund the Series 2005 Refunding Bonds Being Refunded, (b) \$_____ to advance refund the Series 2005 Bonds Being Refunded and the Series 2008 Bonds Being Refunded, and (c) \$_____ of the proceeds of the Refunding Bonds to be held uninvested as the initial cash deposit.

Section 2. Trust Account. The Depository Trustee shall hold the moneys so deposited, all investments made with such moneys and all earnings from investment and reinvestment of such moneys and all other moneys received by the Depository Trustee from the City hereunder in an irrevocable, segregated and separate trust account separate from all other funds and investments deposited with the Depository Trustee for the sole and exclusive benefit of the holders of the Bonds Being Refunded until final payment thereof (the "*Trust Account*").

Section 3. Government Obligations. On the date of initial delivery of the Bonds, the Depository Trustee shall invest the Trust Account in (a) obligations issued by or the principal of and interest on which are fully and unconditionally guaranteed by the United States of America or (b) any of the senior debt of any of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities, including, without limitation: (i) United States Treasury Obligations - State and Local Government Series; (ii) United States Treasury bills, notes and bonds, as traded on the open market; (iii) Zero Coupon United States Treasury Bonds; or (iv) shares in an investment management company that invests solely in obligations issued by or the principal of and interest on which are unconditionally guaranteed by the United States of America United States Treasury Obligations, State and Local Government Series (the "*Government Obligations*") as follows: \$_____, shall be applied to create a portfolio of moneys and Government Obligations as described in Exhibit A-1 hereto (the "*Unrestricted Obligations*"); \$_____, shall be applied to create a portfolio of moneys and

Government Obligations as described in Exhibit A-2 hereto (the "*Restricted Obligations*") and \$_____ will be held uninvested as an initial cash deposit to the Trust Account, all to refund the Bonds Being Refunded.

The investment income from the Government Obligations shall be collected and received by the Depository Trustee and credited to the Trust Account. The Depository Trustee shall keep adequate records of such moneys, Government Obligations and investment earnings so as to permit the portfolio to be accounted for separately.

The Depository Trustee shall not sell or redeem such Government Obligations in advance of their maturity dates except as provided in Section 5 hereof.

Section 4. Code Provisions. The parties recognize that amounts credited to the Trust Account and invested in the Restricted Obligations are, at the time of execution and delivery hereof, subject to restrictions as to investment under the Internal Revenue Code of 1986, as amended (the "*Code*"), in order for the interest on the Refunding Bonds and the Bonds Being Refunded to be, or continue to be, excluded from gross income for purposes of calculating federal income taxes. In order to comply with such currently applicable restrictions, and subject to the provisions of Section 5 hereof, the following provisions shall apply with respect to reinvestment of amounts credited to the Trust Account:

(a) Amounts received as maturing principal of or interest on the Government Obligations credited to the portfolio prior to the date such amounts are to be used to pay principal of or interest or redemption premium on the Bonds Being Refunded and are not to be reinvested.

(b) Yields are to be calculated by means of an actuarial method of yield calculation whereby "yield" means the discount rate that, when used in computing the present value as of the date the investment is first allocated to the Refunding Bonds of all unconditionally payable receipts from the investment (using the same compounding intervals and financial conventions used to compute the yield on the Refunding Bonds), produces an amount equal to the present value of all unconditionally payable payments for the investments. The Depository Trustee will not be responsible for the calculation of any yield.

(c) The purchase price of a Government Obligation used in determining its yield must be the market price of the Government Obligation on an established market. This means that a premium may not be paid to adjust the yield and that a lower interest rate than is usually paid may not be accepted. At the time of execution and delivery hereof, if a Government Obligation cannot be purchased on an established market or a *bona fide* bid price cannot be established at a yield that does not exceed the yield restriction applicable to the moneys to be invested regarding the Restricted Obligations, investments are limited to United States Treasury Certificates of Indebtedness, Notes and Bonds—State and Local Government Series which yield no more than the restricted yield.

(d) Notwithstanding the foregoing, any amounts held in the Trust Account may be invested in investments having any yield if the parties hereto receive an opinion in form and substance satisfactory to them of nationally recognized bond counsel experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds to the effect that such investment will not cause any of the Refunding Bonds or the Bonds Being Refunded to become arbitrage bonds within the meaning of Section 148 of the Code, and will not otherwise cause the interest on the Refunding Bonds or the Bonds Being Refunded to become included as gross income for purposes of calculating federal income taxes.

(e) Amounts received from reinvestment of maturing principal of and interest on Government Obligations, if any, prior to the date such amounts are to be used to make payments on the Bonds Being Refunded pursuant to this Section 4 and which are not needed to provide for payments on the Bonds Being Refunded may be withdrawn from the Trust Account and returned to the City and applied for the benefit of the City in accordance with applicable law.

Notwithstanding any provision of this Agreement to the contrary, the Depository Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with, or for the purpose of complying with, Section 148 of the Code, or any successor statute or any regulation, ruling or other judicial or administrative interpretation thereof, including, without limitation, the calculation of amounts required to be paid to the United States of America or the determination of the maximum amount which may be invested in non-purpose obligations having a yield higher than the yield on the bonds, and the Depository Trustee shall not be liable or responsible for monitoring the compliance by the City with any of the requirements of Section 148 of the Code or any applicable regulation, ruling or other judicial or administrative interpretation thereof; it being acknowledged and agreed that the sole obligation of the Depository Trustee with respect to the investment of monies hereunder shall be to invest such monies in accordance with instructions received by it as set forth in this Agreement.

Section 5. **Investment Instructions.** The Depository Trustee may sell or redeem Trust Account investments in advance of their maturity dates and invest the proceeds of such sale or redemption or other moneys credited to the Trust Account in connection with such sale or redemption in Government Obligations only upon receipt of written instructions from the City Treasurer to do so, and receipt by the parties hereto of:

(a) An opinion in form and substance satisfactory to them of nationally recognized bond counsel experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds to the effect that such action will not cause the interest on the Bonds Being Refunded or the Refunding Bonds to be included in gross income for federal income tax purposes and will not cause the Bonds Being Refunded or the Refunding Bonds to become "arbitrage bonds" within the meaning of Section 148 of the Code, and will not adversely affect the right of the City to issue obligations the interest on which is excluded from gross income for federal income tax purposes; and

(b) A report from a nationally recognized certified public accountant or firm of certified public accountants verifying the accuracy of the arithmetic computations of the adequacy of the proceeds from the liquidation together with any other moneys and the maturing principal of and interest on any Government Obligations to be credited to the Trust Account in accordance with the City Treasurer's instructions, to pay, when due, the principal of and interest and any redemption premiums on the Bonds Being Refunded as the same become due at maturity or upon prior redemption.

Upon any such sale or redemption of investments and reinvestment, any amounts not needed in the Trust Account to provide for payment of the Bonds Being Refunded, as shown by the accountant's report discussed above, may be withdrawn from the Trust Account and returned to the City Treasurer and applied for the benefit of the City in accordance with applicable law.

(c) The parties hereto acknowledge and agree that on the date the Refunding Bonds are issued and delivered against payment therefor (the "*Delivery Date*"), the Depository Trustee is to receive the Government Obligations referred to above in Section 3. If the Depository Trustee shall not receive any of the Government Obligations (the "*Failed Escrow Securities*"), the Depository Trustee shall accept, as temporary substitutes cash or, at the same purchase price, other Government Obligations ("*Substitute Escrow Securities*") the payments on which are scheduled to provide, as determined by an independent certified public accountant, along with such cash, at least the same amounts of moneys on or before the same dates as the Failed Escrow Securities for which they are substituted. (The Depository Trustee may rely upon a report of an independent firm of certified public accountants that the condition in the preceding sentence is satisfied.) If Substitute Escrow Securities are delivered, thereafter, upon delivery to the Depository Trustee of Failed Escrow Securities, together with any amounts paid thereon subsequent to the Delivery Date, the Depository Trustee shall return an amount of such cash and Substitute Escrow Securities, and any amount paid thereon subsequent to the Delivery Date, corresponding to the Failed Escrow Securities which the Substitute Escrow Securities replaced.

Section 6. **Moneys Not Invested.** Any Trust Account moneys which are not at any time invested in Government Obligations shall be held as a demand deposit by the Depository Trustee and shall be secured as deposits of public moneys.

Section 7. **Timely Payments.** The Depository Trustee shall make timely payments from the Trust Account to the Refunded Registrar in the amounts and on the dates sufficient to pay principal and interest coming due on each series of the Bonds Being Refunded. Unless otherwise directed by the City Treasurer, in order to determine the amounts and the dates on which principal and interest is due on each series of the Bonds Being Refunded, the Depository Trustee may rely upon the debt service schedules with respect to each series of the Bonds Being Refunded as appear in the Verification Report prepared by Grant Thornton LLP, certified public accountants, in connection with the issuance of the Refunding Bonds.

Section 8. **Notices.** (a) On the date of initial issuance of the Refunding Bonds, the City hereby irrevocably instructs the Refunded Registrar to send via telecopy or through other electronic means to the Depository Trust Company ("*DTC*"), and to the Municipal Securities Rulemaking Board (the "*MSRB*"), by the method required by the MSRB, currently through the MSRB's Electronic Municipal Market Access system ("*EMMA*"), the notice of refunding in substantially the form of Exhibit B-1 attached hereto.

(b) On the date of initial issuance of the Refunding Bonds, the City hereby irrevocably instructs the Refunded Registrar to send via telecopy or through other electronic means to DTC and to the MSRB, by the method required by the MSRB, currently through EMMA, the notice of advance refunding in substantially the form of Exhibit B-2 attached hereto.

(c) On the date of initial issuance of the Refunding Bonds, the City hereby irrevocably instructs the Refunded Registrar to send via telecopy or through other electronic means to DTC and to the MSRB, by the method required by the MSRB, currently through EMMA, the notice of advance refunding in substantially the form of Exhibit B-3 attached hereto.

(d) The City hereby irrevocably instructs the Refunded Registrar that the July 1, 2016 through and including July 1, 2024 maturities of the Series 2005 Refunding Bonds Being Refunded shall be redeemed by the Depository Trustee on July 1, 2015. Not less than 30 days nor more than 60 days prior to July 1, 2015, the City hereby irrevocably instructs the Refunded Registrar

to (i) mail to the owners of the Series 2005 Refunding Bonds Being Refunded and (ii) send to the MSRB by the method required by the MSRB, currently through EMMA, the notice of redemption in substantially the form of Exhibit C-1 attached hereto.

(e) The City hereby irrevocably instructs the Refunded Registrar that the July 1, 2024 maturity of the Series 2005 Bonds Being Refunded shall be redeemed by the Depository Trustee on July 1, 2016. Not less than 30 days nor more than 60 days prior to July 1, 2016, the City hereby irrevocably instructs the Refunded Registrar to (i) mail to the owners of the Series 2005 Bonds Being Refunded and (ii) send to the MSRB by the method required by the MSRB, currently through EMMA, the notice of redemption in substantially the form of Exhibit C-2 attached hereto.

(f) The City hereby irrevocably instructs the Refunded Registrar that the July 1, 2019 through and including July 1, 2034 maturities of the Series 2008 Bonds Being Refunded shall be redeemed by the Depository Trustee on July 1, 2018. Not less than 30 days nor more than 60 days prior to July 1, 2018, the City hereby irrevocably instructs the Refunded Registrar to (i) mail to the owners of the Series 2008 Refunding Bonds Being Refunded and (ii) send to the MSRB by the method required by the MSRB, currently through EMMA, the notice of redemption in substantially the form of Exhibit C-3 attached hereto.

(g) The City agrees to pay the expenses of the Refunded Registrar in giving all notices required hereunder pursuant to the registrar contract relative to the Bonds Being Refunded.

Section 9. **Insufficient Funds.** If at any time or times there are insufficient funds on hand in the Trust Account to pay the principal of and interest on the Bonds Being Refunded as the same becomes due, or for the payment of the fees and expenses of the Depository Trustee, the Depository Trustee shall promptly notify the City of such deficiency and the City shall promptly pay such amount to the Depository Trustee.

Section 10. **Depository Trustee Fees.** For services hereunder, the Depository Trustee shall be entitled to the Depository Trustee's fees in the amount of \$_____, such fees being due upon the initial deposit of moneys with the Depository Trustee and representing payment of the Depository Trustee's initial fee and prepayment of the annual Depository Trustee's fees for services hereunder during the term hereof. The Depository Trustee shall not create or permit to be created any lien on moneys in the Trust Account for the failure to pay any such fees. The Depository Trustee shall be reimbursed for all out of pocket costs.

Section 11. **Reports.** On or before each January 15 and July 15 during the term hereof, the Depository Trustee shall submit to the City a report covering all moneys it has received and all payments it has made under the provisions hereof during the six-month period ending on the preceding June 30 and December 31 (except for the first such report, due July 15, 2015 which will cover the period commencing with the date on which the Refunding Bonds were issued to and including June 30, 2015). Each such report shall also list all investments and moneys in the Trust Account as of the report date.

Section 12. **Transfer Upon Full Payment.** When all amounts payable on the Bonds Being Refunded have become due and the Depository Trustee has on deposit all moneys necessary for the payment of such amounts, and in any event on the business day preceding the date the last of the Bonds Being Refunded matures or is to be redeemed, the Depository Trustee shall transfer all moneys

and investments credited to the Trust Account not required for payment of principal and interest with respect to the Bonds Being Refunded to the City Treasurer for the City's benefit.

Section 13. **Agreement Irrevocable.** The parties recognize that the owners of the Bonds Being Refunded have a beneficial vested interest in the moneys and investments held in the Trust Account and that the Refunding Bonds will be delivered to and accepted by the owners thereof in reliance upon the irrevocable character of the trust so created. Therefore, this Agreement shall not be revoked, and shall not be amended in any manner which may adversely affect the rights herein sought to be protected, until the provisions hereof have been fully carried out.

Section 14. **Non-Liability.** The Depository Trustee shall be under no obligation to inquire into or be otherwise responsible for the performance or nonperformance by any paying agent for the Bonds Being Refunded of any of their obligations or to protect any of the rights of the City under any of the proceedings with respect to the Bonds Being Refunded or the Refunding Bonds. The Depository Trustee shall not be liable for any act done or step taken or omitted by it or for any mistake of fact or law or for anything which it may do or refrain from doing except for its negligence or its default in the performance of any obligation imposed upon it hereunder. The Depository Trustee shall not be liable or responsible for any loss resulting from any investment made pursuant hereto in compliance with the provisions hereof.

Section 15. **Audit.** The City shall have the right to audit the books, records and accounts of the Depository Trustee insofar as they pertain to the trust created hereunder.

Section 16. **Depository Trustee Responsibility.** In the event the Depository Trustee is required or permitted hereby, or is requested hereunder, to take any action (or refrain from taking any action) as the Depository Trustee, the performance (or nonperformance) of which would, in the Depository Trustee's sole judgment, subject the Depository Trustee to unreasonable risk of liability or expense, the Depository Trustee shall have no duty to take (or refrain from taking) any such action until the Depository Trustee has been furnished with indemnity adequate, in its sole judgment, to protect the Depository Trustee, its directors, officers, employees, agents and attorneys for, from and against such liability or expense, and all reasonable costs and expenses (including reasonable attorneys' fees) in connection therewith, or until its duty as to any such action (or inaction) shall have been finally adjudicated by a court of competent jurisdiction and all applicable periods in which to appeal or seek appellate review have expired.

To the extent permitted by law, the City will indemnify and hold the Depository Trustee, its directors, officers, employees, agents and attorneys harmless for, from and against any loss, liability, judgment or expense (including reasonable attorneys' fees) arising from the Depository Trustee's performance of its obligations hereunder except any such loss, liability, judgment or expense resulting from the successful allegation of the Depository Trustee's negligence or willful misconduct or breach of trust. The rights of the Depository Trustee to such indemnification shall survive the termination of this Agreement.

The Depository Trustee may consult with independent counsel, chosen by it with reasonable care, and shall not be liable for action taken or not taken in good faith in reliance upon the written advice or opinion of such counsel. The Depository Trustee shall not be liable for the accuracy of any calculations provided by others to it under this Agreement as to the sufficiency of the moneys or Government Obligations deposited with it to pay the principal of and interest and redemption premiums, if any, on the Bonds Being Refunded at the respective maturities or earlier

redemption of the Bonds Being Refunded. Furthermore, the Depository Trustee may conclusively rely in good faith as to the truth, accuracy and correctness of, and shall be protected and indemnified in acting or refraining from acting upon, any written opinion, calculation, notice, instruction, request, certificate, document or opinion furnished to the Depository Trustee in accordance herewith and signed or presented by the proper party pursuant hereto and it need not investigate the truth or accuracy of any fact or matter stated in such opinion, calculation, notice, instruction, request, certificate or opinion.

The Depository Trustee may at any time resign and be discharged of the duties and obligations created hereby. If the Depository Trustee resigns, or is dissolved, liquidated or in the process of being dissolved or liquidated or otherwise becomes incapable of acting hereunder, or is taken under the control of any public officer or officers or of a receiver appointed by a court, a successor Depository Trustee may be appointed. No resignation or removal may become effective until a successor Depository Trustee shall have been appointed. In the event that no appointment of a successor Depository Trustee occurs within 60 days, the holder of any of the Bonds Being Refunded or the retiring Depository Trustee may apply to any court of competent jurisdiction for the appointment of a successor Depository Trustee acceptable to the City, and such court may thereupon, after such notice as it shall deem proper, appoint a successor Depository Trustee acceptable to the City. Any successor Depository Trustee appointed under this Agreement shall execute, acknowledge and deliver to its predecessor and the City an instrument in writing accepting such appointment and, thereupon, such successor Depository Trustee, without any further act, deed or conveyance, shall become fully vested with all rights, estates, powers, trusts, duties and obligations of its predecessor; but, such predecessor shall, nevertheless, on the written request of such successor Depository Trustee, execute, acknowledge and deliver an instrument transferring to such successor Depository Trustee all of the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Depository Trustee shall deliver all securities and moneys held by it to the successor Depository Trustee.

Section 17. **Assignment; Merger.** Neither this Agreement nor the Trust Account created hereunder may be assigned by the Depository Trustee without the prior written consent of the City unless the Depository Trustee is required by law to divest itself of its interest in its trust department or unless the Depository Trustee sells or otherwise assigns all or substantially all of its corporate trust business in which event the trust shall be continued by the Depository Trustee's successor in interest.

Any corporation into which the Depository Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Depository Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Depository Trustee, shall be the successor of the Depository Trustee hereunder, provided such corporation, association or agency shall be otherwise qualified and eligible under this Section, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Depository Trustee, at any time prior to the first anniversary of the date hereof, may assign and transfer by written agreement all property, rights, interests, powers, duties and obligations of the Depository Trustee as established hereunder, to a bank or trust company that is duly qualified to conduct trust business in the State of Arizona that is under common corporate control with the Depository Trustee and that otherwise satisfies the qualification requirements hereunder for successor Depository Trustees. Upon such assignment and transfer, the transferee bank or trust company shall become successor Depository Trustee and receive, accept and hold all property, rights, interests, powers, duties and obligations thereof without further actions or approvals of any other person.

Section 18. **Severability.** If any section, paragraph, subdivision, sentence, clause or phrase hereof shall for any reason be held illegal or unenforceable, such decision shall not affect the validity of the remaining portions hereof. The parties declare that they would have executed this Agreement and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof, irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases hereof may be held to be illegal, invalid or unenforceable. If any provision hereof contains an ambiguity which may be construed as either valid or invalid, the valid construction shall be adopted.

Section 19. **Applicable Laws.** This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Arizona. This Agreement expresses the entire understanding and all agreements of the parties hereto with each other with respect to the subject matter hereof and no party hereto has made or shall be bound by any agreement or any representation to any other party which is not expressly set forth herein.

Section 20. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute but one instrument.

Section 21. **Conflict of Interest.** The City hereby gives notice to the Depository Trustee that A.R.S. § 38-511, as amended, provides that the State of Arizona, its political subdivisions or any department or agency of either, may within three years after execution thereof cancel any contract without penalty or further obligation, made by the State of Arizona, its political subdivisions or any department or agency of either, if any person significantly involved in initiating, negotiating, securing, drafting or creating such agreements on behalf of the State of Arizona, its political subdivisions or any department or agency of either, is at any time while such contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

Section 22. **E-verify Requirements.** To the extent applicable under A.R.S. § 41-4401, the Depository Trustee and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). The Depository Trustee's, or its subcontractor's, breach of the above-mentioned warranty shall be deemed a material breach of the Contract and may result in the termination of the Contract by the City. The City retains the legal right to randomly inspect the papers and records of the Depository Trustee and its subcontractors who work on the Contract to ensure that the Depository Trustee and its subcontractors are complying with the above-mentioned warranty.

The Depository Trustee and its subcontractors warrant to keep such papers, information, and records necessary to verify compliance with the above-mentioned warranty (collectively, the "*Information*") open for random inspection by the City during the Depository Trustee's normal business hours. The Depository Trustee and its subcontractors shall reasonably cooperate with the City's random inspections including granting the City entry rights onto its property to perform the random inspections, granting the City access to, and use of, the Information, provided that, the City agrees that it will use the Information solely for the purpose of verifying compliance with the E-verify requirements and the warranty of this Section 22 and, subject to the requirements of law, including the public records law of the State of Arizona, the City will preserve the confidentiality of any information, records, or papers the City views, accesses, or otherwise obtains during any and every such random inspection, including, without limitation, the Information.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

CITY OF SCOTTSDALE, ARIZONA

By _____
City Treasurer

WELLS FARGO BANK, N.A., as Depository
Trustee and Refunded Registrar

By _____
Title: _____

EXHIBIT A-1

UNRESTRICTED OBLIGATIONS

Government Obligations to be acquired for \$ _____. \$ ____ will be retained as the initial cash balance.

Security Type	Maturity Date	Par Amount and Price	Coupon Rate

EXHIBIT A-2

RESTRICTED OBLIGATIONS

Government Obligations to be acquired for \$ _____. \$ ____ will be retained as the initial cash balance.

Security Type	Maturity Date	Par Amount and Price	Coupon Rate

EXHIBIT B-1

NOTICE OF REFUNDING

**CITY OF SCOTTSDALE, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2005**

CUSIP (Base No. 810453)	Issue (Dated Date)	Name of Issue	Original Principal Amount	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Redemption Date (July 1)	Redemption Price on Series 2005 Refunding Bonds Being Refunded (% of Principal)
P61	03/29/2005	General Obligation Refunding Bonds, Series 2005	\$5,105,000	2016	\$5,105,000	2015	100%
P79			5,355,000	2017	5,355,000	2015	100%
P87			5,615,000	2018	5,615,000	2015	100%
P95			5,865,000	2019	5,865,000	2015	100%
Q29			2,095,000	2020	2,095,000	2015	100%
Q37			6,470,000	2021	6,470,000	2015	100%
Q45			6,785,000	2022	6,785,000	2015	100%
Q52			11,075,000	2023	11,075,000	2015	100%
Q60			9,875,000	2024	9,875,000	2015	100%

Such bonds are hereinafter referred to as the "Series 2005 Refunding Bonds Being Refunded."

Notice is hereby given that the Series 2005 Refunding Bonds Being Refunded have been refunded prior to maturity and that an irrevocable trust has been established and funded with obligations issued by or guaranteed by the United States of America in order to provide for the payment of the Series 2005 Refunding Bonds Being Refunded.

The Series 2005 Bonds Being Refunded will be paid on the dates and in the amounts (plus interest accrued thereon to the redemption date), as set forth above.

WELLS FARGO BANK, N.A. (the "Refunded Registrar")

THIS IS NOT A REDEMPTION NOTICE

The Refunded Registrar shall mail this notice by first class mail to all registered owners of the Series 2005 Refunding Bonds Being Refunded and send to the Municipal Securities Rulemaking Board, currently through the Electronic Municipal Market Access system, within 30 days following the issuance of the bonds which refund the Series 2005 Refunding Bonds Being Refunded.

EXHIBIT B-2

NOTICE OF ADVANCE REFUNDING

**CITY OF SCOTTSDALE, ARIZONA
GENERAL OBLIGATION BONDS,
PROJECTS OF 2000 AND 2004, SERIES 2005**

CUSIP (Base No. 810453)	Issue (Dated Date)	Name of Issue	Original Principal Amount	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Redemption Date (July 1)	Redemption Price on Series 2005 Bonds Being Refunded (% of Principal)
T26	12/01/2005	General Obligation Bonds, Projects of 2000 and 2004, Series 2005	\$12,325,000	2024	\$12,325,000	2016	100%

Such bonds are hereinafter referred to as the "Series 2005 Bonds Being Refunded."

Notice is hereby given that the Series 2005 Bonds Being Refunded have been refunded prior to maturity and that an irrevocable trust has been established and funded with obligations issued by or guaranteed by the United States of America in order to provide for the payment of the Series 2005 Bonds Being Refunded.

The Series 2005 Bonds Being Refunded will be paid on the dates and in the amounts (plus interest accrued thereon to the redemption date), as set forth above.

WELLS FARGO BANK, N.A. (the "Refunded
Registrar")

THIS IS NOT A REDEMPTION NOTICE

The Refunded Registrar shall mail this notice by first class mail to all registered owners of the Series 2005 Bonds Being Refunded and send to the Municipal Securities Rulemaking Board, currently through the Electronic Municipal Market Access system, within 30 days following the issuance of the bonds which refund the Series 2005 Bonds Being Refunded.

EXHIBIT B-3

NOTICE OF ADVANCE REFUNDING

**CITY OF SCOTTSDALE, ARIZONA
GENERAL OBLIGATION BONDS,
PROJECTS OF 2000 AND 2004, SERIES 2008**

CUSIP (Base No. 810453)	Issue (Dated Date)	Name of Issue	Original Principal Amount	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Redemption Date (July 1)	Redemption Price on Series 2008 Bonds Being Refunded (% of Principal)
U57	05/13/2008	General Obligation Bonds, Projects of 2000 and 2004, Series 2008	\$6,450,000	2019	\$6,450,000	2018	100%
U65			6,700,000	2020	6,700,000	2018	100%
U73			6,775,000	2021	6,775,000	2018	100%
U81			7,600,000	2022	7,600,000	2018	100%
U99			7,800,000	2023	7,800,000	2018	100%
V23			8,300,000	2024	8,300,000	2018	100%
V31			8,925,000	2025	8,925,000	2018	100%
V49			9,575,000	2026	9,575,000	2018	100%
V56			10,225,000	2027	10,225,000	2018	100%
V64			10,750,000	2028	10,750,000	2018	100%
V72			1,000,000	2029	1,000,000	2018	100%
V80			1,050,000	2030	1,050,000	2018	100%
W48			4,700,000	2034	4,700,000	2018	100%

Such bonds are hereinafter referred to as the "Series 2008 Bonds Being Refunded".

Notice is hereby given that the Series 2008 Bonds Being Refunded have been refunded prior to maturity and that an irrevocable trust has been established and funded with obligations issued by or guaranteed by the United States of America in order to provide for the payment of the Series 2008 Refunding Bonds Being Refunded.

The Series 2008 Refunding Bonds Being Refunded will be paid on the dates and in the amounts (plus interest accrued thereon to the redemption date), as set forth above.

WELLS FARGO BANK, N.A. (the "Refunded
Registrar")

THIS IS NOT A REDEMPTION NOTICE

The Refunded Registrar shall mail this notice by first class mail to all registered owners of the Series 2008 Bonds Being Refunded and send to the Municipal Securities Rulemaking Board, currently through the Electronic Municipal Market Access system, within 30 days following the issuance of the bonds which refund the Series 2008 Bonds Being Refunded.

EXHIBIT C-1

NOTICE OF REDEMPTION
of the following obligations:

City of Scottsdale, Arizona, General Obligation Refunding Bonds, Series 2005, dated March 29, 2005, maturing July 1, 2016 through and including 2024.

Notice is hereby given that the below-described principal amounts of the above-referenced bonds outstanding have been called for redemption and will be redeemed on July 1, 2015. The maturity dates and amounts of the bonds to be redeemed are as follows:

CUSIP (Base No. 810453)	Issue (Dated Date)	Name of Issue	Original Principal Amount	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Redemption Date (July 1)	Redemption Price on Series 2005 Refunding Bonds Being Refunded (% of Principal)
P61	03/29/2005	General Obligation	\$5,105,000	2016	\$5,105,000	2015	100%
P79		Refunding Bonds, Series	5,355,000	2017	5,355,000	2015	100%
P87		2005 (the "Series 2005	5,615,000	2018	5,615,000	2015	100%
P95		Refunding Bonds Being	5,865,000	2019	5,865,000	2015	100%
Q29		Refunded")	2,095,000	2020	2,095,000	2015	100%
Q37			6,470,000	2021	6,470,000	2015	100%
Q45			6,785,000	2022	6,785,000	2015	100%
Q52			11,075,000	2023	11,075,000	2015	100%
Q60			9,875,000	2024	9,875,000	2015	100%

Owners of the above-described bonds called for redemption are notified to present the same at the corporate trust office of Wells Fargo Bank, N.A. (the "Refunded Registrar"), on or after the date set for redemption, where redemption will be made by payment of the face amount of each such bond plus accrued interest to the date set for redemption. All bonds so called for redemption must be surrendered and no interest will be paid on the above-described bonds from and after the redemption date.

The Refunded Registrar shall not be responsible for the selection or use of the CUSIP numbers, nor is any representation made as to its correctness indicated in this redemption notice or on any bond.

DATED: _____

**WELLS FARGO BANK, N.A., as Refunded
Registrar**

The following is not part of this notice:

Not less than 30 days nor more than 60 days prior to the date set for redemption, the Refunded Registrar shall cause a notice of any such redemption to be mailed to the registered owner of each bond to be redeemed at the address shown on the registration book maintained by the Refunded Registrar. Additionally, the Refunded Registrar shall cause a notice of any such redemption to be sent to principal securities depositories, nationally recognized municipal securities information repositories, the Municipal Securities Rulemaking Board (the "MSRB"), currently through the Electronic Municipal Market Access system, by the method required by the MSRB.

EXHIBIT C-2

NOTICE OF REDEMPTION
of the following obligations:

City of Scottsdale, Arizona, General Obligation Bonds, Projects of 2000 and 2004, Series 2005, dated December 1, 2005, maturing July 1, 2024.

Notice is hereby given that the below-described principal amount of the above-referenced bonds outstanding has been called for redemption and will be redeemed on July 1, 2016. The maturity date and amount of the bonds to be redeemed are as follows:

CUSIP (Base No. 810453)	Issue (Dated Date)	Name of Issue	Original Principal Amount	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Redemption Date (July 1)	Redemption Price on Series 2005 Bonds Being Refunded (% of Principal)
T26	12/01/2005	General Obligation Bonds, Projects of 2000 and 2004, Series 2005 (the " <i>Series 2005 Bonds Being Refunded</i> ")	\$12,325,000	2024	\$12,325,000	2016	100%

Owners of the above-described bonds called for redemption are notified to present the same at the corporate trust office of Wells Fargo Bank, N.A. (the "*Refunded Registrar*"), on or after the date set for redemption, where redemption will be made by payment of the face amount of each such bond plus accrued interest to the date set for redemption. All bonds so called for redemption must be surrendered and no interest will be paid on the above-described bonds from and after the redemption date.

The Refunded Registrar shall not be responsible for the selection or use of the CUSIP numbers, nor is any representation made as to its correctness indicated in this redemption notice or on any bond.

DATED: _____

**WELLS FARGO BANK, N.A., as Refunded
Registrar**

The following is not part of this notice:

Not less than 30 days nor more than 60 days prior to the date set for redemption, the Refunded Registrar shall cause a notice of any such redemption to be mailed to the registered owner of each bond to be redeemed at the address shown on the registration book maintained by the Refunded Registrar. Additionally, the Refunded Registrar shall cause a notice of any such redemption to be sent to the Municipal Securities Rulemaking Board ("*MSRB*"), currently through the Electronic Municipal Market Access system, by the method required by the MSRB.

EXHIBIT C-3

NOTICE OF REDEMPTION
of the following obligations:

City of Scottsdale, Arizona, General Obligation Bonds, Projects of 2000 and 2004, Series 2008, dated May 13, 2008, maturing July 1, 2019 through and including July 1, 2034.

Notice is hereby given that the below-described principal amounts of the above-referenced bonds outstanding have been called for redemption and will be redeemed on July 1, 2018. The maturity dates and amounts of the bonds to be redeemed are as follows:

CUSIP (Base No. 810453)	Issue (Dated Date)	Name of Issue	Original Principal Amount	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Redemption Date (July 1)	Redemption Price on Series 2008 Bonds Being Refunded (% of Principal)
U57	05/13/2008	General Obligation Bonds, Projects of 2000 and 2004, Series 2008 (the "Series 2008 Bonds Being Refunded")	\$6,450,000	2019	\$6,450,000	2018	100%
U65			6,700,000	2020	6,700,000	2018	100%
U73			6,775,000	2021	6,775,000	2018	100%
U81			7,600,000	2022	7,600,000	2018	100%
U99			7,800,000	2023	7,800,000	2018	100%
V23			8,300,000	2024	8,300,000	2018	100%
V31			8,925,000	2025	8,925,000	2018	100%
V49			9,575,000	2026	9,575,000	2018	100%
V56			10,225,000	2027	10,225,000	2018	100%
V64			10,750,000	2028	10,750,000	2018	100%
V72			1,000,000	2029	1,000,000	2018	100%
V80			1,050,000	2030	1,050,000	2018	100%
W48			4,700,000	2034	4,700,000	2018	100%

Owners of the above-described bonds called for redemption are notified to present the same at the corporate trust office of Wells Fargo Bank, N.A. (the "*Refunded Registrar*"), on or after the date set for redemption, where redemption will be made by payment of the face amount of each such bond plus accrued interest to the date set for redemption. All bonds so called for redemption must be surrendered and no interest will be paid on the above-described bonds from and after the redemption date.

The Refunded Registrar shall not be responsible for the selection or use of the CUSIP numbers, nor is any representation made as to its correctness indicated in this redemption notice or on any bond.

DATED: _____

**WELLS FARGO BANK, N.A., as Refunded
Registrar**

The following is not part of this notice:

Not less than 30 days nor more than 60 days prior to the date set for redemption, the Refunded Registrar shall cause a notice of any such redemption to be mailed to the registered owner of each bond to be redeemed at the address shown on the registration book maintained by the Refunded Registrar. Additionally, the Refunded Registrar shall cause a notice of any such redemption to be sent to the Municipal Securities Rulemaking Board

("MSRB"), currently through the Electronic Municipal Market Access system, by the method required by the MSRB.

DRAFT

\$ _____
**CITY OF SCOTTSDALE, ARIZONA
GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2015**

**CONTINUING DISCLOSURE CERTIFICATE
(CUSIP BASE NO. 810453)**

This Continuing Disclosure Certificate (the "*Disclosure Certificate*") is undertaken by the City of Scottsdale, Arizona (the "*City*") in connection with the issuance of the City's General Obligation Refunding Bonds, Series 2015 (the "*Bonds*"). In consideration of the initial sale and delivery of the Bonds, the City covenants as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule (as hereinafter defined).

Section 2. Definitions. Any capitalized term used herein shall have the following meanings, unless otherwise defined herein:

"*Annual Report*" shall mean the annual report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Bondholder*" shall mean any registered owner or beneficial owner of the Bonds.

"*Bond Counsel*" shall mean Gust Rosenfeld P.L.C. or such other nationally recognized bond counsel as may be selected by the City.

"*Dissemination Agent*" shall mean the City or any person designated in writing by the City as the Dissemination Agent.

"*EMMA*" shall mean the Electronic Municipal Market Access system and the EMMA Continuing Disclosure Service of MSRB, or any successor thereto approved by the United States Securities and Exchange Commission, as a repository for municipal continuing disclosure information pursuant to the Rule.

"*Listed Events*" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

"*Official Statement*" shall mean the final official statement dated _____, 2015, relating to the Bonds.

"*Participating Underwriter*" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than January 31 of each year (the "*Filing Date*"), commencing January 31, 2016, provide electronically to EMMA an Annual Report for the fiscal year ending on the preceding June 30 which is consistent with the requirements of Section 4 of this Disclosure Certificate. Should the City's fiscal year change to something other than July 1 to June 30, then the Annual Report will be provided not later than seven (7) months after the end of such fiscal year. Notice of any such change in the City's fiscal year will be filed with EMMA. Not later than fifteen (15) business days prior to such Filing Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City).

(b) If the City is unable or for any reason fails to provide electronically to EMMA an Annual Report or any part thereof by the Filing Date required in subsection (a) above, the City shall promptly send a notice to EMMA in substantially the form attached as Exhibit A not later than such Filing Date.

(c) If the City's audited financial statements are not submitted with the Annual Report and the City fails to provide to EMMA a copy of its audited financial statements within 30 days of receipt thereof by the City, then the City shall promptly send a notice to EMMA in substantially the form attached as Exhibit B.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date(s) for providing the Annual Report and audited financial statements the proper address of EMMA; and

(ii) if the Dissemination Agent is other than the City, file a report or reports with the City certifying that the Annual Report and audited financial statements, if applicable, have been provided pursuant to this Disclosure Certificate, stating the date such information was provided and listing where it was provided.

Section 4. Content of Annual Reports.

(a) The Annual Report may be submitted as a single document or as separate documents comprising an electronic package, and may incorporate by reference other information as provided in this Section, including the audited financial statements of the City; provided, however, that if the audited financial statements of the City are not available at the time of the filing of the Annual Report, the City shall file unaudited financial statements of the City with the Annual Report and, when the audited financial statements of the City are available, the same shall be submitted to EMMA within 30 days of receipt by the City.

(b) The City's Annual Report shall contain or incorporate by reference the following:

(i) Type of Financial and Operating Data to be Provided:

(A) Subject to the provisions of Sections 3 and 4(a) hereof, annual audited financial statements for the City.

(B) Annually updated financial information and operating data of the type contained in the following subsections of the City of Scottsdale, Arizona, Financial Data in the Official Statement:

a. Property Valuations and Bonded Indebtedness;

- b. General Obligation Bonded Indebtedness
 - (i) Net Direct General Obligation Bonded Debt to be Outstanding;
 - (ii) Direct General Obligation Bonded Debt, Legal Limitation and Unused Borrowing Capacity;
- c. Real and Secured Property Taxes Levied and Collected (five-year history);
- d. Primary and Secondary Property Tax Rate History;
- e. Secondary Assessed Valuation by Property Classification;
- f. Secondary Assessed Valuation of Major Taxpayers;
- g. Comparative Secondary Assessed Valuation Histories;
- h. Estimated Net Full Cash Value.

(C) In the event of an amendment pursuant to Section 8 hereof not previously described in an Annual Report, an explanation, in narrative form, of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided and, if the amendment is made to the accounting principles to be followed, a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles, including a qualitative discussion of the differences, and the impact on the presentation and, to the extent feasible, a quantitative comparison.

(ii) Accounting Principles Pursuant to Which Audited Financial Statements Shall Be Prepared: The audited annual financial statements shall be prepared in accordance with generally accepted accounting principles and state law requirements as are in effect from time to time. A more complete description of the accounting principles currently followed in the preparation of the City's audited annual financial statements is contained in Note 1 of the audited financial statement included within the Official Statement.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

This Section 5 shall govern the giving of notices by the City of the occurrence of any of the following events with respect to the Bonds, and the City shall in a timely manner, not in excess of ten (10) business days after the occurrence of the event, provide notice of the following events with EMMA:

- (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 (the "IRS") of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;

- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event 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; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material

"Materiality" will be determined in accordance with the applicable federal securities laws.

Note to paragraph (12) above: For the purposes of the event identified in paragraph (12) above, the event is considered to occur when 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 or 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.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Such termination shall not terminate the obligation of the City to give notice of such defeasance or prior redemption.

Section 7. 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 Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate if:

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

(b) This Disclosure Certificate, as amended, would, in the opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Bondholders, as determined by Bond Counsel.

Notice of any amendment to the accounting principles shall be sent within 30 days to EMMA.

Section 9. Filing with EMMA. The City shall, or shall cause the Dissemination Agent to, electronically file all items required to be filed with EMMA.

Section 10. Additional Information. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate any Bondholder may seek specific performance by court order to cause the City to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance and such failure shall not constitute a default under the Bonds or the resolution authorizing the Bonds.

Section 12. Compliance by the City. The City hereby covenants to comply with the terms of this Disclosure Certificate. The City expressly acknowledges and agrees that compliance with the undertaking contained in this Disclosure Certificate is its sole responsibility and the responsibility of the Dissemination Agent, if any, and that such compliance, or monitoring thereof, is not the responsibility of, and no duty is present with respect thereto for, the Participating Underwriter, Bond Counsel or the City's financial advisor.

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

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Bondholders, and shall create no rights in any other person or entity.

Section 15. Governing Law. This Disclosure Certificate shall be governed by the law of the State of Arizona and any action to enforce this Certificate must be brought in an Arizona state court. The terms and provisions of this Disclosure Certificate shall be interpreted in a manner consistent with the interpretation of such terms and provisions under the Rule and the federal securities law.

Date: _____, 2015

CITY OF SCOTTSDALE, ARIZONA

By: Jeffery M. Nichols
Its: City Treasurer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Scottsdale, Arizona
Name of Bond Issue: \$ _____ General Obligation Refunding Bonds, Series 2015
Dated Date of Bonds: _____, 2015 CUSIP 810453

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Disclosure Certificate dated _____, 2015. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

City of Scottsdale, Arizona

By _____
Its _____

EXHIBIT B

NOTICE OF FAILURE TO FILE AUDITED FINANCIAL STATEMENTS

Name of Issuer: City of Scottsdale, Arizona
Name of Bond Issue: \$ _____ General Obligation Refunding Bonds, Series 2015
Dated Date of Bonds: _____, 2015 CUSIP 810453

NOTICE IS HEREBY GIVEN that the Issuer failed to provide its audited financial statements with its Annual Report or, if not then available, within 30 days of receipt as required by Section 4(a) of the Disclosure Certificate dated _____, 2015, with respect to the above-named Bonds. The Issuer anticipates that the audited financial statements for the fiscal year ended June 30, ____ will be filed by _____.

Dated: _____

City of Scottsdale, Arizona

By _____
Its _____

EXHIBIT C

NOTICE OF FAILURE TO APPROPRIATE FUNDS

Name of Issuer: City of Scottsdale, Arizona
Name of Bond Issue: \$ _____ General Obligation Refunding Bonds, Series 2015
Dated Date of Bonds: _____, 2015 CUSIP 810453

NOTICE IS HEREBY GIVEN that the Issuer failed to appropriate funds necessary to perform the undertaking required by the Disclosure Certificate dated _____, 2015.

Dated: _____

City of Scottsdale, Arizona

By _____
Its _____

NEW ISSUE – BOOK-ENTRY-ONLY**RATINGS:**

Fitch: “ ”
 Moody’s: “ ”
 S&P: “ ”
 See “RATINGS” herein

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the City as mentioned under “TAX EXEMPTION” herein, interest income on the Bonds is excluded from gross income for federal income tax purposes. Interest income on the Bonds is not an item of preference to be included in computing alternative minimum tax of individuals or corporations; however, such interest income must be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations, which income is subject to federal alternative minimum tax. In the opinion of Bond Counsel, interest income on the Bonds is exempt from Arizona income taxes. See “TAX EXEMPTION”, “BOND PREMIUM” and “ORIGINAL ISSUE DISCOUNT” herein.

\$160,415,000*
CITY OF SCOTTSDALE, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2015

Bonds Dated: Date of Delivery**Bonds Due:** July 1, as shown on the inside front cover

The City of Scottsdale, Arizona (the “City”), will issue its General Obligation Refunding Bonds, Series 2015 (the “Bonds”). The Bonds are being issued to refund certain maturities of the City’s outstanding General Obligation Bonds (the “Bonds Being Refunded”) and to pay costs incurred in connection with the issuance thereof. See “PLAN OF REFUNDING” herein. The Bonds will mature on the dates and in the principal amounts and will bear interest at the rates set forth on the inside front cover page and will be payable semiannually on January 1 and July 1 of each year, commencing on July 1, 2015*, until maturity or prior redemption. See “THE BONDS – Redemption Provisions” herein.

Purchase of the Bonds may be made in book-entry-only form in principal amounts of \$5,000 or integral multiples thereof due on specific maturity dates from DTC participants through the book-entry-only system of the Depository Trust Company, New York, New York (“DTC”). Purchasers will not receive certificates representing their beneficial interest in the Bonds.

The City will initially utilize the “book-entry-only system” of DTC, although the City and DTC each reserve the right to discontinue that 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, including interest and premium, if any, 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 thereof will be registered in the name of Cede & Co., the nominee of DTC through Wells Fargo Bank, N.A., the initial Bond Registrar and Paying Agent. DTC will be responsible for distributing the principal of and interest and premium, if any, 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, all references herein to owners of the Bonds and provisions for consents by owners of the Bonds will refer to and be solicited from DTC and not the Beneficial Owners. See Appendix C – “BOOK-ENTRY-ONLY SYSTEM” herein.

The Bonds will be subject to optional redemption prior to their stated maturity dates. See “THE BONDS – Redemption Provisions” herein.

Interest on the Bonds is payable on July 1 and January 1 of each year, commencing July 1, 2015, by check or draft, mailed or transmitted on or prior to the interest payment date to the registered owners of the Series 2015 General Obligation Refunding Bonds at the addresses of the owners appearing on the registration books of the Trustee.

The Bonds will be direct general obligations of the City and are payable as to both principal and interest from ad valorem taxes to be levied on all of the taxable property located within the boundaries of the City without limit as to rate, but limited to a total amount not greater than the aggregate amount of principal and interest which would become due on the Bonds Being Refunded from the date of issuance of the Bonds to the final maturity of the Bonds Being Refunded. The application of such taxes to the Bonds will be subject to the prior rights of the owners of the Bonds Being Refunded to payment from the same ad valorem taxes in the event the maturing principal and interest income from the Government Obligations (as defined herein) purchased with the net proceeds of the Bonds is insufficient to pay the principal of and interest and premium, if any, on the Bonds Being Refunded as they become due. See “THE BONDS — Security For and Sources of Payment of the Bonds,” “PLAN OF REFUNDING” and “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

Maturity Schedule on Inside Front Cover

The Bonds will be offered when, as and if issued by the City and received by the Underwriters (as defined herein), subject to the approving opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, as to validity and tax exemption. In addition, certain legal matters will be passed upon for the Underwriters by Ballard Spahr LLP, counsel to the Underwriters. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about _____, 2015*.

This cover page contains certain information for quick 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.

* Preliminary, subject to change

\$160,415,000*
CITY OF SCOTTSDALE, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2015

Maturity Date (July 1)	Principal Amount*	Interest Rate	Yield	CUSIP No. 810453(a)
2016	\$ 5,840,000	%	%	
2017	6,035,000			
2018	6,235,000			
2019	12,910,000			
2020	9,190,000			
2021	13,550,000			
2022	14,470,000			
2023	18,820,000			
2024	30,430,000			
2025	8,845,000			
2026	9,465,000			
2027	10,040,000			
2028	10,480,000			
2029	615,000			
2030	645,000			
2031	670,000			
2032	700,000			
2033	725,000			
2034	750,000			

- (a) CUSIP® is registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2014 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Financial Advisor, the Underwriters or their respective counsel or agents takes responsibility for the accuracy of such numbers.

* Preliminary, subject to change.

CITY OF SCOTTSDALE, ARIZONA

Incorporated June 25, 1951

CITY COUNCIL

Mayor W.J. "Jim" Lane, *Mayor*

Linda Milhaven, *Vice Mayor*

Suzanne Klapp

Virginia Korte

Kathy Littlefield

Guy Phillips

David N. Smith

ADMINISTRATIVE OFFICERS

Fritz Behring
City Manager

Jeffery M. Nichols
City Treasurer

Lee Guillory
Finance Director

Carolyn Jagger
City Clerk

Bruce Washburn
City Attorney

BOND COUNSEL

Gust Rosenfeld, P.L.C.
Phoenix, Arizona

FINANCIAL ADVISOR

Piper Jaffray & Co.
Phoenix, Arizona

BOND REGISTRAR/PAYING AGENT

Wells Fargo Bank, N.A.
Phoenix, Arizona

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the City of Scottsdale, Arizona (the "City"), General Obligation Refunding Bonds, Series 2015 (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.

The information set forth in this Official Statement has been provided by the City, Maricopa County, Arizona, 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, Piper Jaffray & Co., serving as financial advisor to the City (the "Financial Advisor"), or _____, and _____. (collectively, the "Underwriters"). The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their responsibilities to investors under, the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. 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. No person, including any broker, dealer or salesman has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. All estimates and assumptions contained herein have been based on the latest information available and are believed to be reliable, but no representations are made that such estimates and assumptions are correct, 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 hereof.

The issuance and sale 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 issuance and sale 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.

The City will covenant to provide continuing disclosure as described in this Official Statement under "CONTINUING DISCLOSURE CERTIFICATE" and in Appendix F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE," pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

None of the City, the Underwriters, the Financial Advisor, counsel to the Underwriters 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 State Retirement System, Public Safety Personnel Retirement System or the Elected Officials Retirement Plan.

In connection with this offering, the Underwriters may allow concessions or discounts from the initial public offering prices to dealers and others, and the Underwriters 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.

The information in Appendix C – "BOOK-ENTRY-ONLY SYSTEM" attached hereto has been furnished by The Depository Trust Company and no representation is made by the City or the Underwriters, or any of their counsel or agents, as to the accuracy or completeness of such information.

A 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.

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OFFICIAL STATEMENT
\$160,415,000*
CITY OF SCOTTSDALE, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2015

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page and the appendices hereto, has been prepared by the City of Scottsdale, Arizona (the "City"), in connection with the original issuance of General Obligation Refunding Bonds, Series 2015 (the "Bonds") identified on the inside front cover page hereof. Certain information concerning the authorization terms, conditions of sale and security for and sources of payment for the Bonds is set forth in this Official Statement.

Concurrently with the issuance of the Bonds, the City of Scottsdale Municipal Property Corporation intends to issue its Excise Tax Revenue Refunding Bonds, Series 2015 (the "Series 2015 MPC Refunding Bonds").

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from revenues, taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

References to provisions of State of Arizona law, whether codified in the Arizona Revised Statutes (the "Arizona Revised Statutes" or "A.R.S."), or uncodified, or of the Arizona Constitution (the "Arizona Constitution") or the Charter of the City (the "Charter") are references to those current provisions. Those provisions may be amended, repealed or supplemented.

As used in this Official Statement "debt service" means principal and interest on the obligations referred to, "County" means Maricopa County, Arizona, and "State" or "Arizona" means the State of Arizona.

THE BONDS

Authorization and Purpose

The Bonds will be issued pursuant to the Arizona Constitution and laws of the State, including particularly Title 35, Chapter 3, Article 4, Arizona Revised Statutes, and the provisions of Resolution No. 10023 adopted by the Mayor and Council of the City on February 3, 2015 (the "Bond Resolution").

The Bonds are being issued in order to provide funds to (i) refund the Bonds Being Refunded (as defined herein) and (ii) pay the costs of issuance of the Bonds. See "PLAN OF REFUNDING" herein. All references herein to the Bond Resolution are qualified in their entirety by reference to the full text of such document.

General Provisions

The Bonds will be dated as of the date of delivery. The Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the inside front cover of this Official Statement. Interest on the Bonds is payable semiannually on July 1 and January 1 of each year, commencing on July 1, 2015* (each, an "Interest Payment Date"), until maturity or prior redemption of the Bonds. Interest on the Bonds is to be computed

* Preliminary, subject to change.

upon the basis of a 360-day year consisting of twelve 30-day months. The Bonds are dated, mature and bear interest and are subject to other terms and conditions as described on the cover page and inside front cover.

The Bonds will initially be registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), for the purpose of the book-entry-only system ("Book-Entry-Only System") described herein. Beneficial ownership interests in the Bonds may be purchased through direct and indirect participants of DTC in the principal amounts of \$5,000 or integral multiples thereof due on a specific maturity date. See Appendix C – "BOOK-ENTRY-ONLY SYSTEM" herein.

So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references herein to "Owners" or registered owners of the Bonds (other than under the caption "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT" and "BOND PREMIUM") shall mean Cede & Co., as aforesaid, and shall not mean the owners of book-entry interests in the Bonds. When notices are given, they shall be sent by the City or the hereinafter-described Bond Registrar and Paying Agent to DTC only.

See "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT" and "BOND PREMIUM" for a discussion of the treatment of the interest on the Bonds for federal income tax purposes.

Bond Registrar and Paying Agent

Wells Fargo Bank, N.A. will serve as the initial bond registrar and transfer 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 registered owners of the Bonds.

Redemption Provisions*

The Bonds maturing on or before July 1, 2025*, are not subject to call for redemption prior to their stated maturity. Bonds maturing on or after July 1, 2026*, are subject to call for redemption prior to maturity at the option of the City, in whole or in part, on July 1, 2025*, or on any date thereafter, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus interest accrued to the date fixed for redemption, but without premium.

Notice of Redemption

So long as the Book-Entry-Only System is in effect, notice of any redemption of the Bonds will be given to DTC not less than thirty (30) days nor more than sixty (60) days prior to the redemption date by the methods required by DTC and as described in Appendix C – "BOOK-ENTRY-ONLY SYSTEM." If the Book-Entry-Only system is discontinued, notice of redemption of any Bond will be given by the Bond Registrar and Paying Agent on behalf of the City by mailing a notice of redemption by first class mail to the registered owner thereof at the address shown on the books of the Bond Registrar and Paying Agent not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. Failure to properly give notice of redemption shall not affect the redemption of any Bond for which notice was properly given. The Bond Registrar and Paying Agent shall also give notice of any redemption to the Municipal Securities Rulemaking Board (the "MSRB") by the methods required by the MSRB, currently through the Electronic Municipal Market Access ("EMMA") system. Notice of redemption having been given in the manner described above, the Bonds, or portions thereof called for redemption, will become due and payable on the redemption date and if an amount of money sufficient to redeem all the Bonds or portions thereof called for redemption is held by the Bond Registrar and Paying Agent, then the Bonds or portions thereof called for redemption will not be considered outstanding and will cease to bear interest from and after such redemption date.

Mutilated, Lost or Destroyed Bonds

If the Book-Entry-Only System described above is discontinued, and any Bond becomes mutilated, destroyed or lost, the City will cause to be executed and delivered a new Bond, of like type, date, maturity or payment date and

* Preliminary, subject to change.

tenor in exchange and substitution for and upon the cancellation of such mutilated Bond, or in lieu of and in substitution for such Bond destroyed or lost, upon the registered owner paying the reasonable expenses and charges of the City in connection therewith and, in the case of a Bond destroyed or lost, filing with the Bond Registrar and Paying Agent by the registered owner evidence satisfactory to the Bond Registrar and Paying Agent that such Bond was destroyed or lost and furnishing the Bond Registrar and Paying Agent with a sufficient indemnity bond pursuant to A.R.S. Section 47-8405.

Registration and Transfer

So long as the Book-Entry-Only System is in effect, the Bonds will be transferable in accordance with the DTC procedures. If the Book-Entry-Only System described herein is discontinued, the Bonds will be transferred only upon the bond register maintained by the Bond Registrar and Paying Agent and one or more new Bonds, registered in the name of the transferee, of the same principal amount, maturity or payment date and rate of interest as the surrendered Bonds will be authenticated, upon surrender to the Bond Registrar and Paying Agent of the Bond or Bonds to be transferred, together with an appropriate instrument of transfer executed by the transferor if the Bond Registrar and Paying Agent's requirements for transfer are met. The City has chosen the 15th day of the month preceding an Interest Payment Date as the Record Date for the Bonds. The Bond Registrar and Paying Agent may, but will not be required to, transfer or exchange any Bonds during the period from the Record Date to and including the next respective Interest Payment Date. The Bond Registrar and Paying Agent may, but will not be required to, transfer or exchange any Bonds which have been selected for redemption. If the Bond Registrar and Paying Agent transfers or exchanges Bonds within the periods referred to above, the interest payment on such Bonds will be made payable to and mailed to the owners shown on the bond register maintained by the Bond Registrar and Paying Agent as of the close of business on the respective Record Date.

If the Book-Entry-Only System is discontinued, the transferor will be responsible for all transfer fees, taxes, fees and any other costs relating to the transfer of ownership of individual Bonds.

Security For and Sources of Payment of the Bonds

Debt service on the Bonds is payable from ad valorem property taxes. The Bonds are direct, general obligations of the City, and the Mayor and City Council are obligated to levy annually an ad valorem tax for payment of the principal of and interest on the Bonds upon all of the taxable property within the City without limitation as to rate or amount.

The Bonds are direct, general obligations of the City, payable as to both principal and interest from ad valorem taxes levied on all of the taxable property located within the boundaries of the City without limit as to rate, but limited to a total amount not greater than the aggregate amount of principal and interest which would become due on the Bonds Being Refunded from the date of issuance of the Bonds to the final maturity of the Bonds Being Refunded. The application of the ad valorem taxes to the Bonds is subject to the prior rights vested in the owners of the Bonds Being Refunded to payment of the Bonds Being Refunded from the same ad valorem taxes in the event of a deficiency in interest income on and maturing principal of the Government Obligations purchased with the net proceeds from the sale of the Bonds to be placed in the Depository Trust for the purpose of paying the principal of and interest on the Bonds Being Refunded. See "PLAN OF REFUNDING" and "VERIFICATION OF MATHEMATICAL COMPUTATIONS." A record of property taxes levied and collected for the City for the most recent five fiscal years may be found in Appendix B – "CITY OF SCOTTSDALE, ARIZONA – FINANCIAL DATA" herein. The proceeds of such taxes will be kept by the City in a debt service fund comprised of an interest fund and redemption fund, and by law may be used only for payment of principal, interest, and costs of issuance of the Bonds.

The City intends, however, to pay debt service on a portion of the \$160,415,000* Bonds (the "Preserve Excise Supported GO Bonds Being Refunded"), from the two-tenths of one percent (0.20%) City transaction privilege (sales) tax approved by the voters in 1995 and dedicated to financing land acquisitions for the Preserve (the "1995 Preserve Tax") and by the fifteen hundredths percent (0.15%) of gross proceeds of sales or gross income from business in the City transaction privilege (sales) tax approved by the voters in 2004 and dedicated to financing land acquisitions for the Preserve (the "2004 Preserve Tax", and together with the 1995 Preserve Tax, the "Preserve Excise Taxes").

Following collection and deposit of the proceeds of the taxes into the debt service fund, the City may invest such proceeds in investments comprised of, with certain restrictions, federally insured savings accounts or certificates of deposit from eligible depositories; collateralized repurchase agreements; obligations issued or guaranteed by the United States or any agency or instrumentality thereof; obligations of the State of Arizona or any Arizona county, city (including the City), town or school district; revenue bonds of any Arizona county, municipality or municipal utility or special district; obligations of any Arizona local improvement district payable from property assessments; the local government investment pool established by the State and fixed income securities of corporations organized and doing business in the United States which carry one of the two highest ratings of Moody's Investors Service ("Moody's") and Standard and Poor's Rating Service ("S&P").

PLAN OF REFUNDING

The proceeds from the sale of the Bonds remaining after payment of the costs of issuance thereof will be placed in an irrevocable depository trust (the "Depository Trust") with Wells Fargo Bank, N.A. (the "Depository Trustee") pursuant to the terms of a depository trust agreement (the "Depository Trust Agreement") between the City and the Depository Trustee, to be applied to the payment of the principal of, if any, and interest on certain of the City's outstanding bonds described below (the "Bonds Being Refunded"). Such funds will be used to acquire noncallable obligations issued by the United States of America (the "Government Obligations"), the principal of and interest on which, when due, are calculated to be sufficient to provide for payment of the principal, and interest due on the Bonds Being Refunded. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

To the extent the moneys and the Government Obligations held in the Depository Trust are not sufficient to pay, when due, the principal of and interest due on the Bonds Being Refunded, as they are redeemed, the ad valorem taxes levied to pay the Bonds will be subject to the prior right of the owners of the Bonds Being Refunded to payment from the same tax levy. See "THE BONDS – Security for and Sources of Payment of the Bonds" and "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

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Bonds Being Refunded*

The following tables sets forth the issue series, stated maturity dates, principal amounts, interest rates, redemption dates and redemption prices of the Bonds Being Refunded:

Series	Maturity Date (July 1)	Principal Amount Outstanding	Principal Amount Refunded	Interest Rate	Redemption Date (July 1)	Redemption Price	CUSIP No. 810453 (a)
2005	2024	\$ 12,325,000	\$ 12,325,000	4.000	2016	100%	T26
2005REF	2016	5,105,000	5,105,000	4.500	2015	100	P61
	2017	5,355,000	5,355,000	4.500	2015	100	P79
	2018	5,615,000	5,615,000	3.850	2015	100	P87
	2019	5,865,000	5,865,000	4.500	2015	100	P95
	2020	2,095,000	2,095,000	4.500	2015	100	Q29
	2021	6,470,000	6,470,000	4.500	2015	100	Q37
	2022	6,785,000	6,785,000	4.000	2015	100	Q45
	2023	11,075,000	11,075,000	4.000	2015	100	Q52
	2024	9,875,000	9,875,000	4.000	2015	100	Q60
2008	2019	6,450,000	6,450,000	5.000	2018	100	U57
	2020	6,700,000	6,700,000	4.000	2018	100	U65
	2021	6,775,000	6,775,000	5.000	2018	100	U73
	2022	7,600,000	7,600,000	4.000	2018	100	U81
	2023	7,800,000	7,800,000	4.125	2018	100	U99
	2024	8,300,000	8,300,000	4.125	2018	100	V23
	2025	8,925,000	8,925,000	4.250	2018	100	V31
	2026	9,575,000	9,575,000	4.750	2018	100	V49
	2027	10,225,000	10,225,000	4.750	2018	100	V56
	2028	10,750,000	10,750,000	5.000	2018	100	V64
	2029	1,000,000	1,000,000	4.500	2018	100	V72
	2030	1,050,000	1,050,000	4.500	2018	100	V80
	2034	4,700,000	4,700,000	4.500	2018	100	W48
		<u>\$ 160,415,000</u>	<u>\$ 160,415,000</u>				

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton LLP, a firm of independent certified public accountants (the "Verification Agent") will deliver to the City, on or before the issue date of the Bonds, its verification report indicating, among other things, that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the sufficiency of the anticipated receipts from the Government Obligations, together with the initial cash deposit, to pay, when due the principal of, interest on the Bonds Being Refunded and (b) the yields on the Government Obligations and the Bonds.

The verification performed by the Verification Agent will be solely based upon data, information and documents provided to the Verification Agent by the City and its representatives. The Verification Agent has restricted its procedures to recalculating the computations provided by the City and its representatives and has assumed the accuracy of the data, information and documents used in the computations.

* Preliminary, subject to change.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds:		The Bonds
Principal Amount		\$160,415,000*
[Net] Premium		
Total Sources of Funds		<u>\$</u>
Uses of Funds		
Deposit to Depository Trust		
Costs of Issuance (a)		
Deposit to Debt Service Fund		
Total Uses of Funds		<u>\$</u>

(a) Includes Bond Counsel fees, Underwriters' Discount, Depository Trustee Fees, Bond Registrar and Paying Agent fees, Financial Advisor fees, Verification Agent's fees, printing costs, rating agency fees and other related costs.

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* Preliminary, subject to change.

ESTIMATED DEBT SERVICE REQUIREMENTS* (a)

The following schedule sets forth (i) the estimated annual debt service requirements of the City's outstanding Bonds, (ii) less the Bonds Being Refunded, (iii) plus the estimated debt service requirements of the Bonds, (iv) less the debt service to be paid by the Preserve Excise Taxes, and (v) the City's estimated net annual general obligation bond debt service requirements after issuance of the Bonds.

Fiscal Year Ending (June 30)	Outstanding Annual Debt Service Requirements		Less: Bonds Being Refunded		Plus: The Bonds		Less: GO Debt Service Requirements to be Paid by the Preserve Excise Taxes (c)	Net General Obligation Debt Service Requirements
	Principal	Interest	Principal	Interest	Principal	Interest (b)		
2015	\$32,155,000	\$24,619,971		\$3,498,533		\$1,210,574	\$20,760,947	\$33,726,066
2016	34,770,000	22,775,051	\$5,105,000	6,997,065	\$5,840,000	5,734,300	23,531,268	33,486,019
2017	36,980,000	21,256,626	5,355,000	6,767,340	6,035,000	5,559,100	22,886,084	34,822,302
2018	39,905,000	19,839,489	5,615,000	6,526,365	6,235,000	5,378,050	24,312,758	34,903,416
2019	39,905,000	18,436,731	12,315,000	6,310,188	12,910,000	5,191,000	24,941,112	32,876,432
2020	40,145,000	16,940,606	8,795,000	5,723,763	9,190,000	4,803,700	25,810,504	30,750,040
2021	40,645,000	15,344,231	13,245,000	5,361,488	13,550,000	4,528,000	26,421,957	29,038,787
2022	39,030,000	13,452,006	14,385,000	4,731,588	14,470,000	4,121,500	27,153,494	24,803,424
2023	41,240,000	11,733,306	18,875,000	4,156,188	18,820,000	3,687,400	27,513,700	24,935,819
2024	44,655,000	10,230,681	30,500,000	3,391,438	30,430,000	2,934,600	29,378,156	24,980,688
2025	45,100,000	8,523,156	8,925,000	2,161,063	8,845,000	1,717,400	38,936,244	14,163,250
2026	32,955,000	6,826,388	9,575,000	1,781,750	9,465,000	1,363,600	24,770,238	14,483,000
2027	26,900,000	5,530,988	10,225,000	1,326,938	10,040,000	985,000	17,078,300	14,825,750
2028	27,945,000	4,489,775	10,750,000	841,250	10,480,000	583,400	16,928,925	14,978,000
2029	18,820,000	3,378,125	1,000,000	303,750	615,000	164,200	16,801,575	4,872,000
2030	19,465,000	2,734,594	1,050,000	258,750	645,000	139,600	16,683,444	4,992,000
2031	14,015,000	2,064,700	1,100,000	211,500	670,000	113,800	15,552,000	0
2032	14,425,000	1,597,300	1,150,000	162,000	700,000	87,000	15,497,300	0
2033	14,845,000	1,112,350	1,200,000	110,250	725,000	59,000	15,431,100	0
2034	15,165,000	567,075	1,250,000	56,250	750,000	30,000	15,205,825	0
TOTALS	\$619,065,000	\$211,453,150	\$160,415,000	\$60,677,453	\$160,415,000	\$48,391,224	\$445,594,930	\$372,636,992

- (a) Prepared by the Financial Advisor. Totals may not add due to rounding.
- (b) Interest is estimated at 3.75% per annum. The first interest payment on the Bonds will be due July 1, 2015*. Thereafter, interest payments will be made semiannually on January 1 and July 1 until the final maturity, or prior redemption, of the Bonds.
- (c) Net of the Preserve Excise Supported GO Bonds Being Refunded. The City is paying and intends to continue to pay amounts representing general obligation debt service on: a portion of the City's General Obligation Bonds, Projects of 2000 and 2004, Series 2008; a portion of the City's General Obligation Bonds, Projects of 2000 and 2004, Series 2005; a portion of the City's General Obligation Bonds, Projects of 1999 and 2000, Series 2004; a portion of the City's General Obligation Refunding Bonds, Series 2002; a portion of the City's General Obligation Bonds, Projects of 1999 and 2000, Series 2002; a portion of the City's General Obligation Refunding Bonds, Series 2001; the City's General Obligation Bonds, Series 2001; the City's General Obligation Bonds, Projects of 2004, Series 2011 and a portion of the City's General Obligation Refunding Bonds, Series 2011, the City's General Obligation Bonds, Project of 2004, Series 2012; the City's General Obligation Bonds, Projects of 2004, Series 2013 and a portion of the Bonds (collectively, the "Preserve Excise Tax Supported GO Bonds") from collections of the Preserve Excise Taxes. In the event that these revenues from the Preserve Excise Taxes prove insufficient to pay amounts due for debt service on these Preserve Excise Tax Supported GO Bonds, or if the City decides not to pay such amounts from revenues of the Preserve Excise Taxes, amounts due for debt service on the Preserve Excise Tax Supported GO Bonds will then be paid from *ad valorem* taxes. See "THE BONDS – Security for and Sources of Payment of the Bonds."

* Preliminary, subject to change.

TAX EXEMPTION

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the City as described below, interest income on the Bonds is excluded from gross income for federal income tax purposes. Interest income on the Bonds is exempt from State of Arizona income taxes. The opinion of Bond Counsel will be dated as of the date of delivery of the Bonds. See "LEGAL MATTERS" herein. A form of such opinion is included herein in Appendix E – "FORM OF APPROVING LEGAL OPINION."

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes including a requirement that the City rebate to the federal government certain of its investment earnings with respect to the Bonds. The City has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The Bonds do not provide for an adjustment in the interest rate in the event of taxability and the event of taxability does not cause an acceleration of principal of the Bonds. The opinion of Bond Counsel assumes continuing compliance with such covenants.

The Code also imposes an "alternative minimum tax" upon certain corporations and individuals. A taxpayer's "alternative minimum taxable income" ("AMTI") is its taxable income with certain adjustments. Interest income on the Bonds is not an item of tax preference to be included in computing the AMTI of individuals or corporations.

Notwithstanding the preceding sentence, one of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess (if any) of the corporation's "adjusted current earnings" over the corporation's AMTI for the taxable year (determined without regard to such adjustment for excess book income and the alternative tax net operating loss deduction). A corporation's "adjusted current earnings" includes all tax-exempt interest, including the interest on the Bonds.

Although Bond Counsel will render an opinion that, as of the delivery of the Bonds, interest income on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a Beneficial Owner's federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers who become Beneficial Owners of the Bonds, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter "S" corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax-exempt obligations should consult their tax advisors as to the applicability of such tax consequences to the respective Beneficial Owners. The nature and extent of these other tax consequences will depend upon the Beneficial Owner's particular tax status and the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

The Bonds are not "private activity bonds," within the meaning of Section 141 of the Code.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity, then the purchaser, unless certain exceptions apply, will be treated as having purchased an obligation with market discount subject to the market discount rules of the Code. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such obligation. The Owners of the Bonds should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

From time to time, there are legislative proposals in Congress which, if enacted could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

ORIGINAL ISSUE DISCOUNT

The initial public offering price of the Bonds maturing on July 1, 20____ through and including July 1, 20____ (collectively, the "Discount Bonds"), are less than the respective amounts payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price (the "Issue Price") of the Discount Bonds, and the amount payable at maturity or the payment date, as applicable, of the Discount Bonds will be treated as "original issue discount." With respect to a Beneficial Owner who purchases a Discount Bond in the initial public offering at the Issue Price and who holds the Discount Bond to maturity or the payment date, as applicable, the full amount of original issue discount will constitute interest which is not includible in the gross income of the Beneficial Owner of the Discount Bond for federal income tax purposes and Arizona income tax purposes and that Beneficial Owner will not, under present federal income tax law and present Arizona income tax law, realize a taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated for federal income tax purposes and Arizona income tax purposes as accreting daily over the term of such Discount Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 (with straight-line interpolation between compounding dates).

The amount of original issue discount accreting each period will be added to the Beneficial Owner's tax basis for the Discount Bond. The adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bond. An initial Beneficial Owner of a Discount Bond who disposes of the Discount Bond prior to maturity should consult his or her tax advisor as to the amount of the original issue discount accreted over the period held and the amount of taxable gain or loss upon the sale or disposition of the Discount Bond prior to maturity.

The Code contains certain provisions relating to the accretion of original issue discount in the case of subsequent Beneficial Owners of the Discount Bonds. Beneficial Owners who do not purchase the Discount Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of the ownership of Discount Bonds.

A portion of the original issue discount that accretes in each year to a Beneficial Owner of a Discount Bond may result in certain collateral federal income tax consequences as described in "TAX EXEMPTION" herein.

Beneficial Owners of Discount Bonds in states other than Arizona should consult their own tax advisors with respect to the state and local taxes.

BOND PREMIUM

The initial public offering price of the Bonds maturing on July 1, 20____ through and including July 1, 20____ (collectively, the "Premium Bonds") are greater than the amount payable on such Premium Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial Beneficial Owner of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial Beneficial Owner must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial Beneficial Owner is determined by using such Beneficial Owner's yield to maturity. Beneficial Owners of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

LITIGATION

At the time of delivery of the Bonds, the City Attorney will certify, among other things, that there is no action, suit or proceeding, inquiry or investigation at law or in equity, or before or by any judicial, quasi-judicial or administrative forum pending or overtly threatened against the City that questions its right to levy and collect taxes to pay the principal of and interest on the Bonds, or questions the proceedings and authority pursuant to which the levy is made or questions the City's right to issue and deliver securities, including the Bonds, or to restrain or enjoin the issuance, offer, sale or delivery of the Bonds or in any way affecting or contesting the authority for or the validity of the Bond Resolution, the Bonds or the proceeds from the issuance thereof or the application of the proceeds of the Bonds in the manner contemplated in the Bond Resolution, or in any way contesting the existence or powers of the City or if resolved adversely to the City or its interests, individually or in the aggregate, would have (a) a material adverse effect upon the financial condition, assets, properties or operations of the City, (b) a material adverse effect on the transactions contemplated by this Official Statement, (c) an adverse effect on the validity or enforceability of the Bond Resolution or (d) impair the City's ability to comply with the requirements set forth in the Bond Resolution.

LEGAL MATTERS

Legal matters relating to the validity of the Bonds under Arizona law, and with regard to the tax-exempt status of the interest thereon herein will be passed upon by Bond Counsel. See "TAX EXEMPTION" herein. The signed legal opinion of Bond Counsel dated and premised on the law in effect only as of the date of delivery of the Bonds, will be delivered to the City at the time of issuance.

The proposed text of the legal opinion is set forth as Appendix E – "FORM OF APPROVING LEGAL OPINION." The legal opinion to be delivered may vary from the text of Appendix E, if necessary, to reflect the facts and law 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 delivery of the Bonds.

Such legal opinion expresses the professional judgment of Bond Counsel as to the legal issues explicitly addressed therein. 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 performance of parties to the transaction. The rendering of an opinion also does not guarantee the outcome of any legal dispute that may arise out of the transaction.

RATINGS

Fitch Ratings ("Fitch"), Moody's and S&P have assigned the ratings of "___," "___" and "___," respectively, on the Bonds. Such ratings reflect only the respective views of Fitch, Moody's and S&P. An explanation of the significance of the rating given by Fitch may be obtained at One State Street Plaza, New York, New York 10004. An explanation of the significance of the rating given by Moody's may be obtained at 250 Greenwich Street, New York, New York 10007. An explanation of the significance of the rating given by S&P may be obtained at 55 Water Street, New York, New York 10041. The City furnished to the rating agencies certain information and materials, some of which may not have been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and on their own investigation, studies and assumptions. There is no assurance that the ratings will continue for any given period of time or that the respective ratings will not be revised downward or withdrawn entirely by Fitch, Moody's or S&P, if in their respective judgments circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. The City has covenanted in its continuing disclosure certificates that it will file notice of any formal change in any rating relating to the Bonds. See Appendix F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

The City expects to furnish the rating agencies with information and materials that they may request. The City, however, assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Bonds.

UNDERWRITING

_____ and _____ (collectively, the "Underwriters") have agreed to purchase the Bonds, subject to certain conditions, at a purchase price equal to \$_____, pursuant to a bond purchase agreement (the "Bond Purchase Agreement") entered into by the City and the Underwriters. If the Bonds are sold to produce the yields shown on the inside front cover hereof, the Underwriters' compensation will be \$_____. The Underwriters will be obligated to accept delivery and pay for all of the Bonds if any are delivered. The Underwriters may subsequently offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at prices lower than the initial public offering prices reflected on the inside front cover page hereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

CERTIFICATION CONCERNING OFFICIAL STATEMENT

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

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.

RELATIONSHIP BETWEEN PARTIES

Bond Counsel has acted as bond counsel or represented the Financial Advisor and Underwriters in other financing transactions underwritten by the Financial Advisor and the Underwriters and may do so in the future. Counsel to the Underwriters has acted as bond and underwriters' counsel or represented the Financial Advisor and Underwriters in other financing transactions underwritten by the Financial Advisor and the Underwriters and may do so in the future.

CONTINUING DISCLOSURE CERTIFICATE

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 January 31 in each year commencing January 31, 2016 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events as set forth in APPENDIX F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" (the "Notices"). The Annual Reports and the Notices and any other documentation or information required to be filed by such covenants will be filed by the City with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's EMMA system, all as described in APPENDIX F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein. The specific nature of the information to be contained in the Annual Report and the Notices is set forth in APPENDIX F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE". These covenants will be made in order to assist the Underwriters in complying with the Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The form of the undertaking which describes the content of the Annual Reports and the Notices and method of their dissemination is included as APPENDIX F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" hereto. A failure by the City to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. *Pursuant to Arizona law, the ability of the City to comply with such covenants is subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants.* Should the City not comply with such covenants due to a failure to appropriate for such purpose, the City has covenanted to provide notice of such failure in the same way it does the Notices. Absence of continued disclosure, due to non-appropriation or otherwise, may adversely affect the transferability and liquidity of the Bonds and their market price.

CITY FINANCIAL STATEMENTS

The financial statements of the City as of June 30, 2014, and for the fiscal year then ended, excerpts of which are included as APPENDIX D – "CITY OF SCOTTSDALE, ARIZONA - EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014" of this Official Statement, have been audited by CliftonLarsonAllen, LLP as stated in its report included in this APPENDIX D – "CITY OF SCOTTSDALE, ARIZONA - EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014". The City neither requested nor obtained the consent of CliftonLarsonAllen, LLP to include its report in this Official Statement and CliftonLarsonAllen, LLP has performed no procedures subsequent to rendering their opinion on the financial statements. These are the most recent audited financial statements of the City and may not represent the City's current financial position.

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, such opinions or estimates are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. Information in

this Official Statement has been provided 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.

It is anticipated that CUSIP numbers will be placed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the sale. No CUSIP number will be deemed to be part of any Bond or of the contract evidenced thereby.

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 a part of a contract with the original purchasers or subsequent owners of the Bonds.

All of the summaries of the opinions, contracts, agreements, financial and statistical data, and other related documents described in this Official Statement are made subject to the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are publicly available for inspection during normal business hours at the offices of the Financial Advisor in Phoenix, Arizona.

This Official Statement has been prepared by the City and executed for and on behalf of the City by its officer indicated below.

CITY OF SCOTTSDALE, ARIZONA

By: /s/ _____
Jeffery M. Nichols
City Treasurer

APPENDIX A

CITY OF SCOTTSDALE, ARIZONA GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION

The City, the sixth largest in the State, is centrally located in Maricopa County, Arizona (the “County”) and encompasses an area of approximately 185 square miles. The City is located in the northeastern portion of the “Valley of the Sun” and comprises part of the greater City of Phoenix, Arizona (“Phoenix”) metropolitan area, which is the economic, political and population center of the State. The City shares common boundaries with the incorporated communities of Phoenix, the City of Tempe, Arizona, (“Tempe”), the Town of Paradise Valley, Arizona (“Paradise Valley”), the Town of Fountain Hills, Arizona and the Town of Carefree, Arizona.

The City was founded in the 1800s when retired Army Chaplain Major Winfield Scott homesteaded what is now the center of the City. The City was incorporated June 25, 1951 and the City Charter, pursuant to which it still operates, was adopted November 16, 1961.

Municipal Government Organization

The City operates pursuant to a Council/Manager form of government as provided by its Charter. 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 and City Treasurer.

The City Manager is responsible for executing Council policies and administering City operations. The City Treasurer 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 2,400 full-time and part-time employees include police, City courts, fire protection, parks and recreation, library, sanitation, water, sewer, building safety, public works and general administration. For fiscal year 2014-15, the operating budget is \$517.2 million and the total adopted budget, which includes the operating budget, grants and capital outlay expenditures, is \$1.2 billion.

Administrative Staff

Fritz Behring

Fritz Behring became Scottsdale City Manager on July 1, 2013. Mr. Behring has more than 20 years of experience in government administration. He has previously served as city manager of Central City, Nebraska, Fort Meade, Florida and Deltona, Florida and county manager of Clay County, Florida and Pinal County, Arizona. Behring holds bachelors and master’s degrees from the University of South Dakota.

Jeffery M. Nichols, City Treasurer/Chief Financial Officer

Jeffery M. Nichols joined the City in October 2013 as City Treasurer/Chief Financial Officer. Prior to joining the City, he was Vice President/Chief Financial Officer for the Scottsdale Cultural Council (SCC) and, previously, the Accounting Director for the City. Mr. Nichols earned a Bachelor of Science in Business Administration with an emphasis in Accountancy from Central Michigan University. He is also a Certified Public Accountant (1989) in Arizona.

Lee Guillory, Finance Director

Lee Guillory started with the City in 2004 as Finance Manager and was promoted to Finance Director in June, 2012. Prior to working for the City, she was employed at Arizona Public Service as a Finance Manager in treasury management and long-range planning. Ms. Guillory received a Bachelor of Science degree in Finance and a post-baccalaureate certificate in Accounting from Arizona State University and a Masters degree in Business Administration from Western International University.

The City has grown from the 1985 special census population of 108,447 to 217,385, as registered in the 2010 Census. The following table illustrates the City's growth expressed by population statistics along with the population statistics for the County and the State.

POPULATION STATISTICS			
Population	City of Scottsdale	Maricopa County	State of Arizona
2012 Census Estimates	223,514	3,942,169	6,523,255
2011 Census Estimates	219,775	3,868,525	6,467,315
2010 Census	217,385	3,817,117	6,392,017
2000 Census	202,705	3,072,149	5,130,632
1995 Special Census	168,176	2,551,765	4,228,900
1990 Census	130,069	2,122,101	3,665,339
1985 Special Census	108,447	1,837,956	3,187,000

Source: The Arizona Department of Economic Security, Research Administration Population and Statistical Unit and U.S. Census Bureau, Arizona Department of Administration

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Following is a list of the City's largest employers.

MAJOR EMPLOYERS (a)
City of Scottsdale, Arizona

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Scottsdale Healthcare Corporation	Healthcare	3,690
General Dynamics	Defense - Commercial/Industrial	2,929
Scottsdale Unified School District	Education	2,583
City of Scottsdale, Arizona	Government	2,400
Vanguard	Investment Management	2,300
Mayo Clinic - Scottsdale	Healthcare	1,851
Scottsdale Insurance Company	Insurance	1,501
International Cruise & Excursions	Travel Company	1,350
McKesson Corporation	Healthcare	1,100
CVS Caremark	Prescription benefit administrator	1,088
Fairmont Resort	Resort	915
Go Daddy	Web Hosting Services	761
In Celebration of Golf Management	Golf Management	650
Aetna (formerly First Health Coventry)	Healthcare	650
Yelp	Online Review Site	650
Desert Mountain Properties	Golf course/community center	625
Henkel	Consumer Goods	589
Nordstrom	Department store	559
Quicken Loans	Financial Services	520
St. Jude Medical	Healthcare	430
Discount Tire	Manufacturer	420
Boulders Hotel	Resort	409
Wal-mart	Department store	395
JDA Software	Software	351
Paypal	Electronic Payments	350

(a) Data may not reflect recent layoffs or company restructuring. Neither the Financial Advisor or its agents or consultants have examined the information set forth in the table above for accuracy or completeness, nor do they assume responsibility for the same.

Source: Maricopa Association of Governments and City of Scottsdale, Arizona, Department of Economic Vitality.

The City's diverse economic base is illustrated in the table below which outlines the employment structure.

2013 NONFARM EMPLOYMENT STRUCTURE
Phoenix Metropolitan Area (a)

	<u>% of Total</u>	<u>Employment (b)</u>
Mining and Construction	5.29 %	97,800
Information	1.64	30,400
Manufacturing	6.30	116,500
Trade, Transportation and Public Utilities	20.77	384,000
Service Providing	24.99	462,100
Financial, Professional & Business Services	24.71	456,800
Government	12.90	238,600
Other Services	3.40	62,800
Total	<u>100.00 %</u>	<u>1,849,000</u>

(a) Data as of December 2013.

(b) Total may not add due to rounding.

Source: US Department of Labor, Bureau of Labor Statistics.

The following table illustrates comparative unemployment averages for the United States of America, the State, the County, Phoenix and the City.

AREA UNEMPLOYMENT AVERAGES

<u>Year</u>	<u>United States</u>	<u>State of Arizona</u>	<u>Maricopa County</u>	<u>City of Phoenix</u>	<u>City of Scottsdale</u>
2014 (a)	5.5%	6.8%	5.8%	6.0%	4.8%
2013	7.4	8.0	6.7	7.0	5.6
2012	8.1	8.3	7.1	7.6	5.7
2011	9.0	9.5	8.4	8.9	6.8
2010	9.6	10.5	9.6	11.2	7.2

Source: Arizona Office of Employment and Population Statistics, in cooperation with the U.S. Dept of Labor, Bureau of Labor Statistics.

(a) As of November 2014

Tourism

Tourism is an important contributor to the City's economy. Over the last ten years, the overall market area has grown by over 12% and added 1,896 rooms, bringing the total room inventory to 16,745. The revenue per available room for the City and Paradise Valley market area was \$102.55 in 2013. This figure represents an increase from the figure of \$94.28 in 2012. Numerous public and private golf courses and tennis courts and several resorts also complement the area making it an attractive location for conventions. There are also many large annual events that attract visitors to the City each year, such as the Waste Management Phoenix Open, the Barrett-Jackson Auto Auction, San Francisco Giants spring training, the Arizona Diamondbacks and Colorado Rockies spring training and the Scottsdale Arabian Horse Show. Additionally, the City benefits from national events that occur in the greater Phoenix Metropolitan area such as the Fiesta Bowl and the 2015 Super Bowl. Close to 4,000 retail shops, boutiques and galleries are located throughout the City and a selection of over 600 restaurants is available. These services, facilities, and events, together with the mild winter, have made the City a premier vacation area for tourists and winter visitors.

The following table outlines the City's Bed Tax ("Transient Occupancy Tax") collections for the last five fiscal years.

BED TAX COLLECTIONS
City of Scottsdale, Arizona
(000's omitted)

<u>Fiscal Year</u>	<u>Amount</u>	<u>Percent Change</u>
2013-14	\$ 15,303	10.5%
2012-13	13,852	3.14
2011-12	13,430	2.32
2010-11(a)	13,126	84.54
2009-10	7,113	(6.12)

(a) The Transient Occupancy Tax was increased from 3.00% to 5.00% effective July 1, 2010.

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports.

Retail

Retail trade has a significant impact on the City's economy. The Promenade, located at Frank Lloyd Wright Boulevard and Scottsdale Road, contains 750,000 square feet of primarily "big box" tenants, including Living Spaces and Lowe's Hardware. Additionally, The Shops at Gainey Village in Gainey Ranch contains 135,000 square feet of upscale boutique retail and dining. The anchor of the City's retail sector continues to be Scottsdale Fashion Square Mall, which offers two million square feet of shopping, including major department store tenants Nordstrom, Neiman Marcus, Macy's, Barneys New York and the largest Dillard's in the nation. The 27-acre Scottsdale Quarter, located in the Scottsdale Airpark, was constructed in 2009 and 2010. It is a major high-end lifestyle center containing an Apple Store, Restoration Hardware and Pottery Barn. A Phase 3 expansion is proposed for 2015. Other significant retail areas include the downtown area with over 200 shops and galleries consisting of 870,000 square feet and Hilton Village shopping center, featuring numerous boutique shops and restaurants. The Scottsdale Waterfront, a developed retail project situated alongside 1,800 linear feet of the Arizona Canal, has converted an aging shopping center in the heart of the City's downtown into a waterfront development.

TRANSACTION PRIVILEGE AND USE TAXES BY CATEGORY

The City's Transaction Privilege and Use Tax is levied on persons conducting business activities within the City. The amount of tax due is calculated by applying the tax rate against the gross proceeds of sales or gross income derived from the following business activities:

Advertising	Rental, Leasing and licensing
Amusements	for use of Real Property
Construction Contracting	Rental, Leasing and licensing for
Feed at Wholesale	use of Tangible Personal Property
Hotel/Motel	Restaurants and Bars
Jet Fuel Sales	Telecommunications Services
Job Printing	Timber and Other Extractions
Manufactured Buildings	Transporting for Hire
Mining	Utility Services
Publishing	Wastewater Removal Services

TRANSACTION PRIVILEGE AND USE TAX RECEIPTS

City of Scottsdale, Arizona

(000's omitted)

Transaction Privilege and Use Tax Receipts consists of Retail Sales (shown on the following table and consisting of automotive, food store, major department store, miscellaneous retail store and restaurant tax categories) and non-retail sales (construction, hotel/motel, rentals, utilities and other taxable activity categories).

Fiscal Year	Amount	Percentage Change
2013-14	\$155,779	7.50%
2012-13	144,909	5.27
2011-12	137,658	5.79
2010-11	130,125	2.91
2009-10	126,443	(9.28)

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports.

RETAIL SALES TAX RECEIPTS
City of Scottsdale, Arizona
(000's omitted)

Retail sales consist of the automotive, food store, major department store, miscellaneous retail store and restaurant tax categories and are included in the Transaction Privilege and Use Tax Receipts shown above. The following chart illustrates retail sales tax receipts by the City for the previous five years.

<u>Fiscal Year</u>	<u>Amount</u>	<u>Percentage Change</u>
2013-14	\$86,804	7.31%
2012-13	80,889	4.54
2011-12	77,376	6.12
2010-11	72,915	4.26
2009-10	69,935	(0.81)

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports.

Educational Facilities

Several institutions of higher learning are available to City residents. Scottsdale Community College, part of the Maricopa County Community College System, located on the eastern border of the City, is a two-year college which offers a wide variety of academic, occupational, developmental, and special interest programs. Located just south of the City, in Tempe, is Arizona State University, one of the major universities in the Southwest. Arizona State University offers its approximately 76,771 students, a choice of 17 colleges and has approximately 3,000 full-time faculty members. Arizona State University recently began to offer a Scottsdale MBA Program at the Airpark. The University of Phoenix also offers graduate and undergraduate programs within the City. The City is served by 25 public elementary and middle schools and 5 public high schools.

Transportation

The City has access to a number of transportation facilities including Interstates 10 and 17; United States Highways 60, 70, 80 and 89; State Highways 101, 202, 87 and 93; the main lines of the Southern Pacific Railroad, the Atchison, Topeka and Santa Fe Railroad; and a number of transcontinental interstate and intrastate truck lines. The Pima Freeway, representing a portion of State Highway 101, provides freeway connection within the City to Interstates 10 and 17 and State Highway 202.

The City is served by two airports. Scottsdale Municipal Airport, owned and operated by the City, is located approximately nine miles north of the central business district. This airport provides both general aviation and regional commercial air service and offers an 8,250-foot paved lighted runway with two parallel taxiways and industrial park access. International, national, regional and local air service is also available at Phoenix Sky Harbor International Airport, the world's fifth busiest airport in operations and ninth busiest in passenger enplanements and deplanements, located approximately eight miles from the City.

APPENDIX B

CITY OF SCOTTSDALE, ARIZONA FINANCIAL DATA (a)

Property Valuations and Bonded Indebtedness City of Scottsdale, Arizona

2014/15 Estimated Net Full Cash Valuation	\$43,031,588,941 (b)(c)
2014/15 Net Primary Assessed Valuation	\$4,985,996,058
2014/15 Net Secondary Assessed Valuation	5,176,777,890
Net General Obligation Bonded Debt to be Outstanding	\$288,361,789* (d)
Net Water and Sewer Revenue Bonded Debt Outstanding	325,350,000* (e)
Net Municipal Property Corporation Bonded Debt to be Outstanding	203,145,000* (f)(g)(h)
Net Scottsdale Preserve Authority Bonded Debt Outstanding	379,208,211* (i)
Total Certificates of Participation Debt Outstanding	13,913,555

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- (a) All figures of bonded indebtedness in this Appendix exclude principal amounts of bonds that have been refunded with the proceeds of refunding bonds, but not yet paid. Debt service on such refunded bonds is provided for by obligations issued by or guaranteed by the United States of America, which are held in irrevocable trusts for the benefit of the holders of such refunded bonds.
- (b) Estimated net full cash value is the total estimated market value of the property less unsecured personal property and less estimated exempt property within the City, as projected by the Arizona Department of Revenue, Division of Property and Special Taxes.
- (c) Estimated valuations for Fiscal Year 2014-15, provided by the Arizona Department of Revenue. Valuations for Fiscal Year 2014-15 are not official until approved by the Board of Supervisors of the County on the third Monday in August for the following fiscal year. Although the final official valuations are not expected to differ materially from the estimated valuations, they are subject to positive or negative adjustments until approved by the Board of Supervisors.
- (d) Excludes the bonds supported by a pledge of the 1994 Preserve Tax and the 2004 Preserve Tax (the "Preserve Excise Tax Supported GO Bonds"). See "Security for And Sources of Payment" and the table entitled "GENERAL OBLIGATION BONDED INDEBTEDNESS – Net Direct General Obligation Bonded Debt to be Outstanding – City of Scottsdale, Arizona" herein.
- (e) Includes \$293,075,000* in aggregate principal amount of the City of Scottsdale Municipal Property Corporation ("MPC") Excise Tax Revenue Bonds, Series 2004, 2005-E, 2008-A, and portions of Excise Tax Revenue Refunding Bonds, Series 2006, Excise Tax Revenue Bonds, Series 2010, Excise Tax Revenue Bonds, Series 2014, a portion of the Series 2015A Tax-Exempt MPC Bonds, and a portion of the Series 2015 MPC Refunding Bonds, that are expected to be issued concurrently with the Bonds (collectively, the "Water and Sewer Revenue Supported MPC Bonds"). The City is paying and intends to continue to pay amounts representing debt service on the Water and Sewer Revenue Supported MPC Bonds from revenues of the Water and Sewer Fund. In the event that these revenues prove insufficient to pay the contemplated portions of amounts due for debt service on the Water and Sewer Revenue Supported MPC Bonds, or if the City decides not to pay such amounts from revenues of the Water and Sewer Fund, amounts due for debt service on the Water and Sewer Revenue Supported MPC Bonds will then be paid from Excise Taxes. See also footnote (a) on the table entitled "MPC BONDED INDEBTEDNESS – MPC Bonded Debt to be Outstanding– City of Scottsdale, Arizona" herein.

* Preliminary, subject to change.

- (f) The MPC issued \$13,209,091.65 Convertible Capital Appreciation Excise Tax Revenue Bonds, Series 2005-C (the "2005-C Excise Tax Revenue Bonds") as capital appreciation bonds. For Generally Accepted Accounting Principles ("GAAP") financial statement reporting purposes, the accretion of capital appreciation bonds is added to the principal balance outstanding. The accreted value of the 2005-C Excise Tax Revenue Bonds as of July 1, 2014 was \$18,830,000. See also the table entitled "MPC BONDED INDEBTEDNESS - MPC Bonded Debt to be Outstanding- City of Scottsdale, Arizona" herein.
- (g) Excludes \$293,075,000* in aggregate principal of the Water and Sewer Revenue Supported MPC Bonds. See the table entitled "MPC BONDED INDEBTEDNESS - MPC Bonded Debt to be Outstanding- City of Scottsdale, Arizona" herein.
- (h) Excludes \$20,055,000* in aggregate principal due at maturity of the City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds, Series 2005-A (the "Series 2005 A MPC Excise Tax Revenue Bonds"), and City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds, Series 2005-C (the "Series 2005 C MPC Excise Tax Revenue Bonds" and, together with the "Series 2005 A MPC Excise Tax Revenue Bonds", the "Authority Payment Supported MPC Bonds"). The City intends to pay amounts representing debt service on the Authority Payment Supported MPC Bonds from payments provided by the Arizona Sports and Tourism Authority (the "Authority"). Pursuant to an Intergovernmental Agreement, dated March 25, 2005, between the City and the Authority, the Authority has agreed to fund project costs in aggregate payments totaling \$34,002,663.98 (the "Authority Payments"). The schedule of the payments to be made by the Authority are based on estimates of future Authority revenues which may not be realized. In the event that these revenues prove insufficient to pay the contemplated portions of amounts due for debt service on the Authority Payment Supported MPC Bonds, or if the City decides not to pay such amounts from payments from the Authority, amounts due for debt service on the Authority Payment Supported MPC Bonds will then be paid from Excise Taxes. See the table entitled "MPC BONDED INDEBTEDNESS - MPC Bonded Debt to be Outstanding - City of Scottsdale, Arizona" herein.
- (i) Includes Preserve Excise Tax Supported GO Bonds. See footnote (b) of "GENERAL OBLIGATION BONDED INDEBTEDNESS - Net Direct General Obligation Bonded Debt to be Outstanding - City of Scottsdale, Arizona" herein for further discussion regarding the calculation of general obligation debt. See the table entitled "SCOTTSDALE PRESERVE AUTHORITY BONDED INDEBTEDNESS - SPA Bonded Debt Outstanding - City of Scottsdale, Arizona" herein.

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* Preliminary, subject to change.

GENERAL OBLIGATION BONDED INDEBTEDNESS

Net Direct General Obligation Bonded Debt to be Outstanding City of Scottsdale, Arizona

Issue Series	Purpose	Original Principal Amount	Principal Maturity Dates	Principal Balance Outstanding
2002	Refunding	\$ 72,000,000	07-01-03/19	\$ 14,685,000
2005	Refunding	74,630,000	07-01-12/24	63,085,000
2005	Projects of 2000 and 2004	145,000,000	07-01-07/24	28,975,000
2008	Projects of 2000 and 2004	120,000,000	07-01-09/30,34	110,650,000
2010	Projects of 2000	50,800,000	07-1-11/30	46,400,000
2011	Refunding	43,115,000	07-01-11/24	30,295,000
2011	Projects of 2004	22,525,000	07-01-12/34	20,260,000
2012	Projects of 2004	50,000,000	07-01-18/34	50,000,000
2012	Refunding	83,025,000	07-01-13/25	82,565,000
2013	Projects of 2004	75,000,000	07-01-15/34	75,000,000
2014	Projects of 2004	14,000,000	07-01-15/34	14,000,000
2014	Refunding	83,150,000	07-01-15/23	83,150,000
Total Direct General Obligation Bonded Debt Outstanding				<u>\$ 619,065,000</u>
Plus: The Series 2015 GO Refunding Bonds (a)				160,415,000*
Less: The Bonds Being Refunded				(160,415,000)*
Less: Preserve Excise Tax Supported GO Bonds				<u>(330,703,211) (b)</u>
Net Direct General Obligation Bonded to be Debt Outstanding				<u>\$ 288,361,789*</u>

(a) The MPC intends to issue its Series 2015 MPC Refunding Bonds concurrently with the City's issuance of its Bonds.

(b) The City is paying and intends to continue to pay amounts representing general obligation debt service on the bonds supported by a pledge of the 1994 Preserve Tax and the 2004 Preserve Tax (the "Preserve Excise Tax Supported GO Bonds"). In the event that these revenues from the Preserve Excise Taxes prove insufficient to pay amounts due for debt service on these general obligation bonds, or if the City decides not to pay such amounts from revenues of the Preserve Excise Taxes, amounts due for debt service on these general obligation bonds will then be paid from ad valorem taxes.

* Preliminary, subject to change.

**Direct General Obligation Bonded Debt, Legal Limitation and Unused Borrowing Capacity
City of Scottsdale, Arizona**

The Arizona Constitution provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed six percent (6%) of the secondary assessed valuation of the taxable property in that city. In addition to the six percent (6%) limitation for general municipal purpose bonds, cities may issue general obligation bonds in an amount up to an additional twenty percent (20%) of the secondary assessed valuation for supplying such city with water, artificial light or sewers, and for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities.

<u>General Municipal Purpose Bonds</u>		<u>Water, Light, Sewer, Open Space, Public Safety, Transportation, Law Enforcement, Fire and Emergency Services and Park Bonds</u>	
Total 6% General Obligation Bonding Capacity	\$310,606,673	Total 20% General Obligation Bonding Capacity	\$1,035,355,578
Less: 6% General Obligation Bonds Outstanding	<u>(65,944,090)</u>	Less: 20% General Obligation Bonds Outstanding	<u>(553,120,909)</u>
Unused 6% General Obligation Bonding Capacity	<u>\$244,662,583</u>	Unused 20% General Obligation Bonding Capacity	<u>\$ 482,234,669</u>

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Net Direct and Overlapping General Obligation Bonded Debt
City of Scottsdale, Arizona
Fiscal Year 2013-14

	Net General Obligation Bonded Debt (b)	Proportion Allocable to City of Scottsdale (a)	
		Approximate Percent	Net Debt Amount
State of Arizona	None	9.0258 %	None
Maricopa County	None	14.9798	None
Maricopa County Community College District	\$ 709,690,000	13.7641	\$ 97,682,321
Maricopa County Library District	None	13.7641	None
Maricopa County Fire District	None	13.7641	None
Maricopa County Flood Control District	None	13.7641	None
Central Arizona Water Conservation District	None	13.7641	None
Tempe Elementary School District No. 3	86,700,000	0.0002	196
Balsz Elementary School District No. 31	18,345,000	5.9625	1,093,823
Scottsdale Unified School District No. 48	239,962,500	69.9142	167,767,921
Paradise Valley Unified School District No. 69	281,570,000	30.0054	84,486,164
Cave Creek Unified School District No. 93	13,750,000	63.1889	8,688,478
Fountain Hills Unified School District No. 98	11,475,000	3.7081	425,502
Phoenix Union High School District No. 210	295,670,000	0.3679	1,087,713
Tempe Union High School District No. 213	75,475,000	0.0001	75
East Valley Institute of Technology District No. 401	None	20.8489	None
Western Maricopa Education Center District	None	6.8562	None
Scottsdale Mountain Community Facilities District	1,475,000	100.0000	1,475,000
McDowell Mountain Ranch Community Facilities District	9,460,000	100.0000	9,460,000
DC Ranch Community Facilities District	13,315,000	100.0000	13,315,000
Via Linda Road Community Facilities District	1,700,000	100.0000	1,700,000
Scottsdale Waterfront Community Facilities District	3,445,000	100.0000	3,445,000
City of Scottsdale	288,361,789 (c)	100.0000	288,361,789
Total Net Direct and Overlapping General Obligation Bonded Debt			\$ 678,988,981

- (a) Proportion applicable to the City is computed on the ratio of 2013-14 secondary assessed valuation for the overlapping jurisdiction within the City to the total secondary assessed valuation of the overlapping jurisdiction.

Does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April of 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at \$1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the \$1.646 billion repayment obligation, 73% will

be interest bearing and the remaining 27% will be non-interest bearing. These percentages are 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 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 fourteen cents per \$100 of secondary assessed valuation, the maximum levy permitted by statute. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.)

- (b) Includes total general obligation bonds outstanding, less estimated funds irrevocably pledged for the redemption of general obligations. Does not include presently authorized but unissued general obligation bonds of such jurisdictions listed herein, which may be issued in the future:

Overlapping Jurisdiction	General Obligation Bonds Authorized but Unissued
Tempe Elementary School District No. 3	\$37,560,000
Balsz Elementary School District No. 31	5,445,000
Paradise Valley Unified School District No. 69	99,000,000
Phoenix Union High School District No. 210	180,000,000
Tempe Union High School District No. 213	29,525,000
Scottsdale Mountain Community Facilities District	1,550,000
McDowell Mountain Ranch Community Facilities District	1,140,000
Via Linda Road Community Facilities District	275,000
Scottsdale Waterfront Community Facilities District	5,195,000
City of Scottsdale, Arizona	9,230,000 ^{(1) (2)}

⁽¹⁾ Excludes \$298,475,000 of authorized but unissued general obligation bonds, that if issued, would be supported from collections of Preserve Excise Taxes.

⁽²⁾ The City does not anticipate issuing the remaining \$9,230,000 of authorized but unissued General Obligation bonds.

- (c) Excludes Preserve Excise Tax Supported GO Bonds. See footnote (b) on the table entitled "GENERAL OBLIGATION BONDED INDEBTEDNESS – Net Direct General Obligation Bonded Debt to be Outstanding."

Source: County Department of Finance and individual entities.

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

	Per Capita Bonded Debt Population Estimated @ 223,514 (a)	As a Percentage of	
		Total Secondary Assessed Valuation	Estimated Net Full Cash Value
Net Direct General Obligation Bonded Debt Outstanding (\$288,361,789) (b)	\$1,290.13	5.57%	0.67%
Total Direct and Overlapping General Obligation Bonded Debt Outstanding (\$678,988,981) (b)	\$3,037.79	13.12%	1.58%

(a) Population as of 2012 Census Estimate.

(b) Excludes Preserve Excise Tax Supported GO Bonds. See footnote (a) on the table entitled "GENERAL OBLIGATION BONDED INDEBTEDNESS – Net Direct General Obligation Bonded Debt Outstanding."

WATER AND SEWER REVENUE BONDED INDEBTEDNESS

**Water and Sewer Revenue Bonded Debt Outstanding
City of Scottsdale, Arizona**

Issue Series	Purpose	Original Principal Amount	Original Principal Maturity Dates	Principal Balance Outstanding
2004	Refunding	\$18,880,000	07-01-05/16	\$1,960,000
2008	Refunding	35,290,000	07-01-08/23	<u>30,315,000</u>
Total Water and Sewer Revenue Bonded Debt Outstanding				\$32,275,000
Plus: Water and Sewer Revenue Supported MPC Bonds (a)				<u>293,075,000*</u>
Net Water and Sewer Revenue Bonded Debt Outstanding				<u>\$325,350,000</u>

(a) Includes the Water and Sewer Revenue Supported MPC Bonds the City is paying and intends to continue to pay from revenues of the Water and Sewer Fund. In the event that these revenues prove insufficient to pay the contemplated portions of amounts due for debt service on the Water and Sewer Revenue Supported MPC Bonds, or if the City decides not to pay such amounts from revenues of the Water and Sewer Fund, amounts due

* Preliminary, subject to change.

for debt service on the Water and Sewer Revenue Supported MPC Bonds will then be paid from the City's Excise Taxes.

CERTIFICATES OF PARTICIPATION INDEBTEDNESS

**Certificates of Participation Debt Outstanding
City of Scottsdale, Arizona**

Issue Series	Purpose	Original Principal Amount	Original Principal Maturity Dates	Principal Balance Outstanding
2010	Acquisition and improvements on Emergency Communication Equipment	\$ 20,000,000	01-01-12/20	<u>\$ 13,913,555</u>
Total Certificates of Participation Debt Outstanding				<u>\$ 13,913,555</u>

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MPC BONDED INDEBTEDNESS

The MPC is a nonprofit corporation formed to assist the City in financing the acquisition and construction of certain municipal facilities and structures on behalf of the City. As such, the MPC has entered into certain agreements with the City, pursuant to which the City has agreed to make lease or installment payments to the MPC in amounts sufficient to pay principal of and interest on bonds issued by the MPC to finance various capital facilities. *All of the agreements between the MPC and the City specifically provide that no ad valorem taxes of the City can be used to make the payments required pursuant thereto unless budgeted for that purpose in a particular fiscal year.*

MPC Bonded Debt to be Outstanding City of Scottsdale, Arizona

Issue Series	Purpose	Original Principal Amount	Original Principal Maturity Dates	Principal Balance Outstanding
2004A	ASU/City/Center for New Technology & Innovation	\$40,760,000	7-1-10/34	\$2,265,000
2005A,B&C	Scottsdale Stadium and Indian School Park Improvements (b) (c)	25,865,000	7-1-08/21	23,170,000
2005D&E	TPC/ WestWorld Land Acq. and W&S Improvement Project (a)	134,860,000	7-1-07/35	24,305,000
2006 REF	Refunding Bonds (a)	165,960,000	7-1-15/34	165,960,000
2006A&B	TPC Improvements Project and Westworld Land Acquisition	42,500,000	7-1-07/27	16,105,000
2008A	W&S Improvement Project (a)	105,875,000	7-1-09/32	90,100,000
2010	W&S Improvement Project (a)	75,000,000	7-1-12/30,33,36	74,080,000
2013	TNEC/Clubhouse/Garage	65,000,000	7-1-14/33	62,915,000
2014	Refunding	22,735,000	7-1-18/27	22,735,000
2015A	Tax-Exempt Museum and Water & Sewer	30,685,000	7/1/15/34	30,685,000
2015A	Taxable – TPC	14,615,000	7-1-15/34	14,615,000
Total MPC Bonded Debt Outstanding				\$526,935,000
Less:	The Bonds to be Refunded			(126,805,000) *
Plus:	The Series 2015 MPC Refunding Bonds (d)			116,645,000 *
Less:	Water and Sewer Revenue Supported MPC Bonds (a)			(293,075,000) *
Less:	Authority Payment Supported MPC Bonds (c)			(20,555,000) *
Net MPC Bonded Debt to be Outstanding				<u>\$203,145,000</u>

(a) The City is paying and intends to continue to pay amounts representing debt service on the Water and Sewer Revenue Supported MPC Bonds, including a portion of the Tax-Exempt MPC Bonds in the amount of

* Preliminary, subject to change.

\$70,070,000*, from the Water and Sewer Fund. In the event that these revenues prove insufficient to pay the contemplated portions of amounts due for debt service on Water and Sewer Revenue Supported MPC Bonds, or if the City decides not to pay such amounts from revenues of the Water and Sewer Fund, amounts due for debt service on the Water and Sewer Revenue Supported MPC Bonds will then be paid from Excise Taxes.

- (b) For these capital appreciation bonds the original principal amount shown is the final maturity value and includes the initial issuance value of \$19,945,322.15. See also footnote (f) under the table entitled "Property Valuations and Bonded Indebtedness – City of Scottsdale, Arizona" herein.
- (c) Reflects principal amount due at maturity. The City has and intends to continue to pay amounts representing debt service on the Authority Payment Supported MPC Bonds from payments provided by the Authority. Pursuant to an Intergovernmental Agreement dated March 25, 2005, between the City and the Authority, the Authority has agreed to fund project costs in aggregate payments totaling \$34,002,663.98. The schedule of the payments to be made by the Authority are based on estimates of future Authority revenues which may not be realized. In the event that these revenues prove insufficient to pay the contemplated portions of amounts due for debt service on the Authority Payment Supported MPC Bonds, or if the City decides not to pay such amounts from payments from the Authority, amounts due for debt service on the Authority Payment Supported MPC Bonds will then be paid from Excise Taxes.
- (d) The Series 2015 MPC Refunding Bonds are expected to be issued concurrently with the issuance of the Bonds.

SCOTTSDALE PRESERVE AUTHORITY BONDED INDEBTEDNESS

The Scottsdale Preserve Authority (the "SPA") is a nonprofit corporation formed pursuant to the Arizona Nonprofit Corporation Act Title 10, Chapter 24 for the purpose of acquiring land, on behalf of the City, for the Preserve. As such, the SPA has entered into certain agreements with the City pursuant to which the City has agreed to make payments to the SPA in amounts sufficient to pay principal of and interest on bonds issued by the SPA for such purpose and to pay other related costs. The City makes and intends to continue to make such payments from collections of the Preserve Excise Taxes. *The City's agreements with the SPA specifically provide that no ad valorem property taxes of the City can be used to make the payments unless budgeted for that purpose in a particular fiscal year.*

SPA Bonded Debt Outstanding City of Scottsdale, Arizona

<u>Issue Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Original Principal Maturity Dates</u>	<u>Principal Balance Outstanding</u>
2004	Refunding	\$ 22,925,000	7-1-05/16	\$ 6,465,000
2010	Refunding	32,855,000	7-1-17/24	32,855,000
2011	Refunding	12,015,000	7-1-12/22	9,185,000
Total SPA Bonded Debt Outstanding				\$ 48,505,000
Plus: Preserve Excise Tax Supported GO Bonds (a)				330,703,211 *
Net SPA Bonded Debt Outstanding				<u>\$ 379,208,211</u>

* Preliminary, subject to change.

- (a) Represents the Preserve Excise Tax Supported GO Bonds. See footnote (b) on the table entitled "GENERAL OBLIGATION BONDED INDEBTEDNESS – Net Direct General Obligation Bonded Debt to be Outstanding."

OTHER INDEBTEDNESS

Short-Term Indebtedness

The City has no short-term indebtedness other than that normally occurring such as accounts payable, accrued payroll and other related expenses and has current revenues available for the payment thereof.

Other Contracts and Leases

The City has entered into various capital lease agreements for financing the acquisition of field maintenance equipment, printing and imaging equipment, and street sweeping equipment. The outstanding amount as of June 30, 2014 was \$329,137.

The City has entered into service concession agreements for public recreational land use and development of facilities with the Bureau of Reclamation. The outstanding amount as of June 30, 2014 was \$2,990,724.

Pension and Other Post-Employment Benefits

All benefited employees of the City, except public safety personnel and the Mayor and Council, participate in the Arizona State Retirement System (the "ASRS"), a multiple-employer cost sharing defined-benefit pension plan. Sworn public safety personnel participate in the Public Safety Personnel Retirement System (the "PSPRS"), which is an agent multiple-employer defined-benefit pension plan. The Mayor and Council participate in the Elected Officials' Retirement Plan (the "EORP"), a multiple-employer cost sharing defined-benefit pension plan. All three pension plans are administered by the State. For Fiscal Year 2013/14 the City's contribution rate to the ASRS was 11.3%; to the PSPRS was 26.44% for police and 12.14% for fire; and to the EORP was 23.50%.

For Fiscal Year 2014/15, starting July 1, 2014, the City's contribution rate to the ASRS is 11.48%; PSPRS is 28.38% for police and 12.00% for fire; and to the EORP is 23.50%.

The City is also required to pay an alternate contribution rate (ACR) for ASRS or PSPRS retirees who return to work with the City. The City began paying the ACR for ASRS effective July 1, 2012 and effective July 1, 2011 for PSPRS. For Fiscal Year 2014/15, starting July 1 2014, the City's ACR to the ASRS and PSPRS is 9.57% and 19.65% respectively.

The ASRS has reported increases in its unfunded liabilities. The most recent annual reports for the ASRS may be accessed at: <https://www.azasrs.gov/content/annual-reports>.

The PSPRS Police has reported increases in its unfunded liabilities. The most recent annual reports for the PSPRS may be accessed at: http://www.psprs.com/sys_psprs/AnnualReports/cato_annual_rpts_psprs.htm.

The EORP has reported increases in its unfunded liabilities. The most recent annual reports for the EORP may be accessed at: http://www.psprs.com/sys_eorp/AnnualReports/cato_annual_rpts_EORP.htm.

See Note G of the City's audited financial statements for fiscal year ended June 30, 2014 presented in APPENDIX F for more information concerning the City's obligations to the ASRS, PSPRS and EORP.

Beginning with the Fiscal Year that commenced on July 1, 2007, the City was required to implement GASB 45, Accounting by Employers for Other Postemployment Benefits, which requires the City to report the actuarially accrued cost of its other post employment benefits liabilities other than pensions, such as health insurance for

current and future retirees (“OPEB”). GASB 45 requires that such benefits be recognized as current costs over the working lifetime of employees, and, to the extent such costs are not prefunded, GASB 45 requires the reporting of such costs as a financial statement liability. Under GASB 45, the City is required to commission an actuarial valuation of its OPEB costs every two years. City contributions to OPEB costs that are less than an actuarially determined annual required contribution will result in a net OPEB cost.

Public Safety Accidental Disability Retirees remain at the full employee premium until age 65. The explicit subsidy for the retiree health care (program costs in excess of program premiums) for Fiscal Year 2013-14 was \$114,000.

At retirement, employees with medical leave accumulated prior to September 6, 1976, are eligible for payment of medical leave at 100 percent cash value at current rate of pay. Employees hired before July 1, 1982 receive cash equal to 50 percent of the first 520 hours of unused medical leave plus 25 percent of all hours in excess of 520. The conversion rate is the employee’s average hourly base pay rate for the five years immediately preceding retirement. For shift fire employees with more than 420 hours and all other retirees with 300 or more hours of accumulated medical leave, the City will apply the value of the medical leave to a Retirement Health Savings account. Medical leave balances accumulated through June 30, 2011, will be paid at 100 percent of the employee’s hourly rate at the time of retirement. Medical leave balances accumulated July 1, 2011, or after will be paid out at 50 percent of the employee’s hourly rate at retirement. Additionally, the payout is limited to the value of 1,200 combined hours for all retirees, except shift fire employees, who are limited to 1,680 hours earned both before and after July 1, 2011, unless more than 1,200 or 1,680 hours, respectively, were accrued prior to July 1, 2011. Total hours accrued before July 1, 2011, will be paid without limitation. The projected liability for active employees, as of June 30, 2014, was \$14,145,144. See Note H and I of the City’s audited financial statements for the fiscal year ended June 30, 2014 presented in APPENDIX F for more information concerning the City’s medical leave conversion program and the postemployment healthcare benefits.

For a description of the City’s pension and other post-employment benefit obligations see Notes G, H and I in APPENDIX F – “CITY OF SCOTTSDALE, ARIZONA EXCERPTS OF THE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014” – Notes to the Financial Statements – Section V – Other Information.

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Real and Secured Property Taxes Levied and Collected (a)
City of Scottsdale, Arizona

Fiscal Year	City Tax Rate	City Tax Levy	Collected to June 30 of Initial Fiscal Year		Cumulative Collection Through January 7, 2015	
			Amount	% of Levy	Amount	% of Levy
2014-15	\$1.2449	\$63,222,812	(b)	(b)	\$36,498,908	57.73%
2013-14	1.2946	62,264,894	\$61,226,965	98.33%	61,764,902	99.20
2012-13	1.2252	62,034,155	60,920,564	98.20	61,487,252	99.12
2011-12	1.0915	61,906,687	60,309,127	97.42	60,998,354	98.53
2010-11	0.8976	64,298,989	62,143,468	96.65	62,974,071	97.94

(a) Taxes are certified and collected by the County Treasurer. Taxes in support of debt service are levied by the County Board of Supervisors as required by State law. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County General Fund.

(b) In the process of collections.

Source: County Treasurer's Office.

Primary and Secondary Property Tax Rates History
City of Scottsdale, Arizona
(Tax Rates per \$100 Assessed Valuation)

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2014-15	\$0.5580	\$0.6869	\$1.2449
2013-14	0.5342	0.7604	1.2946
2012-13	0.5027	0.7225	1.2252
2011-12	0.4412	0.6503	1.0915
2010-11	0.3836	0.5140	0.8976

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Foundation and the County Department of Finance.

**Direct and Overlapping Assessed Valuations and Tax Rates
Per \$100 Assessed Valuation
Fiscal Year 2014-15**

	2014-15 Secondary Assessed Valuation	2014-15 Primary Assessed Valuation	2014-15 Total Tax Rates Per \$100 Assessed Valuation
State of Arizona	\$ 55,349,948,120	\$ 52,136,742,880	\$ 0.5089 (a)
Maricopa County	35,079,646,593	33,519,795,354	1.3209
Maricopa County Community College District	35,079,646,593	33,519,795,354	1.2824
Maricopa County Library District	35,079,646,593	N/A	0.0556
Maricopa County Fire District (Assistance Tax)	35,079,646,593	N/A	0.0113
Maricopa County Flood Control District	31,365,181,149	N/A	0.1392
Maricopa County Special Healthcare District	35,079,646,593	N/A	0.1856
Central Arizona Water Conservation District	35,079,646,593	N/A	0.1400
Tempe Elementary School District No. 3	1,291,283,504	1,226,121,883	5.7548
Balsz Elementary School District No. 31	269,751,584	257,985,955	3.7393
Scottsdale Unified School District No. 48	4,556,319,442	4,357,888,646	4.1136
Paradise Valley Unified School District No. 69	2,970,807,651	2,893,516,815	6.7798
Cave Creek Unified School District No. 93	1,685,305,857	1,625,946,311	2.1556
Fountain Hills Unified School District No. 98	419,288,031	401,562,887	3.1032
Phoenix Union High School District No. 210	4,372,062,126	4,134,578,795	4.6196
Tempe Union High School District No. 213	3,070,794,868	2,935,754,192	3.0616
East Valley Institute of Technology District No. 401	15,353,630,627 (b)	N/A	0.0500
Western Maricopa Education Center District	13,001,468,671	N/A	0.0810
Scottsdale Mountain Community Facilities District	32,682,503	N/A	1.5272
McDowell Mountain Ranch Community Facilities District	164,787,097	N/A	0.7802
DC Ranch Community Facilities District	257,042,625	N/A	0.5228
Via Linda Road Community Facilities District	17,063,926	N/A	1.0766
Scottsdale Waterfront Commercial Community Facilities District	5,781,921	N/A	5.5692
City of Scottsdale	5,176,777,891	4,985,995,923	1.2449

(a) Includes the "State Equalization Assistance Property Tax." The State Equalization Property Tax in fiscal year 2014-15 has been set at \$0.5089 and is adjusted annually pursuant to Arizona Revised Statutes Section 41-1276.

(b) Includes secondary assessed valuation for the East Valley Institute of Technology District No. 401 within Pinal County, Arizona.

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Foundation and the County Department of Finance.

**Total Tax Rates Per \$100 Assessed Valuation
Fiscal Year 2014-15**

Inside the City and Inside:	Tax Rate
Tempe Elementary School District No. 3, Tempe Union High School District No. 213 and East Valley Institute of Technology District No. 401	<u>\$13.7552</u>
Balsz Elementary School District No. 31 and Phoenix Union High School District No. 213	<u>\$13.2477</u>
Scottsdale Unified School District No. 48	<u>\$9.0524</u>
Paradise Valley Unified School District No. 69	<u>\$11.7496</u>
Cave Creek Unified School District No. 93	<u>\$7.0444</u>
Fountain Hills Unified School District No. 98	<u>\$8.0420</u>
Scottsdale Mountain Community Facilities District, Scottsdale Unified School District No. 48 and East Valley Institute of Technology District No. 401	<u>\$10.5796</u>
McDowell Mountain Ranch Community Facilities District, Scottsdale Unified School District No. 48 and East Valley Institute of Technology District No. 401	<u>\$9.8326</u>
DC Ranch Community Facilities District, Scottsdale Unified School District No. 48 and East Valley Institute of Technology District No. 401	<u>\$9.5752</u>
Via Linda Road Community Facilities District, Scottsdale Unified School District No. 48 and East Valley Institute of Technology District No. 401	<u>\$10.1290</u>
Scottsdale Waterfront Community Facilities District, Scottsdale Unified School District No. 48 and East Valley Institute of Technology District No. 401	<u>\$14.6216</u>

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Foundation and the County Department of Finance.

**Secondary Assessed Valuation By Property Classification
City of Scottsdale, Arizona**

A breakdown of the secondary assessed valuation by property classification for the previous five years for the City is shown below:

Class	2014-15	2013-14	2012-13	2011-12	2010-11
Mines, utilities, telecommunications, commercial and industrial	\$ 1,379,871,355	\$ 1,396,355,489	\$ 1,577,993,450	\$ 1,790,377,866	\$ 2,494,019,890
Agricultural vacant	260,058,244	245,084,464	271,655,270	379,580,781	624,427,502
Residential (not for profit)	2,480,897,924	2,417,221,188	2,885,125,366	3,137,266,429	3,790,462,737
Residential (rental), day care, residential care	1,055,062,232	768,439,525	344,520,581	384,391,501	466,264,092
Noncommercial historic, foreign trade zones, enterprise zones, military reuse zones, environmental technology, manufacturing, railroads, possessory	888,135	749,898	699,960	373,336	234,181
	<u>\$ 5,176,777,890</u>	<u>\$ 4,827,850,564</u>	<u>\$ 5,079,994,627</u>	<u>\$ 5,691,989,913</u>	<u>\$ 7,375,408,402</u>

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Foundation and the County Department of Finance.

Secondary Assessed Valuation of Major Taxpayers (a)
City of Scottsdale, Arizona
Fiscal Year 2014-15

<u>Taxpayer</u>	<u>Description</u>	<u>Net Secondary Assessed Value</u>	<u>Percent of Total</u>
Arizona Public Service Company	Gas & Electricity Utility	\$60,718,085	1.1729 %
Scottsdale Fashion Square LLC	Mall	41,655,203	0.8047
Excel Promenade LLC	Retail Plaza	14,876,813	0.2874
Gainey Drive Associates	Office Building	14,098,209	0.2723
Qwest Corporation	Telecommunications	13,934,307	0.2692
Portales Corporate Center LLC/ Et al.	Office Building	13,137,770	0.2538
SDQ Fee LLC	Office Building	12,904,240	0.2493
WJ Small Grandchildem's Trust	Realty Development	11,883,097	0.2295
Scottsdale Fiesta Retail Center LLC	Open Mall	10,180,638	0.1967
Southwest Gas Corporation	Gas Utility	10,120,380	0.1955
General Dynamics Decision Systems Inc.	Manufacture Durable/Non durable Goods	9,968,624	0.1926
JEMB Scottsdale LLC	Realty Development	9,898,612	0.1912
Dial Corporation	Personal care and household cleaning products	9,555,000	0.1846
Scottsdale Healthcare Realty Corp	Real Estate	9,436,979	0.1823
SFI Raintree Scottsdale LLC	Real Estate	8,877,937	0.1715
Scottsdale Fashion Square Partnership	Mall	8,843,745	0.1708
Karlin Scottsdale Shea LLC	Real Estate	7,248,648	0.1400
Newpath Networks LLC	Wireless Communications	7,061,967	0.1364
Wind PI Mortgage LLC	Mortgage	7,042,030	0.1360
Excel Promenade Office LLC	Retail Plaza	6,989,219	0.1350
Sonora Village Investors LLC	Real Estate	6,952,018	0.1343
Drug QRS Inc.	Drug Company	6,857,632	0.1325
Walmart	Retail	6,795,359	0.1313
Swiftsure Realty Corporation	Real Estate	6,658,235	0.1286
DTRI4 LLC	Real Estate	6,509,604	0.1257
Total		<u>\$322,204,351</u>	<u>6.2240 %</u>
Total City Net Secondary Assessed Valuation		<u>\$5,176,777,890</u>	

(a) Based upon data obtained from the tax rolls of the County Assessor. None of the City, Bond Counsel, or the Financial Advisor has made an independent determination of the financial position of any of the major taxpayers.

Source: County Department of Finance.

SPECIAL NOTE: The assessed valuation of property owned by the Salt River Project Agricultural Improvement and Power District ("SRP") is not included in the assessed valuation of the City in the prior 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 SRP Electric Plant and the in lieu contribution amount is determined in the same manner as the full cash value and property taxes owed is determined for similar non-governmental public utility property, with certain special deductions.

If SRP elected not to make such contributions, the City would be required to contribute funds from other sources or levy an increased tax rate on all other taxable property to provide sufficient amounts to pay debt service on the Bonds. If after electing to make the in lieu contribution, SRP then failed to make the in lieu contribution when due, the Treasurer of the County 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 in State statute, SRP has never failed to make that election and contribution. The fiscal year 2013-14 in lieu assessed valuation of SRP within the City is \$20,670,356 which represents approximately 0.43% of the combined secondary assessed value in the City. SRP's contribution in lieu of secondary tax payments was \$267,598 for fiscal year 2013-2014.

Source: Salt River Project.

Comparative Secondary Assessed Valuation Histories

Fiscal Year	City of Scottsdale	Scottsdale Unified School District No. 48	Maricopa County	State of Arizona
2014-15	\$ 5,176,777,890	\$ 4,556,319,441	\$ 35,075,714,985	\$ 55,349,948,120
2013-14	4,827,850,565	4,205,919,056	32,229,006,810	52,594,377,492
2012-13	5,079,994,629	4,407,572,116	34,400,455,716	56,271,814,583
2011-12	5,691,989,913	4,960,210,513	49,662,543,618	61,700,292,915
2010-11	7,375,408,402	6,319,354,438	49,662,543,618	75,664,423,588

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Foundation and the County Department of Finance.

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

Fiscal Year	Estimated Net Full Cash Value
2014-15	\$43,031,588,941
2013-14	39,387,549,051
2012-13	40,741,032,971
2011-12	45,335,478,712
2010-11	57,012,345,748

(a) Estimated net full cash value is the total estimated market value of the taxable property less estimated exempt property within the City as determined by the Arizona Department of Revenue, Division of Property and Special Taxes.

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Foundation and the County Department of Finance.

OTHER REVENUES

Transaction Privilege and Use Tax Receipts City of Scottsdale, Arizona (000's omitted)

Fiscal Year	General	Transportation (a)	Preserve Excise Excise Tax	Public Safety Tax	Transient Occupancy Tax (b)	Total
2013-14	\$95,604	\$18,116	\$32,655	\$9,330	\$15,303	\$171,008
2012-13	89,002	16,852	30,376	8,679	13,852	158,761
2011-12	84,633	15,985	28,809	8,231	13,430	151,088
2010-11	80,119	15,042	27,199	7,765	13,126	143,251
2009-10	77,878	14,608	26,416	7,541	7,113	133,556

(a) Includes Transaction Privilege Tax collections only.

(b) Prior to FY 2010-11, 20% of the Transient Occupancy Tax was used by the City for general purposes and 80% of the Transient Occupancy Tax was restricted to hospitality development, including destination and event promotion, visitor related capital projects and visitor research. In FY 2010-11, the Transient Occupancy Tax was increased from 3% to 5% with 50% of the tax being designated to be used by the City for destination marketing and 50% to be used for tourism-related event support, tourism research, tourism-related capital project and other eligible uses.

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports.

Franchise Fees

The City has franchise agreements with various utilities within its borders. The following table is a comparative history of franchise fee revenues.

Franchise Fees City of Scottsdale, Arizona (000's omitted)

Fiscal Year	Franchise Fees
2013-14	\$12,199
2012-13	11,885
2011-12	11,560
2010-11	11,005
2009-10	11,151

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports.

State Revenue Sharing – State Income Tax

Cities throughout Arizona share, in relation to their population as determined by the latest census, fifteen percent (15%) of State personal and corporate income taxes collected two years prior. The table below is a comparative history of State revenue sharing proceeds received by the City.

**State Revenue Sharing Receipts
City of Scottsdale, Arizona
(000's omitted)**

Fiscal Year	Amount
2013-14	\$24,230
2012-13	22,205
2011-12	18,347
2010-11	22,849
2009-10	30,309

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports.

State-Shared Revenues - State Sales Tax

The following table is a comparative history of State-shared sales taxes received by the City.

**State-Shared Sales Tax Receipts
City of Scottsdale, Arizona
(000's omitted)**

Fiscal Year	Amount
2013-14	\$18,922
2012-13	17,793
2011-12	16,987
2010-11	17,844
2009-10	17,227

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports.

Building Permits

The following table shows a history of building permit revenue over the past five fiscal years.

**Building Permit Revenues
City of Scottsdale, Arizona
(000's omitted)**

Fiscal Year	Amount
2013-14	\$14,544
2012-13	12,004
2011-12	8,537
2010-11	6,978
2009-10	6,907

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports.

BOOK-ENTRY-ONLY SYSTEM

The description set forth below of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of principal of, premium, if any, and interest on, the Bonds to Direct Participants, Indirect Participants and Beneficial Owners (each as hereinafter defined), and other information concerning DTC and the book-entry-only system of registration and transfer of beneficial ownership interests in the Bonds is based solely on information furnished by DTC to the City for inclusion in this Official Statement. None of the City, the Bond Registrar and Paying Agent, the Financial Advisor, the Underwriters or their respective agents or counsel makes any representations as to the accuracy or completeness thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities 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 certificate will be issued for each maturity thereof, each in the aggregate principal amount of such maturity and the Bonds will be deposited with DTC.

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

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 Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of the Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry-only system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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 such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect 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 Direct Participant or Indirect Participant and not of DTC, the City or the Registrar, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Registrar, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Direct Participant or Indirect Participant, to the Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Direct Participant's or Indirect Participant's interest in the Bonds, on DTC's records, to the Registrar. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Registrar's DTC account.

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

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

NONE OF THE CITY, THE BOND REGISTRAR AND PAYING AGENT, THE FINANCIAL ADVISOR, THE UNDERWRITERS OR THEIR RESPECTIVE COUNSEL OR AGENTS HAS ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE BONDS, (II) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (III) THE TIMELY OR ULTIMATE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR OF INTEREST ON THE BONDS; (IV) THE TRANSMITTAL BY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; (V) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER; OR (VI) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS.

APPENDIX D

CITY OF SCOTTSDALE, ARIZONA EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The financial statements of the City as of June 30, 2014, and for the fiscal year then ended, excerpts of which are included as this APPENDIX D of this Official Statement, have been audited by CliftonLarsonAllen, LLP as stated in its report included in this APPENDIX D. The City neither requested nor obtained the consent of CliftonLarsonAllen, LLP to include their report and CliftonLarsonAllen, LLP has performed no procedures subsequent to rendering their opinion on the financial statements. These are the most recent audited financial statements of the City and may not represent the City's current financial position.

APPENDIX E

FORMS OF APPROVING LEGAL OPINIONS OF BOND COUNSEL

CONTINUING DISCLOSURE CERTIFICATE

\$160,415,000*
CITY OF SCOTTSDALE, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2015

CONTINUING DISCLOSURE CERTIFICATE
(CUSIP BASE NO. 810453)

This Continuing Disclosure Certificate (the "*Disclosure Certificate*") is undertaken by the City of Scottsdale, Arizona (the "*City*") in connection with the issuance of General Obligation Refunding Bonds, Series 2015 (the "*Bonds*"). In consideration of the initial sale and delivery of the Bonds, the City covenants as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule (as hereinafter defined).

Section 2. Definitions. Any capitalized term used herein shall have the following meanings, unless otherwise defined herein:

"*Annual Report*" shall mean the annual report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Bondholder*" shall mean any registered owner or beneficial owner of the Bonds.

"*Bond Counsel*" shall mean Gust Rosenfeld P.L.C. or such other nationally recognized bond counsel as may be selected by the City.

"*Dissemination Agent*" shall mean the City or any person designated in writing by the City as the Dissemination Agent.

"*EMMA*" shall mean the Electronic Municipal Market Access system and the EMMA Continuing Disclosure Service of MSRB, or any successor thereto approved by the United States Securities and Exchange Commission, as a repository for municipal continuing disclosure information pursuant to the Rule.

"*Listed Events*" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

"*Official Statement*" shall mean the final official statement dated _____, 2015 relating to the Bonds.

"*Participating Underwriter*" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than January 31 of each year (the "Filing Date"), commencing January 31, 2015*, provide electronically to EMMA an Annual Report for the fiscal year ending on the preceding June 30 which is consistent with the requirements of Section 4 of this Disclosure Certificate. Should the City's fiscal year change to something other than July 1 to June 30, then the Annual Report will be provided not later than seven (7) months after the end of such fiscal year. Notice of any such change in the City's fiscal year will be filed with EMMA. Not later than fifteen (15) business days prior to such Filing Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City).

(b) If the City is unable or for any reason fails to provide electronically to EMMA an Annual Report or any part thereof by the Filing Date required in subsection (a) above, the City shall promptly send a notice to EMMA in substantially the form attached as Exhibit A not later than such Filing Date.

(c) If the City's audited financial statements are not submitted with the Annual Report and the City fails to provide to EMMA a copy of its audited financial statements within 30 days of receipt thereof by the City, then the City shall promptly send a notice to EMMA in substantially the form attached as Exhibit B.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date(s) for providing the Annual Report and audited financial statements the proper address of EMMA; and

(ii) if the Dissemination Agent is other than the City, file a report or reports with the City certifying that the Annual Report and audited financial statements, if applicable, have been provided pursuant to this Disclosure Certificate, stating the date such information was provided and listing where it was provided.

Section 4. Content of Annual Reports.

(a) The Annual Report may be submitted as a single document or as separate documents comprising an electronic package, and may incorporate by reference other information as provided in this Section, including the audited financial statements of the City; provided, however, that if the audited financial statements of the City are not available at the time of the filing of the Annual Report, the City shall file unaudited financial statements of the City with the Annual Report and, when the audited financial statements of the City are available, the same shall be submitted to EMMA within 30 days of receipt by the City.

(b) The City's Annual Report shall contain or incorporate by reference the following:

(i) Type of Financial and Operating Data to be Provided:

(A) Subject to the provisions of Sections 3 and 4(a) hereof, annual audited financial statements for the City.

(B) Annually updated financial information and operating data of the type contained in the following subsections of the Official Statement:

a. City of Scottsdale, Arizona, Financial Data

(i) Current Bonded Indebtedness;

(ii) General Obligation Bonded Indebtedness

(A) Net Direct General Obligation Bonded Debt Outstanding and to be Outstanding;

* Preliminary, subject to change

- (B) Direct General Obligation Bonded Debt, Legal Limitation and Unused Borrowing Capacity;
- (C) Net Direct and Overlapping General Obligation Bonded Debt;
- (D) Direct and Overlapping General Obligation Bonded Debt Ratios;
- (iii) Property Taxes
 - (A) Tax Years;
 - (B) Ad Valorem Taxes;
- (iv) Property Tax Assessment Ratios
 - (A) Primary Taxes;
 - (B) Secondary Taxes;
 - (C) Determination of Full Cash Value;
 - (D) Delinquent Tax Procedures;
 - (E) Real and Secured Property Taxes Levied and Collected;
 - (F) Primary and Secondary Property Tax History;
 - (G) Direct and Overlapping Assessed Valuations and Tax Rates Per \$100 Assessed Valuation;
 - (H) Total Tax Rates Per \$100 Assessed Valuation;
 - (I) Secondary Assessed Valuation by Property Classification;
 - (J) Secondary Assessed Valuation of Major Taxpayers;
 - (K) Comparative Secondary Assessed Valuation Histories;
 - (L) Estimated Net Full Cash Value.

(C) In the event of an amendment pursuant to Section 8 hereof not previously described in an Annual Report, an explanation, in narrative form, of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided and, if the amendment is made to the accounting principles to be followed, a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles, including a qualitative discussion of the differences, and the impact on the presentation and, to the extent feasible, a quantitative comparison.

(ii) Accounting Principles Pursuant to Which Audited Financial Statements Shall Be Prepared: The audited annual financial statements shall be prepared in accordance with generally accepted accounting principles and state law requirements as are in effect from time to time. A more complete description of the accounting principles currently followed in the preparation of the City's audited annual financial statements is contained in Note 1 of the audited financial statement included within the Official Statement.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

This Section 5 shall govern the giving of notices by the City of the occurrence of any of the following events with respect to the Bonds, and the City shall in a timely manner, not in excess of ten (10) business days after the occurrence of the event, provide notice of the following events with EMMA:

- (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 (the "IRS") of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

- material* notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bondholders, if material*;
 - (8) Bond calls, if material*, and tender offers;
 - (9) Defeasances;
 - (10) Release, substitution, or sale of property securing repayment of the Bonds, if material*;
 - (11) Rating changes;
 - (12) Bankruptcy, insolvency, receivership or similar event 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*; and
 - (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material*

* "materiality" will be determined in accordance with the applicable federal securities laws.

Note to paragraph (12) above: For the purposes of the event identified in paragraph (12) above, the event is considered to occur when 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 or 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.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Such termination shall not terminate the obligation of the City to give notice of such defeasance or prior redemption.

Section 7. 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 Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate if:

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

(b) This Disclosure Certificate, as amended, would, in the opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Bondholders, as determined by Bond Counsel.

Notice of any amendment to the accounting principles shall be sent within 30 days to EMMA.

Section 9. Filing with EMMA. The City shall, or shall cause the Dissemination Agent to, electronically file all items required to be filed with EMMA.

Section 10. Additional Information. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate any Bondholder may seek specific performance by court order to cause the City to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance and such failure shall not constitute a default under the Bonds or the resolution authorizing the Bonds.

Section 12. Compliance by the City. The City hereby covenants to comply with the terms of this Disclosure Certificate. The City expressly acknowledges and agrees that compliance with the undertaking contained in this Disclosure Certificate is its sole responsibility and the responsibility of the Dissemination Agent, if any, and that such compliance, or monitoring thereof, is not the responsibility of, and no duty is present with respect thereto for, the Participating Underwriter, Bond Counsel or the City's financial advisor.

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

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Bondholders, and shall create no rights in any other person or entity.

Section 15. Governing Law. This Disclosure Certificate shall be governed by the law of the State of Arizona and any action to enforce this Certificate must be brought in an Arizona state court. The terms and provisions of this Disclosure Certificate shall be interpreted in a manner consistent with the interpretation of such terms and provisions under the Rule and the federal securities law.

Date: _____, 2015

CITY OF SCOTTSDALE, ARIZONA

/ss/ _____
By: Jeffery Nichols
Its: City Treasurer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Scottsdale, Arizona
Name of Bond Issue: \$_____ * General Obligation Refunding Bonds, Series 2015

Dated Date of Bonds: _____, 2015 CUSIP 810453

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Disclosure Certificate dated _____, 2015. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

City of Scottsdale, Arizona

By _____
Its _____

EXHIBIT B

NOTICE OF FAILURE TO FILE AUDITED FINANCIAL STATEMENTS

Name of Issuer: City of Scottsdale, Arizona
Name of Bond Issue: \$_____ * General Obligation Refunding Bonds, Series 2015

Dated Date of Bonds: _____, 2015 CUSIP 810453

NOTICE IS HEREBY GIVEN that the Issuer failed to provide its audited financial statements with its Annual Report or, if not then available, within 30 days of receipt as required by Section 4(a) of the Disclosure Certificate dated _____, 2015, with respect to the above-named Bonds. The Issuer anticipates that the audited financial statements for the fiscal year ended June 30, ____ will be filed by _____.

Dated: _____

City of Scottsdale, Arizona

By _____
Its _____

EXHIBIT C

NOTICE OF FAILURE TO APPROPRIATE FUNDS

Name of Issuer: City of Scottsdale, Arizona
Name of Bond Issue: \$_____ * General Obligation Refunding Bonds, Series 2015

Dated Date of Bonds: _____, 2015 CUSIP 810453

NOTICE IS HEREBY GIVEN that the Issuer failed to appropriate funds necessary to perform the undertaking required by the Disclosure Certificate dated _____, 2015.

Dated: _____

City of Scottsdale, Arizona

By _____
Its _____

* Preliminary, subject to change.

PiperJaffray.