CITY OF SURPRISE
Regular City Council Meeting Agenda
16000 N. Civic Center Plaza
Surprise, AZ 85374

Tuesday, April 3, 2018 @ 6:00 PM
COUNCIL CHAMBERS

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A. Call To Order

B. Roll Call

C. Pledge of Allegiance

D. PROCLAMATION AND COMMUNITY ACKNOWLEDGEMENTS

E. City Manager Report:

District Citywide	Presentation acknowledging winners of the annual Bookmark Decorating Contest.	None Paul Bernardo, Government & Community Partnerships Director

F. City Attorney Report:

G. City Clerk Report:

District Citywide	Elections Update on D8 & May 15th Special Election	None Sherry Ann Aguilar, City Clerk

H. Call To The Public:

INSTRUCTIONS: In order to address the City Council, you will need to fill out a Call to the Public Form available at the front counter, and then turn it in to the City Clerk before the meeting begins.
Download the Call to the Public form *(PDF download requires Adobe Acrobat Reader)*
Fill out the Call to the Public form online If submitting form electronically, please submit to City Clerk at least one hour before the meeting start time.
The Call to the Public form is also available at the front counter.

Note: A.R.S. 38-431.01(H)- During this time members of the public may address City Council only on issues within the jurisdiction of the City Council which are not an item on the agenda. At the conclusion of the open call, City Council may respond to criticism, may ask staff to review the matter or may ask that the matter be put on a future agenda. No discussion or action shall take place on any item raised.

Approval of items on the Consent Agenda – all items with an asterisk (*) are considered to be routine matters and will be enacted by one motion and one roll call vote to the City Council. There will be no separate discussion on these items unless a Councilmember requests, in which event the item will be removed from the consent agenda and considered in its normal sequence on the agenda.

I. Regular City Council Meeting Agenda:

Consent Agenda:

1.	District 5	Consideration and action declaring the City's intention to create the "City of Surprise, Arizona, SU-Hilton Garden Inn" Street Light Improvement District pursuant to A.R.S. 48-616; Resolution #2018-40.	None Karl Zook, Public Works Department
2.	District Citywide	Consideration and action pertaining to an amendment of the Fiscal Year 2018 Operating List of Items over $50,000 to include safety first aid supplies in the amount of $150,000; Resolution # 2018-51.	None Tom Abbott
3.	District 5	Consideration and action on a Series 12 liquor license request by Peter Schelstraete (Agent) for El Tepeyac Café-AZ, LLC, located at 17300 N. Sun Village Parkway, Surprise, AZ 85374 (License #1207B315).	None Sherry Ann Aguilar, City Clerk
4.	District Internal	Consideration and action on the Work Session, Regular Meeting and Executive Session Minutes for March 20, 2018.	None Sherry Ann Aguilar, City Clerk

Regular Agenda Item - Non-Public Hearing:

5.	District Internal	Consideration and action amending the fiscal year 2018 budget by reallocating appropriations of $9,500 from sewer SPA1 operational supplies to sewer SPA1 operational salaries to reclassify a Systems Control and Data Acquisition (SCADA) lead position to a SCADA supervisor; Resolution # 2018-39.	None Terry Lowe, Director Water Resource Management
6.	District Citywide	Consideration and action pertaining to approval of the sale, execution, and delivery of a first purchase agreement not to exceed $40,000,000 aggregate principal amount of general obligation bonds evidencing a proportionate interest of the owners thereof in a purchase agreement; approving the form and authorizing the execution and delivery of such purchase agreement and other necessary related agreements, instruments, and documents; delegating authority to determine certain matters and terms with respect to the foregoing; and authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this Resolution; Resolution # 2018-54.	None Lindsey Duncan, Finance Director

J. Other Business and Future Agenda Items:

K. Mayor/Council Reports:

L. Executive Session:

For information Purposes; Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, but for only the following purposes:

- discussion or consideration of personnel matters (A.R.S. §38-431.03 (A)(1));
- discussion or consideration of records exempt by law from public inspection (A.R.S. §38-401.03 (A)(2));
- discussion or consultation for legal advice with the city's attorneys (A.R.S. §38-431.03 (A)(3));
- discussion or consultation with the city's attorneys regarding the city's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid or resolve litigation (A.R.S.§38-431.03 (a)(4));
- discussion or consultation with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03 (A)(5)); or
- discussion, consultation or consideration for international and interstate negotiations or for negotiations by a city or town, or its designated representatives, with members of a tribal council, or its designated representatives, of an Indian reservation located within or adjacent to the city or town. A.R.S. §38-401.03 (A)(6)).
- discussing or consulting with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03 (A)(7)).

Confidentiality Requirements Pursuant to A.R.S. §38-431.03(C)(D): Any person receiving executive session information pursuant to A.R.S. §38-431.02 shall not disclose that information except to the Attorney General or County Attorney by agreement of the City Council, or as otherwise ordered by a court of competent jurisdiction.

The council may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03(A)(3).

M. Adjournment:

SHERRY ANN AGUILAR, CITY CLERK, MMC

POSTED:

SPECIAL NOTE: PERSONS WITH SPECIAL ACCESSIBILITY NEEDS, INCLUDING LARGE PRINT MATERIALS OR INTERPRETER, SHOULD CONTACT THE CITY CLERK'S OFFICE @ 623.222.1200 OR TTY 623.222.1002, BY NO LATER THAN 24 HOURS IN ADVANCE OF THE REGULAR SCHEDULED MEETING TIME.

CITY OF SURPRISE
Regular City Council Meeting

April 3, 2018 @ 6:00:00 PM

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Council Meeting Date:	April 3, 2018	Contact Person:	Paul Bernardo, Government & Community Partnerships Director
Submitting Department:		District:	Citywide
Staff Recommendations:	None		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Presentation acknowledging winners of the annual Bookmark Decorating Contest.

Motion:

No action.

Background:

For the last 12 years, Friends of the Surprise Libraries has encouraged local student artists with their annual Book Mark Contest. 6th 7th and 8th grade students from all over Surprise show their artistic abilities by creating bookmarks with a theme of Reading or Books. Bookmarks are professionally printed and offered to patrons of Friends' Place, the used book store inside the Surprise Library. The entries were judged by members of WHAM, the City of Surprise Arts and Cultural Advisory Commission and City of Surprise Staff. This year the entries are available to be viewed at WHAM community art center located at 16560 N. Dysart Road through March 29th.

Objective Analysis:

Policy Compliant:

Financial Impact:

N/A

Budget Impact:

N/A

FTE Impact:

ATTACHMENTS:

Click to download

No Attachments Available

Council Meeting Date:	April 3, 2018	Contact Person:	Sherry Ann Aguilar, City Clerk
Submitting Department:		District:	Citywide
Staff Recommendations:	None		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Elections Update on D8 & May 15th Special Election

Motion:

No action to be taken

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

Click to download

No Attachments Available

Council Meeting Date:	April 3, 2018	Contact Person:	Karl Zook, Public Works Department
Submitting Department:		District:	5
Staff Recommendations:	None		

Consent x	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Consideration and action declaring the City's intention to create the "City of Surprise, Arizona, SU-Hilton Garden Inn" Street Light Improvement District pursuant to A.R.S. 48-616; Resolution #2018-40.

Motion:

I move to approve Resolution # 2018-40.

Background:

The City has verified that the Petition for the proposed street light improvement district contains the signatures of all of the real property owners in the district, exclusive of mortgages and other lien holders. The City and Arizona Public Service Company ("APS") have approved the street layout and facilities design. The electric rates are established by APS tariff. The lighting improvements are more than local or ordinary public benefit and the expenses of the district will be paid for by the levy and collection of ad valorem taxes based upon the assessed value of all property in the District

Objective Analysis:

A SLID is a neighborhood partnership and very common practice in which property owners in a defined area agree to pay the costs to operate and maintain their immediate area's street lights through a property tax. All new developments in the City of Surprise require a SLID. This action will form the SLID boundary for the Hilton Garden Inn development.

Policy Compliant:

Surprise Municipal Code requires that street lighting that serves a defined area be paid for through revenues obtained from the specific area being served by such street lighting. In these instances, a Street Light Improvement District (SLID) is formed. The city strives to assure that residents are subject to only one SLID and that the boundaries of each SLID accurately reflect the service area. This item is consistent with these objectives.

Financial Impact:

Any financial impact on the City is anticipated to be minimal, as the Developer and District will be bearing the costs and expenses of the District and street light improvement facilities

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Budget Impact:

Funding was not included as part of the FY2018 adopted budget. A separate fund will be created to track revenue and expenses once the city starts receiving electric bills from APS for this particular SLID. If the SLID incurs expenses during FY2018, staff will return to request a budget amendment to appropriate the new fund. Regardless, the city will be unable to collect property taxes for this SLID until FY2019, at the earliest.

FTE Impact:

This action does not change the full time equivalent count.

ATTACHMENTS:

Click to download

- Resolution 2018-40
- SLID Petition

RESOLUTION # 2018-40

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, DECLARING ITS INTENTION TO ESTABLISH A STREET LIGHT IMPROVEMENT DISTRICT TO PURCHASE ENERGY FOR LIGHTING THE PUBLIC STREETS AND PARKS IN THE AREA WITHIN THE CORPORATE LIMITS OF THE CITY OF SURPRISE, ARIZONA DESCRIBED ON EXHIBIT A, ATTACHED HERETO; DECLARING SUCH IMPROVEMENTS TO BE OF MORE THAN LOCAL OR ORDINARY PUBLIC BENEFIT AND THAT THE EXPENSES THEREOF BE PAID FOR BY THE LEVY AND COLLECTION OF AD VALOREM TAXES UPON THE ASSESSED VALUATION OF ALL REAL AND PERSONAL PROPERTY IN A CERTAIN DISTRICT TO BE KNOWN AS "CITY OF SURPRISE, ARIZONA, SU-HILTON GARDEN INN LIGHTING IMPROVEMENT DISTRICT"; AND ORDERING THAT SUCH IMPROVEMENTS BE PROVIDED FOR UNDER THE PROVISIONS OF SECTION 48-572, ARIZONA REVISED STATUTES.

WHEREAS, the owners, exclusive of mortgagees and other lienholders, of all of the real property (hereinafter referred to as "Petitioner") in the hereinafter described District, acting pursuant to the provisions of Sections 48-615(A) and 48-617(A), Arizona Revised Statutes, have petitioned the Mayor and Council of the City of Surprise, Arizona (hereinafter referred to as "City"), to adopt a resolution of intention (hereinafter referred to as "Resolution") ordering the purchase of energy for the lighting of the public street and parks (hereinafter referred to as "Improvements") for the real property legally described in Exhibit A (such area hereinafter referred to as the "District") with such boundaries as shown in the map in Exhibit B attached hereto pursuant to the provisions of Section 48-576, Arizona Revised Statutes, giving the City immediate jurisdiction to order the improvements pursuant to the provisions of Section 48-581, Arizona Revised Statutes, without the necessity of the publications or posting of this Resolution provided for in Sections 48-578, Arizona Revised Statutes;

WHEREAS, the City has verified that Petitioner is the owner, exclusive of mortagagees and other lienholders, of all of the real property included within the boundaries of the District, and;

WHEREAS, the Mayor and Council of the City hereby find and determine that they have jurisdiction to adopt this Resolution to order the Improvements pursuant to the provisions of Section 48-576, Arizona Revised Statutes, and have immediate jurisdiction to adopt this Resolution ordering the Improvements pursuant to the provisions of Section 48-581, Arizona Revised Statutes without the necessity of publications and posting of this Resolution as provided for in Section 48-578, Arizona Revised Statutes;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Surprise, Arizona, as follows.

Section 1. The City, after verifying ownership of the real property included within the boundaries of the District, hereby finds the Petitioner is the owner, exclusive of mortgagees and other lienholders, of all of the real property included within the boundaries of the District.

Section 2. The name of the District shall be "CITY OF SURPRISE, ARIZONA, SU-HILTON GARDEN INN LIGHTING IMPROVEMENT DISTRICT."

Section 3. The District is formed, and shall exist, pursuant to the provisions of Title 48, Chapter 4, Article 2, Arizona Revised Statutes, and Section 48-616, Arizona Revised Statutes.

Section 4. The public interest or convenience requires, and it is the intention of the Mayor and Council of the City to order the Improvement as so described above.

Section 5. The Improvements, in the opinion of the Mayor and Council of the City, are of more than local or ordinary public benefit and are of special benefit to the respective lots, pieces and parcels of real property in the District, and the Mayor and Council of the City hereby make and order the expense of the Improvements payable from the levying and collection of ad valorem taxes upon the assessed value of all real and personal property in the District to be known and designated as "City of Surprise, Arizona SU-Hilton Garden Inn Lighting Improvement District" and hereby declare that the District is as legally described on Exhibit A attached hereto with the boundaries as shown in the map in Exhibit B attached hereto. Any public street or alley within the District shall be omitted from the assessment. Any lot belonging to the United States, the State, a county, city, school district or political subdivision or institution of the state or county within the District shall be omitted from the assessment.

Section 6. The Superintendent of Streets or equivalent of the City shall not be required to post or cause to be posted notices of the Resolution of Intention. The Clerk of the City shall certify to the passage of this Resolution of Intention but shall not be required to cause the same to be published in a newspaper published and of general circulation in the City.

Section 7. The Mayor and Council of the City shall make annual statements and estimates of the expenses of the district, which shall be provided for by the levy and collection of ad valorem taxes upon the assessed value of all the real and personal property in the District; shall publish notice thereof; shall have hearings thereon; and shall adopt them at the times and in the manner provided for incorporated cities and towns by the applicable portions of Section 42-17101, et seq., 42-17152, Arizona Revised Statutes. The Mayor and Council of the City shall, on or before the third Monday in August of each year, fix, levy and assess the amount to be raised by ad valorem taxes upon all of the property of the District and collect, as Maricopa County, Arizona (the "County") taxes are collected, the amounts shown by the statements and estimates as adopted by the Mayor and Council of the City. All statutes providing for the levy and collection of State of Arizona and County taxes, shall be applicable to District taxes as provided to be levied under Section 48-616, Arizona Revised Statutes.

Section 8. The District shall not be authorized to issue bonds and no assessment for District purposes against the property within the District shall exceed One Dollar and Twenty Cents ($1.20) per each hundred dollars of taxable valuation thereof in any year.

Section 9. The District shall not engage in any activity other than as provided in Section 48-616, Arizona Revised Statutes, i.e., contracting for and purchasing of energy for street and public park lighting.

Section 10. The formation of the District shall not be considered as preventing the subsequent establishment of improvement districts for any other purpose authorized by law, including improvement districts for the purpose of construction street lighting facilities within any part or all of the same territory as the District.

Section 11. The type of lighting facilities to be installed in the District and the locations thereof shall consist of those lighting facilities and locations described in the petition submitted by Petitioner, or as may be approved by the City.

Section 12. The rate to be paid for purchasing the energy for the District shall be the rate described in the petition submitted by Petitioner, or as may be approved by the Arizona Public Service Company.

Section 13. Any resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

APPROVED AND ADOPTED this __day of _____________, 2018.

____
Sharon R. Wolcott, Mayor

Attest: Approved as to form:

_________________ _______________________
Sherry Aguilar, City Clerk Robert Wingo, City Attorney

EXHIBIT A
LEGAL DESCRIPTION

A PORTION OF LOT 2A, OF STADIUM VILLAGE NORTH, AS RECORDED IN BOOK 843 OF MAPS, PAGE 47, RECORDS OF MARICOPA COUNTY, ARIZONA, AND BEING LOCATED IN THE NORTHEAST QUARTER OF SECTION 5, TOWNSHIP 3 NORTH, RANGE 1 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

BEGINNING AT A BRASS CAP FLUSH MARKING THE INTERSECTION OF YOUNG STREET AND STADIUM WAY;

THENCE SOUTH 89°49'45" EAST, ALONG THE CENTERLINE OF YOUNG STREET, A DISTANCE OF 419.55 FEET;

THENCE SOUTH 00°10'07" WEST, A DISTANCE OF 320.15 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID LOT 2A;

THENCE NORTH 89°49'45" WEST, A DISTANCE OF 419.55 FEET;

TEHNCE NORTH 00°10'07" EAST, ALONG THE CENTERLINE OF STADIUM WAY, A DISTANCE OF 320.15 FEET TO THE POINT OF BEGINNING

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
29865
JAMES A.
BRUCCI
DATE SIGNED 2/07/18
ARIZONA U.S.A
Expires 3/31/2020

TITLE: XB01

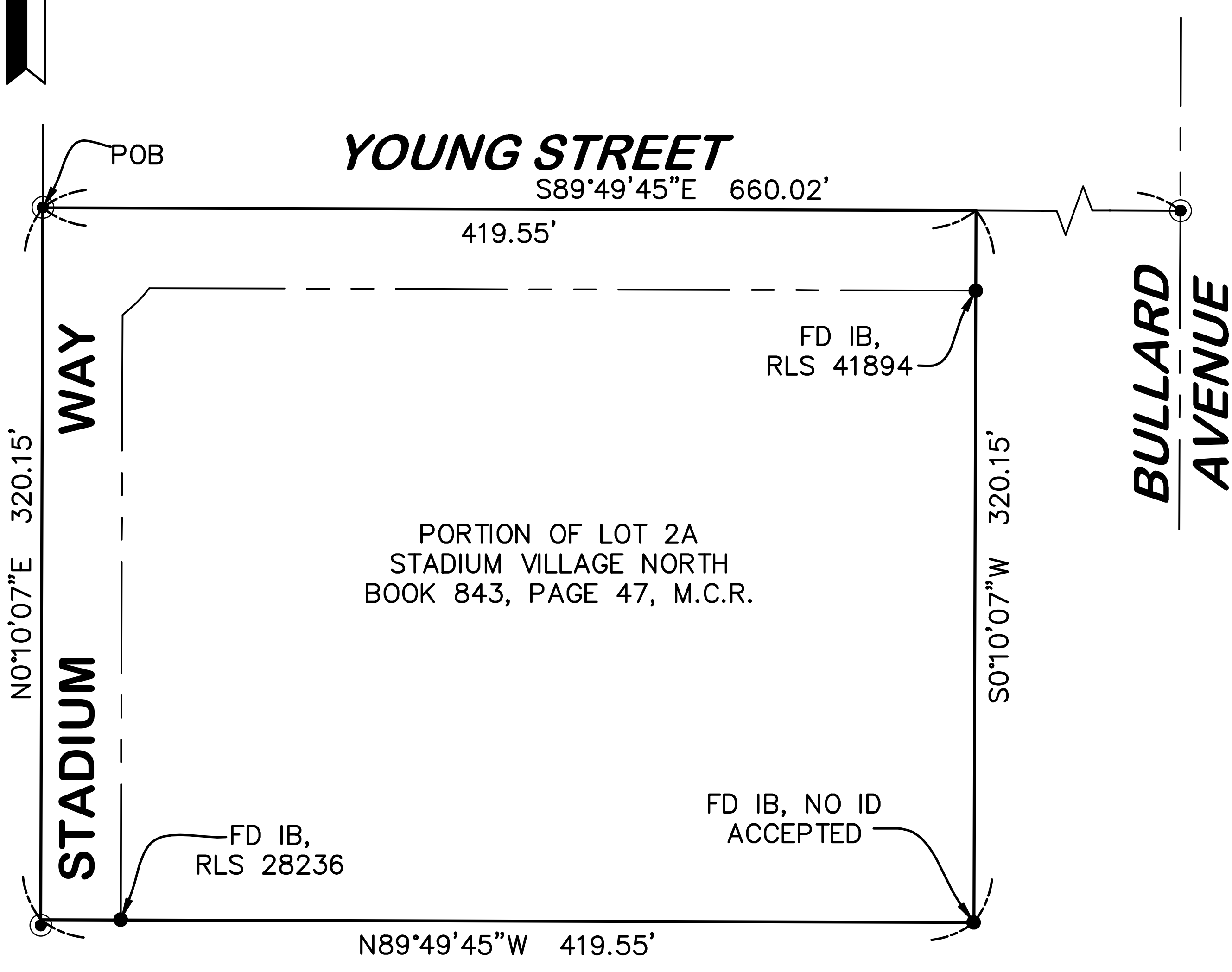
DATE: 2/07/18

DESC: PORTION LOT 2A

HUNTER
ENGINEERING
CIVIL AND SURVEY
10450 N. 74TH ST., SUITE 200
SCOTTSDALE, AZ 85258
T 480 991 3985
F 480 991 3986

DESI001—XB01.DWG
PROJ.NO,DESI001—S

EXHIBIT B
PORTION OF LOT 2A
STADIUM VILLAGE, 843/47 M.C.R.



REGISTERED LAND SURVEYOR
CERTIFICATE NO.
29865
JAMES A.
BRUCCI
DATE SIGNED 2/07/18
ARIZONA U.S.A
Expires 3/31/2020

PAGE 2 OF 2

TITLE:	**XB01**
SCALE:	1"=80'
DATE:	2/07/18
DESC:	PORTION LOT 2A

HUNTER
ENGINEERING
CIVIL AND SURVEY

10450 N. 74TH ST., SUITE 200
SCOTTSDALE, AZ 85258
T 480 991 3985
F 480 991 3986

DESI001-XB01.DWG
PROJ.NO,DESI001-S

STREET LIGHT IMPROVEMENT DISTRICT PETITION

TO THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE:

We, the undersigned, are all or a majority of the real property owners, exclusive of mortgagees and other lienholders, within the district named below. We petition the City Council of the City of Surprise, Arizona, to establish a street light improvement district under Arizona Revised Statutes (A.R.S.) §48-571 to 48-622, and any amendments, and specifically A.R.S. §48-615 to 48-617, to purchase electricity for lighting the public streets and/or parks within the district whose boundaries and area is described in Exhibits A and B attached hereto. This petition includes a charge for maintaining the lighting facilities.

It is hereby requested that, in compliance with the Arizona Revised Statutes, the City Council adopt a Resolution of Intention to order the proposed improvements, and that unless protests are received pursuant to A.R.S. §48-579 sufficient to bar further proceedings, the City Council proceed with the improvements petitioned for herein.

Expenses of the District shall be paid by the levy and collection of ad valorem taxes upon assessed value of all property in the District.

Public convenience, necessity and welfare will be promoted by the establishment of the District and the real property within the District will be benefited by the District. Additional street lighting facilities may be installed and included in the District, at no investment cost to the District, as directed by the City and as approved by Arizona Public Service and the City Engineer.

WHEREFORE, we respectfully ask that this Petition be properly filed and that the Mayor and Council of the City adopt the Resolution and take such other action as is proper, necessary and appropriate to form the District and to fulfill the purposes for which the District is organized, as the Mayor and Council believe is proper and necessary.

The name of the proposed street light improvements district shall be:
Hilton Garden Inn #173 (SU-Hilton Garden Inn)

PETITIONERS: Please print and sign your name

PRINT BUSINESS/ PETITIONER'S NAME	ADDRESS OF PROPERTY OWNED WITHIN DISTRICT	ASSESSOR PARCEL #	SIGNATURE
SYSH LLC	16601 N. STADIUM WAY	509-12-785	
DARRYL SZARKA			
MEMBER			

AVAILABILITY

This rate schedule is available in those portions of cities, towns and unincorporated communities in which Company does a general retail electric business and where Company has installed a multiple or series street lighting system of adequate capacity for the service to be rendered.

APPLICATION

This rate schedule is applicable to service for lighting public streets, alleys, thoroughfares, public parks and playgrounds from dusk to dawn by use of Company's facilities where such service for the entire area is contracted for from the Company by the city, town, other governmental agencies, or a responsible individual for unincorporated communities. Dusk is defined as the time between sunset and full night when a photocontrol senses the lack of sufficient sunlight and turns on the lights. Dawn is defined as the time between full night and sunrise when a photocontrol senses sufficient sunlight to turn off lights.

RATES

The bill shall be computed at the following rates for each type of standard facility and/or service utilized to provide street lighting, plus any adjustments incorporated in this schedule:

I. FIXTURES (Includes Mounting Arm, if Applicable)

				RATES	
	Lumen	Watts	kWh	Investment by Company	Investment by Others
A. Acorn	9,500 HPS	100	41	$ 27.06	$9.22
	16,000 HPS	150	69	30.04	11.65
	6000 IND	85	29	17.87	4.77
B. Architectural	9,500 HPS	100	41	15.38	7.34
	16,000 HPS	150	69	17.96	9.82
	30,000 HPS	250	99	21.31	12.60
	50,000 HPS	400	153	26.29	18.13
	14,000 MH	175	72	21.51	11.79
	21,000 MH	250	101	24.42	14.54
	36,000 MH	400	159	30.54	20.00
	8,000 LPS	55	30	22.35	9.82
	13,500 LPS	90	50	26.36	11.84
	22,500 LPS	135	72	30.11	14.45
	33,000 LPS	180	90	36.22	17.02
	6,200 IND	85	29	9.40	3.65
	8,400 IND	100	34	9.93	4.05
	10,200 IND	120	41	10.91	4.63
	13,000 IND	150	52	12.05	5.50
	20,500 IND	200	69	13.72	6.84
	22,500 IND	265	91	16.37	8.62
	5,800 LED	94	32	16.53	4.79
	7,400 LED	127	44	18.96	5.89
	12,300 LED	203	70	23.66	8.22

I. FIXTURES (Includes Mounting Arm, if Applicable) (cont):

		Lumen	Watts	kWh	RATES Investment by Company	Investment by Others
B. Architectural		9,200 LED	139	48	$23.77	$6.78
		13,620 LED	202	70	26.45	8.58
		6,400 LED	89	31	16.61	4.73
C. Cobra/Roadway		5,800 HPS	70	29	8.73	5.16
		9,500 HPS	100	41	10.28	6.32
		16,000 HPS	150	69	12.87	8.82
		30,000 HPS	250	99	15.52	11.46
		50,000 HPS	400	153	21.06	16.37
		14,000 MH	175	72	14.97	10.20
		21,000 MH	250	101	17.49	12.69
		36,000 MH	400	159	23.03	17.63
		8,000 FL	100	38	17.20	5.04
		6,200 IND	75	26	9.78	3.50
		6,400 IND	85	29	8.33	3.51
		8,000 IND	88	30	9.72	3.75
		8,400 IND	100	34	9.01	3.93
		10,200 IND	120	41	9.69	4.47
		13,000 IND	150	52	10.67	5.32
		15,250 IND	200	69	12.87	6.73
		22,500 IND	250	86	17.22	8.41
	Gray/Bronze	3,500 IND	55	19	9.75	3.03
		6,000 LED	95	33	15.83	4.76
		8,700 LED	142	49	17.80	6.06
		9,600 LED	157	54	18.94	6.54
		11,600 B-LED	181	62	17.67	6.90
	Gray/Bronze	3,300 LED	43	15	8.36	2.59
	Gray/Bronze	5,300 LED	67	23	9.70	3.29
	Gray/Bronze	8,300 LED	106	37	12.58	4.59
	Gray/Bronze	10,500 LED	130	45	14.00	5.29
	Gray/Bronze	20,000 LED	258	89	24.33	9.54
D. Decorative Transit		9,500 HPS	100	41	37.09	11.11
		16,000 HPS	150	69	36.88	12.41
		30,000 HPS	250	99	42.46	16.02
		5,300 LED	75	26	26.40	5.69
		8,300 LED	100	34	28.27	6.47
		10,500 LED	150	52	30.35	7.91
E. Flood		30,000 HPS	250	99	20.61	12.81
		50,000 HPS	400	153	25.56	17.77
		21,000 MH	250	101	22.00	13.53
		36,000 MH	400	159	26.82	18.35

I. FIXTURES (Includes Mounting Arm, if Applicable) (cont):

					Rates	
		Lumens	Watts	kWh	Investment By Company	Investment By Others
F. Post Top	Colonial Gray	8,000 FL	100	38	$18.54	$5.23
		9,500 HPS	100	41	10.60	6.65
	Colonial Black	9,500 HPS	100	41	12.21	6.88
	Decorative Transit	9,500 HPS	100	41	32.47	10.24
	Copper Square	6,000 IND	85	29	17.52	4.72
	Gray/Black	8,000 IND	88	30	13.80	4.29
	Gray/Black	4,350 LED	86	30	12.52	4.12

G. FROZEN	FROZEN	4,000 INC	295	103	$9.78	$5.47
		7,000 MV	175	73	12.67	7.27
		11,000 MV	250	96	15.87	9.68
		20,000 MV	400	150	24.92	14.12

NOTES:

1. Investment by Company. These rates are applicable where the Company provides the initial investment to purchase and install all facilities necessary for street lighting service. The Company will own, operate, and maintain the street lighting system.
2. Investment by Others. These rates are applicable in those instances where the requesting entity or individual purchases and installs the street lighting facilities at their own expense and in accordance with Company specifications. These rates will also apply in the instance where the customer provides a non-refundable advance to the Company to cover the Company's cost of purchasing and installing the street lighting system. The Company retains ownership of the street lighting system and provides operation and maintenance for all facilities.
3. Listed kWhs reflect the assigned monthly energy usage for each type of fixture and are used to determine any applicable transmission, system benefit, distribution, energy, and adjustment charges.
4. HPS = High Pressure Sodium
5. MH = Metal Halide
6. LPS = Low Pressure Sodium
7. FL = Fluorescent
8. INC = Incandescent. Incandescent lighting charges are applicable and available only to those customers being served and those installations in service on November 1, 1986.
9. MV = Mercury Vapor. Mercury Vapor lighting charges are applicable and available only to those customers being served and those installation in service on November 1, 1986 in accordance with A.R.S. §49-1104(A).
10. LED = Light Emitting Diode
11. IND = Induction

II. POLES

				RATES	
			Height	Investment by Company	Investment by Others
A. Anchor Base Mounted (Flush)	Round Steel	1 Simplex Adapter	12 ft.	$12.17	$1.68
			22 ft.	13.70	1.88
			25 ft.	14.82	2.05
			30 ft.	17.03	2.34
			32 ft.	17.89	2.37
		2 Simplex Adapters	12 ft.	12.98	1.79
			22 ft.	14.91	2.06
			25 ft.	15.55	2.14
			30 ft.	18.07	2.49
			32 ft.	19.28	2.66
	Square Steel	5"	13 ft.	13.95	1.92
			15 ft.	12.47	1.72
			23 ft.	14.79	2.03
			25 ft.	16.26	2.23
			28 ft.	18.05	2.48
			32 ft.	17.95	2.47
	Concrete		12 ft.	41.58	5.73
	Fiberglass		12 ft.	35.21	4.85
	Decorative Transit Pedestrian	4"	16 ft.	34.33	4.73
	Decorative Transit	6"	30 ft.	66.28	9.13
	Hinged Poles	Square	15 ft.	13.20	1.08
		Round	19 ft.	11.93	.97
B. Anchor Base Mounted (Pedestal)	Round Steel	1 Simplex Adapter	12 ft.	11.71	1.61
			22 ft.	13.24	1.82
			25 ft.	14.35	1.98
			30 ft.	16.58	2.29
			32 ft.	17.41	2.40
		2 Simplex Adapters	12 ft.	12.51	1.72
			22 ft.	13.97	1.92
			25 ft.	15.08	2.07
			30 ft.	17.61	2.42
			32 ft.	18.81	2.59
		3 Bolt Arm	32 ft.	21.62	2.97
	Square Steel	5"	13 ft.	13.50	1.86
			15 ft.	13.80	1.89
			23 ft.	14.32	1.98
			25 ft.	15.80	2.19
			28 ft.	17.56	2.42
			32 ft.	18.23	2.50

II POLES (cont)

				RATES	
			Height	Investment by Company	Investment by Others
C. Direct Bury	Round Steel		19 ft.	$18.42	$2.54
			30 ft.	14.38	2.66
			38 ft.	17.55	2.73
		Self Support	40 ft.	21.62	3.42
		Stepped	25 ft.	49.72	4.06
			32 ft.	52.36	4.27
			49 ft.	64.99	8.96
	Square Steel	4"	34 ft.	15.87	2.75
		5"	20 ft.	15.07	2.49
			30 ft.	15.71	2.59
			38 ft.	17.05	2.96
		8"	28 ft.	28.45	2.32
			32 ft.	29.74	2.43
	Decorative Transit		41 ft 6 in	20.47	3.01
	Decorative Transit		47 ft.	25.50	3.75
	Steel Distribution Pole (for lighting only)		35 ft.	23.54	3.10
D. Post Top	Decorative Transit Anchor Base		16 ft.	35.07	4.82
	Gray Steel/Fiberglass		23 ft.	12.16	2.00
	Black Steel		23 ft.	13.41	2.21
E. Existing distribution pole suitable for streetlight use				1.48	--

F. FROZEN	Wood Poles	30 ft.	$8.95	$1.55
		35 ft.	8.95	1.48

NOTE: The monthly rate for all new poles includes up to 300 feet of overhead secondary wire, or up to 300 feet of underground secondary wire if the customer provides earthwork and conduit (excluding the underground to overhead transition).

III. ANCHOR BASE

			RATES	
		Height	Investment by Company	Investment by Others
A. Flush		4 ft.	$9.91	$1.36
		6 ft.	11.82	2.05
B. Pedestal		8 ft.	13.54	2.36
	For 32' Round Steel Pole only	4 ft. 6"	9.39	1.63

IV. CHARGES FOR OPTIONAL OR ADDITIONAL EQUIPMENT

	RATES Company Owned
Underground Circuit Charges:	
a. Per foot of cable, installed under paving	$0.15716
b. Per foot of cable, not installed under paving	0.05589

V. DETERMINATION OF RATES FOR NEW EQUIPMENT

Monthly rates for new lighting fixtures, poles and other equipment not included in Sections I, II, or III above shall be determined by the Company using the following method:

Step 1 Determination of Charges for each Charge Type

Charge Type	Monthly Charge		Cost Inputs		PV Factor		Monthly Fixed Charge Rate
1	Carrying Cost (fixtures)	=	Equipment Cost (installed)	x	NA	x	1.533%
2	Carrying Cost (poles)	=	Equipment Cost (installed)	x	NA	x	1.449%
3	Fixture Replacement Cost	=	Equipment Cost (installed)	x	0.132	x	1.533%
4	Pole, Anchor Replacement Cost	=	Equipment Cost (installed)	x	0.082	x	1.449%
5	Lighting O&M	=	O&M Cost (lifecycle)	x	0.381	x	1.533%

Charge Type	Monthly Charge		kWh Input		$/kWh
6	Generation	=	kWh per month	x	0.04023
7	T&D, RCS, SB	=	kWh per month	x	0.03516

Step 2 Determination of Total Monthly Charge
The total monthly charge shall be the summation of the charges for each applicable charge type

Equipment	Charge Type
Fixture - IBC	1,5,6,7
Fixture - IBO	3,5,6,7
Pole, Anchor Base - IBC	2
Pole, Anchor Base - IBO	4

TRIP CHARGE

When Company is not the responsible party contracted for the regular maintenance of a street lighting system owned by a city, town or other governmental entity, a $100.00 trip charge per light will be charged when Customer requests a disconnect and/or reconnect of service in order to accommodate the maintenance activities of the Customer or its designee(s) on their street light equipment. The trip charge will also apply when Customer request disconnect or reconnect for non-maintenance purposes.

ADJUSTMENTS

1. The bill is subject to the Renewable Energy Standard as set forth in the Company's Adjustment Schedule REAC-1 pursuant to Arizona Corporation Commission Decision No. 70313.

2. The bill is subject to the Power Supply Adjustment factor as set forth in the Company's Adjustment Schedule PSA-1 pursuant to Arizona Corporation Commission Decision No. 67744 Arizona Corporation Commission Decision No. 69663, and Arizona Corporation Commission No. 71448, and 73183.

3. The bill is subject to the Transmission Cost Adjustment factor as set forth in the Company's Adjustment Schedule TCA-1 pursuant to Arizona Corporation Commission Decision No. 67744.

4. The bill is subject to the Environmental Improvement Surcharge as set forth in the Company's Adjustment Schedule EIS pursuant to Arizona Corporation Commission Decision No. 69663 and Arizona Corporation Commission Decision No. 73183.

5. Direct Access customers returning to Standard Offer service may be subject to a Returning Customer Direct Access Charge as set forth in the Company's Adjustment Schedule RCDAC-1 pursuant to Arizona Corporation Commission Decision No. 67744.

6. The bill is subject to the Demand Side Management Adjustment Charge as set forth in the Company's Adjustment Schedule DSMAC-1 pursuant to Arizona Corporation Commission Decision No. 71448.

7. The bill is subject to the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of APS and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

SPECIAL PROVISIONS

1. Street lighting facilities installed under this rate schedule are of the type currently being furnished by Company as standard at the time service is initially requested. Standard facilities are those listed in the Company's Transmission and Distribution Construction Standards book.

2. The Company cannot guarantee that streetlighting facilities will always operate as intended. Therefore, the customer will be responsible for notifying the Company when the streetlighting facilities are not operating as intended. The Company will use reasonable efforts to complete normal maintenance (replacement of lamps, photocontrols or fixtures) within ten (10) working days from notification by customer; however, if the maintenance requires cable replacement or repairs, the Company shall use reasonable efforts to complete said repairs within twenty (20) working days.

3. The customer's bill will not be reduced due to lamp, photocontrol or cable repair or replacement outages.

4. Lighting equipment which is not specified in this rate schedule will be billed at the rates corresponding to the most similar equipment, as determined by the Company.

NON-STANDARD FACILITIES

Non-standard facilities (non-standard being defined as any facility not listed in the Company's Transmission and Distribution Construction Standards book) do not qualify for this rate schedule. At the Company's discretion, such facilities may be served under another of the Company's rate schedules.

EXTENSION OF STREET LIGHTING SYSTEM

The Company will extend its standard street lighting system up to a distance of 300 feet for each additional lighting installation without cost at the request of the customer. When the extension is underground the customer will provide earthwork as specified in of the Company's Service Schedule 3, Conditions Governing Extensions of Electric Distribution Lines and Services; or, at the applicant's request, the Company will provide such earthwork and the applicant will be required to pay a non-refundable contribution in aid of construction equal to the cost of such earthwork. Any additional extension required (over and above the first 300 feet) will be provided by Company for a contribution in aid of construction equal to the cost of the additional extension.

Extensions to isolated areas requiring a substantial extension of the electric distribution system, as opposed to an extension of the street lighting system, will require a special study to determine the terms and conditions under which the Company will undertake such an extension.

TERMS AND CONDITIONS

Service under this rate schedule is subject to the Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Services and the Company's Schedule 10, Terms and Conditions for Direct Access. These schedules have provisions that may affect the customer's bill. In addition, service may be subject to special terms and conditions as provided for in a customer contract or service agreement.

CITY OF SURPRISE
Regular City Council Meeting

April 3, 2018 @ 6:00:00 PM

Back Print

Council Meeting Date:	April 3, 2018	Contact Person:	Tom Abbott
Submitting Department:	Fire	District:	Citywide
Staff Recommendations:	None		

Consent x	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Consideration and action pertaining to an amendment of the Fiscal Year 2018 Operating List of Items over $50,000 to include safety first aid supplies in the amount of $150,000; Resolution # 2018-51.

Motion:

I move to approve Resolution # 2018-51.

Background:

The Surprise Fire-Medical Department currently operates three ambulances and seven fire engines that provide emergency medical services. Due to the cancellation of the Fire-Medical Department's contract with American Medical Response (“AMR”), the cost of medical supplies has increased substantially. In addition to an increase in the amount of medical supplies being used, the cost of medical supplies increases throughout the year.

Objective Analysis:

To comply with the City of Surprise Procurement Code, the Safety and First Aid Supplies line item must be added to the list of Operating FY2018 Items Over $50K.

Policy Compliant:

The City of Surprise Procurement Code 2-338 (d) requires the authority of the Mayor and Council when the cost to the city is greater than $50K.

Financial Impact:

The Department is reviewing the budget to identify areas of funding that can be utilized to cover the FY2018 increase.

Budget Impact:

At this time, the Department has not identified a budgetary impact. If additional FY2018 funding for Safety and First Aid Supplies is needed, the Department will return to Council with a budget amendment.

FTE Impact:

There is no FTE impact.

ATTACHMENTS:

Click to download

- Current Operating List of Items over $50K
- Resolution

City Manager's Office

Reference	Description	Total
18001	City Café Facilities Use Agreement	90,000
18002	League of Cities & Towns Dues	72,000

City Clerk

Reference	Description	Total
18003	Election Expenses	251,400

Finance

Reference	Description	Total
18004	Online Utility Payment Contract	275,000
18005	TPT Administration and collection	270,000
18006	Postage for Utility Billing	230,400
18007	Public Defender	187,000
18008	School District Fees	103,200
18009	Audit Services	100,000
18010	Investment Advisory Services	86,000
18011	Retail Lockbox	75,000
18012	Online Bill print	65,000

Human Resources

Reference	Description	Total
18013	Medical Claims	10,508,300
18014	AZ Municipal Risk Retention Pool Premiums	1,400,000
18015	Medical Premiums	963,500
18016	Dental Claims	819,300
18017	AZ Municipal Risk Retention Pool Deductible	500,000
18018	Workers' Compensation Claims	450,000
18019	Workers' Compensation Premiums	135,000
18020	Vision Claims	98,300
18021	Performance Management System	89,000
18022	Employee Benefits Consulting	87,000

OPERATING
FY2018 Items Over $50K

Information Technology

Reference	Description	Total
18023	Enterprise software license agreeement for desktop and office productivity. Year 1 of 3	330,000
18024	Annual maintenance agreement for Backups and SAN hardware and software	198,300
18025	Network and Telephony Maintenance	165,000
18026	Enterprise software maintenance for HR and Financial system	102,100
18027	Annual software maintenance agreement for Police CAD/RMS system	97,800
18028	Annual Copier Lease and Maintenance Agreements	95,000
18029	GIS Software Enterprise Agreement Yr 1 of 3	88,200
18030	Annual maintenance agreement for enterprise asset management and work order system.	85,100
18031	Enterprise software maintenance	50,000

Fire-Medical

Reference	Description	Total
18032	Radio Dispatch Services	744,700
18033	Firefighter Physicals	115,100
18034	GRPSTC Contract	86,200
18035	Fire Prevention Truck	65,000

Police

Reference	Description	Total
18036	Jail Housing Services	682,000
18037	Regional Wireless Cooperative O&M Staffing/SUA II	346,300
18038	Body Cameras	136,200
18039	COPS Grant vehicles	54,000

City Court

Reference	Description	Total
18040	Security Guard Services	90,000

Economic Development

Reference	Description	Total
18041	Greater Phoenix Economic Council Annual Contract	56,400
18042	Legal services for University Agreements	56,100

Community Development

Reference	Description	Total
18043	SUDC Zonig Code update Professional consultant	143,000
18044	Art and Cultural Master Plan	59,400

Community and Recreation Services

Reference	Description	Total
18045	Northwest Regional Library	1,975,800
18046	Spring Training Payouts to teams	280,400
18047	Equipment rentals	238,200
18048	Fertilizer, herbicides, pesticides	237,000
18049	Sundancers Pro Circuit Prize Money/Spring Training Payouts	164,800
18050	Facility Usage	121,200
18051	Sports Umpires	112,600
18052	Irrigation Parts and winter rye	111,000
18053	Officials	104,100
18054	4th of July Stadium Cleaning	98,800
18055	Sports Uniforms	95,200
18056	Spring Training Platform	82,000
18057	Mound Clay	75,000
18058	Hollyhock Library	73,600
18059	MLB Security	70,000
18060	Landscape Services	70,000
18061	Rooms for College Baseball	67,000
18062	Library Feasibility Study	60,000
18063	Chemicals for Aquatic Facilities	60,000
18064	Bling Tour (SIC Class Instructor)	60,000
18065	Surprise Sundancers Annual Payment based on CPI	52,000

Public Works

Reference	Description	Total
18066	Regional transit service Express Route and paratransit	940,400
18067	Solid Waste containers such as, but not limited to, trash/recycle cans and baskets, roll-off containers,	284,900
18068	Building mintenance services such as fire alarm and fire supprssion testing, elevator maintenance, and inspections and maintenance of chillers and boilers.	134,700
18069	Household Hazardous Waste services	89,400

Water Resource Management

Reference	Description	Total
18070	Central Arizona Project charges for M&I delivery, underground water storage, and capital	2,355,000
18071	Chemicals	878,800
18072	Maintenance, mechanical and electrical repairs to equipment such as, but not limited to, motors, air conditioning, fiber optic, pumps, gear boxes, generator, and backflow devices	567,000
18073	Annual water recharge fees and other contracted services	435,100
18074	Recharge basin, wells and sewer lines maintenance	191,100
18075	Water Portfolio Management services	100,000

Public Works/Water Resource Management

Reference	Description	Total
18076	Sanitation services, hauling and landfill disposal fees	1,541,500
18077	Auto parts and lubricants	863,300
18078	Op Equip Tool Part Under 10K	607,400
18079	Outside vehicle repair and other services	510,900
18080	Janitorial Services	272,200
18081	Signs and Sign Supplies	244,400
18082	Street maintenance services such as striping, road resurfacing, curb cuts, sidewalk replacement, and traffic control related to the maintenance of streets	194,500
18083	Lab Services	176,500
18084	Building Maintenance	151,500
18085	Street Repair Supplies	150,800
18086	Arizona State Prison Contract for Inmate and Guard Labor associated with weed abatement	129,000
18087	Prof Svc-Recording License Fees	125,800
18088	Prof Svc-Software Licenses	115,000
18089	Pest Control Services	99,600
18090	Traffic Signal Supplies	92,200
18091	Cleaning Janitorial Supplies	67,200
18092	UtilSvc-Cell Phone Pagers	51,700
18093	Uniform_Laundry Services	50,800

Citywide

Reference	Description	Total
18094	Fuel contracts to fuel City fleet for unleaded and diesel fuel	1,455,000
18095	Electicity Utility	3,366,900
18096	Water Utility	430,600

RESOLUTION # 2018-51

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AMENDING THE FISCAL YEAR 2018 OPERATING LIST OF ITEMS OVER $50,000 TO INCLUDE A SAFETY FIRST AID SUPPLIES ITEM IN THE AMOUNT OF $150,000.

WHEREAS, the FY2018 budget was adopted and included funding within the Fire-Medical General Fund, Fire-Medical Grants Fund, and Ground Ambulance Service Fund for Safety First Aid Supplies;

WHEREAS, the Fire-Medical Department anticipates actual costs for Safety First Aid Supplies to be above $50,000;

WHEREAS, the FY2018 budget, including the FY2018 Capital and Operating List of Items Over $50,000, was adopted by Council Resolution #2017-64 on June 6, 2017; and

WHEREAS, the City of Surprise Procurement Code §2-338 (d) requires the authority of the Mayor and Council when the cost to the city is greater than $50,000.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows.

Section 1. That the statements and schedules attached as *Exhibit* A and incorporated by reference are adopted, the Fiscal Year 2018 Capital and Operating List of Items Over $50,000 of the City of Surprise, Arizona for the fiscal year July 1, 2017 through June 30, 2018.

APPROVED AND ADOPTED this _____day of ____________, 2018.

Sharon R. Wolcott, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

RESOLUTION # 2018-51
Exhibit A

1. List of Operating Items Over $50,000 – This Resolution would provide authorization to add Safety First Aid Supplies in the amount of $150,000 to the FY2018 Operating List of Items Over $50,000. This request is based on Department estimates of Safety First Aid Supplies above $50,000.

Reference #	Description	Current Amount	Increase/ (Decrease)	Amended Amount
NEW	Safety First Aid Supplies	$0	$150,000	$150,000

Council Meeting Date:	April 3, 2018	Contact Person:	Sherry Ann Aguilar, City Clerk
Submitting Department:		District:	5
Staff Recommendations:	None		

Consent x	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Consideration and action on a Series 12 liquor license request by Peter Schelstraete (Agent) for El Tepeyac Café-AZ, LLC, located at 17300 N. Sun Village Parkway, Surprise, AZ 85374 (License #1207B315).

Motion:

I move to approve a Series 12 liquor license request by Peter Schelstraete (Agent) for El Tepeyac Café-AZ, LLC, located at 17300 N. Sun Village Parkway, Surprise, AZ. 85374 (License #1207B315).

Background:

All departmental reports are attached and no concerns are noted.

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

Click to download

El Tepeyac Dept. Reports

SURPRISE POLICE DEPARTMENT
LIQUOR LICENSE APPLICATION REVIEW

REFERENCE: DATE: March 15, 2018

LICENSE NUMBER – 1207B315
INTERIM PERMIT/NEW LICENSE Series #12 – LLC

APPLICANT:
El Tepeya at the Village
17300 N. Sun Village Parkway
Surprise, Arizona 85374

FINDINGS:

1) ***Evidence concerning the nature of the proposed business, its potential market and its likely customers.***
El Tepeya Cafe will be occupying a pre-existing restaurant in the Sun Village Community. El Tepeya will have a full menu from breakfast to dinner specializing in American cuisine and Mexican Cuisine, although the menu currently only has the American cuisine listed. The capacity will be 425 persons, including nine in the designated bar area. Approximately 200 of the 425 persons would be in the ball room for special occasions and when permission is granted from Sun Village Community Association. El Tepeya's potential customers should be residents from the Sun Village Community as well as from the general public. There are four televisions throughout the restaurant. There will also be a live country music trio group every other Wednesday evening, in addition to Karaoke every Tuesday and Thursday evenings, although the liquor application states three times per month. There are also plans for a DJ to be present twice a month as well as plans for customers to be able to paint on canvass every other Saturday evening.

2) ***Effect of vehicular traffic in close proximity.***
The change of establishments should have no altering effect on vehicular traffic. There is adequate parking for the restaurant, with main access Bell Road for all persons and resident only access off of Litchfield Road as well.

3) ***The history for the past five years of liquor violations and reported criminal activity at the proposed premises provided that the applicant has received a detailed report of such activity at least 20 days before the hearing.***
In the last five years, there has only been one call of criminal activity. In 2014, and employee of a previously occupied restaurant, resigned after being repeatedly late. Management discovered the employee had been drinking alcohol on the job and wanted a theft report documented. March, 2016, an employee had reported she had been repeatedly harassed by phone while at work. No charges ever filed, but ex-girlfriend was trespassed.

4) ***Comparison of hours of operation of the proposed premises to the existing businesses in close proximity.***
There are no other businesses in the immediate vicinity. El Tepeya will be in a gated community with a guard shack, and 24 hour security throughout the community. Currently the hours of operation will be Tuesdays to Saturdays from seven a.m. to eight p.m. Sundays will be open until 2 p.m. and they will be closed on Mondays.

5) ***Appropriateness of series license requested.***
A series 12 license is appropriate and applicable for El Tepeya at the Village, per state guidelines for restaurants.

Submitted by Officer C. E. Tovar #2059

SURPRISE
ARIZONA

Surprise Fire-Medical Department
14250 W. Statler Plaza Ste. 101
Surprise, AZ 85374-7479
Phone: 623-222-5000
Fax: 623-222-5001

March 13, 2018

To: Sherry Ann Aguilar, City Clerk

From: James Whitehead, Fire Inspector

Subject: Liquor License Application

Applicant: El Tepeyac Cafe
17300 W Bell Rd
Surprise, Arizona 85374

The Surprise Fire-Medical Department recently conducted a fire inspection at the above referenced location to ensure compliance with the applicable fire codes within the tenant space. There are no known fire code violations at this time.

Therefore fire has no comment on the application at this time.

If you have any questions feel free to contact me.

James Whitehead, Fire Inspector
Fire Prevention Division
Surprise Fire-Medical Department

SURPRISE
ARIZONA

COMMUNITY DEVELOPMENT DEPARTMENT

Date: March 16, 2018

To: Sherry Aguilar, City Clerk

From: Eric Fitzer, Community Development Director
By: James Stewart, Zoning Specialist

Re: Liquor License Application for:

EL TEPEYAC CAFE
Interim Permit/New License/LLC – 1207B315
17300 N. Sun Village Parkway # D
Surprise, Arizona 85374

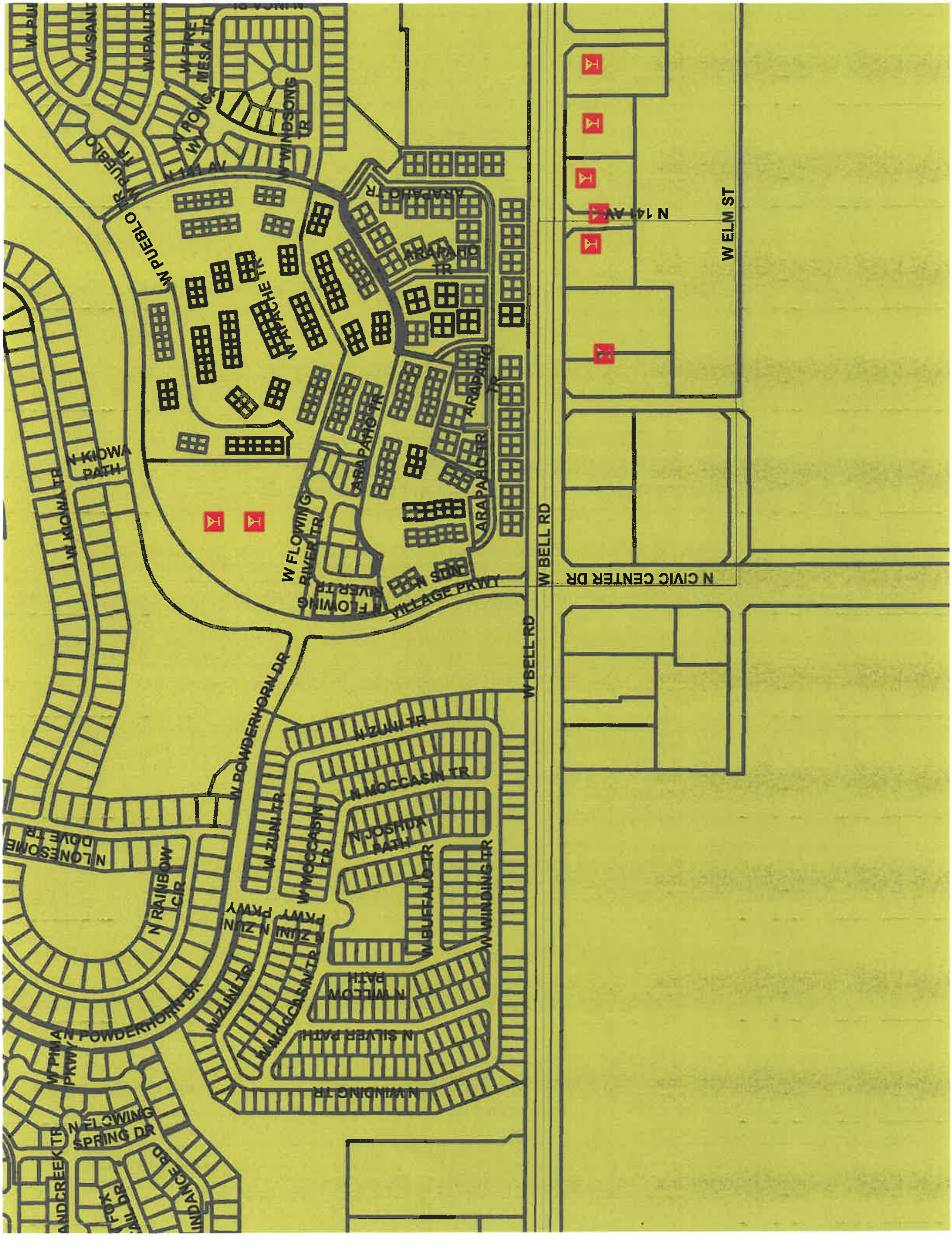
The number and series of licenses in close proximity to the subject site are:

1. Sun Village Community Association (Series 14) – 17300 N. Sun Village Parkway #A (Expired)
2. Tokyo Joe's (Series 12) – 14345 W. Bell Rd.#106
3. Pei Wei Asian Diner (Series 12) – 14551 W. Bell Rd. #113
4. Longhorn Steakhouse (Series 12) – 14127 W. Bell Rd.
5. Saigon Kitchen (Series 12) – 14071 W. Bell Rd.
6. Frank-N-Steins (Series 12) – 14071 W. Bell Rd. #104 (Expired)
7. Carrabba's Italian Grill #5306 (Series 12) – 14043 W. Bell Rd.
8. Red Robin (Series 12) – 14015 W. Bell Rd.
9. New York Pizza Dept. (Series 12) – 13980 W. Bell Rd. #1
10. Diamond Shamrock #1641 (Series 10) – 13908 W. Bell Rd.
11. Buffalo Wild Wings Grill & Bar (Series 12) – 13882 W. Bell Rd.
12. Chipotle Mexican grill #0898 (Series 12) – 13869 W. Bell Rd.
13. Rio Mirage Cafe (Series 12) – 13863 W. Bell Rd.
14. Irish Wolfhound Restaurant & Pub (Series 6) – 16811 N Litchfield Rd. #102 - 104

The immediate area is composed of commercial establishments. The property is zoned PAD (Kingswood Park \ Sun Village) which is consistent with the proposed use.

Residential population will most likely remain static. Commercial growth will likely remain static.

If managed properly, the effects of granting this liquor license on surrounding residences will be minimal. This license will have little to no affect on parking in the area. Staff believes that granting this liquor license will not directly impact the surrounding business and residential areas in a negative way.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W WINDSONG TR
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W KIOWA TR
W FLOWING RIVER TR
N FLOWING RIVER TR
N SUN VILLAGE PKWY
W BELL RD
N CIVIC CENTER DR
N 141 AV
W ELM ST
N POWDERHORN DR
N ZUNI TR
N MOCCASIN TR
W ZUNI TR
W MOCCASIN TR
N JOSHUA PATH
W BUFFALO TR
W WINDING TR
N LONESOME DOVE TR
N RAINBOW CIR
N ZUNI PKWY
N WILLOW PATH
N SILVER PATH
N WINDING TR
N POWDERHORN DR
W PIMA PKWY
N FLOWING SPRING DR

SURPRISE
ARIZONA

MEMO

Date: 03/09/2018

To: Sherry Aguilar, City Clerk
Linda Stevens, Deputy City Clerk
From: Stacie McQuarrie, Accounting Support Specialist

RE: Liquor License Application – El Tepeyac Cafe

Business License Status:

License #1021258, current and valid for 2018.

Council Meeting Date:	April 3, 2018	Contact Person:	Sherry Ann Aguilar, City Clerk
Submitting Department:		District:	Internal
Staff Recommendations:	None		

Consent x	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Consideration and action on the Work Session, Regular Meeting and Executive Session Minutes for March 20, 2018.

Motion:

I move to approve the Work Session, Regular Meeting and Executive Session Minutes for March 20, 2018.

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

Click to download

- Work Session Minutes
- Reg Mtg Minutes

CITY OF SURPRISE

Regular City Council Work Session Minutes
16000 North Civic Center Plaza
Surprise, AZ 85374

Tuesday, March 20, 2018 @ 04:00 PM

<u>Call to Order</u>

Roll Call

Mayor Wolcott called the **Regular City Council Work Session** to order at 04:00 p.m. at Surprise City Hall Council Chamber, 16000 North Civic Center Plaza Surprise, Arizona 85374, on **Tuesday, March 20, 2018.** Also in attendance with Mayor Wolcott were Vice Mayor Remley, Council Member Winters, Council Member Hayden, Council Member Duffy, Council Member Tande, and Council Member Hall.

Staff Present:	City Manager, Bob Wingenroth, City Attorney, Robert Wingo, and City Clerk, Sherry Ann Aguilar.

Pledge of Allegiance

Call to the Public

Regular Agenda Item - Non-Public Hearing

<u>1 – Presentation on Autonomous Vehicle Technology – Eric Anderson, Transportation Director, Maricopa Association of Governments (MAG) - NO ACTION</u>

Public Works Director, Mike Gent opened the presentation and introduced Eric Anderson with MAG to give a powerpoint presentation on Autonomous Vehicles.

Mr. Anderson spoke of the incident that took place over the weekend in Tempe. We have serious pedestrian issues in the County, we need to do a better job for pedestrian crossings.

Mayor Wolcott - we are a relatively new community and we have an opportunity to be on the cutting edge of technology. We struggle with providing transit services to our residents. Clearly we have been looking at this technology.

Council Member Winters - In reality if all goes well, no accidents then the insurance rates should go down, correct? Give us an idea how this works? GPS?

2 – Discussion and presentation pertaining to the fiscal year 2019 budget – NO ACTION

Finance Director, Lindsey Duncan and Asst. Finance Director, Holly Osborn gave a power point presentation on this item.

Council Member Hall - Regarding Asante Park, is there any way we can withhold some of that money to fix the drainage problems?

Vice Mayor Remley - Impact fee study, what's the timeline?

Mayor Wolcott - Some cities have eliminated impact fees, and I have no idea how they pay for infrastructure needs.

Vice Mayor Remley - Wish lists for capital improvements, we say some of these things are funded and some are not. What is the difference?

Ms. Duncan - Based on 5-year plan in 2018 budget. We will utilize the same list and ask for priorities in the next budget process.

Council Member Duffy - Parks and Recreation - Did not see any plans for a new recreation center, or new baseball or soccer fields? What are the future plans? Any discussion of having Mark Coronado park not a designated parking lot anymore? Maintenance works so hard to keep this green.

Ms. Duncan - The need list for recreation is far longer than this list, there are other requests being requested. the guidelines for development impact fees have become very restrictive.

Mayor Wolcott - Agree with Council Member Duffy on the park, as a growing City we are going to face parking issues as we grow especially with the University here now. We placed an item for recreation center on a ballot in 2016 and the voters said no.

Council Member Winters - We need to think about a parking structure on Bullard for the future, especially during Spring Training.

Vice Mayor Remley - I agree, the park should not be used for this.

Executive Session

Adjournment

Council Member Hall made the motion to adjourn the Regular City Council Work Session of March 20, 2018 at 5:27 PM. Council Member Tande seconded the motion. Seven yes votes, motion carried.

____
Sharon R. Wolcott, Mayor

ATTEST:

____
Sherry Ann Aguilar, City Clerk

CERTIFICATION:

I, Sherry Ann Aguilar, City Clerk for the City of Surprise, Maricopa County, Arizona, do hereby verify that these are the true and correct minutes of the Regular City Council Work Session of **Tuesday, March 20, 2018.**

____
Sherry Ann Aguilar, City Clerk

CITY OF SURPRISE

Regular City Council Meeting Minutes
16000 North Civic Center Plaza
Surprise, AZ 85374

Tuesday, March 20, 2018 @ 06:05 PM

Call to Order

Roll Call

Mayor Wolcott called the **Regular City Council Meeting** to order at 06:05 p.m. at Surprise City Hall Council Chamber, 16000 North Civic Center Plaza Surprise, Arizona 85374, on **Tuesday, March 20, 2018.** Also in attendance with Mayor Wolcott were Vice Mayor Remley, Council Member Winters, Council Member Hayden, Council Member Duffy, Council Member Tande, and Council Member Hall.

Staff Present: City Manager, Bob Wingenroth, City Attorney, Robert Wingo, and City Clerk, Sherry Ann Aguilar.

Pledge of Allegiance

Proclamation and Community Acknowledgements

Proclamation acknowledging the Read On Greater Surprise initiative.

Mayor Wolcott presented the proclamation to Alyson Cline, Friends of the Library.

City Manager Report

City Attorney Report

City Clerk Report

Elections Update - CD 8 and May 15th Special Election

Call to the Public

Caresse Schweitzer - Issue of stray and owned cats in our neighborhood (Handout given to Council prior to the meeting). Asked Council to consider an ordinance to address free roaming animals within the City limits.

Consent Agenda

1 – Consideration and action approving an Original Town Site Incentive program to pay for building permit, building plan review, and development impact fees for the expansion of the Grand Materials facility generally located southwest of the southwest corner of West Cottonwood and North Church Streets - APPROVED

2 – Consideration and action on an amendment to the fiscal year 2018 budgets by reallocating appropriations of $31,000 from the Land Acquisition fund to the Park Operations Fund to close out the Donorma RV Park within the Original Townsite; Resolution #2018-43 - APPROVED

3 – Consideration and action for the maintenance of the sewer improvements at Rancho Mercado Unit 1 Phase 1. Resolution # 2018-41 - APPROVED

4 – Consideration and action for the maintenance of the sewer improvements at Rancho Mercado Unit 1 Phase 2. Resolution # 2018-42 - APPROVED

5 – Consideration and action pertaining to an amendment of the Fiscal Year 2018 budget by reallocating appropriations of $49,900 from contingency within the Grants Fund to the Neighborhood Revitalization Fund to increase program income spending authority within the Community Development Block Grant; Resolution # 2018-31 - APPROVED

6 – Consideration and action to approve March 6, 2018 Regular Work Session and Regular Council Meeting Minutes - APPROVED

Council Member Hall made the motion to approve the consent agenda. Council Member Tande seconded the motion. Seven yes votes, motion carried.

Regular Agenda Item - Public Hearing

7 – Consideration and action on an amendment to the Community Development Block Grant Consolidated Plan 2015-19 Funding Priorities - APPROVED

Human Services & Community Vitality Director, Seth Dyson reported on the two items requiring a public hearing.

Council Member Hall - Talk a little bit about the rational of moving the ballpark.

Mr. Dyson - The OTS Redevelopment project will look at other parcels we are looking to purchase to make way for the housing development.

Council Member Winters - Is this photo similar to what is going in for the OTS project?

Vice Mayor Remley - If you look at the bottom left picture, this is coming out at ground level. The project is going to be 3 stories, not two. $30 million dollars in housing unit. Very high quality, reserves going in already.

Mayor Wolcott - I like this concept too, it doesn't block the baseball field from the residents. The residents told us during the overlay process, they wanted front porch concept, community identity. The full development of this project, it really raises the bar for Grand Avenue. Affordable housing is an issue, we have people that have needs, quick accessible availability.

No public comments were made.

Council Member Hall made the motion to approve the CDBG Consolidated Plan 2015-19. Council Member Winters seconded the motion. Seven yes votes, motion carried.

8 – Consideration and action on an amendment to the funding priorities for the Community Development Block Grant Program Third Year Annual Action Plan for Year 2017-2018 - APPROVED

No public comments were made.

Council Member Hayden made the motion to approve the 3rd Annual Action Plan for FY17/18. Council Member Tande seconded the motion. Seven yes votes, motion carried.

9 – Consideration and action regarding a 117-Lot Preliminary Plat for Rancho Del Rey, generally located north of the Happy Valley Road alignment and east of the Bullard Avenue alignment - APPROVED

City Planner, Robert Kuhfuss reported on this item.

Council Member Hall - Go back to overall map in middle of site. Happy Valley Road access, off 163rd to Happy Valley will be finished?

No public comments were made.

Council Member Winters made the motion to approve the Preliminary Plat for Ranch Del Rey. Council Member Duffy seconded the motion. Seven yes votes, motion carried.

10 – Consideration and action regarding a 776-Lot Preliminary Plat for Marley Park Phases 4 & 5, generally located south of Waddell Road and east of Bullard Avenue - APPROVED

City Planner, Robert Kuhfuss reported on this item.

Vice Mayor Remley - Eastern part of the development, flight pattern restrictions, correct?

Mr. Kuhfuss - Yes correct, prohibits any development in that area.

Council Member Hall - Asked for map of landscaping and park area.

Council Member Tande - Clarification questions, monument signs at two entrances, what will the developer do to accommodate this?

Council Member Tande - Dog Park notification to future residents? Will there be significant vegetation between the dog park and housing development. Assurance of access.

Brennan Ray - Spokesperson for DMB/Marley Park addressed the Council questions relating to signage, dog park, landscaping and community access.

Mayor Wolcott - Questioned the layout of Dog Park.

Donna Bronski - Resident of Marley Park, wanted to address the dog park and wanted to address the topics that CM Tande brought up including signs. Moving the dog park north as far as possible.

Ed Hanzel - Addressed park access, 775 families in a small area, this is a small township. When the kids get older they are going to require different amenities, basketball courts, soccer fields, etc.

Council Member Tande made the motion to approve the Preliminary Plat for Marley Park Phases 4 and 5. Council Member Hall seconded the motion. Seven yes votes, motion carried.

Regular Agenda Item - Non-Public Hearing

<u>11 – FS17-601- Marley Park Phase 4 & 5 144 AVE MOD Final Plat Consideration and action regarding a Map of Dedication for 144th Drive and 145th Avenue in Marley Park Phase 4 & 5 - APPROVED</u>

City Planner, Robert Kuhfuss reported items 11, 12 and 13.

Council Member Tande made the motion to approve FS17-601. Council Member Duffy seconded the motion. Seven yes votes, motion carried.

<u>12 – Consideration and action regarding a Map of Dedication for Old Oak Lane in Marley Park Phase 4 & 5 within the Marley Park PAD - APPROVED</u>

Council Member Tande made the motion to approve MOD for Old Oak Lane. Council Member Duffy seconded the motion. Seven yes votes, motion carried.

<u>13 – Consideration and action regarding a Map of Dedication for Sweetwater Avenue in Marley Park Phase 4 & 5 within the Marley Park PAD - APPROVED</u>

Council Member Tande made the motion to approve MOD for Sweetwater Avenue. Council Member Duffy seconded the motion. Seven yes votes, motion carried.

<u>14 – Consideration and action to enter a lease agreement with Ottawa University allowing the University to lease approximately 14 acres of City-owned land for a term of 65 years at a market-rate rent and granting to Ottawa University 1) an option to lease additional City land totaling approximately 23 acres, and 2) an option to purchase any real property contained in the lease if certain conditions of the agreement are met by the University - APPROVED</u>

Kendra Pettis and Mike Hoover gave a powerpoint presentation regarding this item.

Mayor Wolcott - We couldn't have done this without your passion on this project. You convinced doubters, it was years in the works but if feels like yesterday. I want to say thank you to you and your entire team, we couldn't have done this without you.

Council Member Winters made the motion to approve the lease agreement with Ottawa University. Council Member Tande seconded the motion. Seven yes votes, motion carried.

15 – Presentation and discussion pertaining to the FY2018 Financial Status Report through December 2017 - NO ACTION

Finance Director, Lindsey Duncan reported on the FY18 Financial Status Report.

Other Business

Mayor Wolcott and Council Member Tande - Asked for task force to bring forward recommendations to recognize Brian Manscini.

Council Members Hall and Winters - Progress report on the City Center for April 17th, 2018.

Mayor/Council Report

Mayor and Council reported on the events/meetings that they attended.

Council Member Hall made the motion to recess the Regular Council Meeting at 7:51 PM and enter into executive session. Council Member Tande seconded the motion. Seven yes votes, motion carried.

Executive Session

16 - Consideration and action to enter into executive session with the designated representatives of the public body in order to discuss, consider, and provide instruction pertaining to the current negotiations with the Surprise police and Surprise fire employee associations pursuant A.R.S. 38-431.03(A)(5).

Adjournment

Unanimous vote to adjourn the Regular City Council Meeting of March 20, 2018 at 8:33 PM.

____

Sharon R. Wolcott, Mayor

ATTEST:

____
Sherry Ann Aguilar, City Clerk

CERTIFICATION:

I, Sherry Ann Aguilar, City Clerk for the City of Surprise, Maricopa County, Arizona, do hereby verify that these are the true and correct minutes of the Regular City Council Meeting of **Tuesday, March 20, 2018.**

____
Sherry Ann Aguilar, City Clerk

Council Meeting Date:	April 3, 2018	Contact Person:	Terry Lowe, Director Water Resource Management
Submitting Department:		District:	Internal
Staff Recommendations:	None		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Consideration and action amending the fiscal year 2018 budget by reallocating appropriations of $9,500 from sewer SPA1 operational supplies to sewer SPA1 operational salaries to reclassify a Systems Control and Data Acquisition (SCADA) lead position to a SCADA supervisor; Resolution # 2018-39.

Motion:

I move to approve Resolution # 2018-39.

Background:

As the City grows the need for a robust SCADA system is crucial to operating our Utilities efficiently. The use of SCADA systems is vital to managing the health of a utility and to preventing failures before they occur. The Supervisor position is needed to lead the team of SCADA technicians to developing an advanced SCADA system for the Utility.

Objective Analysis:

The skills needed to plan, program, operate, troubleshoot, and repair, SCADA systems are highly specialized. The City continues to grow its sophistication with SCADA. This position will lead the team of SCADA professionals dedicated to support the operations of both the Water and Wastewater utilities.

It will also begin the development of a Utility technology focused career path. The use of SCADA systems is vital to managing the health of a utility and to preventing failures before they occur. Current dedicated SCADA staff work 7 days a week and are on standby 24 hrs. a day. There is need to grow this working group to keep pace with technology to operate efficiently. Without this position, the SCADA support structure will remain as it is; a more reactive, maintenance operation. This position is crucial to the further development of the SCADA system and the strategic planning of its use into the future.

Policy Compliant:

This action item is consistent with Council policy.

Financial Impact:

The positions with all associated benefits is expected to cost $9,500 for the remainder of FY2018 and will be programed as part of the ongoing expenditures for personnel per year thereafter.

Budget Impact:

This budget amendment request will utilize Sewer operational chemical supplies (51606) in the amount of $9,500 for the addition salary cost associated with the reclassification of the position without exceeding the approved total annual budget for FY2018. For FY2019, the costs of the position will be budgeted for as part of the budget process.

FTE Impact:

The Water Resource Management Department FTE count will remain unchanged by this budget reallocation.

ATTACHMENTS:

Click to download

- Resolution 2018-39

RESOLUTION # 2018-39

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AMENDING THE FISCAL YEAR 2018 BUDGET BY REALLOCATING APPROPRIATIONS OF $9,500 FROM WATER RESOURCE MANAGEMENT'S SUPPLIES BUDGET TO THE FULL-TIME SALARIES BUDGET WITHIN THE SEWER OPERATIONS FUND TO RECLASSIFY A SYSTEM CONTROL AND DATA ACQUISITION (SCADA) LEAD POSITION TO A SCADA SUPERVISOR POSITION.

WHEREAS, the City's Water Resource Management Department continues to realize the advantages of utilizing automation in its Water and Wastewater Utilities;

WHEREAS, the City's control system related both water and sewer systems to ensure the City's systems are operating efficiently;

WHEREAS, the additional skill needed to forecast, plan, and program the Supervisory Control and Data Acquisition (SCADA) systems are above the current positions monitoring the system;

WHEREAS, this work requires a new position description and pay grade;

WHEREAS, the FY2018 budget was adopted including 55.4 full-time equivalents (FTE) within the Water Resource Management Department which will remain unchanged by this budget reallocation;

WHEREAS, supplies savings of $9,500 will be reallocated to full-time salaries to support this job class upgrade;

WHEREAS, this action will necessitate a budget amendment;

WHEREAS, the FY2018 budget was adopted by Council Resolution #2017-64 on June 6, 2017;

WHEREAS, City of Surprise Administrative Policies requires the approval of the Mayor and Council for budget amendments of this nature.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows.

Section 1. The City's Chief Financial Officer is authorized to make the fund source budget adjustments described and estimated in Exhibit "A".

<u>Section 2</u>. That the statements and schedules attached as *Exhibit A* and incorporated by reference are adopted, amending the budget of the City of Surprise, Arizona for the fiscal year July 1, 2017 through June 30, 2018.

APPROVED AND ADOPTED this _____day of ___________, 2018.

Sharon R. Wolcott, Mayor

Attest: Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

RESOLUTION # 2018-39
Exhibit A

1. Appropriation - The allocation below represents a reallocation of appropriation in the amount of $9,500 from supplies within the sewer operations fund to salaries within the sewer operations fund. To cover the additional salaries associated with the re-classification of a SCADA specialist to a SCADA supervisor. These allocations do not represent an actual transfer of funds, but only a transfer of spending authority.

Fund	Department	Project/Category	Rev/ Exp	Current Budget	Increase/ (Decrease)	Amended Budget
Sewer Operations	Water Resource Management	Supplies	E	1,489,100	(9,500)	(9,500)
Sewer Operations	Water Resource Management	Personnel Services	E	3,373,000	9,500	9,500

Council Meeting Date:	April 3, 2018	Contact Person:	Lindsey Duncan, Finance Director
Submitting Department:	Finance	District:	Citywide
Staff Recommendations:	None		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Consideration and action pertaining to approval of the sale, execution, and delivery of a first purchase agreement not to exceed $40,000,000 aggregate principal amount of general obligation bonds evidencing a proportionate interest of the owners thereof in a purchase agreement; approving the form and authorizing the execution and delivery of such purchase agreement and other necessary related agreements, instruments, and documents; delegating authority to determine certain matters and terms with respect to the foregoing; and authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this Resolution; Resolution # 2018-54.

Motion:

I move to approve Resolution # 2018-54.

Background:

A special bond election was duly called and held in and for the City on November 7, 2017, the purpose of which was to authorize the Mayor and Council of the City to incur indebtedness in the form of general obligation bonds of the City for the purposes set forth in Title 35, Chapter 3, Article 3, Arizona Revised Statutes. In response to the questions presented at the special bond election, the majority of the votes cast at the special bond election were in favor of authorizing the Mayor and Council of the City to issue and sell $59,500,000 in aggregate principal amount of general obligation bonds of the City.

This item is for the authorization to sell the 2018 series General Obligation Bonds. The members of the Council are required to approve Resolution 2018-54. The Preliminary Official Statement, tax certification, and continuing disclosure compliance procedures are provided for consideration and review. Particular attention should be paid to the Preliminary Official Statement.

Objective Analysis:

This sale is consistent with the authorization of the electorate of the City of Surprise from the November 2017 election. The bond funds will be used for public safety, traffic congestion mitigation, and pavement projects.

Policy Compliant:

This action is consistent with City and Council Policy.

Financial Impact:

This first series of bonds will be issued for $39,500,000. The remaining authorized bonds of $20,000,000 will be sold at a future date after future council approval authorizing the sale. The intent with the sale of the bonds is to have annual principal and interest payments related to all authorized general obligation bonds of approximately $4,500,000 per year. This will result in a secondary property tax being assessed to make payments on the bonds of $0.42 per $100 of net limited assessed property value.

Budget Impact:

The bonds will be repaid through secondary property taxes assessed in accordance with the repayment schedule established for the bonds. Principal and interest payments will be made over the course of the next 20 years. The first principal and interest payments will be due July 1, 2019.

FTE Impact:

There is no impact to FTEs.

ATTACHMENTS:

Click to download

- Resolution 2018-54
- Final Draft Preliminary Official Statement
- Tax Compliance
- Continuing Disclosure
- Presentation

RESOLUTION NO. 2018-54

RESOLUTION (1) PROVIDING FOR THE SALE AND ISSUANCE OF CITY OF SURPRISE, ARIZONA GENERAL OBLIGATION BONDS, SERIES 2018 AND FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; (2) PRESCRIBING CERTAIN TERMS AND CONDITIONS OF THE BONDS INCLUDING THE DELEGATION TO THE MAYOR OF THE CITY AND THE FINANCE DIRECTOR OF THE CITY AND HER DESIGNEE THE AUTHORITY TO DESIGNATE THE FINAL PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND YIELDS AND OTHER MATTERS WITH RESPECT TO THE BONDS; (3) MAKING CERTAIN FINDINGS, CERTIFICATIONS AND COVENANTS WITH RESPECT TO THE BONDS; (4) DELEGATING TO THE MAYOR OF THE CITY AND THE FINANCE DIRECTOR OF THE CITY AND HER DESIGNEE THE AUTHORITY TO APPOINT A BOND REGISTRAR AND PAYING AGENT WITH RESPECT TO THE BONDS, APPROVING A FORM OF BOND REGISTRAR AND PAYING AGENT AGREEMENT WITH SUCH BOND REGISTRAR AND PAYING AGENT AND AN AGREEMENT WITH A SECURITIES DEPOSITORY AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH AGREEMENTS; (5) AWARDING A CONTRACT FOR THE PURCHASE OF THE BONDS; (6) RATIFYING ALL ACTIONS TAKEN WITH RESPECT TO THE PREPARATION AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT INCLUDING THE DELEGATION TO THE MAYOR OF THE CITY AND THE FINANCE DIRECTOR OF THE CITY AND HER DESIGNEE THE AUTHORITY TO APPROVE THE FORM THEREOF AND TO DEEM THE SAME FINAL; (7) APPROVING A FORM OF AN OFFICIAL STATEMENT, AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH OFFICIAL STATEMENT AND AUTHORIZING DISTRIBUTION OF SUCH OFFICIAL STATEMENT; (8) APPROVING A FORM OF CONTINUING DISCLOSURE UNDERTAKING PERTAINING TO PROVIDING CERTAIN FUTURE INFORMATION WITH RESPECT TO THE BONDS AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH UNDERTAKING; (9) ADOPTING POST-ISSUANCE TAX COMPLIANCE POLICIES AND CONTINUING DISCLOSURE COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE CITY; AND (10) RATIFYING ALL ACTIONS TAKEN TO FURTHER THIS RESOLUTION.

WHEREAS, at a special bond election held in and for the City of Surprise, Arizona (the "City"), on November 7, 2017 (the "Election"), there was submitted to the qualified electors thereof, among others, the following questions:

QUESTION NO. 1

PUBLIC SAFETY QUESTION

ISSUANCE OF BONDS PAYABLE FROM SECONDARY (AD VALOREM) PROPERTY TAX

Shall the City of Surprise, Arizona (the "City"), be authorized to incur indebtedness in a total principal amount not to exceed $34,000,000 by the issuance of bonds for public safety projects including the costs to improve, construct, reconstruct, equip and/or furnish a Public Safety Evidence and Readiness Center, a Police Training Facility, a new Fire Station 308 in the City's southeast area, a Permanent Fire Station to replace Fire Station 304 in the City's northern area (both stations to include equipment and apparatus, safety equipment, emergency response vehicles, and necessary appurtenances), a Public Works Operations Facility that will centralize Public Works functions and support City fleet operations which includes public safety vehicles; and to acquire land and/or interests in land for a Fire Station, Police Substation and park in the southwest portion of the City, by purchase, exercise of the power of eminent domain or any other method of acquisition and to pay all costs incidental to any of the foregoing and to the sale and issuance of such bonds; such bonds, or any series thereof, to be issued as general obligation bonds of the City, payable from secondary (ad valorem) property taxes levied upon all of the taxable property in the City, to mature not more than 25 years from their date and to bear interest at a rate of not to exceed 6% per annum?

The issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on the bonds.

A "YES" vote shall authorize the governing body of the City to issue and sell $34,000,000 of general obligation bonds of the City for Public Safety and Public Works projects to be repaid with secondary property taxes.

A "NO" vote shall not authorize the governing body of the City to issue and sell such bonds of the City.

BOND APPROVAL, YES
BOND APPROVAL, NO

QUESTION NO. 2

TRAFFIC CONGESTION MITIGATION QUESTION

ISSUANCE OF BONDS PAYABLE FROM SECONDARY (AD VALOREM) PROPERTY TAX

Shall the City of Surprise, Arizona (the "City"), be authorized to incur indebtedness in a total principal amount not to exceed $15,500,000 by the issuance of bonds for traffic congestion mitigation projects, including the costs to design, improve, construct and reconstruct roadways, including acquisition and installation of street lights, traffic signals, traffic safety improvement devices, drainage improvements, retention basins, landscaping, relocation of existing infrastructure, appurtenances, and to acquire land and interests in land for right-of-way therefor by purchase, exercise of the power of eminent domain or any other method of acquisition and to pay all costs incidental to any of the foregoing and to the sale and issuance of such bonds; such bonds, or any series thereof, to be issued as general obligation bonds of the City, payable from secondary (ad valorem) property taxes levied upon all of the taxable property in the City, to mature not more than 25 years from their date and to bear interest at a rate of not to exceed 6% per annum?

The issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on the bonds.

A "YES" vote shall authorize the governing body of the City to issue and sell $15,500,000 of general obligation bonds of the City for traffic mitigation projects to be repaid with secondary property taxes.

A "NO" vote shall not authorize the governing body of the City to issue and sell such bonds of the City.

BOND APPROVAL, YES
BOND APPROVAL, NO

QUESTION NO. 3

PAVEMENT PRESERVATION QUESTION

ISSUANCE OF BONDS PAYABLE FROM SECONDARY (AD VALOREM) PROPERTY TAX

Shall the City of Surprise, Arizona (the "City"), be authorized to incur indebtedness in a total principal amount not to exceed $10,000,000 by the issuance of bonds for pavement preservation projects, including the costs to design, improve, construct, resurface, reconstruct and acquire necessary equipment and appurtenances therefor to improve deteriorated pavement citywide and to pay all costs incidental to any of the foregoing and to the sale and issuance of such bonds; such bonds, or any series thereof, to be issued as general obligation bonds of the City, payable from secondary (ad valorem) property taxes levied upon all of the taxable property in the City, to mature not more than 25 years from their date and to bear interest at a rate of not to exceed 6% per annum?

The issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on the bonds.

A "YES" vote shall authorize the governing body of the City to issue and sell $10,000,000 of general obligation bonds of the City for pavement preservation projects to be repaid with secondary property taxes.

A "NO" vote shall not authorize the governing body of the City to issue and sell such bonds of the City.

BOND APPROVAL, YES
BOND APPROVAL, NO

; and

WHEREAS, the returns of the Election were duly canvassed by the Mayor and Council of the City and a certificate disclosing the purpose of the Election, the total number of votes cast thereat, the total number of votes for and against the issuance of such bonds, and stating that the creation of the indebtedness by the issuance of the bonds in accordance with the questions was ordered has been filed and recorded in the office of the County Recorder of Maricopa County, Arizona; and

WHEREAS, a majority of the qualified electors of the City, voting at the Election voted "Yes," in answer to such questions submitted; and

WHEREAS, the Mayor and Council of the City have determined to sell and issue a portion of the authorized amount of such bonds (the " Bonds") as general obligation bonds for the purposes granted at the Election; and

WHEREAS, sealed proposals will be received pursuant to a Notice Inviting Proposals For Purchase Of Bonds (the "Notice") for the purchase of the Bonds; and

WHEREAS, the determination of which proposal will result in the lowest true interest cost to the City with respect to the Bonds and, in all respects, complies with the terms of the Notice and this Resolution, shall be delegated as provided by this Resolution; and

WHEREAS, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder (the "Regulations"), issuers of obligations, the interest on which is intended to be excludable from the gross income of the owners thereof for federal income tax purposes ("Tax-Exempt Obligations"), are required to establish policies and procedures to ensure compliance with the applicable provisions of the Code and the Regulations; and

WHEREAS, it is determined that procedures should be adopted in order to ensure that Tax-Exempt Obligations issued by the City comply with the provisions of the Code and the Regulations (the "Tax Compliance Procedures"); and

WHEREAS, pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), Participating Underwriters (as defined in the Rule) are required to reasonably determine that issuers have entered into written undertakings to make ongoing disclosure in connection with offerings of obligations to investors subject to the Rule; and

WHEREAS, it is determined that procedures should be adopted in order to document practices and describe various procedures for preparing and disseminating such ongoing disclosure for the benefit of the holders of the City's obligations and to assist the Participating Underwriters in complying with the Rule and such written undertakings (together with the Tax Compliance Procedures, the "Procedures"); and

WHEREAS, all things required to be done preliminary to the authorization, sale and issuance of the Bonds have been duly done and performed in the manner required by law, and the Mayor and Council of the City are now empowered to proceed with the sale and issuance of the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AS FOLLOWS:

Section 1. Authorization and Terms.

(a) (1) The Bonds, to provide funds for the purposes set forth in the above-mentioned forms of ballot questions submitted to the qualified electors of the City at the Election, are hereby authorized to be issued and sold as a series of bonds of the City to be designated "City of Surprise, Arizona General Obligation Bonds, Series 2018" in accordance with this Resolution and applicable law.

(2) The Bonds constitute the first series of bonds of a total authorized amount of not to exceed $59,500,000 principal amount of bonds of the City approved by the qualified electors of the City at the Election and are authorized by the provisions of Title 35, Chapter 3, Article 3, Arizona Revised Statutes.

(3) The proceeds from the sale of the Bonds shall be credited against the total principal amount of bonds and the specific amount of bonds so authorized by the qualified electors of the City at the Election and for each respective purpose and project as set forth in the applicable question on the official form of ballot and the proceeds of the Bonds shall be applied to each respective purpose and project as determined by the Finance Director of the City or her designee on behalf of the City.

(b) The Mayor, the Finance Director of the City or the designees of either of them (collectively, the "Authorized Representatives") are hereby authorized and directed to determine on behalf of the City and, if applicable, to include in the Notice: (1) the total principal amount of the Bonds; (2) the final principal and maturity schedule of the Bonds (but none of the Bonds to mature more than twenty-five (25) years from their date of issuance); (3) the provisions for redemption in advance of maturity of the Bonds; (4) the sales date, sales price and other sales terms of the Bonds (including provision for any discount); and (5) the provision for credit enhancement, if any, for the Bonds; provided, however, that such determinations must result in a yield for federal income tax purposes with respect to the Bonds of not to exceed four percent (4%). The interest rates per annum each maturity of the Bonds are to bear (but not to exceed six percent (6%)) and the dates for payment of such interest (the "interest payment dates") and the sales price at which the Bonds are to be sold shall be determined as prescribed in the Notice.

(c) (1) The Bonds shall be dated the date of their initial authentication and delivery and issued in the denomination of $5,000 of principal amount each or integral multiples thereof and only in fully registered form.

(2) The principal of and premium, if any, on the Bonds shall be payable at maturity or prior redemption upon presentation and surrender thereof at the designated corporate trust of the Bond Registrar and Paying Agent (as defined herein).

(3) Interest on the Bonds shall be payable by check, dated as of the interest payment date, mailed to the registered owners thereof and at the addresses appearing on the registration books maintained by the Bond Registrar and Paying Agent at the close of business on the fifteenth (15th) day of the month next preceding that interest payment date (the "regular record date"). Any such interest on a Bond which is not timely paid or duly provided for shall cease to be payable to the registered owner thereof (or of one or more predecessor Bonds) as of the regular record date and shall be payable to the registered owner thereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to the registered owners of Bonds not less than ten (10) days prior thereto.

(4) The principal of and premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America.

Section 2. Prior Redemption of the Bonds.

(a) Notice of redemption of any Bond shall be mailed by first class mail, postage prepaid, not more than forty-five (45) nor less than thirty (30) days prior to the date set for redemption to the registered owner of the Bond or Bonds being redeemed at the address shown on the registration books for the Bonds maintained by the Bond Registrar and Paying Agent. Failure to properly give such notice of redemption shall not affect the redemption of any Bond for which notice was properly given.

(b) On the date designated for redemption by notice given as herein provided, the Bonds or portions thereof to be redeemed shall become and be due and payable at the redemption price for such Bonds or such portions thereof on such date, and, if moneys for payment of the redemption price are held in separate accounts by the Bond Registrar and Paying Agent, interest on such Bonds or such portions thereof shall cease to accrue, such Bonds or such portions thereof shall cease to be entitled to any benefit or security hereunder, the registered owners of such Bonds or such portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest thereon and such Bonds or such portions thereof shall be deemed paid and no longer outstanding.

(c) The City may redeem any amount which is included in a Bond in the denomination in excess of, but divisible by, $5,000. In that event, the registered owner shall submit the Bond for partial redemption and the Bond Registrar and Paying Agent shall make such partial payment and shall cause to be issued a new Bond in a principal amount which reflects the redemption so made, to be authenticated and delivered to the registered owner thereof.

Section 3. Security; Defeasance.

(a) For the purpose of paying the principal 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 and on the Bonds as the same become due, such taxes to be levied, assessed and collected at the same time and in the same manner as other taxes of the City are levied, assessed and collected. The tax shall be extended and collected for the City, and the officials of the City and Maricopa County, Arizona, charged with the annual extension and collection of taxes, without further instructions from the Council of the City, shall extend and collect the tax upon issuance of the Bonds. All moneys collected through such tax shall be paid into the treasury of the City, to the credit of a "Debt Service Fund" of the City for the Bonds, from which fund the Bonds shall be payable, which tax moneys shall be held in subfunds to be known as the "Interest Fund" and the "Redemption Fund," which funds shall be kept separate and apart from and not commingled with any other funds or moneys and which shall be used solely for, respectively, payment of interest on and principal of, and premium, if any, on the Bonds.

(b) Any bond of the series of the Bonds or portion thereof in authorized denominations shall be deemed paid and defeased and thereafter shall have no claim on ad valorem taxes levied on taxable property in the City (i) if there is deposited with a bank or comparable financial institution, in trust, moneys or obligations issued by or guaranteed by the United States government ("Defeasance Obligations") or both which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant, to pay the principal of and interest and any premium on such bond or portion thereof as the same matures, comes due or becomes payable upon prior redemption and (ii) if such defeased bond or portion thereof is to be redeemed, notice of such redemption has been given in accordance with provisions hereof or the City has submitted to the Bond Registrar and Paying Agent instructions expressed to be irrevocable as to the date upon which such bond or portion thereof is to be redeemed and as to the giving of notice of such redemption. Bonds the payment of which has been provided for in accordance with this Section shall no longer be deemed payable or outstanding hereunder and thereafter such bonds shall be entitled to payment only from the moneys or Defeasance Obligations deposited to provide for the payment of such bonds.

Section 4. Use of Proceeds. Proceeds of the sale of the Bonds shall be deposited in the treasury of the City to the credit of the "Series 2018 Construction Fund" of the City in three separate accounts as follows in the amounts determined as provided in Section 1(a)(3) hereof:

Name of Account

"Public Safety Account – Series 2018"

"Traffic Congestion Mitigation Account – Series 2018"

"Pavement Preservation Account – Series 2018"

to be used solely for the purposes specified in the aforementioned ballot questions submitted to the qualified electors of the City at the Election; provided, however, that (a) such proceeds may be invested in the manner and under the circumstances allowed by law and (b) any moneys remaining in any subfund after such purposes shall have been accomplished shall be transferred to the applicable "Interest Fund" and "Redemption Fund" in the same fashion as taxes.

Section 5. Form of Bonds.

(a) The Bonds (including the form of certificate of authentication and form of assignment therefor) shall be in substantially the form set forth in the Exhibit attached hereto. There may be such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing the Bonds in such form. Execution thereof by such officers shall constitute conclusive evidence of such approval.

(b) 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 authentication and registration of each Bond.

(c) The Bonds are prohibited from being converted to coupon or bearer bonds without the consent of the Council and approval of Bond Counsel to the City.

Section 6. Execution and Delivery of Bonds and Other Documents.

(a) The Bonds shall be executed for and on behalf of the City by the Mayor of the City and attested by the Clerk of the City. Such signatures may be by mechanical reproduction. Such officers shall manually sign certificates adopting as and for such signatures on the Bonds the respective mechanically reproduced signatures affixed to the Bonds.

(b) If an officer whose signature is on a Bond no longer holds that office at the time such Bond is authenticated and registered, the Bond shall nevertheless be valid so long as such Bond would otherwise be valid and binding.

(c) A Bond shall not be valid or binding until authenticated by the manual signature of an authorized representative of the Bond Registrar and Paying Agent. The signature of the authorized representative of the Bond Registrar and Paying Agent shall be conclusive evidence that the Bond has been authenticated and issued under this Resolution.

Section 7. Mutilated, Lost or Destroyed Bonds. In case any Bond becomes mutilated or destroyed or lost, the City shall cause to be executed and delivered a new Bond of like type, date, maturity 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 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 Section 47-8405, Arizona Revised Statutes.

Section 8. Finalization and Dissemination of Notice; Acceptance of Proposal. The form of the Notice included in the hereinafter described Preliminary Official Statement is hereby approved in substantially such form. The Authorized Representatives, on behalf of the City, are hereby authorized to finalize matters in the Notice including by making modifications, completions or changes of, or supplements to, the Notice and to determine how the Notice is to be disseminated. The Bonds shall be offered for public sale by the City on the date and at the hour set forth in the Notice. So long as the terms for the Bonds are within the parameters established by this Resolution, the proposal of the purchaser of the Bonds pursuant to the Notice shall be accepted. Such acceptance shall be evidenced by the award pursuant to the Notice.

Section 9. Official Statement and Continuing Disclosure.

(a) (1) The preparation, distribution and use of the Preliminary Official Statement relating to the Bonds in substantially the form presented to the Council at the meeting at which this Resolution was adopted is in all respects hereby ratified, approved and confirmed, and the Authorized Representatives are hereby authorized to certify or otherwise represent that the Preliminary Official Statement, in original or revised form, is a "deemed final" official statement (except for permitted omissions) of the City as of particular date for purposes of the Rule.

(2) The Authorized Representatives are authorized and directed to approve, on behalf of the Council, and to execute and deliver, a final Official Statement in substantially the form of the Preliminary Official Statement, modified to reflect matters related to the sale of the Bonds, for distribution and use in connection with the offering and sale of the Bonds. The execution and delivery of such final Official Statement by the Mayor or, in the absence thereof, Vice Mayor of the City shall be conclusively deemed to evidence the approval of the status, form and contents thereof by the Council.

(b) Subject to annual appropriation to cover the costs of preparing and mailing as necessary therefor, the City shall comply with and carry out all the provisions of a Continuing Disclosure Undertaking, to be dated the date of issuance of the Bonds (the

"Undertaking") with respect to the Bonds which the Mayor or, in the absence thereof, Vice Mayor of the City is hereby authorized, for and on behalf of the Council, to execute, and the Clerk of the City is hereby authorized to attest and deliver, in substantially the form submitted to the Council at the meeting at which this Resolution was adopted, with such additions, deletions and modifications as shall be approved by the Mayor or, in the absence thereof, Vice Mayor of the City, and such execution and delivery shall constitute evidence of the approval of such officer of any departures from the form submitted to the Council at the time of adoption of this Resolution. Notwithstanding any other provision of this Resolution, failure of the City (if obligated pursuant to the Undertaking) to comply with the Undertaking shall not be considered an event of default; however, any Beneficial Owner (as defined herein) may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Section 10. Bond Registrar and Paying Agent.

(a) The Authorized Representatives are hereby authorized to appoint the initial authenticating agent, bond registrar, transfer agent and paying agent with respect to the Bonds (the "Bond Registrar and Paying Agent"), and a standard form contract therewith covering such services, with such additions, deletions and modifications as shall be approved by the Mayor or, in the absence thereof, Vice Mayor of the City, is hereby approved, and the Mayor or, in the absence thereof, Vice Mayor of the City is hereby authorized to execute, and the Clerk of the City is hereby authorized to attest and deliver, such contract, the execution by the Mayor or, in the absence thereof, Vice Mayor of the City constituting conclusive evidence of the approval of such officer of any departures from such form. The Bond Registrar and Paying Agent shall maintain the books of the City for the registration of ownership of each Bond.

(b) A Bond may be transferred on the registration books upon delivery and surrender of the Bond to the Bond Registrar and Paying Agent at its designated corporate trust office, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar and Paying Agent, duly executed by the registered owner of the Bond to be transferred or the attorney-in-fact or legal representative thereof, containing written instructions as to the details of the transfer of such Bond. No transfer of any Bond shall be effective until entered on the registration books.

(c) In all cases upon the transfer of a Bond, the Bond Registrar and Paying Agent shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same type and of the authorized denominations (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Section.

(d) All costs and expenses of initial registration and payment of the Bonds shall be borne by the City, but the City and the Bond Registrar and Paying Agent shall charge the registered owner of such Bond for every subsequent transfer of a Bond including an amount sufficient to reimburse them for any transfer fee, tax or other governmental charge required to be paid with respect to such transfer and may require that such charge including for such transfer fee, tax or other governmental charge be paid before any such new Bond shall be delivered.

(e) The City and the Bond Registrar and Paying Agent shall not be required to issue or transfer any Bonds during a period beginning with the opening of business on any regular record date and ending with the close of business on the corresponding interest payment date.

(f) The Bonds shall be subject to a Book-Entry System (as defined herein) of ownership and transfer, except as provided in subsection (3) of this subsection. The general provisions for effecting the Book-Entry System are as follows:

(1) The City hereby designates The Depository Trust Company, New York, New York, as the initial Depository (as defined herein) hereunder.

(2) Notwithstanding the provisions of this Section or of the Bonds to the contrary and so long as the Bonds are subject to a Book-Entry System, the Bonds shall initially be evidenced by one typewritten certificate for each maturity in an amount equal to the aggregate principal amount thereof. The Bonds so initially delivered shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company. The Bonds may not thereafter be transferred or exchanged on the registration books of the City maintained by the Bond Registrar and Paying Agent except:

(a) to any successor Depository designated pursuant to subsection (3) of this subsection;

(b) to any successor nominee designated by a Depository or

(c) if the City shall elect to discontinue the Book-Entry System pursuant to subsection (3) of this subsection, the City shall cause the Bond Registrar and Paying Agent to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the Beneficial Owners (as defined herein) or their nominees, as certified by the Depository, at the expense of the City; thereafter the other applicable provisions of this Resolution regarding registration, transfer and exchange of the Bonds shall apply.

(3) The Bond Registrar and Paying Agent, pursuant to a request from the City for the removal or replacement of the Depository, and upon thirty (30) days' notice to the Depository, may remove or replace the Depository. The Bond Registrar and Paying Agent shall remove or replace the Depository at any time pursuant to the request of the City. The Depository may determine not to continue to act as

Depository for the Bonds upon thirty (30) days' written notice to the City and the Bond Registrar and Paying Agent. If the use of the Book-Entry System is discontinued, then after the Bond Registrar and Paying Agent has made provision for notification of the Beneficial Owners of their book entry interests in the Bonds by appropriate notice to the then Depository, the City and the Bond Registrar and Paying Agent shall permit withdrawal of the Bonds from the Depository and authenticate and deliver the Bond certificates in fully registered form and in denominations authorized by this Section to the assignees of the Depository or its nominee. Such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise preparing, and delivering, such replacement Bond certificates) of the City.

(4) So long as the Book-Entry System is used for the Bonds, the City and the Bond Registrar and Paying Agent shall give any notice of redemption or any other notices required to be given to registered owners of Bonds only to the Depository or its nominee registered as the owner thereof. Any failure of the Depository to advise any of its participants, or of any participant to notify the Beneficial Owner, of any such notice and its content or effect shall not affect the validity of the redemption of the Bonds to be redeemed or of any other action premised on such notice. Neither the City nor the Bond Registrar and Paying Agent shall be responsible or liable for the failure of the Depository or any participant thereof to make any payment or give any notice to a Beneficial Owner in respect of the Bonds or any error or delay relating thereto.

(5) Notwithstanding any other provision of this Section or Section 2(b) hereof or of the Bonds to the contrary, so long as the Bonds are subject to a Book-Entry System, it shall not be necessary for the registered owner to present the applicable Bond for payment of mandatory redemption installments, if any. The mandatory redemption installments may be noted on books kept by the Bond Registrar and Paying Agent and the Depository for such purpose, and the Bonds shall be tendered to the Bond Registrar and Paying Agent at their maturity.

(6) For purposes of this Section, "Beneficial Owners" shall mean actual purchasers of the Bonds whose ownership interest is evidenced only in the Book-Entry System maintained by the Depository; "Book-Entry System" shall mean a system for clearing and settlement of securities transactions among participants of a Depository (and other parties having custodial relationships with such participants) through electronic or manual book-entry changes in accounts of such participants maintained by the Depository hereunder for recording ownership of the Bonds by Beneficial Owners and transfers of ownership interests in the Bonds and "Depository" shall mean The Depository Trust Company, New York, New York or any successor depository designated pursuant to this Section.

Section 11. General Federal Tax Law Covenants.

(a) (i) As provided in the Certificate Relating to Federal Tax Matters to be delivered upon the initial delivery of the Bonds (the "Tax Certificate"), the City shall not make or direct the making of any investment or other use of the proceeds of any Bonds which would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148 (or any successor provision thereto) of the Code, or "private activity bonds" as that term is defined in Section 141 (or any successor provision thereto) of the Code, and shall comply with the requirements of the Code sections and related regulations throughout the term of the Bonds. In consideration of the purchase and acceptance of the Bonds by such holders from time to time and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, the Council covenants, and the appropriate officials of the City are hereby directed, to take all action required to maintain such exclusion or to refrain from taking any action prohibited by the Code which would adversely affect in any respect such exclusion.

(ii) The City shall be the owner of the facilities financed with the proceeds of the sale of the Bonds (the "Facilities") for federal income tax purposes. Except as otherwise advised in a Bond Counsel's Opinion (as defined herein), the City shall not enter into (i) any management or service contract with any entity other than a governmental entity for the operation of any portion of the Facilities unless the management or service contract complies with the requirements of such authority as may control at the time, or (ii) any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion of the Facilities. Also, the payment of principal and interest with respect to the Bonds shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Bonds, or amounts treated as proceeds of the Bonds, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds (i) may be so invested for an initial temporary period until needed for the purpose for which the Bonds are being issued, (ii) may be so used in making investments of a bona fide debt service fund or (iii) may be invested in obligations issued by the United States Treasury.

(iii) The procedures and covenants contained in any arbitrage rebate provision or separate agreement executed in connection with the issuance of the Bonds (initially Section 12 hereof) shall be complied with for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds.

(b) (i) The City shall take all necessary and desirable steps, as determined by the Council of the City, to comply with the requirements hereunder in order to ensure that interest on the Bonds is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement shall not be required in the event the City receives a Bond Counsel's Opinion that either (i) compliance with such requirement is not required to maintain the exclusion from gross income of interest on the Bonds, or (ii) compliance with some other requirement will meet the requirements of the Code. In the event the City receives such a Bond Counsel's Opinion, this Resolution shall be amended to conform to the requirements set forth in such opinion.

(ii) If for any reason any requirement hereunder is not complied with, the Council of the City shall take all necessary and desirable steps, as determined by the City, to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence and the City shall pay any required interest or penalty under Regulations section 1.148-3(h).

(c) The City, pursuant to Section 13 hereof, has adopted the Tax Compliance Procedures, with which the City shall comply.

Section 12. Arbitrage Rebate Covenants.

(a) Terms not otherwise defined in Subsection (b) hereof shall have the meanings given to them in the Tax Certificate.

(b) The following terms shall have the following meanings:

Bond Counsel's Opinion shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the City.

Bond Year shall mean each one-year period beginning on the day after the expiration of the preceding Bond Year. The first Bond Year shall begin on the date of issue of the Bonds and shall end on the date selected by the City, provided that the first Bond Year shall not exceed one calendar year. The last Bond Year shall end on the date of retirement of the last Bond.

Bond Yield is as indicated in the Tax Certificate. Bond Yield shall be recomputed if required by Regulations section 1.148-4(b)(4) or 4(h)(3). Bond Yield shall mean the discount rate that produces a present value equal to the Issue Price of all unconditionally payable payments of principal, interest and fees for qualified guarantees within the meaning of Regulations section 1.148-4(f) and amounts reasonably expected to be paid as fees for qualified guarantees in connection with the Bonds as determined under Regulations section 1.148-4(b). The present value of all such payments shall be computed as of the date of issue of the Bonds and using semiannual compounding on the basis of a 360-day year.

Gross Proceeds shall mean:

(i) any amounts actually or constructively received by the City from the sale of the Bonds but excluding amounts used to pay accrued interest on the Bonds within one year of the date of issuance of the Bonds;

(ii) transferred proceeds of the Bonds under Regulations section 1.148-9;

(iii) any amounts actually or constructively received from investing amounts described in (i), (ii) or this (iii); and

(iv) replacement proceeds of the Bonds within the meaning of Regulations section 1.148-1(c). Replacement proceeds include amounts reasonably expected to be used directly or indirectly to pay debt service on the Bonds, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the Bonds in the event the City encounters financial difficulties and other replacement proceeds within the meaning of Regulations section 1.148-1(c)(4). Whether an amount is Gross Proceeds is determined without regard to whether the amount is held in any fund or account.

Investment Property shall mean any security, obligation (other than a tax-exempt bond within the meaning of Code section 148(b)(3)(A)), annuity contract or investment-type property within the meaning of Regulations section 1.148-1(b).

Issue Price is as indicated in the Tax Certificate.

Nonpurpose Investment shall mean any Investment Property acquired with Gross Proceeds, and which is not acquired to carry out the governmental purposes of the Bonds.

Payment shall mean any payment within the meaning of Regulations section 1.148-3(d)(1) with respect to a Nonpurpose Investment.

Rebate Requirement shall mean at any time the excess of the future value of all Receipts over the future value of all Payments. For purposes of calculating the Rebate Requirement the Bond Yield shall be used to determine the future value of Receipts and Payments in accordance with Regulations section 1.148-3(c). The Rebate Requirement is zero for any Nonpurpose Investment meeting the requirements of a rebate exception under section 148(f)(4) of the Code or Regulations section 1.148-7.

Receipt shall mean any receipt within the meaning of Regulations section 1.148-3(d)(2) with respect to a Nonpurpose Investment.

Regulations shall mean the sections 1.148-1 through 1.148-11 and section 1.150-1 of the regulations of the United States Department of the Treasury promulgated under the Code, including and any amendments thereto or successor regulations.

(c) Within 60 days after the end of each Bond Year, the City shall cause the Rebate Requirement to be calculated and shall pay to the United States of America:

(1) not later than 60 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, an amount which, when added to the future value of all previous rebate payments with respect to the Bonds (determined as of such Computation Date), is equal to at least 90% of the sum of the Rebate Requirement (determined as of the last day of such Bond Year) plus the future value of all previous rebate payments with respect to the Bonds (determined as of the last day of such Bond Year); and

(2) not later than 60 days after the retirement of the last Bond, an amount equal to 100% of the Rebate Requirement (determined as of the date of retirement of the last Bond).

Each payment required to be made under this Section shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date such payment is due, and shall be accompanied by IRS Form 8038-T.

(d) No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

(e) For purposes of Subsection (d), whether a Nonpurpose Investment has been purchased or sold or disposed of for its fair market value shall be determined as follows:

(1) The fair market value of a Nonpurpose Investment generally shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in a bona fide arm's length transaction. Fair market value shall be determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding.

(2) Except as provided in Subsection (f) or (g), a Nonpurpose Investment that is not of a type traded on an established securities market, within the meaning of Code section 1273, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(3) If a United States Treasury obligation is acquired directly from or sold or disposed of directly to the United States Treasury, such acquisition or sale or disposition shall be treated as establishing the fair market value of the obligation.

(f) The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal is considered to be its fair market value if the yield on the certificate of deposit is not less than:

(1) the yield on reasonably comparable direct obligations of the United States; and

(2) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(g) A guaranteed investment contract shall be considered acquired and disposed of for an amount equal to its fair market value if:

(1) A bona fide solicitation in writing for a specified guaranteed investment contract, including all material terms, is timely forwarded to all potential providers. The solicitation must include a statement that the submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined

without regard to any other formal or informal agreement that the potential provider has with the City or any other person (whether or not in connection with the Bonds), and that the bid is not being submitted solely as a courtesy to the City or any other person for purposes of satisfying the requirements in the Regulations that the City receive bids from at least one reasonably competitive provider and at least three providers that do not have a material financial interest in the Bonds.

(2) All potential providers have an equal opportunity to bid, with no potential provider having the opportunity to review other bids before providing a bid.

(3) At least three reasonably competitive providers (i.e. having an established industry reputation as a competitive provider of the type of investments being purchased) are solicited for bids. At least three bids must be received from providers that have no material financial interest in the Bonds (e.g., a lead underwriter within 15 days of the issue date of the Bonds or a financial advisor with respect to the investment) and at least one of such three bids must be from a reasonably competitive provider. If the City uses an agent to conduct the bidding, the agent may not bid.

(4) The highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees) is purchased.

(5) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the reasonably expected deposit and drawdown schedule for the amounts to be invested.

(6) The terms for the guaranteed investment contract are commercially reasonable (i.e. have a legitimate business purpose other than to increase the purchase price or reduce the yield of the guaranteed investment contract).

(7) The provider of the investment contract certifies the administrative costs (as defined in Regulations section 1.148-5(e)) that it pays (or expects to pay) to third parties in connection with the guaranteed investment contract.

(8) The City retains until three years after the last outstanding Bond is retired, (i) a copy of the guaranteed investment contract, (ii) a receipt or other record of the amount actually paid for the guaranteed investment contract, including any administrative costs paid by the City and a copy of the provider's certification described in (7) above, (iii) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results and (iv) the bid solicitation form and, if the terms of the guaranteed investment contract deviates from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation.

(h) The employment of such experts and consultants to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with Section 148(f) of such Code is hereby authorized.

Section 13. Adoption of Procedures. The Procedures are hereby adopted to establish policies and procedures related to the purposes set forth in the Recitals hereto. The right to use discretion as necessary and appropriate to make exceptions or request additional provisions with respect to the Procedures as may be determined is hereby reserved. The right to change the Procedures from time to time, without notice, is also reserved.

Section 14. Resolution a Contract; Severability; Ratification of Actions.

(a) This Resolution shall constitute a contract between the City and the registered owners of the Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the registered owners of the Bonds then outstanding.

(b) If any section, paragraph, subdivision, sentence, clause or phrase of this Resolution is for any reason held to be illegal or unenforceable, such decision will not affect the validity of the remaining portions of this Resolution. The Council hereby declares that it would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and 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.

(c) All actions of the officers, employees and agents of the City including the Council which conform to the purposes and intent of this Resolution and which further the sale and issuance of the Bonds as contemplated by this Resolution, whether taken before or after adoption of this Resolution, 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.

(d) All acts and conditions necessary to be performed by the City or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the City will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law, and no statutory, charter or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

(e) All formal actions of this Council concerning and relating to the passage of this Resolution were taken in an open meeting of this Council, and all deliberations of this Council and of any committees that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements.

PASSED, ADOPTED, and APPROVED this 3rd day of April, 2018.

....
Mayor, City of Surprise, Arizona

ATTEST:

....
Clerk, City of Surprise, Arizona

APPROVED AS TO FORM:

....
City Attorney, City of Surprise, Arizona

EXHIBIT

[FORM OF BOND]

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE ISSUER OR ITS AGENT 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.*

REGISTERED	REGISTERED
NO.	$.......................

UNITED STATES OF AMERICA

STATE OF ARIZONA	COUNTY OF MARICOPA

CITY OF SURPRISE, ARIZONA
GENERAL OBLIGATION BOND, SERIES 2018

Interest Rate:	Maturity Date:	Dated:	CUSIP:
..................%	July 1, ...	...................., 2018	....

REGISTERED OWNER: CEDE & CO.*

PRINCIPAL AMOUNT: .... DOLLARS

THE CITY OF SURPRISE, ARIZONA, a body politic and corporate, duly incorporated and existing pursuant to the laws of the State of Arizona (the "City"), for value received, hereby promises to pay to the aforesaid registered owner, or registered assigns, the aforesaid principal amount on the aforesaid maturity date unless earlier redeemed and then on the applicable redemption date, and to pay interest on the principal amount from the date this Bond is dated as of, at the aforesaid interest rate on each January 1 and July 1 (each an "interest payment date"), commencing ...., ..., to its maturity or its redemption prior to

* Insert only while The Depository Trust Company, New York, New York, is the Securities Depository.

[Type here]

maturity. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the designated corporate trust office of ...., as the “Bond Registrar and Paying Agent.” Interest on this Bond is payable by check, dated as of the interest payment date, mailed to the registered owner hereof and at the address appearing on the registration books maintained by the Bond Registrar and Paying Agent at the close of business on the 15th day of the month next preceding that interest payment date (the “regular record date”). Any such interest which is not timely paid or duly provided for shall cease to be payable to the registered owner hereof (or of one or more predecessor Bonds) as of the regular record date and shall be payable to the registered owner hereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to the registered owner of this Bond not less than 10 days prior thereto.

The principal of and interest and premium, if any, on this Bond are payable in lawful money of the United States of America, on the respective dates when principal and interest become due.

This Bond is one of a series of bonds (the “Bonds”) indicated above in the aggregate principal amount of $..........,000 of like tenor except as to amount, maturity date, rate of interest and number. The Bonds represent the first installment of an aggregate voted amount of $59,500,000 principal amount approved at a special bond election duly called and held in for the City on November 7, 2017, for the purposes provided in Question Nos. 1, 2, and 3 considered at such election. The Bonds are being issued by the City pursuant to a resolution of the Mayor and Council of the City, duly adopted prior to the issuance hereof, all of the terms of which are hereby incorporated herein (the “Resolution”), and pursuant to the Constitution and laws of the State of Arizona relative to the sale and issuance of general obligation bonds of municipalities, and all amendments thereto, and all other laws of the State of Arizona thereunto enabling.

For the purpose of paying the principal of, interest on and costs of administration of the registration and payment of this Bond, there shall be levied on all taxable property in the City a continuing, direct, annual, ad valorem tax sufficient to pay all such principal, interest and administration costs of and on this Bond as the same become due, such taxes to be levied, assessed and collected at the same time and in the same manner as other taxes of the City are levied, assessed and collected.

The Bonds maturing before and on July 1, ..., are not subject to redemption prior to maturity. The Bonds maturing on and after July 1, ..., are subject to redemption prior to maturity, in whole or in part, on July 1, ..., or any date thereafter, by the payment of a redemption price equal to the principal amount of each such Bond redeemed plus interest accrued to the date fixed for redemption plus a premium (calculated as a percentage of the principal amount of such Bonds to be redeemed) to be computed as follows:

Redemption Dates	Premium
July 1, ..., and January 1, ...	....%
July 1, ..., and January 1, ...	....
July 1, ..., and thereafter	0.0

The Bonds maturing on July 1, ..., shall be redeemed prior to maturity on July 1, in the years and amounts set forth below, by payment of the principal amount of each Bond to be redeemed plus interest accrued to the date fixed for redemption, but without a premium:

Year	Amount
	$

A remaining principal amount of $.....,000 of Bonds maturing on July 1, ..., shall mature on July 1, ...

Not more than seventy-five (75) nor less than sixty (60) days prior to the mandatory redemption date for the Bonds maturing on July 1, ..., the Bond Registrar and Paying Agent shall proceed to select for redemption (by lot in such manner as the Bond Registrar and Paying Agent may determine) from all the Bonds maturing on July 1, ..., outstanding a principal amount of the Bonds maturing on July 1, ..., equal to the aggregate principal amount of the Bonds maturing on July 1, ..., to be redeemed and shall redeem such Bonds maturing on July 1, ..., on the next July 1 and give notice of such redemption.

Notice of redemption of any such Bond will be mailed not more than forty-five (45) nor less than thirty (30) days prior to the date set for redemption to the registered owner of such Bond or Bonds being redeemed at the address shown on the registration books for the Bonds maintained by the Bond Registrar and Paying Agent. Failure to properly give such notice of redemption shall not affect the redemption of any such Bond for which notice was properly given.

The Bond Registrar and Paying Agent shall maintain the registration books of the City for the registration of ownership of each Bond as provided in the Resolution. (The Bond Registrar and Paying Agent may be changed without notice or consent.)

This Bond may be transferred on the registration books upon delivery and surrender hereof to the Bond Registrar and Paying Agent at its designated corporate trust office, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar and Paying Agent, duly executed by the registered owner of this Bond or his or her attorney-in-fact or legal representative, containing written instructions as to the details of the transfer. No transfer of this Bond shall be effective until entered on the registration books.

In all cases upon the transfer of this Bond, the Bond Registrar and Paying Agent shall transfer the ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Resolution. The City and the Bond Registrar and Paying Agent shall charge the owner of such Bond for every transfer of a Bond, including an amount sufficient to reimburse them for any transfer fee, tax or other charge required to be paid with respect to such transfer and may require that such charge, including such transfer fee, tax or other charge be paid before any such new Bond shall be delivered.

The City and the Bond Registrar and Paying Agent shall not be required to issue or transfer any Bonds during a period beginning with the opening of business on any regular record date and ending with the close of business on the corresponding interest payment date.

This Bond shall not be entitled to any security or benefit under the Resolution or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar and Paying Agent.

Pursuant to the Resolution, payment of all or any part of the Bonds may be provided for by the irrevocable deposit, in trust, of moneys or obligations issued or guaranteed by the United States of America ("Defeasance Obligations") or both, which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate of an accountant, to pay when due the principal or redemption price of and interest on such Bonds. Any Bonds so provided for will no longer be outstanding under the Resolution or payable from ad valorem taxes on taxable property in the City, and the owners of such Bonds shall thereafter be entitled to payment only from the amounts and Defeasance Obligations deposited in trust.

It is hereby certified, recited and declared (i) that all conditions, acts and things required by the Constitution and laws of the State of Arizona to happen, to be done, to exist and to be performed precedent to and in the issuance of this Bond and of the series of which it is one, have happened, have been done, do exist and have been performed in regular and due form and time as required by law, (ii) that the obligation evidenced by the series of Bonds of which this is one, together with all other existing indebtedness of the City, does not exceed any applicable constitutional or statutory limitation and (iii) that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon taxable property within the City, over and above all other taxes authorized or limited by law, sufficient to pay the principal hereof and the interest hereon as each becomes due.

IN WITNESS WHEREOF, THE CITY OF SURPRISE, ARIZONA, has caused this Bond to be executed in the name of the City by the facsimile signature of the Mayor of the City and such signature of the Mayor of the City to be attested by the facsimile signature of the Clerk of the City.

CITY OF SURPRISE, ARIZONA

By (Facsimile)
....
Mayor

ATTEST:

(Facsimile)
....
Clerk

(Form of Certificate of Authentication)

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolution and is one of the City of Surprise, Arizona General Obligation Bonds, Series 2018.

Date of Authentication: ....

....,
as Bond Registrar and Paying Agent

By..
Authorized Representative

[Type here]

(Form of Assignment)

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto .... the within Bond and irrevocably constitutes and appoints .... attorney to transfer this Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: ....
Signature

Signature Guaranteed:

....
[Insert proper legend] Signature

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatsoever.

The following abbreviations, when used in the inscription on the face of the within 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 included in the above list

ALL FEES AND COSTS OF TRANSFER
SHALL BE PAID BY THE TRANSFEROR

[Type here]

CERTIFICATION

I hereby certify that the foregoing Resolution No. …………… was duly passed and adopted by the Mayor and the Council of the City of Surprise, Arizona, at a regular meeting held on the 3rd day of April, 2018, and the vote was .... ayes and .... nays and that the Mayor and .... Councilmembers were present thereat.

....

Clerk, City of Surprise, Arizona

PRELIMINARY OFFICIAL STATEMENT DATED APRIL__ 2018

NEW ISSUE – BOOK-ENTRY-ONLY **RATING: See "RATING" herein.**

In the opinion of Bond Counsel, assuming continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, interest on the Bonds (i) is excludable from gross income for federal income tax purposes and (ii) exempt from income taxation under the laws of the State of Arizona. Further, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. See "TAX EXEMPTION" herein for a description of the federal alternative minimum tax, including the federal alternative minimum tax on corporations for taxable years beginning before January 1, 2018, and certain other federal tax consequences of ownership of the Bonds.

$39,500,000*
CITY OF SURPRISE, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2018

Dated: Date of Initial Delivery *Due*: July 1, as shown on inside front cover page.

The General Obligation Bonds, Series 2018 (the "Bonds") of the City of Surprise, Arizona (the "City"), will be issued in the form of fully-registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Beneficial ownership interests in the Bonds may be purchased in amounts of $5,000 of principal due on a specific maturity date or integral multiples thereof. Purchasers will not receive certificates representing their beneficial ownership interests in the Bonds. A single fully-registered Bond, for each maturity of the Bonds, will be registered in the name of Cede & Co., on the registration books maintained by U.S. Bank National Association, the initial bond registrar and paying agent for the Bonds. DTC will be responsible for distributing the principal, premium, if any, and interest payments to its direct and indirect participants who will, in turn, be responsible for distribution to the beneficial owners of the Bonds (the "Beneficial Owners"). All references herein (except under the heading "TAX EXEMPTION") to owners of the Bonds will refer to Cede & Co. and not the Beneficial Owners. See APPENDIX D – "Book-Entry-Only System" herein.

The Bonds will mature on the dates and in the principal amounts and will bear interest from their date to their maturity or prior redemption as set forth on the inside front cover page. Interest on the Bonds will accrue from the date of initial authentication and delivery and will be payable semiannually on January 1 and July 1 of each year commencing on July 1, 2019, until maturity or prior redemption.

The Bonds will be subject to redemption prior to their stated maturity dates as described under the heading "THE BONDS – Redemption Provisions" herein.

The Bonds will be payable as to both principal and interest from ad valorem taxes levied against all taxable property within the boundaries of the City as more fully described herein, without limitation as to rate or amount. The Bonds are being issued for the purpose of paying for certain facilities improvements including a Fire Station, an Evidence and Readiness Center, a Public Works Operations Facility, and road improvements including improvements to Greenway, Litchfield and Waddell Roads and costs of issuance of the Bonds.

See Maturity Schedule on Inside Front Cover Page

Electronic (via PARITY) unconditional proposals for the purchase of the Bonds will be received until 9:30 a.m., Mountain Standard Time, on April 18, 2018, in accordance with the Notice Inviting Proposals for the Purchase of Bonds (the "Notice") unless such date is continued as provided in the Notice. Please refer to the Notice beginning on page (i) herein for additional information concerning bidding parameters and requirements for the purchase of the Bonds (including good faith deposit requirements).

The Bonds will be offered when, as and if issued by the City, subject to the legal opinion of Greenberg Traurig, LLP, Bond Counsel, as to validity and tax exemption and the approval of certain matters by Greenberg Traurig, LLP, as disclosure counsel. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about May __, 2018.

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

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* Subject to change. See "MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT" in the Notice.

$39,500,000*
CITY OF SURPRISE, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2018

MATURITY SCHEDULE*

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® (a) (Base No.)
2019	$2,540,000			
2020	2,890,000			
2021	1,290,000			
2022	1,350,000			
2023	1,420,000			
2024	1,490,000			
2025	1,565,000			
2026	1,645,000			
2027	1,725,000			
2028	1,795,000			
2029	1,865,000			
2030	1,930,000			
2031	2,000,000			
2032	2,070,000			
2033	2,145,000			
2034	2,220,000			
2035	2,285,000			
2036	2,355,000			
2037	2,425,000			
2038	2,495,000			

* Subject to change. See "MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT" in the Notice.

(a) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Global Markets Intelligence. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, Bond Counsel, the Financial Advisor or their agents or counsel assume responsibility for the accuracy of such numbers.

CITY OF SURPRISE, ARIZONA

Incorporated 1960

Sharon Wolcott, *Mayor*
Ken Remley, *Vice Mayor*
Patrick Duffy, *Councilmember*
Skip Hall, *Councilmember*
Nancy Hayden, *Councilmember*
Todd Tande, *Councilmember*
Roland Winters, Jr., *Councilmember*

ADMINISTRATIVE OFFICERS

Bob Wingenroth, *City Manager*
Michael Frazier, *Assistant City Manager*
Nicole Lance, *Assistant City Manager*
Lindsey Duncan, *Finance Director*
Andrea Davis, *Assistant Finance Director*
Robert Wingo, *City Attorney*
Sherry Aguilar, *City Clerk*

BOND AND DISCLOSURE COUNSEL

Greenberg Traurig, LLP
Phoenix, Arizona

FINANCIAL ADVISOR

Wedbush Securities Inc.
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Phoenix, Arizona

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the City of Surprise, Arizona (the "City") or Wedbush Securities Inc. (the "Financial Advisor") 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 foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the City's General Obligation Bonds, Series 2018 (the "Bonds") by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been obtained from the City, the Arizona Department of Revenue, the Assessor, the Finance Department and the Treasurer of Maricopa County, Arizona, and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the City or the Financial Advisor, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the City or the Financial Advisor.

None of the City, the Financial Advisor or Bond Counsel (as defined herein) are actuaries. None of them have performed any actuarial or other analysis of the City's share of the unfunded liabilities of the Arizona State Retirement System, the Public Safety Personnel Retirement System or the Elected Officials Retirement Plan.

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are "forward looking statements" that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the City has been identified by source and has not been independently confirmed or verified by the City or the Financial Advisor and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the City or any of the other parties or matters described herein since the date hereof.

The Bonds will not be registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon the exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, pertaining to the issuance and sale of municipal securities, and will not be qualified under the Securities Act of Arizona in reliance upon various exemptions contained in such Act. Neither the Securities and Exchange Commission ("SEC") nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of the Official Statement or approved the Bonds for sale.

The information in APPENDIX D – "Book-Entry-Only System" has been furnished by The Depository Trust Company and no representation is made by the City or any of their respective counsel or agents, as to the accuracy or completeness of such information.

The City will undertake to provide continuing disclosure as described in this Official Statement under the heading "CONTINUING DISCLOSURE" and in APPENDIX F – "Form of Continuing Disclosure Undertaking," all pursuant to Rule 15c2-12 of the SEC.

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

TABLE OF CONTENTS

$39,500,000*
CITY OF SURPRISE, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2018

NOTICE INVITING PROPOSALS FOR THE PURCHASE OF BONDS
(Electronic Bidding Only)

NOTICE IS HEREBY GIVEN that unconditional proposals will be received to and including the hour of 9:30 a.m., Mountain Standard Time, on April 18, 2018, by the Mayor and Council of the City of Surprise, Arizona (the "City") for the purchase of all, but not less than all, of the captioned Bonds of the City in the principal amount of $39,500,000*, to be designated "City of Surprise, Arizona General Obligation Bonds, Series 2018" (the "Bonds") as electronic proposals using the facilities of PARITY® ("PARITY"). For purposes of the proposals received through the electronic proposal process, the time as maintained by PARITY shall constitute the official time.

The City reserves the right to continue the date for receipt of proposals. If the date for receipt of proposals is continued, the City will give notice of the continuance through PARITY at www.ipreo.com not less than 18 hours prior to the time proposals are to be opened for the purchase of the Bonds.

Any prospective purchaser that intends to submit an electronic proposal must submit its electronic proposal through the facilities of PARITY. The normal fee for the use of PARITY may be obtained from PARITY, and such fee will be the responsibility of those submitting proposals. All proposals must be submitted on the official bid form that resides on the PARITY system (the "Official Bid Form"), without alteration or interlineation. All electronic proposals must be submitted by 9:30 a.m., Mountain Standard Time, on April 18, 2018. Subscription to i-Deal's BIDCOMP Competitive Bidding System is required in order to submit an electronic proposal. Representatives of the City will not confirm any subscription nor be responsible for the failure of any prospective purchaser to subscribe.

An electronic proposal made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice Inviting Proposals for the Purchase of Bonds (this "Notice") and shall be binding upon the entity submitting a proposal as if made by a signed, sealed proposal delivered to the City. Neither the City nor Wedbush Securities Inc. (the "Financial Advisor") shall be responsible for any malfunction or mistake made by, or as a result of, the use of the facilities of PARITY, the use of such facilities being the sole risk of the entity submitting a proposal.

If any provisions of this Notice shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice shall control. All electronic proposals will be deemed to incorporate the provisions of this Notice and the Official Bid Form. Further information about PARITY, including any fee charged, may be obtained from IPREO at 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (212) 849-5021 and from the following website: www.newissuehome.i-deal.com.

For information purposes only, entities submitting proposals are requested to state in their electronic proposal the "true interest cost" as described under "AWARD AND DELIVERY" herein.

BONDS IN GENERAL: The Bonds will be dated the date of initial delivery. Interest on the Bonds shall be payable semiannually on January 1 and July 1 of each year, beginning July 1, 2019. The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds through its book-entry system. Purchases of beneficial ownership interests in the Bonds will be made in book-entry form in amounts of $5,000 of principal due on a specific maturity date, or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interests in the Bonds. The principal of and interest on the Bonds will be paid by U.S. Bank National Association, as the Bond Registrar and Paying Agent for the Bonds (the "Bond Registrar and Paying Agent"), to Cede & Co., as long as Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to the purchasers of beneficial ownership interests in the Bonds is the responsibility of DTC Participants and Indirect Participants, as more fully described in the preliminary official statement relating to the Bonds (the "Preliminary Official Statement").

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* Subject to change. See "MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT" in the Notice.

Except as otherwise provided under "MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT" and "TERM BONDS AND MANDATORY REDEMPTION," the Bonds will mature (or be subject to mandatory redemption) on July 1 in each of the years and in the amounts as follows (the "Maturity Schedule"):

Maturity*	Principal Amount*
2019	$2,540,000
2020	2,890,000
2021	1,290,000
2022	1,350,000
2023	1,420,000
2024	1,490,000
2025	1,565,000
2026	1,645,000
2027	1,725,000
2028	1,795,000
2029	1,865,000
2030	1,930,000
2031	2,000,000
2032	2,070,000
2033	2,145,000
2034	2,220,000
2035	2,285,000
2036	2,355,000
2037	2,425,000
2038	2,495,000

As described below under the heading "TERM BONDS AND MANDATORY REDEMPTION," entities submitting proposals may specify that the principal amount of Bonds scheduled to mature after July 1, 20__, shall be combined into one or more term Bonds. Serial maturities converted to term Bonds, as specified, must bear the same rate of interest.

MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT: The preliminary aggregate principal amount of the Bonds and the preliminary principal amount of each annual principal payment for the Bonds as set forth in this Notice (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amount" of each annual payment, respectively; collectively, the "Preliminary Amounts") may be revised before the receipt of electronic proposals for their purchase (such revised amounts referred to as the "Revised Aggregate Principal Amount" and the "Revised Principal Amount"; collectively, the "Revised Amounts"). ANY SUCH REVISIONS WILL BE PUBLISHED ON PARITY NOT LATER THAN 5:00 P.M., MOUNTAIN STANDARD TIME, ON THE LAST BUSINESS DAY PRIOR TO THE DATE OF SALE. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Those entities submitting proposals shall submit proposals based on the Revised Amounts, and the Revised Amounts will be used to compare proposals and select the entity submitting the successful proposal to which the Bonds will be awarded.

Furthermore, if after final computation of the proposals, it is determined that the funds necessary to accomplish the purpose of the Bonds is more or less than the proceeds of the sale of all of the Bonds, the City reserves the right to increase or decrease the aggregate principal amount of the Bonds, by no more than ten percent (10%) of the aggregate principal amount actually bid for the Bonds, or such other lesser or greater amount as approved by the entity submitting the successful proposal to which the Bonds will be awarded, and reserves the right to increase or decrease the principal amount within a given maturity of the Bonds without limit (to be rounded to the nearest $5,000).

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* Subject to change. See "MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT."

As promptly as reasonably possible after the proposals are received, the City will notify the entity submitting the successful proposal to which the Bonds will be awarded, if and when award is made, and such entity, upon such notice, shall advise the City of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). The Initial Reoffering Prices, among other things, will be used by the City to calculate the final principal amount of each annual principal payment for the Bonds (the "Final Aggregate Principal Amount" and the "Final Principal Amount" of each annual payment, respectively; collectively, the "Final Amounts") to accommodate the objectives of the City. The Final Aggregate Principal Amount will not be reduced or increased by more than ten percent (10%) from the Revised Aggregate Principal Amount. THE ENTITY SUBMITTING THE SUCCESSFUL PROPOSAL FOR THE BONDS MAY NOT WITHDRAW ITS PROPOSAL OR CHANGE THE INTEREST RATES PROPOSED OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS. The dollar amount bid by such entity will be adjusted to reflect changes in the dollar amount of the underwriter's discount and the original issue discount/premium, if any, but will not change the compensation per $1,000 of aggregate par amount of Bonds from the compensation that would have been received based on the purchase price in the successful proposal and the Initial Reoffering Prices. The Final Amounts will be communicated to such entity as soon as possible, but not later than 3:00 p.m. Mountain Standard Time, on the date of the sale.

TERM BONDS AND MANDATORY REDEMPTION: An entity submitting a proposal may specify that the principal amount of Bonds scheduled to mature in one or more of the years 20__ through 2038, inclusive, shall be combined into one or more term Bonds maturing in the years as specified, which are subject to mandatory redemption, by lot, selected by the Bond Registrar and Paying Agent annually until payment at maturity in the principal amounts shown in the maturity schedule above at par and accrued interest to the date fixed for redemption, without premium. If so specified, then serial maturities converted into a single term Bond must bear the same rate of interest.

OPTIONAL REDEMPTION: The Bonds maturing before or on July 1, 2028, will not be subject to redemption prior to maturity. The Bonds maturing on and after July 1, 2029, will be subject to optional redemption prior to maturity, in whole or in part on any date, on and after July 1, 2028, by the payment of the principal amount of each Bond to be redeemed plus interest accrued to the date fixed for redemption, without premium.

NOTICE OF REDEMPTION: Not more than 45, nor less than 30, days before any redemption date, the Bond Registrar and Paying Agent will cause a notice of any such redemption to be provided to DTC as further described in the Preliminary Official Statement.

AUTHORITY AND PURPOSE: The Bonds will be issued pursuant to the Constitution and laws of the State of Arizona, including particularly Title 35, Chapter 3, Article 3, Arizona Revised Statutes, and a resolution adopted by the Mayor and Council of the City on April 3, 2018 (the "Bond Resolution"). The Bonds are being issued for the purpose of paying for certain facilities improvements including a Fire Station, an Evidence and Readiness Center, a Public Works Operations Facility, and road improvements including improvements to Greenway, Litchfield and Waddell Roads and costs of issuance of the Bonds. The Bonds were approved by the qualified electors of the City voting at a special bond election held on November 7, 2017.

SECURITY AND SOURCES OF PAYMENT: The principal of and interest on the Bonds will be payable from an *ad valorem* tax levied against all of the taxable property in the City. The Bonds will be payable from such tax without limit as to rate or amount.

Pursuant to the Bond Resolution, payment of all or any part of the Bonds may be provided for by the irrevocable deposit, in trust, of moneys or obligations issued or guaranteed by the United States ("Defeasance Obligations") or both, which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant, to pay when due the principal or redemption price of and interest on such Bonds. Any Bonds so provided for will no longer be outstanding under the Bond Resolution or payable from ad valorem taxes on taxable property in the City and the owners of such Bonds shall thereafter be entitled to payment only from the moneys and Defeasance Obligations deposited in trust.

INTEREST RATES: Entities are to name the rate or rates of interest per annum which the Bonds are to bear, not to exceed five percent (5.0%) per annum, to be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%); however, no fractional cents will be paid (or accumulated for payment) on any Bond, and any interest rate bid which indicates payment of fractional cents will be deemed to be a waiver of the right to payment of such fractional cents. Interest will be calculated on the basis of 360 days per year or twelve 30-day months. The highest rate of interest received shall not exceed the lowest rate of interest by more than two percent (2%) per annum. Any number of interest rates may be named, but the rate of interest on the Bonds of each separate maturity must be the same single rate for all Bonds of that maturity from their date to such maturity date. Any proposal which specifies a split interest rate or the payment of any premium offered in anything other than federal funds will not be considered.

ESTABLISHMENT OF ISSUE PRICE*

(a) The entity submitting the successful proposal shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City upon issuance of the Bonds ("Closing") an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached to this Notice as the Exhibit, with such modifications as may be appropriate or necessary, in the reasonable judgment of the entity submitting the successful proposal, the City and Greenberg Traurig, LLP, as bond counsel ("Bond Counsel"). All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the Financial Advisor, and any notice or report to be provided to the City may be provided to the Financial Advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

(1) the City shall disseminate this Notice to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all entities submitting a proposal shall have an equal opportunity to submit a proposal;

(3) the City may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the City anticipates awarding the sale of the Bonds to the entity who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice.

Any proposal submitted pursuant to this Notice shall be considered a firm offer for the purchase of the Bonds, as specified in the Official Bid Form.

(c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the entity submitting the successful proposal. The City may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the "10% test"*)* is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis. The entity submitting the successful proposal shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The City shall promptly advise the entity submitting the successful proposal, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Proposals will not be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Entities submitting proposals should prepare their proposals on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

(d) By submitting a proposal, the entity submitting the successful proposal shall (i) confirm that it and all other underwriters that are participating in the proposal of the entity submitting the successful proposal have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the proposal submitted by the entity submitting the successful proposal and (ii) agree, on behalf of itself and all other underwriters participating in the proposal of the entity submitting the successful proposal for the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

* Note: 10% Test or Hold-the-Offering-Price Rule may apply if Competitive Sale Requirements are not satisfied.

(1) the close of the fifth (5^{th}) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The entity submitting the successful proposal shall promptly advise the City when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(e) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds, the entity submitting the successful proposal agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

(f) The City acknowledges that, in making the representation set forth above, the entity submitting the successful proposal will rely on (i) the agreement of each underwriter that is participating in the proposal of the entity submitting the successful proposal to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(g) By submitting a proposal, each entity submitting a proposal confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the entity submitting a proposal is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the entity submitting the successful proposal that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the entity submitting the successful proposal and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the entity submitting the successful proposal or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the entity submitting the successful proposal or such underwriter and as set forth in the related pricing wires.

(h) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice. Further, for purposes of this Notice:

(1) "public" means any person other than an underwriter or a related party,

(2) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(3) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) "sale date" means the date that the Bonds are awarded by the City to the entity submitting the successful proposal.

RIGHT OF REJECTION: The Mayor and Council of the City reserve the right to reject any and all bids and to waive any irregularity or informality in any proposal, except that the time for receiving proposals shall be of the essence.

AWARD AND DELIVERY: Unless all proposals are rejected or the receipt of proposals is continued, the award of the Bonds will be made not later than 11:59 p.m., Mountain Standard Time, on April 18, 2018, to the entity offering to purchase all of the Bonds at the lowest true interest cost to the City, which shall be determined by computing the aggregate amount of interest payable on the Bonds from the date of their initial delivery, to their respective maturities and by deducting therefrom any premium or adding thereto any discount. (See "INTEREST RATES" and "INFORMATION TO BE PROVIDED BY PURCHASER.") Delivery of the Bonds will be made to the purchaser through the facilities of DTC upon payment in federal or immediately available funds, at the offices of Bond Counsel, or, at the purchaser's request and expense, at any other place mutually agreeable to both the City and the purchaser.

CANCELLATION: Pursuant to Arizona law, if within three years from the award of the contract for the purchase of the Bonds any person who was significantly involved in initiating, negotiating, securing, drafting or creating a contract for the purchase of the Bonds on behalf of the City becomes an employee or agent of the entity to which the Bonds are awarded in any capacity or a consultant to such entity with respect to the contract for the purchase of the Bonds, the City may cancel the award of the contract without penalty or further obligation by the City and refuse to deliver the Bonds to such entity. In addition to such cancellation, if such person becomes an employee or agent of such entity with respect to the contract for the purchase of the Bonds, the City may recoup any fees or commissions paid or due to such entity with respect to the award to such entity and the actual sale of the Bonds.

GOOD FAITH DEPOSIT: The entity to which the Bonds are awarded must provide a deposit in the amount of $400,000 (the "Deposit") of an electronic transfer of federal reserve funds, immediately available for use by the City, as instructed by the City or the Financial Advisor, not later than 10:00 a.m., Mountain Standard Time, on the next business day following the verbal award (the "Wire Transfer Deadline"). The City or the Financial Advisor will distribute wiring instructions for the Deposit upon verification of the proposals and prior to the Wire Transfer Deadline. Contemporaneously with such wire transfer, the purchaser shall send an e-mail to the Assistance Finance Director (e-mail address: andrea.davis@surpriseaz.gov) and to the Financial Advisor (e-mail addresses: jim.stricklin@wedbush.com and julie.bice@wedbush.com), including the following information; (i) indication that a wire transfer has been made, (ii) the amount of the wire transfer, (iii) the issue to which it applies, and (iv) federal reference number, if available. If the Deposit is not received by the Wire Transfer Deadline, the award of the sale of the Bonds may be cancelled by the City in its sole discretion without any financial liability of the City or any limitation whatsoever on the City's right to sell the Bonds to a different entity submitting a proposal upon such terms and conditions as the City shall deem appropriate.

The Deposit will be applied to the purchase price of the Bonds or retained and forfeited as liquidated damages in the event the purchaser of the Bonds does not take up and pay for the Bonds immediately upon their issuance. No interest will be paid on the Deposit.

LEGAL OPINION: The Bonds are sold with the understanding that the City will furnish the purchaser with the approving opinion of Bond Counsel. Bond Counsel has been retained by the City to render its opinion only upon the legality of the Bonds under Arizona law and on the exemption of the interest income on such Bonds from federal and State of Arizona income taxes, the delivery of said opinion being a condition precedent to the delivery of the Bonds and the purchase thereof. (See "TAX EXEMPTION.") The fees of Bond Counsel will be paid from proceeds of the sale of the

Bonds. Except to the extent necessary to issue its approving opinion as to validity of the Bonds, Bond Counsel has not been requested to examine or review, and has not examined or reviewed, any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials. In submitting a proposal for the Bonds, the entity submitting such proposal agrees to the representation of the City by Bond Counsel. Certain legal matters will be passed upon by Greenberg Traurig, LLP, as disclosure counsel.

TAX EXEMPTION: The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the City must continue to meet with respect to the Bonds after the issuance thereof in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure by the City to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The City has covenanted to take the actions required by the Code in order to maintain the exclusion from federal gross income of interest on the Bonds.

In the opinion of Bond Counsel to be rendered with respect to the Bonds on the date of issuance of the Bonds, assuming the accuracy of certain representations and certifications of the City and continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will be excluded from gross income for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Federal legislation enacted in 2017 eliminates the federal alternative minimum tax for corporations for taxable years beginning after December 31, 2017. For taxable years beginning before January 1, 2018, corporations should consult their tax advisors regarding the federal alternative minimum tax implications of owning the Bonds. Bond Counsel is further of the opinion upon the date of issuance of the Bonds that the interest on the Bonds will be exempt from income taxation under the laws of the State of Arizona.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of an owner's interest expense allocable to interest on a Bond; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the interest on the Bonds; (iii) the inclusion of interest on the Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on the Bonds in passive investment income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion in gross income of interest of the Bonds by recipients of certain Social Security and Railroad Retirement benefits.

CERTIFICATES TO BE DELIVERED: Representatives of the City will deliver a certificate certifying that no litigation is pending affecting the sale and issuance of the Bonds, an arbitrage certificate covering its expectations concerning the use of proceeds from the sale of the Bonds and related matters and a certificate regarding the accuracy of the hereinafter described final official statement for the Bonds in connection with their initial issuance.

CUSIP IDENTIFICATION NUMBERS: CUSIP identification numbers will be provided with respect to the Bonds, but any error with respect thereto shall not constitute cause for failure or refusal by the purchaser thereof to accept delivery of and to pay for the Bonds in accordance with the terms of its proposal. No CUSIP identification number shall be deemed to be a part of any Bond or a part of the contract evidenced thereby, and no liability shall hereafter attach to the City or to any of its officers or agents because of or on account of such numbers or any use made thereof. All expenses in relation to the CUSIP identification numbers for the Bonds and the CUSIP Service Bureau charge for the assignment of said numbers shall be paid for by the City.

PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL; DELIVERY OF OFFICIAL STATEMENT: The City deems the Preliminary Official Statement to be final as of its date, except for the omission of the offering prices or yields, the interest rates and any other terms or provisions required by the City to be specified in proposals for the Bonds, and other terms of the Bonds depending on such matters. The entity awarded the Bonds shall supply the Assistant Finance Director of the City, within 24 hours after the award of the Bonds, all necessary pricing information and any underwriter identification necessary to complete the final official statement to be used in connection with the sale of the Bonds.

Promptly after receiving such information, representatives of the City will prepare such final official statement in substantially the same form as the Preliminary Official Statement, subject to any amendments which the City believes should be made in such final official statement.

The City will provide the entity awarded the Bonds with such final official statements within seven (7) business days of the award of the Bonds. Such final official statements may be obtained, without cost to such entity, in an amount not greater than seventy-five (75) copies from the City. Additional copies of such final official statement may be obtained from the City at the expense of such entity.

CONTINUING DISCLOSURE: The City, as the "obligated person" with respect to the Bonds, will covenant for the benefit of certain beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by not later than the first business day of February in each year commencing February 1, 2019 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The Annual Reports and the Notices of Listed Events will be filed by the City through the Electronic Municipal Market Access System. These covenants will be made in order to assist the purchaser in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"), and the form of the undertaking necessary pursuant to the Rule is included as an Appendix to the Preliminary Official Statement. *Pursuant to Arizona Law, the ability of the City to comply with such covenants will be subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants.* A failure by the City to comply with these covenants, including due to failure to appropriate for such purposes, 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. See "CONTINUING DISCLOSURE" in the Preliminary Official Statement.

FURTHER INFORMATION: Further information, including copies of the Bond Resolution and the Preliminary Official Statement, may be obtained from The City of Surprise, Arizona Assistant Finance Director at (623) 222-1853, or from Wedbush Securities Inc., Financial Advisor to the City at (480) 778-8594.

DATED: ______________, 2018

/s/
....

City of Surprise, Arizona

EXHIBIT

ISSUE PRICE CERTIFICATE

$39,500,000*
CITY OF SURPRISE, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2018

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ["([SHORT NAME OF UNDERWRITER]")] [(the "Representative")] [, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the "Underwriting Group")] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

[Alternative 1-Competitive Sale Rule applies]

1. [***Reasonably Expected Initial Offering Price***.]

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.]

[Alternatives 2-4 are available choices if Alternative 1 does not apply] [Note that Alternative 3 [where two rules apply] involves portions of Sections 1, 2(a) and 2(b) and Alternative 4 involves portions of 2(a) and 2(b)]

[1. ***Sale of the Bonds***. **[Alternative 2 – All Maturities Use General Rule:** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.]**[Alternative 3 – Select Maturities Use General Rule:** ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.**]**

2. **[*Initial Offering Price of the [Bonds][Hold-the-Offering-Price Maturities]*]**.

(a) **[Alternative 4 – All Maturities Use Hold-the-Offering-Price Rule:** [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.**]** **[Alternative 3 – Select Maturities Use Hold-the-Offering-Price Rule:** [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.**]**

(b) **[Alternative 4 – All Maturities use Hold-the-Offering-Price Rule:** As set forth in the Official Notice of Bond Sale and bid award, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Bonds, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period

* Subject to change. See "MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT" in the Notice.

for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.**]** **[Alternative 3 - Select Maturities Use Hold-the-Offering-Price Rule:** As set forth in the Official Notice of Bond Sale and bid award, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.**]**

[2.][3.] ***Total Issue Price***. The total of the issue prices of all the Maturities is $______.

[3.][4.] ***Defined Terms***.

[(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”**]**

[(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”**]**

[(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(a) *Issuer* means the City of Surprise, Arizona.

(b) *Maturity* means the Bonds with the same credit and payment terms. The Bonds with different maturity dates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of the Bonds generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) The *Sale Date* of the Bonds is ...., 2018.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER/REPRESENTATIVE]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate Relating To Federal Tax Matters of the Issuer and with respect to compliance with the federal income tax rules affecting the Bonds, and by Greenberg Traurig, LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER/REPRESENTATIVE]

By:...
Authorized Representative

Dated: ...., 2018

SCHEDULE A

[EXPECTED OFFERING PRICES]

[SALE PRICES]

(ATTACHED)

SCHEDULE B

[COPY OF UNDERWRITER'S BID]

(ATTACHED)]

[USE IF COMPETIVE SALE RULE APPLIES]

$39,500,000*
CITY OF SURPRISE, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2018

CERTIFICATE OF FINANCIAL ADVISOR

The undersigned, on behalf of Wedbush Securities Inc. (the "Financial Advisor"), as the Financial Advisor to the City of Surprise, Arizona (the "Issuer") in connection with the issuance of the above-captioned obligations (the "Bonds"), has assisted the Issuer in soliciting and receiving bids from potential underwriters in connection with the sale of the Bonds in a competitive bidding process in which bids were requested for the purchase of the Bonds at specified written terms, and hereby certifies as set forth below with respect to the bidding process and award of the Bonds.

(a) The Bonds were offered for sale at specified written terms more particularly described in the Notice Inviting Proposals for the Purchase of Bonds (the "Notice"), which was distributed to potential bidders, a copy of which is attached to this certificate as Attachment 1.

(b) The Notice was disseminated electronically through Parity/BiDCOMP Competitive Bidding System and a summary of the Notice was published in The Bond Buyer© newspaper on ...., 2018. These methods of distribution of the Notice are regularly used for purposes of disseminating notices of sale of new issuances of municipal bonds, and notices disseminated in such manner are widely available to potential bidders.

(c) To the knowledge of the Financial Advisor, all bidders were offered an equal opportunity to bid to purchase the Bonds so that, for example, if the bidding process afforded any opportunity for bidders to review other bids before providing a bid, no bidder was given an opportunity to review other bids that was not equally given to all other bidders (that is, no exclusive "last-look").

(d) The Issuer received bids from at least three bidders who represented that they have established industry reputations for underwriting new issuances of municipal bonds. Copies of the bids received for the Bonds are attached to this certificate as Attachment 2.

(e) The winning bidder for the Bonds was [NAME OF UNDERWRITER] (the "Underwriter"), whose bid was determined to be the best conforming bid in accordance with the terms set forth in the Notice, as shown in the bid comparison attached as Attachment 3 to this certificate. The Issuer awarded the Bonds to the Underwriter.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Financial Advisor's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate Relating To Federal Tax Matters of the Issuer and with respect to compliance with the federal income tax rules affecting the Bonds, and by Greenberg Traurig, LLP, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.. No other persons may rely on the representations set forth in this certificate without the prior written consent of the Financial Advisor.

WEDBUSH SECURITIES INC.

By: ....
Authorized Representative

Dated: ...., 2018

* Subject to change. See "MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT" in the Notice.

ATTACHMENT 1

OFFICIAL NOTICE OF BOND SALE

(ATTACHED)

ATTACHMENT 2

BIDS RECEIVED

(ATTACHED)

ATTACHMENT 3

BID COMPARISON

(ATTACHED)

OFFICIAL STATEMENT

$39,500,000*
CITY OF SURPRISE, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2018

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, inside front cover page and Appendices hereto, sets forth information concerning the offering by the City of Surprise, Arizona (the "City") of its General Obligation Bonds, Series 2018 (the "Bonds"). See APPENDIX A – "City of Surprise, Arizona – General Economic and Demographic Information", APPENDIX B – "City of Surprise, Arizona – Financial Information" and APPENDIX C – "City of Surprise, Arizona – Audited Financial Statements for the Fiscal Year Ended June 30, 2017" for certain information regarding the City.

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

THE BONDS

Authorization and Uses of Funds

The Bonds will be issued pursuant to the Arizona Constitution and laws of the State of Arizona, including particularly Title 35, Chapter 3, Article 3, Arizona Revised Statutes, a vote of the qualified electors of the City at an election held on November 7, 2017 (the "Election"), and a resolution authorizing issuance of the Bonds adopted by the Mayor and Council of the City on April 3, 2018 (the "Bond Resolution"). The Bonds are being issued for the purpose of paying for certain facilities improvements including a Fire Station, an Evidence and Readiness Center, a Public Works Operations Facility, and road improvements including improvements to Greenway, Litchfield and Waddell Roads and costs of issuance of the Bonds.

The Bonds represent the first installment of an aggregate voted principal amount of $59,500,000 of general obligation bonds approved at the Election. After the sale of the Bonds the City will have $20,000,000* remaining authorized but unissued bonds from the Election. Additional bonds payable from the same source as the Bonds may be issued in the future pursuant to authority approved at the Election or subsequent elections in the City

Terms of the Bonds - Generally

The Bonds will be available in book-entry-only form through the book-entry system of the Depository Trust Company, New York, New York ("DTC"). Beneficial ownership interests in the Bonds may be purchased through direct and indirect participants of DTC in amounts of $5,000 of principal of the applicable series due on a specific maturity date or integral multiples thereof. See APPENDIX D – "Book-Entry-Only System." The Bonds will mature on the dates and in the principal amounts and will bear interest from their date until their stated maturity or prior redemption at the rates set forth on the inside front cover page of this Official Statement. Interest on the Bonds will be payable semiannually on each January 1 and July 1, commencing July 1, 2019, until maturity or prior redemption.

See "TAX EXEMPTION" herein for a discussion of the treatment of interest on the Bonds for federal and State income tax purposes.

U.S. Bank National Association will serve as the initial bond registrar, transfer agent and paying agent (the "Bond Registrar and Paying Agent") for the Bonds. The City may change the Bond Registrar and Paying Agent without notice to or consent of the owners of the Bonds.

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* Subject to change. See "MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT" in the Notice.

Security and Source of Payment

For the purpose of paying the principal of, interest on and costs of administration of the registration and payment of the Bonds, Arizona law requires that 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 administrative costs on the Bonds as the same become due. The proceeds of the taxes will be kept in a special fund of the City (the "Debt Service Fund") and will be used only for the payment of principal, interest, or administrative costs as above-stated. Following collection and deposit of the proceeds of the taxes into the Debt Service Fund, the City is required to invest the moneys credited to the Debt Service Fund in accordance with the provisions of State law.

The taxes will be levied, assessed and collected at the same time and in the same manner as other similar taxes are levied, assessed and collected. For the ad valorem property tax levy and collection procedures, see APPENDIX B – "City of Surprise, Arizona – Financial Information – Property Taxes."

Defeasance

Pursuant to the Bond Resolution, payment of all or any part of the Bonds may be provided for by the irrevocable deposit, in trust, of moneys or obligations issued or guaranteed by the United States ("Defeasance Obligations") or both, which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant, to pay when due the principal or redemption price of and interest on such Bonds. Any Bonds so provided for will no longer be outstanding under the Bond Resolution or payable from ad valorem taxes on taxable property in the City and the owners of such Bonds shall thereafter be entitled to payment only from the moneys and Defeasance Obligations deposited in trust.

Redemption Provisions*

Optional Redemption. The Bonds maturing before or on July 1, 2028, will not be subject to redemption prior to maturity. The Bonds maturing on or after July 1, 2029, will be subject to optional redemption prior to maturity in whole or in part on any date on or after July 1, 2028, by the payment of a redemption price equal to the principal amount of each such Bond redeemed plus interest accrued to the date fixed for redemption, without premium.

Mandatory Redemption. The Bonds maturing on July 1, 20__, and on July 1, 20__ (the "Term Bonds"), will be redeemed on July 1 of the respective years and in the amounts, by the payment of a redemption price equal to the principal amount of the Term Bonds plus interest accrued to the date fixed for redemption without premium, as follows:

Prepayment Date (July 1)	Term Bonds due July 1, 20__	Principal Amount	
20__		$____,000	
20__		____,000	
20__		____,000	
20__		____,000	(maturity)

Prepayment Date (July 1)	Term Bonds due July 1, 20__	Principal Amount	
20__		$____,000	
20__		____,000	
20__		____,000	
20__		____,000	(maturity)

* Subject to change.

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

Notice of Redemption. Notices of redemption will be sent to DTC in the manner required by DTC no fewer than 30 nor more than 45 days prior to the date set for redemption. See APPENDIX D – "Book-Entry-Only System."

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds will be applied as follows:

Sources:	$ -
Par Amount of Bonds	
Net Original Issue Premium	
Total	$ -
Uses:	
Deposit to Construction Fund	$ -
Issuance Expenses (Including Underwriter's Discount)	
Deposit to Pay Interest	
Total	$ -

[The rest of this page intentionally left blank.]

DEBT SERVICE REQUIREMENTS*

The following schedule sets forth the annual debt service on the Bonds.

TABLE 1 (a)

Fiscal Year	The Bonds Principal	The Bonds Interest (b)	Total Debt Service Requirements
2019	$2,540,000	$1,778,524	$4,318,524
2020	2,890,000	1,427,050	4,317,050
2021	1,290,000	1,282,550	2,572,550
2022	1,350,000	1,218,050	2,568,050
2023	1,420,000	1,150,550	2,570,550
2024	1,490,000	1,079,550	2,569,550
2025	1,565,000	1,005,050	2,570,050
2026	1,645,000	926,800	2,571,800
2027	1,725,000	844,550	2,569,550
2028	1,795,000	775,550	2,570,550
2029	1,865,000	775,550	2,568,750
2030	1,930,000	775,550	2,568,475
2031	2,000,000	775,550	2,570,925
2032	2,070,000	775,550	2,570,925
2033	2,145,000	775,550	2,573,475
2034	2,220,000	775,550	2,573,400
2035	2,285,000	775,550	2,571,800
2036	2,355,000	775,550	2,573,250
2037	2,425,000	775,550	2,572,600
2038	2,495,000	775,550	2,569,850
	$39,500,000	$19,243,724	$54,911,674

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* Subject to change. See "MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT" in the Notice.

(a) Prepared by the Financial Advisor (as defined herein).

(b) Interest estimated at approximately 3.50%. The first interest payment on the Bonds will be due on July 1, 2019. Thereafter, interest payments will be made semiannually on January 1 and July 1 until maturity or prior redemption.

LITIGATION

Appropriate representatives of the City will certify that no litigation or administrative action or proceeding is pending or, to their knowledge, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, secured, sold, executed or delivered, or the validity of the Bonds.

The City is party to various lawsuits and other claims incidental to the ordinary course of its operations. The City's management believes, based on the advice of the City Attorney, that the resolution of such matters will not have a materially adverse effect on the City's financial position. Certificates of appropriate representatives of the City to that effect will be delivered at the time of the delivery of the Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, sale and issuance by the City of the Bonds and with regard to the tax-exempt status thereof will be passed upon by Greenberg Traurig, LLP, Phoenix, Arizona, as Bond Counsel. The form of that opinion is included as APPENDIX E – "Proposed Form of Approving Legal Opinion" hereto. Certain legal matters will be passed upon by Greenberg Traurig, LLP, Phoenix, Arizona, as disclosure counsel.

The proposed text of the legal opinion of Bond Counsel is set forth as APPENDIX E – "Proposed Form of Approving Legal Opinion." The legal opinion to be delivered may vary from the text of APPENDIX E – "Proposed Form of Approving Legal Opinion" if necessary to reflect the facts and law existing on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Bond Counsel has reviewed or expressed any opinion concerning any matters relating to the Bonds subsequent to the original delivery of the Bonds.

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

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

TAX EXEMPTION

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

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of the City and continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excludable from gross income of the holders thereof for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Federal legislation enacted in 2017 eliminates the federal alternative minimum tax for corporations for taxable years beginning after December 31, 2017. For taxable years beginning before January 1, 2018, corporations should consult their tax advisors regarding the federal alternative minimum tax implications of owning the Bonds. Bond Counsel is further of the opinion that the interest on the Bonds is exempt from income taxation under the laws of the State. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any state other than the State.

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

Social Security and Railroad Retirement benefits to certain recipients of such benefits. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the impact of these other tax consequences.

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

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") may be offered and sold to the public at an original issue discount ("OID") including as a result of the first interest payment date being July 1, 2019. OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond.

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

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

Changes in Federal and State Tax Law

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

Information Reporting and Backup Withholding

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

RATING

Standard & Poor's Financial Services LLC ("S&P") has assigned a rating of "__" to the Bonds. Such rating will reflect only the view of S&P. An explanation of the significance of a rating assigned by S&P may be obtained at 55 Water Street, 38th Floor, New York, New York 10041-0003. Such rating may be revised downward or withdrawn entirely by S&P, if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. The City has covenanted in its continuing disclosure undertaking with respect to the Bonds that it will file, among other things, notice of any formal change in any such rating relating to the Bonds. See "CONTINUING DISCLOSURE" and APPENDIX F – "Form of Continuing Disclosure Undertaking."

CONTINUING DISCLOSURE

The City will covenant for the benefit of beneficial owners of the Bonds to provide certain financial information and operating data relating to the City not later than the first business day of February in each year commencing February 1, 2019 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the City as such will be filed with the Municipal Securities Rulemaking Board (the "MSRB") in a format prescribed by the MSRB. Currently, the MSRB requires filing through the MSRB's Electronic Municipal Market Access System, all as described in APPENDIX F – "Form of Continuing Disclosure Undertaking." The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is also set forth in APPENDIX F – "Form of Continuing Disclosure Undertaking." These covenants will be made in order to assist the purchaser of the Bonds in complying with the Securities and Exchange Commission's Rule 15c2-12(b)(5) (the "Rule"). A failure by the City to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. *Pursuant to Arizona Law, the ability of the City to comply with such covenants will be subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants.* Should the City not comply with such covenants due to a failure to appropriate for such purpose, the City has covenanted to provide notice of such fact to the MSRB. Absence of continuing disclosure, due to non-appropriation or otherwise, could adversely affect the Bonds and specifically their market price and transferability.

FINANCIAL ADVISOR

Wedbush Securities Inc. (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's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor has assisted in the assembly and preparation of this Official Statement at the direction and on behalf of the City. No person is entitled to rely on the Financial Advisor's participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of the information contained herein.

FINANCIAL STATEMENTS

The financial statements of the City as of June 30, 2017 and for its fiscal year then ended, excerpts of which are included as APPENDIX C of this Official Statement, have been audited by CliftonLarsonAllen LLP. The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. For a more detailed summary of significant accounting policies see APPENDIX C – "City of Surprise, Arizona, Audited Financial Statements for the Fiscal Year Ended June 30, 2017."

CERTIFICATION CONCERNING OFFICIAL STATEMENT

The closing documents will include a certificate confirming that, to the best knowledge, information and belief of the City's Finance Director, the descriptions and statements contained in this Official Statement relating to the City and its operation and properties were at the time of the sale of the Bonds, and are at the time of the delivery thereof, true, correct and complete in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein in order to make the statements, in light of the circumstances under which they are made, not misleading. In the event this Official Statement is supplemented or amended prior to the date of delivery of the Bonds, the foregoing confirmation will also encompass such supplements or amendments. All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show certain 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.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Official Statement has been derived by the City from official and other sources and is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed. Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as part of a contract with the original purchasers or subsequent owners of the Bonds.

CITY OF SURPRISE, ARIZONA

By: ____________________________
Mayor

APPENDIX A

CITY OF SURPRISE, ARIZONA
GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The City is located in the northwestern portion of Maricopa County, Arizona (the "County"), and is about 20 miles northwest of Phoenix, Arizona. References to year are calendar years unless otherwise noted. Founded in 1938 and incorporated in 1960, today the City comprises 108 square miles.

The following table illustrates respective population statistics for the City, the County, and the State:

POPULATION STATISTICS

Year	Surprise	Maricopa County	State of Arizona
2016 Estimate (a)	132,677	4,242,997	6,931,071
2015 Estimate	125,621	4,167,946	6,828,065
2010 Census	117,517	3,817,117	6,392,017
2000 Census	30,848	3,072,149	5,130,632

Source: U.S. Census Bureau. Estimate as of July 1, 2016 (data released December 2016).

Municipal Government and Organization

The City operates under a council-manager form of government. Under this system the City Council determines City policy, passes ordinances, and approves a balanced budget each year.

The City Manager is responsible for carrying out the council-created policies and directing the day-to-day operations of city government. The City Manager reports directly to the City council and is subject to council performance reviews. The City Manager is responsible for drafting a balanced budget for council review and approval each year.

The City Manager is assisted by two Assistant City Managers (the "ACMs") who report directly to the City Manager. The ACMs supervise the output and budgets of the various city departments, assuring high quality work facilitating inter-departmental cooperation on important issues.

The City is made up of 18 departments and more than 800 employees.

Economy

Historically, the economy of the City has been agriculturally based. However, due to the residential growth of the City, employment opportunities in the construction and services industries have increased. The following table illustrates unemployment averages for the City, the County, the State, and the United States:

UNEMPLOYMENT AVERAGES (a)

Year	City of Surprise	Maricopa County	State of Arizona	United States
2017	4.5%	4.2%	5.1%	4.4%
2016	4.3	4.6	5.5	4.9
2015	5.0	5.2	6.1	5.3
2014	5.4	5.9	6.9	5.4
2013	9.8	7.1	8.5	7.8

(a) As of July 2017 of each calendar year and not seasonally adjusted.

Source: U.S. Department of Labor, Bureau of Labor Statistics and Arizona Department of Economic Security, Bureau of Information and Research Analysis, Labor Force Statistical Unit.

Employers

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

Employer	Business/Service	Approximate Number of Employees
Dysart Unified School District No. 89	Education	1,680
City of Surprise	Government	1,060
Wal-Mart	Retail Sales	720
Fry's Food Store	Grocery Sales	520
Maricopa County	Government	210
Home Depot	Retail Sales	210
Kohl's Department Store	Retail Sales	190
Safeway Food Store	Grocery Sales	170
Sun City Grand Community Assoc. Inc.	Real Esate	160
Surprise Charter Schools	Education	160

Source: Maricopa Association of Governments, as of June 30, 2017.

Construction

The following table summarizes single family home permit history for the City:

SINGLE FAMILY HOME PERMITS ISSUED
City of Surprise, Arizona

Fiscal Year	Total
2017	600
2016	486
2015	479
2014	388
2013	556

Source: The City. The date on which the permit is issued is not to be construed as the date of construction.

Commerce

The City is currently home to numerous retail establishments that also accommodate the needs of the City's growing population. Total City privilege (sales) tax collections are an indicator of overall economic growth within the City and reflect the flow of cash in businesses in the City. The following table illustrates the recent histories of privilege (sales) tax collections for the City:

CITY PRIVILEGE (SALES) TAX COLLECTIONS
City of Surprise, Arizona

Fiscal Year	Surprise Privilege (Sales) Tax Collections
2017	$49,416,383
2016	46,807,817
2015	42,111,177
2014	39,685,844
2013	37,836,088

Source: The City.

Transportation

The new urban freeway system has given the City increased accessibility to other parts of the metro area with the Loop 101 connecting to Interstate 17 and northeast Phoenix, then running west toward the City and south to I-10. In addition, U.S. Highway 60 runs diagonally through the City, and Loop 303 extends south to I-10 and east to I-17. A regional transportation plan has been developed to continue improvement on transportation in the region into the future.

The Burlington Northern Santa Fe rail line also runs through the City paralleling Grand Avenue (Highway 60). General aviation services are available at the nearby Glendale Municipal Airport. The Glendale Municipal Airport has an FAA Tower, a terminal, fixed base operators including jet fuel, and offers private and charter flights. The City is also only about 35 minutes from Phoenix Sky Harbor International Airport, which has connections to every major market in the United States.

Education

The Dysart Unified School District has 11 elementary schools and two high schools that serve the City. There are also three charter schools that serve the City.

The City is also served by Estrella Mountain Community College and Glendale Community College, which are part of the Maricopa Community College District. Estrella Mountain offers day and evening classes to over 7,300 students in the West Valley and has established a satellite campus in the City, to better serve residents in the area. Estrella Mountain offers certificate and degree programs in Business and Personal Computers, Business Technology in the Office, Hospitality and Hotel Management, and Organizational Leadership. Transfer programs are available in Communication, English, Mathematics, and Sociology.

Glendale Community College offers day and evening classes to over 32,000 students. The College offers many degree and certificate program in Justice Studies, Applied Science, Art History, Athletics, Automotive Technology, Biology, Computer Information Systems, Business Technology for the Office, Chemistry, Child and Family Studies, Computer Science, Electronics and Semiconductor Manufacturing Technology, English, Engineering Science, Geology, Journalism, Mathematics, Psychology and Video Production. Glendale Community College is also the location of the GM Training Center, which was formed in 1985 through a partnership with General Motors. This Training Center offers training and retraining to GM dealership technicians in the latest repair and service procedures. The Center also provides an associate's degree program for new dealership technicians through partnerships with General Motors, Ford, Chrysler, Toyota and Nissan.

Rio Salado College, also a part of Maricopa Community College District, has a learning center located in the City. Arizona State University's west campus has established a Life Long Learning Center in the City. The City is also within a short distance of Arizona State University's West campus and the campus of Thunderbird – The Garvin School of International Management, both in Glendale.

Ottawa University ("OUAZ") residential campus opened in Surprise in 2017 with an enrollment of undergraduate and graduate students of 434, a nearly 50% increase over the original projections of 300 students for the 2017/18 academic year. The 35-acre OUAZ campus is within the Surprise City Center and offers liberal arts, sciences, business and education curriculums.

APPENDIX B

CITY OF SURPRISE, ARIZONA
FINANCIAL INFORMATION

PROPERTY TAXES

As described under the heading "THE BONDS – Security and Source of Payment," for the purpose of paying the principal of and interest on the Bonds and costs of administration of the Bonds, the City will be required by law to cause to be levied on all the taxable property in the City a continuing, direct, annual, ad valorem property tax sufficient to pay all principal, interest, and costs of administration for the Bonds as the same become due, without limitation as to rate or amount.

Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are "primary taxes." Taxes levied for payment of bonds like the Bonds, voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire, road improvement and joint technological education districts are "secondary taxes." See "Primary Taxes" and "Secondary Taxes" below. The discussion below provides an overview of property taxation and the features related to property taxes as the payment source for the Bonds.

Taxable Property

Real property and improvements and personal property are either valued by the Assessor of the County or the Arizona Department of Revenue (the "Department of Revenue'). Property valued by the Assessor of the County is referred to as "locally assessed" property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Department of Revenue is referred to as "centrally valued" property and generally includes large mine, utility and railroad entities.

Locally assessed property is assigned two values: Full Cash Value and Limited Property Value (both as defined herein). Centrally valued property is assigned one value: Full Cash Value.

Full Cash Value

In the context of a specific property parcel, full cash value ("Full Cash Value") is statutorily defined to mean "that value determined as prescribed by statute" or if no statutory method is prescribed it is "synonymous with market value which means that estimate of value that is derived annually by using standard appraisal methods and techniques," which generally include the market approach, the cost approach and the income approach. In valuing locally assessed property, the Assessor of the County generally uses a cost approach to value commercial/industrial property and a market approach to value residential property. In valuing centrally valued property, the Department of Revenue begins generally with information provided by taxpayers and then applies procedures provided by State law. State law allows taxpayers to appeal such Full Cash Values by providing evidence of a lower value, which may be based upon another valuation approach. Full Cash Value is used as the ceiling for determining Limited Property Value. Unlike Limited Property Value, increases in Full Cash Value are not limited.

Limited Property Value

In the context of a specific property parcel, limited property value ("Limited Property Value") is a property value determined pursuant to the Arizona Constitution and the Arizona Revised Statutes. For locally assessed property in existence in the prior year that did not undergo modification through construction, destruction, split or change in use, including that for mobile homes, Limited Property Value is limited to the lesser of Full Cash Value or an amount 5% greater than Limited Property Value determined for the prior year for such specific property parcel. Prior to 2015, Limited Property Value for a specific property parcel in existence in the prior year that did not undergo modification through construction, destruction, split or change in use, including that for mobile homes, increased by the greater of either 10% of the prior year's Limited Property Value or 25% of the difference between the prior year's Limited Property Value and the current year's Full Cash Value. A separate Limited Property Value was not and is not provided for centrally valued property.

Property Classification and Assessment Ratios

All property, both real and personal, is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the Limited Property Value or Full Cash Value of the property, as applicable, to obtain the "Limited Assessed Property Value" and the "Full Cash Assessed Value," respectively.

The assessment ratios for each property classification are set forth by tax year in the following table.

TABLE 2

Property Tax Assessment Ratios (Tax Year)

Property Classification (a)	2018	2017	2016	2015	2014
Mining, utilities, commercial and industrial	18.0%	18.0%	18.5%	19.0%	19.5%
Agriculture and vacant land	15.0	15.0	16.0	16.0	16.0
Owner occupied residential	10.0	10.0	10.0	10.0	10.0
Leased or rented residential	10.0	10.0	10.0	10.0	10.0
Railroad, private car company and airline flight property (b)	15.0	14.0	15.0	16.0	15.0

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

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

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue (the "Property Tax Abstract").

Primary Taxes

Primary taxes are levied against Net Limited Assessed Property Value (as defined herein). "Net Limited Assessed Property Value" is determined by excluding the value of property exempt from taxation from Limited Assessed Property Value of locally assessed property and from Full Cash Assessed Value of centrally valued property and combining the resulting two amounts.

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the maximum allowable prior year's levy limit plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

Primary taxes on residential property only are constitutionally limited to 1% of the Limited Property Value of such property. This constitutional limitation on residential primary tax levies is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid.

Secondary Taxes

Like primary taxes, secondary taxes are also levied against Net Limited Assessed Property Value. (Prior to tax year 2015, secondary taxes were levied against "Net Full Cash Assessed Value" which is determined by excluding the value of property exempt from taxation from Full Cash Assessed Value of both locally assessed and centrally valued property and combining the resulting two amounts.) There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness and overrides and certain special district assessments. **As Net Full Cash Assessed Value was used as the basis for levying taxes for payment of bonds like the Bonds in fiscal years prior to fiscal year 2016, this Official Statement compares Net Limited Assessed Property Value with Net Full Cash Assessed Value in applicable years under the heading "ASSESSED VALUES AND TAX RATES" herein.**

Tax Procedures

The State tax year has been defined as the calendar year, notwithstanding the fact that tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year.

On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth certain valuations by taxing district of all property in the County subject to taxation. The Assessor of the County is required to complete the assessment roll by December 15th of the year prior to the levy. This tax roll also shows the valuation and classification of each parcel of land located within the County for the tax year. The tax roll is then forwarded to the Treasurer of the County.

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then applied to the parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll as it existed on the date of the tax levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.

The property tax lien on real property attaches on January 1 of the year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years. Set forth on the next page is a record of property taxes levied and collected in the City for a portion of the current fiscal year and all of the previous five fiscal years.

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TABLE 3

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

Fiscal Year	City Tax Rate (b)	Adjusted City Tax Levy	Collected to June 30 of Initial Fiscal Year		Adjusted City Tax Levy as of 1/31/2018	Cumulative Collection to 01/31/2018	
			Amount	% of Levy		Amount	% of Levy
2018	$0.7591	$7,408,169	(c)	(c)	$7,408,169	$4,524,014	61.07
2017	0.7591	7,026,526	$6,947,745	98.88	7,031,466	6,989,605	99.40
2016	0.7591	6,727,511	6,661,068	99.01	6,759,496	6,710,282	99.27
2015	0.7591	6,498,000	6,425,856	98.89	6,550,946	6,488,401	99.05
2014	0.7783	6,328,451	6,249,156	98.75	6,387,545	6,318,351	98.92
2013	0.7383	6,277,189	6,159,818	98.13	6,350,839	6,255,328	98.50

(a) Taxes are collected by the Treasurer of the County. Taxes in support of debt service are levied by the Board of Supervisors of the County as required by Arizona Revised Statutes. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above but are deposited in the County's General Fund. Interest and penalties with respect to the first half tax collections (delinquent November 1) are waived if the full year's taxes are paid by December 31.

(b) For the fiscal years indicated, property taxes were levied at the tax rates indicated for primary taxes only. See "PROPERTY TAXES – Primary Taxes" herein. As described herein, the taxes levied for payment of debt service on the Bonds will be secondary taxes. See "PROPERTY TAXES – Secondary Taxes" herein. Such taxes will be levied in addition to any primary taxes levied by and on behalf of the City.

(c) 2018 taxes in course of collection:
First installment due 10-01-17, delinquent 11-01-17;
Second installment due 03-01-18, delinquent 05-01-18.

Source: Office of the Treasurer of the County.

SPECIAL NOTE: The assessed value of property owned by the Salt River Project Agricultural Improvement and Power District ("SRP") is not included in the assessed value of the City or in any other valuation information set forth in this Official Statement. Because of SRP's quasi-governmental nature, property owned by SRP is exempt from property taxation.

However, SRP may elect each year to make voluntary contributions in lieu of property taxes with respect to certain of its electrical facilities (the "SRP Electric Plant"). If SRP elects to make the in lieu contribution for the year, the Full Cash Value of the portion of the SRP Electric Plant located within the City and the in lieu contribution amount is determined in the same manner as the Full Cash Value and property taxes owed is determined for similar non-governmental public utility property, with certain special deductions. SRP in-lieu contributions are taken into account when setting tax rate.

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 by the Arizona Revised Statutes, SRP has always elected to make the in lieu contribution. The estimated fiscal year 2018 Net Limited Assessed Property Value equivalent of SRP within the City is $396,493 which represents approximately 0.04% of the combined estimated fiscal year 2018 Net Limited Assessed Property Value in the City.

Delinquent Tax Procedures

The property taxes due the City are billed, along with State and other taxes, each September and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1, respectively. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) After the close of the tax collection period, the Treasurer of the County prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer of the County to deliver a treasurer's deed to the certificate holder as prescribed by law.

In the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly non-interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect ad valorem taxes on property of a taxpayer within the City. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on delinquent property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy is stayed pursuant to the Bankruptcy Code. While the automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of the payment of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. None of the City, the Financial Advisor or their respective agents or consultants has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the County is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the City's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

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ASSESSED VALUES AND TAX RATES

TABLE 4

Direct and Overlapping Net Limited Assessed Property Values and Tax Rates
Per $100 of Net Limited Assessed Property Value.
City of Surprise, Arizona

Overlapping Jurisdiction	2018 Net Limited Assessed Property Value	2018 Tax Rates Per $100 of Net Limited Assessed Property Value
Maricopa County	$38,236,246,402	$1.4000
Maricopa County Special Health Care District	38,236,246,402	0.2851
Maricopa County Community College District	38,236,246,402	1.4096
Western Maricopa Education Center (e)	13,997,643,711	0.1780
Dysart Unified School District No. 9	1,209,209,064	6.9594
Peoria Unified School District No. 11	1,488,667,676	7.5400
Nadaburg Unified School District No. 81	58,235,633	5.7400
Wickenburg Unified School District No. 9	166,912,033	5.0400
Marley Park Community Facilities District	24,363,112	3.7000
City of Surprise	978,036,420	0.7591

(a) Includes the "State Equalization Assistance Property Tax" which is levied by the County and has been set at $0.4875 per $100 Net Limited Assessed Property Value for fiscal year 2018. Such amount is adjusted annually pursuant to Section 41-1276, Arizona Revised Statutes.

Source: Maricopa County Department of Finance.

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TABLE 5A

Net Limited Assessed Property Value by Property Classification (a)
City of Surprise, Arizona

	2018 Net Limited Assessed Property Value	2017 Net Limited Assessed Property Value	2016 Net Limited Assessed Property Value
Commercial, Industrial, Mining, Timber and Utilites	$197,282,798	$187,586,968	$180,876,986
Agricultural and Vacant	38,307,402	38,027,920	43,480,113
Residential (owner occupied)	503,291,683	469,930,267	442,127,477
Residential (rental)	236,218,488	229,357,439	223,083,457
Railroad & Airlines	2,006,606	1,941,305	154,867
Possessory Int. Properties	929,443	286,239	114,732
Total (b)	$978,036,420	$927,130,138	$889,837,632

(a) Determined by Net Limited Assessed Property Value. See "Limited Property Value" and "Secondary Taxes" herein for a discussion of the use of Net Limited Assessed Property Value for fiscal year 2016 and thereafter.

(b) Total may not add up due to rounding.

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

TABLE 5B

Net Full Cash Assessed Value by Property Classification (a)
City of Surprise, Arizona

	2015 Net Full Cash Assessed Valuation	2014 Net Full Cash Assessed Valuation
Commercial, Industrial, Mining, Timber and Utilites	$179,940,068	$179,959,760
Agricultural and Vacant	49,767,766	50,316,571
Residential (owner occupied)	453,514,546	412,564,883
Residential (rental)	220,225,832	179,237,424
Railroad & Airlines	315,663	307,327
Possessory Int. Properties	-	-
Total (b)	$903,763,875	$822,385,965

(a) Determined by Net Full Cash Assessed Value. See "Limited Property Value" and "Secondary Taxes" herein for a discussion of the use of Net Full Cash Assessed Value for fiscal years prior to 2016.

(b) Total may not add up due to rounding.

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

TABLE 6

Net Limited Assessed Property Value of Major Taxpayers (a)
City of Surprise, Arizona

Taxpayer	2018 Net Limited Assessed Property Value	As Percent of the City's 2018 Net Limited Assessed Property Value
Arizona Public Service Company	$27,640,147	2.826%
Southwest Gas Corporation (T&D)	5,680,491	0.581
EPCOR (Agua Fria Water Division)	4,468,289	0.457
CCD Real Estate Holdings LLC	3,465,714	0.354
Surprise Industrial NCP LLC	2,909,934	0.298
Wal Mart Stores Inc.	2,787,878	0.285
G&I VII Stadium Village LLC	2,731,305	0.279
Harmony at Surprise SPE LLC	2,549,140	0.261
MCI Communications Services Inc.	2,253,177	0.230
Smith's Food & Drug Centers Inc.	2,214,702	0.226
Total (b)	$56,700,777	5.797%

(a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information (collectively, the "Filings") may be inspected, copied and obtained at prescribed rates at the Securities and Exchange Commission's (the "Commission") public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR data base at http://www.sec.gov. No representative of the City, the Financial Advisor or Bond Counsel has examined the information set forth in the Filings for accuracy or completeness, nor does any such representative assume responsibility for the same.

(b) Total may not add up due to rounding.

Source: The Assessor of the County.

TABLE 7A

Comparative Net Limited Assessed Property Values (a)
City of Surprise, Arizona

Fiscal Year	City of Surprise	Maricopa County	State of Arizona
2018	$978,036,420	$48,343,820,221	$71,673,967,461
2017	927,130,138	36,135,494,474	56,573,588,295
2016	889,837,632	34,623,670,323	54,840,074,052

(a) Determined by Net Limited Assessed Property Value. See "Limited Property Value" and "Secondary Taxes" herein for a discussion of the use of Net Limited Assessed Property Value for fiscal years 2016 and thereafter.

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue. Note that Net Assessed Property Value for Secondary Tax Purposes is described as "Net Assessed Value" in the Property Tax Abstract.

TABLE 7B

Comparative Net Full Cash Assessed Values (a)
City of Surprise, Arizona

Fiscal Year	City of Surprise	Maricopa County	State of Arizona
2015	$903,763,875	$35,075,714,985	$55,349,948,120
2014	822,385,965	32,229,006,810	52,598,341,678

(a) Determined by Net Full Cash Assessed Value. See "Limited Property Value" and – "Secondary Taxes" herein for a discussion of the use of Net Full Cash Assessed Value for fiscal years prior to 2016.

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

TABLE 8

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

Fiscal Year	Estimated Net Full Cash Value
2018	$10,636,826,750
2017	9,874,406,412
2016	9,228,535,640
2015	8,006,409,914
2014	7,210,776,282

(a) Estimated Net Full Cash Value is the total market value of the property within the City less the estimated Full Cash Value of property exempt from taxation within the City.

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

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DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

Current Statistics (for fiscal year 2018)
City of Surprise, Arizona

Total General Obligation Bonded Debt to be Outstanding	$39,500,000	* (a)
Total Pledged Revenue Obligation Debt Outstanding	31,180,000	(b)
Total Municipal Property Corporation (Wastewater Development Impact Fee)	39,500,000	
and Subordinate Lien Wastewater Utility Revenue Bonds Outstanding	33,770,000	(c)
Net Full Cash Assessed Value	$ 1,189,525,613	
Net Limited Assessed Property Value	978,036,420	
Estimated Net Full Cash Value	10,636,826,750	

The City's preliminary fiscal year 2019 Net Limited Assessed Property Value is estimated at $1,038,070,507. The City's preliminary fiscal year 2019 Net Full Cash Assessed Value is estimated at $1,305,885,025. The City's preliminary fiscal year 2019 estimated Net Full Cash Value is estimated at $11,719,752,898. The values are subject to positive or negative adjustments until approved by the Board of Supervisors of the County on or before August 20, 2018.

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* Subject to change.

(a) Includes the Bonds. See "Direct General Obligation Bonded Debt to be Outstanding" and footnote (b) to TABLE 9 for description of treatment of certain proceeds of the Bonds for State voter authorization and debt limit purposes in this APPENDIX.

(b) See "Pledged Revenue Obligation Debt Outstanding" in this APPENDIX.

(c) See "Municipal Property Corporation (Wastewater Development Impact Fee) and Subordinate Lien Wastewater Revenue Bonds Outstanding" in this APPENDIX.

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

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STATEMENTS OF INDEBTEDNESS
City of Surprise, Arizona

Direct General Obligation
Bonded Debt to be Outstanding

Issue Series	Purpose	Original Amount		Maturity Dates	Balance Outstanding	
2018	Various Public Improvements	$39,500,000	*	7/1/19-7/1/38	$39,500,000	* (a)
Total General Obligation Debt to be Outstanding					$39,500,000	*

* Subject to change.

(a) See footnote (b) to TABLE 9 for description of treatment of certain proceeds of the Bonds for State voter authorization and debt limit purposes.

Pledged Revenue Obligation Debt Outstanding

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding
2015	Stadium Improvements and Refunding	$36,665,000	7/1/16-7/1/30	$31,180,000
Total Pledged Revenue Obligation Debt Outstanding				$31,180,000

Municipal Property Corporation (Wastewater Development Impact Fee)
and Subordinate Lien Wastewater Revenue Bonds Outstanding

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding
2007	Wastewater Improvements	$50,675,000	7/1/14-7/1/32	$33,770,000
Total Municipal Property Corporation Bonded Debt Outstanding				$33,770,000

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Under the provisions of the Arizona Constitution outstanding general obligation bonded debt for combined water, sewer, light, parks and open space, transportation and public safety purposes may not exceed 20% of a city or town's Net Full Cash Assessed Value, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a city or town's Net Full Cash Assessed Value.

TABLE 9

Direct Bonded Debt, Legal Limitation and Unused Borrowing Capacity (a)
City of Surprise, Arizona

General Purpose Municipal Bonds		Storm Water, Light, Sewer, Open Space, Streets, Parks, Transportation and Public Safety Bonds	
6% Limitation	$71,371,537	20% Limitation	$237,905,123
Less: Direct Bonded Debt Outstanding	-	Less: the Bonds	(39,500,000) *
Reduction for Original Issue Premium	-	Reduction for Original Issue Premium (b)	-
Unused 6% Borrowing Capacity	$71,371,537	Unused 20% Borrowing Capacity	$198,405,123 *

* Subject to change.

(a) General obligation bonding capacity is calculated using the City's fiscal year 2018 Net Full Cash Assessed Value of $1,189,525,613.

(b) This amount reduces in equal amount the borrowing capacity of the City under State statutes and the Arizona Constitution and the principal amount of general obligation bonds authorized at the Election (as described under the heading "THE BONDS – Authorization and Use of Funds"). Such capacity (but not authorization) will be recaptured as premium is amortized.

Future Borrowings

The City ordered and called a special election to be held on May 15, 2018 (the "Election"), to submit to the qualified electors of the City the question of purchasing and acquiring any and all of the plant or property of the Circle City Water Company. If such purchase and acquisition is authorized by the affirmative vote of the qualified electors of the City voting at the Election, the City may finance such purchase and acquisition within the next twelve months through the issuance of approximately $15,000,000 of obligations payable from utility system revenues.

Other Indebtedness
City of Surprise, Arizona

The City has other obligations which are payable from various City funds, including purchase obligations, lease obligations and other contractual commitments. For additional information with respect to such obligations, please refer to Note 9 of the City's Audited Financial Statements for the fiscal year ended June 30, 2017, contained in APPENDIX C of this Official Statement.

TABLE 10

Direct and Overlapping General Obligation Bonded Debt Outstanding
City of Surprise, Arizona

Overlapping Jurisdiction	General Obligation Bonded Debt (b)		Portion Applicable to the City (a) Approximate Percentage		Net Debt Amount	
State of Arizona	None		1.36	%	None	
Maricopa County	None		2.56		None	
Maricopa County Special Health District	$37,000,000		2.56		$947,200	
Maricopa Community College District	445,570,000		2.56		11,406,592	
Western Maricopa Education Center	138,655,000		6.98		9,678,119	
Dysart Unified School District No. 9	141,793,000		77.12		109,350,762	
Peoria Unified School District No. 11	217,615,000		0.39		848,699	
Nadaburg Unified School District No. 81	535,000		26.00		139,100	
Wickenburg Unified School District No. 9	12,804,000		2.79		357,232	
Marley Park Community Facilities District	11,795,000		100.00		11,795,000	
City of Surprise (c)	39,500,000	*	100.00		39,500,000	*
Total Direct and Overlapping General Obligation Bonded Debt to be Outstanding					$162,549,584	

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* Subject to change.

(a) Proportion applicable to the City is computed on the ratio of Net Limited Assessed Property Value for fiscal year 2018 of $978,036,420.

(b) Does not include outstanding principal amounts of certificates of participation, revenue obligations, loan obligations, improvement bonds, or other debt not secured by ad valorem property taxes. Includes total stated principal amount of general obligation bonds outstanding, however, does not include presently authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future as indicated in the following table. Additional bonds may be authorized by voters within overlapping jurisdictions pursuant to future elections.

Overlapping Jurisdiction	General Obligation Bonds Authorized but Unissued
Maricopa County Special Health Care Dist.	$754,000,000
Wstern Maricopa Education Center	61,000,000
Peoria Unified School District No. 11	34,800,000
Marley Park Community Facilities District	63,490,000
City of Surprise	20,000,000*

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States Department of the Interior (the "Department of the Interior"), for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50-year repayment period, which commenced October 1, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to 14 cents per $100 of Net Limited Assessed Property Value, of which 14 cents is being levied. (See Sections 48-3715 and 48-3715.02, Arizona Revised Statutes.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

(c) Includes the Bonds.

Source: The various entities.

TABLE 11

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

		As a Percentage of City's	
	Per Capita Bonded Debt Population 132,677 (a)	2018 Net Full Cash Assessed Valuation	2018 Estimated Net Full Cash Value
Direct General Obligation Bonded Debt	$297.72	0.40 %	3.32 %
Direct and Overlapping General Obligation Debt	767.24	1.60	13.26

* Subject to change.

(a) Source: The U.S. Census Bureau, 2016 estimate.

PENSION BENEFITS

Retirement Benefits

The City contributes to the retirement plans (the "Plans") described in Note 8 – RETIREMENT PLANS in APPENDIX C – "City of Surprise, Arizona – Audited Financial Statements for the Fiscal Year Ended June 30, 2017." See Note 8 – RETIREMENT PLANS in APPENDIX C – "City of Surprise, Arizona – Audited Financial Statements for the Fiscal Year Ended June 30, 2017," for a description of the Plans, the benefits provided by the Plans, the contributions to the Plans, the pension liability associated with the Plans, the pension expense associated with the Plans, the deferred outflows/inflows of resources related to the Plans, and certain other pertinent information with respect to the Plans.

Other Post-Employment Benefits

Pursuant to Government Accounting Standards Board Statement Number 45, *Accounting by Employers for Post-Employment Benefits Other than Pensions* ("GASB 45"), the City is required to report the actuarially accrued cost of post-employment benefits, other than pension benefits ("OPEB"), such as health and life insurance for current and future retirees. 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 pre-funded, requires the reporting of such costs as a financial statement liability.

The City does not offer any OPEB. The City's employees, their spouses and survivors may be eligible for certain retiree health care benefits under health care programs provided by the State. Employees on long-term disability and their spouses also may qualify for retiree health care benefits through the State. Such individuals may obtain the health care benefits offered by the State by paying 100% of the applicable health care insurance premium, net of any subsidy provided by the State. The benefits are available to all retired participants in the State's health care program. The City does not make payments for OPEB costs for such retirees.

REVENUES AND EXPENDITURES

State law requires that the Town's financial books and records be audited by the State Auditor General or independent certified public accountants on an annual basis. The audited financial statements of the Town are presented in APPENDIX C – "City of Surprise, Arizona Audited Financial Statements for the Fiscal Year Ended June 30, 2017."

The table on the following page summarizes audited Revenues, Expenses and Changes in Fund Balance for the fiscal years 2013 through 2017 and projected information for 2018. The information contained in the summary should be read in conjunction with the audited financial statements and accompanying notes in APPENDIX C of this Official Statement.

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TABLE 12

CITY OF SURPRISE, ARIZONA
GENERAL FUND

	Projected	Audited				
	2018	2017	2016	2015	2014	2013
REVENUES						
Taxes	$52,458,100	$49,651,894	$46,029,715	$44,655,213	$40,537,455	$38,423,824
Licenses and permits	5,496,500	5,811,255	5,121,719	4,975,398	5,197,956	4,771,649
Intergovernmental revenues	33,180,200	32,440,510	31,120,886	30,252,501	28,224,072	26,249,641
Charges for services	11,167,500	12,036,063	10,171,699	8,335,924	7,440,951	7,619,906
Grants revenue	-	5,000	-		-	-
Fines	1,200,100	947,640	1,031,468	1,116,400	1,255,895	1,359,194
Rents	595,900	621,033	630,514	549,400	606,679	584,972
Development fees	-	-	-	-	-	-
Interest revenue(loss)	299,400	(40,677)	302,138	153,105	92,360	16,483
Donations	529,300	160,706	227,439	244,767	146,993	343,405
Indirect charges	4,757,800	4,768,960	4,884,443	4,682,772	4,682,772	3,660,700
Other revenues	1,115,900	526,462	358,996	1,107,440	424,656	924,271
Total Revenues:	110,800,700	106,928,846	99,879,017	96,072,920	88,609,789	83,954,045
EXPENDITURES						
Current:						
General government	17,496,950	16,578,181	16,171,124	19,813,136	13,276,649	11,579,523
Public Safety	51,830,021	46,379,259	43,600,196	41,070,231	37,355,082	35,201,313
Public works and streets	6,984,200	6,829,733	6,742,779	5,978,193	6,248,920	5,162,619
Community development	10,928,500	11,503,447	9,694,429	4,105,374	7,021,802	5,833,803
Culture and recreation	18,564,200	16,038,779	16,002,124	16,646,847	14,818,519	12,953,039
Capital Outlay:						-
General government	46,400	214,552	-	-	48,840	50,604
Public Safety	129,391	900,974	-	-	-	-
Public works and streets	-	32,666	-	-	-	-
Community development	-	30,821	-	-	-	-
Culture and recreation	-	9,314	-	-	-	-
Total Expenditures:	105,979,662	98,517,726	92,210,652	87,613,781	78,769,812	70,780,901
Excess of revenues over expenditures	4,821,038	8,411,120	7,668,365	8,459,139	9,839,977	13,173,144
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	200,000	368,156	121,521	96,812	240,830	33,035
Transfers in	1,139,900	1,154,860	2,814,121	1,132,145	1,147,181	1,068,522
Transfers out	(15,000,000)	(8,618,697)	(7,681,925)	(1,531,392)	(1,533,297)	(1,533,198)
TOTAL OTHER FINANCING SOURCES (USES)	(13,660,100)	(7,095,681)	(4,746,283)	(302,435)	(145,286)	(431,641)
Net Change in Fund Balances:	(8,839,062)	1,315,439	2,922,082	8,156,704	9,694,691	12,741,503
Fund Balances - beginning	40,459,738	39,216,429	36,216,740	28,096,629	18,197,808	5,493,799
Increase/(decrease) in inventories	-	6,874	77,205	(36,593)	204,130	(37,494)
Fund Balances (deficits) - ending	$31,620,676	$40,538,742	$39,216,027	$36,216,740	$28,096,629	$18,197,808

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* The City's projected fiscal year 2018 results are estimated based on actual results through January 31, 2018. Such amounts are "forward-looking statements" which may not be realized and must be considered with an abundance of caution. Actual results may vary from the projected amounts.

APPENDIX C

CITY OF SURPRISE, ARIZONA

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The audited general purpose financial statements for the City included in this APPENDIX C are for the fiscal year ended June 30, 2017, and are the most recent audited financial statement available for the City. Such financial statements speak only of that date and do not report any changes that might have occurred since June 30, 2017. However, the City is not aware of any material change in its financial conditions as of the date of this Official Statement.

CliftonLarsonAllen LLP has performed no procedures subsequent to rendering its opinion on the financial statements and has not been consulted in any manner pertaining to the issuance of the Bonds. They have, however, advised the City that auditing professional standards permit the City to include their report as set forth in this APPENDIX C.

APPENDIX D

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds and the redemption price of any Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar and Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

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

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

APPENDIX E

PROPOSED FORM OF APPROVING LEGAL OPINION

DRAFT

[LETTERHEAD OF GREENBERG TRAURIG]

[Closing Date]

Mayor and Council of the
City of Surprise, Arizona
50 Civic Center Drive
Surprise, Arizona 85296-3463

Re: City of Surprise, Arizona General Obligation Bonds, Series 2018

We have examined copies of the proceedings of the Mayor and Council of the City of Surprise, Arizona (the "City"), and other proofs submitted to us relative to the issuance of the captioned Bonds. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid proceedings and proofs.

We are of the opinion that such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to the Constitution and laws of the State of Arizona now in force and that the Bonds are valid and legally binding obligations of the City, all of the taxable property within which is subject to the levy of a tax without limitation as to rate or amount to pay the principal of and interest on the Bonds.

Under existing statutes, regulations, rulings and court decisions, subject to the assumption stated in the last sentence of this paragraph, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and the interest on the Bonds is exempt from income taxation under the laws of the State of Arizona. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. For corporations, tax legislation enacted in 2017 eliminated the federal alternative minimum tax for taxable years beginning after December 31, 2017; no opinion is being provided with respect to the federal alternative minimum tax imposed on corporations for taxable years beginning before January 1, 2018. We express no opinion regarding other tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the Bonds. The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the City must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The Mayor and Council of the City have resolved in Resolution No. _______, adopted by the Mayor and Council of the City on April 3, 2018 (the "Resolution"), to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. (Subject to the same limitations in the penultimate paragraph hereof with respect to such covenants, the City has full legal power and authority to comply with such covenants.) In rendering the opinion expressed above, we have assumed continuing compliance with the tax covenants referred to above that must be met after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal tax purposes.

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

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

Respectfully submitted,

PROPOSED FORM OF
CONTINUING DISCLOSURE UNDERTAKING

$39,500,000*
City of Surprise, Arizona General Obligation Bonds, Series 2018

Series 2018 General Obligation Bonds Continuing Disclosure Undertaking

This Series 2018 General Obligation Continuing Disclosure Undertaking (this "*Undertaking*") is executed and delivered by City of Surprise, Arizona (the "*City*"), in connection with the issuance of $39,500,000* principal amount of City of Surprise, Arizona General Obligation Bonds, Series 2018 (the "*Bonds*"). The Bonds are being issued pursuant to a resolution adopted by the Mayor and Council of the City on April 3, 2018 (the "*Bond Resolution*"). The City covenants and agrees as follows:

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

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

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

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

Commission means the Securities and Exchange Commission.

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

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

Exchange Act means the Securities Exchange Act of 1934, as amended.

Final Official Statement means the Final Official Statement relating to the Bonds, dated ________, 2018.

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

Listed Event means the occurrence of any of the events set forth in *Exhibit II*.

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

MSRB means the Municipal Securities Rulemaking Board.

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

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

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* Subject to change.

State means the State of Arizona.

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

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

CUSIP® (a) (Base No. ______)	Maturity (July 1)*

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

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

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

5. *Listed Events Disclosure.* Subject to annual appropriation to cover the costs of preparation and mailing thereof and Section 8 of this Undertaking, the City shall disseminate in a timely manner, but not more than ten (10)

* Subject to change.

business days after the occurrence of the event, Listed Events Disclosure through EMMA. Whether events subject to the standard "material" would be material shall be determined under applicable federal securities laws.

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

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

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

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

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

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

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

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

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

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

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

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

13. *Assignment*. The City shall not transfer obligations under the Bond Resolution unless the transferee agrees to assume all obligations of the City under this Undertaking or to execute an undertaking meeting the requirements of the Rule.

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

Dated: [Closing Date]

CITY OF SURPRISE, ARIZONA

By ....
Mayor

ATTEST:

....
City Clerk

APPROVED AS TO FORM:

....
City Attorney

ATTACHMENTS:

Exhibit I - Annual Financial Information and Timing and Audited Financial Statements
Exhibit II - Events for Which Listed Events Disclosure Is Required

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

"Annual Financial Information" means financial information and operating data of the type contained in the Final Official Statement in Table Nos. 3, 5A, 6 and 10 (in each case, actual results for most recently completed fiscal year only).

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

Annual Financial Information exclusive of Audited Financial Statements will be provided through EMMA by the first business day of February of each year, commencing February 1, 2019. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

Audited Financial Statements will be prepared according to GAAP. Audited Financial Statements will be provided through EMMA within 30 days after availability to the City.

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

EXHIBIT II

EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

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

WEDBUSH

WRITTEN POLICIES AND PROCEDURES FOR TAX-ADVANTAGED OBLIGATIONS

City of Surprise, Arizona (the "Issuer"), has issued and may in the future issue tax-exempt obligations (including, without limitation, bonds, notes, loans, leases and certificates) (together, "tax-advantaged obligations") that are subject to certain requirements under the Internal Revenue Code of 1986, as amended (the "Code").

The Issuer has established the policies and procedures contained herein (the "Procedures") as of April 3, 2018, in order to ensure that the Issuer complies with the requirements of the Code that are applicable to its tax-advantaged obligations. The Procedures, coupled with requirements contained in the arbitrage and tax certificate or other operative documents (the "Tax Certificate") executed at the time of issuance of the tax-advantaged obligations, are intended to constitute written procedures for ongoing compliance with the federal tax requirements applicable to the tax-advantaged obligations and for timely identification and remediation of violations of such requirements.

A. GENERAL MATTERS.

1. Responsible Officer. The Finance Director of the Issuer will have overall responsibility for ensuring that the ongoing requirements described in the Procedures are met with respect to tax-advantaged obligations (the "Responsible Officer").

2. Establishment of Procedures. The Procedures will be included with other written procedures of the Issuer.

3. Identify Additional Responsible Employees. The Responsible Officer shall identify any additional persons who will be responsible for each section of the Procedures, notify the current holder of that office of the responsibilities, and provide that person a copy of the Procedures. (For each section of the Procedures, this may be the Responsible Officer or another person who is assigned the particular responsibility.)

   a. Upon employee or officer transitions, new personnel should be advised of responsibilities under the Procedures and ensure they understand the importance of the Procedures.

   b. If employee or officer positions are restructured or eliminated, responsibilities should be reassigned as necessary to ensure that all Procedures have been appropriately assigned.

4. Training Required. The Responsible Officer and other responsible persons shall receive appropriate training that includes the review of and familiarity with the contents of the Procedures, review of the requirements contained in the Code applicable to each tax-advantaged obligation, identification of all tax-advantaged

obligations that must be monitored, identification of all facilities (or portions thereof) financed with proceeds of tax-advantaged obligations, familiarity with the requirements contained in the Tax Certificate or other operative documents contained in the transcript, and familiarity with the procedures that must be taken in order to correct noncompliance with the requirements of the Code in a timely manner.

5. Periodic Review. The Responsible Officer or other responsible person shall periodically review compliance with the Procedures and with the terms of the Tax Certificate to determine whether any violations have occurred so that such violations can be timely remedied through the "remedial action" regulations or the Voluntary Closing Agreement Program available through the Internal Revenue Service ("IRS") (or successor guidance). Such periodic review shall occur at least annually.

6. Change in Terms. If any changes to the terms of the tax-advantaged obligations are contemplated, bond counsel should be consulted. Such modifications could jeopardize the status of tax-advantaged obligations.

B. IRS INFORMATION RETURN FILING. The Responsible Officer will confirm that bond counsel has filed the applicable information reports (such as Form 8038-G) for such issue with the IRS on a timely basis, and maintain copies of such form including evidence of timely filing as part of the transcript of the issue. The Responsible Officer shall file the IRS From 8038-T relating to the payment of rebate or yield reduction payments in a timely manner as discussed in Section G.12. below. The Responsible Officer shall also monitor the extent to which the Issuer is eligible to receive a refund of prior rebate payments and provide for the timely filing for such refunds using an IRS Form 8038-R.

C. USE OF PROCEEDS. The Responsible Officer or other responsible person shall:

1. Consistent Accounting Procedures. Maintain or confirm maintenance of clear and consistent accounting procedures for tracking the investment and expenditures of proceeds, including investment earnings on proceeds.

2. Reimbursement Allocations at Closing. At or shortly after closing of an issue, ensure that any allocations for reimbursement expenditures comply with the Tax Certificate.

3. Timely Expenditure of Proceeds. Monitor that sale proceeds and investment earnings on sale proceeds of tax-advantaged obligations are spent in a timely fashion consistent with the requirements of the Tax Certificate.

4. Requisitions. Utilize or confirm the utilization of requisitions to draw down proceeds, and ensure that each requisition contains (or has attached to it) detailed information in order to establish when and how proceeds were spent; review requisitions carefully before submission to ensure proper use of proceeds to minimize the need for reallocations.

5. Final Allocation. Ensure that a final allocation of proceeds (including investment earnings) to qualifying expenditures is made if proceeds are to be allocated to project expenditures on a basis other than "direct tracing" (direct tracing means treating the proceeds as spent as shown in the accounting records for draws and project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the private business use of bond proceeds that would otherwise result from "direct tracing" of proceeds to project expenditures. *This allocation must be made within 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than five years and 60 days after the date the tax-advantaged obligations are issued (or 60 days after the issue is retired, if earlier).* Bond counsel can assist with the final allocation of proceeds to project costs. Maintain a copy of the final allocation in the records for the tax-advantaged obligation.

6. Maintenance and Retention of Records Relating to Proceeds. Maintain or confirm the maintenance of careful records of all project and other costs (e.g., costs of issuance, credit enhancement and capitalized interest) and uses (e.g., deposits to a reserve fund) for which proceeds were spent or used. These records should be maintained separately for each issue of tax-advantaged obligations for the period indicated under Section H. below.

D. MONITORING PRIVATE BUSINESS USE. The Responsible Officer or other responsible person shall:

1. Identify Financed Facilities. Identify or "map" which outstanding issues financed which facilities and in what amounts.

2. Review of Contracts with Private Persons. Review all of the following contracts or arrangements with non-governmental persons or organizations or the federal government (collectively referred to as "private persons") with respect to the financed facilities which could result in private business use of the facilities:

   a. Sales of financed facilities;

   b. Leases of financed facilities;

   c. Management or service contracts relating to financed facilities;

   d. Research contracts under which a private person sponsors research in financed facilities; and

   e. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a private person with respect to financed facilities.

3. Bond Counsel Review of New Contracts or Amendments. Before amending an existing agreement with a private person or entering into any new lease, management, service, or research agreement with a private person, consult bond

counsel to review such amendment or agreement to determine whether it results in private business use.

4. Establish Procedures to Ensure Proper Use and Ownership. Establish procedures to ensure that financed facilities are not used for private use without written approval of the Responsible Officer or other responsible person.

5. Analyze Use. Analyze any private business use of financed facilities and, for each issue of tax-advantaged obligations, determine whether the 10 percent limit on private business use (5 percent in the case of "unrelated or disproportionate" private business use) is exceeded, and contact bond counsel or other tax advisors if either of these limits appears to be exceeded.

6. Remediation if Limits Exceeded. If it appears that private business use limits are exceeded, immediately consult with bond counsel to determine if a remedial action is required with respect to nonqualified tax-advantaged obligations of the issue or if the IRS should be contacted under its Voluntary Closing Agreement Program. If tax-advantaged obligations are required to be redeemed or defeased in order to comply with remedial action rules, such redemption or defeasance must occur within 90 days of the date a deliberate action is taken that results in a violation of the private business use limits.

7. Maintenance and Retention of Records Relating to Private Use. Retain copies of all of the above contracts or arrangements (or, if no written contract exists, detailed records of the contracts or arrangements) with private persons for the period indicated under Section H. below.

E. LOAN OF BOND PROCEEDS. Consult bond counsel if a loan of proceeds of tax-advantaged obligations is contemplated. If proceeds of tax-advantaged obligations are permitted under the Code to be loaned to other entities and are in fact so loaned, require that the entities receiving a loan of proceeds institute policies and procedures similar to the Procedures to ensure that the proceeds of the loan and the facilities financed with proceeds of the loan comply with the limitations provided in the Code. Require the recipients of such loans to annually report to the Issuer ongoing compliance with the Procedures and the requirements of the Code.

F. ARBITRAGE AND REBATE COMPLIANCE. The Responsible Officer or other responsible person shall:

1. Review Tax Certificate. Review each Tax Certificate to understand the specific requirements that are applicable to each tax-advantaged obligation issue.

2. Arbitrage Yield. Record the arbitrage yield of the issue, as shown on IRS Form 8038-G or other applicable form. If the tax-advantaged obligations are variable rate, yield must be determined on an ongoing basis over the life of the tax-advantaged obligations as described in the Tax Certificate.

3. Temporary Periods. Review the Tax Certificate to determine the "temporary periods" for each issue, which are the periods during which proceeds of tax-advantaged obligations may be invested without yield restriction.

4. Post-Temporary Period Investments. Ensure that any investment of proceeds after applicable temporary periods is at a yield that does not exceed the applicable yield, unless yield reduction payments can be made pursuant to the Tax Certificate.

5. Monitor Temporary Period Compliance. Monitor that proceeds (including investment earnings) are expended promptly after the tax-advantaged obligations are issued in accordance with the expectations for satisfaction of three-year or five-year temporary periods for investment of proceeds and to avoid "hedge bond" status.

6. Monitor Yield Restriction Limitations. Identify situations in which compliance with applicable yield restrictions depends upon later investments (e.g., the purchase of 0 percent State and Local Government Securities from the U.S. Treasury for an advance refunding escrow). Monitor and verify that these purchases are made as contemplated.

7. Establish Fair Market Value of Investments. Ensure that investments acquired with proceeds satisfy IRS regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintaining records to demonstrate satisfaction of such safe harbors. Consult the Tax Certificate for a description of applicable rules.

8. Credit Enhancement, Hedging and Sinking Funds. Consult with bond counsel before engaging in credit enhancement or hedging transactions relating to an issue, and before creating separate funds that are reasonably expected to be used to pay debt service. Maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions that are entered into relating to an issue.

9. Grants/Donations to Governmental Entities. Before beginning a capital campaign or grant application that may result in gifts that are restricted to financed projects (or, in the absence of such a campaign, upon the receipt of such restricted gifts), consult bond counsel to determine whether replacement proceeds may result that are required to be yield restricted.

10. Bona Fide Debt Service Fund. Even after all proceeds of a given issue have been spent, ensure that debt service funds, if any, meet the requirements of a "bona fide debt service fund," i.e., one used primarily to achieve a proper matching of revenues with debt service that is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the debt service on the issue for the immediately preceding bond year. To the extent that a

debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year.

11. <u>Debt Service Reserve Funds</u>. Ensure that amounts invested in reasonably required debt service reserve funds, if any, do not exceed the least of: (i) 10 percent of the stated principal amount of the tax-advantaged obligations (or the sale proceeds of the issue if the issue has original issue discount or original issue premium that exceeds 2 percent of the stated principal amount of the issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual debt service on the issue; or (iii) 125% of average annual debt service on the issue.

12. <u>Rebate and Yield Reduction Payment Compliance</u>. Review the arbitrage rebate covenants contained in the Tax Certificate. Subject to certain rebate exceptions described below, investment earnings on proceeds at a yield in excess of the yield (i.e., positive arbitrage) generally must be rebated to the U.S. Treasury, even if a temporary period exception from yield restriction allowed the earning of positive arbitrage.

    a. Ensure that rebate and yield reduction payment calculations will be timely performed and payment of such amounts, if any, will be timely made. Such payments are generally due 60 days after the fifth anniversary of the date of issue, then in succeeding installments every five years. The final rebate payment for an issue is due 60 days after retirement of the last obligation of the issue. The Issuer should hire a rebate consultant if necessary.

    b. Review the rebate section of the Tax Certificate to determine whether the "small issuer" rebate exception applies to the issue.

    c. If the 6-month, 18-month, or 24-month spending exceptions from the rebate requirement (as described in the Tax Certificate) may apply to the tax-advantaged obligations, ensure that the spending of proceeds is monitored prior to semiannual spending dates for the applicable exception.

    d. Make rebate and yield reduction payments and file Form 8038-T in a timely manner.

    e. Even after all other proceeds of a given issue have been spent, ensure compliance with rebate requirements for any debt service reserve fund and any debt service fund that is not exempt from the rebate requirement (see the Arbitrage Rebate covenants contained in the Tax Certificate).

13. <u>Maintenance and Retention of Arbitrage and Rebate Records</u>. Maintain records of investments and expenditures of proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and yield reduction payments, and any

other records relevant to compliance with the arbitrage restrictions for the period indicated in Section H. below.

G. **RECORD RETENTION.** The Responsible Officer or other responsible person shall ensure that for each issue of obligations, the transcript and all records and documents described in these Procedures will be maintained while any of the obligations are outstanding and during the three-year period following the final maturity or redemption of that issue, or if the obligations are refunded (or re-refunded), while any of the refunding obligations are outstanding and during the three-year period following the final maturity or redemption of the refunding obligations.

**ATTACHMENT I TO
WRITTEN PROCEDURES**

REMEDIAL ACTION PROCEDURES

Capitalized terms used herein but not defined have the meaning assigned thereto in Section 5 below and in the Written Policies and Procedures for Tax-Advantaged Obligations to which these Remedial Action Procedures are attached. This attachment describes written procedures that may be required to be taken by, or on behalf of, an issuer of Obligations.

1. **Background**. The maintenance of the tax status of the Obligations (*e.g.,* as tax-exempt obligations under federal tax law) depends on the compliance with the requirements set forth in the Internal Revenue Code of 1986, as amended (the "Code"). *The purpose of this attachment is to set forth written procedures to be used in the event that any deliberate actions are taken that are not in compliance with the tax requirements of the Code (each, a "Deliberate Action") with respect to the Obligations, the proceeds thereof, or the property financed or refinanced by the Obligations (the "Financed Property").*

2. **Consultation with bond counsel**. If a Deliberate Action is taken with respect to the Obligations and the Financed Property subsequent to the issuance or execution and delivery of the Obligations, then the Issuer must consult with Greenberg Traurig, LLP or other nationally recognized bond counsel ("bond counsel") regarding permissible Remedial Actions that may be taken to remediate the effect of any such Deliberate Action upon the federal tax status of the Obligations. Note that remedial actions or corrective actions other than those described in this attachment may be available with respect to the Obligations and the Financed Property, including remedial actions or corrective actions that may be permitted by the Commissioner through the voluntary closing agreement programs (VCAP) provided by the Internal Revenue Service from time to time.

3. **Conditions to Availability of Remedial Actions**. None of the Remedial Actions described in this attachment are available to remediate the effect of any Deliberate Action with respect to the Obligations and the Financed Property unless the following conditions have been satisfied and unless bond counsel advises otherwise:

(a) The issuer of the Obligations reasonably expected on the date the Obligations were originally issued or executed and delivered that the Obligations would meet neither the Private Business Tests nor the Private Loan Financing Test of Section 141 of the Code and the Treasury Regulations thereunder for the entire term of the Obligations (such expectations may be based on the representations and expectations of the applicable conduit borrower, if there is one);

(b) The weighted average maturity of the Obligations did not, as of such date, exceed 120 percent of the Average Economic Life of the Financed Property;

(c) Unless otherwise excepted under the Treasury Regulations, the Issuer delivers a certificate, instrument, or other written records satisfactory to bond counsel demonstrating that the terms of the arrangement pursuant to which the Deliberate Action is taken is *bona fide* and arm's-length, and that the non-exempt Person using either the Financed Property or the proceeds of the Obligations as a result of the relevant Deliberate Action will pay fair market value for the use thereof;

(d) Any disposition must be made at fair market value and any Disposition Proceeds actually or constructively received by the Issuer as a result of the Deliberate Action must be treated as gross proceeds of the Obligations and may not be invested in obligations bearing a yield in excess of the yield on the Obligations subsequent to the date of the Deliberate Action; and

(e) Proceeds of the Obligations affected by the Remedial Action must have been allocated to expenditures for the Financed Property or other allowable governmental purposes before the date on which the Deliberate Action occurs (except to the extent that redemption or defeasance, if permitted, is undertaken, as further described in Section 4(A) below).

4. **Types of Remedial Action**. Subject to the conditions described above, and only if the Issuer obtains an opinion of bond counsel prior to taking <u>any of the actions below</u> to the effect that such actions will not affect the federal tax status of the Obligations, the following types of Remedial Actions may be available to remediate a Deliberate Action subsequent to the issuance of the Obligations:

(a) <u>Redemption or Defeasance of Obligations</u>.

(i) If the Deliberate Action causing either the Private Business Use Test or the Private Loan Financing Test to be satisfied consists of a fair market value disposition of any portion of the Financed Property exclusively for cash, then the Issuer may allocate the Disposition Proceeds to the redemption of Nonqualified Obligations pro rata across all of the then-outstanding maturities of the Obligations at the earliest call date of such maturities of the Obligations after the taking of the Deliberate Action. If any of the maturities of the Obligations outstanding at the time of the taking of the Deliberate Action are not callable within 90 days of the date of the Deliberate Action, the Issuer may (subject generally to the limitations described in (iii) below) allocate the Disposition Proceeds to the establishment of a Defeasance Escrow for any such maturities of the Obligations within 90 days of the taking of such Deliberate Action.

(ii) If the Deliberate Action consists of a fair market value disposition of any portion of the Financed Property for other than exclusively cash, then the Issuer may use any funds (other than proceeds of the Obligations or proceeds of any obligation the interest on which is excludable from the gross income of the registered owners thereof for federal income tax purposes) for the redemption of all Nonqualified Obligations within 90 days of the date that such Deliberate Action was taken. In the event that insufficient maturities of the Obligations are callable by the date which is within 90 days after the date of the Deliberate Action, then such funds may be used for the establishment of a Defeasance Escrow within 90 days of the date of the Deliberate Action for all of the maturities of the Nonqualified Obligations not callable within 90 days of the date of the Deliberate Action.

(iii) If a Defeasance Escrow is established for any maturities of Nonqualified Obligations that are not callable within 90 days of the date of the Deliberate Action, written notice must be provided to the Commissioner of Internal Revenue Service at the times and places as may be specified by applicable regulations, rulings, or other guidance issued by the Department of the Treasury or the Internal Revenue Service. Note that the ability to create a Defeasance Escrow applies only if the Obligations to be defeased and redeemed all mature or are callable within ten and one-half (10.5) years of the date the Obligations are originally issued or executed and delivered. If the Obligations are not callable within ten and one-half years, and none of the other remedial actions described below are applicable, the remainder of this attachment is for general information only, and bond counsel must be contacted to discuss other available options.

(b) Alternative Use of Disposition Proceeds. Use of any Disposition Proceeds in accordance with the following requirements may be treated as a Remedial Action with respect to the Obligations:

(i) the Deliberate Action consists of a disposition of all or any portion of the Financed Property for not less than the fair market value thereof for cash;

(ii) the Issuer reasonably expects to expend the Disposition Proceeds resulting from the Deliberate Action within two years of the date of the Deliberate Action;

(iii) the Disposition Proceeds are treated as Proceeds of the Obligations for purposes of Section 141 of the Code and the Regulations thereunder, and the use of the Disposition Proceeds in the manner in which such Disposition Proceeds are in fact so used would not cause the Disposition Proceeds to satisfy the Private Activity Bond Tests;

(iv) no action is taken after the date of the Deliberate Action to cause the Private Activity Bond Tests to be satisfied with respect to the Obligations, the Financed Property, or the Disposition Proceeds (other than any such use that may be permitted in accordance with the Treasury Regulations);

(v) Disposition Proceeds used in a manner that satisfies the Private Activity Bond Tests or that are not expended within two years of the date of the Deliberate Action must be used to redeem or defease Nonqualified Obligations in accordance with the requirements set forth in Section 4(a) hereof; and

(c) Alternative Use of Financed Property. The Issuer may be considered to have taken sufficient Remedial Actions to cause the Obligations to continue their applicable treatment under federal tax law if, subsequent to taking any Deliberate Action with respect to all or any portion of the Financed Property:

(i) the portion of the Financed Property subject to the Deliberate Action is used for a purpose that would be permitted for qualified tax-exempt obligations;

(ii) the disposition of the portion of the Financed Property subject to the Deliberate Action is not financed by a person acquiring the Financed Property with proceeds of any obligation the interest on which is exempt from the gross income of the registered owners thereof under Section 103 of the Code for purposes of federal income taxation or an obligation described in Sections 54A-54F, 54AA, or 6431 of the Code; and

(iii) any Disposition Proceeds other than those arising from an agreement to provide services (including Disposition Proceeds arising from an installment sale) resulting from the Deliberate Action are used to pay the debt service on the Obligations on the next available payment date or, within 90 days of receipt thereof, are deposited into an escrow that is restricted as to the investment thereof to the yield on the Obligations to pay debt service on the Obligations on the next available payment date.

Absent an opinion of bond counsel, no Remedial Actions are available to remediate the satisfaction of the Private Security or Payment Test regarding the same with respect to the Obligations. Nothing herein is intended to prohibit Remedial Actions not described herein that may become available subsequent to the date the Obligations are originally issued or executed and delivered to remediate the effect of a Deliberate Action taken with respect to the Obligations, the proceeds thereof or the Financed Property.

5. **Additional Defined Terms**. For purposes of this attachment, the following terms have the following meanings:

"*Commissioner*" means the Commissioner of Internal Revenue, including any successor person or body.

"*Defeasance Escrow*" means an irrevocable escrow established to redeem obligations on their earliest call date in an amount that, together with investment earnings thereon, is sufficient to pay the entire principal of, and interest and call premium on, obligations from the date the escrow is established to the earliest call date. A Defeasance Escrow may not be invested in higher yielding investments or in any investment under which the obligor is a user of the proceeds of the obligations.

"*Deliberate Action*" means any action, occurrence, or omission by the Issuer (or, if applicable, by a conduit borrower) that is within the control of the Issuer (or, if applicable, by such conduit borrower) that causes either (1) the Private Business Use Test to be satisfied with respect to the Obligations or the Financed Property (without regard to the Private Security or Payment Test), or (2) the Private Loan Financing Test to be satisfied with respect to the Obligations or the proceeds thereof. An action, occurrence, or omission is not a Deliberate Action if (1) the action, occurrence, or omission would be treated as an involuntary or compulsory conversion under Section 1033 of the Code, or (2) the action, occurrence, or omission is in response to a regulatory directive made by the government of the United States.

"*Disposition Proceeds*" means any amounts (including property, such as an agreement to provide services) derived from the sale, exchange, or other disposition of property (other than Investments) financed with the proceeds of the Obligations.

"*Nonqualified Obligations*" means that portion of the Obligations outstanding at the time of a Deliberate Action in an amount that, if the outstanding Obligations were issued or executed and delivered on the date on which the Deliberate Action occurs, the outstanding Obligations would not satisfy the Private Business Use Test or the Private Loan Financing Test, as applicable. For this purpose, the amount of private business use is the greatest percentage of private business use in any one-year period commencing with the Deliberate Action.

"*Private Activity Bond Test*s" means, collectively, the Private Business Use Test, the Private Security or Payment Test, and the Private Loan Financing Test.

"*Private Business Tests*" means the Private Business Use Test and the Private Security or Payment Test.

"*Private Business Use Test*" has the meaning set forth in Section 141(b)(1) of the Code.

"*Private Loan Financing Test*" has the meaning set forth in Section 141(c) of the Code.

"*Private Security or Payment Test*" has the meaning set forth in Section 141(b)(2) of the Code.

"*Remedial Action*" means any of the applicable actions described in Section 4 hereof, or such other actions as may be prescribed from time to time by the Department of the Treasury or the Internal Revenue Service, which generally have the effect of rectifying noncompliance by the Issuer with certain provisions of Section 141 of the Code and the Regulations thereunder and are undertaken by the Issuer to maintain the federal tax status of the Obligations.

6. **Change in Law**. This attachment is based on law in effect as of this date. Statutory or regulatory changes, including but not limited to clarifying Treasury Regulations, may affect the matters set forth in this attachment.

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CITY OF SURPRISE, ARIZONA
PROCEDURES FOR COMPLIANCE WITH OBLIGATIONS
UNDER CONTINUING DISCLOSURE UNDERTAKINGS
ADOPTED APRIL 3, 2018

These Procedures for Compliance with Obligations under Continuing Disclosure Undertakings (these "Procedures") set forth specific procedures of the City of Surprise, Arizona (the "Issuer") designed to assist in compliance with applicable requirements set forth in undertakings ("Continuing Disclosure Undertakings") providing for ongoing disclosure in connection with the offering of obligations to investors for obligations (whether or not tax-exempt/tax-advantaged) subject to the continuing disclosure requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

These Procedures document practices and describe various procedures for preparing and disseminating related reports and information and reporting "listed events" for the benefit of the holders of the Issuer's obligations and to assist the Participating Underwriters (within the meaning of the Rule) in complying with the Rule and the Continuing Disclosure Undertaking.

The Issuer recognizes that compliance with pertinent law is an ongoing process; necessary during the entire term of any obligations issued by the Issuer, and is an integral component of the Issuer's debt management. Accordingly, implementation of these Procedures will require ongoing monitoring and consultation with bond counsel and the Issuer's accountants and advisors.

General Policies and Procedures

The following policies relate to procedures and systems for monitoring post-issuance compliance generally.

1. The Finance Director (the "Compliance Officer") shall be responsible for monitoring post-issuance compliance issues.

2. The Compliance Officer will coordinate procedures for record retention and review of such records.

3. All documents and other records relating to obligations issued by the Issuer shall be maintained by or at the direction of the Compliance Officer.

4. The Compliance Officer will review post-issuance compliance procedures and systems on a periodic basis, but not less than annually.

5. The Compliance Officer will review the annual information required to be filed pursuant to each Continuing Disclosure Undertaking.

Continuing Disclosure

Under the provisions of the Rule, Participating Underwriters are required to reasonably determine that issuers (such as the Issuer) have entered into written Continuing Disclosure Undertakings to make ongoing disclosure in connection with offerings of obligations to investors subject to the Rule. Unless the Issuer is exempt from compliance with the Rule or the continuing disclosure provisions of the Rule as a result of certain permitted exemptions, a Continuing Disclosure Undertaking executed by the Issuer will be required.

In order to monitor compliance by the Issuer with its Continuing Disclosure Undertakings, the Compliance Officer will take the actions listed below, if and as required by such Continuing Disclosure Undertakings. The Compliance Officer may coordinate with staff, and may engage a dissemination agent, counsel, and/or other professionals to assist in discharging the Compliance Officer's duties under these Procedures as the Compliance Officer deems necessary.

A. Compilation of Currently Effective Continuing Disclosure Undertakings

The Compliance Officer shall compile and maintain a set of all currently effective Continuing Disclosure Undertakings of the Issuer. Such agreements are included in the transcript of proceedings for the Issuer's respective obligation issue. Continuing Disclosure Undertakings are "Currently Effective" for purposes of these Procedures (and hence shall be included in the set of Currently Effective Continuing Disclosure Undertakings) for so long as the obligations to which they relate are outstanding. As obligations are completely repaid or redeemed, the Compliance Officer shall remove the related Continuing Disclosure Undertakings from the set of Currently Effective Continuing Disclosure Undertakings.

B. Annual Review and Annual Reporting Requirements

The Compliance Officer shall ensure that all necessary financial statements, financial information and operating data is filed in the manner and by the filing dates set forth in the Currently Effective Continuing Disclosure Undertakings. The Compliance Officer shall review the set of Currently Effective Continuing Disclosure Undertakings annually, prior to each annual filing, keeping in mind:

- The financial information and operating data required to be reported under a particular Continuing Disclosure Undertaking may differ from the financial information and operating data required to be reported under another Continuing Disclosure Undertaking; and

- The timing requirements for reporting under a particular Continuing Disclosure Undertaking may differ from the timing requirements for filing under another Continuing Disclosure Undertaking.

C. Calendar; EMMA Notification System

The Compliance Officer shall keep a calendar of all pertinent filing dates required under the Issuer's Currently Effective Continuing Disclosure Undertakings. The Compliance Officer shall also subscribe to notification services made available through the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

D. Annual Review of Prior Filings

As part of the annual review process, the Compliance Officer shall also review prior filings made within the past five years subsequent to the last such review of prior filings. If the Compliance Officer discovers any late or missing filings, the Compliance Officer (after discussing the circumstances with the Issuer's dissemination agent, counsel or other agents as necessary) shall file the missing information.

E. Monitoring of Listed events

The Compliance Officer shall monitor the occurrence of any of the following events and/or other events set forth in the Currently Effective Continuing Disclosure Undertakings and shall provide notice of the same in the required manner and by the relevant reporting deadline (generally within 10 days of the occurrence):

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Issuer's obligations, or other material events affecting the tax status of the Issuer's obligations;
- Modification to rights of holders of the Issuer's obligations, if material;
- Calls of the Issuer's obligations, if material, and tender offers;
- Defeasances of the Issuer's obligations;
- Release, substitution or sale of property securing repayment of the Issuer's obligations, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the Issuer;
- The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

F. Review of Official Statements

The Compliance Officer shall review drafts of any offering document for a new offering of obligations, with assistance from its dissemination agent, counsel or other agents of the Issuer as necessary, and shall determine that the offering document accurately and completely describes the Issuer's continuing disclosure compliance history within the five years prior to the date of the respective Official Statement. This compliance review is not meant to limit the Issuer's other reviews of or diligence procedures relating to its offering documents.

G. Record Retention

The Compliance Officer shall retain documentation evidencing the Issuer's annual reviews and its reviews of offering documents in connection with new offerings as set forth above. This Issuer shall retain this documentation, for each Continuing Disclosure Undertaking, for the period that the related obligations are outstanding.

H. Annual Review Checklist

The Compliance Officer may (or may not) choose to use and retain the attached Annual

Review Checklist to assist in implementing these Procedures.

CONTINUING DISCLOSURE ANNUAL REVIEW CHECKLIST

1. Fiscal Year Ending: ____

2. Compliance Officer: ____

3. Checklist Completion Date: ____

4. Obligations for which there are Currently Effective Continuing Disclosure Undertakings

- Attach Agreements:

$____________, ____, dated __________________, 20____

$____________, ____, dated __________________, 20____

$____________, ____, dated __________________, 20____

$____________, ____, dated __________________, 20____

$____________, ____, dated __________________, 20____

$____________, ____, dated __________________, 20____

$____________, ____, dated __________________, 20____

5. Have any new Obligations subject to Continuing Disclosure Been Issued this Year?

______ No

______ Yes (Add Agreement to Currently Effective Continuing Disclosure Undertakings)

If Yes, did the Compliance Officer review the Offering Document's Description of the Issuer's Continuing Disclosure Compliance History within the Prior 5 Years?

Circle: Y/ N (If N, review and discuss any issues with counsel.)

6. Have any Obligations subject to Continuing Disclosure Been Completely Paid or Redeemed this Year?

_______ No

_______ Yes (Remove Agreement from Currently Effective Continuing Disclosure Undertakings)

7. (a) Has the Compliance Officer Review the Annual Continuing Disclosure Filing to Ensure that all Necessary Financial Statements, Financial Information and Operating Data is Included?

_______ Yes

_______ No (Compliance Officer must review the Annual Continuing Disclosure Filing)

(b) For purposes of this review, please keep in mind:

	Checked?
Different Continuing Disclosure Undertakings may require different information to be file (so check each one)	Y / N
Different Continuing Disclosure Undertakings may have different filing timing requirements (so check each one).	Y / N

Have any of the Following Events Occurred this Year?

Event		Circle
1.	Principal and interest payment delinquencies	Y / N
2.	Non-payment related defaults, if material	Y / N
3.	Unscheduled draws on debt service reserves reflecting financial difficulties	Y / N
4.	Unscheduled draws on credit enhancements reflecting financial difficulties	Y / N
5.	Substitution of credit or liquidity providers, or their failure to perform	Y / N
6.	Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Issuer's obligations, or other material events affecting the tax status of the Issuer's obligations	Y / N
7.	Modification to rights of holders of the Issuer's obligations, if material	Y / N
8.	Calls of the Issuer's obligations, if material, and tender offers	Y / N
9.	Defeasances of the Issuer's obligations	Y / N
10.	Release, substitution or sale of property securing repayment of the Issuer's obligations, if material	Y / N
11.	Rating changes	Y / N
12.	Bankruptcy, insolvency, receivership or similar event of the Issuer	Y / N
13	The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material	Y / N
14	Appointment of a successor or additional trustee or the change of name of a trustee, if material	Y / N

If any such Event Occurred, was Proper Notice Provided?

_______ Yes

_______ No (Call your dissemination agent or counsel immediately to discuss)

_______ N/A

Has the Issuer Retained a Dissemination Agent? (i.e., a Paid Third Party that Assists with Filings)

_______ Yes: Name/Contact: ____

_______ No

332673112

DECIDE SURPRISE

BOND PRESENTATION

FINANCE DEPARTMENT

April 3, 2018

DECIDE SURPRISE

BACKGROUND

- November 7, 2017
- Residents approved issuance of bonds
- Repaid through secondary property tax
- Three questions
  - $34.0M Public Safety
  - $15.5M Traffic Congestion/Mitigation
  - $10.0M Pavement Preservation

STATUTORY DEBT LIMIT

- Arizona Constitution limits general obligation bonded indebtedness
  - 20% limit – government services such as water, wastewater, parks and recreational facilities, transportation, public safety
  - 6% limit – all other purposes

DECIDE SURPRISE

STATUTORY DEBT LIMIT

2018 Net Full Cash Assessed Value $ 1,189,525,613

	20% Limitation	6% Limitation
Constitutional limit	$ 237,905,123	$71,371,537
Less: General Obligation Bonds	(39,500,000)	-
Available Borrowing Capacity	$ 198,405,123	$71,371,537

DECIDE SURPRISE

ACTIONS TO DATE

- November 21, 2017
  - Election results canvassed
- February 20, 2018
  - Decide Surprise update
  - Project preliminary timelines
  - Website presentation
  - Initial project budget amendment

PARTICIPANTS

- Mayor and Council
- Administrative Officers
- Bond and Disclosure Counsel
    - Greenburg Traurig, LLP
- Financial Advisor
    - Webush Securities Inc.
- Bond Registrar and Paying Agent
    - U.S. Bank National Association
- Underwriter
    - To be determined

DECIDE SURPRISE

BOND SALE PROCESS

January

- Evaluate current market, interest rates, and timing

February

- Prepare Preliminary Official Statement (POS)
- Prepare Draft Notice of Sale (NOS)
- Prepare other legal documents
- Request bids and select Trustee/Paying Agent/Registrar

BOND SALE PROCESS

March

- Due diligence meeting to review and finalize POS
- Finalize legal documents
- Meeting with Rating Agency – Standard and Poor (S&P)
- Competitively bid underwriter contract

BOND SALE PROCESS

April

- City Council adopts Resolution calling for the sale of bonds
- Bonds sold
- Prepare and finalize Official Statement (FOS)
- Review and execute closing documents

May

- Close bonds
- Pay issuance costs
- Receive proceeds

DOCUMENTS

Preliminary offering statement (POS)

- Infrastructure to be financed
- Method of repayment
- Financial and economic characteristics of the city

Investors use this information to evaluate the credit quality of the securities

DOCUMENTS

Policies and procedures for tax-advantaged obligations

- Tax exempt obligations are subject to Internal Revenue Code of 1986
  - Use of proceeds
  - Monitoring and tracking
  - Arbitrage and rebate compliance

DOCUMENTS

Continuing Disclosure Undertakings

- Subject to the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12
- EMMA reporting
- Annual review and reporting requirements
- Monitor listed events

STAFF ADMINISTRATION

- Account for the investment and expenditure
- Ensure timely expenditure
- Draw on funds as expended
- Perform tracking and reconciliation
- Carry out records retention and maintenance
- Annual disclosure reporting
- Disclose any material event

COUNCIL ACTION

- Resolution authorizes all matters necessary to sell and issue general obligation bonds and delegates authority to do so

HOW CAN I BUY BONDS?

- Minimum denominations of $5,000
- Rates may range from 2.0% to 5.0%
- To purchase contact your financial advisor for more information

FINANCIAL TIMELINE

- Two separate sales
  May 2018 and July 2020
- Council action to authorize first sale
  April 3, 2018
- Project budget included in Recommended Budget
  April 17, 2018
- Secondary property tax levy
  June 19, 2018

DECIDE
SURPRISE

QUESTIONS OR COMMENTS?

Thank You