

EXHIBIT C

\$251,490,000
CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2008

LIST OF PROJECTS FINANCED, ALLOCATION TO MATURITIES

AND BOND AUTHORIZATION UTILIZED *

ENTERPRISE SUPPORTED DEBT SERVICE

<u>Bond Amount</u>	<u>Maturities (July 1)</u>	<u>Election Date</u>	<u>Quest. No.</u>	<u>Purpose</u>
\$67,800,000	2015-2021	May 15, 2007	8	Water Improvements
40,050,000	2021-2023	May 15, 2007	8	Wastewater Improvements
23,436,000	2010-2014	May 18, 2004	6	Wastewater Improvements
201,000	2009	May 18, 1993	4	Airport Improvements

PROPERTY TAX SUPPORTED DEBT SERVICE

<u>Bond Amount</u>	<u>Maturities (July 1)</u>	<u>Election Date</u>	<u>Quest. No.</u>	<u>Purpose</u>
\$9,990,000	2014-2015	May 18, 2004	5	Street and Highway Improvements
75,290,000	2023-2027	May 15, 2007	9	Street and Highway Improvements
2,495,000	2010	May 16, 1989	2	Stormwater Improvements
22,590,000	2027-2028	May 15, 2007	1	Parks and Recreation Improvements
2,400,000	2009-2010	May 15, 2007	5	Municipal Building Improvements (Center for the Arts)
300,000	2010	May 15, 2007	4	Library Improvements
3,000,000	2027	May 15, 2007	3	Public Safety/Police Improvements
3,374,000	2028	May 15, 2007	2	Public Safety/Fire Improvements
564,000	2010	May 15, 2007	7	Municipal Buildings Improvements (Expansion of Public Works Building and Garage)

* Subject to change based on final bond issue maturity amounts.



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#11
SEP 25 2008

MEMORANDUM

Management Services Memo No. 09-010

DATE: SEPTEMBER 18, 2008

TO: MAYOR AND COUNCIL

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

FROM: DENNIS STRACHOTA *DS* MANAGEMENT SERVICES DIRECTOR

SUBJECT: Adoption of Resolution No. 4219 Ordering the Sale and Issuance of, not to exceed, \$260,000,000 General Obligation Bonds, Series 2008 (the "Bonds")

RECOMMENDATION

Staff recommends Council adopt Resolution No. 4219, prepared by the City's bond counsel firm of Gust Rosenfeld, ordering the sale, scheduled for October 22, 2008, and issuance of General Obligation Bonds in an electronic competitive bidding process.

BACKGROUND

A variety of capital projects included in the City's Capital Improvement Plan (CIP) require debt financing. This resolution authorizes the competitive sale through electronic bidding procedures, of not to exceed \$260 million in voter authorized General Obligation Bonds. Bond proceeds will provide funding for the projects listed below. The debt service on the bonds for the airport, water and wastewater projects is expected to be paid from net revenues from the respective enterprise funds; debt service for all other projects, and if any enterprise funds are insufficient, will be paid from secondary property taxes.

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 2008-09 Annual Budget.

PROPOSED MOTION

Move for the Adoption of Resolution No. 4219.

GENERAL OBLIGATION BONDS***PARKS***

Tumbleweed Park	\$ 7,271,268	
Canal Park	1,484,569	
Aquatic Facility Renovations	212,414	
Existing Neighborhood Park Improvements	2,831,000	
Existing Community Park Improvements	503,841	
Nazomi Park	835,639	
Paseo Vista Recreational Area	673,523	
Boys and Girls Club Renovation	8,315,179	
South Arizona Avenue Corridor	<u>460,000</u>	
	Sub-Total	\$ 22,587,433

LIBRARY

Downtown Library Furniture Replacement	<u>\$ 300,000</u>	
	Sub-Total	\$ 300,000

CENTER FOR THE ARTS

Center for the Arts Improvements	<u>\$ 2,400,000</u>	
	Sub-Total	\$ 2,400,000

PUBLIC SAFETY – POLICE

Radio System Replacements	<u>\$ 3,000,000</u>	
	Sub-Total	\$ 3,000,000

PUBLIC SAFETY – FIRE

Fire Administration Building	\$ 719,441	
Fire Station #3 Expansion	1,045,095	
Training Center Expansion – Phase 1	1,509,980	
Radio Infrastructure Upgrade	<u>97,500</u>	
	Sub-Total	\$ 3,372,016

STREETS

Street Construction/Improvements – Various Projects	\$ 3,004,292	
Arterial Streets	41,682,924	
Intersections	17,152,544	
South Arizona Avenue	16,133,447	
Street Repaving	675,622	
Transit and Bicycle Projects	2,230,210	
Wall Upgrades and Repairs	2,044,854	
Traffic Engineering	<u>2,356,480</u>	
	Sub-Total	\$ 87,776,087

STORMWATER

Stormwater – Various	<u>\$ 2,495,714</u>	
	Sub-Total	\$ 2,495,714

PUBLIC BUILDINGS

Public Parking Garage

	<u>\$ 564,464</u>	
Sub-Total		\$ 564,464

AIRPORT

North Airport Apron

	<u>\$ 201,000</u>	
Sub-Total		\$ 201,000

WATER & WASTEWATER

Water

\$67,800,000

Wastewater

63,486,000

Sub-Total		\$131,286,000
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Attachment – Resolution 4219

RESOLUTION NO. 4219

RESOLUTION ORDERING THE ISSUANCE AND SALE OF NOT TO EXCEED \$260,000,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, SERIES 2008; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; PROVIDING CERTAIN TERMS, COVENANTS AND CONDITIONS CONCERNING THE SALE OF THE BONDS INCLUDING THE DELEGATION TO THE MANAGEMENT SERVICES DIRECTOR THE AUTHORITY TO PREPARE A NOTICE INVITING BIDS AND AWARD THE SALE OF THE BONDS TO THE LOWEST RESPONSIBLE BIDDER; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF SUCH BONDS INCLUDING THE PURCHASE OF BOND INSURANCE; AUTHORIZING THE APPOINTMENT OF A REGISTRAR AND PAYING AGENT FOR THE BONDS; 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 TO BE TAKEN WITH RESPECT TO THE BONDS IN FURTHERANCE OF THIS RESOLUTION.

WHEREAS, pursuant to special bond elections held in and for the City of Chandler, Arizona (the "*City*"), on May 16, 1989, May 20, 1997, May 18, 2004 and May 15, 2007, the issuance of General Obligation Bonds has been approved; and

WHEREAS, the City now desires to issue and sell not to exceed \$260,000,000 of its General Obligation Bonds, Series 2008 (the "*Bonds*"), for the purposes and according to the terms as set forth in this resolution; and

WHEREAS, the City will receive sealed bids for the purchase of the Bonds; 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, by this resolution the Mayor and Council will authorize the execution, issuance and sale of the Bonds to the winning bidder 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

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, May 20, 1997, May 18, 2004 and May 15, 2007, there is hereby authorized to be issued and sold not to exceed \$260,000,000 aggregate principal amount of the Bonds.

Section 2. Terms.

A. Terms of Bonds. The Series 2008 Bonds hereby authorized to be issued shall be designated City of Chandler, Arizona General Obligation Bonds, Series 2008, will be dated October 1, 2008 or such later date as set forth in the Notice Inviting Bids for the Purchase of Bonds (the "NIB") and will mature on July 1 in some or all of the years 2009 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 of the Bonds shall not exceed 9.00%.

The principal amount maturing in each year, the amount of premium required to be paid by the winning bidder, the optional and mandatory redemption provisions and any other final terms of the Bonds shall be as set forth in the NIB. The NIB, in substantially the form attached hereto as Exhibit A, is approved, and the Management Services Director, with assistance from the Financial Advisor, is authorized and directed to complete the NIB in a manner consistent with the terms of this resolution and thereafter circulate the NIB. Bids for the Bonds shall be received electronically through the Parity® electronic bidding process. The Bonds are expected to be issued initially in fully registered Book-Entry-Only form (as described herein) 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, 2009, or on a later date as set forth in the NIB.

B. Book-Entry-Only System. So long as the Bonds are administered under the Book-Entry-Only System described herein and in the Letter of Representations, 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 an 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 B, which is a part of this resolution.

Section 3. Prior Redemption.

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

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

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. 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.

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.

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 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 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 become 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 B, 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 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 C attached hereto. The Bonds are issued for the purpose of paying the costs of library, Center for the Arts, airport, public parking garage, water, parks, public safety, law enforcement, fire, emergency, street and transportation facilities and improvements and a portion will be charged against the City's 6% debt limit and another portion will be charged against the City's 20% debt limit, unless the City's 20% debt limit is insufficient and then the City will use its 6% 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, May 20, 1997, May 18, 2004 and May 15, 2007, as set forth on Exhibit C attached hereto.

Section 7. Execution of Bonds and Documents.

A. 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.

B. **Registrar Contract.** The form of Registrar's contract concerning duties of the Registrar, Transfer Agent and Paying Agent for the Bonds, in substantially the form submitted to the Mayor and Council and on file with the City Clerk, is hereby approved and the Mayor, Vice Mayor, City Clerk or 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 respective contract to be delivered. Execution by such officers shall constitute conclusive evidence of such approval.

C. Continuing Disclosure Certificate. In order to comply with the provisions of the Rule (as hereafter defined), unless an exemption from the terms and provisions of the Rule is applicable to the Bonds, the Mayor, Vice Mayor, City Clerk or Management Services Director is hereby authorized and directed to prepare, execute and deliver on behalf of the City a written agreement or undertaking for the benefit of the Owners (including beneficial owners) of the Bonds, in substantially the form presented to the Mayor and Council and on file with the City Clerk. The written agreement or undertaking shall contain such terms and provisions as are necessary to comply with the 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 national recognized municipal securities information repositories or to the state information depository hereinafter designated and the Municipal Securities Rulemaking Board.

D. Official Statement. The preparation of a preliminary official statement in a form that is deemed "final", as hereafter described, is hereby authorized and approved and the distribution of such preliminary official statement and the NIB are 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 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, Vice Mayor or 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 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; Sale of Bonds. The Management Services Director is hereby authorized and directed to accept the bid of the lowest responsible bidder, provided such bid and the issuance of the Bonds complies with the terms and conditions of this resolution and the NIB. The Bonds are hereby ordered sold to such winning bidder.

The Management Services Director is hereby authorized and directed to cause the Bonds to be delivered to or upon the order of the winning bidder 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.

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. The City may change the Registrar and Paying Agent without notice to or consent of the Owners of the Bonds and the City may act in any such capacity. The Management Services Director is hereby authorized and directed to execute a contract with the Registrar and Paying Agent.

Each Paying Agent will be required to agree in writing that the Paying Agent will hold in trust for the benefit of the Owners 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.

If the Book-Entry-Only System is discontinued, the Registrar shall keep a register of the Bonds, the Owners 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 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 \$260,000,000 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. 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 [as defined hereafter])

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 12. 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 then outstanding.

Section 13. 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 14. 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 NIB 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 15. Qualified Tax-Exempt Obligations. The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Section 16. 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.

PASSED AND ADOPTED by the Mayor and Council of the City of Chandler, Arizona, on September 25, 2008.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

Bond Counsel

Exhibit A: Notice Inviting Bids for the Purchase of Bonds
Exhibit B: Bond Form
Exhibit C: 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. 4219 was duly passed by the City Council of the City of Chandler, Arizona, at a regular meeting held on September 25, 2008, and the vote was ___ aye's and ___ nay's and that the Mayor and ___ Council Members were present thereat.

DATED: September 25, 2008.

City Clerk

EXHIBIT A

**\$251,490,000
CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2008**

NOTICE INVITING BIDS FOR THE PURCHASE OF BONDS

NOTICE IS HEREBY GIVEN that unconditional bids will be received to and including the hour of 9:00 a.m., Mountain Standard Time ("MST"), on October 22, 2008, by the City of Chandler, Arizona (the "City"), for the purchase of all, but not less than all, of \$251,490,000 aggregate principal amount of its General Obligation Bonds, Series 2008 (the "Bonds"). A bid may be submitted only through the facilities of PARITY® ("PARITY"). Submission of bids is further discussed below. The Management Services Director will announce the bids received and will award the contract for the purchase of bonds to the winning bidder at such time.

The City reserves the right to continue the date for receipt of bids. If the date for receipt of bids is continued, the City will give notice of the continuance by PARITY at *i-Deal.com*, prior to 11:00 a.m. MST on the business day prior to October 22, 2008.

The Bonds will be dated the date of initial delivery, and will bear interest from their date to the maturity of each of the Bonds at a rate or rates per annum of not to exceed 9.00%. Interest on the Bonds is payable semiannually on January 1 and July 1 commencing January 1, 2009. The Bonds will mature on July 1 in the years 2009 through 2028, inclusive, in the principal amounts as follows:

Maturity Date (July 1)	Principal Amount	Maturity Date (July 1)	Principal Amount
2009	\$2,200,000	2019	\$12,600,000
2010	5,000,000	2020	15,200,000
2011	5,550,000	2021	16,500,000
2012	6,250,000	2022	17,500,000
2013	7,250,000	2023	16,300,000
2014	7,500,000	2024	17,500,000
2015	7,750,000	2025	18,000,000
2016	9,000,000	2026	19,300,000
2017	9,000,000	2027	23,500,000
2018	11,750,000	2028	23,840,000

OPTIONAL REDEMPTION: Bonds maturing on or before July 1, 2018, are not subject to call for redemption prior to their stated maturity dates. Bonds maturing on or after July 1, 2019 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, 2018, 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.

PURPOSE: The Bonds are being issued for the purpose of making library, Center for the

Arts, airport, public parking garage, street, public safety, police and fire, water and park facilities and improvements in the City and to pay the costs of issuance of the Bonds.

TIME FOR RECEIPT OF BIDS: Bids will be received to and including the hour of 9:00 a.m., MST. The time maintained by PARITY shall constitute the official time.

ADJUSTMENT OF BONDS AFTER OPENING OF BIDS: The aggregate principal amount of the Bonds is preliminary and subject to change but in no event will exceed an aggregate principal amount of \$251,490,000. The City reserves the right to reduce the principal amount of Bonds for which proposals are being solicited by an amount up to \$13,831,950. The bid price paid by the winning bidder will be adjusted to reflect any change in the aggregate principal amount of the Bonds. Such adjusted bid will reflect changes in the dollar amount of the underwriting discount and original issue discount/premium, but will not change the underwriting discount percentage based on the bid price in the winning bid and the initial reoffering prices. The interest rates specified by the winning bidder for each maturity will not change. The winning bidder may not withdraw its bid as a result of any changes made within these limits. A representative of the City will notify the winning bidder of the final principal maturity amounts and the resulting adjusted purchase price no later than 11 A.M., MST on the date of award of the Bonds.

ELECTRONIC BIDDING PROCEDURES: Bids may be submitted only through the facilities of PARITY. Bids must be submitted on the official bid form that resides on the PARITY system (the "*Official Bid Form*"), without alteration or interlineation. Subscription to the Thomson Financial Municipal Group's BIDCOMP Competitive Bidding System is required in order to submit a bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. The City is using PARITY as a communications media, and not as the City's agent, to conduct electronic bidding for the Bonds.

All bids made through the facilities of PARITY shall be deemed irrevocable offers to purchase the Bonds on the terms provided in this Notice Inviting Bids for the Purchase of Bonds and shall be binding upon the entity making the bid. The City and Financial Advisor shall not be responsible for any malfunction or mistake made by, or as result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice Inviting Bids for the Purchase of Bonds shall conflict with information provided by PARITY, as the online system provider, this Notice Inviting Bids for the Purchase of Bonds shall control. Further information about PARITY, including any fee charged, may be obtained from BIDCOMP/PARITY, 395 Broadway, 2nd Floor, New York, New York 10018, Attn: Customer Support (212.849.5021).

Bidders are requested to state in their bids the true interest cost to the City, as described under "AWARD AND DELIVERY" herein. All bids shall be deemed to incorporate this Notice Inviting Bids for the Purchase of Bonds.

INTEREST RATES: Bids for the purchase of the Bonds must state the rate or rates of interest to be paid and no bid at a price less than the par value of the Bonds, together with all accrued interest thereon at the date of delivery of the Bonds, will be considered. All Bonds of the same maturity must bear the same rate of interest. The highest rate bid shall not exceed the lowest rate by more than 2.0% per annum. Bids must be expressed in multiples of one-eighth (1/8) or one-twentieth

(1/20) of one percent. Interest will be calculated on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Any interest rate bid which would result in an interest payment amount having fractional cents will be deemed a waiver of the right to payment of such fractional cents. No fractional cents will be paid or accumulated for payment on any Bond.

MAXIMUM NET PREMIUM AND INFORMATION TO BE PROVIDED BY WINNING BIDDER: The Bonds may not be reoffered to produce a Net Premium (as hereinafter defined) associated with the Bonds in excess of \$5,029,800. **REOFFERING THE BONDS AT A NET PREMIUM IN EXCESS OF \$5,029,800 WILL CAUSE THE BONDS TO BE INVALID.** The term "Net Premium" means the difference between the par amount of the Bonds and the issue price of the Bonds determined pursuant to United States Treasury Regulations. The issue price of the Bonds is the aggregate of the issue price of each maturity of the Bonds. The issue price of each maturity of the Bonds is that initial offering price to the public (excluding bond houses, brokers and similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of Bonds of that maturity (at least 10% of such maturity) are reasonably expected to be sold as of the date of the award.

The winning bidder will be required to furnish to the City, within twenty-four (24) hours after the award of the Bonds, a certificate in a form acceptable to Bond Counsel stating that a bona fide public offering of the Bonds has been made and setting forth the offering prices at which a substantial amount of the Bonds of each maturity is reasonably expected to be sold to the public (excluding bond houses, brokers and similar persons or organizations acting in the capacity of underwriters or wholesalers) as of the date of the award. If the offering prices so certified cause the Net Premium to exceed \$5,029,800, the award will be cancelled, the Bonds will not be delivered to the winning bidder and the bidder's deposit (as described below) will be retained and forfeited as liquidated damages.

FORM OF BID; SURETY BOND: The Official Bid Form for the Bonds will be available on the PARITY system and all bids must be submitted on that form. All bids must be covered by a financial surety bond in the amount of \$5,029,800 from an insurance company licensed to issue such a bond in the State of Arizona and such bond must be submitted to the Financial Advisor prior to the opening of the bids. The financial surety bond must identify each bidder whose Deposit is guaranteed by such financial surety bond. The bidder to whom the Bonds are awarded must submit its Deposit to the City in the form of a certified check or wire transfer in the amount of \$5,029,800 (the "*Deposit*"), as instructed by the Financial Advisor or the City, not later than 1:00 p.m., MST, on the next business day following the award. If such Deposit is not received by that time, the financial surety bond may be drawn on by the City to satisfy the Deposit requirement. The Deposit of the successful bidder will be applied to the purchase price of the Bonds or retained and forfeited as liquidated damages in the event such bidder does not take up and pay for the Bonds immediately upon their issuance. No interest will be paid on the Deposit of any bidder.

The Financial Advisor to the City has reserved the right to bid on the Bonds.

AWARD AND DELIVERY: Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid results in the lowest true interest cost to the City. The true interest cost will be computed by establishing the interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the dated date of the Bonds and the price

bid, including any premium or discount but excluding accrued interest. Delivery of the Bonds will be made to the purchaser upon payment in Federal or immediately available funds at the offices of Gust Rosenfeld P.L.C. ("*Bond Counsel*"), Phoenix, Arizona, or, at the purchaser's request and expense, at any other place mutually agreeable to both the City and the winning bidder.

BOOK-ENTRY-ONLY SYSTEM: The Bonds will be initially issued to, and registered in the name of, Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*"). DTC will act as the securities depository of the Bonds for a book-entry-only system (the "*Book-Entry-Only System*"). Under the Book-Entry-Only System, beneficial ownership interests in the Bonds will be available in book-entry form only through direct or indirect DTC participants.

Ownership interests in the Bonds may be purchased in principal amounts of \$5,000 or integral multiples thereof.

Transfers of beneficial ownership interest in the Bonds will be accomplished by book entries made by DTC and the DTC Participants or Indirect DTC Participants who act on behalf of the Beneficial Owners. For every transfer and exchange of a beneficial interest in the Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Bond Registrar and Paying Agent and to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is not a successor securities depository), physical certificates representing the Bonds will be registered in the names of the Beneficial Owners and executed and delivered. In addition, the City may determine to discontinue the Book-Entry-Only System of transfers through DTC (or a successor securities depository). In such event, physical certificates representing the Bonds will be registered in the names of the Beneficial Owners and executed and delivered. Upon registration of Bonds in the Beneficial Owner's name, the Beneficial Owners will become the owners of the Bonds (the "*Owners of the Bonds*") for all purposes, including the receipt of principal and interest payments and notices with respect to the Bonds. See "THE BONDS-Book-Entry-Only System" in the Official Statement.

REGISTRATION AND TRANSFER: The City will request bids for the services of bond registrar and paying agent with respect to the Bonds and will name such registrar and paying agent (the "*Registrar*") at the time of award of the sale of the Bonds to the successful bidder. If the Book-Entry-Only System is discontinued, the Registrar will administer registration and transfer of the Bonds and the Bonds will be transferable only upon the bond register to be maintained by the Registrar upon surrender to the Registrar.

PAYMENT OF BONDS: So long as the Book-Entry-Only System is in effect, all payments of principal, interest and premium, if any, shall be paid to DTC. If the Book-Entry-Only System is not in effect, interest on the Bonds shall be payable by check mailed on or prior to the interest payment date to the Owners of the Bonds at the addresses of such owners as they appear on the books of the Registrar on the record date (as described hereafter). Principal of, and premium, if any, on the Bonds shall be paid when due upon surrender of such Bonds at the designated corporate trust office of the Registrar (unless the Owner of the Bonds is eligible for payment by wire transfer). Upon prior written request of an Owner of at least \$1,000,000 in principal amount of Bonds outstanding or on any Bonds held by a securities depository made at least twenty (20) days prior to an interest payment date, 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 of the Bonds.

RECORD DATE: The record date for determination of ownership for payment of interest shall be the fifteenth calendar day prior to an interest payment date. The Registrar shall pay interest to the Owners of record on the record date notwithstanding that transfers of ownership may occur on any Bond between the record date and the next interest payment date.

SECURITY: Principal of and interest on the Bonds are secured by a continuing, direct ad valorem tax levied against all of the taxable property located within the boundaries of the City without limit as to rate or amount.

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

RIGHT OF REJECTION: The City reserves the right in its discretion to reject any and all bids received and to waive any irregularity or informality in the bids, except that the time for receiving bids shall be of the essence.

COST OF BOND FORMS: The City shall bear the cost of printing of the Bonds and will furnish full executed Bonds, registered in the name of the purchaser or nominees, to the purchaser upon payment therefor.

CANCELLATION: Bidders are to take notice that, pursuant to Arizona law, if, within three (3) years from the award of the contract to purchase the Bonds, any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Bonds on behalf of the City becomes an employee or agent of the winning bidder in any capacity or a consultant to the winning bidder with respect to the contract for the purchase of the Bonds, the City may cancel the contract without penalty or further obligation by the City. In addition to such cancellation, the City may recoup any fees or commissions paid or due to any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Bonds on behalf of the City.

LEGAL OPINION: The Bonds are sold with the understanding that the City will furnish the purchaser with the approving opinion of Bond Counsel. An undated copy of such opinion will be printed on each Bond. Said attorneys have been retained by the City as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Bonds under Arizona law and on the exemption of the interest income on such Bonds from Federal and State of Arizona income taxes (see "*Tax-Exempt Status*" below). Fees of Bond Counsel for services rendered in connection with such approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to validity of the Bonds, Bond Counsel has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials. In submitting a proposal for the Bonds, the bidder agrees to the representation of the City by Bond Counsel.

TAX-EXEMPT STATUS: In the opinion of Bond Counsel under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the City, interest income on the Bonds is excluded from gross income for purposes of calculating federal income taxes and is exempt from Arizona income taxes.

Should changes in the law cause Bond Counsel's opinion to change prior to delivery of the Bonds to the purchaser, the purchaser will not be obligated to pick up and pay for the Bonds, and the winning bidder's Deposit will be returned.

QUALIFIED TAX EXEMPT OBLIGATIONS: The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

INFORMATION FROM PURCHASER: The successful bidder for the Bonds will be required to provide the City with a certificate in a form acceptable to Bond Counsel, which certificate shall state the initial offering prices at which each maturity of the Bonds were offered to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) and at which a substantial amount of the Bonds of each maturity were reasonably expected to be sold.

PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL; FINAL OFFICIAL STATEMENT: The City deems the Preliminary Official Statement provided in connection with the sale of the Bonds to be final as of its date except for the omission of offering prices, selling compensation, delivery dates, terms to be specified in the winning bidder's bid, ratings, other terms depending on such matters and the identity of the winning bidder.

Within twenty-four hours after the award of the Bonds, the winning bidder must provide the City with all necessary offering price information, selling compensation information, all other terms of the sale which are depending on such matters and any underwriter information, all as may be necessary to complete the final Official Statement.

Within seven (7) business days after the award of the Bonds, the City will provide the winning bidder with 100 copies of the final Official Statements at no cost. The final Official Statement will be in substantially the same form as the Preliminary Official Statement with such additions, deletions or revisions as the City deems necessary.

The City will deliver at closing an executed certificate stating that as of the date of delivery the information contained in the final Official Statement, including any supplement, relating to the City and the Bonds is true and correct in all material respects and that such final Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE: In connection with the issuance of the Bonds, the City will deliver a continuing disclosure certificate for purposes of the Rule as hereinafter described and as described in the Official Statement. For purposes of the Rule, the City is the only "obligated person" with respect to the Bonds and will agree, as described in the Official Statement, to provide or cause to be provided (i) certain annual financial information and operating data (the "*Annual Information*")

for the preceding fiscal year, (ii) the City's audited financial statements, (iii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iv) timely notice of any failure by the City to provide its Annual Information within the time specified in that certificate. See the more complete description of the certificate in the Official Statement.

NO LITIGATION AND NON-ARBITRAGE: The City will deliver a certificate to the effect that no litigation is pending affecting the issuance and sale of the Bonds. The City will also deliver an arbitrage certificate covering its reasonable expectations concerning the Bonds.

ADDITIONAL INFORMATION: Copies of the Official Bid Form and Notice Inviting Bids for the Purchase of Bonds and the Official Statement will be furnished to any bidder upon request made to the Clerk of the City of Chandler, Arizona; or to Piper Jaffray & Co., 2525 E. Camelback Road, Suite 925, Phoenix, AZ 85016, telephone 602.808.5428, Financial Advisor to the City.

CITY OF CHANDLER, ARIZONA

EXHIBIT B

(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 2008**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Dated Date</u>	<u>CUSIP No.</u>
_____%	July 1, 20__	_____, 2008	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, 20__, are not subject to call for redemption prior to their stated maturity dates. Bonds maturing on or after July 1, 20__ 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, 20__, 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, 2009, 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 \$_____ 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

(SEAL)

AUTHENTICATION CERTIFICATE

This bond is one of the City of Chandler, Arizona, General Obligation Bonds, Series 2008, 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 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 C

**\$251,490,000
CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2008**

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

ENTERPRISE SUPPORTED DEBT SERVICE

<u>Bond Amount</u>	<u>Maturities (July 1)</u>	<u>Election Date</u>	<u>Quest. No.</u>	<u>Purpose</u>
\$67,800,000	2015-2021	May 15, 2007	8	Water Improvements
40,050,000	2021-2023	May 15, 2007	8	Wastewater Improvements
23,436,000	2010-2014	May 18, 2004	6	Wastewater Improvements
201,000	2009	May 18, 1993	4	Airport Improvements

PROPERTY TAX SUPPORTED DEBT SERVICE

<u>Bond Amount</u>	<u>Maturities (July 1)</u>	<u>Election Date</u>	<u>Quest. No.</u>	<u>Purpose</u>
\$9,990,000	2014-2015	May 18, 2004	5	Street and Highway Improvements
75,290,000	2023-2027	May 15, 2007	9	Street and Highway Improvements
2,495,000	2010	May 16, 1989	2	Stormwater Improvements
22,590,000	2027-2028	May 15, 2007	1	Parks and Recreation Improvements
2,400,000	2009-2010	May 15, 2007	5	Municipal Building Improvements (Center for the Arts)
300,000	2010	May 15, 2007	4	Library Improvements
3,000,000	2027	May 15, 2007	3	Public Safety/Police Improvements
3,374,000	2028	May 15, 2007	2	Public Safety/Fire Improvements
564,000	2010	May 15, 2007	7	Municipal Buildings Improvements (Expansion of Public Works Building and Garage)

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER __, 2008

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 of Chandler, Arizona, as mentioned under “TAX EXEMPTION” herein, interest income on the Bonds will be excluded from gross income for federal income tax purposes and is exempt from State of Arizona income taxes. Interest income on the Bonds will not be an item of preference to be included in the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account 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.

\$251,490,000*
CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2008

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 \$251,490,000* aggregate principal amount of General Obligation Bonds, Series 2008 (the “Bonds”) in order to provide funds (i) to make improvements within the City and (ii) to pay costs incurred in connection with the issuance of the Bonds. 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.

Purchases of beneficial ownership interests in the Bonds will be made in book-entry-only form through DTC participants only in principal amounts of \$5,000 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 _____ (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 system at any time.

See Maturity Schedule on Inside Front Cover

Interest on the Bonds will be payable semiannually on January 1 and July 1 commencing January 1, 2009*.

Certain of the Bonds are subject to optional redemption as more fully described herein. See “THE BONDS – Redemption Provisions” herein.

The Bonds are payable as to both principal and interest from a continuing, direct, annual ad valorem tax levied against all of the taxable property located within the boundaries of the City. The Bonds are payable from such a tax without limit as to rate or amount. See “THE BONDS – Security For and Sources of Payment of the Bonds” herein.

Proposals may be submitted only as an electronic bid using the facilities of PARITY® until 9:00 a.m., Pacific Daylight Time, on October 22, 2008. All proposals should be submitted in accordance with the Notice Inviting Bids For The Purchase of Bonds (the “Notice”). Please refer to the Notice beginning on page (i) herein for additional information concerning bidding parameters and requirements for the purchase of the Bonds.

The Bonds are offered when, as and if issued by the City and received by the Purchaser, subject to the approving opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, as to validity and tax exemption. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about November 5, 2008*.

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.

* Preliminary, subject to change.

MATURITY SCHEDULE

\$251,490,000*
CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2008

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP No. 158843 (a)
2009	\$2,200,000	%	%	
2010	5,000,000			
2011	5,550,000			
2012	6,250,000			
2013	7,250,000			
2014	7,500,000			
2015	7,750,000			
2016	9,000,000			
2017	9,000,000			
2018	11,750,000			
2019	12,600,000			
2020	15,200,000			
2021	16,500,000			
2022	17,500,000			
2023	16,300,000			
2024	17,500,000			
2025	18,000,000			
2026	19,300,000			
2027	23,500,000			
2028	23,840,000			

(a) Copyright 2007, 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. The City takes no responsibility for the accuracy of such numbers.

* Preliminary, subject to change.

CITY OF CHANDLER, ARIZONA

CITY COUNCIL

Boyd W. Dunn, *Mayor*
Lowell Huggins, *Vice Mayor*
Bob Caccamo, *Councilmember*
Trinity Donovan, *Councilmember*
Kevin Hartke, *Councilmember*
Matt Orlando, *Councilmember*
Jeff Weninger, *Councilmember*

CITY ADMINISTRATIVE OFFICERS

W. Mark Pentz, *City Manager*
Rich Dlugas, *Assistant City Manager*
Pat McDermott, *Assistant City Manager*
Dennis Strachota, *Management Services Director*
Mary Wade, *City Attorney*
Marla Paddock, *City Clerk*

BOND COUNSEL

Gust Rosenfeld P.L.C.
Phoenix, Arizona

FINANCIAL ADVISOR

Piper Jaffray & Co.[®]
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

TBD

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 Bonds, Series 2008 (the "Bonds"), identified on the inside front cover page hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall be no sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

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

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

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

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\$251,490,000
CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2008

NOTICE INVITING BIDS FOR THE PURCHASE OF BONDS

NOTICE IS HEREBY GIVEN that unconditional bids will be received to and including the hour of 9:00 a.m., Mountain Standard Time ("MST"), on October 22, 2008, by the City of Chandler, Arizona (the "City"), for the purchase of all, but not less than all, of \$251,490,000 aggregate principal amount of its General Obligation Bonds, Series 2008 (the "Bonds"). A bid may be submitted only through the facilities of PARITY® ("PARITY"). Submission of bids is further discussed below. The Management Services Director will announce the bids received and will award the contract for the purchase of bonds to the winning bidder at such time.

The City reserves the right to continue the date for receipt of bids. If the date for receipt of bids is continued, the City will give notice of the continuance by PARITY at i-Deal.com, prior to 11:00 a.m. MST on the business day prior to October 22, 2008.

The Bonds will be dated the date of initial delivery, and will bear interest from their date to the maturity of each of the Bonds at a rate or rates per annum of not to exceed 9.00%. Interest on the Bonds is payable semiannually on January 1 and July 1 commencing January 1, 2009. The Bonds will mature on July 1 in the years 2009 through 2028, inclusive, in the principal amounts as follows:

Maturity Date (July 1)	Principal Amount	Maturity Date (July 1)	Principal Amount
2009	\$2,200,000	2019	\$12,600,000
2010	5,000,000	2020	15,200,000
2011	5,550,000	2021	16,500,000
2012	6,250,000	2022	17,500,000
2013	7,250,000	2023	16,300,000
2014	7,500,000	2024	17,500,000
2015	7,750,000	2025	18,000,000
2016	9,000,000	2026	19,300,000
2017	9,000,000	2027	23,500,000
2018	11,750,000	2028	23,840,000

OPTIONAL REDEMPTION: Bonds maturing on or before July 1, 2018, are not subject to call for redemption prior to their stated maturity dates. Bonds maturing on or after July 1, 2019 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, 2018, 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.

PURPOSE: The Bonds are being issued for the purpose of making library, Center for the Arts, airport, public parking garage, street, public safety, police and fire, water and park facilities and improvements in the City and to pay the costs of issuance of the Bonds.

TIME FOR RECEIPT OF BIDS: Bids will be received to and including the hour of 9:00 a.m., MST. The time maintained by PARITY shall constitute the official time.

ADJUSTMENT OF BONDS AFTER OPENING OF BIDS: The aggregate principal amount of the Bonds is preliminary and subject to change but in no event will exceed an aggregate principal amount of \$251,490,000. The City reserves the right to reduce the principal amount of Bonds for which proposals are being solicited by an amount up to \$13,831,950. The bid price paid by the winning bidder will be adjusted to reflect any change in the aggregate principal amount of the Bonds. Such adjusted bid will reflect changes in the dollar amount

of the underwriting discount and original issue discount/premium, but will not change the underwriting discount percentage based on the bid price in the winning bid and the initial reoffering prices. The interest rates specified by the winning bidder for each maturity will not change. The winning bidder may not withdraw its bid as a result of any changes made within these limits. A representative of the City will notify the winning bidder of the final principal maturity amounts and the resulting adjusted purchase price no later than 11 A.M., MST on the date of award of the Bonds.

ELECTRONIC BIDDING PROCEDURES: Bids may be submitted only through the facilities of PARITY. Bids must be submitted on the official bid form that resides on the PARITY system (the "*Official Bid Form*"), without alteration or interlineation. Subscription to the Thomson Financial Municipal Group's BIDCOMP Competitive Bidding System is required in order to submit a bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. The City is using PARITY as a communications media, and not as the City's agent, to conduct electronic bidding for the Bonds.

All bids made through the facilities of PARITY shall be deemed irrevocable offers to purchase the Bonds on the terms provided in this Notice Inviting Bids for the Purchase of Bonds and shall be binding upon the entity making the bid. The City and Financial Advisor shall not be responsible for any malfunction or mistake made by, or as result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice Inviting Bids for the Purchase of Bonds shall conflict with information provided by PARITY, as the online system provider, this Notice Inviting Bids for the Purchase of Bonds shall control. Further information about PARITY, including any fee charged, may be obtained from BIDCOMP/PARITY, 395 Broadway, 2nd Floor, New York, New York 10018, Attn: Customer Support (212.849.5021).

Bidders are requested to state in their bids the true interest cost to the City, as described under "AWARD AND DELIVERY" herein. All bids shall be deemed to incorporate this Notice Inviting Bids for the Purchase of Bonds.

INTEREST RATES: Bids for the purchase of the Bonds must state the rate or rates of interest to be paid and no bid at a price less than the par value of the Bonds, together with all accrued interest thereon at the date of delivery of the Bonds, will be considered. All Bonds of the same maturity must bear the same rate of interest. The highest rate bid shall not exceed the lowest rate by more than 2.0% per annum. Bids must be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent. Interest will be calculated on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Any interest rate bid which would result in an interest payment amount having fractional cents will be deemed a waiver of the right to payment of such fractional cents. No fractional cents will be paid or accumulated for payment on any Bond.

MAXIMUM NET PREMIUM AND INFORMATION TO BE PROVIDED BY WINNING BIDDER: The Bonds may not be reoffered to produce a Net Premium (as hereinafter defined) associated with the Bonds in excess of \$5,029,800. **REOFFERING THE BONDS AT A NET PREMIUM IN EXCESS OF \$5,029,800 WILL CAUSE THE BONDS TO BE INVALID.** The term "Net Premium" means the difference between the par amount of the Bonds and the issue price of the Bonds determined pursuant to United States Treasury Regulations. The issue price of the Bonds is the aggregate of the issue price of each maturity of the Bonds. The issue price of each maturity of the Bonds is that initial offering price to the public (excluding bond houses, brokers and similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of Bonds of that maturity (at least 10% of such maturity) are reasonably expected to be sold as of the date of the award.

The winning bidder will be required to furnish to the City, within twenty-four (24) hours after the award of the Bonds, a certificate in a form acceptable to Bond Counsel stating that a bona fide public offering of the Bonds has been made and setting forth the offering prices at which a substantial amount of the Bonds of each maturity is reasonably expected to be sold to the public (excluding bond houses, brokers and similar persons or organizations

acting in the capacity of underwriters or wholesalers) as of the date of the award. If the offering prices so certified cause the Net Premium to exceed \$5,029,800, the award will be cancelled, the Bonds will not be delivered to the winning bidder and the bidder's deposit (as described below) will be retained and forfeited as liquidated damages.

FORM OF BID; SURETY BOND: The Official Bid Form for the Bonds will be available on the PARITY system and all bids must be submitted on that form. All bids must be covered by a financial surety bond in the amount of \$5,029,800 from an insurance company licensed to issue such a bond in the State of Arizona and such bond must be submitted to the Financial Advisor prior to the opening of the bids. The financial surety bond must identify each bidder whose Deposit is guaranteed by such financial surety bond. The bidder to whom the Bonds are awarded must submit its Deposit to the City in the form of a certified check or wire transfer in the amount of \$5,029,800 (the "*Deposit*"), as instructed by the Financial Advisor or the City, not later than 1:00 p.m., MST, on the next business day following the award. If such Deposit is not received by that time, the financial surety bond may be drawn on by the City to satisfy the Deposit requirement. The Deposit of the successful bidder will be applied to the purchase price of the Bonds or retained and forfeited as liquidated damages in the event such bidder does not take up and pay for the Bonds immediately upon their issuance. No interest will be paid on the Deposit of any bidder.

The Financial Advisor to the City has reserved the right to bid on the Bonds.

AWARD AND DELIVERY: Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid results in the lowest true interest cost to the City. The true interest cost will be computed by establishing the interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the dated date of the Bonds and the price bid, including any premium or discount but excluding accrued interest. Delivery of the Bonds will be made to the purchaser upon payment in Federal or immediately available funds at the offices of Gust Rosenfeld P.L.C. ("*Bond Counsel*"), Phoenix, Arizona, or, at the purchaser's request and expense, at any other place mutually agreeable to both the City and the winning bidder.

BOOK-ENTRY-ONLY SYSTEM: The Bonds will be initially issued to, and registered in the name of, Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*"). DTC will act as the securities depository of the Bonds for a book-entry-only system (the "*Book-Entry-Only System*"). Under the Book-Entry-Only System, beneficial ownership interests in the Bonds will be available in book-entry form only through direct or indirect DTC participants.

Ownership interests in the Bonds may be purchased in principal amounts of \$5,000 or integral multiples thereof.

Transfers of beneficial ownership interest in the Bonds will be accomplished by book entries made by DTC and the DTC Participants or Indirect DTC Participants who act on behalf of the Beneficial Owners. For every transfer and exchange of a beneficial interest in the Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Bond Registrar and Paying Agent and to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is not a successor securities depository), physical certificates representing the Bonds will be registered in the names of the Beneficial Owners and executed and delivered. In addition, the City may determine to discontinue the Book-Entry-Only System of transfers through DTC (or a successor securities depository). In such event, physical certificates representing the Bonds will be registered in the names of the Beneficial Owners and executed and delivered. Upon registration of Bonds in the Beneficial Owner's name, the Beneficial Owners will become the owners of the Bonds (the "*Owners of the Bonds*") for all purposes, including the receipt of principal and interest payments and notices with respect to the Bonds. See "THE BONDS-Book-Entry-Only System" in the Official Statement.

REGISTRATION AND TRANSFER: The City will request bids for the services of bond registrar and paying agent with respect to the Bonds and will name such registrar and paying agent (the "*Registrar*") at the time of award of the sale of the Bonds to the successful bidder. If the Book-Entry-Only System is discontinued, the Registrar will administer registration and transfer of the Bonds and the Bonds will be transferable only upon the bond register to be maintained by the Registrar upon surrender to the Registrar.

PAYMENT OF BONDS: So long as the Book-Entry-Only System is in effect, all payments of principal, interest and premium, if any, shall be paid to DTC. If the Book-Entry-Only System is not in effect, interest on the Bonds shall be payable by check mailed on or prior to the interest payment date to the Owners of the Bonds at the addresses of such owners as they appear on the books of the Registrar on the record date (as described hereafter). Principal of, and premium, if any, on the Bonds shall be paid when due upon surrender of such Bonds at the designated corporate trust office of the Registrar (unless the Owner of the Bonds is eligible for payment by wire transfer). Upon prior written request of an Owner of at least \$1,000,000 in principal amount of Bonds outstanding or on any Bonds held by a securities depository made at least twenty (20) days prior to an interest payment date, 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 of the Bonds.

RECORD DATE: The record date for determination of ownership for payment of interest shall be the fifteenth calendar day prior to an interest payment date. The Registrar shall pay interest to the Owners of record on the record date notwithstanding that transfers of ownership may occur on any Bond between the record date and the next interest payment date.

SECURITY: Principal of and interest on the Bonds are secured by a continuing, direct ad valorem tax levied against all of the taxable property located within the boundaries of the City without limit as to rate or amount.

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

RIGHT OF REJECTION: The City reserves the right in its discretion to reject any and all bids received and to waive any irregularity or informality in the bids, except that the time for receiving bids shall be of the essence.

COST OF BOND FORMS: The City shall bear the cost of printing of the Bonds and will furnish full executed Bonds, registered in the name of the purchaser or nominees, to the purchaser upon payment therefor.

CANCELLATION: Bidders are to take notice that, pursuant to Arizona law, if, within three (3) years from the award of the contract to purchase the Bonds, any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Bonds on behalf of the City becomes an employee or agent of the winning bidder in any capacity or a consultant to the winning bidder with respect to the contract for the purchase of the Bonds, the City may cancel the contract without penalty or further obligation by the City. In addition to such cancellation, the City may recoup any fees or commissions paid or due to any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Bonds on behalf of the City.

LEGAL OPINION: The Bonds are sold with the understanding that the City will furnish the purchaser with the approving opinion of Bond Counsel. An undated copy of such opinion will be printed on each Bond. Said attorneys have been retained by the City as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Bonds under Arizona law and on the exemption of the interest income on such Bonds from Federal and State of Arizona income taxes (see "*Tax-Exempt Status*" below). Fees of Bond Counsel for services rendered in connection with such approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to validity of the Bonds, Bond Counsel has not been requested to

examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials. In submitting a proposal for the Bonds, the bidder agrees to the representation of the City by Bond Counsel.

TAX-EXEMPT STATUS: In the opinion of Bond Counsel under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the City, interest income on the Bonds is excluded from gross income for purposes of calculating federal income taxes and is exempt from Arizona income taxes.

Should changes in the law cause Bond Counsel's opinion to change prior to delivery of the Bonds to the purchaser, the purchaser will not be obligated to pick up and pay for the Bonds, and the winning bidder's Deposit will be returned.

QUALIFIED TAX EXEMPT OBLIGATIONS: The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "*Code*").

INFORMATION FROM PURCHASER: The successful bidder for the Bonds will be required to provide the City with a certificate in a form acceptable to Bond Counsel, which certificate shall state the initial offering prices at which each maturity of the Bonds were offered to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) and at which a substantial amount of the Bonds of each maturity were reasonably expected to be sold.

PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL; FINAL OFFICIAL STATEMENT: The City deems the Preliminary Official Statement provided in connection with the sale of the Bonds to be final as of its date except for the omission of offering prices, selling compensation, delivery dates, terms to be specified in the winning bidder's bid, ratings, other terms depending on such matters and the identity of the winning bidder.

Within twenty-four hours after the award of the Bonds, the winning bidder must provide the City with all necessary offering price information, selling compensation information, all other terms of the sale which are depending on such matters and any underwriter information, all as may be necessary to complete the final Official Statement.

Within seven (7) business days after the award of the Bonds, the City will provide the winning bidder with 100 copies of the final Official Statements at no cost. The final Official Statement will be in substantially the same form as the Preliminary Official Statement with such additions, deletions or revisions as the City deems necessary.

The City will deliver at closing an executed certificate stating that as of the date of delivery the information contained in the final Official Statement, including any supplement, relating to the City and the Bonds is true and correct in all material respects and that such final Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE: In connection with the issuance of the Bonds, the City will deliver a continuing disclosure certificate for purposes of the Rule as hereinafter described and as described in the Official Statement. For purposes of the Rule, the City is the only "obligated person" with respect to the Bonds and will agree, as described in the Official Statement, to provide or cause to be provided (i) certain annual financial information and operating data (the "*Annual Information*") for the preceding fiscal year, (ii) the City's audited financial statements, (iii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iv) timely notice of any failure by the City to provide its Annual Information within the time specified in that certificate. See the more complete description of the certificate in the Official Statement.

NO LITIGATION AND NON-ARBITRAGE: The City will deliver a certificate to the effect that no litigation is pending affecting the issuance and sale of the Bonds. The City will also deliver an arbitrage certificate covering its reasonable expectations concerning the Bonds.

ADDITIONAL INFORMATION: Copies of the Official Bid Form and Notice Inviting Bids for the Purchase of Bonds and the Official Statement will be furnished to any bidder upon request made to the Clerk of the City of Chandler, Arizona; or to Piper Jaffray & Co., 2525 E. Camelback Road, Suite 925, Phoenix, AZ 85016, telephone 602.808.5428, Financial Advisor to the City.

CITY OF CHANDLER, ARIZONA

OFFICIAL STATEMENT

\$251,490,000*
CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2008

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page and the appendices hereto, has been prepared in connection with the original issuance and sale by the City of Chandler, Arizona (the "City"), of \$251,490,000* General Obligation Bonds, Series 2008 (the "Bonds"), identified on the inside front cover page hereof. Certain information concerning the authorization terms, conditions of sale and security for and sources of payment for the Bonds is set forth in this Official Statement.

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

The Bonds will be issued pursuant to the Arizona Constitution and laws of the State, including particularly Title 35, Chapter 3, Article 3, Arizona Revised Statutes, as amended, voted approval given by the qualified electors of the City during past special bond elections and under the provisions of a resolution ordering the sale of the Bonds (the "Bond Resolution") adopted by the Mayor and Council of the City on September 25, 2008. The Bonds are being issued in order to provide funds to: (i) make, construct, improve and equip parks, streets, public safety facilities and water and Wastewater facilities in the City and (ii) pay the costs incurred in connection with the issuance of the Bonds. All references herein to the Bond Resolution are qualified in their entirety by reference to the full text of such document. A copy of the Bond Resolution may be inspected at the Office of the Management Services Director, 55 North Arizona Place, Suite 201, Chandler, Arizona 85225.

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 and will bear interest at the rates as are set forth on the inside cover page of this Official Statement. Interest on the Bonds is payable semiannually on January 1 and July 1 of each year, commencing on January 1, 2009* (each, an "Interest Payment Date") and thereafter until maturity or prior redemption of the Bonds.

The Bonds are issuable only in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company ("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 principal amounts of \$5,000 or integral multiples thereof. So long as DTC,

or its nominee, Cede & Co., is 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

_____ 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 of the Bonds. The Bonds payable as to principal on or before July 1, 2018 are not subject to optional redemption prior to their respective scheduled principal payment dates. The Bonds payable as to principal on and after July 1, 2019 are subject to optional redemption prior to their respective scheduled principal payment dates in whole on any date on or after July 1, 2018, and in part on any Interest Payment Date on or after July 1, 2018, by lot within any specified payment date as may be selected by the Trustee, at a redemption price equal to the principal amount represented thereby plus interest accrued to the date of prepayment, but without premium.

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 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

Principal of and interest on the Bonds are payable 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 or amount. A record of property taxes levied and collected for the City for the most recent five fiscal years may be found in Appendix B -- "CITY OF CHANDLER, ARIZONA -- FINANCIAL DATA," attached hereto. The proceeds of such taxes will be kept by the City in a debt service 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 the State 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 & Poor's Rating Group. The proceeds of the Bonds are not pledged to, nor do they secure, payment of the Bonds.

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 and all other outstanding general obligation bonds of the City. Following the sale of the Bonds, the City will have \$255,780,000* 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 5, 2007.

City General Fund

Set forth on the following page is a record of City general fund revenues, expenditures and changes in fund balance taken from the audited financial statements for fiscal years 2003/04 through and including 2007/08. (The Bonds are only secured by ad valorem property taxes, as described above under "Security For and Sources of Payment of the Bonds" and not any other amounts.)

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CITY OF CHANDLER, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE

	Adopted	Audited			
	2007-08	2006-07	2005-06	2004-05	2003-04
REVENUES					
Taxes - Local	[To Come]	\$ 122,320,301	\$ 109,141,434	\$ 102,701,196	\$ 91,492,704
Taxes - Intergovernmental		60,947,073	46,236,241	38,825,173	37,948,767
Licenses and Permits		6,728,309	5,541,215	7,262,403	7,500,437
Charges for Current Service		18,144,100	15,239,641	15,013,787	13,283,123
Fines and Forfeitures		4,058,090	4,231,306	4,136,342	3,517,080
Rentals		89,875	-	19,580	18,012
Interest Income		9,265,924	6,600,053	4,509,396	1,655,916
Decrease in Fair Value of Investments		-	-	-	-
Miscellaneous		1,698,670	1,417,887	1,770,074	880,004
TOTAL REVENUES	\$ -	\$ 223,252,342	\$ 188,407,777	\$ 174,237,951	\$ 156,296,043
EXPENDITURES					
Current:					
General Government		\$ 37,830,224	\$ 33,584,622	\$ 40,996,568	\$ 30,732,408
Public Safety		73,023,628	62,748,480	56,478,284	57,801,776
Community Development		8,989,308	8,740,380	7,438,317	7,441,114
Public Works		12,141,009	14,685,473	20,509,534	12,477,201
Community Services		24,967,985	22,021,811	20,343,172	20,176,547
TOTAL EXPENDITURES	\$ -	\$ 156,952,154	\$ 141,780,766	\$ 145,765,875	\$ 128,629,046
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	\$ -	\$ 66,300,188	\$ 46,627,011	\$ 28,472,076	\$ 27,666,997
OTHER FINANCING SOURCES (USES)					
Sales of Capital Assets		\$ 163,869	\$ 196,554	\$ 30,121	\$ 570,431
Bond Premium (Discount)		1,230,132	(54,550)	-	-
Face Amount of Bonds Issued		-	-	-	-
Payment to Escrow Agent		-	-	-	-
Westcor Contract Payment		-	(34,500,000)	-	-
Operating Transfers In		-	-	1,000,000	1,000,000
Operating Transfers Out		(29,468,652)	(35,041,292)	(29,887,481)	(22,136,958)
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ (28,074,651)	\$ (69,399,288)	\$ (28,857,360)	\$ (20,566,527)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ 38,225,537	\$ (22,772,277)	\$ (385,284)	\$ 7,100,470
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	\$ 186,590,068	\$ 163,824,433	\$ 186,590,068	\$ 181,230,881	\$ 169,636,141
FUND BALANCE, END OF YEAR (a)	\$ 186,590,068	\$ 202,049,970	\$ 163,817,791	\$ 180,845,597	\$ 176,736,611
(a) Detail of Fund Balance:					
Reserved:					
Encumbrances	[To Come]	\$ 8,981,682	\$ 10,161,345	\$ 5,801,328	
Inventory		-	-	-	-
Contractual Obligations		-	-	34,500,000	31,500,000
Debt Service		-	6,229,808	11,664,481	13,343,411
Capital Improvements		-	-	-	-
Unreserved:					
Designated:					
Capital Improvements		105,071,152	78,195,306	70,058,438	82,514,039
Compensated Absences		5,815,043	5,128,823	4,693,300	4,922,000
Expenditure Ctrl. Budgeting		3,008,312	2,887,819	3,202,723	2,584,755
Self-Insurance		838,094	879,249	2,486,000	2,500,000
Budgetary Commitments		30,815,168	16,629,880	22,207,013	5,569,560
Downtown Redevelopment		5,000,000	15,000,000	-	-
Parking Garage Operations		-	-	-	-
City Council 12 Percent Contingency Reserve		26,848,578	23,619,885	20,245,349	22,670,068
Undesignated		-	6,265,339	1,626,948	5,331,450
	\$ -	\$ 177,396,347	\$ 163,817,791	\$ 180,845,597	\$ 176,736,611

Source: Comprehensive Annual Financial Reports for each of the respective fiscal years.

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, (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 Service	Plus: The Bonds*		Annual General Obligation Debt Service Requirements*
		Principal	Interest (b)	
2009	\$ 26,775,466	\$2,200,000	\$14,807,110 (c) \$	43,782,576
2010	25,501,216	5,000,000	11,218,050	41,719,266
2011	23,662,079	5,550,000	10,993,050	40,205,129
2012	23,002,524	6,250,000	10,743,300	39,995,824
2013	24,758,181	7,250,000	10,462,050	42,470,231
2014	23,974,119	7,500,000	10,135,800	41,609,919
2015	23,995,506	7,750,000	9,798,300	41,543,806
2016	21,128,631	9,000,000	9,449,550	39,578,181
2017	21,223,506	9,000,000	9,044,550	39,268,056
2018	15,291,988	11,750,000	8,639,550	35,681,538
2019	14,184,706	12,600,000	8,110,800	34,895,506
2020	10,850,863	15,200,000	7,543,800	33,594,663
2021	9,722,063	16,500,000	6,859,800	33,081,863
2022	9,440,813	17,500,000	6,117,300	33,058,113
2023	10,237,500	16,300,000	5,329,800	31,867,300
2024	9,945,000	17,500,000	4,596,300	32,041,300
2025	10,210,000	18,000,000	3,808,800	32,018,800
2026	10,171,250	19,300,000	2,998,800	32,470,050
2027		23,500,000	2,130,300	25,630,300
2028		23,840,000	\$ 1,072,800	24,912,800
	<u>\$314,075,410</u>	<u>\$ 251,490,000</u>		<u>\$ 719,425,220</u>

(a) Prepared by the Financial Advisor to the City.

(b) Interest is estimated at 4.50%.

(c) The first interest payment on the bonds will be due January 1, 2009*. Thereafter, interest payments will be made semiannually on July 1 and January 1 until the final maturity of the Bonds.

* Preliminary, subject to change.

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"), and have assigned the ratings of "___," "___" and "___," respectively, on the Bonds. Such ratings reflect only the reviews 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.

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 covenants 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 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 as gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The Bonds do not provide for an adjustment in the interest rate in the event of taxability and the event of taxability does not cause an acceleration of principal of the Bonds. The opinion of Bond Counsel assumes continuing compliance with such restrictions, conditions and requirements.

The Code also imposes an "alternative minimum tax" ("AMT") upon certain corporations and individuals. The AMT is equal to the excess (if any) or a taxpayer's "tentative minimum tax" for a taxable year over its regular income tax liability for the taxable year. The tentative minimum tax is based upon taxpayer's "alternative minimum taxable income" ("AMTI"). A taxpayer's 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, included in the adjustments of AMTI for corporations is an adjustment increasing any such corporation's AMTI by 75% of the excess (if any) of such corporation's "adjusted current earnings" over the corporation's AMTI for the taxable year (determined without regard to such adjustment for excess current earnings and the alternative tax net operating loss deduction). A corporation's "adjusted current earnings" includes all tax-exempt interest, including the interest on the Bonds.

Although Bond Counsel will render an opinion that, as of the delivery of the Bonds, interest income on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a Bondholder'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 Bondholder. The nature and extent of these other tax consequences will depend upon the holder's particular tax status and the holder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

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

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

ORIGINAL ISSUE DISCOUNT

The initial offering prices of the Bonds maturing on July 1, ____ through and including July 1, ____ (the "Original Discount Obligations") are less than stated principal amounts thereof. Thus, the Original Discount Obligations will be considered to be issued with original issue discount. The difference between the initial public offering price of an Original Discount Obligation, based upon the amounts shown herein (the "Issue Price"), and the amount payable at maturity of the Original Discount Obligation, will be treated as "original issue discount." With respect to a taxpayer who purchases an Original Discount Obligation in the initial public offering at the Issue Price and who holds the Original Discount Obligation to maturity, the full amount of original issue discount will constitute interest income which is not includable in the gross income of the owner of the Original Discount Obligation for Federal income tax purposes or Arizona income tax purposes and that owner will not, under present Federal income tax law or present Arizona income tax law, realize taxable gain upon payment of the Original Discount Obligation upon maturity.

The original issue discount on each of the Original Discount Obligations is treated for Federal income tax purposes and Arizona income tax purposes as accruing daily over the term of such Original Discount Obligations 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 owner's tax basis for an Original Discount Obligation. The owner's tax basis in an Original Discount Obligation will be decreased by the payment of any amounts (such as interest payments) to the owner under the terms of the Original Discount Obligation. The adjusted tax basis will be used to determine taxable gain or loss upon disposition of an Original Discount Obligation. The Owners of Original Discount Obligations who dispose of the Original Discount Obligation prior to maturity should consult their own tax advisor with respect to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or disposition of the Original Discount Obligation prior to maturity.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of an Original Discount Obligation. Owners who do not purchase an Original Discount Obligation in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Original Discount Obligation.

A portion of the original issue discount that accrues in each year to an owner of an Original Discount Obligation may result in certain collateral Federal income tax consequences.

The owners of Original Discount Obligations in states other than Arizona should consult their own tax advisors with respect to the state and local tax consequences. In the case of income tax laws of states other than Arizona, it is possible that under the applicable provisions governing the determination of state or local income taxes, accrued interest on the Original Discount Obligations may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

BOND PREMIUM

The difference between the principal amount of the Bonds maturing on July 1, ____ through and including July 1, ____ (the "Premium Bonds"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Premium Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to

decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning the Premium Bonds.

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. . In addition, the following lawsuits of note have been filed against the City.

It has been alleged improper road design lead to two fatalities and other injuries to passengers of a vehicle driven by a young driver. The City denies the allegations and is vigorously defending this lawsuit. The City received a notice of claims for eleven million dollars.

A plaintiff alleges that he was hit by a vehicle that was fleeing from the Gila River Police, who were acting at the request of the Chandler Police to stop the vehicle for a traffic violation. The plaintiff's current demand is eight million dollars. The City has filed a Motion for Summary Judgment and will vigorously defend this matter..

ADDITIONAL INFORMATION

The City has retained Gust Rosenfeld P.L.C. 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" (excluding the information under the heading "City General Fund" and in the table titled "CITY OF CHANDLER, ARIZONA – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE"), "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT," "BOND PREMIUM," "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.

CUSIP numbers will be placed on the Bonds, but neither failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the winning bidder (the "Purchaser") thereof to accept delivery of and pay for the Bonds in accordance with the terms of the sale. No CUSIP number shall be deemed to be a part of any Bond or of the contract evidenced thereby.

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.

The City deems this Official Statement to be final as of its date except for the omission of offering prices, delivery dates, terms to be specified in the proposal of the Purchaser, ratings and other terms depending on such matters. The Purchaser must provide such information as may be necessary to complete the final Official Statement within twenty-four hours after the award of the Bonds. The City will provide the Purchaser with one hundred (100) copies of the final Official Statement without cost. Additional copies of the final Official Statement may be obtained from the City at the Purchaser's expense.

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

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

POLITICAL DONATIONS

Neither the Bond Counsel nor the Financial Advisor or their respective employees are known to have made political contributions to any person seeking a seat on the City Council at the last election of the City.

CONTINUING SECONDARY MARKET DISCLOSURE

The City has covenanted for the benefit of certain owners of the Bonds to provide certain financial information and operating data relating to the City by not later than February 1 of each year commencing February 1, 2009 (the "Annual Reports"), and to provide notice of the occurrence of certain enumerated events, if material (the "Notices of Material Events"). The Annual Reports will be filed by the City with the Internet-based electronic filing system operated by the Municipal Advisory Council of Texas under the name "DisclosureUSA" (the "Central Post Office") for distribution to each Nationally Recognized Municipal Securities Information Repository ("NRMSIR") and to any state information depository ("SID") established by the State (at present no such state information depository has been designated). In the event the Central Post Office is no longer acceptable for purposes of complying with the Rule (as defined below), then the City will file the Annual Reports directly with each NRMSIR and SID. The Notices of Material Events will be filed by the City with the Central Post Office or, in the event the Central Post Office is no longer acceptable for purposes of complying with the Rule, then with each NRMSIR and SID. The specific nature of the information to be contained in the Annual Reports and the Notices of Material Events is set forth in Appendix F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE," attached hereto. These covenants have been made in order to assist the purchaser in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). A failure by the City to comply with these covenants must be reported in

accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. A failure by the City to comply with any of such covenants could adversely affect the Bonds and specifically their market price and marketability. *Also, pursuant to State law, the ability of the City to comply with such covenants is subject to annual appropriation funds sufficient to provide for the cost of compliance with such covenants.* Should the City not comply with such covenants due to a failure to appropriate for such purpose, the City has covenanted to provide notice of such fact to the Central Post Office or, in the event the Central Post Office is no longer acceptable for purposes of complying with the Rule, then with each NRMSIR and SID. Absence of continuing disclosure due to non-appropriation could adversely affect the Bonds and specifically their market price and marketability. The City has been and is in material compliance with its existing continuing disclosure reporting requirements.

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, 2007."

FINANCIAL STATEMENTS

The financial statements of the City as of June 30, 2007, 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

By: _____
Boyd Dunn, Mayor

CITY OF CHANDLER, ARIZONA

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The City is located in the southeastern portion of Maricopa County (the "County"). The City encompasses approximately 70 square miles and is one of several major cities comprising the greater Phoenix metropolitan area, which is Arizona's economic, political and population center.

The City was founded in 1912 and incorporated in 1920. The City has a current estimated population of 251,060 as of September 1, 2008. The following table sets forth a record of the population statistics of the City since 1960, 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>
2007 Estimate	250,936 (a)	3,764,446	6,239,482
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
1980 Census	29,673	1,509,175	2,716,546
1970 Census	13,763	971,228	1,775,399

(a) Estimate provided by the City.

Source: Arizona Department of Economic Security, Research Administration, Population Statistical Unit and the City Planning and Development Department

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>
2008	70.0
2007	64.2
2006	64.0
2005	63.3
2004	63.3
2003	62.2

Source: The City Management Services Department and Long Range Planning 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 mayor is elected for a two-year term while councilmembers serve a four-year term.

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 1,700.

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.

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>
2008 ⁽¹⁾	2.8%	3.6%	4.2%	4.2%
2007	2.5	3.2	3.8	4.6
2006	2.7	3.5	4.2	4.6
2005	3.1	4.1	4.7	5.1
2004	3.0	4.0	4.8	5.5

(1) As of June 2008.

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

Source: The City Economic Development Department.

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	11,400
Orbital Sciences	Aerospace Launch Systems	1,625
Microchip Technology	Microprocessors	1,485
Freescale Semiconductor	Semiconductors/Satellite Systems	1,450
Avnet	Computer Group	500
Craftco (including Headquarters)	Asphalt Paving Compound	500
Gold Canyon Candles	Candle Manufacturing	500
Tri-City Mechanical	Air Conditioning Contractors and Service	493
Marvell	Electronics & Semiconductor Products	450
Rogers Corporation	Microwave Substrates	450
Heraeus	Semiconductor Products / Biotechnology	430
Amkor	Electronics & Semiconductor Products	350
Goodrich Turbo Resources	Aerospace Components	300
Inter-Tel, Inc.	PABX Systems	300
Indoff Inc.	Material Handling Equipment - Wholesale	300
Rogers Circuit Materials Units	Flexible Circuit Materials	300
Signal Technologies, Inc.	Electrical Components	285
South Bay Circuits	Circuit Boards	260
Triangle Truss Inc.	Wooden Floor Tresses	250
STC Microwave Systems	Microwave Subsystems	230
Turbo Machinery Products	Turbo Jet Engine Components	226
Pacific Scientific Energetic Mtls.	Fire Suppression Components	210

Source: The City Planning and Development Department, Economic Development Division and Management Services Department, Sales Tax Division.

Intel Corporation

Intel Corporation ("Intel") in 2007 constructed a one million square foot wafer chip fabrication facility known as FAB 32. This facility represents more than \$3 billion in capital investment and 1,000 new high tech jobs to the City.

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>
Chandler Unified School District	Public Education	2,400
Countrywide Home Mortgage	Mortgage Processing Center	2,350
Wells Fargo Ocotillo Corporate Campus	Regional Corporate Headquarters	2,200
Chandler Regional Hospital	Hospital	1,784
City of Chandler	Government	1,701
Verizon Wireless	Regional Corporate Headquarters	1,695
Pearson Education	Textbook and Software Development	720
Basha's Distribution Center	Food Distribution	700
Americredit	2nd Tier Financial Services	650
Toyota Financial Services	Financial Services Center	455
Allied Interstate	Call Center	450
CDW Corporation	Technology Customer Sales Center	450
Basha's Corporate Office	Corporate Headquarters	414
Covance	Drug Development Services	325
First Credit Union	Financial Services	249
Cardinal Health	Medical	240
Erickson Construction	General Construction	225
Hensley	Distribution	200

Source: The City Chamber of Commerce, the City Planning and Development Department and the City Economic Development Department.

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 have occurred, the contribution of agricultural production to the economy of the City has decreased.

Construction

Set forth immediately below is recent historic information in regard to the value of various types of building permits issued by the City for the period shown. A record of recent historic information pertaining to estimated residential housing starts occurring within the City for the period shown is included thereunder.

**VALUE OF BUILDING PERMITS
City of Chandler, Arizona
(\$000's omitted)**

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	<u>Total</u>
2008 (a)	36,832	103,444	0	13,188	153,464
2007	333,332	785,344	2,258	1,425	1,122,359
2006	342,706	479,328	4,268	23,221	849,523
2005	526,390	469,269	10,904	30,955	1,037,518
2004	775,242	332,478	5,298	34,930	1,147,948

(a) Data through first quarter of 2008.

Source: Arizona State University, Polytechnic Campus. Note that the Bureau obtains its data from County and municipal divisions which issue such permits. Construction is valued on the basis of estimated cost at the time the permit is issued, not on market price or value of construction. The date on which the permit is issued is not to be construed as the date of construction.

**NEW HOUSING STARTS
City of Chandler, Arizona**

<u>Calendar Year</u>	<u>Total New Housing Units</u>
2008 (a)	208
2007	1,474
2006	1,554
2005	3,076
2004	4,109

(a) Data through first quarter of 2008.

Source: *Arizona Business*, Arizona State University Polytechnic Campus. Note that the campus obtains its data from County and municipal divisions which issue such permits. The date on which the permit is issued is not to be construed as the date of construction.

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 on October 19, 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**

<u>Fiscal Year</u>	<u>Sales Tax Collections</u>
2007/08	\$93,896,949
2006/07	92,644,933
2005/06	87,491,645
2004/05	72,462,945
2003/04	64,814,503

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. The Sheraton San Marcos Golf Resort and Conference Center was established in 1913 as the San Marcos Hotel and is considered to be the first exclusive resort hotel in Arizona.

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 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 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 airport offers various services including a full-service maintenance facility. 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 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 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, is one of the major universities in the Southwest. The University's Spring 2008 total enrollment was approximately 59,871 students. The University's Polytechnic Campus is situated on more than 600 acres in the Phoenix area's fast-growing East Valley. It is home to more than 8,700 students pursuing degrees in professional or technological programs. Also eight miles northwest of the City is Mesa Community College. Mesa Community College is one of the 12 campuses that comprise the Maricopa County Community College District and offers a comprehensive educational program in professional, occupational and continuing education. Located in the City is the Chandler-Gilbert Community College, which opened in mid-1985. The college offers a complete educational program and had a 2007-08 fiscal year enrollment of approximately 15,100 students. The 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. 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 27 elementary schools, five junior high schools, three high schools and two alternative high schools.

CITY OF CHANDLER, ARIZONA

FINANCIAL DATA

2008/09 Fiscal Year –Assessed and Estimated Net Full Cash Values

Primary Assessed Valuation	\$ 2,704,382,646 (a)
Secondary Assessed Valuation	3,455,175,278 (a)
Estimated Net Full Cash Value	28,122,916,181 (b)

-
- (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) 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.

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Foundation and the *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)

<u>Issue Series</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Balance Outstanding</u>
1992	\$25,285,000	7-1-93/09	\$ 600,000
1993	9,850,000	7-1-05/09	1,300,000
1994	8,275,000	7-1-10	1,450,000
1996	6,650,000	7-1-03/13	925,000
1996B	8,205,000	7-1-10/13	1,905,000
1997	9,730,000	7-1-98/13	650,000
1998	3,590,000	7-1-03/16	450,000
1999	6,950,000	7-1-09/18	4,725,000
2000	8,520,000	7-1-09/19	1,175,000
2001	8,040,000	7-1-09/20	3,325,000
2001	17,225,000	7-1-02/11	5,510,000
2002	23,000,000	7-1-03/19	8,825,000
2003	16,265,000	7-1-10/16	16,125,000
2003	21,375,000	7-1-04/17	14,575,000
2005	24,800,000	7-1-06/15	15,400,000
2006	30,805,000	7-1-07/17	26,775,000
2007	111,045,000	7-1-08/26	104,525,000
2007	22,960,000	7-1-09/20	22,960,000
Total General Obligation Bonds Outstanding			\$231,200,000
Plus: The Bonds			<u>251,490,000</u> *
Net General Obligation Bonds to be Outstanding			\$482,690,000 *
Less: General Obligation Bonds Expected to be Paid From Enterprise Fund Revenues (b)			<u>188,425,000</u> *
Net General Obligation Bonds to be Outstanding excluding Enterprise Funded General Obligation Bonds (b)			<u>\$294,265,000</u> *

- (a) Excludes \$6,375,000 aggregate principal amount that remains outstanding of the City's General Obligation Bonds, Series 1990 which were refunded by the City's General Obligation Refunding Bonds, Series 1991.

Excludes \$325,000 aggregate principal amount that remains outstanding of the City's General Obligation Bonds, Series 1998 and \$2,910,000 aggregate principal amount that remains outstanding of the City's General Obligation Bonds, Series 1996B which were cash defeased in August 1999.

Excludes \$3,390,000 aggregate principal amount that remains outstanding of the City's General Obligation Bonds, Series 1996B which were refunded by the City's General Obligation Refunding Bonds, Series 2003.

Excludes \$525,000 aggregate principal amount that remains outstanding of the City's General Obligation Bonds, Series 1993 and \$140,000 aggregate principal amount that remains outstanding of the City's General Obligation Refunding Bonds, Series 2003 which were cash defeased in June 2005.

Debt service requirements for that portion of the refunded and defeased bonds currently outstanding are secured by obligations issued by the United States Government which are 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 water and wastewater enterprise funds of the City: \$5,510,000 aggregate principal amount of the City's General Obligation Refunding Bonds, Series 2001, \$7,190,000 aggregate principal amount of the

City's General Obligation Refunding Bonds, Series 2003 and \$131,300,000* aggregate principal amount of the 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 such enterprise fund 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.

Water and Wastewater Revenue Bonds Outstanding (a)

<u>Issue Series</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Balance Outstanding</u>
1994	\$5,150,000	7-1-14	\$ 2,150,000
1996	16,890,000	7-1-09/13	1,390,000
1997	7,770,000	7-1-98/15	6,870,000
1999	5,985,000	7-1-03/11	1,185,000
2000	3,000,000	7-1-01/09	200,000
2001	12,500,000	7-1-01/18	4,560,000
2001	26,145,000	7-1-02/11	8,415,000
2002(b)	13,525,000	7-1-02/10	3,635,000
2002	10,970,000	7-1-03/13	8,800,000
2003	17,830,000	7-1-04/16	12,905,000
2003	10,000,000	7-1-04/13	8,975,000
2005	10,000,000	7-1-12/20	10,000,000
2005	15,485,000	7-1-09/17	15,485,000
Total Water and Wastewater Revenue Bonds Outstanding			<u>\$ 84,570,000</u>

(a) Excludes \$4,000,000 aggregate principal amount that remains outstanding of the City's Water and Wastewater Revenue Bonds, Series 1996, which were refunded by the City's Water and Wastewater Revenue Refunding Bonds, Series 1997.

Excludes \$11,500,000 aggregate principal amount that remains outstanding of the City's Water and Wastewater Revenue Bonds, Series 1996, which were refunded by the City's Water and Wastewater Revenue Refunding Bonds, Series 2003.

Excludes \$8,000,000 aggregate principal amount that remains outstanding of the City's Water and Wastewater Revenue Bonds, Series 1998; \$2,950,000 aggregate principal amount that remains outstanding of the City's Water and Wastewater Revenue Bonds, Series 1999; \$1,225,000 aggregate principal amount that remains outstanding of the City's Water and Wastewater Revenue Bonds, Series 2000 and; \$3,625,000 aggregate principal amount that remains outstanding of the City's Water and Wastewater Revenue Bonds, Series 2001, which were refunded by the City's Water and Wastewater Revenue Refunding Bonds, Series 2005.

Debt service requirements for the portion of the refunded bonds currently outstanding are secured by obligations issued by the United States Government which are being held in their respective irrevocable trust accounts.

(b) Represents Subordinate Lien Water and Wastewater Revenue Obligations, Series 2002.

* 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>
1993	\$2,500,000	7-1-11	\$ 800,000
1994	5,750,000	7-1-11	1,100,000
1996B	1,250,000	7-1-06/15	175,000
1997	5,280,000	7-1-98/14	4,885,000
1998	5,715,000	7-1-99/09	300,000
1999	3,300,000	7-1-99/17	1,900,000
2000	2,250,000	7-1-00/10	225,000
2001	6,830,000	7-1-01/19	4,650,000
2002	10,540,000	7-1-05/13	5,345,000
2003	5,000,000	7-1-16/19	5,000,000
2004	10,920,000	7-1-06/18	10,310,000
Total Street and Highway User Revenue Bonds Outstanding			<u>\$ 34,690,000</u>

(a) Excludes \$1,000,000 aggregate principal amount that remains outstanding of the City's Street and Highway User Revenue Bonds, Series 1996B, \$45,000 aggregate principal amount that remains outstanding of the City's Street and Highway User Revenue Refunding Bonds, Series 1997, \$3,150,000 aggregate principal amount that remains outstanding of the City's Street and Highway User Revenue Bonds, Series 1998 and \$1,250,000 aggregate principal amount that remains outstanding of the City's Street and Highway User Revenue Bonds, Series 2000 which were refunded by the City's Street and Highway User Revenue Refunding Bonds, Series 2004.

Debt service requirements for the portion of the refunded bonds currently outstanding are secured by obligations issued by the United States Government which are being held in their respective irrevocable trust accounts.

Solid Waste System Revenue Bonds Outstanding

None

Excise Tax Revenue Obligations Outstanding and to be Outstanding

None (a)

(a) The City intends to issue \$30,000,000* in aggregate principal of Excise Tax Revenue Obligations, Series 2008 (the "Obligations"), concurrently with the Bonds pursuant to a separate offering statement. Prior the issuance of the Obligations, the City has no excise tax revenue obligations outstanding.

* Preliminary, subject to change.

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

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 (a)</u>		<u>Water, Light, Sewer, Open Space, Public Safety, Law Enforcement, Fire and Emergency Services, Park, Street, and Transportation Bonds (a)</u>	
Total 6% General Obligation Bonding Capacity	\$207,310,516	Total 20% General Obligation Bonding Capacity	\$ 691,035,055
Less: 6% General Obligation Bonds Outstanding	<u>(7,670,000) (b)</u>	Less: 20% General Obligation Bonds Outstanding	<u>(223,530,000)</u>
Net 6% General Obligation Bonding Capacity	<u>\$199,640,516</u>	Net 20% General Obligation Bonding Capacity	<u>\$ 467,505,055</u>

(a) Includes the Bonds.

(b) 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	5.962%	None
Maricopa County Community College District (d)	\$ 507,390,000	5.962%	\$ 30,250,592
Chandler Unified School District No. 80	159,525,000	75.586%	120,578,567
Tempe Union High School District No. 213	266,770,000	16.205%	43,230,079
Kyrene Elementary School District No. 28 (e)	206,630,000	29.870%	61,720,381
Mesa Unified School District No. 4	101,010,000	4.976%	5,026,258
Gilbert Unified School District No. 41 (f)	98,000,000	2.956%	2,896,880
East Valley Institute of Technology District No. 401	None	13.517%	None
City of Chandler (g)	[To Come]*	100.000%	[To Come] *
Total Direct and Overlapping General Obligation Bonded Debt to be Outstanding			<u>[To Come] *</u>

(a) Proportion applicable to the City is computed on the ratio of secondary assessed valuation as calculated for fiscal year 2008/09* 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	\$521,093,000
Chandler Unified School District No. 80	58,700,000
Tempe Union High School District No. 213	1,175,000
Kyrene Elementary School District No. 28	47,350,000
Mesa Unified School District No. 4	67,500,000
Gilbert Unified School District No. 41	82,000,000
East Valley Institute of Technology District No. 401	None
City of Chandler ^(a)	[To Come]

^(a) Includes the Bonds.

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 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)

* Preliminary, subject to change.

that the United States will acquire a total of 667,724 acre feet of CAP water for Federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the \$1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50-year repayment period, which commenced October 1, 1993. Effectiveness of the agreement was subject to a number of conditions including settlement of certain Indian community water claims and other water claims and require certain State legislation. The court entered a final Stipulation Judgment on November 2, 2007. On December 14, 2007, the Secretary of Interior issued a notice that all these conditions had been met and that the agreement was now effective. 72 FR 7145, December 14, 2007. CAWCD is a 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 ten cents is being currently levied. (See Arizona Revised Statutes, Section 45-3715.) 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 outstanding as follows:

Water and Wastewater Revenue Bonds	\$84,570,000
Street and Highway User Revenue Bonds	34,690,000

Includes \$57,125,000 aggregate principal amount of water and wastewater general obligation bonds and solid waste systems general obligation bonds which are paid by net revenues from the water and wastewater systems of the City and solid waste systems. In the event that the net revenues would prove to be insufficient or the City elects not to pay debt service requirements on the general obligation bonds from revenues from these enterprises, this debt would become payable from ad valorem taxes.

Does not include \$8,345,000 City improvement district bonds outstanding.

Includes the Bonds.

Direct and Overlapping General Obligation Bonded Debt Ratios

	<u>Per Capita Bonded Debt Population Estimated @ 250,936</u>	<u>As % of City's 2008/09 Secondary Assessed Valuation</u>	<u>As % of City's 2008/09 Estimated Net Full Cash Value</u>
Direct General Obligation Bonded Debt (a) (\$[To Come])			[To Come]
Direct and Overlapping General Obligation Bonded Debt Outstanding (b) (\$[To Come])			

(a) Includes the Bonds.

Other Obligations

To assure the timely installation of new and replacement computer equipment for the immediate needs of the City and to assure that, going forward, systems are updated and replaced prior to becoming a productivity and maintenance burden, computer equipment will be leased on a four-year replacement cycle. The expenditure is expected to be approximately \$2.0 million annually.

The City leases approximately 73,595 square feet of office and library space. The combined expense relating to these leases for the fiscal year ended June 30, 2008 was \$1,558,600. The future minimum lease payments for these leases are as follows:

<u>Year Ending</u>	
June 30	
2009*	\$1,624,342
2010	1,145,535
Total	<u>\$2,769,877</u>

* One lease expires in 2009 and all other leases expire in 2010.

Source: The City.

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 plan of the City.

Arizona State Retirement System

All full-time City employees (except public safety personnel and elected officials) participate in the Arizona Statement 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 2007/08 were 9.60% (9.10% retirement and 0.50% long-term disability) for both employees and employers. The City's contribution to the System for the fiscal year 2007/08 was \$6,311,855.84, equal to the required contribution.

Effective July 1, 2008, the City's annual contribution rates are 9.45% (8.75% retirement and 0.70% long-term disability) for fiscal year 2008/09 for both employees and employers.

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, 2008 were 12.12% of annual covered payroll for police and 11.09% of annual covered payroll for firefighters. The City's contribution to the PSPRS for the fiscal year ended June 30, 2008 was \$2,967,041.03 for police and \$1,074,404.75 for firefighters, equal to the required contributions.

Effective July 1, 2008, the City's annual contribution rates are 18.38% for police and 16.7% for firefighters for fiscal year 2008/09 for employer and 7.65% for both groups of employees.

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.

The actuarially determined contribution rates for the fiscal year ended June 30, 2008 was 20.21%. The City's contribution to the EORP for the fiscal year ended June 30, 2008 was \$23,104.85, equal to the required contribution.

Effective July 1, 2008, the City's annual contribution rate is 28% for fiscal year 2008/09 for employer and 7% for employees.

Healthcare Benefits for Retired Employees

Beginning with the fiscal year that commenced on July 1, 2007, the City must implement Government Accounting Standards Board Statement Number 45, *Accounting by Employers for Post-Employment Benefits Other than Pensions* ("GASB 45"), which requires 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.

The City has commissioned and received a draft actuarial valuation of the City's OPEB costs associated with the health care programs available to retirees through the City in order to meet the requirements of GASB 45. The preliminary actuarial valuations shows the City's actuarial accrued liability, as of June 1, 2007, ranging from \$18,300,000 (unit cost) to \$20,200,000 (entry age normal), depending on which actuarial cost method the City elects to use.

PROPERTY TAXES

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 has two different valuation bases for levying ad valorem property taxes. They are "limited property" and "full cash" values. 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 (a)

Tax Year	Railroads, Private Car and Airline Flight Property (b)	Mining, Utility, Commercial and Industrial (c)(d)	Owner Occupied Residential	Leased or Rented Residential	Agricultural and Vacant Land (d)
2008	20%	23%	10%	10%	16%
2007	21	24	10	10	16
2006	22	24.5	10	10	16
2005	21	25	10	10	16
2004	21	25	10	10	16

- (a) Several additional classes of property exist, but seldom amount to a significant portion of an entity's total valuation.
- (b) 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.
- (c) Effective January 1, 2008, the assessment ratio for Mining, Utility, Commercial and Industrial property was decreased to 23%. Additionally, this rate will be decreased by one percent annually through 2010, resulting in an assessment ratio of 20% from and after December 31, 2010.
- (d) The first \$63,242 of full cash value for commercial, industrial and agricultural personal property is not subject to taxation for tax year 2008-09. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of those amounts will be assessed at the applicable rate.

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 parcels that underwent modification through construction, destruction or change in use, and for new parcels, is established by applying a ratio of the full cash to limited property values 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. 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.

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 August 31, 2008	
			Amount	% of Levy	Amount	% of Levy
2008/09	\$1.1814	\$ 38,645,019	(b)	(b)	\$ 20,665	0.05 %
2007/08	1.2000	33,914,989	\$ 33,116,446	97.65 %	33,316,135	98.23
2006/07	1.2500	26,905,997	26,011,939	96.68	26,415,875	98.18
2005/06	1.2800	24,456,531	23,777,189	97.22	24,192,178	98.92
2004/05	1.2800	22,642,360	21,761,865	96.11	22,108,139	97.64

(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	2008/09 Secondary Assessed Valuation	2008/09 Primary Assessed Valuation	2008/09 Total Tax Rates Per \$100 Assessed Valuation
State of Arizona	\$86,183,351,753	\$ 67,556,592,601	None
Maricopa County	58,303,635,287	44,881,602,698	\$1.0327 (a)
Maricopa County Community College District	58,303,635,287	44,881,602,698	0.7752
Maricopa County Library District (b)	58,303,635,287	N/A	0.0353
Maricopa County Flood Control District (b)	54,626,432,391	N/A	0.1367
Maricopa County Fire District (b)	58,303,635,287	N/A	0.0053
Maricopa County Hospital District (b)	58,303,635,287	N/A	0.0856
Central Arizona Water Conservation District (b)	58,303,635,287	N/A	0.1000
East Valley Institute of Technology District No. 401	24,064,055,556*	N/A	0.0500
Chandler Unified School District No. 80 (c)	3,099,624,009	2,362,096,105	4.5894
Tempe Union High School District No. 213 (c)	5,045,956,892	4,067,787,460	2.2825
Kyrene Elementary School District No. 28 (c)	2,894,830,446	2,295,330,179	2.8896
Mesa Unified School District No. 4 (c)	4,738,464,318	3,694,792,256	5.1090
Gilbert Unified School District No. 41 (c)	2,592,056,846	2,021,840,872	5.1263
City of Chandler	3,455,175,278	2,704,382,646	1.1814

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

(a) Includes the State Equalization Assistance Property tax. This rate has been set at \$0.00 for fiscal years 2006/07 through and including 2008/09. The State Equalization Assistance Property Tax in fiscal years 2009/10 will be computed by annually adjusting the fiscal year 2005/06 rate of \$0.4358 through fiscal year 2009/10 pursuant to Arizona Revised Statutes, Section 41-1276.

- (b) The assessed valuation of the flood control district does not include the personal property assessed valuation of the County. All levies for library districts, hospital districts, fire districts, technology districts and flood control districts are levied on the secondary assessed valuation, as shown on the following page.
- (c) Districts levy an additional secondary rate of \$0.050 in 2008/09 for the East Valley Institute of Technology District No. 401.

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

Direct and Overlapping Tax Rates Per \$100 Assessed Valuation

Inside the City and:

Inside Gilbert Unified School District No. 41	<u>\$ 8.5285</u>
Inside Mesa Unified School District No. 4	<u>\$ 8.5112</u>
Inside Tempe Union High School District No. 213 and Kyrene Elementary School District No. 28	<u>\$ 8.5743</u>
Inside Chandler Unified School District No. 80	<u>\$ 7.9916</u>

Source: *Maricopa County Levy*, Maricopa County, Arizona.

Secondary Assessed Valuation by Property Classification

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

	<u>2004/05</u> Secondary Assessed Valuation	<u>2005/06</u> Secondary Assessed Valuation	<u>2006/07</u> Secondary Assessed Valuation	<u>2007/08</u> Secondary Assessed Valuation	<u>2008/09</u> Secondary Assessed Valuation	<u>2008/09</u> Annual Percent Change
Mining, Utility, Commercial and Industrial	\$ 672,837,477	\$ 721,151,890	\$ 772,183,311	\$ 884,909,574	\$1,037,309,912	17.22%
Agriculture and Vacant Land	108,095,779	93,710,622	127,874,375	160,217,644	184,799,894	15.34%
Owner-Occupied Residential	829,070,978	974,338,631	1,023,331,270	1,649,981,440	1,871,249,625	13.41%
Leased or Rented Residential	128,599,230	140,926,512	167,094,148	223,329,729	277,615,115	24.31%
Railroad, Private Car Company and Airline Flight Property	2,391,821	2,418,309	2,525,763	3,420,918	3,494,670	2.16%
Historical Property	64,613,741	46,464,842	94,734,761	67,046,898	80,389,408	19.90%
Commercial Historic Property	139,776	146,236	163,610	283,675	316,654	11.63%
	<u>\$1,805,748,802</u>	<u>\$1,979,157,042</u>	<u>\$2,187,907,238</u>	<u>\$2,989,189,878</u>	<u>\$3,455,175,278</u>	15.59%

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

Secondary Assessed Valuation of Major Taxpayers

Taxpayer (a)	Description	2008/09 Secondary Assessed Valuation	As % of City's Total 2008/09 Secondary Assessed Valuation
Intel Corporation	Manufacturing Plant	\$ 150,700,686	4.36 %
Freescale Semiconductor Inc.	Manufacturing Plant	30,716,624	0.89
TWC - Chandler LLC	Enclosed Mall	28,340,105	0.82
Countrywide Home Loans Inc.	Mortgage Brokerage	26,107,445	0.76
Wells Fargo	Financial Services	21,123,410	0.61
Fulton Homes Corporation	Residential Subdivided	15,843,150	0.46
Qwest Corporation	Telecommunications	15,551,378	0.45
Vestar California LLC	Open Shopping Center	15,180,667	0.44
Chandler Festival LLC	Open Shopping Center	11,656,095	0.34
Wells REIT - Santan	Office Building	10,744,798	0.31
Total		\$ 325,964,358	9.43%
Total City Net Secondary Assessed Valuation		\$ 3,455,175,278	

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

(a) Some of the Major Taxpayers, including Intel Corporation, Motorola Inc., Freescale Semiconductor Inc, Qwest Corporation, and Wells Fargo Bank 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.

SPECIAL NOTE: The assessed valuation of the taxable property located within the City which is owned by the Salt River Project Agricultural Improvement and Power District ("SRP") is not included in the assessed valuation of the City herein or in any other information set forth in this Official Statement. Such property is subject to the levy of governmental property taxes in the same manner as publicly-owned utility companies. However, because of SRP's quasi-municipal nature, such property tax levies and subsequent property tax payments are characterized as "voluntary" property tax "contributions in lieu" of ordinary property taxes pursuant to special legislation enacted specifically for the purpose of taxing such property. The fiscal year 2007/08 secondary assessed valuation of SRP taxable property located within the City is \$32,570,424. The secondary "contribution" by SRP to the City in lieu of property taxes in fiscal year 2007/08 is \$273,592. The fiscal year 2008/09 secondary assessed valuation of SRP taxable property located within the City is estimated to be \$31,755,469.

Comparative Secondary Assessed Valuation Histories

<u>Fiscal Year</u>	<u>City of Chandler</u>	<u>Maricopa County</u>	<u>State of Arizona</u>
2008/09	\$ 3,455,175,278	\$ 58,303,635,287	\$ 86,183,351,753
2007/08	2,989,189,878	49,534,573,831	71,837,099,233
2006/07	2,187,907,238	36,294,693,601	54,394,761,521
2005/06	1,979,157,042	33,197,218,398	48,931,946,145
2004/05	1,805,748,802	30,066,986,670	44,461,738,026

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

Estimated Net Full Cash Value (a)

<u>Fiscal Year</u>	<u>Estimated Full Cash Value</u>
2008/09	\$ 28,122,916,181
2007/08	24,174,174,640
2006/07	17,275,361,406
2005/06	15,220,118,638
2004/05	13,844,817,823

(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.

FORM OF APPROVING LEGAL OPINION

MAYOR AND COUNCIL
CITY OF CHANDLER
MARICOPA COUNTY, ARIZONA

We have examined the transcript of proceedings relating to the issuance by the City of Chandler, Arizona (the "City"), of its \$251,490,000* of aggregate principal amount General Obligation Bonds, Series 2008, bearing an original issue date of _____, 2008 (the "Bonds").

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, ad valorem tax to pay the principal of and interest on the Bonds without limit as to rate or amount. 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 the 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 requirements could 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.

By:

Scott W. Ruby
Bond Counsel

APPENDIX D

CITY OF CHANDLER, ARIZONA

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007

The following audited Financial Statements are for the fiscal year ended June 30, 2007. 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, and interest on, the Bonds to Direct Participants, Indirect Participants and Beneficial Owners (as hereinafter defined), and other information concerning DTC and the book-entry-only system of registration and transfer of beneficial ownership interests in the Bonds is based solely on information furnished by DTC to the City for inclusion in this Official Statement. None of the City, the Bond Registrar and Paying Agent, or the Financial Advisor 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 certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com or www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct Participants’ and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. 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 Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct Participants 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 records only the identity of the Direct Participants to whose accounts such Bonds are credited, which

may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. 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 Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

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

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 the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participants or Indirect Participant and not of DTC nor its nominee, the Bond Registrar and Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, 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 Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City. 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 transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

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

§
CITY OF CHANDLER, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2008

CONTINUING DISCLOSURE CERTIFICATE
(CUSIP 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 Bonds, Series 2008 (the "*Bonds*"). In consideration of the initial sale and delivery of the Bonds, the City covenants as follows:

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

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

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

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

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

"*Central Post Office*" shall mean an entity approved as such by the Securities and Exchange Commission. At present the Internet-based electronic filing system operated by the Municipal Advisory Council of Texas under the name of "Disclosure USA" at the following internet address site: www.DisclosureUSA.org is approved for such purpose.

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

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

"*National Repository*" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"*Official Statement*" shall mean the final official statement dated _____, 2008 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.

"*State Repository*" shall mean any public or private repository or entity designated by the State of Arizona as a state repository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Repository.

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, 2009, provide to the Central Post Office 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. 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 to the Central Post Office an Annual Report or any part thereof by the Filing Date required in subsection (a) above, the City shall promptly send a notice to the Central Post Office 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 the Central Post Office 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 the Central Post Office 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 name and address of each National Repository and each State Repository, if any; 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 the Central Post Office to which 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 a 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 the Central Post Office 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 Section 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;
- (6) Secondary Assessed Valuations 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 the Central Post Office or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) 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, if material:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (vii) Modifications to rights of Bondholders;
- (viii) Bond calls;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds; and
- (xi) Rating changes.

(b) Whenever a Listed Event occurs, if such Listed Event is material, then the City shall promptly file a notice of such occurrence with the Central Post Office; provided, that any event under subsection (a)(1), (6), (8), (9) or (11) will always be deemed to be material.

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 Central Post Office.

Section 9. Central Post Office. In the event the Central Post Office is not an acceptable filing repository for purposes of the Rule, the City shall, or shall cause the Dissemination Agent to, file all items required to be filed with the Central Post Office with each National Repository and, if any, the State Repository.

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 mailing the Annual Report and notices of material events to the Central Post Office. 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 the Central Post Office 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 Rule 15c2-12 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: _____, 2008

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 Bonds, Series 2008
Dated date of Bonds: _____, 2008 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 _____, 2008. 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: \$ _____ General Obligation Bonds, Series 2008
Dated date of Bonds: _____, 2008 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 _____, 2008, 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: \$ _____ General Obligation Bonds, Series 2008
Dated date of Bonds: _____, 2008 CUSIP 158843

NOTICE IS HEREBY GIVEN that the Issuer failed to appropriate funds necessary to perform the undertaking required by the Disclosure Certificate dated _____, 2008.

Dated: _____
City of Chandler, Arizona
Its _____