



MEMORANDUM **Management Services Memo No. 15-005**

DATE: AUGUST 14, 2014

TO: MAYOR AND COUNCIL

THRU: RICH DLUGAS, CITY MANAGER *RD*
 NACHIE MARQUEZ, ASSISTANT CITY MANAGER *NM*

FROM: DAWN LANG, MANAGEMENT SERVICES DIRECTOR *DL*

SUBJECT: RESOLUTION NO. 4789 AUTHORIZING THE ISSUANCE AND SALE
 OF NOT TO EXCEED \$250,000,000 GENERAL OBLIGATION
 REFUNDING BONDS, SERIES 2014

RECOMMENDATION

Staff recommends Council adopt Resolution No. 4789, prepared by City’s bond counsel firm of Gust Rosenfeld, authorizing the issuance and sale of not to exceed \$250,000,000 City of Chandler, Arizona, General Obligation Refunding Bonds, Series 2014. This Resolution authorizes the Management Services Director to determine whether it is in the City’s best interest to sell the Series 2014 Bonds in a competitive bid or through a negotiated sale.

BACKGROUND

Current low interest rates offer an opportunity to refinance a portion of the City’s General Obligation debt by refunding bonds previously issued and outstanding; specifically General Obligation Bonds, Series 2007 and 2009, allowing the City to realize debt service savings. If completed, the refunding will reduce the amount of debt service expenses paid from the secondary property tax supported Debt Service Fund. This savings will lower the tax rate required to pay such debt or allow for additional tax rate capacity for new projects.

The final interest rates, which will be determined at the time of the bond sale, will also determine the final principal amount that can/should be refunded. Therefore, to provide flexibility under varying market conditions, the resolution authorizes a maximum principal amount that may be sold.

FINANCIAL IMPLICATIONS

The resolution authorizes the refunding of a portion of the City's outstanding General Obligation Bonds if the savings are at least 3% of the principal amount of the bonds being refunded and results in present value savings of at least \$1,000,000. Depending upon the final issue size, this refunding is expected to generate debt service savings to the City of approximately \$3,000,000-\$5,000,000 in present value dollars. The savings are net of all costs of issuance.

PROPOSED MOTION

Move for the adoption of Resolution No. 4789, authorizing the issuance and sale of not to exceed \$250,000,000 City of Chandler, Arizona, General Obligation Refunding Bonds, Series 2014 and authorizing the Management Services Director to determine whether it is in the City's best interest to sell the Series 2014 Bonds in a competitive bid or through a negotiated sale.

Attachments: Resolution No. 4789
Registrar Contract – Draft
Depository Trust Agreement – Draft
Continuing Disclosure Certificate – Draft
Preliminary Official Statement - Draft

c: Marsha Reed, Assistant City Manager

RESOLUTION NO. 4789

RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$250,000,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF CHANDLER, ARIZONA, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014; DELEGATING THE AUTHORITY TO APPROVE CERTAIN MATTERS WITH RESPECT TO THE BONDS AND THE BONDS BEING REFUNDED; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; AUTHORIZING THE SELECTION OF A REGISTRAR, TRANSFER AGENT AND PAYING AGENT AND A DEPOSITORY TRUSTEE; APPROVING THE FORM OF CERTAIN DOCUMENTS AND AUTHORIZING COMPLETION, EXECUTION AND DELIVERY THEREOF; DELEGATING THE AUTHORITY TO APPROVE AND DEEM FINAL A FORM OF OFFICIAL STATEMENT; AND RATIFYING ALL ACTIONS TAKEN AND TO BE TAKEN WITH RESPECT TO THE BONDS IN FURTHERANCE OF THIS RESOLUTION.

WHEREAS, the following general obligation bonds of the City of Chandler, Arizona (the “City”) have been issued and are outstanding: the City’s General Obligation Bonds, Series 2007 (the “2007 Bonds”) and General Obligation Bonds, Series 2009 (the “2009 Bonds” and together with the 2007 Bonds, the “Prior Bonds”), and the Mayor and Council of the City have decided to provide for the refunding of a certain amount of Prior Bonds on or prior to their respective maturity dates (the “Bonds Being Refunded”); and

WHEREAS, the Mayor and Council of the City find that the issuance of not to exceed \$250,000,000 principal amount of General Obligation Refunding Bonds (the “Bonds”) for the purpose of refunding the Bonds Being Refunded is necessary and advisable and is in the best interests of the City to lower the debt service payments due on its general obligation debt and consequently lower the tax rate required to pay such debt; and

WHEREAS, in accordance with applicable law, the aggregate amounts of principal of and interest on the Bonds shall not exceed the aggregate principal of and interest on the Bonds Being Refunded which will become due from the date of issuance of the Bonds to the final maturity date of the Bonds Being Refunded; and

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

WHEREAS, the City will sell the Bonds to an underwriter or underwriters (the “Underwriter”), as selected by the Management Services Director with the assistance of the Financial Advisor, on such terms and at such prices, interest rates, maturities and redemption features as may be hereafter approved by the Management Services Director and agreed to by the Underwriter; and

WHEREAS, a proposal in the form of a Bond Purchase Agreement entered into between the City and the Underwriter (the “Purchase Agreement”) will be received from the Underwriter for the purchase of the bonds; and

WHEREAS, by this resolution the Mayor and Council will authorize the execution, issuance and sale of the Bonds to the Underwriter in accordance with the Purchase Agreement and at such prices, interest rates, maturities and redemption features as may be hereafter determined by the

Management Services Director, with the advice of the Financial Advisor, and agreed to by the Underwriter; and

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

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

Section 1. Authorization. For purposes of providing funds to refund all or a portion of the Bonds Being Refunded, City of Chandler, Arizona, General Obligation Refunding Bonds, Series 2014, in an aggregate principal amount of not to exceed \$250,000,000 (the “*Bonds*”) are hereby authorized to be issued and sold in accordance with the provisions of this resolution and delivered against payment therefor by the Underwriter. The designation of the Bonds may change if the Bonds are not sold in calendar year 2014. The Bonds will be issued to provide funds to refund all or a portion of the Bonds Being Refunded and to pay the costs of issuance of the Bonds. The Mayor and Council find and determine that it is expedient, necessary and advisable for the City to restructure a portion of its outstanding bonded debt to lower the aggregate tax burden for the City’s taxpayers. It is estimated that the present value of the debt service savings that will occur, net of all costs associated with the Bonds, shall be not less than 3% of the principal amount of the Bonds Being Refunded and shall result in present value savings of at least \$1,000,000.

Section 2. Terms.

A. **Bonds.** The Bonds will be dated such date as set forth in the Purchase Agreement, will mature on July 1 in some or all of the years 2015 through 2028, inclusive, and will bear interest from their date to the maturity or earlier redemption date of each of the Bonds provided that the bond yield shall not exceed 5%.

The principal amount maturing in each year, the interest rates applicable to each maturity, the optional and mandatory redemption provisions and any other final terms of the Bonds shall be as set forth in the Purchase Agreement and approved by the Management Services Director and such approval shall be evidenced by the execution and delivery of the Purchase Agreement. The Bonds are expected to be initially issued in fully registered book-entry-only form in denominations equal to the respective year’s maturity amount. If the book-entry-only system is discontinued, the Bonds will be in the denominations of \$5,000 each or integral multiples thereof. Interest on the Bonds shall be payable semiannually on each January 1 and July 1 (each an Interest Payment Date) during the term of the Bonds, commencing January 1, 2015 (or on a later date as set forth in the Purchase Agreement).

B. **Book-Entry-Only System.** So long as the Bonds are administered under the book-entry-only system described herein, interest payments and principal payments that are part of periodic principal and interest payments shall be paid to Cede & Co. or its registered assigns in same-day funds no later than the time established by DTC on each interest or principal payment date (or in accordance with then-existing arrangements between the City and DTC). The City has previously entered into an agreement (the “*Letter of Representations*”) with DTC in connection with the issuance of the City’s bonds, including the Bonds, and, while the Letter of Representations is in effect, the procedures established therein shall apply to the Bonds.

C. Registration. If the book-entry-only system is discontinued, the Registrar's (as defined hereafter) registration books shall show the registered owners of the Bonds (the owner or owners of the Bonds as shown on the Registrar's registration books shall be referred to as "Owner" or "Owners"). While the Bonds are subject to the book-entry-only system, the Bonds shall be registered in the name of Cede & Co., or its registered assigns. The Bonds will be administered by the Registrar in a manner which assures against double issuance and provides a system of transfer of ownership on the books of the Registrar in the manner set forth in the Bonds. The City recognizes that Section 149(a) of the Internal Revenue Code of 1986, as amended (the "Code"), requires the Bonds to be issued and to remain in fully registered form in order that interest thereon is exempt from federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the City agrees that it will not take any action to permit the Bonds to be issued in, or converted into bearer or coupon form.

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

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

Notwithstanding any other provision of this resolution, payment of principal of and interest on any Bond that is held by a securities depository or Bonds subject to a book-entry-only system may be paid by the Paying Agent by wire transfer in "same day funds".

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

Section 3. Prior Redemption.

A. Optional Redemption. The Bonds may be subject to redemption as determined by the Management Services Director and set forth in the Purchase Agreement.

B. Mandatory Redemption. The Bonds may be subject to mandatory redemption as determined by the Management Services Director and set forth in the Purchase Agreement.

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

C. Notice of Redemption. So long as the Bonds are held under the Book-Entry-

Only System, notices of redemption will be sent to DTC in the manner required by DTC. If the Book-Entry-Only System is discontinued, notice of redemption of any Bond will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Failure to properly give notice of redemption shall not affect the redemption of any Bond for which notice was properly given.

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

If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the City or by a Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

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

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

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

The proceeds of the taxes shall be kept in a special fund of the City and shall be used only for the payment of principal, interest, premium, if any, or costs as above-stated.

Upon creation of the trust for payment of the Bonds Being Refunded, all moneys collected during the current fiscal year which would otherwise have been credited to the interest and redemption funds for the Bonds Being Refunded shall be credited to the interest and redemption funds created to service the Bonds.

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

Any balance of the net proceeds of the Bonds remaining after creation of the trust for the Bonds Being Refunded shall be transferred to the debt service fund for the Bonds.

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

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

Section 7. Execution of Bonds and Other Documents.

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

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

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

D. Continuing Disclosure Certificate. The form of continuing disclosure certificate, in substantially the form presented to Mayor and Council and on file with the City, is hereby approved. The Mayor, the Clerk or the Management Services Director is hereby authorized and directed to prepare, execute and deliver such certificate on behalf of the City.

E. Official Statement. The preparation of a preliminary official statement in a form that is deemed "final", as hereafter described, is hereby authorized and approved and its distribution by the Underwriter is hereby authorized and approved. Such preliminary official statement shall be in a form that is approved and deemed "final" for all purposes of Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934 (the "Rule"), by the Mayor or the Management Services Director. The City will cause a final official statement (the "Official Statement") in substantially the form of the preliminary official statement referred to above to be prepared and distributed with the Bonds upon initial issuance. The Mayor, any member of the City Council or the Management Services Director are authorized to approve, execute and deliver the Official Statement on behalf of the City and the execution by such officer shall be deemed conclusive evidence of such approval. The preliminary official statement and the Official Statement may be prepared in conjunction with, and may be part of the same document, the preliminary official statement and the Official Statement for any other bonds which may be issued by the City.

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

Section 9. Acceptance of Offer; Sale of Bonds; Purchase Agreement Approval. The Underwriter proposes to purchase the Bonds pursuant to the Purchase Agreement to be received by the Management Services Director, as supplemented by the final terms as contemplated by this resolution is hereby accepted. When the final terms of the Bonds are known, the Purchase Agreement shall be finalized. The Mayor, any member of the Council or the Management Services Director are authorized and directed to

cause the Purchase Agreement to be completed and executed; provided, however, that the parameters of this resolution shall govern the Purchase Agreement and none of the Mayor, any member of the Council or the Management Services Director is authorized to insert in the Purchase Agreement any terms or conditions which would be contrary to this resolution. Upon the completion, execution and delivery of the Purchase Agreement, the Bonds are ordered sold to the Underwriter pursuant to the Purchase Agreement.

The Management Services Director is hereby authorized and directed to cause the Bonds to be delivered to or upon the order of the Underwriter upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the Purchase Agreement.

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

The Management Services Director shall solicit pricing quotes to act as Registrar and Paying Agent with respect to the Bonds and shall select a Registrar and Paying Agent in the best interests of the City. Any entity into which the Registrar or the Paying Agent is merged or consolidated shall continue as the Registrar or the Paying Agent hereunder without notice to the Owners of the Bonds or any further action by the City. The City may change the Registrar or Paying Agent without notice to or consent of Owners of the Bonds and the City may act in any such capacity.

Each Paying Agent shall be required to agree in writing that the Paying Agent will hold in trust for the benefit of the Owners of the Bonds all moneys held by the Paying Agent for the payment of principal of and interest and any premium on the Bonds.

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

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

The Registrar shall authenticate Bonds for original issue up to \$250,000,000 in aggregate principal amount upon the written request of the Management Services Director. The

aggregate principal amount of Bonds outstanding at any time may not exceed that amount except for replacement Bonds as to which the requirements of the Registrar and the City are met.

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

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

Section 13. Qualified Tax-Exempt Obligations. The Bonds are not “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

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

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

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

Section 15. Redemption of Certain Bonds. Some or all of the maturities of the Prior Bonds may be refunded. Those selected for refunding are referred to herein as the Bonds Being Refunded. The Mayor and Council hereby order that the maturities of the Bonds Being Refunded and the times that the Bonds Being Refunded will be redeemed will be determined by the Management

Services Director and will be as set forth in the Official Statement. The weighted average maturity of the Bonds shall be at least 75% of the weighted average maturity of the Bonds Being Refunded.

Section 17. Severability. If any section, paragraph, subdivision, sentence, clause or phrase of this resolution is for any reason held to be illegal, invalid or unenforceable, such decision will not affect the validity of the remaining portions of this resolution. The Mayor and Council hereby declare that this resolution would have been adopted and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof 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.

PASSED, ADOPTED AND APPROVED by the Council of City of Chandler, Arizona, on August 14, 2014.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

T.S.

Bond Counsel

Exhibit A: Bond Form

CERTIFICATION

I, Marla Paddock, the duly appointed and acting City Clerk of the City of Chandler, Arizona, do hereby certify that the above and foregoing Resolution No. 4789 was duly passed by the City Council of the City of Chandler, Arizona, at a regular meeting held on August 14, 2014, and the vote was ___ aye's and ___ nay's and that the Mayor and ___ Council Members were present thereat.

DATED: _____, 2014.

City Clerk

EXHIBIT A

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

Number: _____

Denomination: _____

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

**CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION REFUNDING BOND,
SERIES 2014**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Dated Date</u>	<u>CUSIP</u>
_____%	July 1, 20__	_____, 201__	158843__

Registered Owner: Cede & Co.

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

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

INSERT CALL FEATURE HERE, IF APPLICABLE

Interest is payable on January 1 and July 1 of each year commencing January 1, 2015, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original dated date set forth above. Interest will be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

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

The “Record Date” for the Bonds shall be the close of business of the Registrar on the fifteenth day of the month preceding an interest payment date or principal payment date, as applicable.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the series of bonds of which this

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

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

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

So long as the book-entry-only system is in effect, notices of redemption will be sent to DTC in the manner required by DTC. If the book-entry-only system is discontinued, notice of redemption of any Bond shall be filed with the registrar and mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the books of the registrar not more than sixty (60) nor less than thirty (30) days prior to the redemption date. Notice of redemption may be given to any securities depository by mail, facsimile transmission, wire transmission or other means of transmission of the notice generally accepted by the respective securities depository. Failure to properly give notice of redemption shall not affect the redemption of any Bond for which notice was properly given.

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

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

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

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

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

CITY OF CHANDLER, ARIZONA

Mayor

ATTEST:

Clerk

COUNTERSIGNED:

Management Services Director

DATE OF AUTHENTICATION AND REGISTRATION: _____

AUTHENTICATION CERTIFICATE

This bond is one of the City of Chandler, Arizona, General Obligation Refunding Bonds, Series 2014, described in the resolution mentioned herein.

_____, as Registrar

Authorized Representative

(INSERT INSURANCE STATEMENT HERE, IF APPLICABLE)

FORM OF ASSIGNMENT

The following abbreviations, when used in the inscription on the face of this bond, shall be

construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship
and not as tenants in common

UNIF GIFT/TRANS MIN ACT- _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts/Transfers to Minors Act (State)

Additional abbreviations may also be used though not in list above

ASSIGNMENT

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

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

Dated _____

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

Signature Guaranteed:

Firm or Bank

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

ALL FEES AND TRANSFER COSTS SHALL BE PAID BY THE TRANSFEROR

CITY FEDERAL TAXPAYER I.D. NO. 86-6000238

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

This Bond Registrar, Transfer Agent and Paying Agent Contract dated as of _____ 1, 2014 (the “*Contract*”), is made and entered into between the **CITY OF CHANDLER, ARIZONA** (hereinafter called the “*City*”), and _____ (hereinafter called the “*Bank*”), and witnesseth as follows:

The City will issue its City of Chandler, Arizona, General Obligation Refunding Bonds, Series 2014 (the “*Bonds*”) in the aggregate principal amount of \$_____. The Mayor and City Council (the “*Council*”) have determined that the services of a bond registrar, transfer agent and paying agent are necessary and in the best interests of the City. Initially, the Bonds will be issued in book-entry-only form through The Depository Trust Company (“*DTC*”) and, so long as the book-entry-only system (the “*Book-Entry-Only System*”) is in effect, the Bonds will be registered in the name of Cede & Co., the nominee name of DTC.

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

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

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

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

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

C. Paying agent services which shall include, but not be limited to, (1) providing a billing to the City at least thirty (30) days prior to a Bond principal and interest payment date setting forth the amount of principal and interest due on such date; (2) preparing, executing, wiring or mailing all interest payments to each registered owner of the Bonds on or before the scheduled payment date and in no event later than the time established by DTC on the date such payments are due, unless sufficient funds to make such payments have not been

received by the Bank; (3) verifying all matured Bonds upon their surrender; (4) paying all principal and premium, if any, due upon the Bonds as they are properly surrendered therefor to the Bank; (5) preparing a semiannual reconciliation showing all principal and interest paid during the period and providing copies thereof to the City; (6) inventorying all documentation of payments made, including the amount, payee and wire confirmation or imaged information, for six (6) years after payment; and (7) making proof of such payments available to the City or any owner or former owner.

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

3. **Redemption Notices.** The Bank agrees to provide certain notices to the Bond owners as required to be provided by the Bank in, and upon being provided with a copy of, the resolution of the City approving the issuance, sale and delivery of the Bonds. So long as the Book-Entry-Only System is in effect, the Bank shall send notices of redemption to DTC in the manner required by DTC. If the Book-Entry-Only System is discontinued, the Bank shall mail notice of redemption of any Bond to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Neither the failure of any registered owner of Bonds to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for redemption of Bonds as to which proper notice of redemption was given.

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

If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the City or by the Bank prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

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

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

4. **Issuance and Transfer of Bonds.** Initially the Bonds will be registered in the name of Cede & Co. If the Book-Entry-Only System is discontinued, the Bank will issue the Bonds to registered owners, require the Bonds to be surrendered and cancelled and new Bonds issued upon transfer, and maintain a set of registration books showing the names and addresses of the owners from time to time of the Bonds. The Bank shall promptly record in the registration books all changes in ownership of the Bonds.

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

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

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

8. **Fee Schedule; Initial Fee.** For its services under this Contract, the City will pay the Bank in accordance with the fee schedule set forth in the attached *Exhibit A*, which is incorporated herein by reference. The fee for the Bank's initial services hereunder and services to be rendered until _____, 201__ is \$___ and shall be billed by the Bank to the City after closing and paid by the City after the initial delivery of the Bonds solely from proceeds of the Bonds. Subsequent payments shall be made in accordance with this Contract.

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

10. **Fees for Services in Subsequent Fiscal Years.** The Bank will bill the City prior to June 1, 201_, and prior to each June 1 thereafter.

11. **Hold Harmless.** The Bank shall indemnify and hold harmless the City, its Mayor and Council, the Management Services Director and all boards, commissions, officials, officers and employees of the City, individually and collectively, from the Bank's failure to perform to its standard of care as herein stated.

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

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

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

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

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

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

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

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

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

20. **Payment of Unclaimed Amounts.** In the event any check for payment of interest on a Bond is returned to the Bank unendorsed or is not presented for payment within two (2) years from its payment date, or any Bond is not presented for payment of principal at the maturity or redemption date, if applicable, if funds sufficient to pay such interest or principal due upon such Bond shall have been made available to the Bank for the benefit of the owner thereof, it shall be the duty of the Bank to hold such funds, without liability for interest thereon, for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. The Bank’s obligation to hold such funds shall continue for two (2) years and six (6) months (subject to applicable escheat or unclaimed property law) following the date on which such interest or principal payment became due, whether at maturity or at the date fixed for redemption, or otherwise, at which time the Bank shall surrender such unclaimed funds so held to the City, whereupon any claim of whatever nature by the owner of such Bond arising under such Bond shall be made upon the City and shall be subject to the provisions of applicable law.

21. **Invalid Provisions.** If any provision hereof is held to be illegal, invalid or unenforceable under present or future laws, this Contract shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Contract; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

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

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

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

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

26. **Waiver of Trial by Jury.** Each party hereto hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to this Contract, or any claim, counterclaim or other action arising in connection herewith. This waiver of right to trial by jury

is given knowingly and voluntarily by each party, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue.

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

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

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

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

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

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

This Contract is dated and effective as of ____ 1, 201__.

CITY OF CHANDLER, ARIZONA

By _____
Mayor

ATTEST:

City Clerk

_____, as Bank

By _____
Authorized Representative

Attach as Exhibit A the fee schedule of the Bank.



DEPOSITORY TRUST AGREEMENT

This Depository Trust Agreement (the "*Agreement*") dated as of ____ 1, 2014, by and between the **CITY OF CHANDLER, ARIZONA** (the "*City*"), and _____, a national banking association authorized to do trust business in the State of Arizona, as depository trustee (the "*Depository Trustee*") and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, the registrar of the General Obligation Bonds, Series 2007 and the General Obligation Bonds, Series 2009 (the "*Refunded Registrar*");

WITNESSETH:

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

[Along with other bond maturities to be potentially selected by the Management Services Director.]

CUSIP (Base No. 158843)	Issue (Dated Date)	Name of Issue	Original Principal Amount	Maturities Being Refunded or paid at Maturity (July 1)	Principal Amount Being Refunded	Maturity or Redemption Date	Redemption Price of Bonds Being Refunded (% of Principal)
TW2	03/07/2007	General Obligation Bonds, Series 2007 (the " <i>Series 2007 Bonds Being Refunded</i> ")	\$7,300,000	2018	\$7,300,000	07/01/17	100%
TX0			7,400,000	2019	7,400,000	07/01/17	100%
TY8			7,500,000	2020	7,500,000	07/01/17	100%
TZ5			7,625,000	2021	7,625,000	07/01/17	100%
UA8			7,725,000	2022	7,725,000	07/01/17	100%
UB6			8,850,000	2023	8,850,000	07/01/17	100%
VM1	02/04/2009	General Obligation Bonds, Series 2009 (the " <i>Series 2009 Bonds Being Refunded</i> ")	\$15,200,000	2020	\$15,200,000	07/01/18	100%
VN9			16,500,000	2021	16,500,000	07/01/18	100%
VP4			17,200,000	2022	17,200,000	07/01/18	100%

; and

WHEREAS, by a resolution adopted on August 14, 2014 (the "*Bond Resolution*"), the Mayor and Council of the City authorized the sale, issuance and delivery of up to \$250,000,000 in aggregate principal amount of the City's General Obligation Refunding Bonds, Series 2014 (the "*Bonds*"), issued to refund the Bonds Being Refunded; and

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

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

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

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

Bond proceeds	\$ _____
Less: Underwriter's Discount	_____
Total	\$ _____

Such proceeds of the Bonds shall be applied as follows: (a) \$ _____ to advance refund the Bonds Being Refunded, (b) \$ _____ to be deposited into the City's debt service fund to pay interest on the Bonds and (c) \$ _____ to pay costs of issuance.

Section 2. Trust Account. Excluding the \$ _____ that shall be held by the Depository Trustee in the Costs of Issuance Account separate from the Trust Account (as hereafter defined) and used to pay costs of issuance, the Depository Trustee shall hold the moneys so deposited, all investments made with such moneys and all earnings from investment and reinvestment of such moneys and all other moneys received by the Depository Trustee from the City hereunder in irrevocable segregated and separate trust accounts for the sole and exclusive benefit of the holders of the Bonds and the Bonds Being Refunded until final payment thereof that is separate from all other funds and investments deposited with the Depository Trustee (the "*Trust Account*").

Any amounts held in the Trust Account may be held uninvested or as directed by the City may be invested in noncallable securities the payment of which is guaranteed by the full faith and credit of the United States ("*Government Obligations*") having any yield. Any investment in Government Obligations shall mature not later than necessary to redeem the Bonds Being Refunded on July 1, 2014.

Amounts received from reinvestment of maturing principal of and interest on Government Obligations, if any, prior to the date such amounts are to be used to make payments on the Bonds Being Refunded pursuant to this Section 2 and which are not needed to provide for payments on the Bonds Being Refunded may be withdrawn from the Trust Account and returned to the City and applied for the benefit of the City in accordance with applicable law.

Section 3. Government Obligations. On the date of initial delivery of the Bonds, the Depository Trustee shall invest the Trust Account in (a) obligations issued by or the principal of and interest on which are unconditionally guaranteed by the United States of America or (b) any of the senior debt of any of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities, including, without limitation: (i) United States Treasury Obligations - State and Local Government Series; (ii) United States Treasury bills, notes and bonds, as traded on the open market; or (iii) Zero Coupon United States Treasury Bonds; or (iv) shares in an investment management company that invests solely in obligations issued by or the principal of an interest on which are unconditionally guaranteed by the United States of America (the "*Government Obligations*") as follows: \$ _____ shall be applied to create a portfolio of moneys and Government Obligations as described in Exhibit A-1 hereto (the "*Restricted Obligations*"), \$ _____ may be held uninvested or as directed by the City may be invested in Government Obligations having any yield, so long as any such investment shall mature no later than necessary to redeem the Series 2007 Bonds Being Refunded on July 1, 2017 and the Series 2009 Bonds Being Refunded on July 1, 2018.

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) The parties hereto acknowledge and agree that on the date the Bonds are issued and delivered against payment therefor (the "*Delivery Date*"), the Depository Trustee is to receive the Government Obligations referred to above in Section 3. If the Depository Trustee shall not receive any of the Government Obligations (the "*Failed Escrow Securities*"), the Depository Trustee shall accept, as temporary substitutes cash or, at the same purchase price, other Government Obligations ("*Substitute Escrow Securities*") the payments on which are scheduled to provide, as determined by an independent certified public accountant, along with such cash, at least the same amounts of moneys on or before the same dates as the Failed Escrow Securities for which they are substituted. (The Depository Trustee may

rely upon a report of an independent firm of certified public accountants that the condition in the preceding sentence is satisfied.) If Substitute Escrow Securities are delivered, thereafter, upon delivery to the Depository Trustee of Failed Escrow Securities, together with any amounts paid thereon subsequent to the Delivery Date, the Depository Trustee shall return an amount of such cash and Substitute Escrow Securities, and any amount paid thereon subsequent to the Delivery Date, corresponding to the Failed Escrow Securities which the Substitute Escrow Securities replaced.

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

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

Section 8. **Notices.** (a) On the date of initial issuance of the Bonds, the City hereby irrevocably instructs the Refunded Registrar to send via telecopy or through other electronic means to the Depository Trust Company ("*DTC*"), the bond insurer, if any, for the Series 2007 Bonds Being Refunded and to the Municipal Securities Rulemaking Board ("*MSRB*"), currently through the MSRB's Electronic Municipal Market Access system ("*EMMA*"), by the method required by the MSRB, the notice of refunding in substantially the form of *Exhibit B-1* hereto.

(b) On the date of initial issuance of the Bonds, the City hereby irrevocably instructs the Refunded Registrar to send via telecopy or through other electronic means to DTC, the bond insurer, if any, for the Series 2009 Bonds Being Refunded and to the MSRB, currently through EMMA, by the method required by the MSRB, the notice of refunding in substantially the form of *Exhibit B-2* hereto.

(c) The City hereby irrevocably instructs the Refunded Registrar that the July 1, 2018 through July 1, 2023 maturities of the Series 2007 Bonds Being Refunded shall be redeemed by the Depository Trustee on July 1, 2017. Not more than sixty nor less than thirty days prior to the date set for redemption, the Refunded Registrar shall send via telecopy or other electronic means a notice of prior redemption of the July 1, 2018 through July 1, 2023 maturities of the Series 2007 Bonds Being Refunded in substantially the form attached hereto as *Exhibit C-1* to DTC, two national information services, the bond insurer, if any, for the Series 2007 Bonds Being Refunded and to the MSRB, currently through EMMA, by the method required by the MSRB.

(d) The City hereby irrevocably instructs the Refunded Registrar that the July 1, 2020 through July 1, 2022 maturities of the Series 2009 Bonds Being Refunded shall be redeemed by the Depository Trustee on July 1, 2018. Not more than sixty nor less than thirty days prior to the date set for redemption, the Refunded Registrar shall send via telecopy or other electronic means a notice of prior redemption of the July 1, 2020 through July 1, 2022 maturities of the Series 2009 Bonds Being Refunded in substantially the form attached hereto as *Exhibit C-2* to DTC, two national information

services, the bond insurer, if any, for the Series 2009 Bonds Being Refunded and to the MSRB, currently through EMMA, by the method required by the MSRB.

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

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

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

Section 11. **Reports.** On or before each January 15 and July 15 during the term hereof, the Depository Trustee shall submit to the City a report covering all moneys it has received and all payments it has made under the provisions hereof during the six-month period ending on the preceding June 30 and December 31 (except for the first such report, due ___ 15, 2014, which will cover the period commencing with the date on which the Bonds were issued to and including ___ 30, 2014. Each such report shall also list all investments and moneys in the Trust Account as of the report date.

Section 12. **Transfer Upon Full Payment.** When all amounts payable on the Bonds Being Refunded have become due and the Depository Trustee has on deposit all moneys necessary for the payment of such amounts, and in any event on the business day preceding the date the last of the Bonds Being Refunded matures or is to be redeemed, the Depository Trustee shall transfer all moneys and investments credited to the Trust Account not required for payment of principal and interest with respect to the Bonds Being Refunded to the Management Services Director for the City's benefit.

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

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

responsible for any loss resulting from any investment made pursuant hereto in compliance with the provisions hereof.

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

Section 16. Costs of Issuance. The Depository Trustee is hereby authorized and directed to pay, solely from moneys deposited with the Depository Trustee for deposit to the Costs of Issuance Account (\$ _____) (the "*Costs of Issuance Account*"), the costs and expenses as set forth in *Exhibit D* hereto (to the payees and up to the amounts shown upon receipt of invoices). Amounts deposited with the Depository Trustee for such purpose shall be held in the Costs of Issuance Account. Any amounts remaining on the date six (6) months following the date the Bonds are issued shall be transferred to the City and deposited to the debt service fund and used to pay interest on the Bonds on the next succeeding interest payment date.

Section 17. Depository Trustee Responsibility. In the event the Depository Trustee is required or permitted hereby, or is requested hereunder, to take any action (or refrain from taking any action) as the Depository Trustee, the performance (or nonperformance) of which would, in the Depository Trustee's sole judgment, subject the Depository Trustee to unreasonable risk of liability or expense, the Depository Trustee shall have no duty to take (or refrain from taking) any such action until the Depository Trustee has been furnished with indemnity adequate, in its sole judgment, to protect the Depository Trustee, its directors, officers, employees, agents and attorneys for, from and against such liability or expense, and all reasonable costs and expenses (including reasonable attorneys' fees) in connection therewith, or until its duty as to any such action (or inaction) shall have been finally adjudicated by a court of competent jurisdiction and all applicable periods in which to appeal or seek appellate review have expired.

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

The Depository Trustee may consult with independent counsel, chosen by it with reasonable care, and shall not be liable for action taken or not taken in good faith in reliance upon the written advice or opinion of such counsel. The Depository Trustee shall not be liable for the accuracy of any calculations provided by others to it under this Agreement as to the sufficiency of the moneys or Government Obligations deposited with it to pay the principal of and interest on the Bonds Being Refunded at the respective maturities or earlier redemption of the Bonds Being Refunded. Furthermore, the Depository Trustee may conclusively rely in good faith as to the truth, accuracy and correctness of, and shall be protected and indemnified in acting or refraining from acting upon, any written opinion, calculation, notice, instruction, request, certificate, document or opinion furnished to the Depository Trustee in accordance herewith and signed or presented by the proper party pursuant hereto and it need not investigate the truth or accuracy of any fact or matter stated in such opinion, calculation, notice, instruction, request, certificate or opinion.

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

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

Section 18. Assignment; Merger. Neither this Agreement nor the Trust Account created hereunder may be assigned by the Depository Trustee without the prior written consent of the City unless the Depository Trustee is required by law to divest itself of its interest in its trust department or unless the Depository Trustee sells or otherwise assigns all or substantially all of its corporate trust business in which event the trust shall be continued by the Depository Trustee's successor in interest.

Section 19. Severability. If any section, paragraph, subdivision, sentence, clause or phrase hereof shall for any reason be held illegal or unenforceable, such decision shall not affect the validity of the remaining portions hereof. The parties declare that they would have executed this Agreement and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof, irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases hereof may be held to be illegal, invalid or unenforceable. If any provision hereof contains an ambiguity which may be construed as either valid or invalid, the valid construction shall be adopted.

Section 20. **Applicable Laws.** This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Arizona. This Agreement expresses the entire understanding and all agreements of the parties hereto with each other with respect to the subject matter hereof and no party hereto has made or shall be bound by any agreement or any representation to any other party which is not expressly set forth herein.

Section 21. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute but one instrument.

Section 22. **Conflict of Interest.** The City hereby gives notice to the Depository Trustee and Refunded Registrar that A.R.S. § 38-511, as amended, provides that the State of Arizona, its political subdivisions or any department or agency of either, may within three years after execution thereof cancel any contract without penalty or further obligation, made by the State of Arizona, its political subdivisions or any department or agency of either, if any person significantly involved in initiating, negotiating, securing, drafting or creating such agreements on behalf of the State of Arizona, its political subdivisions or any department or agency of either, is at any time while such contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

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

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

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

CITY OF CHANDLER, ARIZONA

By _____
Management Services Director

_____, as Depository
Trustee

By _____
Title: _____

**Acknowledged and Agreed for
Purposes of Sections 8, 22 and 23 hereof:**

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.**, as the Refunded
Registrar

EXHIBIT A

RESTRICTED OBLIGATIONS

United States Treasury Obligations, State and Local Government Series to be acquired for
\$_____.

Security Type	Maturity Date	Par Amount and Price	Coupon Rate

EXHIBIT B-1

NOTICE OF ADVANCE REFUNDING

**CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2007**

CUSIP (Base No. 158843)	Issue (Dated Date)	Name of Issue	Original Principal Amount	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Redemption Date (July 1)	Redemption Price on Bonds Being Refunded (% of Principal)
TW2	03/07/2007	General Obligation Bonds, Series 2007	\$7,300,000	2018	\$7,300,000	07/01/17	100%
TX0			7,400,000	2019	7,400,000	07/01/17	100%
TY8			7,500,000	2020	7,500,000	07/01/17	100%
TZ5			7,625,000	2021	7,625,000	07/01/17	100%
UA8			7,725,000	2022	7,725,000	07/01/17	100%
UB6			8,850,000	2023	8,850,000	07/01/17	100%

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

Notice is hereby given that the Bonds Being Refunded have been refunded prior to maturity and that an irrevocable trust has been established in order to provide for the payment of the Bonds Being Refunded.

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

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., the Refunded Registrar**

By _____

THIS IS NOT A REDEMPTION NOTICE

The Refunded Registrar shall mail this notice by first class mail to all registered owners of the Bonds Being Refunded and send via telecopy or through other electronic means to the Depository Trust Company and to the Municipal Securities Rulemaking Board (the "MSRB"), currently through the Electronic Municipal Market Access system, by the method required by the MSRB.

EXHIBIT B-2

NOTICE OF ADVANCE REFUNDING

**CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2009**

CUSIP (Base No. 158843)	Issue (Dated Date)	Name of Issue	Original Principal Amount	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Redemption Date (July 1)	Redemption Price on Bonds Being Refunded (% of Principal)
VM1	02/04/2009	General Obligation Bonds, Series 2009	\$15,200,000	2020	\$15,200,000	07/01/18	100%
VN9			16,500,000	2021	16,500,000	07/01/18	100%
VP4			17,200,000	2022	17,200,000	07/01/18	100%

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

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

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

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., the Refunded Registrar**

By _____

THIS IS NOT A REDEMPTION NOTICE

The Refunded Registrar shall mail this notice by first class mail to all registered owners of the Bonds Being Refunded and send via telecopy or through other electronic means to the Depository Trust Company and to the Municipal Securities Rulemaking Board (the "MSRB"), currently through the Electronic Municipal Market Access system, by the method required by the MSRB.

EXHIBIT C-1

NOTICE OF REDEMPTION
of the following obligations:

City of Chandler, Arizona, General Obligation Bonds, Series 2007, dated March 7, 2007, maturing July 1, 2018 through and including July 1, 2023.

Notice is hereby given that the below-described principal amount of the above-referenced bonds outstanding has been called for redemption and will be redeemed on July 1, 2017. The maturity dates and amounts of the bonds to be redeemed are as follows:

CUSIP (Base No. 158843)	Issue (Dated Date)	Name of Issue	Original Principal Amount	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Redemption Date (July 1)	Redemption Price on Bonds Being Refunded (% of Principal)
TW2	03/07/2007	General Obligation	\$7,300,000	2018	\$7,300,000	2017	100%
TX0		Bonds, Series 2007 (the	7,400,000	2019	7,400,000	2017	100%
TY8		"Bonds Being	7,500,000	2020	7,500,000	2017	100%
TZ5		Refunded")	7,625,000	2021	7,625,000	2017	100%
UA8			7,725,000	2022	7,725,000	2017	100%
UB6			8,850,000	2023	8,850,000	2017	100%

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

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

DATED: _____

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., the Refunded Registrar**

By _____

The following is not part of this notice:

Not more than sixty nor less than thirty days prior to the date set for redemption, The Bank of New York Mellon Trust Company, N.A. shall cause a notice of any such redemption to be mailed first class mail to each registered owner and to two national information services. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the depository. A notice shall also be sent via telecopy or through other electronic means to the Depository Trust Company and to the Municipal Securities Rulemaking Board (the "*MSRB*"), currently through the Electronic Municipal Market Access system, by the method required by the MSRB.

EXHIBIT C-2

NOTICE OF REDEMPTION
of the following obligations:

City of Chandler, Arizona, General Obligation Bonds, Series 2009, dated February 4, 2009, maturing July 1, 2020 through and including July 1, 2022.

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

CUSIP (Base No. 158843)	Issue (Dated Date)	Name of Issue	Original Principal Amount	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Redemption Date (July 1)	Redemption Price on Bonds Being Refunded (% of Principal)
VM1	02/04/2009	General Obligation Bonds,	\$15,200,000	2020	\$15,200,000	2018	100%
VN9		Series 2009 (the "Bonds	16,500,000	2021	16,500,000	2018	100%
VP4		Being Refunded")	17,200,000	2022	17,200,000	2018	100%

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

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

DATED: _____

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., the Refunded Registrar**

By _____

The following is not part of this notice:

Not more than sixty nor less than thirty days prior to the date set for redemption, The Bank of New York Mellon Trust Company, N.A. shall cause a notice of any such redemption to be mailed first class mail to each registered owner and to two national information services. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the depository. A notice shall also be sent via telecopy or through other electronic means to the Depository Trust Company, and to the Municipal Securities Rulemaking Board (the "*MSRB*"), currently through the Electronic Municipal Market Access system, by the method required by the MSRB.

EXHIBIT D

EXPENSES

The following expenses are to be paid by the Depository Trustee from Bond Proceeds deposited with the Depository Trustee for that purpose:

Bond Counsel Fee and Costs (1)	\$
Financial Advisor Fee and Costs (2)	
Bond Ratings	
Standard & Poor's Rating	
Moody's Rating	
Fitch Rating	
CPA Verification (3)	
Depository Trustee Fees (4)	
Initial Bond Registrar and Paying Agent Fees (5)	
Official Statement Preparation, Printing and Mailing (6)	
Miscellaneous	
TOTAL	\$

- (1) Gust Rosenfeld P.L.C.
- (2) Piper Jaffray & Co.
- (3)
- (4)
- (5)
- (6)

§ _____
CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2014

CONTINUING DISCLOSURE CERTIFICATE
(CUSIP Base No. 158843)

This Continuing Disclosure Certificate (the "*Disclosure Certificate*") is undertaken by the City of Chandler, Arizona (the "*City*") in connection with the issuance of General Obligation Refunding Bonds, Series 2014 (the "*Bonds*"). In consideration of the initial sale and delivery of the Bonds, the City covenants as follows:

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

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

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

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

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

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

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

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

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

"*Official Statement*" shall mean the final official statement dated _____, 201_ relating to the Bonds.

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

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than February 1 of each year (the "Filing Date"), commencing February 1, 201__, provide electronically to MSRB, in a format prescribed by MSRB, an Annual Report for the fiscal year ending on the preceding June 30 which is consistent with the requirements of Section 4 of this Disclosure Certificate. Should the City's fiscal year change to something other than July 1 to June 30, then the Annual Report will be provided not later than six (6) months after the end of such fiscal year. Currently, filings are required to be made with EMMA. Notice of any such change in the City's fiscal year will be filed with EMMA. Not later than fifteen (15) business days prior to such Filing Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City).

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

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

(d) The Dissemination Agent shall:

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

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

Section 4. Content of Annual Reports.

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

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

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

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

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

- (1) Assessed and Estimated Net Full Cash Values;
- (2) Statements of Bonds Outstanding;
- (3) Property Tax Assessment Ratios;

- (4) Real and Secured Property Taxes Levied and Collected;
- (5) Property Tax Rates per \$100 Assessed Valuation;
- (6) Secondary Assessed Valuation by Property Classification;
- (7) Secondary Assessed Valuation of Major Taxpayers;
- (8) Comparative Secondary Assessed Valuation Histories.

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

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

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

Section 5. Reporting of Listed Events.

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service (the "IRS") of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action

- or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material

Note to Paragraph (12) above: For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

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

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

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

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

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

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

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

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate any Bondholder may seek specific performance by court order to cause the City to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action

to compel performance and such failure shall not constitute a default under the Bonds or the resolution authorizing the Bonds.

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

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

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

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

Date: _____, 2014

CITY OF CHANDLER, ARIZONA

By _____
Its Management Services Director

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Chandler, Arizona
Name of Bond Issue: \$ _____ General Obligation Refunding Bonds, Series 2014
Dated Date of Bonds: _____, 201_ CUSIP 158843

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Disclosure Certificate dated _____, 201_. The City anticipates that the Annual Report will be filed by _____.

Dated: _____
City of Chandler, Arizona
By _____
Its _____

EXHIBIT B

NOTICE OF FAILURE TO FILE AUDITED FINANCIAL STATEMENTS

Name of Issuer: City of Chandler, Arizona
Name of Bond Issue: \$ _____ General Obligation Refunding Bonds, Series 2014
Dated Date of Bonds: _____, 201_ CUSIP 158843

NOTICE IS HEREBY GIVEN that the City failed to provide its audited financial statements with its Annual Report or, if not then available, within 30 days of receipt as required by Section 4(a) of the Disclosure Certificate dated _____, 201_, with respect to the above-named Bonds. The City anticipates that the audited financial statements for the fiscal year ended June 30, _____ will be filed by _____.

Dated: _____
City of Chandler, Arizona
By _____
Its _____

EXHIBIT C

NOTICE OF FAILURE TO APPROPRIATE FUNDS

Name of Issuer: City of Chandler, Arizona
Name of Bond Issue: \$ _____ General Obligation Refunding Bonds, Series 2014
Dated Date of Bonds: _____, 201_ CUSIP 158843

NOTICE IS HEREBY GIVEN that the City failed to appropriate funds necessary to perform the undertaking required by the Disclosure Certificate dated _____, 201_.

Dated: _____
City of Chandler, Arizona
By _____
Its _____

DRAFT

PRELIMINARY OFFICIAL STATEMENT DATED _____

NEW ISSUE – BOOK-ENTRY-ONLY

RATINGS:

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

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

\$194,640,000*
CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2014

Dated: Date of Initial Delivery

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

The City of Chandler, Arizona (the “City”) will issue its \$194,640,000* aggregate principal amount of General Obligation Refunding Bonds, Series 2014 (the “Bonds”) for the purpose of refunding certain maturities of the City’s outstanding general obligation bonds (the “Bonds Being Refunded”) and to pay costs incurred in connection with the issuance of the Bonds. See “PLAN OF REFUNDING” herein.

Purchases of beneficial ownership interests in the Bonds will be made in book-entry-only form through DTC participants only in amounts of \$5,000 principal due on a specific maturity date or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interests in the Bonds. See Appendix E – “BOOK-ENTRY-ONLY SYSTEM.” The principal of, premium, if any, and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A. (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 that term is defined herein), as more fully described herein. The City and DTC each reserve the right to discontinue the book-entry only system at any time.

See Maturity Schedule on Inside Front Cover

The Bonds will mature on the dates and in the principal amounts set forth on the inside front cover page. Interest on the Bonds will be payable semiannually on January 1 and July 1, commencing January 1, 2015. The Bonds are subject to optional redemption prior to their stated maturities as described herein. See “THE BONDS –Redemption Provisions” herein.

Upon their issuance, the Bonds will be direct, general obligations of the City, payable as to both principal and interest from ad valorem taxes levied against all taxable property within the City without limit as to rate, but limited in amount to a total amount not greater than the aggregate amount of principal and interest which will become due on the Bonds Being Refunded from the date of issuance of the Bonds to the final maturity of the Bonds Being Refunded, subject to the prior rights of the owners of the Bonds Being Refunded to payment from the same ad valorem taxes in the event the moneys from the securities purchased with the proceeds of the Bonds is insufficient to pay the principal of, premium on, and interest on the Bonds Being Refunded, as they become due. See “THE BONDS – Security For and Sources of Payment of the Bonds” and “PLAN OF REFUNDING” herein.

The Bonds are offered when, as and if issued by the City and received by the underwriters indentified below (the “Underwriters”), subject to the approving opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel and as to validity and tax exemption on the Bonds. In addition, certain legal matters will be passed upon by the Underwriters by their counsel, _____. It is expected that the Bonds will be available for delivery in book-entry-only form through the facilities of DTC on or about _____, 2014*.

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

TBD

TBD

* Preliminary, subject to change.

TABLE

MATURITY SCHEDULE
\$194,640,000*
CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2014

<u>Maturity Date (July 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No. 158879(a)</u>
2019	\$ 7,395,000	%	%	
2020	22,545,000			
2021	24,115,000			
2022	24,915,000			
2023	25,895,000			
2025	18,135,000			
2026	18,560,000			
2027	26,535,000			
2028	26,545,000			

- (a) Copyright 2014, American Bankers' Association. CUSIP data is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers are provided for information only. None of the City (as defined herein), the Underwriters (as defined herein), the Trustee (as defined herein), the Financial Advisor (as defined herein) or their counsel or agents takes responsibility for the accuracy of such numbers.

* Preliminary, subject to change.

CITY OF CHANDLER, ARIZONA

CITY COUNCIL

Jay Tibshraeny, *Mayor*
Rick Heumann, *Vice Mayor*
Trinity Donovan, *Councilmember*
Nora Ellen, *Councilmember*
Kevin Hartke, *Councilmember*
Jack Sellers, *Councilmember*
Jeff Weninger, *Councilmember*

CITY ADMINISTRATIVE OFFICERS

Rich Dlugas, *City Manager*
Marsha Reed, *Assistant City Manager*
Nachie Marquez, *Assistant City Manager*
Dawn Lang, *Management Services Director*
Kay Bigelow, *City Attorney*
Marla Paddock, *City Clerk*

BOND COUNSEL

Gust Rosenfeld P.L.C.
Phoenix, Arizona

FINANCIAL ADVISOR

Piper Jaffray & Co.[®]
Phoenix, Arizona

BOND REGISTRAR, PAYING AGENT AND DEPOSITORY TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the City of Chandler, Arizona (the "City") General Obligation Refunding Bonds, Series 2014 (the "Bonds"), identified on the inside cover page hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall be no sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized by the City or _____ or _____ (collectively, the "Underwriters") to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The information set forth in this Official Statement has been provided by the City, Maricopa County, the State of Arizona Department of Revenue and other sources which are considered to be reliable and customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the City, Piper Jaffray & Co. or the Underwriters. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. All estimates and assumptions contained herein have been based on the latest information available and are believed to be reliable, but no representations are made that such estimates and assumptions are correct, will be realized or will be repeated in the future. The information and any expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties or matters described herein since the date thereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

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

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

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

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

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY STATEMENT	1
THE BONDS	1
Authorization and Purpose – Bonds	1
Authorized and Unissued Bonds	1
General Provisions	2
Bond Registrar and Paying Agent	2
Redemption Provisions	2
Mutilated, Lost or Destroyed Bonds	2
Registration and Transfer	3
Security For and Sources of Payment of the Bonds	3
PLAN OF REFUNDING	3
VERIFICATION OF MATHEMATICAL COMPUTATIONS	4
ESTIMATED DEBT SERVICE REQUIREMENTS (a)	5
RATINGS	5
TAX EXEMPTION	6
BOND PREMIUM	6
ORIGINAL ISSUE DISCOUNT	7
UNDERWRITING	7
LITIGATION	8
ADDITIONAL INFORMATION	8
CERTIFICATION CONCERNING OFFICIAL STATEMENT	9
POLITICAL DONATIONS	9
CONTINUING SECONDARY MARKET DISCLOSURE	9
CITY ACCOUNTING POLICIES	9
FINANCIAL STATEMENTS	9
Appendix A: City of Chandler, Arizona — General Economic and Demographic Information	
Appendix B: City of Chandler, Arizona — Financial Data	
Appendix C: Form of Approving Legal Opinion	
Appendix D: City of Chandler, Arizona — Audited Financial Statements for the Year Ended June 30, 2013	
Appendix E: Book-Entry-Only System	
Appendix F: Form of Continuing Disclosure Certificate	

OFFICIAL STATEMENT

\$194,640,000*
CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014

INTRODUCTORY STATEMENT

The Official Statement, which includes the cover page, inside front cover page and the appendices hereto, has been prepared in connection with the original issues and sale by the City of Chandler, Arizona (the "City"). The City will issue its \$194,640,000* aggregate principal amount of General Obligation Refunding Bonds, Series 2014 (the "Bonds") for the purpose of refunding certain maturities of the City's outstanding general obligation bonds (the "Bonds Being Refunded") and to pay costs incurred in connection with the issuance of the Bonds, see "PLAN OF REFUNDING" herein.

The Bonds will be issued in the form of fully registered bonds, registered in the name Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository for the Bonds.

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

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

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

THE BONDS

Authorization and Purpose – Bonds

The Bonds will be issued pursuant to the Arizona Constitution and laws of the State, including particularly Title 35, Chapter 3, Article 4, Arizona Revised Statutes, as amended, and under the provisions of a resolution authorizing issuance of the Bonds adopted by the Mayor and Council of the City on _____, 2014 (the "Refunding Bond Resolution").

The Bonds are being issued in order to provide funds (i) to refund in advance of maturity the Bonds Being Refunded and (ii) to pay the costs of issuance of the Bonds. See "PLAN OF REFUNDING" herein. All references herein to the Refunding Bond Resolution are qualified in their entirety by reference to the full text of such document. A copy of the Refunding Bond Resolution may be inspected at the Office of the Management Services Director, 175 South Arizona Place, Chandler, Arizona 85225.

Authorized and Unissued Bonds

The City expects to issue additional general obligation bonds in the future pursuant to existing and future voted bond authorizations. Such bonds may be secured by, and payable from, the same levy of ad valorem taxes as the Bonds

* Preliminary, subject to change.

and all other outstanding general obligation bonds of the City. Following the sale of the Bonds, the City will have \$245,345,000 aggregate principal amount of general obligation bonds and revenue bonds authorized but unissued, pursuant to voter approvals given at special bond elections held on May 16, 1989, May 18, 1993, May 20, 1997, May 18, 2004 and May 15, 2007.

General Provisions

The Bonds will be dated as of the date of initial delivery. The Bonds will mature on the dates and in the principal amounts set forth on the inside front cover page of this Official Statement. Interest on the Bonds will be payable semiannually on January 1 and July 1 commencing January 1, 2015 (each, an “Interest Payment Date”) and thereafter until maturity or prior redemption. See “THE BONDS – Redemption Provisions” herein.

The Bonds are issuable only in fully registered form in the name of Cede & Co., as nominee of DTC, New York, New York (see Appendix E – “BOOK-ENTRY-ONLY SYSTEM”). Beneficial ownership interest in the Bonds may be purchased in book-entry-only form through DTC Participants (as defined in Appendix E, hereto) only in amounts of \$5,000 of principal due on a specific maturity date or integral multiples thereof. So long as DTC, or its nominee, Cede & Co., is the registered owner of all of the Bonds, all payments on the Bonds will be made directly to DTC and all references herein to “Owners” or registered owners of the Bonds (other than under the caption “TAX EXEMPTION”) shall mean Cede & Co., and shall not mean the owners of beneficial interests in the Bonds. When notices are given, they shall be sent by the City or the Bond Registrar and Paying Agent (as defined below) to DTC only.

Bond Registrar and Paying Agent

The Bank of New York Mellon Trust Company, N.A. will serve as the initial bond registrar and transfer agent (the “Bond Registrar and Paying Agent”) for the Bonds. The City may change the Bond Registrar and Paying Agent without notice or consent of the registered owners of the Bonds.

Redemption Provisions

Optional Redemption: The Bonds maturing on or before July 1, 2025 are not subject to call for redemption prior to maturity from Prepayments. The Bonds maturing on or after July 1, 2026 are subject to call for redemption prior to their stated maturity dates, at the option of the City, as directed by a certificate of the City Representative received by the Trustee at least ten (10) business days prior to the notice of redemption provisions described herein, in whole or in part, on any date on or after July 1, 2025 at the redemption price of the principal amount being refunded, plus accrued and unpaid interest, if any, to the date fixed for redemption, but without premium.

Notice of Redemption: So long as the Book-Entry-Only System is in effect, the Trustee shall give notice to DTC by the method required by DTC. If the Book-Entry-Only System is discontinued, the Trustee shall cause notice of any redemption of Obligations to be mailed to the Owners of all Obligations to be redeemed to the address listed in the Trustee’s register no more than sixty (60) and no less than thirty (30) days prior to the date fixed for redemption. The Trustee shall also provide notice of any redemption to the Municipal Securities Rulemaking Board (the “MSRB”), currently through the MSRB’s Electronic Municipal Market Access system (“EMMA”) by the method required by the MSRB.

Mutilated, Lost or Destroyed Bonds

If the book-entry-only system described above is discontinued, and any Bond becomes mutilated, destroyed or lost, the City will cause to be executed and delivered a new Bond, of like type, date, maturity and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond, or in lieu of and in series substitution for such Bond destroyed or lost, upon the registered owner paying the reasonable expenses and charges of the City in connection therewith and, in the case of a Bond destroyed or lost, filing with the Bond Registrar and Paying Agent by the registered owner evidence satisfactory to the Bond Registrar and Paying Agent that such Bond was destroyed or lost and furnishing the Bond Registrar and Paying Agent with a sufficient indemnity bond pursuant to A.R.S. Section 47-8405.

Registration and Transfer

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

If the book-entry-only system is discontinued, the transferor will be responsible for all transfer fees, taxes, and any other costs relating to the transfer of ownership of individual Bonds.

Security For and Sources of Payment of the Bonds

The Bonds are direct, general obligations of the City and are payable as to both principal and interest from an ad valorem tax levied against all of the taxable property located within the boundaries of the City. The Bonds are payable from such a tax without limit as to rate, but limited to a total amount not greater than the aggregate amount of principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Bonds to the final maturity date of the Bonds Being Refunded. Additionally, the owners of the Bonds Being Refunded have the right to rely upon the same tax levy for the payment of principal of and interest on the Bonds Being Refunded if the cash and Government Obligations (defined herein) purchased with the proceeds of the Bonds to provide for the Bonds Being Refunded prove insufficient. A record of property taxes levied and collected for the City for the most recent six fiscal years may be found in Appendix B – "CITY OF CHANDLER, ARIZONA – FINANCIAL DATA," attached hereto. The proceeds of such taxes will be kept by the City in a debt service fund comprised of an interest fund and redemption fund, and by law may be used only for payment of principal, interest, premium, if any, and costs of the Bonds.

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

PLAN OF REFUNDING

The proceeds from the sale of the Bonds remaining after payment of the cost of issuance will be placed in an irrevocable depository trust (the "Depository Trust") with The Bank of New York Mellon Trust Company, N.A. (the "Depository Trustee") pursuant to the terms of an agreement (the "Depository Trust Agreement") between the City and the Depository Trustee, to be applied to the payment of the principal of, redemption premium and interest on the Bonds Being Refunded. See "Bonds Being Refunded" on the following page. Such funds will be used to acquire noncallable obligations issued by the United States of America (the "Government Obligations"), the principal of and interest on which, when due, are calculated to be sufficient to provide for payment of the principal, redemption premium, and interest due on the Bonds Being Refunded. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

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

Bonds Being Refunded*

The table below sets forth the issue series, stated maturity dates, interest rates, principal amounts, redemption dates and redemption premiums, if any, of the Bonds Being Refunded:

<u>Issue Series</u>	<u>Maturity Date (July 1)</u>	<u>Interest Rate</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Refunded</u>	<u>Redemption Date (July 1)</u>	<u>Redemption Price</u>	<u>CUSIP No. 158843 (a)</u>
2007	2019	5.00%	\$ 7,400,000	\$ 7,400,000	2017	100.0	TX0
	2020	5.00%	7,500,000	7,500,000	2017	100.0	TY8
	2021	5.00%	7,625,000	7,625,000	2017	100.0	TZ5
	2022	4.25%	7,725,000	7,725,000	2017	100.0	UA8
	2023	5.00%	8,850,000	8,850,000	2017	100.0	UB6
2009	2020	4.00%	\$ 15,200,000	\$ 15,200,000	2017	100.0	VM1
	2021	5.00%	16,500,000	16,500,000	2017	100.0	VN9
	2022	5.00%	17,200,000	17,200,000	2017	100.0	VP4
	2023	4.50%	17,000,000	17,000,000	2017	100.0	VQ2
	2025	4.35%	18,000,000	18,000,000	2017	100.0	VS8
	2026	4.25%	18,300,000	18,300,000	2017	100.0	VT6
	2027	4.25%	26,500,000	26,500,000	2017	100.0	VU3
	2028	4.38%	26,840,000	26,840,000	2017	100.0	VV1
				<u>\$194,640,000</u>	<u>\$ 194,640,000</u>		

(a) Copyright 2014, American Bankers’ Association. CUSIP data is provided by Standard & Poor’s, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers are provided for information only. None of the City, the Underwriters, the Trustee, the Financial Advisor or their counsel or agents take any responsibility for the accuracy of such numbers.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton LLP, a firm of certified public accountants (the “Verification Agent”), will deliver to the City, on or before the initial date of delivery of the Bonds, its verification report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by Piper Jaffray & Co. (the “Financial Advisor”) on behalf of the City. Included in the scope of its engagement will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations to pay, when due or called for redemption, the principal of, interest on and related redemption premium requirements, if any, of the Bonds Being Refunded; and (b) the mathematical computations supporting the conclusion of Bond Counsel (defined herein) that the Bonds are not “arbitrage bonds” under the Code (as defined herein) and the regulations promulgated thereunder.

The examination performed by the Verification Agent will be solely based upon data, information and documents provided to the Verification Agent by the Financial Advisor on behalf of the City. The Verification Agent’s report

* Preliminary, subject to change.

of its examination will state that the Verification Agent has no obligation to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

ESTIMATED DEBT SERVICE REQUIREMENTS (a)

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

Fiscal Year Ended June 30	Outstanding General Obligation Bonded Debt Debt Service	Less:		Plus:		Estimated General Obligation Bonded Debt Service To Be Outstanding*
		The Bonds Being Refunded* Principal	Interest	The Bonds* Principal	Interest (b)	
2015	\$ 41,112,431		\$ 8,816,313		\$ 6,249,330	\$ 38,545,449
2016	37,080,456		8,816,313		8,151,300	36,415,444
2017	37,105,581		8,816,313		8,151,300	36,440,569
2018	38,441,106		8,816,313		8,151,300	37,776,094
2019	37,639,956	\$ 7,400,000	8,816,313	\$ 7,395,000	8,151,300	36,969,944
2020	37,102,113	22,700,000	8,446,313	22,545,000	7,929,450	36,430,250
2021	33,233,313	24,125,000	7,463,313	24,115,000	6,802,200	32,562,200
2022	32,827,063	24,925,000	6,257,063	24,915,000	5,596,450	32,156,450
2023	32,563,750	25,850,000	5,068,750	25,895,000	4,350,700	31,890,700
2024	32,006,250	-	3,861,250	-	3,055,950	31,200,950
2025	32,071,250	18,000,000	3,861,250	18,135,000	3,055,950	31,400,950
2026	31,549,500	18,300,000	3,078,250	18,560,000	2,149,200	30,880,450
2027	28,800,500	26,500,000	2,300,500	26,535,000	1,592,400	28,127,400
2028	28,014,250	26,840,000	1,174,250	26,545,000	796,350	27,341,350
	<u>\$ 479,547,519</u>	<u>\$194,640,000</u>	<u>\$ 85,592,500</u>	<u>\$194,640,000</u>	<u>\$74,183,180</u>	<u>\$ 468,138,199</u>

(a) Prepared by the Financial Advisor to the City. Columns may not add up due to rounding.

(b) Interest is estimated at 4.50%. The first interest payment on the Bonds will be due January 1, 2015. Thereafter, interest payments will be made semiannually on July 1 and January 1 until the final maturity of the Bonds.

RATINGS

Fitch Ratings (“Fitch”), Moody’s Investors Service (“Moody’s”) and Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies (“S&P”), have assigned the ratings of “___,” “___” and “___,” respectively, on the Bonds. Such ratings reflect only the views of Fitch, Moody’s and S&P. An explanation of the significance of the Fitch rating may be obtained at One State Street Plaza, New York, New York 10040. An explanation of the significance of a rating assigned by Moody’s may be obtained at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. An explanation of the significance of a rating assigned by S&P may be obtained at 55 Water Street, New York, New York 10041. Such ratings may be revised downward or withdrawn entirely by Fitch, Moody’s, or S&P, if, in their respective judgment, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. The City has covenanted in its continuing disclosure certificate (see “CONTINUING SECONDARY MARKET DISCLOSURE” herein) that it will file notice of any formal change in any such rating relating to the Bonds.

* Preliminary, subject to change.

TAX EXEMPTION

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

The Internal Revenue Code of 1986, as amended (the “Code”), imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the City rebate to the federal government certain of its investment earnings with respect to the Bonds. The City has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions, and requirements could result in the interest income on the Bonds being included in gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The opinion of Bond Counsel assumes continuing compliance with such restrictions, conditions and requirements.

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

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

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

The Bonds will not be “private activity bonds,” within the meaning of Section 141 of the Code.

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

BOND PREMIUM

The initial public offering price of the Bonds maturing on July 1, 20__ through and including July 1, 20__ (collectively, the “Premium Bonds”) are greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond and the amount payable at maturity constitutes premium to the initial Beneficial Owner of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial Beneficial Owner must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial Beneficial Owner is

determined by using such Beneficial Owner's yield to maturity. Beneficial Owners of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

ORIGINAL ISSUE DISCOUNT

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

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

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

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

A portion of the original issue discount that accretes in each year to a Beneficial Owner of an Discount Bonds may result in certain collateral federal income tax consequences.

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

Beneficial Owners of Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of interest accrued upon sale or redemption of such Discount Bonds and with respect to the state and local consequences of owning such Discount Bonds.

UNDERWRITING

The Bonds will be purchased by _____ and _____ (together, the "Underwriters") at an aggregate purchase price of \$ _____ on the Bonds, pursuant to a bond purchase agreement (the "Bond Purchase Agreement") entered into by and between the City and the Underwriters. If the Bonds are sold to produce the yields shown on the inside front cover page hereof, the Underwriters' compensation will be \$ _____. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Bonds so offered if any are purchased. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices higher or yields lower than the public offering prices or yields stated on the inside front cover page hereof.

Stone & Youngberg LLC, one of the Underwriters, has entered into an agreement (the “Distribution Agreement”) with First Republic Securities Company LLC, Member FINRA/SIPC, a subsidiary of First Republic Bank, for retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to the Distribution Agreement, if applicable to the Bonds, Stone & Youngberg LLC will share a portion of its underwriting compensation with respect to the Bonds, with First Republic Securities Company LLC.

LITIGATION

To the knowledge of the appropriate representatives of the City, no litigation or administrative action or proceeding is pending or threatened restraining or enjoining, or seeking to restrain or enjoin, the execution or delivery of the Bonds or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be executed, sold or delivered, or the validity of the sale of the Bonds.

There are several claims pending against the City of Chandler. The City retains the first two million dollars of each loss, and has excess insurance coverage for the next thirty million dollars. The City is adequately funded for its retention. The largest lawsuit currently filed against the City alleges that an employee of the City caused a collision that lead to serious injuries to the other party. The City received a notice of claim for eight million dollars. The City denies the allegations and is vigorously defending this lawsuit.

ADDITIONAL INFORMATION

The City has retained Gust Rosenfeld P.L.C., Phoenix, Arizona as Bond Counsel, and in such capacity the firm will render an opinion concerning the legality of the Bonds under Arizona law and on the exemption of the interest income of such Bonds from federal and State income taxes. The legal opinion will be provided to the purchaser at the time of delivery. All legal fees paid to Bond Counsel are contingent upon the sale of the Bonds and are expected to be paid from the proceeds of the sale of the Bonds.

Bond Counsel has assisted the City only in the preparation of the information set forth on the cover, under the headings “THE BONDS”, “TAX EXEMPTION,” “BOND PREMIUM,” “ORIGINAL ISSUE DISCOUNT,” AND “POLITICAL DONATIONS” (solely with respect to information relating to Bond Counsel) and “CONTINUING SECONDARY MARKET DISCLOSURE” (other than statements regarding compliance with the existing continuing disclosure reporting requirements of the City) and in Appendices C and F of this Official Statement. Except for the foregoing, Bond Counsel has not been engaged to confirm or verify, and expresses and will express no opinion as to the accuracy, completeness or fairness of any statements in this Official Statement or in any financial documents, statements or materials, or other reports, offering or disclosure documents or other information pertaining to the City or the Bonds that may be prepared or made available by the City or others.

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 overall debt financing program of the City. The Financial Advisor has assisted in the assemblage 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.

The information in this Official Statement has been provided by the City, the County Assessor’s, Treasurer’s and Finance offices, the Arizona Department of Revenue and other sources which are considered to be reliable and are customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness. All estimates and assumptions contained herein are believed to be reliable, but no representations are made that such estimates and assumptions are correct or will be realized. Any information or expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create an implication that there has been no change as to the affairs of the City. This Official Statement may be supplemented from time to time by the provision of supplemental or additional documents.

From time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) which, if enacted, could alter or amend the property tax system of the State and numerous

matters, both financial and nonfinancial, impacting the operations of municipalities which could have a material impact on the City and could adversely affect the secondary market value 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.

CERTIFICATION CONCERNING OFFICIAL STATEMENT

Documents delivered with respect to the Bonds will include a certificate to the effect that to the knowledge of the Management Services Director of the City after appropriate review, this Official Statement is true, correct and complete in all material respects and does not include any untrue statement of a material fact or omit to state any material fact necessary to make such statements and information herein, in light of the circumstances under which they were made, not misleading and that no event has occurred since date of this Official Statement that should be disclosed herein in order to make the statements and information herein not misleading in any material respect.

POLITICAL DONATIONS

To the best of their knowledge, none of the City, the Underwriters, the Trustee, the Financial Advisor or their counsel or agents are known to have made political contributions other than those, if any, permitted under applicable securities regulations to any person who sought a seat on the City Council at its last election or any election prior to the last election.

CONTINUING SECONDARY MARKET DISCLOSURE

The City will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2012 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices") as set forth in Appendix F. The Annual Reports and the Notices and any other documentation or information required to be filed by such covenants will be filed by the City with the 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 form of the undertaking which describes the content of the Annual Reports and the Notices and method of their dissemination are included as Appendix F. 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 Bonds in the secondary market. *Pursuant to Arizona Law, the ability of the City to comply with such covenants is subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants.* Should the City not comply with such covenants due to a failure to appropriate for such purpose, the City has covenanted to provide notice of such failure in the same way it does the Notices. Absence of continued disclosure, due to non-appropriation or otherwise, may adversely affect the transferability and marketability of the Bonds. The City is current and in compliance with its existing continuing disclosure undertakings.

CITY ACCOUNTING POLICIES

The accounting policies for the City conform to generally accepted accounting principles as applicable to governmental units. For a more detailed summary of significant accounting policies see Appendix D - "CITY OF CHANDLER, ARIZONA - AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010."

FINANCIAL STATEMENTS

The financial statements of the City as of June 30, 2010, and for its fiscal year then ended, which is included as Appendix D of this Official Statement, have been audited by Heinfeld, Meech & Co., P.C. These are the most recent audited financial statements available to the City. These financial statements may not represent the current financial conditions of the City. The City did not request the consent of Heinfeld, Meech & Co., P.C. to include its report and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering its opinion on the financial statements.

CITY OF CHANDLER, ARIZONA

CITY OF CHANDLER, ARIZONA, GENERAL AND FINANCIAL INFORMATION

General

The City is located in the southeastern portion of Maricopa County (the “County”). The City encompasses approximately 64.9 square miles and is one of several major cities comprising the greater Phoenix, Arizona metropolitan area, which is Arizona’s economic, political and population center.

The City was founded in 1912 and incorporated in 1920. The following table sets forth a record of the population statistics of the City since 1990, along with the population statistics for the County and the State.

POPULATION STATISTICS

<u>Year</u>	<u>City of Chandler</u>	<u>Maricopa County</u>	<u>State of Arizona</u>
2013 Estimate	246,197	3,944,859	6,581,054
2012 Estimate	239,538	3,884,705	6,498,569
2010 Census	236,123	3,817,117	6,392,017
2005 Special Census	233,681	3,700,516	6,044,985
2000 Census	176,581	3,072,149	5,130,632
1990 Census	90,533	2,122,101	3,665,305

Source: U.S. Census Bureau; Arizona Department of Administration

The following table contains historic information in regard to the geographic incorporated size of the City as set forth in square miles.

SQUARE MILE STATISTICS
City of Chandler, Arizona

<u>Year</u>	<u>Square Miles</u>
2014	64.84
2013	64.84
2012	64.71
2011	64.60
2010	64.40

Source: The City Management Services Department and Transportation and Development Department.

Municipal Government and Organization

The City adopted the City Charter in 1965 which provides for a Council-Manager form of government. The seven-member Council is elected at-large on a staggered basis and consists of the mayor and six councilmembers. The current Mayor was elected for a two-year term while councilmembers serve a four-year term. Starting with the fall 2014 election, the Mayor's term will be four years.

The City Council appoints the City Manager who has full responsibility for carrying out council policies and administering City operations. The City Manager is responsible for appointment of department heads. The City employees are hired under procedures as specified in the City Charter. The government and operations of the City are provided by a staff of approximately 1,595.

Economy

The major economic sectors contributing to the economic base of the City include government, manufacturing, financial services, commercial activities (including construction and commerce), high technology and tourism. The City is home to a wide variety of high technology industries, including over 173 manufacturers with a total of more than 40,000 employees. On February 18, 2011, Intel, the largest employer in the City, announced a new \$5 billion semiconductor factory in Chandler. The project started construction in mid-2011 and brought many construction jobs and associated employment to the City. At least 1,000 permanent jobs are anticipated when the facility is fully operational. The facility is phasing in production over the next several years.

The following table sets forth unemployment averages for the City, the County, the State and the United States.

UNEMPLOYMENT AVERAGES

<u>Calendar Year</u>	<u>City of Chandler</u>	<u>Maricopa County</u>	<u>State of Arizona</u>	<u>United States</u>
2014	4.5% (a)	5.2% (a)	6.2% (a)	5.9% (a)
2013	5.7	6.7	8.0	7.4
2012	5.9	7.1	8.3	8.1
2011	7.0	8.4	9.4	8.3
2010	7.0	9.6	10.0	9.6
2009	6.9	8.9	9.7	9.9

(1) Data through April 2014.

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

Below is the list of the industrial and business parks operating within the City.

INDUSTRIAL AND BUSINESS PARKS City of Chandler, Arizona

Advanced Medical Complex	Chandler Office Center	Parkside Professional Plaza
Airpark Professional Village	Chandler Office Park	Presidio
Aquila at Ocotillo	Chandler Square I, II & III	Price Corporate Center
Arizona Corporate Park North	Chandler Technology Center	Price Road Industrial Park
Arizona Corporate Park South	Continuum	Price Warner Medical Office
AZ202	Dividend Center	Promenade Commons
Bogle Business Park	Dobson Business Park	Regency Office Park
CC&F Industrial Center	Dobson Professional Plaza	Rockefeller Chandler Crossroads
Carmel Professional Plaza	Eastpoint Business Park	Ryan Chandler Freeways Business Park
Center Pointe Industrial Park	Fairview Corporate Park	Ryan Commerce Center
Chandler Airpark Area	First Chandler Business Park	San Tan Corporate Center I & II
Chandler Airport Business Center	Focus Corporate Center	San Tan Crossing Professional Plaza
Chandler Center	Fountains at Ocotillo	San Tan Technology Park
Chandler Commerce Center	Frye Road Industrial Park	Southgate Park Ten Business Center
Chandler Corporate Center	Gila Springs Industrial Park	Southpark Business Center
Chandler Echelon	Kyrene 202	Stellar Industrial Airpark
Chandler Freeway Business Park	Kyrene Crossing	Warner Commerce Park
Chandler Freeway Crossing	Kyrene Industrial Park	Westech Corporate Center
Chandler Gateway Medical Center	McClintock Professional Building	Williams Field Road Business Park
Chandler Airport Center	Paloma Kyrene Business Park	10 Chandler
Chandler Gateway Office Park	The Park at Santan	
Chandler Hamilton Plaza	Allred Park Place	

Source: The City's Economic Development Division.

Electronics plants located in the City include: Microchip Technologies, producer of electronic circuitry; Intel Corporation, manufacturer of microcomputer components; Freescale Semiconductor Inc., manufacturer of semiconductor equipment; and Marvell, manufacturer of hand held micro computer components, among many others.

Employment and Employers

A partial list of major manufacturing employers located within the City is set forth in the following table.

MAJOR MANUFACTURING EMPLOYERS City of Chandler, Arizona

<u>Employer</u>	<u>Description</u>	<u>Employees</u>
Intel	Microprocessors	11,900
Freescale Semiconductor	Semiconductors/Satellite Systems	2,200
Orbital Sciences	Aerospace Launch Systems	1,650
Microchip Technology	Microprocessors	1,626
Avnet	Computer Group	1,000
Marvell	Electronics & Semiconductor Products	750
Tri-City Mechanical	Air Conditioning Contractors and Service	580
Rogers Circuit Materials Units	Flexible Circuit Materials	370
Amkor	Electronics & Semiconductor Products	350
Advanced Integration Technologies	Integrated Engineering & Mfg.	350
Mitel	Communications Software	330
Rogers Corporation	Microwave Substrates	330
Gold Canyon Candles	Candle Manufacturing	300
Crane STC Microwave Systems	Microwave Subsystems	285
South Bay Circuits	Circuit Boards	280
Pacific Scientific Energetic Mtls.	Fire Suppression Components	270
Triangle Truss Inc.	Wooden Floor Tresses	250
Goodrich Turbo Resources	Aerospace Components	228
Craftco (including Headquarters)	Asphalt Paving Compound	125

Source: The City's Economic Development Division.

The City also serves as the location of a significant number of non-manufacturing employers. The following is a partial list of major non-manufacturing employers in the City.

**MAJOR NON-MANUFACTURING EMPLOYERS
City of Chandler, Arizona**

<u>Employer</u>	<u>Description</u>	<u>Approximate Number of Employees</u>
Bank of America	Mortgage Processing Center	3,800
Chandler Unified School District	Public Education	3,000
Wells Fargo Ocotillo Corporate Campus	Regional Corporate Headquarters	2,600
Verizon	Regional Corporate Headquarters	2,400
PayPal	E-Commerce Business	2,000
Chandler Regional Medical Center	Hospital	2,100
City of Chandler	Government	1,595
QBE	Mortgage Insurance	1,100
Basha's	Corporate HQ/Food Distribution	1,100
Toyota Financial Services	Financial Services Center	650
Pearson Education	Textbook and Software Development	550
GM Financial Services	2nd Tier Financial Services	375
Erickson Construction	General Construction	300
Cardinal Health	Medical	240
CDW Corporation	Technology Customer Sales Center	200
Hensley	Distribution	200
First Credit Union	Financial Services	77

Source: The City's Economic Development Division.

Agriculture

Agricultural production still is a contributor to the diversified economic base of the City. Principal products include livestock, alfalfa, small grains, citrus and vegetables. As the residential, commercial and industrial development of the City has occurred, the contribution of agricultural production to the economy of the City has decreased.

Commerce

The retail shoppers of the City are served by a central business district located in the downtown area. This downtown business district is a retail/office center. Several regional shopping complexes, Chandler Pavilions, Casa Paloma, Chandler Festival, Chandler Gateway, East Valley Mall, Paseo Del Oro Shopping Center, North Park Plaza Shopping Center, Fulton Ranch Towne Center and Crossroads Towne Center, and a number of neighborhood shopping centers are dispersed throughout the City. A 1.3 million square foot super-regional shopping mall, known as Chandler Fashion Center, opened for business in 2001. This mall is home to four anchor department stores, including Nordstrom, Sears, Dillard's and Macy's, a 20-screen Harkins theater complex, an outdoor urban village and more than 150 specialty retail shops. The following table sets forth a record of the sales tax collections of the City for the most recent five fiscal years.

SALES TAX COLLECTIONS City of Chandler, Arizona

Fiscal Year	Sales Tax Collections
2012/13	\$ 99,263,090
2011/12	95,151,159
2010/11	83,971,941
2009/10	80,107,904
2008/09	83,123,301

Source: City of Chandler, Management Services Department.

Tourism

Due to the proximity to various recreational and scenic attractions, including the Superstition Mountains east of the City, tourism contributes to the economy of the City.

Transportation

Industry, business and residents benefit from the transportation network available in and near the City. Rail, bus, highway and air facilities are developed throughout the area.

The City is served by the Union Pacific Railroad which traverses the City at two points. Greyhound-Trailways Bus Lines serves the City for long distance transportation while the Phoenix Transit System provides local public transportation to a limited portion of the City.

The City is served by a network of streets and highways. The Superstition Freeway ("U.S. Highway 60") parallels the northern border of the City. U.S. Highway 60 connects to cities in northern and eastern Arizona. The Superstition Freeway also connects to Interstate Highway 10 which connects the cities of Tucson and Phoenix. State Highways 87 and 93 bisect the City. The completion of the Price Freeway (a north-south portion of Loop 101) and the San Tan Freeway (an east-west portion of Loop 202) facilitate traffic flow to the City by connecting together the 101, 202 and I-10 freeways.

Residents of the area have ready access to Chandler Municipal Airport, Stellar Airpark, Phoenix-Mesa Gateway Airport and Sky Harbor International Airport. The Chandler Municipal Airport is owned and operated by the City. The Chandler Municipal Airport is located approximately three miles southeast of the central business district of the City and is designed to relieve private aircraft activity at Sky Harbor International Airport. The Chandler Municipal Airport has approximately 430 based aircraft and two parallel runways, 4,850 feet and 4,401 feet, respectively. The Chandler Municipal Airport offers various services including a full-service maintenance facility. The Stellar Airpark is a private airport that is open to public use and is located west of the central business district of the City. The Stellar Airpark has a 4,000 foot runway and provides various services. The Phoenix-Mesa Gateway Airport is owned and operated by the Williams Gateway Airport Authority that includes the City of Mesa, City of Phoenix, Town of Gilbert, Town of Queen Creek, and the Gila River Indian Community. The Phoenix-Mesa Gateway Airport is part of the former Williams Air Force Base. At the time of World War II, the Williams Air Force Base was the U.S. Air Force's foremost pilot training facility, graduating more student pilots and instructors than any other base in the country and supplying 25 percent of the U.S. Air Force's pilots annually. It has three expansive runways (10,401 feet; 10,201 feet; and 9,301 feet), a newly remodeled passenger terminal, and convenient parking. Phoenix-Mesa Gateway Airport is positioned to be a dynamic reliever airport to Phoenix's Sky Harbor International Airport. Phoenix Sky Harbor International Airport is located 15 miles to the northwest of the City.

Education

Arizona State University (the "University"), located in the bordering City of Tempe, Arizona, is one of the major universities in the Southwest. The University's Fall 2013 total enrollment was approximately 76,000 students. The University's Center of Excellence of the College of Engineering and Applied Sciences is nationally recognized for its high-quality research and is designed to meet the growing needs of the industry. The University has located a satellite site in downtown Chandler. The Center for Technology & Innovation focuses on high-tech engineering with approximately 1,000 students at full capacity. Adjacent to Phoenix-Mesa Gateway Airport, the Polytechnic Campus serves approximately 9,700 students. The campus includes five higher education partners – Arizona State University Polytechnic campus, Chandler-Gilbert Community College, Embry-Riddle Aeronautical University, Mesa Community College and UND Aerospace. The University's Polytechnic campus added new academic buildings that more than doubled the instructional lab and classroom space, and faculty offices; and a 500-seat auditorium in June 2008. Located in the City is the Chandler-Gilbert Community College, which opened in mid-1985. The college offers a complete educational program and serves more than 19,000 students annually. In April 1999, Western International University ("WIU") located an off-site campus in the City. WIU offers associates, masters and undergraduate degree programs and advanced certificate programs. Classes also are held at Intel. The University of Phoenix opened a new satellite location in the City in January 2001 and offers 5-week courses. The Chandler Unified School District provides primary and secondary education to residents in the City area through 29 elementary schools, seven junior high schools, seven high schools and one alternative learning center and one early college. A number of private and charter schools are also located in the City.

CITY OF CHANDLER, ARIZONA

FINANCIAL DATA

2013/14 Fiscal Year – Assessed and Estimated Net Full Cash Values (a)

Primary Assessed Valuation	\$2,157,002,870 (b)
Secondary Assessed Valuation	2,175,376,677 (b)
Estimated Net Full Cash Value	18,955,691,992 (c)

2014/15 Fiscal Year – Assessed Values (a)

Primary Assessed Valuation	\$2,277,718,171 (d)
Secondary Assessed Valuation	2,381,590,083 (d)

-
- (a) Arizona legislation divides property taxes into two categories, primary and secondary. Secondary property taxes are those taxes and assessments imposed to pay principal and interest on bonded indebtedness and certain other obligations, those imposed for special districts other than school districts and those imposed to exceed a budget, expenditure or tax limitation pursuant to voter approval. Primary property taxes are all ad valorem taxes other than secondary property taxes. Annual increases in the valuation of certain types of property for primary property tax purposes and the amount of primary property taxes which may be levied in any year are subject to certain limitations. These limitations do not apply with respect to secondary property taxes.
- (b) Valuations for the 2013/2014 fiscal year, provided by the Maricopa County Assessor. The Primary Assessed Valuation for fiscal year 2013/14 is \$2,157,002,870 which represents a 3.9% decline from fiscal year 2012/13. The Secondary Assessed Valuation for fiscal year 2013/14 is \$2,175,376,677 which represents a 3.5% decline from fiscal year 2012/13.
- (c) Estimated net full cash value is the total estimated market value of the property less unsecured personal property and less estimated exempt property within the City, as projected by the Arizona Department of Revenue, Division of Property and Special Taxes.
- (d) Valuations for 2014/15 fiscal year provided by the Maricopa County Assessor. The Primary Assessed Valuation for fiscal year 2014/15 is \$2,277,718,171 which represents a 5.6% increase from fiscal year 2013/14. The Secondary Assessed Valuation for fiscal year 2014/15 is \$2,381,590,083 which represents a 9.5% increase from fiscal year 2013/14.

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

STATEMENTS OF BONDS OUTSTANDING

General Obligation Bonds Outstanding and to be Outstanding (a)

Issue Series	Original Amount	Maturity Dates	Balance Outstanding
2003	\$ 16,265,000	7-1-10/16	\$ 6,020,000
2005	24,800,000	7-1-06/15	2,900,000
2006	30,905,000	7-1-07/17	14,225,000
2007	111,045,000	7-1-08/26	84,200,000
2007	22,960,000	7-1-09/20	18,260,000
2009	252,000,000	7-1-10/28	223,345,000
2011A	9,925,000	7-1-15/20	9,925,000
2011B	10,360,000	7-1-12/15,17-18	3,340,000
Total General Obligation Bonds Outstanding			\$ 362,215,000
Plus: The Bonds			\$ 194,600,000 *
Less: The Bonds Being Refunded			\$ (194,600,000) *
General Obligation Bonds to be Outstanding			\$ 362,215,000
Less: Airport Revenue Supported General Obligation Bonds (b)			(101,000)
Less: Water and Wastewater Funds Supported General Obligation Bonds (c)			(139,971,000)
Net General Obligation Bonds Outstanding and to be Outstanding excluding Water and Wastewater Funds Supported General Obligation Bonds and Airport Revenue Supported General Obligation Bonds (b)(c)			\$ 222,143,000

-
- (a) Excludes the debt service requirements for the City’s refunded and defeased bonds currently outstanding which are secured by obligations issued by the United States Government being held in their respective irrevocable trust accounts.
 - (b) The City intends to pay the debt service requirements of the following general obligation bonds with funds provided by the City’s airport revenues: \$101,000 aggregate principal amount of the City’s General Obligation Bonds, Series 2009 (the “Airport Revenue Supported General Obligation Bonds”). In the event that revenues available for payment of such annual debt service requirements from the respective enterprise funds proves to be insufficient, or the City elects not to pay debt service requirements on such general obligation bonds from the City’s airport revenues, the debt service requirements of such bonds will become payable from the annual levy of an ad valorem tax upon all of the taxable property located within the City.
 - (c) The City intends to pay the debt service requirements of the following general obligation bonds with funds provided by the Water and Wastewater Funds of the City: \$2,385,000 aggregate principal amount of the City’s General Obligation Refunding Bonds, Series 2003, \$31,100,000 aggregate principal amount of the City’s General Obligation Bonds, Series 2007 and \$106,486,000 aggregate principal amount of the Series 2009 GO Bonds (collectively, the Water and Wastewater Funds Supported General Obligation Bonds”). In the event that revenues available for payment of such annual debt service requirements from the respective enterprise funds proves to be insufficient, or the City elects not to pay debt service requirements on such general obligation bonds from the Water and Wastewater Funds, the debt service requirements of such bonds will become payable from the annual levy of an ad valorem tax upon all of the taxable property located within the City.

* Preliminary, subject to change.

Water and Wastewater Revenue Bonds Outstanding (a)

<u>Issue Series</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Balance Outstanding</u>
2003	17,830,000	7-1-04/16	\$ 4,035,000
2005	10,000,000	7-1-12/20	2,275,000
2005	15,485,000	7-1-09/17	9,900,000
2014	15,400,000	7-1-16/20	15,400,000
Total Water and Wastewater Revenue Bonds Outstanding			\$ 31,610,000
Plus: Water and Wastewater Funds Supported General Obligation Bonds (b)			139,971,000
Plus: Water and Wastewater Funds Supported Excise Revenue Tax Obligations (c)			142,200,000
Total Water and Wastewater Revenue Bonds Outstanding and to be Outstanding			<u>\$ 313,781,000</u>

-
- (a) Excludes the debt service requirements for the City’s refunded and defeased bonds currently outstanding which are secured by obligations issued by the United States Government being held in their respective irrevocable trust accounts.
 - (b) The City intends to pay the debt service requirements of the Water and Wastewater Funds Supported General Obligation Bonds with funds provided by the Water and Wastewater Funds of the City. In the event that revenues available for payment of such annual debt service requirements from the respective enterprise funds proves to be insufficient, or the City elects not to pay debt service requirements on such general obligation bonds from the Water and Wastewater Funds, the debt service requirements of such bonds will become payable from the annual levy of an ad valorem tax upon all of the taxable property located within the City.
 - (c) The City intends to pay the debt service requirements of the following obligations with funds provided by the Water and Wastewater Funds of the City: \$24,785,000 in aggregate principal amount of the City’s Excise Tax Revenue Obligations, Series 2009 (the “2009 Obligations”) , approximately \$12,915,000 in aggregate principal amount of Excise Tax Revenue Obligations, Series 2011 (the “2011 Obligations”) and, approximately \$104,500,000 in aggregate principal amount of Excise Tax Revenue Obligations, Series 2013 (the “2013 Obligations”) and together with the 2009 Obligations and the 2011 Obligations, the “Water and Wastewater Funds Supported Excise Tax Revenue Obligations”).

* Preliminary, subject to change.

Street and Highway User Revenue Bonds Outstanding (a)

<u>Issue Series</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Balance Outstanding</u>
1996B	\$1,250,000	7-1-06/15	\$25,000
2003	5,000,000	7-1-16/19	2,000,000
2010	10,450,000	7-1-11/19	3,340,000
2014	8,660,000		<u>8,660,000</u>
Total Street and Highway User Revenue Bonds Outstanding			<u><u>\$14,025,000</u></u>

(a) Excludes the debt service requirements for the City's refunded and defeased bonds currently outstanding which are secured by obligations issued by the United States Government being held in their respective irrevocable trust accounts.

Excise Tax Revenue Obligations Outstanding and to be Outstanding

<u>Issue Series</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Balance Outstanding</u>
2009	\$ 34,040,000	7-1-10/28	\$ 24,785,000
2011	15,000,000	7-1-12/28	\$ 12,915,000
2013	104,500,000	7-1-15/33	<u>\$ 104,500,000</u>
Total Excise Tax Revenue Obligations Outstanding			\$ 142,200,000
Less: Water and Wastewater Funds Supported Excise Tax Revenue Obligations (a)			<u>(142,200,000)</u>
Total Net Excise Tax Revenue Supported Obligations Outstanding and to be Outstanding			<u><u>\$0</u></u>

(a) The City intends to pay the debt service requirements of the Water and Wastewater Funds Supported Excise Tax Revenue Obligations with funds provided by the Water and Wastewater Funds of the City.

**Direct General Obligation Bonded Debt, Legal Limitation
and Available General Obligation Bonding Capacity (a)**

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

<u>General Municipal Purpose Bonds</u>		<u>Water, Light, Sewer, Open Space, Public Safety, Law Enforcement, Fire and Emergency Services, Park, Street, and Transportation Bonds</u>	
Total 6% General Obligation Bonding Capacity	\$ 130,522,601	Total 20% General Obligation Bonding Capacity	\$ 435,075,335
Less: 6% General Obligation Bonds Outstanding	<u>(10,198,000) (a)</u>	Less: 20% General Obligation Bonds Outstanding	<u>(374,452,000) (a)</u>
Net 6% General Obligation Bonding Capacity	<u>\$ 120,324,601</u>	Net 20% General Obligation Bonding Capacity	<u>\$ 60,623,335</u>

(a) Reflects prior economic defeasance of certain bonds.

Direct and Overlapping General Obligation Bonded Debt to be Outstanding

<u>Overlapping Jurisdiction</u>	<u>Overlapping General Obligation Bonded Debt (b)</u>	<u>Proportion Applicable to City of Chandler (a)</u>	
		<u>Approximate Percent</u>	<u>Net Debt Amount</u>
State of Arizona	None	4.045%	None
Maricopa County (c)	None	6.750%	None
Maricopa County Community College District (d)	\$ 709,690,000	6.750%	\$ 47,902,285
Chandler Unified School District No. 80	197,985,000	71.078%	140,724,208
Tempe Union High School District No. 213	75,475,000	16.205%	12,230,724
Kyrene Elementary School District No. 28 (e)	146,365,000	21.973%	32,161,046
Mesa Unified School District No. 4	246,950,000	4.962%	12,252,454
Gilbert Unified School District No. 41 (f)	116,680,000	1.987%	2,318,537
East Valley Institute of Technology District No. 401	None	13.517%	None
City of Chandler (g)(h)	362,215,000	100.000%	<u>362,215,000</u>
Total Direct and Overlapping General Obligation Bonded Debt to be Outstanding			<u>\$ 609,804,254</u>

- (a) Proportion applicable to the City is computed on the ratio of secondary assessed valuation as calculated for fiscal year 2013/14 for the overlapping jurisdiction to the amount of such valuation which lies within the City.
- (b) Includes total general obligation bonds outstanding and to be outstanding. Does not include authorized but unissued general obligation bonds of such other jurisdictions as follows or which may be authorized in the future:

<u>Overlapping Jurisdiction</u>	<u>General Obligation Bonds Authorized but Unissued</u>
State of Arizona	None
Maricopa County	None
Maricopa County Community College District	\$ 3,000
Chandler Unified School District No. 80	None
Tempe Union High School District No. 213	None
Kyrene Elementary School District No. 28	113,975,000
Mesa Unified School District No. 4	134,000,000
Gilbert Unified School District No. 41	12,000,000
East Valley Institute of Technology District No. 401	None
City of Chandler	245,345,000

Also does not include the obligation of the Central Arizona Water Conservation District (“CAWCD”) to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project (“CAP”), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April of 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD’s obligation for substantially all of the CAP features that have been constructed so far will be set at \$1.646 billion, which amount assumes (but does not mandate) that the United States

will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the \$1.646 billion repayment obligation, 73% is interest bearing and the remaining 27% is non-interest bearing. These percentages have been fixed for the entire 50-year repayment period, which commenced October 1, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per \$100 of secondary assessed valuation, of which fourteen cents is being currently levied. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

Does not include the obligations of the Maricopa County Flood Control District to contribute \$70 to \$80 million to the CAP. The Maricopa County Flood Control District's sole source of revenue to pay the contribution will be ad valorem taxes on real property and improvements.

- (c) Does not include Maricopa County certificates of participation. Does not include Maricopa County Public Finance Corporation lease revenue bonds outstanding. Does not include Maricopa County Stadium District revenue bonds outstanding.
- (d) Does not include Maricopa County Community College District revenue bonds outstanding.
- (e) Does not include Kyrene Elementary School District No. 28 certificates of participation outstanding.
- (f) Does not include Gilbert Unified School District No. 41 certificates of participation outstanding.
- (g) This total does not include City revenue bonds and excise tax revenue obligations currently outstanding as follows:

Water and Wastewater Revenue Bonds	\$36,095,000 ⁽¹⁾
Street and Highway User Revenue Bonds	18,000,000 ⁽²⁾
Excise Tax Revenue Obligations	148,380,000

⁽¹⁾ Includes the Bonds.

⁽²⁾ Includes the 2014 HURF Refunding Bonds. See "INTRODUCTORY STATEMENT" herein.

Includes Water and Wastewater Funds Supported General Obligation Bonds. In the event that the net revenues would prove to be insufficient or the City elects not to pay debt service requirements on the Water and Wastewater Funds Supported General Obligation Bonds from revenues from these enterprises, this debt would become payable from ad valorem taxes.

Does not include \$5,350,000 City improvement district bonds outstanding.

Includes Water and Wastewater Funds Supported General Obligation Bonds. In the event that the net revenues would prove to be insufficient or the City elects not to pay debt service requirements on the Water and Wastewater Funds Supported General Obligation Bonds from revenues from these enterprises, this debt would become payable from ad valorem taxes.

Does not include \$6,585,000 City improvement district bonds outstanding.

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

Direct and Overlapping General Obligation Bonded Debt Ratios

	Per Capita Bonded Debt Population @ 241,214 (a)	As % of City's 2013/14 Secondary Assessed Valuation	As % of City's 2013/14 Estimated Net Full Cash Value
Direct General Obligation Bonded Debt (\$362,215,000)	\$1,501.63	16.65 %	1.91 %
Direct and Overlapping General Obligation Bonded Debt Outstanding (\$609,804,254)	\$2,528.06	28.03 %	3.22 %

(a) U.S. Census Bureau 2012.

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

Expenditure Limitation; One-Year and Multi-Year Overrides

Since fiscal year 1982-83, all cities in Arizona have been subject to an annual expenditure limitation imposed by the Arizona Constitution. This limitation is based upon the City’s actual 1979-80 expenditures adjusted annually for subsequent growth in population and inflation. The Constitution exempts certain expenditures from the limitation. The principal exemptions for the City are payments for debt service on bonds and other long-term obligations, as well as expenditures of federal funds and certain state-shared revenues.

The Constitution provides four processes, all requiring voter approval, for cities to modify the expenditure limitation:

1. A four-year home rule option.
2. A permanent adjustment to the 1979-80 base.
3. A one-time override for the following fiscal year.
4. An accumulation for pay-as-you-go capital expenditures.

City voters have approved four-year home rule options on a regular basis since the implementation of the expenditure limitation. To the extent that the home rule option is not approved by the voters, the City would be subject to the expenditure limitations prescribed by the Constitution. Statutory changes in the election schedule prevented the City from seeking voter approval for the four-year renewal of the home rule option until November 2010, to take effect beginning in fiscal year 2011-12. Therefore, on May 18, 2010, the City’s voters approved a one-year override to exceed the expenditure limit by the City for fiscal year 2010-2011. On November 2, 2010, the City’s voters approved a four-year home rule option to exceed the expenditure limitation by the City beginning in fiscal year 2011-12. This four-year home rule option will be in effect through fiscal year 2014-15.

City Retirement Systems

All full-time employees of the City, the Mayor and City Council participate in one of the three pension plans administered by the State described below. See Note 11 in Appendix D for further discussion of the retirement plans of the City.

Arizona State Retirement System

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

The actuarially determined contribution rates for the fiscal year 2013/14 were 11.54% (11.3% retirement and 0.24% long-term disability) for both employees and employers. The City's contribution to the System for the fiscal year 2012/13 was \$7,404,820, equal to the required contribution.

Effective July 1, 2014, the City's annual contribution rates are 11.60% (11.48% retirement and 0.12% long-term disability) for fiscal year 2013/14 for both employees and employers.

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

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

All full-time sworn police officers and firefighters are eligible to participate in the Public Safety Personnel Retirement System (the "PSPRS") in separate agent multiple-employer defined benefit retirement plans. The PSPRS is jointly administered by the fund manager (a five-member board appointed by the Governor and the State Legislature) and 167 local boards. The PSPRS provides for retirement, health insurance premium benefits and death and survivor benefits. The PSPRS is administered in accordance with A.R.S. Title 38, Chapter 5, Article 4.

The actuarially determined contribution rates for the fiscal year ended June 30, 2014 were 23.55% of annual covered payroll for police and 20.45% of annual covered payroll for firefighters. The City's contribution to the PSPRS for the fiscal year ended June 30, 2013 was \$5,208,722 for police and \$2,944,651 for firefighters, equal to the required contributions.

Effective July 1, 2014, the City's annual contribution rates are 24.73% for police and 21.45% for firefighters for fiscal year 2013/14 for employer and 10.3% for both groups of employees.

The PSPRS has reported increases in its unfunded liabilities as compared to both the smoothed value of plan assets and the market value of plan assets. The most recent annual reports for the PSPRS may be accessed at: http://www.psprs.com/sys_psprs/AnnualReports/cato_annual_rpts_psprs.htm. The effect of the increase in the PSPRS's unfunded liabilities on the City, or on the City's and its employees' future annual contributions to the PSPRS, cannot be determined at this time.

Elected Officials' Retirement Plan (Mayor and City Council)

The Mayor and Council of the City participate in the Elected Officials' Retirement Plan (the "EORP"), a multiple-employer cost sharing defined benefit pension plan. The administrator for the EORP is also the fund manager of the PSPRS. The EORP provides for retirement, health insurance premium benefits and death and survivor benefits.

Effective January 1, 2014, the contribution rate is 23.5%. The City's contribution to the EORP for the fiscal year ended June 30, 2013 was \$60,215, equal to the required contribution.

Rates effective July 1, 2014 have not been finalized due to changes to the EORP.

The EORP has reported increases in its unfunded liabilities as compared to both the smoothed value of plan assets and the market value of plan assets. The most recent annual reports for the EORP may be accessed at: http://www.psprs.com/sys_eorp/AnnualReports/cato_annual_rpts_EORP.htm. The effect of the increase in the EORP's unfunded liabilities on the City, or on the City's and its employees' future annual contributions to the EORP, cannot be determined at this time.

Healthcare Benefits for Retired Employees

Beginning with the fiscal year that commenced on July 1, 2007, the City implemented Government Accounting Standards Board Statement Number 45, *Accounting by Employers for Post-Employment Benefits Other than Pensions* ("GASB 45"), which required reporting 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 reporting of such costs as a financial statement liability.

The City's employees, their spouses and survivors may be eligible for certain retiree health care benefits under health care programs provided by the City. Employees on long-term disability and their spouses may also qualify for retiree health care benefits through the City. It is expected that substantially all City employees that reach normal or early retirement age while working for the City will become eligible for such benefits. Currently, such retirees may obtain the health care benefits offered by the City by paying 100% of the applicable premium. Although the retirees pay 100% of their premium, the retirees' participation in the City's health care program affects the City's health care costs for its employees and results in an implicit rate subsidy.

The City commissioned and received an actuarial valuation of the City's other post-employment benefit (OPEB) costs associated with the health care programs available to retirees through the City in order to meet the requirements of GASB 45. The City provides other post-employment benefits to its retirees that consist of an implicit subsidy for health care and a retirement health savings (RHS) plan for reimbursement of eligible medical expenses. The City offers the RHS plan to employees and contributes toward a savings plan for each employee that they are eligible to use for medical expense reimbursement at separation from service. The City makes no contribution to the retirees' premiums other than allowing them to participate through the City's pooled benefits. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a implicit subsidy to retirees. This implicit subsidy exists because, on average, retiree health care costs are higher than active employee healthcare costs. Because the City does not contribute anything toward this plan in advance, the City employs a pay-as-you-go method through paying the higher rate for active employees each year.

The City's net OPEB obligation as of June 30, 2013 is \$12,018,809 and is reflected on the Balance Sheet in the City's Financial Statements. This is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined which represents a level of funding that is paid on an ongoing basis, and projected to cover normal cost each year to amortize the unfunded actuarial liability over a period not to exceed thirty years. The actuarial valuation shows the City's total unfunded accrued liability as of June 30, 2013 at \$52,300,279 based on the unit credit actuarial cost method. This method projects each individual's benefits included in an actuarial valuation and allocates them by a consistent formula to valuation years and is shown as a note disclosure in the City's Financial Statements.

PROPERTY TAXES

At the general election held November 6, 2012, the voters of the State ratified Senate Concurrent Resolution 1025, which amends a provision of the Arizona Constitution relating to the State's property tax system. Beginning in tax year 2015 (for operations during the City's fiscal year 2015/16), and for tax years thereafter, the constitutional amendment will limit the value of real property and improvements, including mobile homes, used for all ad valorem tax purposes (both primary and secondary) to the lesser of the full cash value of the property or an amount five percent greater than the taxable value of property determined for the prior year. The foregoing limitation does not apply to (1) equalization orders that the Arizona Legislature exempts from such limitation; (2) property used in the business of patented or unpatented producing mines, mills and smelters; (3) producing oil, gas and geothermal interests; (4) real property and improvements used for operation of telephone, telegraph, gas, water and electric

utilities; (5) aircraft - regularly scheduled and operated by an airline company; (6) standing timber; (7) pipelines; and (8) personal property, except mobile homes. Statutory amendments to implement this Constitutional amendment were enacted in the 2013 legislative session. The information which follows under this heading "Property Taxes" summarizes the assessment, levy and collection process as it currently exists.

Notwithstanding the following discussion of property taxes, the obligation of the City to make the Payments with respect to the Bonds does not constitute an obligation to pledge any form of ad valorem taxes. See "THE BONDS – Security For and Sources of Payment of the Bonds".

Tax Years

The Arizona tax year has been defined as the calendar year notwithstanding the fact that tax procedures, as explained below, begin prior to January 1 of the tax year and continue through May of the succeeding calendar year when payment of the second installment of property taxes becomes past due. The definition of the tax year is a function of the tax lien attached to the real property as of January 1 of the tax year in question. Property taxes are levied on a calendar year although the City operates on a fiscal year basis.

Ad Valorem Taxes

The State currently has two different valuation bases for levying ad valorem property taxes. They are "limited property" and "full cash" values. However, recent legislation will revise the secondary property tax from current "full cash value" to a limited value starting in 2015. Property valuations are established on most property by the individual county assessors, with the State Department of Revenue determining the valuations of centrally assessed properties such as gas, water and electric utilities, pipelines, mines, local and long distance telephone companies and airline flight property.

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." "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally include the market approach, the cost approach and the income approach. As a general matter, the various county assessors use a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the county assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

Residential property owners 65 years of age and older may obtain a property valuation "freeze" against valuation increases (the "Property Valuation Protection Option") if the owner's total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate." The Property Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

County assessors, upon meeting certain conditions, may value residential, agricultural and vacant land at the same as full cash valuation for up to three years. The Assessor of the County currently values existing properties on a two year cycle.

Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) which is multiplied by the limited or full cash values of the property to obtain the assessed valuations.

ASSESSMENT RATIOS

The appropriate property classification ratio is applied to the full cash value to determine the assessed valuation for such parcel. The current assessment ratios for each class of property are set forth in the following table.

PROPERTY TAX ASSESSMENT RATIOS

Property Classification (a)	2010	2011	2012	2013	2014
Mining, Utility, Commercial and Industrial (b)(c)	21%	20%	20%	19.5%	19%
Agriculture and Vacant Land (b)(c)	16	16	16	16	16
Owner-Occupied Residential	10	10	10	10	10
Leased or Rented Residential	10	10	10	10	10
Railroad, Private Car Company and Airline Flight Property (d)	17	15	15	15	16

- (a) Several additional classes of property exist, but seldom amount to a significant portion of an entity's total valuation.
- (b) For tax year 2014, full cash values up to \$141,385 on commercial, industrial and agricultural personal property are exempt from taxation. For tax year 2013, full cash values up to \$133,868 on personal property used for commercial, industrial and agricultural purposes are exempt from taxation. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of that amount will be assessed at the applicable rate.
- (c) The assessment ratio for mining, utility, commercial and industrial property will be reduced to 18.5% for tax year 2015 and further reduced to 18% for tax year 2016 and thereafter. The assessment ratio for agricultural and vacant land will be reduced to 15% for tax year 2016 and thereafter. From time to time, there are legislative proposals in the State, including proposals to reduce the assessment ratio for certain property, which, if enacted, could alter or amend the matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would adversely affect the market value of the obligations (including the Bonds).
- (d) The percentage is calculated annually based on the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash value of such properties.

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

Primary Taxes

Taxes levied against the assessed limited property value (after application of the assessment ratio) are referred to as primary taxes, which are used for the maintenance and operation of counties, cities/towns, school districts, community college districts and the State. Limited property value cannot exceed the full cash value and is derived statutorily using one of the following two procedures:

- (1) The limited property value for parcels in existence in the prior year that did not undergo modification through construction, destruction, split or change in use, is established at the previous year's limited property value increased by the greater of either 10% of last year's limited property value or 25% of the difference between last year's limited property value and the current year's full cash value.

- (2) The limited property value for property that was omitted from the tax roll in the prior year, that underwent a change in use or modification through construction, destruction or demolition or that has been split, subdivided or consolidated, is established at a level or percentage of the limited property value to full cash value of existing properties of the same use or legal classification.

The aggregate of the primary taxes levied by a county, city, town and community college district is constitutionally limited to a maximum increase of two percent (2%) over the prior year's levy limit plus any taxes on property not subject to tax in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation).

Secondary Taxes

Taxes levied against the assessed full cash value (after application of the assessment ratio) are referred to as secondary taxes, which are used for debt retirement (i.e., debt service on bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts. Currently there is no limitation on the annual increase in full cash value of any property, and annual levies for voter-approved bond indebtedness and special district assessments are unlimited. However recent legislation will impose a 5% limit on annual increases to property valuations for secondary taxes.

Tax Procedures

On or before the third Monday in August each year the Board of Supervisors of the County approves the tax roll setting forth the valuation by taxing district of all property in the County subject to taxation. Pursuant to legislation in 1996 that changed certain aspects of the assessment system, the Board of Supervisors of the County is required to adopt final tax rates by December 31. The Assessor of the County is required to complete the assessment roll by December 20th 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 owned by each property owner. Any decrease in the value of the assessment roll established in December from the value used on the third Monday in August could reduce the aggregate amount of taxes collected and needed by each jurisdiction.

Delinquent Tax Procedures

The property taxes due the City are billed, along with State and other taxes, in September of the calendar tax year and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month. (However, 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.

It should be noted that in the event of a taxpayer filing for or being forced into bankruptcy 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 pending bankruptcy. Such taxes might constitute an unsecured and possibly noninterest 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 would be stayed pursuant to the Bankruptcy Code. While the 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 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 County, the Financial Advisor, or their respective agents or consultants have 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 tax rate of the City charged to non-bankrupt taxpayers during such subsequent tax years.

Real and Secured Property Taxes Levied and Collected (a)

Fiscal Year	Tax Rate	Tax Levy	Collected to June 30 of Initial Fiscal Year		Cumulative Collection to June 16, 2014	
			Amount	% of Levy	Amount	% of Levy
2013/14	1.2714	\$ 27,824,136	(b)	(b)	\$ 27,337,301	98.25 %
2012/13	1.2714	28,985,132	\$ 28,600,694	98.67%	28,830,320	99.47
2011/12	1.2714	31,736,420	30,911,649	97.40	31,270,355	98.53
2010/11	1.1814	35,787,170	34,575,806	96.62	34,972,868	97.72
2009/10	1.1814	40,152,969	38,745,712	96.50	39,495,353	98.36
2008/09	1.1814	38,645,019	37,554,147	97.18	38,404,642	99.38

(a) Taxes are certified and collected by the Maricopa County Treasurer. Taxes in support of debt service are levied by the Maricopa County Board of Supervisors as required by the 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 General Fund.

(b) In the process of collection.

Source: County Department of Finance.

ASSESSED VALUATIONS AND TAX RATES

Arizona property taxes are divided into two systems: primary and secondary. Secondary property taxes are those taxes imposed for payment of bonded indebtedness, for exceeding a budget, expenditure or tax limitations pursuant to voter approval and for operating and maintaining certain special districts. Primary property taxes are all ad valorem taxes other than secondary property taxes.

Under the primary system, the full cash value of locally-assessed real property (consisting of residential, commercial, industrial, agricultural and unimproved property) cannot increase by more than 10% per year, except under certain circumstances. This limitation does not apply to mines, utilities and railroads which are assessed by the State. Annual tax levies under the primary system are based on the nature of the property taxed and the taxing authority. Primary taxes levied on residential property only are limited to 1% of the full cash value of such property. In addition, primary taxes levied on all types of property by counties, cities, towns and community college districts are limited to a maximum increase of 2% over the prior year's levy plus any amount directly attributable to new construction and annexation. The 2% limitation does not apply to primary taxes levied for local school districts.

Secondary assessed valuation represents the value used in determining property tax levies for the payment of principal and interest on general obligation bonds and the calculation of maximum bonded indebtedness allowed under the State's Constitutional debt limit. Under the secondary system there is no limitation on annual increases in full cash.

Direct and Overlapping Assessed Valuations and Total Tax Rates Per \$100 Assessed Valuation

Overlapping Jurisdiction	2013/14 Secondary Assessed Valuation	2013/14 Primary Assessed Valuation	2013/14 Total Tax Rates Per \$100 Assessed Valuation
State of Arizona	\$ -	\$ -	\$ 0.5123 (a)
Maricopa County	32,229,006,810	31,996,204,979	1.2807
Maricopa County Community College District	32,229,006,810	31,996,204,979	1.5340
Maricopa County Library District	32,229,006,810	N/A	0.0438
Maricopa County Flood Control District	28,622,833,869	N/A	0.1392
Maricopa County Fire District	32,229,006,810	N/A	0.0121
Maricopa County Hospital District	32,229,006,810	N/A	0.1939
Central Arizona Water Conservation District	32,229,006,810	N/A	0.1400
East Valley Institute of Technology District No. 401 (b)	14,429,505,175	N/A	0.0500
Chandler Unified School District No. 80	2,005,024,947	1,987,573,504	6.4602
Tempe Union High School District No. 213	2,844,001,721	2,825,007,510	2.6563
Kyrene Elementary School District No. 28	1,638,141,471	1,631,207,910	4.2837
Mesa Unified School District No. 4	2,430,590,986	2,413,648,488	7.4422
Gilbert Unified School District No. 41	1,452,378,410	1,444,373,529	7.1312
City of Chandler	2,175,376,677	2,157,002,870	1.2714

(a) Includes the State Equalization Assistance Property tax. This rate has been set at \$0.5123 for fiscal years 2013/14 and is adjusted annually pursuant to Arizona Revised Statutes, Section 41-1276.

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

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Foundation, *Maricopa 2013 Levy*, Maricopa County, *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

Direct and Overlapping Tax Rates Per \$100 Assessed Valuation

Inside the City, East Valley Institute of Technology and:

Inside Gilbert Unified School District No. 41	<u>\$ 12.3586</u>
Inside Mesa Unified School District No. 4	<u>\$ 12.6696</u>
Inside Tempe Union High School District No. 213 and Kyrene Elementary School District No. 28	<u>\$ 12.1674</u>
Inside Chandler Unified School District No. 80	<u>\$ 11.6876</u>

Source: *Maricopa 2013 Levy*, Maricopa County.

Secondary Assessed Valuation by Property Classification

Set forth below is a breakdown of the secondary assessed valuation of the City by property classification.

	<u>2009/10</u> Secondary Assessed Valuation	<u>2010/11</u> Secondary Assessed Valuation	<u>2011/12</u> Secondary Assessed Valuation	<u>2012/13</u> Secondary Assessed Valuation	<u>2013/14</u> Secondary Assessed Valuation	<u>2013/14</u> Annual Percent Change
Mining, Utility, Commercial and Industrial	\$ 1,205,488,578	\$ 1,193,021,131	\$ 883,096,623	\$ 786,423,233	\$ 711,755,414	-9.49%
Agriculture and Vacant Land	188,645,271	157,254,185	106,064,124	88,266,812	69,631,063	-21.11%
Owner-Occupied Residential	1,700,032,500	1,370,248,748	1,172,234,257	1,053,618,418	950,951,406	-9.74%
Leased or Rented Residential	298,018,725	279,202,958	233,796,110	207,161,750	279,862,096	35.09%
Railroad, Private Car Company and Airline Flight Property	3,150,912	2,995,308	2,562,757	2,126,795	2,143,818	0.80%
Historical Property	112,760,854	108,289,516	70,620,951	117,312,742	160,779,486	37.05%
Commercial Historic Property	326,682	334,456	251,795	269,551	253,394	-5.99%
	<u>\$ 3,508,423,522</u>	<u>\$ 3,111,346,302</u>	<u>\$2,468,626,617</u>	<u>\$2,255,179,301</u>	<u>\$2,175,376,677</u>	-3.54%

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and *Maricopa 2013 Levy*, Maricopa County.

Secondary Assessed Valuation of Major Taxpayers

<u>Taxpayer (a)</u>	<u>Description</u>	<u>2013/14 Secondary Assessed Valuation</u>	<u>As % of City's Total 2013/14 Secondary Assessed Valuation</u>
Intel Corporation	Manufacturing Plant	\$ 29,973,030	1.38 %
TWC Chandler LLC	Enclosed Mall	26,178,765	1.20
Bank of America NA	Mortgage Brokerage	12,902,646	0.59
Covance Laboratories Inc.	Research and Development	10,403,628	0.48
Wells Fargo Bank NA	Financial Services	9,964,196	0.46
Iridium Satellite	Manufacturing Plant	9,126,435	0.42
Chandler Festival LLC	Open Shopping Center	7,867,604	0.36
Digital 2121 LLC	Office Building	7,171,119	0.33
Qwest Corp.	Telecommunications	7,066,799	0.32
Freescale Semiconductor	Manufacturing Plant	6,978,918	0.32
Total		<u>\$ 127,633,140</u>	<u>5.87%</u>
Total City Net Secondary Assessed Valuation		\$ 2,175,376,677	

Source: County Treasurer's Office and *Maricopa 2013 Levy*, Maricopa County. Neither the City nor the Financial Advisor have made an independent determination of the financial position of any of the major taxpayers listed above.

Some of the Major Taxpayers, including Intel Corporation, Freescale Semiconductor Inc, Qwest Corporation, and Wells Fargo Bank, National Association are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected and copies are available at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the NYSE at 20 Broad Street, New York, New York 10005. Neither the City nor the Financial Advisor or their respective agents or consultants has examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

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

However, SRP may elect each year to make voluntary contributions in lieu of property taxes with respect to certain of its electrical facilities (the "SRP Electric Plant"). If SRP elects to make the in lieu contribution for the year, the full cash value of the SRP Electric Plant and the in lieu contribution amount is determined in the same manner as the full cash value and property taxes owed is determined for similar non-governmental public utility property, with certain special deductions.

If SRP elected not to make such contributions, the City would be required to contribute funds from other sources or levy an increased tax rate on all other taxable property to provide sufficient amounts to pay debt service on the Bonds. If after electing to make the in lieu contribution, SRP then failed to make the in lieu contribution when due, the Treasurer of the County and the City have no recourse against the property of SRP and there may be a delay in the payment of that portion of the debt service on the Bonds that would have been paid by SRP's in lieu contribution.

Since 1964, when the in lieu contribution was originally authorized in State statute, SRP has never failed to make that election. The fiscal year 2013/14 preliminary in lieu assessed valuation of SRP within the City is \$41,612,797 which represents approximately 1.92% of the combined secondary assessed value in the City. SRP's total estimated contribution in lieu of property tax payments (primary & secondary) was approximately \$511,688 for fiscal year 2012/13.

Comparative Secondary Assessed Valuation Histories

<u>Fiscal Year</u>	<u>City of Chandler</u>	<u>Maricopa County</u>	<u>State of Arizona</u>
2013/14	\$ 2,175,376,677	\$ 32,229,006,810	\$ 52,594,377,492
2012/13	2,255,179,301	34,400,455,716	56,271,814,583
2011/12	2,468,626,617	38,760,296,714	61,700,292,915
2010/11	3,111,346,302	49,662,543,618	75,664,423,588
2009/10	3,508,423,522	55,202,105,457	86,525,272,506

Source: *State and County Abstract of the Assessment Roll, Arizona Department of Revenue and Maricopa 2013 Levy, Maricopa County.*

Estimated Net Full Cash Value (a)

<u>Fiscal Year</u>	<u>City's Estimated Full Cash Value</u>
2013/14	\$ 18,955,691,992
2012/13	18,800,428,297
2011/12	19,943,235,487
2010/11	24,651,460,281
2009/10	28,185,853,864

(a) The estimated net full cash value of the City approximates the total estimated market value of all taxable property located within the City, less the estimated exempt property within the City as calculated by the Arizona Department of Revenue, Division of Property and Special Taxes.

Source: *State and County Abstract of the Assessment Roll, Arizona Department of Revenue and Maricopa 2013 Levy, Maricopa County.*

FORM OF APPROVING LEGAL OPINION

[Closing Date]

MAYOR AND COUNCIL
CITY OF CHANDLER, ARIZONA
MARICOPA COUNTY, ARIZONA

We have examined the transcript of proceedings relating to the issuance by the City of Chandler, Arizona (the "*City*"), of its \$194,640,000* aggregate original principal amount of City of Chandler, Arizona, General Obligation Refunding Bonds, Series 2014 (the "*Bonds*"). The Bonds are dated the date of initial delivery and bear interest payable January 1 and July 1 of each year, commencing January 1, 2012.

As to questions of fact material to our opinion, we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The Bonds are valid and binding general obligations of the City.
2. All taxable property within the City is subject to the levy of a direct, annual, and ad valorem tax to pay the principal of and interest on the Bonds without limit as to rate or amount, except that the total aggregate of taxes levied to pay the principal of and interest on the Bonds in the aggregate shall not exceed the total aggregate amount of principal and interest to become due on the bonds being refunded from the date of issuance of the Bonds to the final date of maturity of the bonds being refunded. Additionally, the owners of the bonds being refunded have the right to rely upon a tax levy for the payment of principal and interest on the bonds being refunded if the investments made with the proceeds of the Bonds prove insufficient. It is required by law that there be levied, assessed and collected, in the same manner as other taxes of the City, an annual tax upon the taxable property in the City sufficient to pay the principal of and interest on the Bonds when due.
3. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; however, such interest income must be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations, which income is subject to federal alternative minimum tax. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended, (the "*Code*"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the City rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirement could cause the Bonds to be "arbitrage bonds" within the meaning of the Code or otherwise result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The City has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the City with such restrictions, conditions and requirements.

* Preliminary, subject to change.

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

GUST ROSENFELD P.L.C.

Bond Counsel

CITY OF CHANDLER, ARIZONA

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The following audited Financial Statements are for the fiscal year ended June 30, 2013. These are the most recent audited financial statements available to the City. These financial statements may not represent the current financial conditions of the City. The City did not request the consent of Heinfeld, Meech & Co., P.C. to include its report and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering its opinion on the financial statements.

BOOK-ENTRY-ONLY SYSTEM

The description set forth below of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of principal of, premium, if any, and interest on, the Bonds to Direct Participants, Indirect Participants and Beneficial Owners (each as hereinafter defined), and other information concerning DTC and the book-entry-only system of registration and transfer of beneficial ownership interests in the Bonds is based solely on information furnished by DTC to the City for inclusion in this Official Statement. Neither the City, the Bond Registrar and Paying Agent, the Underwriters, the Financial Advisor, nor their agents or counsel make any representations as to the accuracy or completeness thereof.

The Depository Trust Company (“DTC”), New York, NY, 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 certificate will be issued for the Bonds, the aggregate principal amount of such issue, 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 Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

which mayor 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 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 registrar 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).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or 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, 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 redemption proceeds, distributions, and dividend payments 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.

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to The City or Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond 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, Bond 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, the Financial Advisor, the Underwriters or their counsel or agents takes no responsibility for the accuracy thereof.

NEITHER THE CITY, THE BOND REGISTRAR AND PAYING AGENT, THE UNDERWRITERS, THE FINANCIAL ADVISOR, NOR THEIR AGENTS OR COUNSEL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR TO ANY BENEFICIAL

OWNER WITH RESPECT TO: (I) THE BONDS, (II) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (III) THE TIMELY OR ULTIMATE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR OF INTEREST ON THE BONDS; (IV) THE TRANSMITTAL BY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; (V) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER; OR (VI) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS.

\$194,640,000*
CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2014

CONTINUING DISCLOSURE CERTIFICATE
(CUSIP NO. 158843)

This Continuing Disclosure Certificate (this "*Disclosure Certificate*") is undertaken by the City of Chandler, Arizona (the "*City*") in connection with the issuance of \$194,640,000* General Obligation Refunding Bonds, Series 2014 (the "*Bonds*"). In consideration of the initial sale and delivery of the Bonds, the City covenants as follows:

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

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

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

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

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

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

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

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

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

"*Official Statement*" shall mean the final official statement dated April __, 2011 relating to the Bonds.

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

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

* Preliminary, subject to change.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than February 1 of each year (the "Filing Date"), commencing February 1, 2012, provide electronically to MSRB, in a format prescribed by the MSRB an Annual Report for the fiscal year ending on the preceding June 30 which is consistent with the requirements of Section 4 of this Disclosure Certificate. Currently, filings are required to be made with EMMA. Not later than fifteen (15) business days prior to such Filing Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City).

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

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

(d) The Dissemination Agent shall:

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

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

Section 4. Content of Annual Reports.

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

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

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

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

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

- (1) Assessed and Estimated Net Full Cash Values;
- (2) Statements of Bonds Outstanding;
- (3) Property Tax Assessment Ratios;
- (4) Real and Secured Property Taxes Levied and Collected;
- (5) Direct and Overlapping Assessed Valuations and Total Tax Rates per \$100 Assessed Valuation;
- (6) Secondary Assessed Valuation by Property Classification;
- (7) Secondary Assessed Valuation of Major Taxpayers;
- (8) Comparative Secondary Assessed Valuation Histories.

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

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

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

Section 5. Reporting of Significant Events.

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service (the "IRS") of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Note to paragraph (12) above: For the purposes of the event identified in paragraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

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

- (a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in identity, nature or status of the City, or the type of business conducted;
- (b) This Disclosure Certificate, as amended, would, in the opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment does not materially impair the interests of Bondholders, as determined by Bond Counsel.

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

Section 9. Filing with EMMA. The City shall, or shall cause the Dissemination Agent to, electronically file all items required to be filed with the MSRB in a format prescribed by the MSRB. Currently, filings are required to be made with EMMA.

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

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

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

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

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

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

Section 16. **Notice Concerning Cancellation of Contracts.** To the extent applicable by provision of law, this Disclosure Certificate is subject to cancellation pursuant to Arizona Revised Statutes, Section 38-511, as amended.

Date: [Closing Date]

CITY OF CHANDLER, ARIZONA

By _____
Its Management Services Director

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Chandler, Arizona
Name of Bond Issue: \$194,640,000* General Obligation Refunding Bonds, Series 2014
Dated Date of Bonds: [Closing Date] CUSIP 158843

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

Dated: _____

City of Chandler, Arizona

By _____
Its _____

EXHIBIT B

NOTICE OF FAILURE TO FILE AUDITED FINANCIAL STATEMENTS

Name of Issuer: City of Chandler, Arizona
Name of Bond Issue: \$194,640,000* General Obligation Refunding Bonds, Series 2014
Dated Date of Bonds: [Closing Date] CUSIP 158843

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

Dated: _____

City of Chandler, Arizona

By _____
Its _____

EXHIBIT C

NOTICE OF FAILURE TO APPROPRIATE FUNDS

Name of Issuer: City of Chandler, Arizona
Name of Bond Issue: \$194,640,000* General Obligation Refunding Bonds, Series 2014
Dated Date of Bonds: [Closing Date] CUSIP 158843

NOTICE IS HEREBY GIVEN that the Issuer failed to appropriate funds necessary to perform the undertaking required by the Disclosure Certificate dated [Closing Date].

Dated: _____

City of Chandler, Arizona

Its _____

* Preliminary and subject to change.



City of Chandler
Tax and License Division
Mail Stop 701, PO Box 4008
Chandler, AZ 85244-4008

(480) 782-2280 *Phone*
(480) 782-2343 *Fax*
salestax@chandleraz.gov *e-Mail*
www.ChandlerAZ.gov *Website*

Cashiering Report

Batch Number	:	14073028
Accounting Date	:	07/30/2014
Total Number of Transaction	:	60
Number of Returns	:	30
Total Batch Amount	:	2,782.99
Total Cash Amount	:	0.00
Total Check Amount	:	2,782.99
Total Card Amount	:	0.00
User ID	:	KARIB
Batch Source	:	MAIL
Creation Date	:	July 30, 2014



City of Chandler
Tax and License Division
Mail Stop 701, PO Box 4008
Chandler, AZ 85244-4008

(480) 782-2280 *Phone*
(480) 782-2343 *Fax*
salestax@chandleraz.gov *e-Mail*
www.ChandlerAZ.gov *Website*

Cashiering Report

Batch Number	:	14073028
Accounting Date	:	07/30/2014
Total Number of Transaction	:	60
Number of Returns	:	30
Total Batch Amount	:	2,782.99
Total Cash Amount	:	0.00
Total Check Amount	:	2,782.99
Total Card Amount	:	0.00
User ID	:	KARIB
Batch Source	:	MAIL
Creation Date	:	July 30, 2014



City of Chandler
Tax and License Division
Mail Stop 701, PO Box 4008
Chandler, AZ 85244-4008

(480) 782-2280 *Phone*
(480) 782-2343 *Fax*
salestax@chandleraz.gov *e-Mail*
www.ChandlerAZ.gov *Website*

Cashiering Report

Batch Number	:	14073027
Accounting Date	:	07/30/2014
Total Number of Transaction	:	60
Number of Returns	:	30
Total Batch Amount	:	3,169.96
Total Cash Amount	:	0.00
Total Check Amount	:	3,169.96
Total Card Amount	:	0.00
User ID	:	KARIB
Batch Source	:	MAIL
Creation Date	:	July 30, 2014



City of Chandler
Tax and License Division
Mail Stop 701, PO Box 4008
Chandler, AZ 85244-4008

(480) 782-2280 *Phone*
(480) 782-2343 *Fax*
salestax@chandleraz.gov *e-Mail*
www.ChandlerAZ.gov *Website*

Cashiering Report

Batch Number	:	14073027
Accounting Date	:	07/30/2014
Total Number of Transaction	:	60
Number of Returns	:	30
Total Batch Amount	:	3,169.96
Total Cash Amount	:	0.00
Total Check Amount	:	3,169.96
Total Card Amount	:	0.00
User ID	:	KARIB
Batch Source	:	MAIL
Creation Date	:	July 30, 2014



City of Chandler
Tax and License Division
Mail Stop 701, PO Box 4008
Chandler, AZ 85244-4008

(480) 782-2280 *Phone*
(480) 782-2343 *Fax*
salestax@chandleraz.gov *e-Mail*
www.ChandlerAZ.gov *Website*

Cashiering Report

Batch Number	:	14073029
Accounting Date	:	07/30/2014
Total Number of Transaction	:	60
Number of Returns	:	30
Total Batch Amount	:	3,959.23
Total Cash Amount	:	0.00
Total Check Amount	:	3,959.23
Total Card Amount	:	0.00
User ID	:	KARIB
Batch Source	:	MAIL
Creation Date	:	July 30, 2014



City of Chandler
Tax and License Division
Mail Stop 701, PO Box 4008
Chandler, AZ 85244-4008

(480) 782-2280 *Phone*
(480) 782-2343 *Fax*
salestax@chandleraz.gov *e-Mail*
www.ChandlerAZ.gov *Website*

Cashiering Report

Batch Number	:	14073029
Accounting Date	:	07/30/2014
Total Number of Transaction	:	60
Number of Returns	:	30
Total Batch Amount	:	3,959.23
Total Cash Amount	:	0.00
Total Check Amount	:	3,959.23
Total Card Amount	:	0.00
User ID	:	KARIB
Batch Source	:	MAIL
Creation Date	:	July 30, 2014
