



**Chandler • Arizona**  
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#14

OCT 30 2008

**MEMORANDUM**

**Management Services Memo No. 09-028**

**DATE:** OCTOBER 22, 2008

**TO:** MAYOR AND COUNCIL

**THRU:** W. MARK PENTZ, CITY MANAGER

**FROM:** DENNIS STRACHOTA, MANAGEMENT SERVICES DIRECTOR

**SUBJECT:** Adoption of Resolution No. 4242 providing for additional options for the sale of Excise Tax Obligations, Series 2008 in more than one series.

**RECOMMENDATION**

Staff recommends Council adopt Resolution No. 4242, prepared by the City's bond counsel firm of Gust Rosenfeld, providing for additional options for the sale of Excise Tax Revenue Obligations, Series 2008.

**BACKGROUND**

On September 25, 2008, Council adopted Resolution No. 4220, providing for the sale and issuance of not to exceed \$35,000,000 Excise Tax Revenue Obligations, Series 2008. This resolution will be a supplement and not a replacement of the original resolution.

In consideration of the uncertainty of the municipal bond market, it may be in the best interest of the City to issue bonds in multiple series and at different times. In addition, this resolution authorizes the Management Services Director to sell any series of the Bonds, with the advice of the City's Financial Advisor, through a negotiated sale. The consideration of sales would be dependent on the current market conditions and cash flow needs.

**FINANCIAL IMPLICATIONS**

Wastewater system net revenues will pay the debt service on the Obligations. Excise taxes, defined as the City's "unrestricted excise, transaction, franchise, privilege and business taxes, state-shared sales income taxes, fees for licenses and permits, and state revenue-sharing," are pledged to assure payment of the debt should water and sewer revenues be insufficient to make those payments. The additional options afforded through this resolution provide the City more flexibility to respond to current uncertainty in the municipal bond market and manage its borrowing costs.

RESOLUTION NO. 4242

**RESOLUTION SUPPLEMENTING RESOLUTION NO. 4220 ORDERING THE SALE OF NOT TO EXCEED \$35,000,000 PRINCIPAL AMOUNT OF EXCISE TAX REVENUE OBLIGATIONS, SERIES 2008 EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN A PURCHASE AGREEMENT BETWEEN THE CITY OF CHANDLER, ARIZONA, AND A TRUSTEE TO FINANCE VARIOUS WATER AND SEWER CAPITAL IMPROVEMENTS AND TO REFUND THE 2014 AND 2015 MATURITIES OF THE CITY OF CHANDLER, ARIZONA WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 1997; BY AUTHORIZING THE OPTION TO ISSUE AND SELL THE BONDS THROUGH A NEGOTIATED SALE; BY AUTHORIZING THE OPTION TO EXECUTE AND DELIVER A OBLIGATION PURCHASE AGREEMENT; APPROVING THE FORM OF CERTAIN DOCUMENTS AND AUTHORIZING THE COMPLETION; AND RATIFYING ALL ACTIONS TAKEN OR TO BE TAKEN TO FURTHER THIS RESOLUTION.**

**WHEREAS**, due to uncertainty in the municipal bond market the City desires to expand its options regarding the sale of Obligations as set forth in Resolution No. 4220 as passed and adopted on September 25, 2008 (the "Original Resolution"); and

**WHEREAS**, this resolution will supplement and not replace the Original Resolution; and

**WHEREAS**, all terms shall have the same meanings as set forth in the Original Resolution; and

**WHEREAS**, it may be in the best interests of the City to divide the sale of the Obligations into more than one separate series; and

**WHEREAS**, by this resolution the Mayor and Council will authorize the Management Services Director, if it is in the best interest of the City, to sell any series of the Obligations through a negotiated sale by receiving a proposal for the purchase of the Bonds from an underwriter or underwriters, as selected by the Management Services Director (collectively, the "*Underwriter*") on such terms and at such prices, interest rates, maturities and redemption features as may hereafter be approved by the Management Services Director and agreed to by the Underwriter (the "*Negotiated Sale*").

**NOW, THEREFORE, IT IS RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AS FOLLOWS:**

**Section 1. Multiple Series.** The Obligations may be issued in more than one separate series and may be sold at different times.

**Section 2. Negotiated Sales Process.** Notwithstanding the Original Resolution, if the Management Services Director with the advice of the Financial Advisor, determine it to be in the best interest of the City, the Management Services Director may cause any series of the Obligations to be sold through a Negotiated Sale.

**Section 3. Execution of Obligation Purchase Agreement.** If sold pursuant to a Negotiated Sale, 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 financial terms of the Obligations shall be as set forth in the obligation purchase agreement entered into between the City and the Underwriter (the "*Obligation Purchase Agreement*"). If sold pursuant

to a Negotiated Sale, the Management Services Director is further authorized and directed to prepare and the Mayor or any Council Member is authorized and directed to execute, and the Clerk is authorized and directed to attest, the Obligation Purchase Agreement setting forth the final terms and provisions of the Obligations and of the sale of the Obligations to the Underwriter. The Obligation Purchase Agreement shall be in a form acceptable to and approved by the Mayor or other Council Member executing it, such execution to be conclusive proof of such approval.

**Section 4. Severability.** If any section, paragraph, subdivision, sentence, clause or phrase of this resolution or the Original 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 or the Original Resolution. The Mayor and Council hereby declare that the City would have adopted this resolution and the Original Resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the Obligations pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this resolution or the Original Resolution may be held illegal, invalid or unenforceable.

**Section 5. Ratification of Actions.** All actions of the officers and agents of the City which conform to the purposes and intent of the Original Resolution as supplemented by this resolution and which further the issuance and sale of the Obligations as contemplated by the Original Resolution as supplemented by this resolution whether heretofore or hereafter taken shall be and are hereby ratified, confirmed and approved. The proper officers and agents of the City are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the City as may be necessary to carry out the terms and intent of this resolution or the Original Resolution.

**PASSED AND ADOPTED** by the Mayor and Council of the City of Chandler, Arizona, on October 30, 2008.

\_\_\_\_\_  
Mayor

**ATTEST:**

\_\_\_\_\_  
City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Bond Counsel

**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. 4242 was duly passed by the City Council of the City of Chandler, Arizona, at a regular meeting held on October 30, 2008, and the vote was \_\_\_\_ aye's and \_\_\_\_ nay's and that the Mayor and \_\_\_\_ Council Members were present thereat.

DATED: October 30, 2008.

\_\_\_\_\_  
City Clerk