



Chandler · Arizona
Where Values Make The Difference

#10
FEB 22 2007

MEMORANDUM Management Services Memo No. 07-107

DATE: FEBRUARY 22, 2007

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER *RD*
 RICH DLUGAS, ASSISTANT CITY MANAGER *RD*

FROM: PAT WALKER, MANAGEMENT SERVICES DIRECTOR *Pat Walker*

SUBJECT: Adoption of Resolution No. 4042 Providing for the Issuance and Sale of \$111,045,000 City of Chandler, Arizona, General Obligation Bonds, Series 2007, and declaring an emergency.

RECOMMENDATION

Staff recommends Council adopt Resolution No. 4042, prepared by the City's bond counsel firm of Gust Rosenfeld, providing for the issuance and sale of \$111,045,000 principal amount of City of Chandler, Arizona, General Obligation Bonds in an on-line bidding process, and declaring an emergency.

BACKGROUND:

At the February 8, 2007 Council Meeting, Resolution No. 4041 passed by the City Council ordering the sale of \$111,045,000 principal amount of General Obligation bonds. Capital projects scheduled for next fiscal year require the sale of approximately \$111,045,000 of voter authorized General Obligation bonds to provide funding for projects listed in the 2006-2011 Capital Improvement Program.

FINANCIAL IMPLICATIONS:

The City will utilize carry-forward balances for individual bond funds to offset project costs. As a result, the amounts listed below will not necessarily equal the total project cost proposed in the 2006-07 Annual Budget.

\$111,045,000 GENERAL OBLIGATION BONDS***PARKS***

Tumbleweed Park	\$4,841,397	
Aquatic Facility Renovation & Expansion	125,260	
Existing Neighborhood Park Improvements	500,000	
Snedigar Sportsplex	3,342,184	
Paseo Vista Recreational Area	12,851,501	
Grind Park	733,639	
Landfill Recreation Center	39,764	
Recreation Center	18,691	
Arrowhead Park Light Renovation	87,587	
Paseo System Trail Development	1,234,066	
Desert Breeze Park Expansion	47,488	
Community Park Development	92,274	
Mesquite Groves Park Site	8,248,052	
Veteran's Oasis Park Site	8,683,697	
Nozomi Park	1,133,251	
Land Acquisition	<u>531,149</u>	
Sub Total		\$42,510,000

PUBLIC SAFETY - POLICE

Police Driver Training Facility	\$5,372,732	
South Chandler Police Substation	456,255	
Police Communications Center	<u>171,013</u>	
Sub Total		\$ 6,000,000

PUBLIC SAFETY - FIRE

Fire Administration Construction	\$4,739,137	
Station #3 Expansion	<u>195,863</u>	
Sub Total		\$ 4,935,000

STREETS

Upgrade Landscape Areas	\$ 500,000	
Bus Pullouts/Traffic Calming	223,600	
Streetlight Upgrade	179,200	
Bicycle Improvements	560,400	
Street Capacity & Safety Improvements	275,000	
Loop 202 Commuter Park & Ride Lot	250,000	
Street Repaving	1,740,000	
Traffic Calming Measures	120,000	
Street Construction - Various Projects	1,040,000	
Frye Road Extension	530,000	
Dobson Road/Warner Road Intersection	1,340,000	
Dobson Road/Chandler Boulevard Intersection	2,300,000	
Alma School Road/Ray Road Intersection	765,000	
New Traffic Signals	548,700	
Old Price Road/Queen Creek Road Intersection	<u>1,628,100</u>	
Sub Total		\$ 12,000,000

WATER

Joint Water Treatment Plant

	<u>\$45,600,000</u>	
Sub Total		<u>\$ 45,600,000</u>
	Total	<u>\$111,045,000</u>

PROPOSED MOTION

Move for the Adoption of Resolution No. 4042.

Attachments

c: Pat McDermott, Assistant City Manager

DRAFT

RESOLUTION NO. 4042

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$111,045,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, SERIES 2007; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF AN AGREEMENT FOR THE SERVICES OF A BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT; APPROVING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE ISSUANCE AND SALE OF THE BONDS HEREIN AUTHORIZED; RATIFYING THE ACTIONS OF CITY OFFICERS AND AGENTS CONCERNING THE BONDS AND THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT PERTAINING TO THE BONDS; PROVIDING CERTAIN TERMS, COVENANTS AND PROVISIONS REGARDING THE BONDS; AND DECLARING AN EMERGENCY.

WHEREAS, pursuant to special bond elections held in and for the City of Chandler, Arizona (the "*City*"), on May 16, 1989, September 12, 2000 and May 18, 2004, the issuance of General Obligation Bonds has been approved; and

WHEREAS, the City now desires to issue and sell \$111,045,000 of its General Obligation Bonds, Series 2007 (the "*Bonds*"), for the purposes and according to the terms as set forth in this resolution; 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 adoption 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, IT IS RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AS FOLLOWS:

Section 1. Authorization. For the purpose of providing funds to make certain of the acquisitions and public improvements authorized by the qualified electors of the City at special bond elections held on May 16, 1989, September 12, 2000 and May 18, 2004, there is hereby authorized to be issued and sold \$111,045,000 aggregate principal amount of the Bonds.

Section 2. Terms.

A. **Issuance of the Bonds.** The Bonds hereby authorized to be issued shall be designated City of Chandler, Arizona General Obligation Bonds, Series 2007 (the "*Bonds*"). The Bonds shall be dated as of the date of their initial delivery to the purchaser and will bear interest from the most recent January 1 or July 1 to which interest has been paid, or in the case of the interest due January 1, 2008, from their original issue date, to the maturity of each of the Bonds. The first interest payment date will be January 1, 2008, and interest shall be payable semiannually thereafter on each succeeding July 1 and January 1 during the term of the Bonds.

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 issued in the denomination of \$5,000 each or integral multiples thereof. The Bonds will mature on July 1 in the years and amounts and will bear interest at the rates as follows:

Maturity Date (July 1)	Principal Amount	Interest Rate	Maturity Date (July 1)	Principal Amount	Interest Rate
2008	\$ 3,800,000		2018	\$ 7,300,000	
2009	2,400,000		2019	7,400,000	
2010	1,975,000		2020	7,500,000	
2011	3,150,000		2021	7,625,000	
2012	4,150,000		2022	8,300,000	
2013	2,100,000		2023	10,350,000	
2014	2,050,000		2024	11,365,000	
2015	2,250,000		2025	11,870,000	
2016	2,350,000		2026	12,410,000	
2017	2,700,000				

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 Certificate payment date (or in accordance with then existing arrangements between the District and DTC). The City has entered into an agreement (the "*Letter of Representations*") with DTC in connection with the issuance of bonds of the City 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 registration books will 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.

D. Payment. If the Book-Entry-Only System is discontinued, interest on the Bonds will be payable on each Interest Payment Date by check mailed to the Owner thereof at the Owner's address all as shown on the registration books maintained by the Registrar as of the close of business of the Registrar on the fifteenth (15th) day of the month preceding an Interest Payment Date (the "*Record Date*").

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 of a registered

owner of at least \$1,000,000 in principal amount of Bonds not less than twenty (20) days prior to an Interest Payment Date, all payments of interest and, if adequate provision for surrender is made, principal 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".

E. Other Terms. The Bonds have such additional terms and provisions as are set forth in the form of Bond attached hereto as Exhibit A, which is a part of this resolution.

Section 3. Prior Redemption.

A. Redemption. Bonds maturing on or before July 1, 2017, are not subject to call for redemption prior to their stated maturity dates. Bonds maturing on or after July 1, 2018 are subject to call for redemption prior to their stated maturity dates, at the option of the City, in whole or in part on July 1, 2017, or on any interest payment date thereafter by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption but without premium.

B. Notice. Notice of redemption of any Bond will be mailed by first class mail, postage prepaid, to the registered owner thereof at the address shown on the books of 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 given to any securities depository by mail, facsimile, wire or other generally accepted electronic means of transmission of such notices. Failure to properly give notice of redemption shall not affect the redemption of any Bond for which notice was properly given.

C. 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.

D. 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 registered 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 registered owner thereof.

Section 4. Security. For the purpose of paying the principal of, interest and premium (if any) on early redemption 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, premium and administration costs on 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. The proceeds of the taxes shall be kept in a special fund and shall be used only for the purpose for which collected.

Section 5. Form of Bonds. 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 and are approved by those officers executing the Bonds and execution thereof by such officers shall constitute conclusive evidence of such approval. If the Book-Entry-Only System is discontinued, the Bonds shall be reissued and transferred in forms of Bonds and Certificates to be prepared at that time.

The Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each Bond shall be dated the date of its authentication and registration.

Section 6. Use of Proceeds. The proceeds from the sale of the Bonds shall be set aside and deposited by the Management Services Director in the separate accounts and used for the purposes set forth on Exhibit B attached hereto. The Bonds are issued for the purpose of paying the costs of water, parks, public safety, law enforcement, fire, emergency, street and transportation facilities and improvements and will be charged against the City's 20% debt limit (Article 9, Section 8, Arizona Constitution). The moneys for each separate purpose as stated above shall be applied and used solely for the respective purpose and shall be allocated against the respective ballot question submitted to the qualified electors of the City at the special bond elections of May 16, 1989, September 12, 2000 and May 18, 2004, as set forth on Exhibit B attached hereto.

Section 7. Execution of Bonds. The Bonds shall be executed for and on behalf of the City by the Mayor and attested by the Clerk by their manual or facsimile signatures and the City seal will be either photographically, mechanically reproduced or manually imprinted or affixed on the Bonds. If the signatures are affixed or imprinted by facsimile, the Mayor and Clerk shall execute a certificate adopting as their signatures the facsimile signatures appearing 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, the Bond shall nevertheless be valid.

A Bond shall not be valid or binding until authenticated by the manual signature of an authorized officer of the Registrar. The signature shall be conclusive evidence that the Bond has been authenticated and issued under this resolution.

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

Section 9. Acceptance of Final Bid. The bid of _____ (the "*Purchaser*"), which is on file with the City Clerk, is hereby accepted as the lowest and best bid and the Bonds are hereby ordered sold to such purchaser in accordance with the terms of such bid and the terms and conditions of the Notice Inviting Bids for the Purchase of Bonds.

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

Section 10. Registrar and Paying Agent. The City will maintain an office or agency where Bonds may be presented for registration or transfer (the "*Registrar*") and an office or agency where Bonds may be presented for payment (the "*Paying Agent*"). The City 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.

Initially, _____, will act as, and is hereby designated as, the Registrar and Paying Agent with respect to the Bonds. Any entity into which the Registrar and Paying Agent is merged or consolidated shall continue as the Registrar and Paying Agent hereunder without notice to the owners of 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.

The contract for Registrar's services is hereby approved in substantially the form on file with the City Clerk to provide for payment of Registrar's services. The City Management Services Director is hereby authorized and directed to execute the contract with the Registrar.

Each Paying Agent will 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 register of the Bonds, the registered owners of the Bonds and of transfer of the Bonds. When Bonds are presented to the Registrar or a co-registrar with a request to register transfer, the Registrar will register the transfer on the registration books if its requirements for transfer are met and will 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. Bonds presented to the Registrar for transfer after the close of business on the Record Date and before the close of business on the next subsequent interest payment date will be registered in the name of the transferee but the interest payment will be made to the registered owners shown on the books of the Registrar as of the close of business on the Record Date.

The Registrar shall authenticate Bonds for original issue up to \$111,045,000 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. Official Statement. The preparation, completion, use and distribution of the Preliminary Official Statement dated _____, 2007 (the "*Preliminary Official Statement*"), pertaining to the original issuance of the Bonds in the form now on file with the City Clerk is approved as a "deemed final" official statement (excepting permitted omissions), by the City as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "*Disclosure Rule*"). Either the Mayor or the Management Services Director is hereby authorized to certify or represent that the Official Statement is "final" for purposes of the Disclosure Rule. Such approval of the Preliminary Official Statement by either the Mayor or Management Services Director shall constitute the approval and designation by the City of the Preliminary Official Statement as a deemed final Official Statement for all purposes of the Disclosure Rule. Either the Mayor or Management Services Director is authorized on the City's behalf to complete a final official statement to be dated on or about the date hereof, and in substantially the form of the Preliminary Official Statement (the "*Final Official Statement*"). (The Preliminary Official Statement and the Final Official Statement are collectively referred to herein as the "*Official Statement*".) The Final Official Statement shall contain such modifications, changes and supplements as either the Mayor or Management Services Director shall approve or authorize as necessary to make true and accurate the information contained therein. Either the Mayor or Management Services Director is hereby authorized to execute and deliver to the Purchaser the Final Official Statement.

Either the Mayor or Management Services Director is further authorized to use and distribute, or authorize the use and distribution of, the Final Official Statement and supplements thereto concerning the original issuance of the Bonds as may in the Mayor's or Management Services Director's judgment be necessary or appropriate.

The Mayor, City Clerk or Management Services Director is also authorized to sign and deliver, on the City's behalf and in their official capacities, such certificates concerning the accuracy of the Final Official Statement and any amendment thereto as may, in their judgment, be necessary or appropriate.

Section 12. Continuing Disclosure Undertaking. In order to comply with the provisions of the Disclosure Rule, the Management Services Director is hereby authorized and directed to prepare, execute and deliver on behalf of the City a written undertaking or agreement for the benefit of the owners of the Bonds. The written undertaking or agreement shall contain such terms and provisions as are necessary to comply with the Disclosure Rule including, but not limited to (i) an agreement to provide to each nationally recognized municipal securities information repository and to the Arizona state information depository, if one shall be so designated by the State of Arizona, the financial information or operating data presented in the Final Official Statement as determined by the Management Services Director and the annual audited financial statements of the City and (ii) an agreement to provide material events disclosure to nationally recognized municipal securities information repositories or to any state information depository hereinafter designated and the Municipal Securities Rulemaking Board.

Section 13. Rebate Fund; Rebate Payments. The Mayor and the Council hereby authorize the Management Services Director or any agent thereof to create a separate fund to be known as the Rebate Fund. Into such fund shall be deposited any and all moneys deemed necessary to remain in compliance with the provisions of Section 148 of the Internal Revenue Code of 1986, as amended (the "*Code*"), or any regulations promulgated thereunder. Moneys in such fund shall be segregated or (if authorized in writing by an opinion of bond counsel) commingled with other moneys of the City. The Management Services Director is ordered and directed to employ or engage one or more arbitrage rebate consultants to calculate annually any necessary rebate amount to be paid to the United States of America. The Management Services Director is authorized and directed to pay any amounts necessary to the United States, as arbitrage rebate(s).

Section 14. Resolution a Contract. This resolution shall constitute a contract between the City and the registered owners of the Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the registered owners of the Bonds then outstanding.

Section 15. 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 the City would have adopted this resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this resolution may be held illegal, invalid or unenforceable.

Section 16. 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 shall be and are hereby ratified, confirmed and approved. Any change made in the Notice Inviting Proposals for the Purchase of Bonds which do not conform to the prior order of this Mayor and Council are hereby ratified. 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 17. Qualified Tax-Exempt Obligations. The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Section 18. Tax Covenants. In consideration of the purchase and acceptance of the Bonds by the owners thereof and, as authorized by Arizona Revised Statutes, Title 35, Chapter 3, Article 7, and in consideration of retaining the exclusion of interest income on the Bonds from gross income for federal income tax purposes, the City covenants with the owners from time to time of the Bonds to neither take nor fail to take any action which action or failure to act is within its power and authority and would result in interest on the Bonds become subject to federal income taxes.

The City agrees that it will comply with such requirements as in the opinion of Gust Rosenfeld P.L.C. ("*bond counsel*") are necessary to prevent interest on the Bonds 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 rebates of arbitrage profits relating to the Bonds; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys relating to the Bonds; and limiting the use of the proceeds of the Bonds and property financed thereby.

Section 19. Emergency Clause. The immediate operation of the provisions hereof is necessary for the preservation of the public peace, health and safety and an emergency is hereby declared to exist, and this resolution will be in full force and effect from and after its passage by the Mayor and Council and it is hereby except from the referendum provisions of the Constitution.

PASSED AND ADOPTED by the Mayor and Council of the City of Chandler, Arizona, on February 22, 2007.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Bond Counsel

Exhibit A: Bond Form

Exhibit B: List of Projects Financed and Bond Authorization Utilized

CERTIFICATION

I, Marla Paddock, the duly appointed and acting Clerk of the City of Chandler, Arizona, do hereby certify that the above and foregoing Resolution No. 4042 was duly passed by the City Council of the City of Chandler, Arizona, at a regular meeting held on February 22, 2007, and the vote was ___ aye's and ___ nay's and that the Mayor and ___ Council Members were present thereat.

DATED: February 22, 2007.

City Clerk

EXHIBIT A

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

Number: R-_____

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 BOND
SERIES 2007**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Dated Date</u>	<u>CUSIP</u>
_____%	July 1, 20__	_____, 2007	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.

Bonds maturing on or before July 1, 2017, are not subject to call for redemption prior to their stated maturity dates. Bonds maturing on or after July 1, 2018 are subject to call for redemption prior to their stated maturity dates, at the option of the City, in whole or in part on July 1, 2017, or on any interest payment date thereafter by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption but without premium.

Interest is payable on January 1 and July 1 of each year commencing January 1, 2008, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original dated date set forth above. Interest will be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

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

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon all of the taxable property in the City for the payment of this bond and of the interest hereon as each becomes due.

This bond is one of a series of general obligation bonds in the aggregate principal amount of \$111,045,000 of like tenor except as to amount, maturity date, redemption provisions, interest rate and number, issued by the City to provide funds to make those certain acquisitions and public improvements approved by a majority vote of qualified electors voting at elections duly called and held in and for 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 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.

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

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

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

The City has caused this bond to be executed by the Mayor and attested by the Clerk, which signatures may be facsimile signatures. 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

AUTHENTICATION CERTIFICATE

This bond is one of the City of Chandler, Arizona, General Obligation Bonds, Series 2007, described in the resolution mentioned herein.

_____,
as Registrar

Authorized Representative

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	UNIF GIFT/TRANS MIN ACT-_____Custodian_____
TEN ENT - as tenants by the entireties	(Cust) (Minor)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	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

EXHIBIT B

**\$111,045,000
CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2007**

**LIST OF PROJECTS FINANCED, ALLOCATION TO MATURITIES
AND BOND AUTHORIZATION UTILIZED**

ENTERPRISE SUPPORTED DEBT SERVICE

<u>Bond Amount</u>	<u>Maturity (July 1)</u>	<u>Election Date</u>	<u>Quest. No.</u>	<u>Purpose</u>
\$1,175,000	2008	9/12/2000	7	Water, Sewer & Effluent
\$1,400,000	2009	9/12/2000	7	Water, Sewer & Effluent
\$1,475,000	2010	9/12/2000	7	Water, Sewer & Effluent
\$2,900,000	2011	9/12/2000	7	Water, Sewer & Effluent
\$3,900,000	2012	9/12/2000	7	Water, Sewer & Effluent
\$1,850,000	2013	9/12/2000	7	Water, Sewer & Effluent
\$1,800,000	2014	9/12/2000	7	Water, Sewer & Effluent
\$2,000,000	2015	9/12/2000	7	Water, Sewer & Effluent
\$2,100,000	2016	9/12/2000	7	Water, Sewer & Effluent
\$2,200,000	2017	9/12/2000	7	Water, Sewer & Effluent
\$2,300,000	2018	9/12/2000	7	Water, Sewer & Effluent
\$2,400,000	2019	9/12/2000	7	Water, Sewer & Effluent
\$2,500,000	2020	9/12/2000	7	Water, Sewer & Effluent
\$2,625,000	2021	9/12/2000	7	Water, Sewer & Effluent
\$1,831,000	2022	9/12/2000	7	Water, Sewer & Effluent
\$ 894,000	2022	5/18/2004	6	Water & Sewer
\$2,850,000	2023	5/18/2004	6	Water & Sewer
\$3,000,000	2024	5/18/2004	6	Water & Sewer
\$3,125,000	2025	5/18/2004	6	Water & Sewer
<u>\$3,275,000</u>	2026	5/18/2004	6	Water & Sewer
\$45,600,000				

PROPERTY TAX SUPPORTED DEBT SERVICE

<u>Bond Amount</u>	<u>Maturity (July 1)</u>	<u>Election Date</u>	<u>Quest. No.</u>	<u>Purpose</u>
\$ 220,000	2008	5/16/1989	1	Public Safety & Computer
\$ 355,000	2008	9/12/2000	2	Fire Safety
\$3,800,000	2008	9/12/2000	3	Police Facilities
\$ 970,000	2008	5/18/2004	2	Public Safety/Fire
\$2,000,000	2009	5/18/2004	2	Public Safety/Fire
\$1,000,000	2010	5/18/2004	2	Public Safety/Fire
\$ 610,000	2011	5/18/2004	2	Public Safety/Fire
\$ 390,000	2011	5/18/2004	3	Public Safety/Police
\$1,000,000	2012	5/18/2004	3	Public Safety/Police
\$ 590,000	2013	5/18/2004	3	Public Safety/Police
\$ 410,000	2013	5/18/2004	5	Street & Highway
\$1,000,000	2014	5/18/2004	5	Street & Highway
\$1,000,000	2015	5/18/2004	5	Street & Highway
\$1,000,000	2016	5/18/2004	5	Street & Highway
\$1,000,000	2017	5/18/2004	5	Street & Highway
\$5,000,000	2018	5/18/2004	5	Street & Highway
\$2,590,000	2019	5/18/2004	5	Street & Highway
\$1,910,000	2019	9/12/2000	1	Parks & Recreation
\$ 500,000	2019	5/18/2004	1	Parks & Recreation
\$5,000,000	2020	5/18/2004	1	Parks & Recreation
\$5,000,000	2021	5/18/2004	1	Parks & Recreation
\$5,000,000	2022	5/18/2004	1	Parks & Recreation
\$6,000,000	2023	5/18/2004	1	Parks & Recreation
\$6,000,000	2024	5/18/2004	1	Parks & Recreation
\$6,500,000	2025	5/18/2004	1	Parks & Recreation
<u>\$6,600,000</u>	2026	5/18/2004	1	Parks & Recreation
\$65,445,000				