



**Chandler • Arizona**  
*Where Values Make The Difference*

#17  
JAN 17 2008

**MEMORANDUM**

**Public Works Engineering Memo PWE08-011**

**DATE:** JANUARY 17, 2008

**TO:** MAYOR AND COUNCIL

**THRU:** W. MARK PENTZ, CITY MANAGER  
DENNIS STRACHOTA, MANAGEMENT SERVICES DIRECTOR  
R.J. ZEDER, PUBLIC WORKS DIRECTOR

**FROM:** SHEINA HUGHES, ACTING ASSISTANT PUBLIC WORKS DIRECTOR/  
CITY ENGINEER

**SUBJECT:** Adoption of Resolution No. 4099, providing for the issuance and sale of City of Chandler, Arizona, Spectrum Improvement District Improvement Bonds not to exceed the amount identified in the Certified List of the Assessment which is not to exceed \$7,700,000; delegating the authority to approve and deem final a form of official statement; and approve the assessment diagram and the assessment.

**RECOMMENDATION:** Staff recommends Council adopt Resolution No. 4099, providing for the issuance and sale of City of Chandler, Arizona, Spectrum Improvement District Improvement Bonds not to exceed the amount identified in the Certified List of the Assessment which is not to exceed \$7,700,000; delegating the authority to approve and deem final a form of official statement; and approve the assessment diagram and the assessment.

**BACKGROUND/DISCUSSION:** The Spectrum Improvement District is the 96-acre development located at the southeast corner of Loop 202 and Price Road. It is a mixed-use development of commercial and office space. The owner requested and the City approved the formation of an improvement district to finance the public improvements and assess the payoff of the financing to the property it benefits at the August 10, 2006 Council Meeting. Council approved Resolution 3998 approving the formation of the Spectrum Improvement District and Resolution 3999 ordering the construction of the infrastructure in an amount not to exceed \$8,051,000. These two actions approved the scope of work that was required for the Spectrum Improvement District and order the construction to be completed.

The project was publicly bid and construction started in early 2007. The work required by Resolution 3998 was within the limits of the City's Capital Improvement Project for Price Road. In order to coordinate construction, construction was allocated to the developer plans and the Capital Improvement Project. The developer plans completed the public improvements on

Willis Road, Spectrum Boulevard, and Price Road. The developer improvements required on Price Road were incorporated into the Capital Improvement Plans.

The Bond issuance and sale of \$7,700,000 is less than the original construction estimate for the Spectrum Improvement District of \$8,051,000 and covers the work completed by the developer and the Capital Improvement Project for the developer. All legal documents associated with the bond issuance have been prepared by the City's bond counsel firm of Gust Rosenfeld. The assessment diagram and assessments reflect the value of the bond issuance.

**FINANCIAL IMPLICATIONS:** The bonds represent a contingent liability to the City in the event that the property owner does not pay the assessments and the property cannot be sold at public auction. The property is estimated at a value of \$56,000,000 compared to the liability of the bond issuance of \$7,700,000.

**PROPOSED MOTION:** Move that Council pass and approve Resolution No. 4099, providing for the issuance and sale of City of Chandler, Arizona, Spectrum Improvement District Improvement Bonds not to exceed the amount identified in the Certified List of the Assessment which is not to exceed \$7,700,000; delegating the authority to approve and deem final a form of official statement; and approve the assessment diagram and the assessment.

Attachments

CITY OF CHANDLER IMPROVEMENT DISTRICT  
ASSESSMENT DIAGRAM FOR  
**SPECTRUM CHANDLER**  
NEC PRICE ROAD & WILLIS ROAD, CHANDLER, ARIZONA

**CERTIFICATION**

I, \_\_\_\_\_, CITY CLERK OF THE CITY OF CHANDLER, ARIZONA, DO HEREBY CERTIFY THAT THIS IS THE ASSESSMENT DIAGRAM OF SPECTRUM CHANDLER IMPROVEMENT DISTRICT, APPROVED BY THE MAYOR AND COMMON COUNCIL OF THE CITY OF CHANDLER AT A MEETING ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2007, AND THAT A QUORUM WAS PRESENT.

BY \_\_\_\_\_ CITY CLERK FILED BY \_\_\_\_\_ SUPERINTENDENT OF STREETS

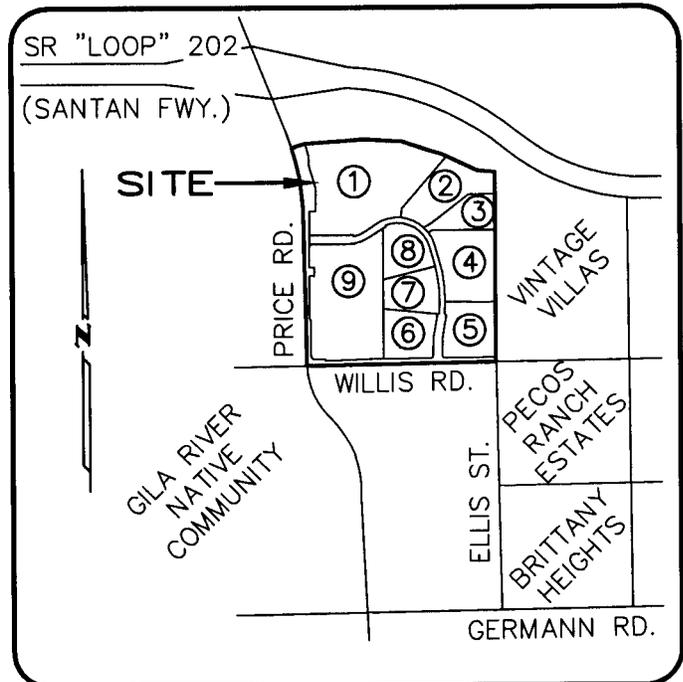
ASSESSMENT DIAGRAM SUBMITTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2007

SUBMITTED BY \_\_\_\_\_ SUPERINTENDENT OF STREETS

**LEGEND**

- ID BOUNDARY
- LOT LINE
- CENTER LINE
- █ AREA OF IMPROVEMENT
- A.P.N. ASSESSOR'S PARCEL NUMBER

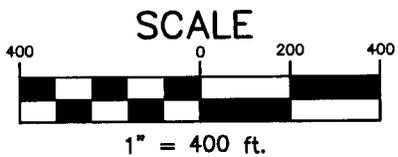
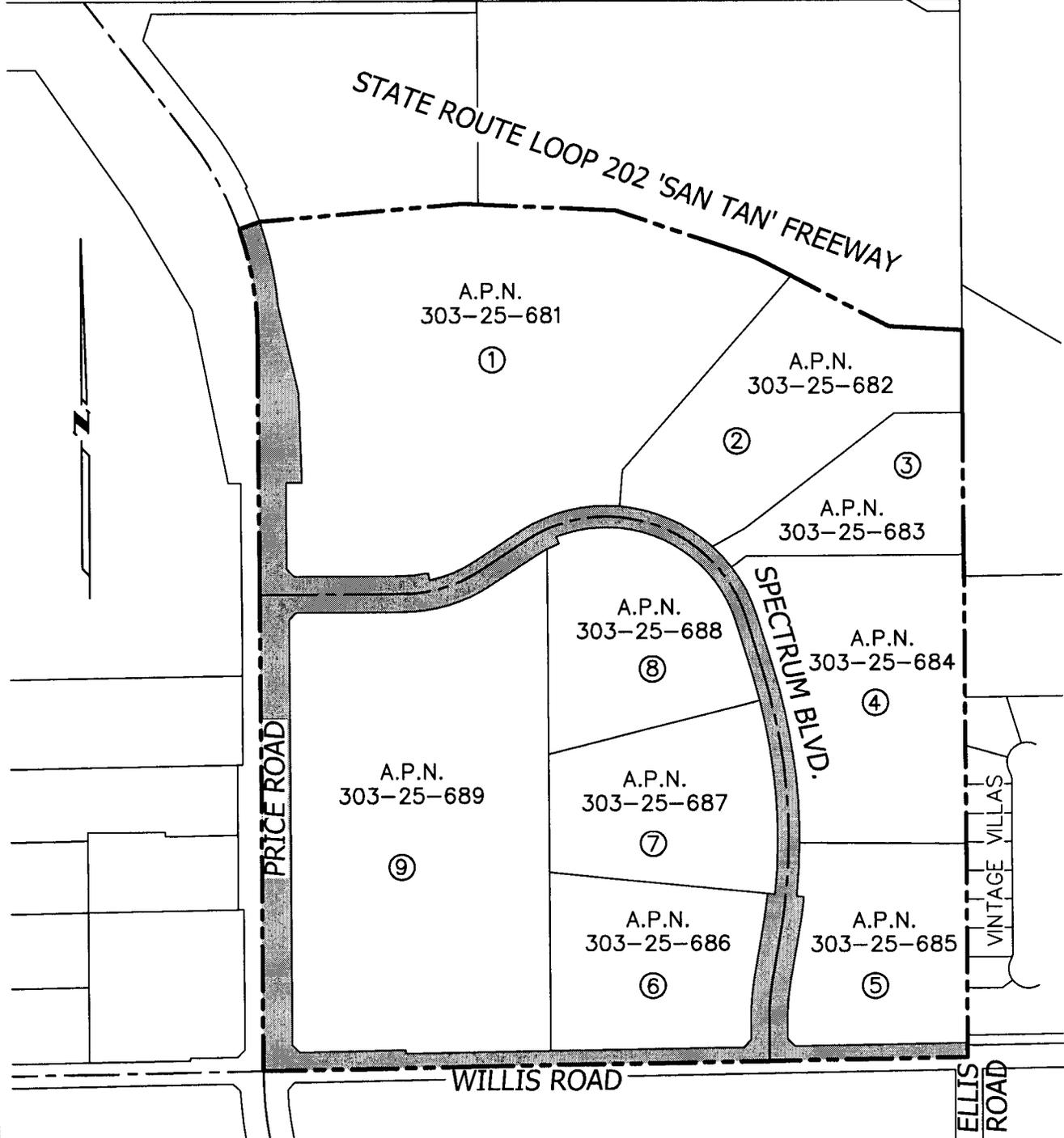
	LOT SUBDIVISION	PARCEL NUMBER
①	LOT 1, SPECTRUM CHANDLER	303-25-681
②	LOT 2, SPECTRUM CHANDLER	303-25-682
③	LOT 3, SPECTRUM CHANDLER	303-25-683
④	LOT 4, SPECTRUM CHANDLER	303-25-684
⑤	LOT 5, SPECTRUM CHANDLER	303-25-685
⑥	LOT 6, SPECTRUM CHANDLER	303-25-686
⑦	LOT 7, SPECTRUM CHANDLER	303-25-687
⑧	LOT 8, SPECTRUM CHANDLER	303-25-688
⑨	LOT 9, SPECTRUM CHANDLER	303-25-689



**VICINITY & KEY MAP**  
SCALE 1"=2000'

**Site Consultants, Inc.**  
113 S. Rockford Drive, Tempe Arizona 85281  
Tele: 480-894-2820 Fax: 480-894-2847  
SCI 1609 SCALE: AS NOTED DATE: 12-18-2007

CITY OF CHANDLER IMPROVEMENT DISTRICT  
 ASSESSMENT DIAGRAM FOR  
**SPECTRUM CHANDLER**  
 NEC PRICE ROAD & WILLIS ROAD, CHANDLER, ARIZONA



**Site Consultants, Inc.**  
 113 S. Rockford Drive, Tempe Arizona 85281  
 Tele: 480-894-2820 Fax: 480-894-2847  
 SCI 1609 SCALE: 1"=400' DATE: 12-18-2007

**WARRANT**

By virtue of the authority vested in me as Superintendent of Streets, I, Ruth Ann Goemaat, Superintendent of Streets of the City of Chandler, Arizona, hereby authorize and empower the Management Services Director of the City of Chandler, his agents or assigns, to demand and receive the several assessments upon the assessment hereto attached, and this shall be said Management Services Director's warrant for the same. Improvement bonds in an amount of the remaining unpaid assessments (together with capitalized interest) and bearing interest at a rate of not to exceed eight percent (8%) per annum will be issued in the form and manner prescribed by Title 48, Chapter 4, Article 2, Arizona Revised Statutes, and amendments and supplements thereto, to represent the cost and expenses of the work prescribed in the assessment, and notice is hereby given that said bonds will be paid out of a special fund, collected in fifteen (15) annual installments from the assessments of twenty-five dollars (\$25) or more remaining unpaid at the date of the bonds.

DATED: January \_\_\_\_, 2008.

\_\_\_\_\_  
Superintendent of Streets, City of Chandler,  
Arizona

COUNTERSIGNED BY:

\_\_\_\_\_  
Mayor, City of Chandler, Arizona

## ASSESSMENT

### IN THE MATTER OF CITY OF CHANDLER, ARIZONA, SPECTRUM IMPROVEMENT DISTRICT, PERTAINING TO THE CONSTRUCTION AND IMPROVEMENT OF CERTAIN STREETS WITHIN THE CITY OF CHANDLER.

Pursuant to the provisions of Title 48, Chapter 4, Article 2, Arizona Revised Statutes, and amendments and supplements thereto and a Waiver and Development Agreement for City of Chandler, Arizona, for Spectrum Improvement District by and between the City of Chandler, Arizona (the "*City*") and all of the property owners within the boundaries of Spectrum Improvement District who were assessed (the "*Agreement*"), I, Ruth Ann Goemaat, Superintendent of Streets of the City, hereby assess and apportion as shown hereinafter, and in the Assessment Diagram (a copy of which is attached hereto) upon the lots and parcels of land as described in Resolution of Intention No. 3998, adopted by the Mayor and Council of the City on August 10, 2006, to be paid to the City, its agents or assigns, to finance the improvement of certain portions of Price Road, Spectrum Boulevard and Willis Road by the construction of paving, curb, gutter, sidewalk, street lights, traffic control devices, undergrounding of overhead electric power lines, landscaping, irrigation, reclaimed water distribution lines, water and sewer lines and all appurtenances thereto; all of the above work or improvement to be done in accordance with that certain set of Plans and Specifications approved and adopted by the Council of the City on August 10, 2006, and on file in the office of the City Clerk and Superintendent of Streets designated as the Plans, Specifications and Estimate for City of Chandler, Arizona, Spectrum Improvement District. Said plans, specifications and detailed drawings are hereby referred to for a more particular description of the work and made a part hereof and as the said work is more fully described in the official contract for construction of such improvement. The City has entered into a contract for such construction with Haydon Building Corporation, whose bondsmen are Liberty Mutual Insurance Company and Travelers Casualty and Surety Co. of America. The total amount of the assessment does not exceed the maximum allowable assessment permitted by the Agreement. Pursuant to Section 48-599, Arizona Revised Statutes, and in accordance with the terms of the Agreement, I herewith apportion the cost of said work, and I hereby assess against each lot, portion of lot, or parcel of land within the District to be assessed, each in proportion to the benefits to be received, the respective amounts set forth below. Opposite the description of each lot or parcel of land I have set out the names of the owners of property as known to me and as shown on the most recent property tax roll.

I hereby certify that the expected completion date of all of the above-mentioned construction work is no earlier than one hundred thirty-five (135) calendar days from the date the notice to proceed is issued.

THE COST OF THIS WORK ASSESSABLE AGAINST THE PARCELS TO BE BENEFITTED AS DETERMINED BY THE BID OF THE CONTRACTOR AND THE ESTIMATED INCIDENTAL EXPENSES IS \$7,585,975.51, AND IS MORE PARTICULARLY BROKEN DOWN AS FOLLOWS:

**SUMMARY OF COSTS**

Construction Costs	
Spectrum Boulevard	\$3,193,270.09
Willis Road	1,703,513.98
Price Road	789,558.73
Price Road CIP	<u>1,639,632.71</u>
Total construction costs	\$7,325,975.51
Incidental Costs	
Total Incidental Costs	<u>\$260,000.00</u>
TOTAL AMOUNT ASSESSED	<u>\$7,585,975.51</u>

DONE AT CITY OF CHANDLER, ARIZONA, ON JANUARY \_\_, 2008.

RECORDED THIS \_\_\_ DAY OF JANUARY, 2008, IN THE OFFICE OF THE  
SUPERINTENDENT OF STREETS OF THE CITY OF CHANDLER, ARIZONA.

\_\_\_\_\_  
Superintendent of Streets, City of Chandler,  
Arizona

I, Ruth Ann Goemaat, Superintendent of Streets of the City of Chandler, Arizona, do hereby certify that all charges stated are correct and that the computations and calculations of this Assessment are correct.

\_\_\_\_\_  
Superintendent of Streets, City of Chandler ,  
Arizona

**CITY OF CHANDLER SPECTRUM IMPROVEMENT DISTRICT - ASSESSMENT**

Assmt. Number	Assessor's Parcel No.	Owner	Legal Description	Cash Assessment	Amount Paid	Amount Remaining	Capitalized Interest	Total Assessment to Bond
1	303-25-681	CAZ 2 LLC, 11512 El Camino Real Estate Suite 100, San Diego, CA 92130	Lot 1, Spectrum Chandler Book 857, Page 20 Maricopa County Recorder	\$2,002,451.92	\$0.00	\$2,002,451.92	\$0.00	\$2,002,451.92
2	303-25-682	SILVER LAKE VILLAGE LLC/PAW DEV. LLC/D LEE PRO, 1600 Aspen Commons Suite 200, P.O. Box 620994, Middleton, WI 53562	Lot 2, Spectrum Chandler Book 857, Page 20 Maricopa County Recorder	\$674,378.07	\$0.00	\$674,378.07	\$0.00	\$674,378.07
3	303-25-683	CAZ 1 LLC, 11512 El Camino Real Estate Suite 100, San Diego, CA 92130	Lot 3, Spectrum Chandler Book 857, Page 20 Maricopa County Recorder	\$338,291.83	\$0.00	\$338,291.83	\$0.00	\$338,291.83
4	303-25-684	CAZ 1 LLC, 11512 El Camino Real Estate Suite 100, San Diego, CA 92130	Lot 4, Spectrum Chandler Book 857, Page 20 Maricopa County Recorder	\$792,363.86	\$0.00	\$792,363.86	\$0.00	\$792,363.86
5	303-25-685	CAZ 1 LLC, 11512 El Camino Real Estate Suite 100, San Diego, CA 92130	Lot 5, Spectrum Chandler Book 857, Page 20 Maricopa County Recorder	\$511,825.72	\$0.00	\$511,825.72	\$0.00	\$511,825.72
6	303-25-686	CAZ 1 LLC, 11512 El Camino Real Estate Suite 100, San Diego, CA 92130	Lot 6, Spectrum Chandler Book 857, Page 20 Maricopa County Recorder	\$509,235.11	\$0.00	\$509,235.11	\$0.00	\$509,235.11
7	303-25-687	CAZ 1 LLC, 11512 El Camino Real Estate Suite 100, San Diego, CA 92130	Lot 7, Spectrum Chandler Book 857, Page 20 Maricopa County Recorder	\$517,072.72	\$0.00	\$517,072.72	\$0.00	\$517,072.72
8	303-25-688	CAZ 1 LLC, 11512 El Camino Real Estate Suite 100, San Diego, CA 92130	Lot 8, Spectrum Chandler Book 857, Page 20 Maricopa County Recorder	\$519,868.40	\$0.00	\$519,868.40	\$0.00	\$519,868.40
9	303-25-689	CH-PARK PLACE LLC, 444 S. Flower Street, Suite 2500, Los Angeles, CA 90071	Lot 9, Spectrum Chandler Book 857, Page 20 Maricopa County Recorder	\$1,720,487.88	\$0.00	\$1,720,487.88	\$0.00	\$1,720,487.88
				<b>\$7,585,975.51</b>	<b>\$0.00</b>	<b>\$7,585,975.51</b>	<b>\$0.00</b>	<b>\$7,585,975.51</b>

When recorded return to:

Keith C. Hoskins, Esq.  
Gust Rosenfeld P.L.C.  
201 E. Washington Street, Suite 800  
Phoenix, Arizona 85004-2327

**NOTICE OF RECORDING OF ASSESSMENT**

CITY OF CHANDLER, ARIZONA,  
SPECTRUM IMPROVEMENT DISTRICT

TO WHOM IT MAY CONCERN:

Please take notice that on January \_\_, 2008, the Superintendent of Streets of the City of Chandler, Arizona, recorded in his office the assessment for City of Chandler, Arizona, Spectrum Improvement District concerning the acquisition and/or construction of certain public infrastructure within the District. The boundaries of the area assessed are as set forth in the description attached as Exhibit A.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Superintendent of Streets

SUBSCRIBED AND SWORN to before me, a Notary Public, this \_\_\_\_\_ day of  
January 2008.

\_\_\_\_\_  
Notary Public

Attachments:  
Exhibit A: Legal description of Improvement District

EXHIBIT A

**Site Consultants, Inc.**  
113 South Rockford Drive  
Tempe, Arizona 85281  
(480) 894-2820

**LEGAL DESCRIPTION  
"SPECTRUM CHANDLER"**

THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 6, TOWNSHIP 2 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 6;**

**THENCE SOUTH 89 DEGREES 57 MINUTES 05 SECONDS EAST, ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 6, A DISTANCE OF 2,649.94 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION 6;**

**THENCE SOUTH 00 DEGREES 11 MINUTES 13 SECONDS EAST, ALONG THE NORTH-SOUTH MID-SECTION LINE, A DISTANCE OF 909.84 FEET TO AN ADOT ALUMINUM CAP, FLUSH, STAMPED LS 22258, SAID POINT BEING ON THE SOUTH LINE OF ADOT RIGHT-OF-WAY PER DOCUMENT NUMBER 2001-0743186 OF OFFICIAL RECORDS, RECORDS OF MARICOPA COUNTY, ARIZONA, SAID POINT ALSO THE POINT OF BEGINNING;**

**THENCE CONTINUING SOUTH 00 DEGREES 11 MINUTES 13 SECONDS EAST ALONG SAID NORTH-SOUTH MID-SECTION LINE, A DISTANCE OF 1971.26 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF THE SOUTH 40.00 FEET OF SAID NORTHWEST QUARTER OF SECTION 6;**

**THENCE SOUTH 89 DEGREES 06 MINUTES 24 SECONDS WEST, RUNNING PARALLEL WITH AND 40.00 FEET NORTH OF SAID SOUTH LINE ALONG SAID NORTHERLY RIGHT-OF-WAY LINE A DISTANCE OF 1540.48 FEET;**

**THENCE NORTH 00 DEGREES 53 MINUTES 36 SECONDS WEST, A DISTANCE OF 10.00 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF THE SOUTH 50.00 FEET OF SAID NORTHWEST QUARTER OF SECTION 6;**

**THENCE SOUTH 89 DEGREES 06 MINUTES 24 SECONDS WEST, RUNNING PARALLEL WITH AND 50.00 FEET NORTH OF SAID SOUTH LINE ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, A DISTANCE OF 290.01 FEET;**

**THENCE NORTH 45 DEGREES 32 MINUTES 11 SECONDS WEST, A DISTANCE OF 27.95 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF PRICE ROAD;**

**LEGAL DESCRIPTION, SPECTRUM CHANDLER  
MAY 8, 2006**

**THENCE NORTH 00 DEGREES 10 MINUTES 45 SECONDS WEST, RUNNING PARALLEL WITH AND 80.00 FEET EAST OF SAID CENTERLINE OF PRICE ROAD ALONG SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 1249.11 FEET;**

**THENCE SOUTH 89 DEGREES 49 MINUTES 15 SECONDS WEST, ALONG SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 5.00 FEET**

**THENCE NORTH 00 DEGREES 10 MINUTES 45 SECONDS WEST, RUNNING PARALLEL WITH AND 75.00 FEET EAST OF SAID CENTERLINE OF PRICE ROAD ALONG SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 307.90 FEET;**

**THENCE NORTH 89 DEGREES 49 MINUTES 10 SECONDS EAST, ALONG THE EASTERLY RIGHT-OF-WAY MAP, TRACT NUMBER 202L MA 000 H5380 01R RECORDS OF ARIZONA DEPARTMENT OF HIGHWAYS, A DISTANCE OF 43.24 FEET;**

**THENCE NORTH 01 DEGREES 38 MINUTES 11 SECONDS WEST, ALONG SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 246.22 FEET;**

**THENCE NORTH 13 DEGREES 02 MINUTES 25 SECONDS WEST, ALONG SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 247.07 FEET TO AN ADOT ALUMINUM CAP, FLUSH, STAMPED LS 22258 AND TO THE BEGINNING OF A NON-TANGENT CURVE WHOSE RADIUS BEARS SOUTH 85 DEGREES 14 MINUTES 08 SECONDS WEST A DISTANCE OF 944.28 FEET;**

**THENCE NORTHERLY 237.81 FEET ALONG THE ARC OF SAID CURVE, BEING CONCAVE TO THE WEST THROUGH A CENTRAL ANGLE OF 14 DEGREES 25 MINUTES 47 SECONDS TO THE SOUTH OF ADOT RIGHT-OF-WAY PER DOCUMENT NUMBER 2001-0743186 OF OFFICIAL RECORDS, RECORDS OF MARICOPA COUNTY, ARIZONA;**

**THENCE NORTH 85 DEGREES 06 MINUTES 33 SECONDS EAST, ALONG SAID SOUTH LINE, A DISTANCE OF 555.09 FEET TO AN ADOT ALUMINUM CAP, FLUSH, STAMPED LS 22258;**

**THENCE SOUTH 87 DEGREES 22 MINUTES 31 SECONDS EAST, ALONG SAID SOUTH LINE, A DISTANCE OF 46.62 FEET TO THE EAST LINE OF GOVERNMENT LOT 4;**

**THENCE CONTINUING SOUTH 87 DEGREES 22 MINUTES 31 SECONDS EAST, ALONG SAID SOUTH RIGHT-OF-WAY LINE, A DISTANCE OF 377.96 FEET TO AN ADOT ALUMINUM CAP, FLUSH, STAMPED LS 22258;**

**LEGAL DESCRIPTION, SPECTRUM CHANDLER  
MAY 8, 2006**

**THENCE SOUTH 71 DEGREES 07 DEGREES 38 SECONDS EAST, ALONG SAID SOUTH LINE, A DISTANCE OF 400.44 FEET TO AN ADOT ALUMINUM CAP, FLUSH, STAMPED LS 22258;**

**THENCE SOUTH 62 DEGREES 12 MINUTES 36 SECONDS EAST, ALONG SAID SOUTH LINE, A DISTANCE OF 413.30 FEET TO AN ADOT ALUMINUM CAP, FLUSH, STAMPED LS 22258;**

**THENCE SOUTH 86 DEGREES 45 MINUTES 01 SECONDS EAST, ALONG SAID SOUTH LINE, A DISTANCE OF 201.16 FEET TO AN ADOT ALUMINUM CAP, FLUSH, STAMPED LS 22258, SAID POINT ALSO BEING THE POINT OF BEGINNING.**

**CONTAINING 4,120,493 SQUARE FEET OR 94.59 ACRES.**

**R. Gregg Dodson, R.L.S. #13056  
Site Consultants, Inc.  
113 South Rockford Drive  
Tempe, Arizona 85281  
(480) 894-2820**



Revised 5/8/06

**CERTIFIED LIST OF UNPAID ASSESSMENTS**

TO: City Clerk  
City of Chandler, Arizona

Pursuant to Section 48-597, Arizona Revised Statutes, I, Ruth Ann Goemaat, Superintendent of Streets of the City of Chandler, Arizona, hereby submit a list of all assessments assessed by me in the matter of City of Chandler, Arizona, Spectrum Improvement District remaining unpaid after return of the assessment, dated January \_\_, 2008.

For convenience the assessments remaining unpaid are all assessments on the attached assessment and no assessments were paid. In addition, the City has received no requests that any pieces or parcels not be bonded.

The following amounts have been paid or remain unpaid, respectively:

a. Assessments Remaining Unpaid Amounting to Less Than \$25.00	\$ 0.00
b. Assessments Paid	\$ 0.00
c. Assessments Where Requests Not to be Bonded Have Been Filed	0.00
d. Assessments Remaining Unpaid Amounting to More Than \$25.00	<u>\$7,585,975.51</u>
TOTAL CERTIFIED	<u>\$7,585,975.51</u>

Dated this \_\_\_\_ day of January, 2008.

\_\_\_\_\_  
Superintendent of Streets of the City of  
Chandler, Arizona

ATTEST AND ACKNOWLEDGE RECEIPT:

\_\_\_\_\_  
Clerk, City of Chandler, Arizona

APPROVED:

\_\_\_\_\_  
Superintendent of Streets, City of Chandler,  
Arizona

**MANAGEMENT SERVICES DIRECTOR'S RETURN**

State of Arizona  
County of Maricopa

Dennis Strachota, being duly sworn, says that he is the Management Services Director of the City of Chandler, Arizona, named in the annexed assessment, diagram and warrant as the person empowered to collect the several assessments mentioned in such assessment; that said assessment for the total cost of certain work known as City of Chandler, Arizona, Spectrum Improvement District, as more fully described therein, and in the contract for said work with the City made by Ruth Ann Goemaat, Superintendent of Streets of said City, was levied upon certain lots, portions of lots, or parcels of land, and the known and unknown owners thereof, for the sum of SEVEN MILLION FIVE HUNDRED EIGHTY-FIVE THOUSAND NINE HUNDRED SEVENTY-FIVE and 51/100 Dollars (\$7,585,975.51) and that the warrant on which this return is endorsed and the diagram hereto attached were filed in said office; that after said assessment and warrant were recorded and a duplicate of said diagram was filed as aforesaid, the said assessment was delivered by the Superintendent of Streets on January \_\_\_\_, 2008, to affiant; that there were attached to the same and delivered to the same in the same behalf at the same time by said Superintendent of Streets the diagram hereto attached, and a warrant in favor of the City, for collecting said assessment, upon which warrant this return is endorsed; and that in the case of all assessments therein described, the owners of the assessed property, waived their right to pay the assessment in cash and authorized their assessment to go to bond, and therefore, no cash payments were received. That the following respective totals of said assessed sums, remain unpaid, to wit:

Cash received	\$	0.00
Amount remaining unpaid of more than \$25 per assessment		\$7,585,975.51
Amount remaining unpaid of less than \$25 per assessment	\$	0.00

DATED THIS \_\_\_\_ day of January, 2008.

\_\_\_\_\_  
Management Services Director, City of  
Chandler, Arizona

SUBSCRIBED AND SWORN to before me, a Notary Public, this \_\_\_\_ day of  
January, 2008.

\_\_\_\_\_  
Notary Public

RETURN FILED ON JANUARY \_\_\_, 2008.

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Superintendent of Streets, City of Chandler,  
Arizona

RETURN RECORDED ON JANUARY \_\_\_, 2008.

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Superintendent of Streets, City of Chandler,  
Arizona

**RESOLUTION NO. 4099**

**RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF CHANDLER, ARIZONA, SPECTRUM IMPROVEMENT DISTRICT IMPROVEMENT BONDS; DELEGATING THE AUTHORITY TO APPROVE CERTAIN MATTERS WITH RESPECT TO THE BONDS; MAKING CERTAIN TAX COVENANTS; AUTHORIZING THE APPOINTMENT OF A REGISTRAR, TRANSFER AGENT AND PAYING AGENT; 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; APPROVING THE ASSESSMENT DIAGRAM AND THE ASSESSMENT; AND RATIFYING ALL ACTIONS TAKEN OR TO BE TAKEN TO FURTHER THIS RESOLUTION.**

**WHEREAS**, duplicate diagrams setting forth the property subject to assessment to pay the costs and expenses of the improvement for the City of Chandler, Arizona, Spectrum Improvement District (the "District") have been submitted to the Mayor and Council; and

**WHEREAS**, the Superintendent of Streets of the City of Chandler, Arizona (the "City") has prepared and submitted to the Mayor and Council and will levy and record an assessment (the "Assessment") for City of Chandler, Arizona, Spectrum Improvement District improvement project (the "Project") and the Superintendent of Streets will execute, and the Mayor will countersign, a warrant (the "Warrant") to collect the several assessments made pursuant to the Assessment; and

**WHEREAS**, the Warrant and Assessment will be returned; and

**WHEREAS**, Section 48-597(C), Arizona Revised Statutes, provides that the Mayor and Council may direct that improvement bonds be issued in an amount which shall not exceed the amount of unpaid assessments exceeding \$25.00 as may be shown on the certified list of unpaid assessments (the "Certified List"); and

**WHEREAS**, the Certified List will be filed with the Clerk by the Superintendent of Streets showing the amount of assessments remaining unpaid exceeding \$25.00 per assessment and the City may cause the Bonds to be issued up to that amount; and

**WHEREAS**, the Mayor and Council will receive a proposal for the purchase of the City of Chandler, Arizona, Spectrum Improvement District Improvement Bonds (the "Bonds") from Peacock, Hislop, Staley & Given, Inc. (the "Underwriter") in the form of the bond purchase agreement now on file with the Clerk and the City desires that the Bonds be sold through negotiation to the Underwriter on such terms as may hereafter be approved by the Management Services Director and agreed to by the Underwriter; and

**WHEREAS**, the firm of Piper Jaffray & Co. will serve as the City's financial advisor (the "*Financial Advisor*") with respect to the Bonds sold to the Underwriter; and

**WHEREAS**, by this resolution, the Mayor and Council will approve the form of the bond purchase agreement now on file and order the proposed purchase agreement to be completed with the final terms of the Bonds and entered into between the City and the Underwriter when the final terms have been determined for the sale of the Bonds (as so completed, the "Purchase Agreement"); and

**WHEREAS**, within and by the parameters set forth in this resolution, the Mayor and Council will authorize the execution, issuance and sale of the Bonds and their delivery to the Underwriter in accordance with the Purchase Agreement and at such prices, interest rates, maturities and redemption features as may be hereafter determined by the Management Services Director, with the advice of the Financial Advisor, and agreed to by the Underwriter; and

**WHEREAS**, the Mayor and Council hereby authorizes the Management Services Director to nominate a registrar, transfer agent and paying agent for the Bonds (together with any successor thereto, the "Registrar"); and

**WHEREAS**, by this resolution the Mayor and Council desire to (1) authorize the issuance of the Bonds payable from the unpaid portion of the Assessment levied against lots or parcels of land benefiting from the Project; (2) set the form of the Bonds; (3) provide for the preparation and circulation of preliminary and final official statements; (4) authorize certain officers to establish certain terms of the Bonds and to execute the Purchase Agreement; (5) provide for issuance and delivery of the Bonds to the Underwriter in accordance with the Purchase Agreement; (6) authorize the designation of a registrar, transfer agent and paying agent and approve a form of contract therefor; (7) authorize the registrar to open books to register ownership of the Bonds pursuant to a book-entry-only system; (8) order the Bonds delivered to the Underwriter; (9) provide for the repayment of the Bonds; (10) approve a continuing disclosure certificate; and (11) ratify and confirm all prior acts of the Mayor and Council, the Management Services Director, the Superintendent of Streets and the City Clerk with respect to the Project and the Bonds;

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

**Section 1. Authorization and Terms.** The Bonds are hereby authorized to be issued, said Bonds to be dated their date of initial delivery, in a total principal amount of not to exceed the amount certified as unpaid on the Certified List, bearing interest from their date to the maturity of each of the Bonds at a rate not to exceed 8% per annum, said interest payable January 1 and July 1 of each year beginning July 1, 2008, or such later date as set forth in the Purchase Agreement. The yield (as determined pursuant to the regulations of the Internal Revenue Code) on the Bonds shall not exceed 7.00%. The Bonds will be in denominations of \$5,000 or integral multiples thereof and will mature in not more than fifteen annual installments on January 1 of each year, commencing no earlier than in the year 2009 and continuing until no later than in the year 2023. The principal amount maturing in each year shall be determined by the Management Services Director, based on the certified list of unpaid assessments and the interest rate, to produce as nearly as practicable level debt service on the Bonds.

**Section 2. Prior Redemption.**

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

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

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

C. **Notice of Redemption.** Notice of redemption of any Bond will be filed with the Registrar and mailed 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 redemption date. Notice of redemption may be given to any securities depository by mail, facsimile, wire or other generally accepted 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 Registrar, 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 registered owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and such Bonds shall be deemed paid and no longer outstanding.

E. **Redemption of Less Than All of a Bond.** The City may redeem an amount which is included in a Bond in the denomination in excess of, but divisible by, \$5,000. In that event, the registered owner shall submit the Bond for partial redemption and the Registrar 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 3. Form of Bonds; Book-Entry-Only System.**

A. **Form of Bonds.** The Bonds shall be in substantially the form of Exhibit A, attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby, by Arizona law or by the Purchase Agreement and are approved by those officers executing the Bonds and execution thereof by such officers shall constitute conclusive evidence of such approval.

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.

The Bonds are prohibited from being converted to coupon or bearer bonds without the consent of the Mayor and Council and approval of bond counsel.

B. **Book-Entry-Only System.** The Bonds will be issued in the form of book-entry-only certificates registered in the name of a Depository (the "Depository") or its nominee, as owner. Initially the Bonds will be registered in the name of Cede & Co., as nominee for Depository Trust Company ("DTC"), as Depository pursuant to the book-entry-only system of DTC (the "Book-Entry-Only System"). So long as the Bonds are in the Book-Entry-Only System, all payments of principal and interest will be paid to the Depository or its nominee and such payments to the Depository or its nominee will satisfy the City's obligations hereunder.

There shall be a single Bond for each maturity of the Bonds, representing the entire aggregate principal amount of that maturity, and the Bonds shall be registered in the name of the Depository or its nominee, as Owner, and immobilized initially in the custody of the Depository or the Registrar on behalf of the Depository. Beneficial ownership interests in the Bonds shall be available pursuant to the Book-Entry-Only System through direct and indirect DTC participants.

So long as the Bonds are administered under the Book-Entry-Only System, interest payments and principal payments shall be paid to Cede & Co. or its registered assigns in same-day funds no later than the time established by DTC on each interest or principal payment date (or in accordance with then existing arrangements between the City and DTC). The Management Services Director is authorized to enter into an agreement (the "Letter of Representations") with DTC in connection with the issuance of the Bonds and, while the Letter of Representations is in effect, the procedures established therein shall apply to the Bonds.

The City, upon 30 days' notice to the Depository and the Registrar, may remove or replace the Depository. No other action by the City shall be required to effect such a removal or replacement. The Depository may determine not to continue to act as Depository for the Bonds upon 30-days written notice to the City and the Registrar. The beneficial owners have no right to either a Book-Entry-Only System or a Depository for the Bonds.

Notwithstanding any other provision of this Resolution or the Bonds, so long as the Bonds are in a Book-Entry-Only System and the Depository or its nominee is the registered owner of the Bonds:

(i) **Presentation.** Presentation of Bonds to the Registrar at redemption or at maturity, shall be deemed made to the Registrar pursuant to the procedures of the Book-Entry-Only System and actual presentation or surrender of the Bonds is not required.

(ii) **Fractionalized Representation.** The Depository may present notices, approvals, waivers, votes or other communications required or permitted to be made by owners under this Resolution on a fractionalized basis on behalf of some or all of those persons entitled to exercise ownership rights in the Bonds through the Depository or its participants.

(iii) Limitations on Transfer. Bonds or any portion thereof shall not be transferable or exchangeable except:

(A) To any successor of the Depository;

(B) To any new Depository, upon (I) the resignation of the then current Depository or its successor from its functions as Depository or (II) termination of the use of the Depository by direction of the City;

(C) To any persons who are the assigns of the Depository or its nominee, upon (I) the resignation of the Depository from its functions as Depository hereunder or (II) termination by the City of use of the Depository.

C. **If No Book-Entry-Only System in Effect.** If the use of the Book-Entry-Only System is discontinued, then after the City has made provision for notification of the beneficial owners of their book entry interests in the Bonds by appropriate notice to the then Depository, the City and the Registrar shall permit withdrawal of the Bonds from the Depository, and authenticate and deliver Bond certificates in fully registered form and in denominations authorized by this Resolution to the assignees of the Depository or its nominee. Such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise preparing, and delivering, such replacement Bond certificates) of the City.

If the Book-Entry-Only System is not in effect, the following provisions will apply:

(i) Interest on the Bonds will be paid on each Interest Payment Date by check mailed to the registered owner thereof at such owner's address as shown on the registration books maintained by the Registrar, as of the close of business of the Registrar on the fifteenth (15th) day of the month preceding an Interest Payment Date (the "Record Date").

(ii) Principal of the Bonds will be payable, when due, only upon presentation and surrender of the Bond at the principal corporate trust office of the Registrar.

(iii) Payment of interest and, if adequate terms of surrender of such Bonds are made with the Registrar, principal may be paid to the owner of at least \$1,000,000 principal amount of Bonds outstanding, by wire transfer to an account of such owner located within the continental United States, if such owner provides a written request to the Registrar at least twenty (20) days prior to an Interest Payment Date, which request shall specify the wire transfer instructions.

**Section 4. Registrar and Paying Agent.** The City shall maintain an office or agency where the Bonds may be presented for registration of transfer and an office or agency for payment of principal and interest. The Registrar shall keep a register of the Bonds and their transfer. The Management Services Director is authorized and directed to appoint a Registrar. The City may appoint one or more successor Registrars or one or more additional transfer agents or paying agents. Each paying agent shall be required to agree in writing that the paying agent will hold in trust for the benefit of the various owners of the Bonds all money held by the paying

agent for the payment of principal and interest on the Bonds. The City may change the Registrar, and any additional transfer agent or paying agent without notice or consent of the owners of the Bonds. The Registrar or any additional transfer agent or paying agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the owners of the Bonds.

The Registrar, is hereby named registrar, transfer agent and paying agent for the Bonds. The Registrar is directed to open registration books for the purpose of registering ownership in the Bonds. The Registrar's books shall be the sole and only evidence of ownership.

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

The Registrar shall keep a register of the Bonds, the registered owners of the Bonds and of transfer of the Bonds. When Bonds are presented to the Registrar or any additional transfer agent with a request to register a transfer, the Registrar will register the transfer on the registration books if its requirements for transfer are met and will authenticate and deliver one or more Bonds registered in the name of the transferee of the same principal amount, maturity and rate of interest as the surrendered Bonds. Bonds presented to the Registrar for transfer after the close of business on the Record Date and before the close of business on the next subsequent interest payment date will be registered in the name of the transferee but the interest payment will be made to the registered owners shown on the books of the Registrar as of the close of business on the Record Date.

The Registrar shall authenticate Bonds for original issue up to the aggregate principal amount authorized in Section 1 hereof 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.

The fees and costs of the Registrar, or any additional transfer agent or paying agent to be paid by the City are deemed interest on the Bonds for purposes of collecting such amounts as interest on the Assessment.

So long as the Bonds are in the Book-Entry-Only System, the City, the Registrar, and any additional transfer agent or paying agent shall only recognize DTC or its nominee as the registered owner of all of the Bonds for all purposes, including payments, notices and voting.

#### **Section 5. Execution of Bonds and Other Documents.**

A. **Bonds.** The Bonds shall be executed for and on behalf of the City by the Mayor and attested by the Clerk by manual or facsimile signature. If an officer whose signature is on a Bond no longer holds that office at the time the Bond is authenticated and registered, such Bond shall nevertheless be valid.

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

B. **Purchase Agreement.** The form of the Purchase Agreement, as presented to the Mayor and Council, is hereby approved and the Mayor, any member of the Council or the Management Services Director is hereby authorized to execute the Purchase Agreement on behalf of the City. The Management Services Director shall cause the Purchase Agreement to be completed to reflect the terms of the Bonds, including the price at which the Bonds are sold and provisions for original issue premium or original issue discount with respect thereto. The execution and delivery of the Purchase Agreement as completed shall be conclusive evidence of such approval of the final terms and provisions.

C. **Registrar Contract.** The registrar, transfer agent and paying agent agreement (the "Agency Agreement"), in substantially the form presented to the Mayor and Council and on file with the City Clerk, is hereby approved and the Mayor, the Clerk, or the Management Services Director are 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 any such officer shall constitute conclusive evidence of such approval.

D. **Continuing Disclosure Undertaking.** In order to comply with the provisions of Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934 (the "Rule"), unless an exemption from the terms and provisions of the Rule is applicable to the Bonds, the Mayor, the Clerk or the 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. 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 (either directly or through a central transmitting entity (the "CPO" or "Central Post Office") approved for such purpose by the Securities and Exchange Commission) 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 mutual agreement between the Management Services Director and the Underwriter and audited financial statements of the City, and (ii) an agreement to provide material events disclosure to nationally recognized municipal securities information repositories or to any state information depository hereinafter designated and the Municipal Securities Rulemaking Board.

E. **Official Statement.** The preparation and dissemination of a preliminary official statement is hereby authorized and approved. The preliminary official statement shall be in a form that is approved and deemed as "final" for all purposes of the Rule by the Mayor or the Management Services Director. The Mayor or Management Services Director shall approve and 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 within seven business days of the execution of the Purchase Agreement. The Mayor or Management Services Director is authorized to execute and deliver the Official Statement on behalf of the City.

**Section 6. 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 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 7. Acceptance of Offer; Sale of Bonds; Purchase Agreement Approval.** The Underwriter proposes to purchase the Bonds pursuant to the Purchase Agreement submitted to and on file with the Clerk. Such proposal as supplemented by the final terms as contemplated by this resolution is hereby accepted. When the final terms of the Bonds are known, the Purchase Agreement shall be finalized. The Mayor or the Management Services Director are authorized and directed to determine the final terms of the Bonds and to complete and execute the Purchase Agreement; provided, however, that the parameters of this resolution shall govern the Purchase Agreement and no officer is authorized to insert in the Purchase Agreement any terms or conditions which would be contrary to this resolution. Upon the completion, execution and delivery of the Purchase Agreement, the Bonds are ordered sold to the Underwriter pursuant to the Purchase Agreement.

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

**Section 8. Funds and Accounts.** The following funds and accounts are hereby created:

1. Bond Fund, which shall include:
  - A. Principal Account
  - B. Interest Account
2. Construction Fund.

**Section 9. Use of Monies.**

A. The moneys in the Bond Fund shall be held by the City and paid over to the paying agent within 30 days of each principal or interest payment date. The Management Services Director shall make such arrangements as are necessary to insure proper payment to the paying agent.

B. All moneys directed by this Resolution to be placed in the Bond Fund shall be invested pending payments to the paying agent in "Investment Securities". "Investment Securities" are hereby defined as any securities in which sinking funds of the state may be invested.

C. All moneys received by the City from the collections of the installments of principal and interest on the assessment shall be allocated as to principal and interest and deposited to the proper account. Prepayments of assessments may be held in a separate account and deposited into the Principal Account and Interest Account as may be necessary.

**Section 10. Use of Proceeds.** The amounts received from the sale of the Bonds together with amounts collected on the Assessment in cash as shown on the Certified List shall be deposited to the following Accounts:

1. To the Interest Account of the Bond Fund any portion of the proceeds designated for capitalized interest.

2. The balance shall be placed in the Construction Account and used to pay, or reimburse the City for, the cost of construction of the work and acquisition of improvements and rights-of-way described in Resolution No. 3998 (the Resolution of Intention) and to pay, or reimburse the City for, all incidental expenses including but not limited to:

- (a) engineering expenses;
- (b) legal and financial advisory fees and expenses;
- (c) printing, posting, publication and mailing expenses;
- (d) registrar, transfer agent and paying agent's initial fees;
- (e) printing of the bonds, Offering Statement and Final Official Statement;
- (f) rating agency fees;
- (g) other fees incidental to the issuance of the Bonds.

This Resolution shall be construed as consent of the Mayor and Council to invest such funds, pending use, in any of the securities allowed by law.

Any bond proceeds remaining in the Construction Fund after all costs of the Project have been paid or provided for shall be used to pay principal and interest on the Bonds, at the discretion of the City, either when due or through optional or special redemption as may be applicable.

Any amounts collected on the Assessment in cash and remaining in the Construction Fund after all costs of the Project have been paid or provided for shall be returned to the property owners who made such payments, or their successors in interest, as may be determined by the City.

**Section 11. Bond Insurance or Credit Enhancement.** The Management Services Director is authorized to expend, or cause to be expended, Bond proceeds for the purchase of bond insurance or other credit enhancement for the Bonds and to execute and deliver such agreements or other documents necessary thereto.

**Section 12. 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, Article 7 enacted as Chapter 226, Laws of 1986, in consideration of retaining the exclusion of interest income on the Bonds from gross income for purposes of calculating federal income tax 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 becoming included as gross income for purposes of calculating federal income taxes under laws existing on the date of issuance of the Bonds or such laws as they may be modified or amended.

Without limiting the generality of the foregoing, the City agrees that it will comply with such requirements as in the opinion of Gust Rosenfeld P.L.C. or other nationally recognized bond counsel are necessary to prevent interest on the Bonds becoming included as gross income for purposes of calculating federal income taxes. 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; paying to the United States of America any required amounts representing rebates of arbitrage profits relating to the Bonds; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys relating to the Bonds; and limiting the use of the proceeds of the Bonds and property financed thereby.

**Section 13. Temporary Loans.** Pursuant to Arizona Revised Statutes Section 48-609, the City may, but is not so obligated to, make good any deficiency in the funds collected from special assessments by a temporary loan from some other fund. The City hereby covenants, to the extent such covenant is permitted by law and to the extent the funds therefor are included in the City's adopted budget for the applicable fiscal year, to make such temporary loans from any funds available for that purpose on or before December 31 and June 30 in each of the years in which payments of the principal or interest are due to make good any deficiency in the funds collected from special assessments as may be necessary to make payment of principal and interest on the Bonds when due on the next succeeding January 1 or July 1, as the case may be, regardless of whether such deficiency is due to delinquencies or delays in assessment collections, failure to complete the improvements, insufficient valid assessments or any other reason.

**Section 14. Release of Parcel from Assessment.**

A. **Providing for Payment.** Any parcel may be released from the lien of the Assessment upon compliance with any one of the following:

- (i) **Payment When Due.** By paying or causing to be paid the principal of and interest on the portion of the Assessment allocated to that parcel as and when the same become due and payable;

(ii) Advance Cash Deposit. By depositing with a depository trustee, in trust for such purpose, money which is fully sufficient to pay or cause to be paid all the principal of, interest to maturity or earlier redemption and redemption premium, if any, on an amount of Bonds (rounded up to an even denomination if to be redeemed early) equal to the portion of the Assessment allocated to that parcel; or

(iii) Government Obligations Deposit. By depositing with a depository trustee, in trust for such purpose, cash and non-callable Government Obligations (as defined in paragraph (F) below) in such amount as shall be certified to the City by a national firm of certified public accountants as being fully sufficient, together with the interest to accrue thereon, to pay or cause to be paid all the principal of, interest to maturity or earlier redemption and redemption premium, if any, on an amount of Bonds (rounded up to an even denomination if to be redeemed early) equal to the portion of the Assessment allocated to that parcel.

B. Notice of Redemption and Release. If, to carry out the release of a parcel from the Assessment, any Bonds or portions thereof are to be redeemed in advance of maturity then the City shall cause notice of such redemption to be given in accordance with the provisions hereof; and provided further, that if any such Bonds or portions thereof will not mature or be redeemed within sixty (60) days of the deposit referred to in paragraphs (ii) or (iii) of this Section 14, the City shall cause notice of such deposit to be given by first class mail to the owners of the Bonds outstanding.

C. Liquidation and Reinvestment. After provision for the allocated portion of the Assessment has been made under (iii) above, at the direction of the City, all or any part of the Government Obligations held by the depository trustee may be liquidated and the proceeds therefrom together with all or any portion of the moneys held by the depository trustee may be used to acquire other Government Obligations which the depository trustee shall hold, provided that thereafter the moneys and Government Obligations held by the depository trustee shall remain sufficient, as evidenced by a certificate of national firm of certified public accountants to pay and discharge the same amount of Bonds (including all principal and interest and redemption premium) at the same respective maturity dates or prior redemption dates.

D. Opinion of Bond Counsel. No release may be made by a deposit pursuant to (ii) or (iii) of this Section 14 and no liquidation or acquisition may be made pursuant to paragraph (C) of this Section 14 if, as a result thereof, or of any other action in connection with which provisions for payment of some or all of the Bonds is made, the interest payable on any Bond is thereby made includable in gross income for federal income tax purposes. The City may rely upon an opinion of nationally recognized bond counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any portion of the Assessment or any Bond or portion thereof.

E. The Depository Trustee. The depository trustee shall be any bank or trust company designated by the City, with a combined capital and surplus of at least Fifty Million

Dollars (\$50,000,000) and subject to supervision or examination by federal or State of Arizona authority.

F. **Government Obligations.** Government obligations means direct general obligations of, or obligations the timely payment of principal and interest on which are fully and unconditionally guaranteed by, the United States of America (including, without limitation, the interest portion of obligations issued by the Resolution Funding Corporation in book entry form and stripped by request to the Federal Reserve Bank of New York), including Government Obligations which have been stripped of their unmatured interest coupons and interest coupons stripped from Government Obligations, provided any stripped Government Obligations have been stripped by the applicable U.S. Governmental Agency.

**Section 15. Assessment Diagrams.** Those certain assessment diagrams of the area to be assessed for the above referenced improvement as have been filed with the City Clerk be and the same are hereby approved by the Mayor and Council and the Clerk is hereby directed to certify the fact of such approval on the face of each of such diagrams including the date hereof as the date of such approval and to deliver a copy of the diagram to the Superintendent of Streets as required by law.

**Section 16. Assessment.** The Assessment, including the summary of the costs of the improvements and the allocation of the such costs to the assessed parcels within the District is hereby approved, as in accordance with the Waiver and Development Agreement by and between the City and Cyburt Hall Chandler Spectrum, L.L.C. dated as of August 10, 2006.

**Section 17. Resolution a Contract.** This resolution shall constitute a contract between the City and the registered owners of the Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the registered owners of the Bonds then outstanding.

**Section 18. Severability.** If any section, paragraph, subdivision, sentence, clause or phrase of this resolution is for any reason held to be illegal or unenforceable, such decision will not affect the validity of the remaining portions of this resolution. The 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 19. 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. 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.

**PASSED AND ADOPTED** on January 17, 2008.

\_\_\_\_\_  
Boyd W. Dunn, Mayor

**ATTEST:**

\_\_\_\_\_  
Marla Paddock, City Clerk

A handwritten signature in black ink, appearing to read "KCH", is written over a horizontal line.

## CERTIFICATION

I, Marla Paddock, the duly appointed and acting City Clerk of the City of Chandler, Arizona, do hereby certify that the above and foregoing Resolution No. 4099 was duly passed by the City Council of the City of Chandler, Arizona, at a regular meeting held on January 17, 2008, and the vote was \_\_\_ aye's and \_\_\_ nay's and that the Mayor and \_\_\_ Council Members were present thereat.

DATED: January 17, 2008

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

**EXHIBIT A**

No. R- \_\_\_\_\_

\$ \_\_\_\_\_

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

**CITY OF CHANDLER, ARIZONA  
SPECTRUM IMPROVEMENT DISTRICT  
IMPROVEMENT BONDS**

<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>CUSIP</u>
_____%	_____, 2008	_____, 1, ____	_____

Registered Owner:     **CEDE & CO.**

Principal Amount:     \_\_\_\_\_ AND NO/100 DOLLARS (\_\_\_\_\_.00)

The CITY OF CHANDLER, ARIZONA (the "City"), a duly 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 January 1, \_\_\_\_ are not subject to redemption prior to maturity. Bonds maturing on or after January 1, \_\_\_\_ will be subject to call for redemption prior to maturity, at the option of the City, in whole or in part, on January 1, \_\_\_\_ or on any 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 July 1, 2008, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original dated date set forth above. Interest will be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

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

It is hereby certified and recited that:

This bond is issued in pursuance of law and represents one of an issue of bonds in the total sum of \$\_\_\_\_\_ issued for that certain improvement in the City known as City of Chandler, Arizona, Spectrum

Improvement District Improvement Bonds and is payable only out of the special fund to be collected from special assessments imposed on the lots or parcels of land benefited by said improvement. Said special fund is set apart by law for the payment of said bonds and can be used for no other purpose. It is hereby certified and declared that the improvement for which this issue of bonds is issued is authorized by law, 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 in regular and due form as required by the Constitution and laws of the State of Arizona and all ordinances and resolutions of the City. The special assessments out of which the bonds are to be paid are first liens on the property assessed, subject only to the lien for general taxes and prior special assessments and any bona fide purchaser for value of this bond has the right to rely on the recitals herein contained. For the assessment or reassessment, collection and payment of said special assessments, the full faith and diligence 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 are issuable 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 its Mayor and attested by its 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 Mayor and Council of the City, and the occurrence of certain other conditions.

**CITY OF CHANDLER, ARIZONA**

Mayor

ATTEST;

Clerk

-----  
**DATE OF AUTHENTICATION AND REGISTRATION:** \_\_\_\_\_

**AUTHENTICATION CERTIFICATE**

This bond is one of the City of Chandler, Arizona Spectrum Improvement District Improvement Bonds described above.

\_\_\_\_\_, as Registrar

By \_\_\_\_\_  
Authorized Representative

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations:

-----  
**STATEMENT OF INSURANCE (if applicable)**

-----  
**FORM OF ASSIGNMENT**

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations:

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

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

Additional abbreviations may also be used though not in list above

**ASSIGNMENT**

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

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

Dated \_\_\_\_\_

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

Signature Guaranteed:

\_\_\_\_\_  
Firm or Bank

\_\_\_\_\_  
Authorized Signature

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

**ALL TRANSFER COSTS SHALL BE BORNE BY THE TRANSFEROR**

**NEW ISSUE – BOOK-ENTRY-ONLY**

**See “RATINGS” herein**

*In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the City, as mentioned under “TAX EXEMPTION” herein, interest income on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the bonds is not 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 by certain corporations, which income is subject to the federal alternative minimum tax.  
See “TAX EXEMPTION” herein.*

§ \_\_\_\_\_\*  
**CITY OF CHANDLER, ARIZONA  
SPECTRUM IMPROVEMENT DISTRICT  
IMPROVEMENT BONDS**

**DRAFT  
1-8-08**

INTEREST RATE \_\_%

**Dated: Date of Delivery**

**Due: January 1, as shown on the inside front cover**

The City of Chandler, Arizona Spectrum Improvement District, Improvement Bonds (the “Bonds”) will be issued by the City of Chandler, Arizona (the “City”), for the purpose of (i) acquiring and constructing the Improvements (as defined herein), and (ii) providing the payment of the costs of issuance of the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form in the book-entry-only system of The Depository Trust Company (“DTC”) only through DTC participants in the amount of \$5,000 of principal due on a specific maturity date or any integral multiple thereof. The Bonds will be registered in the name of DTC through its nominee, Cede & Co., as described herein. While the Bonds are in the book-entry-only system, no physical delivery of the Bonds will be made to the purchasers of the beneficial interests herein (the “Beneficial Owners”), and all payments of principal of and interest on the Bonds will be made to DTC as described herein. See APPENDIX F – “BOOK-ENTRY-ONLY SYSTEM.” Interest will be payable commencing July 1, 2008\* and semiannually thereafter on each January 1 and July 1 of each year (each an “Interest Payment Date”), until maturity or prior redemption of the Bonds. Principal of the Bonds will be payable in accordance with the maturity schedule set forth on the inside front cover hereof.

Utilization of the book-entry-only system will affect the method and timing of payment of principal of and interest on the Bonds and the method of transfer of the Bonds. So long as the book-entry-only system is in effect a single fully-registered Bond for each maturity will be registered in the name of Cede & Co., as nominee of DTC, through \_\_\_\_\_, as initial bond registrar and paying agent. DTC will be responsible for distributing the principal and interest payments to its direct and indirect participants who will, in turn, be responsible for distribution to the Beneficial Owners. So long as the book-entry-only system is in effect and Cede & Co. is the registered owner of the Bonds, all references herein to owners of the Bonds will refer to Cede & Co. and not the Beneficial Owners. See APPENDIX F – “BOOK-ENTRY-ONLY SYSTEM.”

The Bonds will be subject to optional and special redemption prior to their stated maturities. See “THE BONDS – Redemption Provisions.”

The Bonds will be secured and payable only from a special fund collected by the City from special assessments imposed upon the real property included within the District and assessed for the costs and expenses of the Improvements, to be financed with the proceeds of the Bonds. (See “THE BONDS – Security and Source of Payment” and “SPECIAL RISK FACTORS” herein.)

This cover page contains only a brief description of the Bonds and the security therefor. It is not a summary of material information with respect to the Bonds. Investors are advised to read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued by the City and received by the Underwriter (as identified below) and subject to the approving opinion of Gust Rosenfeld P.L.C., Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon solely for the benefit of the Underwriter by Greenberg Traurig, L.L.P. The Bonds are expected to be available for delivery through the facilities of DTC on or about February \_\_ 2008.\*

**PEACOCK, HISLOP, STALEY & GIVEN, INC.**

\* Preliminary, subject to change.

**MATURITY SCHEDULE**

\$ \_\_\_\_\_  
**CITY OF CHANDLER, ARIZONA  
SPECTRUM IMPROVEMENT DISTRICT  
IMPROVEMENT BONDS**

**INTEREST RATE \_\_%**

<b>Maturity Date (January 1)</b>	<b>Principal Amount</b>	<b>Yield</b>	<b>CUSIP No. 15886 (a)</b>

%

(a) Copyright 2004, 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 convenience of reference only. The City assumes no responsibility for the accuracy of such numbers.

**CITY OF CHANDLER, ARIZONA**

**CITY COUNCIL**

Boyd W. Dunn, *Mayor*  
Lowell Huggins, *Vice Mayor*  
Bob Caccamo, *Councilmember*  
Trinity Donovan, *Councilmember*  
Matt Orlando, *Councilmember*  
Martin Sepulveda, *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*  
Michael House, *City Attorney*  
Marla Paddock, *City Clerk*

**BOND COUNSEL**

Gust Rosenfeld P.L.C.  
Phoenix, Arizona

**FINANCIAL ADVISOR**

Piper Jaffray & Co.<sup>®</sup>  
Phoenix, Arizona

**BOND REGISTRAR AND PAYING AGENT**

[To Come]

## REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the City of Chandler, Arizona (the "City"), Spectrum Improvement District (the "District"), Improvement Bonds (the "Bonds") identified on the 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, Piper Jaffray & Co., serving as financial advisor to the City (the "Financial Advisor"), or Peacock, Hislop, Staley & Given, Inc., (the "Underwriter"). The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of their responsibility to investors under, the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. 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 hereof.

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 G – "FORM OF CONTINUING DISCLOSURE UNDERTAKING," pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

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

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**OFFICIAL STATEMENT**

\$ \_\_\_\_\_ \*  
**CITY OF CHANDLER, ARIZONA  
SPECTRUM IMPROVEMENT DISTRICT  
IMPROVEMENT BONDS**

**INTRODUCTORY STATEMENT**

This Official Statement, which includes the cover page and appendices hereto, provides certain information concerning the issuance by the City of Chandler, Arizona (the "City") of \$ \_\_\_\_\_ \* principal amount of Spectrum Improvement District, Improvement Bonds (the "Bonds"), to be dated as of the date of initial delivery thereof.

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

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. Information from other sources has not been independently confirmed or verified by the City and its accuracy is not guaranteed. The presentation of information, including tables of receipts from 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 shown by such financial or other information, will necessarily continue or be repeated in the future.

To the extent that any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated to be such, they are made as such and not as representation of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized.

Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as part of a contract with any original purchaser or subsequent owner of any Bond or beneficial interest therein.

**THE BONDS**

**Authorization and Purpose**

The Bonds will be issued by the City pursuant to Title 48, Chapter 4, Article 2, of the Arizona Revised Statutes, as amended (the "Act"), and under the provisions of a resolution authorizing issuance and sale of the Bonds approved by the Mayor and Council of the City on January 17, 2008 (the "Bond Resolution").

Proceeds from the sale of the Bonds will be used to (i) finance improvements within the City's Spectrum Improvement District (the "District"), and benefiting the parcels comprising the District, described under the heading "THE IMPROVEMENTS, THE LAND SUBJECT TO ASSESSMENT AND THE DEVELOPMENT" (collectively, the "Improvements"), and (ii) pay all costs incurred in issuing the Bonds.

The boundaries of the District are set forth in APPENDIX A hereto. The Improvements, the District property subject to assessment therefor, and the commercial real estate projects that have been, or are expected to be, developed thereon, are described under the heading "THE IMPROVEMENTS, THE LAND SUBJECT TO ASSESSMENT AND THE DEVELOPMENT."

**General Provisions**

The Bonds will be dated as of the date of initial delivery, and will mature on the dates and in the principal amounts and bear interest at the rate set forth on the inside front cover page hereof. Interest will be payable from the most recent January 1 or July 1 to which interest has been paid or duly provided for or, if no interest has been paid or duly

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\* Preliminary, subject to change.

provided for, from their date, which interest shall be payable semiannually on July 1 and January 1 of each year (each an "Interest Payment Date"), commencing July 1, 2008\*, during the term of each of the Bonds.

The principal of, interest and premium, if any, on the Bonds will be payable, when due, to Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository for a book-entry-only system for the Bonds. So long as the book-entry-only system is in effect for the Bonds, no document of any nature whatsoever need be surrendered as a condition to payment of the principal of, interest, and premium, if any, on the Bonds. Purchasers will not receive certificates representing their beneficial interest in the Bonds. Purchases of beneficial ownership interests in the Bonds will be made in book-entry-only form in the amount of \$5,000 of principal due on a specific maturity date or any integral multiple thereof. See APPENDIX F – "BOOK-ENTRY-ONLY SYSTEM."

### **Security and Source of Payment**

The principal of and interest on the Bonds will be payable only out of a special fund (the "Special Fund") collected by the City, from installments of special assessments (the "Assessments"), imposed upon certain parcels of land included within the District and assessed for the cost and expense of the Improvements (the "Assessed Parcels"). The Assessments are first liens on the Assessed Parcels; subject only to the lien for general property taxes. The lien for the Assessments will not be extinguished as a result of enforcement of the lien for general property taxes though. Each of the Assessments will be secured only by the Assessed Parcel upon which it is imposed. No Assessed Parcel secures amounts assessed against other Assessed Parcels. The rights and obligations of the City relating to collection and payment of the Assessments and the enforcement of remedies against the Assessments that become delinquent may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity. The Assessed Parcels are currently owned by four property owners as described herein under "THE IMPROVEMENTS, THE LAND SUBJECT TO ASSESSMENT AND THE DEVELOPMENT." See also "SPECIAL RISK FACTORS."

The installments of principal on the Assessments are due on December 1 of each year and the installments of interest on the Assessments are due on June 1 and December 1 of each year. If there is a deficiency in the funds collected from the Assessments to pay the principal of and interest on the Bonds when due, the City on or before December 31 and June 30 in each of the years in which the payments of the principal or interest on the Bonds are due may make good such deficiency by making a loan to the Special Fund, so that the principal of and interest on the Bonds will be paid when due on the next preceding January 1 and July 1 as the case may be. On the day succeeding the date on which the installment becomes due, all unpaid installments become delinquent and five percent is added to the amount of each delinquent installment.

The Superintendent of Streets of the City (the "Superintendent") is required, within 20 days from the date of the delinquency, to begin publication of the list of the Assessments on which any installment is delinquent. The Superintendent is also required to append to and publish therewith a notice that unless each delinquent installment, together with the penalty and costs thereon, is paid, the whole amount of the corresponding Assessment will be declared due, and the property upon which the Assessment is a lien (the "Delinquent Assessed Parcel") will be sold at public auction at a time and place to be specified in the notice. The notice of the delinquent Assessment is required to be published and circulated in the City for a period of ten days in a daily newspaper, or for two weeks in a weekly newspaper so published and circulated. Before the date fixed for the sale or the date to which the sale has been postponed, the Superintendent is required to obtain a record search that shows the names and addresses of all lien claimants on, and other person with an interest in, all Delinquent Assessed Parcels. At least ten days before the sale date or the date to which the sale has been postponed, the Superintendent is required to mail notice of the sale to the owner and to each of the lien claimants and other interested persons. A final sale may not be held unless the Superintendent has mailed such notice. The time of sale will not be less than five days after the last publication, and the place of sale shall be in or in front of the office of the Superintendent, or in front of the usual place of meeting of the Mayor and Council of the City. The sale may be postponed.

On the day fixed for sale, the Superintendent will, at ten o'clock a.m., or at a time thereafter to which the sale may be adjourned, begin the sale of the Delinquent Assessed Parcels advertised, commencing at the head of the list and continuing until all are sold. He may postpone or continue the sale from day to day until all property is sold. Each Delinquent Assessed Parcel will be offered for sale separately. The sale will be for the entire Assessment including

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\* Preliminary, subject to change.

the delinquent installments, and the person who will take the least quantity of land and then and there pay the amount of the Assessment, penalty and costs due, including \$0.50 to the Superintendent for a certificate of sale, shall become the purchaser. The City may provide by ordinance that if there is no purchaser other than the City who will pay the entire amount of the Assessment, penalty and costs, including \$0.50 to the Superintendent for a certificate of sale, the Superintendent will sell the Delinquent Assessed Parcel or portion thereof to the person who will take the least quantity of land and then pay the amount of the Assessment then delinquent, including interest, penalty and costs due, and \$0.50 to the Superintendent for a certificate of sale, and the deed will be issued to the purchaser, subject to redemption, as provided by this article. The City may also provide by ordinance that the lien on the entire Delinquent Assessed Parcel will continue to be in effect for the amount of the Assessment or portion thereof, including interest, penalties and costs, thereafter to become due and the land may again be sold should the Assessment again become delinquent. When so provided by ordinance, such fact will be stated in the notice of sale and the Superintendent will comply with the provisions.

If there is no purchaser, the Delinquent Assessed Parcel shall be struck off to the City as the purchaser, and the Mayor and Council of the City shall appropriate from the general fund of the treasury of the City the amount bid for such purpose, and shall order the City to place the amount in the Special Fund. The Mayor and Council of the City, however, may direct the City to pay into the Special Fund only the sum required to pay the installment then due or to become due upon the Bonds, and thereupon the City shall be obligated to pay from the general fund of the City the succeeding installments and interest on the Bonds as are payable by the Assessment on the Delinquent Assessed Parcel. Thereafter, the lien of the Assessment will not be extinguished for nonpayment of general taxes or prior special assessments, and the annual installments of principal and interest of the Assessment will constitute a first lien on the respective parcel of land, co-equal with the lien for general taxes. If the lien has not been extinguished prior to the property being stricken off to the State of Arizona (the "State"), such lien will extinguish upon the sale of the property pursuant to Title 42, Chapter 2, Article Arizona Revised Statutes, as amended, and the City will share pro rata in the proceeds of such sale to the extent of the delinquent Assessment. See "SPECIAL RISK FACTORS."

To prepay an Assessment, the following amounts are required to be paid: (i) the interest on the outstanding portion of the Assessment to the next applicable redemption date of the Bonds; (ii) the principal amount of the Assessment remaining to be paid rounded up to the next highest integral multiple of \$5,000; and (iii) if determined by the City, an administrative fee charged by the City for each prepaid assessment.

See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL PUBLIC IMPROVEMENTS AND IMPROVEMENT BONDS LAW" for portions of the Act with respect to the foregoing.

#### **Assessment Policy and Overlapping Assessment**

The Assessed Parcels have been assessed on a benefit basis. Accordingly, the Assessed Parcels are assessed in varying amounts, depending on the cost of the Improvements and the benefits received by each Assessed Parcel. See "THE IMPROVEMENTS, THE LAND SUBJECT TO ASSESSMENT AND THE DEVELOPMENT."

The amount of benefit received by the Assessed Parcels from the Improvements is dependent upon, among other things, completion of construction of the Improvements. *Failure to receive the benefits of the Improvements might result in reduction of the amounts of the Assessments, creating a shortfall in the Special Fund that may not be provided for thereafter by the City. See "SPECIAL RISK FACTORS."*

Currently, none of the Assessed Parcels are subject to any assessment liens of public entities whose boundaries overlap the District boundaries. The imposition of ad valorem property taxes or additional assessment liens in the future, however, may have an adverse impact on the ability of an owner of land in both the District and the overlapping jurisdiction to pay the Assessments. See "SPECIAL RISK FACTORS – Direct and Overlapping Indebtedness."

*The City has made no independent appraisal of the Assessed Parcels; however, the Superintendent has certified that the Assessed Parcels will be benefited by the Improvements in an amount at least equal to the amount so assessed. See, however, "THE IMPROVEMENTS, THE LAND SUBJECT TO ASSESSMENT AND THE DEVELOPMENT – Land Subject to Assessment."*

For a further discussion of the Improvements, the current development plan for the property within the District and other matters, see “THE IMPROVEMENTS, THE LAND SUBJECT TO ASSESSMENT AND THE DEVELOPMENT” herein.

**Redemption Provisions**

*Optional Redemption.* Bonds maturing on or after January 1, 20\_\_, will be subject to call for redemption prior to maturity, at the option of the City, in whole or in part, on any Interest Payment date on or after July 1, 20\_\_, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus interest accrued to the date fixed for redemption, \_\_\_\_\_.

*Special Redemption.* Bonds will be subject to special redemption prior to maturity, in whole or in part, on any Interest Payment Date on or after July 1, \_\_\_\_ from prepayment of the Assessments and from amounts collected pursuant to a public auction of property upon a delinquency in payment of installments of an Assessment in the manner described above under “Security and Source of Payment” at a price equal to the principal amount of each Bond called for redemption plus interest accrued to the date fixed for redemption but without premium. Any owners of Assessed Parcels could choose to prepay the corresponding Assessments at any time. However, no prepayment of the Assessments is required, and there can be no assurance that the Bonds will be redeemed earlier than stated. It is impossible to predict at what time or in what aggregate amounts such prepayments will be made, but such prepayments would shorten the average life of the Bonds.

*Notice of Redemption.* Notice of any such redemption of any Bond will be provided to DTC not more than 45 nor less than 30 days before any redemption date. See APPENDIX F – ‘BOOK-ENTRY-ONLY SYSTEM.

*Selection of the Bonds for Redemption.* The maturity of the Bonds to be redeemed through optional or special redemption as described above will be chosen by the City, and the Bonds within any maturity to be redeemed through optional, special or mandatory redemption as described above will be chosen by DTC through the procedures of its book-entry-only system, or, if the book-entry-only system is not in effect, then by lot from the maturity by the bond registrar and paying agent for the Bonds.

**SOURCES AND USES OF FUNDS**

Proceeds of the Bonds will be applied approximately as set forth below.

**Sources of Funds:**

Principal Amount of the Bonds	\$ *
Net Original Issue Premium	_____
Total Sources	<u><u>\$</u></u>

**Uses of Funds:**

Deposit to Project Construction Fund	\$
Costs of Issuance (a)	_____
Total Uses	<u><u>\$</u></u>

\_\_\_\_\_

(a) Includes Underwriter’s compensation and costs of issuance of the Bonds.

## THE IMPROVEMENTS AND THE LAND SUBJECT TO ASSESSMENT

### The Development

Chandler Spectrum is a mixed use development planned with a market balanced blend of office, retail, hotel, and business support uses conveniently located at the southeast intersection of Price Road (Loop 101) and the Santan Freeway (Loop 202), bordered on the east by Ellis Road and the south by Willis Road, within the corporate boundaries of the City of Chandler. The project consists of nine lots of various sizes.

The design of the internal roadway, landscape plant palette, and connections between parcels serve to integrate parcels and provide an attractive gateway into Chandler's Price Road corridor. The site will offer development potential for low-rise and mid-rise office, lifestyle oriented retail services that support businesses and employees, and hospitality/lodging. All of the proposed uses are in conformance with the City of Chandler's General Plan. The property is fully zoned (PAD) and entitled for the proposed uses.

### The Improvements

The Improvements to be made with proceeds of the Bonds include paving, curb, gutter, sidewalk, street lights, traffic control devices, undergrounding overhead electrical power lines, landscaping, irrigation, reclaimed water distribution lines, water and sewer lines and appurtenances thereto, tiling of existing above ground irrigation water ditch, storm drainage facilities and necessary drainage and retention features, and all legal, financial and other incidental services and expenses incurred in completing the acquisition, installation and construction of the public infrastructure aforementioned, and the costs, expenses and fees incurred in connection with the issuance and sale of the Assessment Bonds, including but not limited to a City administration fee.

### Land Subject to Assessment

A map of the District is shown on the following page.

<u>LOT</u>	<u>NET AREA (SQ. FT.)</u>	<u>% OF TOTAL</u>	<u>COST ALLOCATION</u>	<u>COST/SF</u>
1	1,035,002	26.40%	\$2,058,572	\$1.99
2	348,564	8.88%	\$692,604	\$1.99
3	174,852	4.46 %	\$347,435	\$1.99
4	408,547	10.45%	\$813,779	\$1.99
5	264,546	6.75%	\$525,659	\$1.99
6	283,207	6.71%	\$522,998	\$1.99
7	287,258	6.82%	\$531,048	\$1.99
8	268,703	6.85%	\$533,919	\$1.99
9	888,284	22.68%	\$1,766,987	\$1.99

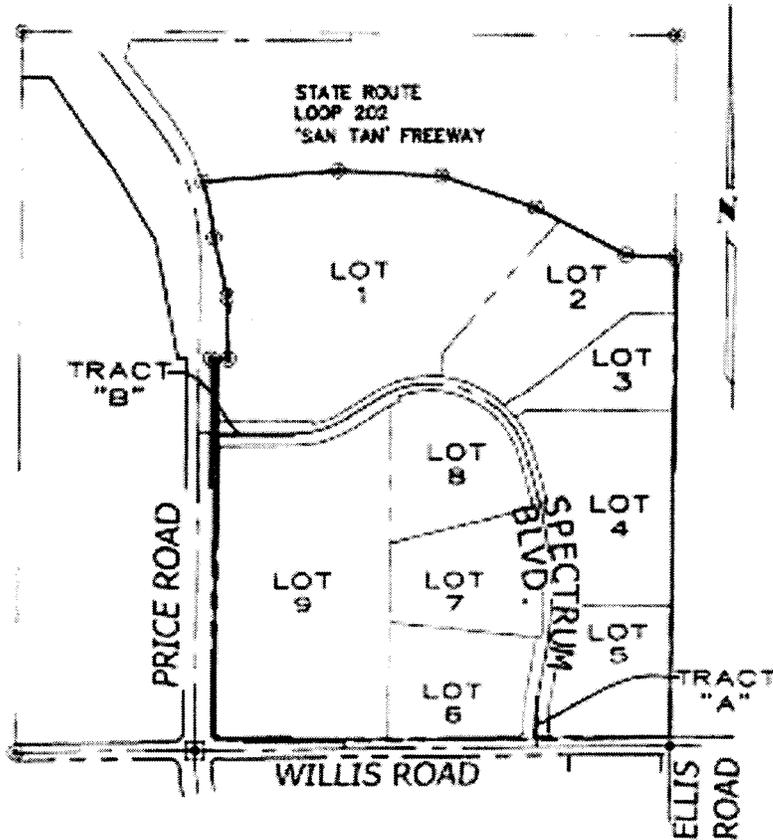
### Future Ownership

Ownership of any of the Assessed Parcels could change at any time. The property owners are not restricted in their ability to transfer all or any portion of an Assessed Parcels to others. See "SPECIAL RISK FACTORS – Ownership Subject to Change."

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MAP OF THE DISTRICT

SPECTRUM CHANDLER  
ASSESSMENT DISTRICT DIAGRAM



Site Consultants, Inc.  
113 S. Rockford Drive, Tempe, Arizona 85281  
Tele: 480-894-2820 Fax: 480-894-2847  
SC #1609 SCALE: N.T.S. DATE: 07-25-06

## **SPECIAL RISK FACTORS**

### **Bankruptcy**

The payment by property owners of the Assessments and the ability of the City to sell the lien of delinquent unpaid amounts thereof may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Assessments to become extinguished, bankruptcy of a property owner could result in a delay in processing the sale proceedings. Unless the City is financially capable of advancing the funds necessary to make payments when due, and does advance such funds, as described above under "THE BONDS" – Security and Source of Payment," such delay would increase the likelihood of a default in payment of the principal of and interest on the Bonds on a timely basis.

It should be noted that in the event of bankruptcy of an owner of an Assessed Parcel pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can be attached against the Assessed Parcel for the Assessment during the pendency of bankruptcy. Such Assessment might constitute an unsecured and possibly noninterest bearing administrative expense payable only to the extent that the secured creditors of an owner of an Assessed Parcel 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 Assessment. Except as otherwise described hereinabove, proceeds to pay the Assessment come only from an owner of an Assessed Parcel or from a sale of the lien on the Assessed Parcel.

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 liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a lien against real property of a debtor would be subject to the stay of a bankruptcy court. It is reasonable to conclude that "lien sale investors" may be reluctant to purchase liens under such circumstances, and therefore, the timeliness of post bankruptcy petition collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial condition of any owner of an Assessed Parcel, 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 Financial Advisor, the City, the Underwriter or their respective agents or consultants have undertaken any independent investigation of the operations and financial condition of any such owner, nor have they assumed responsibility for the same.

### **Value of the Assessed Property**

The City has not investigated, and the Underwriter has not undertaken an independent evaluation of, the market value of the Assessed Parcels within the District or the effect thereon of development of such property. See, however, "THE IMPROVEMENTS, THE LAND SUBJECT TO ASSESSMENT AND THE DEVELOPMENT." No assurance can be given that the market value of the Assessed Parcels is or will be sufficient, when compared to the amount assessed thereon, to encourage the current or future owners thereof to pay the Assessments or encourage others to bid at the foreclosure sale with respect to the Assessments if such owners do not pay the amounts due with respect to the Assessments. The market value of the Assessed Parcels is dependent on the potential of the property to be developed. The City is legally obligated to purchase at the foreclosure sale regardless of market value. See "THE BONDS – Security and Source of Payment."

### **Ownership Subject to Change**

The City has no control over who may ultimately become an owner of any or all of the Assessed Parcels subject to the Assessments. Subsequent owners may not have the financial resources to pay the amounts due with respect to the Assessments. Additionally, the assessed property could be transferred to entities that would seek protection under bankruptcy or insolvency laws regardless of development of such property.

### **Limited Obligation of Each Property Owner**

Neither the current owner nor any subsequent owners of any of the assessed property within the District are obligated to pay the Assessments or the Bonds, and the assets of the current owners or any subsequent owners, other than the Assessed Parcels, do not secure such payment. The Assessments and the Bonds will be secured only by the

Assessed Parcels, the obligation of the City to bid at the delinquent assessment sale and the ability (legally and economically) of the City to advance money if necessary before the sale to provide timely payment of the Bonds. (The Assessments are not cross-defaulted.) The current and future property owners may not have the financial resources to pay the amounts due with respect to the Assessments. None of the Financial Advisor, the City or the Underwriter has investigated, nor makes any representation concerning, the financial ability of any of such owners to pay the Assessments when due.

### **Property Undeveloped; Subject to Market Risks**

The Assessed Parcels subject to the Assessments are currently comprised of mostly vacant land. The timely payment of the Bonds depends upon the willingness and ability of the property owners, and any subsequent owners as noted above, to pay the amounts due with respect to the Assessments. An inability to develop the Assessed Parcels or a slowdown or stoppage in the development of the Assessed Parcels could reduce the willingness and the ability of such owners to pay the amounts due with respect to the Assessments and could greatly reduce the value of the Assessed Parcels in the event it has to be foreclosed upon.

Development of the Assessed Parcels is dependent on many factors, such as the real estate market, competition, surrounding development and the general and local economy, including the availability of financing for significant capital improvements. Difficulty in proceeding with development may increase the likelihood of non-payment of the amounts due with respect to the Assessments and reduce the likelihood of bidders at the foreclosure sale with respect to the Assessments. The City is obligated to bid at such sale regardless of the extent of development or economic conditions.

The City has not investigated, and makes no representations concerning, projected development plans within the District or the ability of any property owner to complete any development or to pay for or finance the necessary improvements.

The cost of additional improvements plus the public and private in-tract, on-site and off-site improvements may increase the public and private debt for which the Assessed Parcels are security including as described below under "Direct and Overlapping Indebtedness." The burden of additional debt could be placed on the Assessed Parcels within the District to complete the necessary improvements.

The inability to develop or a slowdown of the development process for any of the foregoing reasons could adversely affect land values and reduce the ability or desire of the property owners to pay the amounts due with respect to the Assessments. In that event, there could be default in the payment of the amounts due with respect to the Assessments. See "THE BONDS- Security and Source of Payment."

Vacant land also provides less security to the holders of the Bonds should it be necessary for the City to foreclose due to nonpayment of the amounts due with respect to any of the Assessments. Furthermore, an inability to develop the remaining land within the District will likely reduce the diversity of ownership of land within the District, making the holders of the Bonds more dependent upon timely payment of the amounts due with respect to the Assessments levied on the vacant property.

### **Direct and Overlapping Indebtedness**

The ability of an owner of land within the District to pay the amounts due with respect to the corresponding Assessment could be affected by the existence of other taxes and assessments imposed upon such land (as well as because of liens for private debt as described above under "Property Undeveloped; Subject to Market Risks.") Public entities whose boundaries overlap those of the District could, without the consent of the city, and in certain cases, without the consent of the owners of the land within the District, impose ad valorem property taxes or additional assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. The lien created on the Assessed Parcels through the levy of ad valorem property taxes would be on a superior basis to the amounts due with respect to the Assessments, but the foreclosure thereof will not extinguish the Assessment. The imposition of additional liens may reduce the ability or willingness of the landowners to pay the amounts due with respect to the Assessments securing the Bonds as well as, in the case of failure of payment thereof, the existence of buyers of the Assessed Parcels at any foreclosure sale.

## **Evaluation of City**

As described in the second paragraph under the subheading "THE BONDS - Security and Source of Payment," the City may advance funds necessary to cover any deficiency in the event of non-payment of Assessments by the property owners under certain circumstances. Such payments by the City would be made from its general fund. Also, as described in the third to the last paragraph under that subheading, the City must appropriate from the general fund the amount required to pay amounts due with respect to the Assessments on any Assessed Parcels that are sold for non-payment of delinquent Assessments, and as to which there is no purchaser other than the City willing to pay the amounts due. Accordingly, investors should take into consideration the creditworthiness of the City in their evaluation of the Bonds. See APPENDIX B - CITY OF CHANDLER, ARIZONA – GENERAL ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION" and APPENDIX E - CITY OF CHANDLER, ARIZONA - AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2007.

## **Assessment Subject to Reduction; Work Still to be Completed**

The Bonds are to be issued prior to the completion of the Improvements. The contractor for the Improvements may not be able to complete all work due to acts of God, war, conditions affecting such contractor, or other unforeseen events such as strikes or material shortages which may slow or prevent completion of the construction. Such contractor has posted a performance bond equal to 100 percent of the construction price. If work is disrupted and liability under the performance bond questioned, litigation may ensue over (i) the benefits received by the property in the District, or (ii) liability of the performance bonding company. The Assessments may be reduced if the Improvements are not fully completed, creating a shortfall in the Special Fund as described under "THE BONDS - Security and Source of Payment - Assessment Policy and Overlapping Assessment." Bond Counsel's approving legal opinion will be qualified that, if the Assessed Parcels do not receive benefits commensurate with the Assessments because the Improvements have not been completed, the Assessments may be subject to reduction accordingly.

## **No Continuing Disclosure by Property Owners**

Current and future property owners of the property within the District have no obligation to provide financial information for continuing secondary market disclosure. The City, as the ultimate obligor on the Bonds will provide continuing disclosure with respect to the City and the property subject to the Assessments. See "CONTINUING DISCLOSURE" and APPENDIX G - "FORM OF CONTINUING DISCLOSURE UNDERTAKING."

## **CERTIFICATION CONCERNING OFFICIAL STATEMENT**

The documents delivered in connection with the original issuance and delivery of the Bonds will include a certificate to the effect that to the best knowledge, information and belief of appropriate representatives of the City, the information contained in this Official Statement was, at the time of sale of the Bonds, and will be, at the time of original issuance and delivery of the Bonds, true and correct in all material respects, and this Official Statement did not, at the time of the sale of the Bonds, and does not, at the time of original issuance and delivery of the Bonds, contain an untrue statement of a material fact, or omit to state a material fact required to be stated therein to make the statements therein contained, in light of the circumstances under which they are made, not misleading.

## **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 lawsuits pending naming the City of Chandler as a defendant. 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.

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.

The City has also been sued in a matter involving a police officer related shooting death. The plaintiff is seeking \$28 million. The City denies the allegations and is vigorously defending this lawsuit.

The City received a notice of Claim for \$5 million because of injuries sustained by an individual. Recently the City began an investigation of this claim, but lacks sufficient information to form an opinion as to liability.

### **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale by the City of the Bonds and with regard to the tax-exempt status thereof will be passed upon by Gust Rosenfeld PLC, Bond Counsel. A signed copy of that opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered to the City. The form of that opinion is included as APPENDIX C hereto. The fees and expenses of Bond Counsel will be paid from proceeds of the sale of the Bonds.

Certain legal matters will be passed upon solely for the Underwriter by Greenberg Traurig L.L.P., counsel to the Underwriter.

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

### **TAX EXEMPTION**

In the opinion of Bond Counsel under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain covenants, restrictions, conditions and requirements by the City, as described below, interest income on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of Arizona income taxes. A form of such opinion is included herein in APPENDIX C - "FORM OF APPROVING LEGAL OPINION."

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

The Code also imposes an "alternative minimum tax" ("AMT") upon certain corporations and individuals. The AMT is equal to the excess (if any) of 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 a 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 minimum 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 Beneficial Owner's federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing the Bonds, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax-exempt obligations should consult their tax consultants as to the applicability of such tax consequences to the respective Beneficial Owner. The nature and extent of these other tax consequences

will depend upon the respective Beneficial Owner's particular tax status and the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

The Bonds 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 January 1, 20\_\_ through and including January 1, 20\_\_ (collectively, the "Original Discount Obligations"), are less than the respective stated principal amounts thereof. As a result, the Original Discount Obligations will be considered to be issued with original issue discount. The difference between the initial public offering price (the "Issue Price") of the Original Discount Obligations, and the amount payable at maturity of the Original Discount Obligations 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 includible in the gross income of the Beneficial Owner of the Original Discount Obligation for Federal income tax purposes and Arizona income tax purposes and that Beneficial Owner will not, under present Federal income tax law and present Arizona income tax law, realize a taxable capital gain upon payment of the Original Discount Obligation at 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 accreting daily over the term of such Original Discount Obligation on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 (with straight-line interpolation between compounding dates).

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

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

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

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

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

### **BOND PREMIUM**

The difference between the principal amount of the Bonds maturing on January 1, 20\_\_ through and including January 1, 20\_\_ (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 wholesales), 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 the 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. Beneficial Owners of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for Federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

### **RATINGS**

The City has applied to, and received from, certain credit rating agencies the following ratings on the Bonds: Fitch Ratings ("Fitch") - \_\_\_\_; Moody's Investor Service ("Moody's") - \_\_\_\_; and Standard and Poor's Ratings Services ("S&P") - \_\_\_\_\_. Such ratings reflect only the respective views of Fitch, Moody's and S&P, and any desired explanation of the significance of such ratings should be obtained from each individual rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The City expects to furnish the rating agencies with information and materials that they may request. The City, however, assumes no obligation to furnish requested information and materials, and may issue debt for which ratings are not requested. Failure to furnish requested information and materials, or the issuance of debt for which ratings are not requested, may result in the suspension or withdrawal of a rating on the Bonds.

### **UNDERWRITING**

The Bonds will be purchased by Peacock, Hislop, Staley & Given, Inc. (the "Underwriter") at an aggregate purchase price of \$ \_\_\_\_\_ (which consists of the principal amount of the Bonds of \$ \_\_\_\_\_ plus a reoffering premium of \$ \_\_\_\_\_), pursuant to a bond purchase contract executed by and between the City and the Underwriter (the "Purchase Contract"). The Underwriter will be paid compensation and reimbursed for its expenses relating to purchase of the Bonds in the aggregate amount of \$ \_\_\_\_\_. The Purchase Contract provides that the Underwriter will purchase all of the Bonds so offered if any are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at yields higher than the public offering yields stated on the front cover hereof. The initial yields set forth on the front cover hereof may be changed, from time to time, by the Underwriter.

### **CONTINUING DISCLOSURE**

The City will enter into a Continuing Disclosure Undertaking, dated the date of delivery of the Bonds (the "Undertaking"), the form of which is included in APPENDIX G – "FORM OF CONTINUING DISCLOSURE UNDERTAKING." Pursuant to the Undertaking, the City will agree for the benefit of the owners of the Bonds to provide certain financial information and operating data in each year and to provide notices of the occurrence of certain enumerated material events. The Undertaking by the City will only apply so long as the Bonds remain outstanding under the Bond Resolution, and will terminate upon any termination of the continuing disclosure requirements of S.E.C. Rule 15c2-12(b)(5) (the "Rule") by legislative, judicial or administrative action. The Undertaking will be delivered in order to assist the Underwriter in complying with the Rule. A failure by the City to comply with the Undertaking 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. The City has been and is now in material compliance with all of its prior undertakings for purposes of the Rule.

### **FINANCIAL STATEMENTS**

The financial statements of the City as of June 30, 2007 for its fiscal year then ended, which are included as APPENDIX E of this Official Statement, have been audited by Heinfeld, Meech & Co., P.C., as stated in their opinion which appears in APPENDIX E. The City neither requested nor obtained the consent of Heinfeld, Meech & Co., P.C. to include their report and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering their opinion on the financial statements.

**CONCLUDING STATEMENT**

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Official Statement has been derived by the City from official and other sources and is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as part of a contract with the original purchasers or subsequent owners of the Bonds.

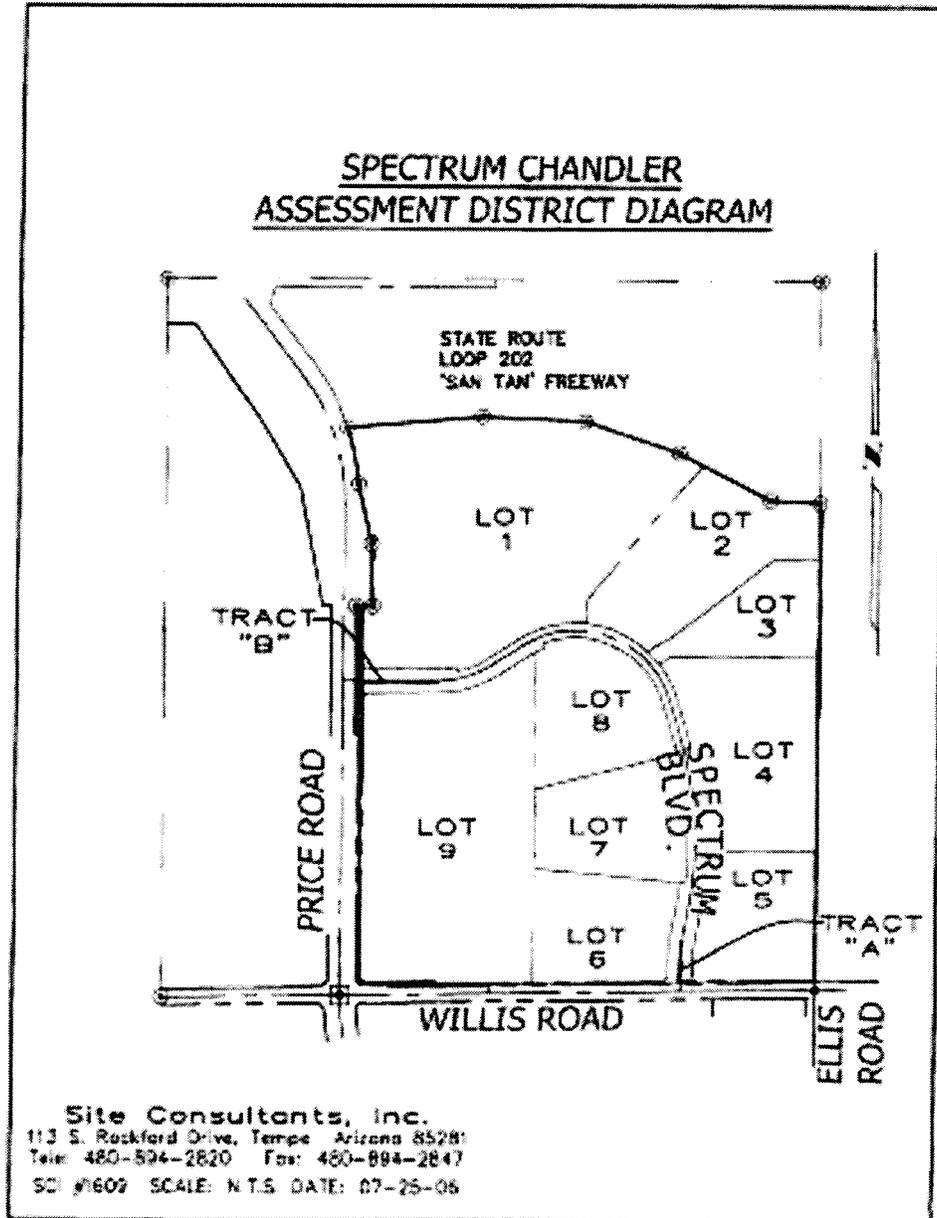
This Official Statement has been prepared on direction of the City and has been approved by and executed for and on behalf of the City by its authorized representative indicated below.

CITY OF CHANDLER, ARIZONA

By \_\_\_\_\_  
Boyd W. Dunn, Mayor

CITY OF CHANDLER, ARIZONA

LOCATION MAP AND MAP OF DISTRICT BOUNDARY



**CITY OF CHANDLER, ARIZONA**

**GENERAL ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION**

**General**

The City is located in the southeastern portion of Maricopa County (the “County”). The City encompasses approximately 64.2 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 249,056 as of December 1, 2007. The following table sets forth a record of the population statistics of the City since 1980, 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	249,056(a)	3,907,492(b)	6,500,194(b)
2005 Special Census	234,939	3,700,516	6,044,985
2000 Census	176,581	3,072,149	5,130,632
1990 Census	90,533	2,122,101	3,665,339
1980 Census	29,673	1,509,175	2,716,546

(a) Estimate provided by Long Range Planning Department as of December 1, 2007.

(b) July 1, 2007 Population Estimates, approved December 15, 2007.

Source: Arizona Department of Economic Security, Research Administration, Population Statistical Unit and the City Planning and Development Department, U.S. Census Bureau.

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>
2007	64.2 (a)
2006	64.0
2005	63.4
2004	63.3
2003	62.2

(a) Data as of December 1, 2007.

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 merit system 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 almost 45,000 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>
2007	2.4%	3.2%	3.8%	4.6% (a)
2006	2.7	3.5	4.1	4.6
2005	3.1	4.1	4.7	5.1
2004	3.0	4.0	4.8	5.5
2003	3.7	4.9	5.6	6.0

(a) Data as of January 4, 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, November 2007.

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

**INDUSTRIAL AND BUSINESS PARKS  
City of Chandler, Arizona**

Arizona Corporate Park North	Chandler Park Place	Payne Commerce Center
Arizona Corporate Park South	Chandler Technology Center	Price Road Corporate Center
Bogel Business Park	Countrywide	Price Road Industrial Park
CC&F Industrial Center	Dividend Center	Ray Road Industrial Park
Center Pointe Industrial Park	Dobson Business Park	Ryan Chandler Freeways Business Park
Chandler Airpark Area	Eastpoint Business Park	Santan Technology Park
Chandler Airport Business Center	Fairview Corporate Park	Southgate Park Ten Business Center
Chandler Commerce Center	First Chandler Business Park	Southpark Business Center
Chandler Corporate Center	Frye Road Industrial Park	Stellar Industrial Airpark
Chandler Freeway Business Park	Gila Springs Industrial Park	Warner Commerce Park
Chandler Freeway Crossing	Kyrene Industrial Park	Westech Corporate Center
Chandler Hamilton Plaza	Kyrene Paloma Business Park	Williams Field Road Business Park

Source: The City Economic Development Department.

## 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>Approximate Number of Employees</u>
Intel Corporation	Microprocessors/Semiconductors	11,400
Microchip Technology	Microprocessors	1,485
Freescale Semiconductor	Semiconductors/Satellite Systems	1,450
Orbital Sciences	Aerospace Launch Systems	1,350
Avnet	Computer Group	500
Tri-City Mechanical	Air Conditioning Contractors and Service	493
Rogers Corporation	Microwave Substrates	450
Marvell	Electronics & Semiconductor Products	450
Amkor	Electronics & Semiconductor Products	350
Inter-Tel, Inc.	PABX Systems	300
Goodrich Turbo Resources	Aerospace Components	300
Indoff Inc.	Material Handling Equipment - Wholesale	300
Signal Technologies, Inc.	Manufacturer and Design Electrical Components	285
South Bay Circuits, Inc.	Circuit Breaker Manufacturer	260
Heraeus	Electronics & Semiconductor Products	250
Triangle Truss, Inc.	Manufacturer of Wooden Trusses	250
Novellus	Semiconductor Equipment	250
STC Microwave Systems	Microwave Subsystems	230
Turbo Machinery Products	Manufacturer of Turbo Jets	226
Pacific Scientific Energetic	Manufacturer of Fire Suppression Components	210
Brycon Corporation	Cleanroom Construction	200
Gold Canyon Candles	Candle Manufacturing & Distribution	200
Walbar Metals, Inc. - Arizona	Gas Turbine Components	200
Heraeus Biotechnology	Biotech Devices Research and Development	180
Oberg-Arizona	Aerospace Equipment	160
Pentagon Technologies	Technical Cleaning & Decontamination of Clean Rooms	150
Kovach	Structural Engineering	150
Isola Laminate Systems Corp.	Aerospace/Laminates	100

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

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

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

<u>Employer</u>	<u>Description</u>	<u>Approximate Number of Employees</u>
Countrywide Home Mortgage	Mortgage Processing Center	2,650
Chandler Unified School District	Public Education	2,400
Wells Fargo Ocotillo Corporate Campus	Regional Corporate Headquarters	2,105
Chandler Regional Hospital	Hospital	1,784
City of Chandler	Government	1,701
Verizon Wireless	Regional Corporate Headquarters	1,500
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
Basha's Corporate Office	Corporate Headquarters	414
Erickson Construction	General Construction	225

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

**Mediserve**

Mediserve is a software design company that specializes in medical software for bedside charting. Mediserve is under construction with a new 73,000 square foot office building in the new Chandler Corporate Center that will include 130 high-wage jobs in the first phase. This project will bring nearly \$8,000,000 in capital investment.

**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>
2007 (a)	\$301,628	\$612,065	\$2,258	\$1,119	\$917,070
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
2003	735,734	161,540	11,389	85,264	993,927

(a) Data through 3<sup>rd</sup> quarter.

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>
2007 (a)	1,335
2006	1,554
2005	3,076
2004	4,109
2003	4,682

(a) Data through 3<sup>rd</sup> quarter.

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, 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>
2006/07	\$ 92,644,932
2005/06	89,557,048
2004/05	74,519,306
2003/04	67,537,079
2002/03	59,670,584

Source: The City's 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 Crowne Plaza 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 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. 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 Fall 2007 total enrollment was approximately 64,394 students, with an estimated 2,862 full-time faculty members and 6,848 full-time administrators, professionals and support staff. Located in the City is the Chandler-Gilbert Community College, which opened in mid-1985. Also, eight miles northwest of the City is Mesa Community College. Mesa Community College and Chandler-Gilbert Community College are two of the 12 campuses that comprise the Maricopa County Community College District and offer a comprehensive educational program in professional, occupational and continuing education. Chandler-Gilbert Community College had a 2006-07 annual credit enrollment of approximately 14,033 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 five-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, four high schools and two alternative high schools.

**FINANCIAL DATA**

**2007/08 Fiscal Year –Assessed and Estimated Net Full Cash Values**

<b>Primary Assessed Valuation</b>	<b>\$ 2,362,911,740 (a)</b>
<b>Secondary Assessed Valuation</b>	<b>2,989,189,878 (a)</b>
<b>Estimated Net Full Cash Value</b>	<b>24,174,174,640 (b)</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 (a)

<u>Issue Series</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Balance Outstanding</u>
1992-REF	\$25,285,000	7-1-93/09	\$ 2,500,000
1993	9,850,000	7-1-05/09	1,450,000
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-REF	9,730,000	7-1-98/13	775,000
1998	3,590,000	7-1-03/16	650,000
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-REF	17,225,000	7-1-02/11	7,605,000
2002	23,000,000	7-1-03/19	9,800,000
2003-REF	16,265,000	7-1-10/16	16,125,000
2003	21,375,000	7-1-04/17	15,575,000
2005	24,800,000	7-1-06/15	16,600,000
2006	30,905,000	7-1-07/17	29,450,000
2007	111,045,000	7-1-08/26	111,045,000
2007-REF	22,960,000	7-1-09/20	22,960,000
Total General Obligation Bonds Outstanding			<u>\$ 248,040,000</u>
Less: General Obligation Bonds Expected to be Paid From Enterprise Fund Revenues (b)			<u>(60,395,000)</u>
Net General Obligation Bonds excluding Enterprise Funded General Obligation Bonds (b)			<u>\$ 187,645,000</u>

- (a) Excludes the outstanding aggregate principal amounts on bonds that have been refunded or defeased. 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 sewer enterprise funds of the City: \$7,605,000 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 \$45,600,000 aggregate principal amount of the General Obligation Bonds, Series 2007. 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 Sewer 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-REF	7,770,000	7-1-98/15	6,945,000
1998	10,330,000	7-1-04/08	500,000
1999	5,985,000	7-1-03/11	1,535,000
2000	3,000,000	7-1-01/09	450,000
2001	12,500,000	7-1-01/18	5,150,000
2001-REF	26,145,000	7-1-02/11	11,610,000
2002(b)	13,525,000	7-1-02/10	5,355,000
2002-REF	10,970,000	7-1-03/13	9,200,000
2003-REF	17,830,000	7-1-04/16	14,030,000
2003	10,000,000	7-1-04/13	9,200,000
2005	10,000,000	7-1-12/20	10,000,000
2005-REF	15,485,000	7-1-09/17	15,485,000
Total Water and Sewer Revenue Bonds Outstanding			<u>\$ 93,000,000</u>

- (a) Excludes the outstanding aggregate principal amounts on bonds that have been refunded or defeased. 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) Represents Subordinate Lien Water and Sewer Revenue Obligations, Series 2002.

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**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
1996 B	1,250,000	7-1-06/15	200,000
1997-REF	5,280,000	7-1-98/14	4,935,000
1998	5,715,000	7-1-99/09	600,000
1999	3,300,000	7-1-99/17	2,075,000
2000	2,250,000	7-1-00/10	325,000
2001	6,830,000	7-1-01/19	4,945,000
2002-REF	10,540,000	7-1-05/13	7,060,000
2003	5,000,000	7-1-16/19	5,000,000
2004-REF	10,920,000	7-1-06/18	<u>10,615,000</u>
Total Street and Highway User Revenue Bonds Outstanding			<u>\$ 37,655,000</u>

(a) Excludes the outstanding aggregate principal amounts on bonds that have been refunded or defeased. 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.

**Solid Waste System Revenue Bonds Outstanding**

None

**City of Chandler Municipal Property Corporation Obligations Outstanding**

None

**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.

<b>General Municipal Purpose Bonds</b>		<b>Water, Light, Sewer, Open Space, Public Safety, Law Enforcement, Fire and Emergency Services, Park, Street, and Transportation Bonds</b>	
Total 6% General Obligation Bonding Capacity	\$179,351,392	Total 20% General Obligation Bonding Capacity	\$ 597,837,975
Less: 6% General Obligation Bonds Outstanding	(7,795,000) (a)	Less: 20% General Obligation Bonds Outstanding	(240,245,000) (a)
Net 6% General Obligation Bonding Capacity	<u>\$171,556,392</u>	Net 20% General Obligation Bonding Capacity	<u>\$ 357,592,975</u>

(a) Reflects partial defeasance of certain bonds on August 25, 1999.

#### Direct and Overlapping General Obligation Bonded Debt Outstanding

<b>Overlapping Jurisdiction</b>	<b>Net Overlapping General Obligation Bonded Debt (b)</b>	<b>Proportion Applicable to City of Chandler (a)</b>	
		<b>Approximate Percent</b>	<b>Net Debt Amount</b>
State of Arizona	None	4.161%	None
Maricopa County (c)	None	6.035%	None
Maricopa County Community College District (d)	\$ 557,390,000	6.035%	\$ 33,638,487
Chandler Unified School District No. 80	174,040,000	58.545%	101,891,718
Tempe Union High School District No. 213	117,540,000	15.870%	18,653,598
Kyrene Elementary School District No. 28	75,600,000 *	27.777%	20,999,412
Mesa Unified School District No. 4	239,315,000	4.883%	11,685,751
Gilbert Unified School District No. 41	149,015,000 *	2.597%	3,869,920
East Valley Institute of Technology District No. 401	None	13.661%	None
City of Chandler (e)	187,645,000	100.000%	187,645,000
Total Direct and Overlapping General Obligation Bonded Debt Outstanding			<u>\$ 378,383,886</u>

\* Data as of January 1, 2008.

- (a) Proportion applicable to the City is computed on the ratio of secondary assessed valuation as calculated for fiscal year 2007/08 for the overlapping jurisdiction to the amount of such valuation which lies within the City.
- (b) Includes general obligation bonds outstanding. Does not include authorized but unissued general obligation bonds of such other jurisdictions as follows or which may be authorized in the future:

<b>Overlapping Jurisdiction</b>	<b>General Obligation Bonds Authorized but Unissued</b>
Maricopa County Community College District	\$ 521,093,000
Chandler Unified School District No. 80	58,700,000
City of Chandler	507,270,000

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the

Department of the Interior. In April 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at \$1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for Federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the \$1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50-year repayment period, which commenced October 1, 1993. Effectiveness of the agreement is subject to a number of conditions including settlement of certain Indian community water claims and other water claims and will require certain State legislation. Federal enabling legislation was passed in 2004. If the conditions are not met by May 9, 2012, and the parties do not amend the agreement, the agreement will terminate and litigation will resume. If it appears prior to May 9, 2012, that the conditions will not be met by the deadline, the parties can amend the agreement or either party may petition the U.S. District Court to terminate the agreement and resume litigation. CAWCD has expressed concern that conditions will not be met by the deadline. CAWCD and the United States are discussing possible amendments of the agreement. It is not possible to predict whether the agreement will become finally effective, be amended, or terminate, or whether litigation will resume. If litigation resumes, it is not possible to predict the outcome of such litigation. 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 (\$0.14) per \$100 of secondary assessed valuation, of which ten cents (\$0.10) 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 the outstanding principal of certificates of participation, the Maricopa County Public Finance Corporation lease revenue bonds, or the Maricopa County Stadium District revenue bonds.
- (d) Does not include the outstanding principal of the Maricopa County Community College District revenue bonds.
- (e) Does not include the \$60,395,000 of outstanding principal amounts of self-supporting general obligation bonds as these bonds have been historically and are presently being paid from revenues of enterprise activities and other non-property tax revenue sources. In the event that revenues of the enterprise activities ("Enterprise Revenues") should prove insufficient to pay the requirements of such general obligation bonds or should it be decided not to pay the debt service from Enterprise Revenues or other moneys, these bonds would then be payable from ad valorem taxes, an applicable portion of which would be levied against the property owners residing within the respective municipal entity.

Does not include the outstanding principal of water and sewer revenue bonds, street and highway user revenue bonds, or improvement districts bonds.

**Direct and Overlapping General Obligation Bonded Debt Ratios**

	<b>Per Capita Bonded Debt Population Estimated @ 249,056(a)</b>	<b>As % of City's 2007/08 Secondary Assessed Valuation</b>	<b>As % of City's 2007/08 Estimated Net Full Cash Value</b>
Direct General Obligation Bonded Debt	\$995.92	8.30	1.03
Direct and Overlapping General Obligation Bonded Debt Outstanding	\$1,519.27	12.66	1.57

(a) Estimate provided as of December 1, 2007 by the City’s Long Range Planning Department.

**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 69,000 square feet of office and library space. The combined expense relating to these leases for the fiscal year ended June 30, 2007 was \$1,090,782. The future minimum lease payments for these leases are as follows:

<b><u>Year Ending June 30</u></b>	
2008	\$ 1,085,091
2009	1,136,648
2010	1,161,625
2011	700,697
2012	444,378
2013-2017	2,466,367
2018-2020	<u>1,688,378</u>
Total	<u>\$ 8,683,184</u>

**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 as well as the Retirement Health Savings Plan. 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 State Retirement System (the “System”), a multiple-employer cost sharing defined benefit pension plan. The System was established in 1953 and became effective in 1971. The System provides for retirement, disability, health insurance premium benefits and death and survivor benefits. The System is administered in accordance with A.R.S. Title 38, Chapter 5.

The actuarially determined contribution rates for the fiscal year 2006/07 were 9.1% (8.6% retirement and 0.50% long-term disability) for both employees and employers. The City's contribution to the System for the fiscal year 2006/07 was \$5,373,873, equal to the required contribution.

*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, 2007 were 10.51% of annual covered payroll for police and 8.13% of annual covered payroll for firefighters. The City's contribution to the PSPRS for the fiscal year ended June 30, 2007 was \$2,332,255 for police and \$1,167,441 for firefighters, equal to the required contributions.

*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, 2007 was 18.55%. The City's contribution to the EORP for the fiscal year ended June 30, 2007 was \$20,164, equal to the required contribution.

*Retirement Health Savings Plan*

All full-time employees, regular benefit part-time employees, the Mayor and City Council are eligible participate in the Retirement Health Savings plan. Upon retirement, the City will contribute a one-time payment to each qualifying participant in an amount equal to \$800 for each year of service at the City, which may be used toward qualifying medical expenses.

*Other Post Employment Benefits*

Beginning with the fiscal year that commences on July 1, 2007, the City must implement GASB 45, *Accounting by Employers for Other Post Employment Benefits (OPEB)*, which requires reporting the actuarially accrued cost of post-employment benefits, other than pensions, 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, GASB requires the reporting of such costs as a financial statement liability.

City employees, their spouses and survivors may be eligible for certain retiree health care benefits under health care programs provided through 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; and such plan is available to all participants, whether retired or not, in the City's health care program.

The City has commissioned and received an 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 actuarial valuation shows City OPEB costs of \$907,502, as of fiscal year 2005-06.

## 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					
Property Classification (a)	2003	2004	2005	2006	2007
Mining, Utility, Commercial and Industrial (b)	25%	25%	25%	24.5%	24%
Agriculture and Vacant Land (b)	16	16	16	16	16
Owner-Occupied Residential	10	10	10	10	10
Leased or Rented Residential	10	10	10	10	10
Railroad, Private Car Company and Airline Flight Property (c)	20	21	21	22	21

(a) Additional classes of property exist but seldom amount to a significant portion of the City's total valuation.

- (b) The first \$59,099 full cash value on commercial, industrial and agricultural personal property is not taxable. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of those amounts will be assessed at 24% or 16% as applicable. Effective December 31, 2006, the assessment rate on mining, utility, commercial and industrial property was reduced to 24% for tax year 2007. Additionally, this rate will be reduced by one percentage point annually through 2011, resulting in an assessment rate of 20% from and after December 31, 2011.
- (c) This percentage is determined annually to be equal to 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 (market) value of such properties.

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

### **Primary Taxes**

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

- (1) The limited property value for parcels in existence in the prior year that did not undergo modification through construction, destruction, split or change in use, is established at the previous year's limited property value increased by the greater of either 10% of last year's limited property value or 25% of the difference between last year's limited property value and the current year's full cash value.
- (2) The limited property value for 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). For tax year 2006, there is an additional restriction imposed by the Arizona Legislature. This limits the 2006 primary property tax levy to one hundred and two percent (102%) of the 2005 actual primary property tax levy (plus new construction), instead of being limited to one hundred and two percent (102%) of the 2005 constitutional maximum levy and, on November 7, 2006, the State's voters approved Proposition 101 which rebases the maximum allowable primary property tax levy limit to the actual 2005 property taxes levied. The two percent (2%) limitation does not apply to primary taxes levied on behalf of school districts. Primary taxes on owner-occupied residential property only are constitutionally limited to one percent (1%) of the full cash value of such property.

### **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 20<sup>th</sup> 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)**

<u>Fiscal Year</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Collected to June 30 of Initial Fiscal Year</u>		<u>Cumulative Collection to September 19, 2007</u>	
			<u>Amount</u>	<u>% of Levy</u>	<u>Amount</u>	<u>% of Levy</u>
2007/08	\$1.2000	\$ 33,914,989	(b)	(b)	\$ 50,043	0.15 %
2006/07	1.2500	26,905,997	26,011,939	96.68 %	26,190,148	97.34
2005/06	1.2800	24,456,531	23,777,189	97.22	24,195,316	98.93
2004/05	1.2800	22,642,360	21,761,865	96.11	22,104,045	97.62
2003/04	1.2800	20,314,083	19,890,071	97.91	20,089,236	98.89

(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.

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

<b>Overlapping Jurisdiction</b>	<b>2007/08 Primary Assessed Valuation</b>	<b>2007/08 Secondary Assessed Valuation</b>	<b>2007/08 Total Tax Rates Per \$100 Assessed Valuation</b>
State of Arizona	\$ 58,327,768,286	\$ 71,837,099,233	None
Maricopa County	38,930,267,550	49,534,573,831	\$1.1046
Maricopa County Community College District	38,930,267,550	49,534,573,831	0.9760
Maricopa County Library District	N/A	49,534,573,831	0.0391
Maricopa County Flood Control District	N/A	45,937,944,910	0.1533
Maricopa County Fire District	N/A	49,730,785,225	0.0053
Maricopa County Hospital District	N/A	49,534,573,826	0.0935
Central Arizona Water Conservation District	N/A	49,730,785,225	0.1000
Chandler Unified School District No. 80	2,031,618,146	2,688,846,101	5.1625
Tempe Union High School District No. 213	3,738,494,670	4,543,976,779	2.5074
Kyrene Elementary School District No. 28	2,062,781,767	2,596,108,136	3.4920
Mesa Unified School District No. 4	3,227,463,922	4,019,953,396	5.4292
Gilbert Unified School District No. 41	1,759,769,783	2,320,360,222	4.9667
East Valley Institute of Technology District No. 401	N/A	21,881,487,982	0.0500
City of Chandler	2,362,911,740	2,989,189,878	1.2000

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

**Direct and Overlapping Tax Rates Per \$100 Assessed Valuation**

	<b>Total Tax Rate</b>
Inside Gilbert Unified School District No. 41	<u>\$ 8.6385</u>
Inside Mesa Unified School District No. 4	<u>\$ 9.1010</u>
Inside Tempe Union High School District No. 213 and Kyrene Elementary School District No. 28	<u>\$ 9.6712</u>
Inside Chandler Unified School District No. 80	<u>\$ 8.8343</u>

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

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## Secondary Assessed Valuation By Property Classification

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

	<b>2003/04 Secondary Assessed Valuation</b>	<b>2004/05 Secondary Assessed Valuation</b>	<b>2005/06 Secondary Assessed Valuation</b>	<b>2006/07 Secondary Assessed Valuation</b>	<b>2007/08 Secondary Assessed Valuation</b>	<b>2007/08 Annual Percent Change</b>
Mining, Utility, Commercial and Industrial	\$ 614,273,518	\$ 672,837,477	\$ 721,151,890	\$ 772,183,311	\$ 884,909,574	14.60%
Agriculture and Vacant Land	83,823,330	108,095,779	93,710,622	127,874,375	160,217,644	25.29%
Owner-Occupied Residential	752,761,054	829,070,978	974,338,631	1,023,331,270	1,649,981,440	61.24%
Leased or Rented Residential	121,060,965	128,599,230	140,926,512	167,094,148	223,329,729	33.66%
Railroad, Private Car Company and Airline Flight Property	365,184	2,391,821	2,418,309	2,525,763	3,420,918	35.44%
Historical Property	65,989,017	64,613,741	46,464,842	94,734,761	67,046,898	-29.23%
Commercial Historic Property	102,864	139,776	146,236	163,610	283,675	73.38%
	<b><u>\$1,638,375,932</u></b>	<b><u>\$1,805,748,802</u></b>	<b><u>\$1,979,157,042</u></b>	<b><u>\$2,187,907,238</u></b>	<b><u>\$2,989,189,878</u></b>	<b>36.62%</b>

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

## Secondary Assessed Valuation of Major Taxpayers

<b>Taxpayer (a)</b>	<b>Description</b>	<b>2007/08 Secondary Assessed Valuation</b>	<b>As % of City's Total 2007/08 Secondary Assessed Valuation</b>
Intel Corporation	Manufacturing	\$ 112,778,829	3.77 %
TWC Chandler LLC	Enclosed Mall	36,656,722	1.23
Freescale Semiconductor	Semiconductor Fabrication	28,108,286	0.94
Qwest Corporation	Telecommunications	16,785,425	0.56
Wells Fargo Bank	Office Building	15,021,496	0.50
Chandler Festival LLC	Open Shopping Center	9,658,819	0.32
Countywide Home Loans Inc.	Warehouse	7,863,817	0.26
G B Investment Co.	Truck Terminal	7,712,336	0.26
Motorola Corporation	Manufacturing	7,571,430	0.25
Fulton Homes Corporation	Residential Subdivision	7,377,948	0.25
<b>Total</b>		<b><u>\$ 249,535,108</u></b>	<b><u>8.35%</u></b>
<b>Total City Net Secondary Assessed Valuation</b>		<b>\$ 2,989,189,878</b>	

Source: County Treasurer's Office. None of the City, the Financial Advisor, or the Underwriter 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 property owned by the Salt River Project Agricultural Improvement and Power District ("SRP") is not included in the assessed valuation of the District in the prior table or in any other valuation information set forth in this Official Statement. Because of SRP's quasi-governmental nature, property owned by SRP is exempt from property taxation.

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

If SRP elected not to make such contributions, the City would be required to levy an increased tax rate on all other taxable property to provide sufficient amounts to pay debt service on the Bonds. If after electing to make the in lieu contribution, SRP then failed to make the in lieu contribution when due, the Treasurer of the County and the City have no recourse against the property of SRP and the City may not have adequate tax collections to pay debt service on the Bonds in full.

Since 1964, when the in lieu contribution was originally authorized in State statute, SRP has never failed to make that election. The fiscal year 2006/07 in lieu assessed valuation of SRP within the City is estimated at \$32,570,424 which represents approximately 0.015% of the combined secondary assessed value in the District. The SRP in lieu contribution for fiscal year 2006/07 is \$273,592.

**Comparative Secondary Assessed Valuation Histories**

<u>Fiscal Year</u>	<u>City of Chandler</u>	<u>Maricopa County</u>	<u>State of Arizona</u>
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
2003/04	1,638,375,932	27,477,987,528	40,839,898,348

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

**Estimated Net Full Cash Value (a)**

<u>Fiscal Year</u>	<u>Estimated Full Cash Value</u>
2007/08	\$24,174,174,640
2006/07	17,275,361,406
2005/06	15,220,118,638
2004/05	13,844,817,823
2003/04	12,699,613,610

(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**

\_\_\_\_\_, 2008

Mayor and Council  
City of Chandler, Arizona

At your request, we have examined the official proceedings leading to the issuance of improvement bonds (the "Bonds") dated the date of delivery, issued by the City of Chandler, Arizona (the "City") for its Spectrum Improvement District initiated under Resolution of Intention No. 3998.

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 and the proceedings leading to and including the issuance thereof are legal and constitute a valid obligation payable by the City from the Bond Fund provided for that purpose.
2. The Bonds are payable at the office of the paying agent from the unpaid assessments upon the real property within the boundaries of the City assessed for the improvement, which assessments may be subject to reduction to the extent the improvement is not completed and the land assessed does not receive benefits commensurate with the amount assessed.
3. The Bonds are issued under the provisions of Title 48, Chapter 4, Article 2, Arizona Revised Statutes, as amended, which requires the City to purchase the property encumbered by unpaid assessments in the event there are no other purchasers of the property on the foreclosure sale. In the event of such purchase, the City is required to transfer from the General Fund to the Bond Fund the amount bid for that purpose.
4. 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 preference to be included in the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for corporations which income is subject to federal alternative minimum tax. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the City rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and 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.

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

GUST ROSENFELD P.L.C.

Bond Counsel

**SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL PUBLIC IMPROVEMENTS AND IMPROVEMENT BONDS LAW**

The following constitutes summaries of certain sections of the General Public Improvements and Improvement Bonds law, Title 48, Article 2, Arizona Revised Statutes, as amended (the "Act"). The summaries do not purport to be complete and reference is hereby made to the full text of each section for a complete description thereof.

**Section 48-582. Assessment of public property**

When a lot belonging to the United States, the State, a county, city, school district or any political subdivision or institution of the state or county, fronts upon the proposed work or improvement, or is included within the district declared by the governing body in its resolution of intention to be the district to be assessed to pay the costs and expenses thereof, and, the governing body declares the lot included in the assessment, then the municipality shall be liable for and shall pay such sum as thereafter may be assessed against the lot. The amount of the assessment levied against the lot may be included in any bonds issued for the improvement, and if so included, the assessments shall bear the same interest, and be payable by the municipality in installments, as assessments against property of private persons.

**Section 48-589. Diagrams of property affected; estimate of benefits; assessment; warrant**

The Engineer shall make duplicate diagrams of the property contained within the assessment district. The diagrams shall show each separate lot, numbered consecutively, the approximate area in square feet of each lot and the location of the lot in relation to the work proposed to be done. When the diagrams have been approved by the Mayor and Council, and the Clerk of the City has certified that fact and the date thereof, they shall be delivered to the Superintendent.

At any time after bids have been received for the construction of the work the Superintendent shall estimate upon each of the lots within the District, the benefits arising, or expected to arise, from the work. He shall thereupon make an assessment to cover the sum due for the work performed and specified in the bid of the person to whom the contract was awarded, including incidental expenses, and shall assess upon and against the lots the total amount of the costs and expenses of the work. In so doing the Superintendent shall assess the sum upon the several lots, each respectively in proportion to the benefits to be received by each lot.

The assessment shall cover the sum due for the work performed or to be performed as specified in the bid of the person to whom the contract may be awarded, and shall also include incidental expenses. The incidental expenses shall include the compensation of the City Engineer for work done by him, the cost of printing, advertising and posting, the compensation of the person appointed by the Superintendent to take charge of the work of constructing the improvements and the expenses of making the assessment, interest on the bonds for a period not longer than the expected period of construction and six months beyond and all legal and financial expenses and costs incurred in drafting the proceedings and in the sale of the bonds.

There shall be attached to the assessment a warrant signed by the Superintendent and countersigned by the Mayor of the City. The warrant and assessment shall be recorded in the office of the Superintendent not earlier than the date of execution of the construction contract and one diagram shall be filed in the office of the Superintendent. When so recorded, the several amounts assessed shall be a lien upon the lots assessed for a period terminating on the date the assessment against the respective lot is paid in full, and such recording shall be notice to all persons interested in the contents of the record.

**Section 48-590. Delivery of warrant and assessment; demand for payment; release of assessments; review of assessment**

After the warrant and assessment are recorded, they shall be delivered to the Treasurer of the City, together with one of the diagrams, and by virtue of the warrant, the Treasurer of the City is authorized to demand and receive the amount of the several assessments.

The Treasurer of the City shall call upon the person assessed, either in person or by mail, and demand payment, and if paid shall give a receipt therefore. The receipt, when presented to the Superintendent, shall be an order to him to release the assessment. The Treasurer of the City shall promptly notify the Superintendent of all payments made to him, whereupon the Superintendent shall release assessments which have been fully paid.

The warrant shall be returned to the Superintendent with a "return" endorsed thereon, signed by the Treasurer of the City, verified upon oath stating the nature and character of the demand, and whether any assessments remain unpaid in whole or in part, and the amount thereof. In the absence of fraud or bad faith, the verified statement of the person making the return is conclusive proof that the demand for payment was made upon each owner, person in possession or each parcel of property as required by the Act. The Superintendent shall record the return so made in the margin of the record of the warrant and assessment. After return of the assessment and warrant all amounts remaining due shall draw interest at the rate of 8% per annum until paid or, upon the issuance of bonds, at the rate specified in the bonds payable for the semiannual period specified in the bonds notwithstanding the fact that the installments of assessments may be due at dates earlier than installments of interest are payable on the bonds.

After completion of the work, the Superintendent shall notify the Mayor and Council of such fact, and the Mayor and Council shall fix a time when it will hear and pass upon the assessment and the proceedings theretofore had and taken, which shall not be less than 20 days thereafter. The Mayor and Council shall cause notice of the hearing to be given by publication and the Superintendent shall cause notices of the time and place of the hearing to be mailed to all persons owning real property affected by the assessments. Failure to receive notice shall not constitute any jurisdictional defect invalidating any proceeding or assessment if notice has been sent pursuant to this Section.

**Section 48-592. Invalidity of liens or bonds; extent of validity; means to secure interest of persons damaged**

If the lien of an assessment or reassessment, or of a bond issued to represent the amount assessed on any lot is held invalid by a court because a portion of the improvement ordered was without the power of the Mayor and Council to order, or was not properly embraced within the contract for the work, or in the assessment made to cover the expenses, the holder of the bond is entitled to a judgment determining what portion of the assessment was legal. There shall thereafter be issued to him by the Superintendent within 60 days, and in accordance with the directions of the judgment, a new assessment for an amount which the court finds was the reasonable value of the portion of the improvement legally authorized by the proceedings, which amount shall be reassessed upon the property in the same manner and with like effect as provided for issuing the original assessment, and may be enforced as an original assessment. The holder of bonds representing the original assessment shall be entitled to new bonds on each lot representing the amount of the reassessment.

If the lien of an assessment, or of a bond issued therefore, is held invalid by a court for any cause arising subsequent to the time the authority of the Mayor and Council attaches to order the work, or when the lien is defeated or held invalid for any cause, and it also appears that the owner of the property, holding it at the time the notice of award of contract was published, had personal knowledge of the intention to order award of the contract, and has not filed a protest against the improvement or a notice of his objection to the award of contract, the owner of the assessment or bond may recover from the owner of the lot covered by the assessment such sum as the court shall find the lot to have been actually benefited by the improvement, not exceeding the amount which would have been properly assessable against the lot.

**Section 48-594. Correction of assessment**

After an assessment has been approved by the Mayor and Council, the contractor and all persons having an interest in any lot assessed may request the Mayor and Council to modify or correct an assessment. The Mayor and Council may order such modification or correction to be made, and direct the Superintendent to note the modification or correction on his record of the assessment, together with the date it is made. The modification or correction shall not affect the rights of persons under the assessment who have not joined in the request.

**Section 48-595. Issuance of improvement bonds; fund for payment of bonds**

The Mayor and Council may determine that improvement bonds be issued to represent the cost and expense of the work or improvement constructed. The bonds shall be issued in the name of the City but shall be made payable only from the special fund collected by the City from special assessments levied and assessed upon the lots included within the limits of the assessment district.

All sums collected from the special assessments shall be placed in the special fund and shall be used for no other purpose than payment of the principal and interest of the bonds.

**Section 49-597. List of unpaid assessments; issuance of bonds**

After the return of the warrant, and after the Superintendent has recorded the return, he shall make and certify to the Clerk of the City a complete list of all assessments unpaid, which amount to \$25 or over, upon any assessment. If any person before certification of the list to the Clerk of the City presents to the Superintendent his affidavit that he is the owner of a lot in the list, accompanied by the certificate of a searcher of records that the person is the owner of record, and notifies the Superintendent in writing that he desires no bonds to be issued for the assessment upon the lot, then the assessment shall not be included in the list, and shall remain collectable as provided by the Act. Omission to file the notice shall bar any defense against the bonds except the defense that the Mayor and Council did not have authority to issue the bonds.

The Clerk of the City shall present the list to the Mayor and Council at its next meeting after the return has been recorded. At any time after awarding a contract for construction, the Mayor and Council may, by resolution, direct improvement bonds to be issued in an amount which shall not exceed the amount of unpaid assessments exceeding \$25 as may be shown on the certified list.

**Section 48-599. Certification of unpaid assessments; payments by installment; interest; payments in advance**

The Superintendent, at the time he certifies the list of assessments unpaid to the Clerk of the City, shall write the word "certified" on the record of the assessment opposite each assessment included in the list, and thereupon all assessments of \$25 or over shall cease to be payable in cash and shall thereafter be payable only in annual installments on December 1, in each year preceding January 1 on which the bonds become due. The Mayor and Council may provide a plan whereby the annual installment may be collected in partial payments prior to the time the installment is due, and the lien of each assessment on the property assessed shall continue and remain in full force and effect for two years after the last installment on the assessment becomes due, or until the assessment is fully paid. An uncollected installment shall be added to the succeeding installment and, together with interest and penalties shall be payable therewith. The number of installments in which the assessment is payable shall correspond to the number of years in which there are bonds to be paid.

All assessments of \$25 or more not paid before the certification of assessments unpaid to the Clerk of the City shall bear interest from the date of the warrant at the same rate as that specified for the bonds in the resolution of intention. The interest shall be payable on June 1 and December 1 of each year, immediately before the interest becomes due on the bonds, but the Mayor and Council may provide a plan whereby the interest may be collected in partial payments prior to the date it becomes due.

The Mayor and Council may provide for receiving payment of the installments of the assessment before they become due, and using the proceeds thereof in redeeming such bonds as may be presented for redemption by the owners thereof, or for investing the proceeds in improvement bonds for other work or other satisfactory investment, but no investment of such funds shall be made so as to prejudice the prompt payment of the bonds on the date they become due.

**Section 48-600. Collection of assessment installments; notice; delinquent installments**

All assessments certified by the clerk at the City shall be collected by the Superintendent. The Superintendent shall, 30 days before any installment of principal or interest becomes due, give notice by mail to every person interested who has filed his name and address with the Superintendent, and by publication as provided in the Act.

The notice shall serve for all assessments in the City becoming due on the date specified therein.

When an installment is paid, the Superintendent shall note in his record the date of the payment and the name of the person by or for whom it is paid. On the day succeeding the date on which the installment becomes due all installments unpaid shall become delinquent and the Superintendent shall certify such fact on his records, mark each installment delinquent and add 5% to the amount of each installment.

**Section 48-601. List of delinquent installments; publication of notice; sale of delinquent property**

The Superintendent shall, within 20 days from the date of the delinquency, begin the publication of the list of the assessments on which any installment is delinquent. The Superintendent shall append to and publish with the list, a notice that unless each delinquent installment, together with the penalty and cost thereon, is paid, the whole amount of the assessment will be declared due by him, and the property upon which the assessment is a lien will be sold at public auction at a time and place to be specified in the notice.

The time of sale shall not be less than 5 days after the last publication, and the place of the sale shall be in or in front of the office of the Superintendent, or in front of the usual place of meeting of the Mayor and Council of the City.

**Section 48-602. Payment after delinquency and before sale**

At any time prior to the sale of any lot assessed, any person may pay the delinquent installment on the lot together with the penalty and costs then due, including the cost of advertising, whereupon the Superintendent shall note on his records the date of payment, the name of the person by or for whom it is paid and the amount paid.

**Section 48-603. Sale procedure; City as purchaser; disposition of property by the City**

On the day fixed for the sale, the Superintendent shall, at 10:00 a.m., or at any time thereafter to which the sale may be adjourned, begin the sale of the property advertised, commencing at the head of the list and continuing in the numerical order of lots, until all are sold. He may postpone or continue the sale from day to day until all the property is sold. Each lot separately assessed shall be offered for sale separately. The sale shall be for the entire assessment including the delinquent installments, and the person who will take the least quantity of land and then and there pay the amount of the assessment, penalty and costs due, including 50 cents to the Superintendent for a certificate of sale, shall become the purchaser.

The City may provide by ordinance that if there is no purchaser other than the City who will pay the entire amount of the assessment, penalty and costs, including 50 cents to the Superintendent for a certificate of sale, the Superintendent shall sell the lot or portion thereof to the person who will take the least quantity of land and then there pay the amount of the assessment then delinquent, including interest, penalty and costs due, and 50 cents to the Superintendent for a certificate of sale, and deed shall issue to the purchaser, subject to redemption, as provided by the Act. The City may also provide by ordinance that the lien on the entire lot, piece or parcel of land assessed shall continue to be in effect for the amount of the assessment or portion thereof, including interest, penalties, and costs, thereafter to become due, and the land may again be sold should the assessment again become delinquent. When so provided by ordinance such fact shall be stated in the notice of sale and the Superintendent shall comply with the provisions.

If there is no purchaser for any lot offered for sale, it shall be struck off to the City as the purchaser, and the Mayor and Council shall appropriate from the general fund of the treasury in the amount bid such purpose, and shall order the Treasurer of the City to place the amount in a special fund for such improvement. The Mayor and Council, however, may direct the Treasurer of the City to pay into the special fund only the sum required to pay the installment then due or to become due upon the bonds issued for the assessment, and thereupon the City shall become obligated to pay from the general fund the succeeding installments and interest on the bonds, as are payable by the assessments on the lot. Thereafter the lien of the assessment shall not be extinguished for nonpayment of general taxes or prior special assessments, and the annual installments of principal and interest of the assessment shall constitute a first lien on the respective lot, piece or parcel of land, coequal with the lien for general taxes. If the lien has not been extinguished prior to the property being stricken off to the State of Arizona, such lien shall extinguish upon sale of the property pursuant to Title 42, Chapter 18, Article 7, Arizona Revised Statutes, as amended, and the City shall share pro rata in the proceeds of such sale to the extent of the delinquent assessments.

The City may sell any lot so purchased after the expiration of the time for redemption at public or private sale. All sums received by the City from redemption of property purchased by it and from sale by it of property purchased, less the amount paid into the special fund from the general fund, shall be paid into the special fund for the payment of the bonds until the special fund is sufficient to pay all outstanding bonds. If the City has provided that the installment of principal and interest may be paid in partial payments prior to the time each of the installments becomes due, and the owner of the property against which the installment of principal and interest has become delinquent has paid in to the Superintendent partial payments on the installments, that the owner of the property

advertised for sale shall have the right to pay the balance due on the annual installments of principal and interest plus penalties and costs, and no sale shall be held on the parcel of land.

The Superintendent shall note on his records the date of the payment and mark the installment of principal or interest paid. In the event the owner does not pay the balance due on the installment of principal or interest, and the property is sold for the full amount of the assessment, the Superintendent shall refund to the owner all money received by him from the owner by way of partial payments.

**Section 48-604. Certificate of sale; lien**

After making the sale, the Superintendent shall execute, in duplicate, a certificate of sale stating the description of the property sold, the name of the owner thereof as given on the record of the assessment, that the property was sold for a delinquent assessment, specifying the improvement for which the assessment was made, the amount for which the property was sold, the date of sale, the name of the purchaser, and the time when the purchaser will be entitled to a deed. The Superintendent shall file one copy of the certificate in his office, and deliver the other to the purchaser, or if the City is the purchaser, to the Clerk of the City, who shall file it in his office.

On filing the copy of the certificate in the office of the Superintendent, the lien of the assessment shall vest in the purchaser, and is only divested by a redemption of the property, as provided in the Act.

The Superintendent shall also enter on the record of the assessment, opposite the description of each lot offered for sale, a description of the part thereof sold, the amount for which it was sold, the date of sale, and the name of the purchaser.

**Section 48-605. Redemption**

Redemption may be made by any party having an interest in the lot at any time before the execution and delivery of a deed therefore by paying to the Superintendent the amount for which the property was sold and 5% thereon if paid within 3 months from the date of sale, 10% if paid within 6 months, 12% if paid within 9 months, 15% if paid within 12 months, or 20% if paid after 12 months. When redemption is made, the Superintendent shall note that fact on the duplicate certificate of sale in his office and deposit the amount paid with the Treasurer of the City, who shall credit the purchaser named in the certificate of sale with the amount, and pay the amount to such purchaser or his assignee, upon the surrender of the certificate of sale.

When the City is the purchaser, the Treasurer of the City shall notify the Clerk of the City of the redemption, and the Clerk of the City shall thereupon cancel the certificate of sale in his office.

**Section 48-606. Deed to purchaser; notice to owner; redemption after notice; effect of deed**

After the expiration of 12 months from the date of sale, the Superintendent shall execute to the purchaser, or his assignee, on his application, if he has fully complied with Section 48-606 of the Act, a deed to the property sold in which shall be recited substantially the matters contained in the certificate, any assignment thereof, and that no person has redeemed the property. The Superintendent shall receive from the applicant for a deed, \$1.00 for making the deed, unless the City is the purchaser.

The purchaser shall, at least 30 days before he applies for a deed, serve upon the owner, and if occupied, upon the occupant of the property, a written notice that the property, giving the description, has been sold for a delinquent assessment, specifying the improvement for which the assessment was made, the amount for which it was sold, the amount necessary to redeem at the time of giving notice, and the time when the purchaser or assignee will apply to the Superintendent for a deed.

If the owner cannot be found after due diligence, the notice shall be posted in a conspicuous place upon the property at least 30 days before the time stated therein of the application for a deed.

The applicant shall file with the Superintendent an affidavit showing that notice of the application has been given, and if the notice was not served on the owner personally, that due diligence was used to find the owner. If redemption of the property is made after the affidavit is filed, and more than 11 months from the date of sale, the

person making redemption shall pay, in addition, for payment to the purchaser, \$3.00 for the service of notice and the making of the affidavit.

The deed of the Superintendent shall be prime facie evidence of the truth of all matters recited therein, and of the regularity of all proceedings prior to the execution thereof, and of title in the grantee.

**Section 48-607. Disposition of sale proceeds**

The Superintendent shall promptly pay to the Treasurer of the City all monies collected by him from sales. The Treasurer of the City, on receipt thereof, shall place the monies in the special fund hereby created for the payments of the bonds issued for the improvement.

**Section 48-608. Ordinance for collection of assessments by taxation**

The Mayor and Council may by ordinance passed before or after issuance of the bonds, provide that the assessments for the payment of the bonds shall be collectable in the manner and by the officers provided by law or by the charter of the municipality for the collection and enforcement of the general taxes levied by the City. The ordinance shall be general in terms and shall apply to assessments for all improvement bonds issued whether issued before or after passage of the ordinance.

The time for payment of the respective installments of principal and interest under the ordinance shall be the last regular date for the payment of general taxes of the municipality before the date at which the installment of principal or interest would become delinquent, and the delinquency and the penalties incurred for delinquency and the method of collection under the ordinance shall be the same as for general taxes of the City.

The Mayor and Council may at any time repeal the ordinance providing such method of collection, and upon repeal the provisions for the collection of the assessments provided in the Act shall again become effective.

When any installment of an assessment is not collected when due, it may be added to and collected with any succeeding installment.

**Section 48-609. Deficiency in collections**

If there is a deficiency in the funds collected from the special assessments by reason of the inadequacy of the method of collection adopted by the City under Section 48-608 of the Act, the City shall make good the deficiency, reimbursing itself from the funds collected from the installments when they are received. If such method has not been adopted, the City may, but is not so obligated, make good the deficiency by a temporary loan from some other fund.

**Section 48-610. Procedure when assessment declared void**

When the assessment on a lot levied for the improvement, or part thereof, or the entire assessment, is adjudged void for any reason, the Mayor and Council shall cause to be levied and assessed upon the lot on which the assessment has been held void, or upon all the lots included within the limits assessed for the work, a new assessment sufficient to provide for the payment of principal and interest on all bonds then unpaid. The reassessment shall be made as nearly as practicable in the same manner, and with like effect, as the original assessment.

In case of partial deficit, the Mayor and Council may pay the deficit from the general fund.

**CITY OF CHANDLER, ARIZONA**

**APPENDIX E**

**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](http://www.dtcc.com) or [www.dtc.org](http://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.

\$ \_\_\_\_\_<sup>\*</sup>  
**CITY OF CHANDLER, ARIZONA  
SPECTRUM IMPROVEMENT DISTRICT  
IMPROVEMENT BONDS**

**CONTINUING DISCLOSURE UNDERTAKING  
(CUSIP Base No. 15886 (a))**

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<sup>\*</sup> Preliminary, subject to change.