

Staff Summary Report



Council Meeting Date: 05/28/09

Agenda Item Number: _____

SUBJECT: Request adoption of a resolution providing for the issuance and sale of \$56,055,000 of City of Tempe General Obligation Bonds, Series 2009A; providing for the annual levy of a tax for the payment of the bonds; providing certain terms, covenants and conditions regarding the issuance of the bonds; accepting a proposal for the purchase of the bonds; appointing a registrar, transfer agent and paying agent for the bonds.

DOCUMENT NAME: 20090528fsjh01 **BOND SERVICE ADMINISTRATION (0203-01)**
RESOLUTION NO. 2009.53.

SUPPORTING DOCS: Yes

COMMENTS: On May 7, 2009, the City Council approved Resolution 2009.37 ordering the sale of the bonds. The issuance of the \$56,055,000 in general obligation bonds is in accordance with the capital improvement program budget as previously adopted by the City Council. The bonds provide financing for a variety of projects including continuing expansion and/or improvement of the 91st Ave Wastewater Treatment Plant and the Johnny G. Martinez Water Treatment Plant, various water and sewer line improvements, and other system improvements. Financing is also provided for police radio, computer-aided dispatch, records management, and field report writing systems; police/courts building renovation and chiller improvements; fire support services facility acquisition; street improvements, museum renovation, and various park improvements.

PREPARED BY: Jerry Hart, Financial Services Manager (8505)

REVIEWED BY: N/A

LEGAL REVIEW BY: N/A

FISCAL NOTE: The debt service on these bonds will be paid out of the Water/Wastewater and General Obligation Debt Service funds.

RECOMMENDATION: Staff recommends approval of Resolution No. 2009.53.

ADDITIONAL INFO: N/A

RESOLUTION NO. 2009.53

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF CITY OF TEMPE, ARIZONA GENERAL OBLIGATION BONDS, SERIES 2009A; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; PROVIDING CERTAIN TERMS, COVENANTS AND CONDITIONS REGARDING THE ISSUANCE OF THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS; APPOINTING A REGISTRAR, TRANSFER AGENT AND PAYING AGENT FOR THE BONDS.

WHEREAS, pursuant to special bond elections held in and for the City of Tempe, Arizona (the "City"), on May 21, 2002, May 16, 2006 and November 4, 2008 (the "Elections"), the issuance of City of Tempe General Obligation Bonds, Series 2009A has been approved;

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

Section 1. Authorization. For the purpose of providing funds to make certain of the acquisitions and public improvements authorized by the qualified electors of the City at the Elections, there is hereby authorized to be issued and sold \$56,055,000 aggregate principal amount of City of Tempe General Obligation Bonds, Series 2009A (the "Bonds").

Section 2. Terms. The Bonds will bear an original date of June 1, 2009, and will bear interest from their date to the maturity of each of the Bonds at the rates, as shown below, established by the on-line bid of the winning bidder evidence of which bid is on file with the City Clerk. No rates shall exceed twelve percent (12%) per annum, the maximum rate authorized at the Elections. The first interest payment date will be January 1, 2010, and interest shall be payable semiannually thereafter on each succeeding July 1 and January 1 during the term of the Bonds. The Bonds will be in the denomination of \$5,000 each or integral multiples thereof and will be in fully registered form. The Bonds will mature on July 1 in the years 2010 to 2029, inclusive, as follows:

<u>Maturity Date (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2010	\$1,760,000		2020	\$2,725,000	
2011	1,960,000		2021	2,850,000	
2012	2,030,000		2022	2,980,000	
2013	2,100,000		2023	3,115,000	
2014	2,175,000		2024	3,255,000	
2015	2,250,000		2025	3,425,000	
2016	2,330,000		2026	3,600,000	
2017	2,410,000		2027	3,785,000	
2018	2,510,000		2028	3,980,000	
2019	2,615,000		2029	4,200,000	

The Bonds shall have such additional terms and provisions as are set forth in the Notice Inviting Bids for the Purchase of Bonds and in the form of Bond attached hereto as Exhibit A, which is a part of this resolution.

Section 3. Prior Redemption.

A. Optional Redemption. Bonds maturing on or before July 1, 2019, are not subject to call for redemption prior to maturity. Bonds maturing on or after July 1, 2020, are subject to call for redemption prior to maturity, at the option of the City, in whole or in part, on any date on or after July 1, 2019, 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, but without premium.

B. Notice. Notice of redemption of any Bond will be 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 date set for redemption. Failure to properly give notice of redemption shall not affect the redemption of any bond for which notice was properly given.

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

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

Section 4. Security. For the purpose of paying the principal of, interest on, and costs of administration of the registration and payment of, the Bonds there shall be levied on all the taxable property in the City a continuing, direct, annual, ad valorem tax sufficient to pay all such principal, interest and administration costs on the Bonds as the same becomes due, such taxes to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected. The proceeds of the taxes shall be kept in a special fund and shall be used only for the purpose for which collected.

Section 5. Use of Proceeds. The net proceeds from the sale of the Bonds, after payment of the expenses of issuance, shall be set aside and deposited by the Financial Services Manager in separate accounts and used for the following purposes:

<u>Amount</u>	<u>Election</u>	<u>Debt Limit</u>	<u>Purpose</u>
\$16,970,000	2008	20%	Water and Wastewater Improvements
9,755,000	2002	20%	Street Improvements
2,565,000	2006	20%	Street Improvements
500,000	2002	20%	Police Improvements
12,500,000	2006	20%	Police Improvements
2,545,000	2002	20%	Fire Improvements
730,000	2006	20%	Fire Improvements
8,100,000	2006	20%	Community Services/Park Improvements
2,390,000	2008	20%	Community Services/Park Improvements

Bonds will be charged against the City's 20% debt limit as shown above. The moneys for each separate purpose as stated above shall be applied and used solely for the respective purpose set forth in the respective ballot question submitted to the qualified electors of the City at the Elections.

Bonds allocated for each purpose will mature in the amounts and in the years shown in Schedule 1 which is attached to and made a part of this resolution.

Section 6. 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 or by the Notice Inviting Proposals for the Purchase of Bonds 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 this Council and approval of bond counsel.

B. Book-Entry-Only System. The Bonds may 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. So long as the Bonds are in book-entry-only form, 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 representing the entire aggregate principal amount of each maturity of the Bonds, and such Bond 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.

The City, upon 30 days' notice to the Depository and the Registrar and Paying Agent, 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 and Paying Agent. 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 Paying Agent at redemption or at maturity, shall be deemed made to the Paying Agent when the right to exercise ownership rights in the Bonds through the Depository or the Depository's participants is transferred by the Depository on its books.

(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.

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 and Paying Agent 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, initially, The Bank of New York Mellon Trust Company, N.A. (the "Registrar") as of the close of business of the Bond 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 Paying Agent, initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent").

(iii) Payment of interest and, if adequate terms of surrender of such Bonds are made with the Paying Agent, 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 Paying Agent at least twenty (20) days prior to an Interest Payment Date, which request shall specify the wire transfer instructions.

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

If an officer whose signature is on a Bond no longer holds that office at the time the Bond is authenticated and registered, the Bond shall nevertheless be valid.

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

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

Section 9. Acceptance of Proposal. The proposal of _____ for the purchase of the Bonds at the price of the principal amount thereof, plus a premium of \$_____ plus accrued interest from the date of the Bonds to the date of delivery, is hereby accepted and the Bonds are hereby ordered sold to such purchaser in accordance with the terms of such proposal and the terms and conditions of the Notice Inviting Bids for the Purchase of Bonds. Such proposal shall be in accordance with the winning bid, evidence of which is on file with the City Clerk.

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

Section 10. Registrar and Paying Agent. The City will maintain with the Registrar an office or agency where Bonds may be presented for registration of transfer and an office or agency with the Paying Agent where Bonds may be presented for payment. The City may appoint one or more co-registrars or one or more additional paying agents. The Registrar and Paying Agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the owners of the Bonds.

Initially, The Bank of New York Mellon Trust Company, N.A. will act as Registrar and Paying Agent with respect to the Bonds. The City may change the Registrar or Paying Agent without notice to or consent of owners of the Bonds and the City may act in any such capacity.

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

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

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

The Registrar shall keep a register of the Bonds, the registered owners of the Bonds and of transfer of the Bonds. When Bonds are presented to the Registrar or a co-registrar with a request to register transfer, the Registrar will register the transfer on the registration books if its requirements for transfer are met and will authenticate and deliver one or more Bonds registered in the name of the transferee of the same principal amount, maturity and rate of interest as the surrendered Bonds. The Record Date for the Bonds will be the close of business of the Registrar on the fifteenth day of the month preceding an interest payment date, or if such date is a Saturday, Sunday or legal holiday, the previous business day. 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 will charge the owner for every such transfer an amount sufficient to reimburse them for any transfer fee, tax or other governmental charge required to be paid with respect to such transfer, and may require that such transfer fee, tax or governmental charge be paid before any such new Bond or Bonds shall be delivered.

The Registrar shall authenticate Bonds for original issue up to \$56,055,000 in aggregate principal amount upon the written request of the Financial Services Manager. 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.

So long as the Bonds are in book-entry-only form, the City, the Registrar and the 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 11. Official Statement. An Official Statement dated May ____, 2009 (the "Official Statement") has been prepared with respect to the issuance and sale of the Bonds. A copy of the Official Statement has been delivered to this Council on or prior to the date hereof. The Official Statement is hereby deemed final as of its date in accordance with SEC Rule 15c2-12 with such omissions as are permitted thereunder; the City will take all necessary action as may be required by it to otherwise comply with the provisions of said Rule 15c2-12. The Mayor and Clerk are hereby authorized and directed to prepare a Final Official Statement in substantially the form of the Official Statement with such additions, deletions and modifications as they shall deem necessary.

Section 12. 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 13. 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 14. Continuing Disclosure. The Financial Services Manager of the City is authorized to execute and deliver a written undertaking or agreement containing such terms and provisions as are necessary to comply with the continuing disclosure provisions of Section 240.15c2-012, General Rules and Regulations, Securities Exchange Act of 1934. Such undertaking shall be substantially in the form on file with the Clerk with such additions, deletions or modifications as the Financial Services Manager shall approve, execution by the Financial Services Manager to be conclusive evidence of such approval.

Section 15. Ratification of Actions. All actions of the officers and agents of the City which conform to the purposes and intent of this resolution and which further the issuance and sale of the Bonds as contemplated by this resolution whether heretofore or hereafter taken shall be and are hereby ratified, confirmed and approved. Any change made in the Notice Inviting Bids for the Purchase of Bonds which does not conform to the prior order of this Mayor and Council are hereby ratified. The proper officers and agents of the City are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the City as may be necessary to carry out the terms and intent of this resolution.

Section 16. Tax Covenants. In consideration of the purchase and acceptance of the Bonds by the owners thereof and, as authorized by Arizona Revised Statutes, Title 35, Chapter 3, Article 7, and in consideration of retaining the exclusion of interest income on the Bonds from gross income for federal income tax purposes, the City covenants with the owners from time to time of the Bonds to neither take nor fail to take any action which action or failure to act is within its power and authority and would result in interest on the Bonds becoming subject to inclusion in gross income for federal income taxes.

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

The City further authorizes the employment of such experts and consultants to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with Section 148(f) of the Code. The Financial Services Manager is hereby authorized on behalf of the City to make such elections and allocations for federal income tax purposes as the Financial Services Manager determines to be appropriate and in the best interest of the City.

PASSED AND ADOPTED by the Mayor and Council of the City of Tempe, Arizona, on May 28, 2009.

Mayor

ATTEST:

Clerk

APPROVED AS TO FORM:

City Attorney

EXHIBIT A

(Form of Book-Entry-Only Bond)

Number: R-_____

Denomination: \$ _____

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

**CITY OF TEMPE, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2009A**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Dated Date</u>	<u>CUSIP</u>
	July 1, ____	_____, 2009	879709 ____

Registered Owner: CEDE & CO.

Principal Amount: _____ AND NO/100 DOLLARS

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

Certain bonds of the series of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth below.

Interest is payable on January 1 and July 1 of each year commencing January 1, 2010, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original dated date set forth above. Interest will be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

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

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

This bond is one of a series of general obligation bonds in the aggregate principal amount of \$_____ of like tenor except as to amount, maturity date, redemption provisions, interest rate and number, issued by the City to provide funds to make those certain acquisitions and public improvements approved by a majority vote of qualified electors voting at elections duly called and held in and for the City, pursuant to a resolution of the Mayor and Council of the City duly adopted prior to the issuance hereof (the "Resolution") and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of general obligation bonds, and all amendments thereto, and all other laws of the State of Arizona thereunto enabling.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes on all taxable property within the City sufficient for that purpose, the full faith and credit of the City are hereby irrevocably pledged.

Bonds maturing on or before July 1, 2019, are not subject to call for redemption prior to maturity. Bonds maturing on or after July 1, 2020, are subject to call for redemption prior to maturity, at the option of the City, in whole or in part, on any date on or after July 1, 2019, 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, but without premium.

Notice of redemption of any bond will be mailed to the registered owner of the bond or bonds being redeemed at the address shown on the bond register maintained by the registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Failure to properly give notice of redemption shall not affect the redemption of any bond for which notice was properly given.

The registrar and paying agent on the original issue date is The Bank of New York Mellon Trust Company, N.A. 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 The Bank of New York Mellon Trust Company, N.A.. upon surrender and cancellation of this bond. Bonds of this issue will be issued only in fully registered form in the denomination of \$5,000 of principal or integral multiples thereof.

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

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

CITY OF TEMPE, ARIZONA

Mayor

ATTEST:

Clerk

DATE OF AUTHENTICATION AND REGISTRATION:_____.

AUTHENTICATION CERTIFICATE

This bond is one of the City of Tempe, Arizona, General Obligation Bonds, Series 2009A, described in the Resolution.

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

Authorized Representative

(INSERT INSURANCE STATEMENT HERE, IF APPLICABLE)

FORM OF ASSIGNMENT

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

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

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

Additional abbreviations may also be used though not in list above

ASSIGNMENT

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

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

Dated _____

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

Signature Guaranteed:

Firm or Bank

Authorized Signature

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

ALL FEES AND TRANSFER COSTS SHALL BE PAID BY THE TRANSFEROR

**SCHEDULE 1
CITY OF TEMPE, ARIZONA
BREAKDOWN OF MATURITY SCHEDULE
BY PURPOSE**

	20% DEBT LIMIT				6% DEBT LIMIT			
	Water/ Wastewater	Highway User Revenue Fund	Public Safety	Parks	Total 20%	Library	Total 6%	Total
July 1, 2010	\$535,000	\$385,000	\$510,000	\$330,000	\$1,760,000	-	-	\$1,760,000
July 1, 2011	595,000	430,000	570,000	365,000	1,960,000	-	-	1,960,000
July 1, 2012	615,000	445,000	590,000	380,000	2,030,000	-	-	2,030,000
July 1, 2013	635,000	460,000	610,000	395,000	2,100,000	-	-	2,100,000
July 1, 2014	660,000	480,000	630,000	405,000	2,175,000	-	-	2,175,000
July 1, 2015	680,000	495,000	655,000	420,000	2,250,000	-	-	2,250,000
July 1, 2016	705,000	515,000	675,000	435,000	2,330,000	-	-	2,330,000
July 1, 2017	730,000	530,000	700,000	450,000	2,410,000	-	-	2,410,000
July 1, 2018	760,000	550,000	730,000	470,000	2,510,000	-	-	2,510,000
July 1, 2019	790,000	575,000	760,000	490,000	2,615,000	-	-	2,615,000
July 1, 2020	825,000	600,000	790,000	510,000	2,725,000	-	-	2,725,000
July 1, 2021	865,000	625,000	825,000	535,000	2,850,000	-	-	2,850,000
July 1, 2022	900,000	655,000	865,000	560,000	2,980,000	-	-	2,980,000
July 1, 2023	945,000	685,000	905,000	580,000	3,115,000	-	-	3,115,000
July 1, 2024	985,000	715,000	945,000	610,000	3,255,000	-	-	3,255,000
July 1, 2025	1,035,000	755,000	995,000	640,000	3,425,000	-	-	3,425,000
July 1, 2026	1,090,000	790,000	1,045,000	675,000	3,600,000	-	-	3,600,000
July 1, 2027	1,145,000	830,000	1,100,000	710,000	3,785,000	-	-	3,785,000
July 1, 2028	1,205,000	875,000	1,155,000	745,000	3,980,000	-	-	3,980,000
July 1, 2029	1,270,000	925,000	1,220,000	785,000	4,200,000	-	-	4,200,000
Total	<u>\$16,970,000</u>	<u>\$12,320,000</u>	<u>\$16,275,000</u>	<u>\$10,490,000</u>	<u>\$56,055,000</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$56,055,000</u>