

**TOWN OF FLORENCE  
REGULAR MEETING  
AGENDA**

PURSUANT TO A.R.S. § 38-431.02, NOTICE IS HEREBY GIVEN TO THE MEMBERS OF THE FLORENCE TOWN COUNCIL AND TO THE GENERAL PUBLIC THAT THE FLORENCE TOWN COUNCIL WILL HOLD A MEETING OPEN TO THE PUBLIC ON MONDAY, OCTOBER 21, 2013, AT 5:00 P.M., IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.

**1. CALL TO ORDER**

- 2. ROLL CALL:** Mayor Rankin\_\_\_; Vice-Mayor Smith\_\_\_;  
Councilmembers: Tom Celaya\_\_\_; Bill Hawkins\_\_\_;  
Ruben Montaña\_\_\_; Tara Walter\_\_\_; Vallarie Woolridge\_\_\_;

**3. INVOCATION**

**4. PLEDGE OF ALLEGIANCE**

**5. CALL TO THE PUBLIC**

Call to the Public for public comment on issues within the jurisdiction of the Town Council. Council rules limit public comment to three minutes. Individual Councilmembers may respond to criticism made by those commenting, may ask staff to review a matter raised or may ask that a matter be put on a future agenda. However, members of the Council shall not discuss or take action on any matter during an open call to the public unless the matters are properly noticed for discussion and legal action.

**6. WORK SESSION**

- a. **Work Session on the** design concept for Padilla Park at the Silver King Plaza.

**7. ADJOURN TO THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NUMBER 2 DISTRICT BOARD.**

- a. **Public Hearing on the** Feasibility Report of the feasibility and benefits of certain projects to be financed with the proceeds of the sale of General Obligation Bonds of Merrill Ranch Community Facilities District No. 2.
- b. **Resolution No. MRCFD2 225-13:** Discussion and Possible adoption of A RESOLUTION OF THE DISTRICT BOARD OF MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 AUTHORIZING AND RATIFYING THE GIVING OF NOTICE OF HEARING WITH RESPECT TO APPROVING A FEASIBILITY REPORT WHICH INCLUDES IDENTIFYING THE PUBLIC INFRASTRUCTURE OF THE PROJECTS, THE AREAS TO BE BENEFITTED, THE EXPECTED METHOD OF FINANCING AND THE SYSTEM OF PROVIDING REVENUES TO OPERATE AND MAINTAIN THE PROJECTS, ALL AS PROVIDED IN SUCH REPORT; APPROVING SUCH REPORT AND

RESOLVING THE INTENT THEREFOR; AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED \$2,000,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, SERIES 2013 OF THE DISTRICT; PRESCRIBING CERTAIN TERMS AND CONDITIONS OF SUCH BONDS INCLUDING MAKING CERTAIN FINDINGS, CERTIFICATIONS AND COVENANTS WITH RESPECT TO SUCH BONDS; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SERIES 2013 BOND REGISTRAR AND PAYING AGENT AGREEMENT, A PURCHASE CONTRACT, A SERIES 2013 CONTINUING DISCLOSURE UNDERTAKING, A SERIES 2013 DISSEMINATION AGENCY AGREEMENT AND CERTAIN OTHER DOCUMENTS RELATING TO SUCH BONDS; AWARDED SUCH BONDS TO THE PURCHASER THEREOF; DELEGATING THE DETERMINATION OF CERTAIN TERMS OF SUCH BONDS AND MATTERS RELATED THERETO TO THE DISTRICT MANAGER; APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO SUCH BONDS; AUTHORIZING THE PREPARATION OF A FINAL OFFICIAL STATEMENT RELATING TO SUCH BONDS AND AUTHORIZING THE SUBSEQUENT LEVYING OF AN *AD VALOREM* PROPERTY TAX WITH RESPECT TO SUCH BONDS

8. ADJOURN FROM THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NUMBER 2 DISTRICT BOARD.

9. PUBLIC HEARINGS AND PRESENTATIONS

- a. **Public Hearing and recommendation** to the Arizona State Department of Liquor License and Control for location transfer of a beer and wine license to Kevin Kramber, Pinal Hotel AZ 1, LLC for the Holiday Inn Express and Suites, 240 W. Hwy 284, Florence, AZ 85132.
- b. Presentation by Greater Florence Chamber of Commerce recognizing the Business of the Month.
- c. Quarterly Financial Report Presentation by Finance Director Mike Farina.
- d. **Proclamation proclaiming** October 20-26, 2013 as the 12<sup>th</sup> Annual Cities and Towns Week.

10. CONSENT: All items indicated by an (\*) will be handled by a single vote as part of the consent agenda, unless a Councilmember or a member of the public objects at the time the agenda item is called.

- a. **\*Approval of the 2013** Groundwater Saving Agreement with Pinal County Water Augmentation Authority and Central Arizona Irrigation and Drainage District.
- b. **\*Approval of the July 15, July 29, and August 5, 2013** Town Council Minutes.

- c. \*Receive and file the following board and commission minutes:
- i. **March 12, 2013** Historic District Advisory Commission minutes.
  - ii. **May 15, 2013** Library Advisory Board minutes
  - iii. **June 6, 2013** Planning and Zoning Commission minutes.

**11. MANAGER'S REPORT**

**12. CALL TO THE PUBLIC**


**13. CALL TO THE COUNCIL**

**14. ADJOURNMENT**

Council may go into Executive Session at any time during the meeting for the purpose of obtaining legal advice from the Town's Attorney(s) on any of the agenda items pursuant to A.R.S. § 38-431.03(A)(3).

POSTED THE 17<sup>TH</sup> DAY OF OCTOBER 2013, BY LISA GARCIA, TOWN CLERK, AT 775 NORTH MAIN STREET, 1000 SOUTH WILLOW STREET, FLORENCE, ARIZONA, AND AT [WWW.FLORENCEAZ.GOV](http://WWW.FLORENCEAZ.GOV).

**\*\*\*PURSUANT TO TITLE II OF THE AMERICANS WITH DISABILITIES ACT (ADA), THE TOWN OF FLORENCE DOES NOT DISCRIMINATE ON THE BASIS OF DISABILITY REGARDING ADMISSION TO PUBLIC MEETINGS. PERSONS WITH A DISABILITY MAY REQUEST REASONABLE ACCOMMODATIONS BY CONTACTING THE TOWN OF FLORENCE ADA COORDINATOR, AT (520) 868-7574 OR (520) 868-7502 TDD. REQUESTS SHOULD BE MADE AS EARLY AS POSSIBLE TO ALLOW TIME TO ARRANGE THE ACCOMMODATION.\*\*\***

	<b>TOWN OF FLORENCE COUNCIL ACTION FORM</b>	<b><u>AGENDA ITEM</u></b> <b>6a.</b>
<b>MEETING DATE:</b> October 21, 2013  <b>DEPARTMENT:</b> Community Development  <b>STAFF PRESENTER:</b> Mark Eckhoff, AICP Community Development Director  <b>SUBJECT:</b> Work Session on the Padilla Park at the Silver King Plaza.		<input type="checkbox"/> Action <input type="checkbox"/> Information Only <input type="checkbox"/> Public Hearing <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Regulatory <input type="checkbox"/> 1 <sup>st</sup> Reading <input type="checkbox"/> 2 <sup>nd</sup> Reading <input checked="" type="checkbox"/> Other-Work Session

**RECOMMENDED MOTION/ACTION:**

No motion required. This item is for discussion purposes and to seek the direction of the Mayor and Council on proposed efforts to design and construct the Padilla Park at the Silver King Plaza.

**BACKGROUND/DISCUSSION:**

In 2008, the Town began to aggressively complete restoration efforts on one of the finest examples of Victorian architecture in Florence. The Silver King Hotel rehabilitation project allowed this significant building to be occupied and leased for commercial purposes.

Soon after the rehabilitation was completed, funding to finish the rest of the exterior lot behind the Silver King Hotel diminished. The rebounding economy and recent acquisition of the adjacent lot from the Padilla family have created an opportunity to complete this restoration project with complementary site improvements.

By assessing current amenities and needs in downtown, staff (Parks and Recreation, community Development, Administration, Public Works and others) came up with a variety of creative ideas to enhance the subject space and ways to attract and keep people in downtown. Staff was unified in creating a public space that is flexible and could accommodate different activities that are not currently offered in or around the downtown area.

These general ideas were then conveyed to generous business partners who have donated their time, talents and funding to the Town for the creation of the proposed public space. The WLB Group, Inc. created the Final Plat for the expanded subject site that was approved by the Town Council on August 19,

2013. Swaback Partners and the Londen Company have also graciously contributed their time and funds to the conceptual design of the Padilla Park at the Silver King Plaza. All parties desired to give back to the Town and appreciated how this quality project would benefit the Town as a whole.

As presented in the attached plan, the final concept design has incorporated many beneficial and welcoming design features that include the following:

- Water feature/splash pad
- Creative planter features
- Shade trees and turf area
- Memorial signage
- Concrete or unit pavers
- ADA accessibility
- Decorative perimeter fence
- Lighting and securing improvements
- Amphitheater type environment with sloped turf
- Grand stair case feature
- Focal retaining walls
- Bathrooms and storage space in the carriage house
- Planned electrical improvements for the site and building
- Loading area
- Defined dining space

Staff contends the proposed open space has incorporated many features that will create a desirable park within the Town of Florence Historic District. Due to the large size of the newly acquired property and the connection to an existing historic building, staff's focus was to design an open space that was multi-functioning. Thus the Park has three main zones:

1. The park has a passive patio area for dining and socializing. This area can be an extension of the indoor restaurant spaces.
2. The park has an active component with the splash pad feature and adjacent sloped turf areas.
3. The park has a special event and structured activity component with the sloped turf field and stage area.

This project will also include the abandonment of Granite Street within the project area and the conversion of Ruggles Street and 6<sup>th</sup> Street to one-way roads with angled parking.

**FINANCIAL IMPACT:**

Staff estimates that the financial impact of developing the proposed park, along with the enhancement of site and building infrastructure, could be close to \$300,000. This overall cost projection is based on the following assumptions and does not include ongoing ownership and maintenance costs:

General landscape and hardscape improvements*	\$150,000.00
Monument and building signage	\$10,000.00
Perimeter fencing	\$30,000.00
Building and site electrical improvements	\$50,000.00
Carriage House improvements	\$30,000.00
Project management, plans, contingencies and overhead	\$30,000.00

\*Includes significant number of plants that will be graciously donated to the Town by Harold and Katie Christ.

The opportunity to acquire the Padilla Park came up after the planning for this current Fiscal Year budget. Thus, there is no single line item in the current budget for this project. However, there are funds identified for other planned municipal Capital Improvement Projects that can be used should this project be given higher priority. These funds would generally be allocated from other planned park projects.

Should staff be directed to proceed with this project, the concept plans will be further refined for a bid package and the Town would open up a RFP for Design-Build Services for this project. Staff would subsequently present a contract to the Mayor and Council that would address all of the project details, timelines and costs.

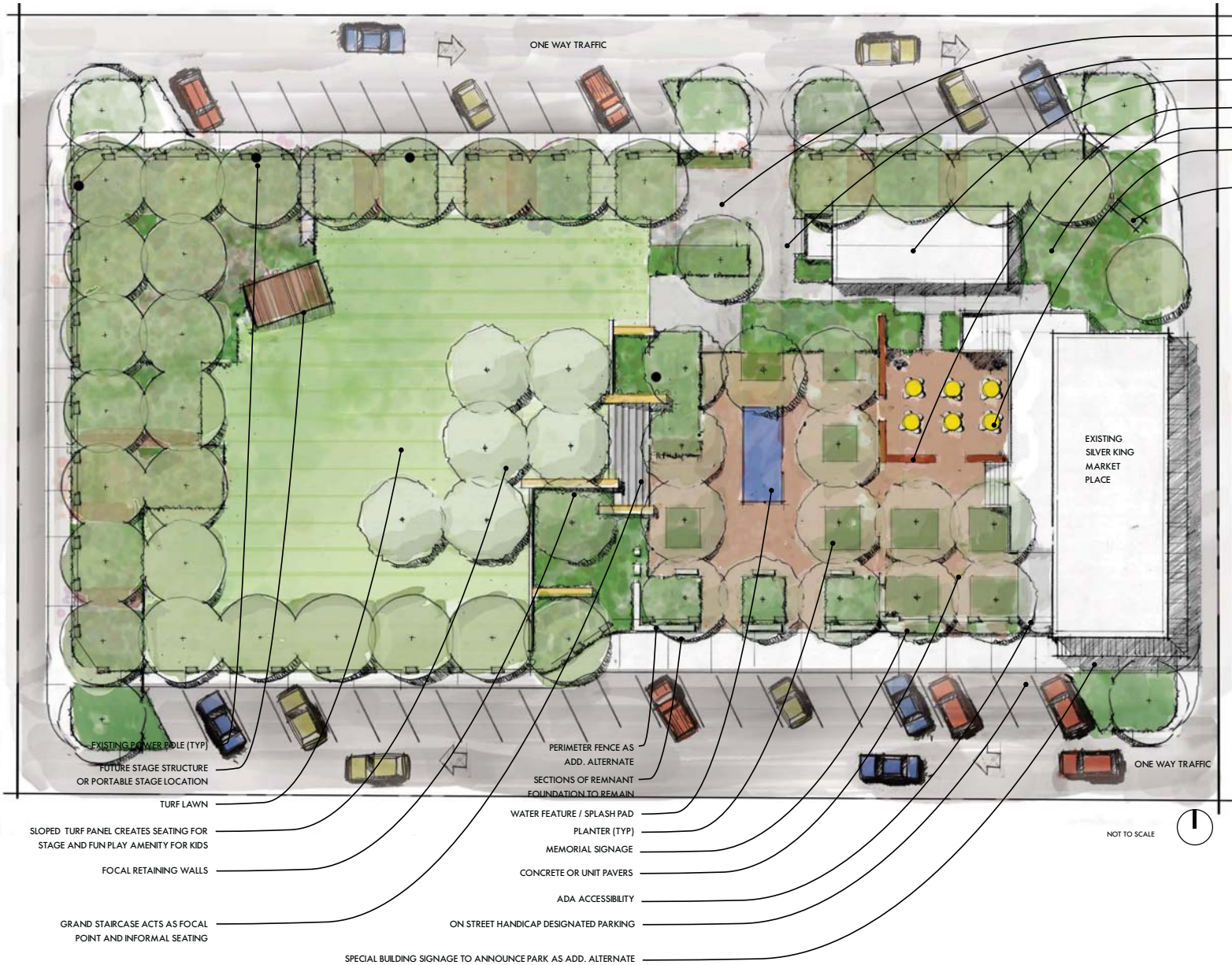
**RECOMMENDATION:**

No motion required. This item is for discussion purposes and to seek the direction of the Mayor and Council on proposed efforts to design and construct the Padilla Park at the Silver King Plaza.

**ATTACHMENT:**

Padilla Park at the Silver King Plaza refined Conceptual Plan.





- ACCESSIBLE PARKING
- SERVICE ACCESS & TRASH PICKUP
- PROPOSED BATHROOM, STORAGE, AND SNACK BAR FACILITY AS ADD. ALTERNATE
- LOW WALL TO SEPARATE DINING AREA
- PLANTINGS TO SCREEN UTILITIES
- DINING PATIO WITH SENSE OF ENCLOSURE CREATED BY BRICK ARCADE, BUT STILL OPEN TO THE INFORMAL SEATING & PLAZA BEYOND
- TOWN OF FLORENCE MONUMENT AS ADD. ALTERNATE




- EXISTING POWER POLE (TYP)
- FUTURE STAGE STRUCTURE OR PORTABLE STAGE LOCATION
- TURF LAWN
- SLOPED TURF PANEL CREATES SEATING FOR STAGE AND FUN PLAY AMENITY FOR KIDS
- FOCAL RETAINING WALLS
- GRAND STAIRCASE ACTS AS FOCAL POINT AND INFORMAL SEATING
- PERIMETER FENCE AS ADD. ALTERNATE
- SECTIONS OF REMNANT FOUNDATION TO REMAIN
- WATER FEATURE / SPLASH PAD
- PLANTER (TYP)
- MEMORIAL SIGNAGE
- CONCRETE OR UNIT PAVERS
- ADA ACCESSIBILITY
- ON STREET HANDICAP DESIGNATED PARKING
- SPECIAL BUILDING SIGNAGE TO ANNOUNCE PARK AS ADD. ALTERNATE

NOT TO SCALE

**PADILLA PARK**  
 AT THE SILVER KING PLAZA  
 REFINED CONCEPTUAL PLAN



	<b>Community Facilities District No. 2 District ACTION FORM</b>	<u><b>AGENDA ITEM</b></u> <b>7.</b>
<b>MEETING DATE:</b> October 21, 2013  <b>DEPARTMENT:</b> Finance  <b>STAFF PRESENTER:</b> Mike Farina, District Treasurer  <b>SUBJECT:</b> Public Hearing to consider approval of the Feasibility Report followed by Resolution to consider adoption of the sale and issuance of General Obligation Bonds and related matters, in the amount not to exceed \$2,000,000.		<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information Only <input checked="" type="checkbox"/> Public Hearing <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <ul style="list-style-type: none"> <li><input type="checkbox"/> Regulatory</li> <li><input type="checkbox"/> 1<sup>st</sup> Reading</li> <li><input type="checkbox"/> 2<sup>nd</sup> Reading</li> </ul> <input type="checkbox"/> Other

**RECOMMENDED MOTION/ACTION:**

Staff recommends the following motion/actions:

1. Hold a Public Hearing on the Feasibility Report of the feasibility and benefits of certain projects to be financed with the proceeds of the sale of General Obligation Bonds of Merrill Ranch Community Facilities District No. 2.
2. Motion to adopt Resolution No. MRCFD2 225-13, which in part authorizes the sale and issuance of not to exceed \$2,000,000 aggregate principal amount of General Obligation Bonds, Series 2013 and related matters.

**BACKGROUND/DISCUSSION:**

Pursuant to the Merrill Ranch Community Facilities District No. 2 Development Agreement dated November 1, 2005, Pulte Home Corporation (Pulte) has requested the issuance of General Obligation Bonds (GO Bonds) in an amount not to exceed \$2,000,000. Please note, the current bond issue is sized as \$1,850,000 – subject to change based on the final interest rates on the issue.

The bond proceeds will be used to reimburse Pulte for the cost of completed construction, which includes paving, concrete, storm drain and landscaping for portions of Merrill Ranch Parkway (\$560,767) and Hunt Highway Phase I (\$1,214,233) plus costs of issuance.

The Feasibility Report includes a description of the public infrastructure to be financed by the GO Bonds, a location map, the cost of the infrastructure and the plan for financing the infrastructure.

Adopting the resolution will approve the Feasibility Report, authorize the sale and issuance of GO Bonds in an amount not to exceed \$2,000,000 aggregate principal amount, approve the Preliminary Official Statement, authorize the preparation of the



final Official Statement, authorize the subsequent levying of an ad valorem property tax sufficient to pay debt service and to approve the form, and authorize the execution of delivery of the various documents relating to the 2013 GO Bonds.

The District is authorized up to \$100,000,000 (pursuant to an election held in and for the District on January 24, 2006) in principal amount of General Obligation Bonds. To date, the District has issued \$4,311,000 in GO Bonds, of which \$2,980,000 principal remains outstanding. The proposed Series 2013 issue will be in addition to this amount.

**FINANCIAL IMPACT:**

It is expected that the total bonds outstanding, including this issue will be repaid with the District's current ad valorem tax levy of \$3.25 per \$100 of secondary assessed valuation (see Table One of the Feasibility Report). Operation expenses of the District will continue to be funded by the District's operation and maintenance ad valorem property tax levy of \$0.30 per \$100 of secondary assessed valuation, for a total tax rate target of \$3.55.

**STAFF RECOMMENDATION:**

Adopt Resolution No. MRCFD2 225-13.

**ATTACHMENTS:**

Resolution No. MRCFD2 225-13  
Feasibility Report  
Draft Preliminary Official Statement  
Draft Bond Purchase Contract  
Draft Bond Registrar and Paying Agent Agreement  
Draft Dissemination Agency Agreement  
Draft Continuing Disclosure Undertaking

RESOLUTION NO. MRCFD2 \_\_\_\_\_225-13

(MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2)

A RESOLUTION OF THE DISTRICT BOARD OF MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 AUTHORIZING AND RATIFYING THE GIVING OF NOTICE OF HEARING WITH RESPECT TO APPROVING A FEASIBILITY REPORT WHICH INCLUDES IDENTIFYING THE PUBLIC INFRASTRUCTURE OF THE PROJECTS, THE AREAS TO BE BENEFITTED, THE EXPECTED METHOD OF FINANCING AND THE SYSTEM OF PROVIDING REVENUES TO OPERATE AND MAINTAIN THE PROJECTS, ALL AS PROVIDED IN SUCH REPORT; APPROVING SUCH REPORT AND RESOLVING THE INTENT THEREFOR; AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED \$2,000,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, SERIES 2013 OF THE DISTRICT; PRESCRIBING CERTAIN TERMS AND CONDITIONS OF SUCH BONDS INCLUDING MAKING CERTAIN FINDINGS, CERTIFICATIONS AND COVENANTS WITH RESPECT TO SUCH BONDS; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SERIES 2013 BOND REGISTRAR AND PAYING AGENT AGREEMENT, A PURCHASE CONTRACT, A SERIES 2013 CONTINUING DISCLOSURE UNDERTAKING, A SERIES 2013 DISSEMINATION AGENCY AGREEMENT AND CERTAIN OTHER DOCUMENTS RELATING TO SUCH BONDS; AWARDED SUCH BONDS TO THE PURCHASER THEREOF; DELEGATING THE DETERMINATION OF CERTAIN TERMS OF SUCH BONDS AND MATTERS RELATED THERETO TO THE DISTRICT MANAGER; APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO SUCH BONDS; AUTHORIZING THE PREPARATION OF A FINAL OFFICIAL STATEMENT RELATING TO SUCH BONDS AND AUTHORIZING THE SUBSEQUENT LEVYING OF AN *AD VALOREM* PROPERTY TAX WITH RESPECT TO SUCH BONDS

BE IT RESOLVED BY THE DISTRICT BOARD OF MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 as follows:

1. Findings.

a. Merrill Ranch Community Facilities District No. 2 (hereinafter called the "District") is authorized (1) by Section 48-719, Arizona Revised Statutes, to sell and issue general obligation bonds of the District to provide moneys for public infrastructure

purposes consistent with The General Plan of Merrill Ranch Community Facilities District No. 2 (hereinafter referred to as the "General Plan") and (2) by Section 48-709(F), Arizona Revised Statutes, to repay all or part of fees and charges collected from landowners for public infrastructure purposes, the advance of moneys by landowners for public infrastructure purposes or the granting of real property by landowners for public infrastructure purposes from the proceeds of such bonds pursuant to agreements entered into with landowners and the Town of Florence, Arizona (hereinafter called the "Municipality"), pursuant to Section 48-709(A)(10), Arizona Revised Statutes.

b. Such bonds may not be issued unless approved at an election ordered and called to submit to the qualified electors of the District or to those persons who will be qualified to vote pursuant to Section 48-707(G), Arizona Revised Statutes [being, if no person has registered to vote within the area to be included within the boundaries of the District within fifty (50) days immediately preceding any scheduled election date, the owners of land within the District who will be qualified electors of the State of Arizona and other landowners according to Section 48-3043, Arizona Revised Statutes (hereinafter referred to as the "qualified electors"),] the question of authorizing the district board of the District (hereinafter called the "District Board") to issue such bonds (hereinafter referred to as the "Bonds").

c. The District Board deemed it necessary and advisable to order and call such an election and to establish the procedures whereby such election should be held and did so pursuant to

Resolution No. MRCFD2 101-05 adopted on November 21, 2005 (hereinafter referred to as the "Organizational Resolution"), which provided that a special election be held on January 24, 2006 (hereinafter referred to as the "Election"), at which time there was submitted to the qualified electors of the District the questions set forth in the official ballot described in the Organizational Resolution.

d. The election board for the Election filed with the District Board its returns of election and the ballots cast at the polling place, and the District Board canvassed the returns of the Election and determined (1) that a total of one (1) ballot(s) had been cast in response to the questions submitted, that in answer to the questions submitted, such ballot was marked "Bonds, Yes" and no ballots were marked "Bonds, No" with respect to the issuance of the Bonds; (2) that the Election had been conducted and the returns thereof made as required by law and (3) that only qualified electors were permitted to vote at the Election.

e. Pursuant to Resolution No. MRCFD2 201-06 adopted by the District Board on February 6, 2006, the District Board found and determined that a majority of the votes cast by the qualified electors voting at the Election voted "Bonds, Yes" and that the Bonds in up to and including \$100,000,000 aggregate principal amount are therefore authorized to be sold and issued.

f. Pursuant to Section 48-719, Arizona Revised Statutes, and Resolution MRCFD2 204-06 adopted by the District Board on August 7, 2006, the District Board authorized, and there have been sold and issued, the first series of the Bonds, dated October 26, 2006

(hereinafter referred to as the "First Series of the Bonds"), in the aggregate principal amount of \$251,000. Also, pursuant to Section 48-719, Arizona Revised Statutes and Resolution MRCFD2 206-10 adopted by the District Board on September 7, 2010, the District Board authorized, and there have been sold and issued, the second series of the Bonds, dated November 30, 2010 (hereinafter referred to as the "Second Series of the Bonds"), in the aggregate principal amount of \$3,560,000. Further, pursuant to Section 48-719, Arizona Revised Statutes and Resolution MRCFD2 220-12 adopted by the District Board on September 17, 2012, the District Board authorized, and there have been sold and issued, the third series of the Bonds, dated October 3, 2012 (hereinafter referred to as the "Third Series of the Bonds"), in the aggregate principal amount of \$500,000.

g. Pursuant to Section 48-715, Arizona Revised Statutes, and the Organizational Resolution, the District Board has caused a report of the feasibility and benefits of certain projects relating to public infrastructure provided for in the General Plan and to be financed with proceeds of the sale of the fourth series of the Bonds (hereinafter referred to as the "Fourth Series of the Bonds") to be prepared, such report having included a description of certain public infrastructure to be acquired and all other information useful to understand the projects to be acquired with the proceeds of the sale of the Fourth Series of the Bonds, a map showing, in general, the location of such projects, an estimate of the cost to construct, acquire, operate and maintain such projects, an estimated schedule for completion of such projects, a map or description of the area to be



benefitted by such projects and a plan for financing such projects (hereinafter referred to as the "Report"). A public hearing on the Report was held immediately preceding the adoption of this Resolution (hereinafter referred to as the "Report Hearing"), after provision for publication of notice thereof as provided by law.

h. It has been requested that the District Board cause the District to acquire certain of the public infrastructure described in the General Plan which was the subject of the Report (hereinafter referred to as the "Projects"), and the District Board hereby determines that the District should acquire the Projects.

i. Pursuant to Section 48-719, Arizona Revised Statutes, the District Board (1) hereby determines to authorize the sale and issuance of the Fourth Series of the Bonds to provide funds to acquire the Projects, and (2) shall enter in its minutes a record of the Fourth Series of the Bonds sold and their numbers and dates and levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the District sufficient to pay debt service with respect to the Fourth Series of the Bonds when due.

j. In order to provide for authentication and delivery of the Fourth Series of the Bonds and subsequent matters with respect thereto, the District Board hereby determines to authorize the execution and delivery of a Series 2013 Bond Registrar and Paying Agent Agreement, to be dated as of the first day of the month of the dated date of the Fourth Series of the Bonds (hereinafter referred to as the "Agency Agreement"), by and between the District and Wells

Fargo Bank, N.A., as bond registrar and paying agent (hereinafter called the "Bond Registrar and Paying Agent").

k. The District Board hereby also determines to enter into (1) a Series 2013 Continuing Disclosure Undertaking, to be dated even date with the delivery of the Fourth Series of the Bonds (hereinafter referred to as the "Undertaking") and (2) a Series 2013 Dissemination Agency Agreement, to be dated as of the first day of the month of the dated date of the Fourth Series of the Bonds determined as provided herein (hereinafter referred to as the "Dissemination Agreement"), by and between the District and David Tausig & Associates, Inc. to provide for certain securities laws related, on-going, secondary market disclosure matters related to the Fourth Series of the Bonds.

l. There have been placed on file with the District Clerk of the District and presented to the District Board in connection with the purposes described in paragraphs 1.i. through k. (1) the proposed form of the Agency Agreement, (2) the proposed form of the Purchase Contract relating to the Bonds, to be dated even date with their sale (hereinafter referred to as the "Purchase Contract"), by and between the District and Stifel, Nicolaus & Company, Incorporated (hereinafter referred to as the "Underwriter"), (3) the proposed form of the Undertaking, (4) the proposed form of the Dissemination Agreement and (5) the proposed form of the Preliminary Official Statement relating to the Bonds, to be dated the date of the mailing thereof (hereinafter referred to as the "Preliminary Official Statement").

(The documents described in Clauses (1) through (4), both inclusive, are hereinafter referred to, collectively, as the "Bond Documents.")

m. The District Board hereby further determines that (1) the proposed amount of indebtedness evidenced by the Fourth Series of the Bonds will not exceed the estimated cost of the public infrastructure improvements to be financed with the proceeds of the sale thereof plus all costs connected with the public infrastructure purposes related thereto and sale and issuance of the Fourth Series of the Bonds and (2) the total aggregate outstanding amount of the First Series of the Bonds, the Second Series of the Bonds, the Third Series of the Bonds and the Fourth Series of the Bonds will not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure to be acquired by the District with proceeds of the Fourth Series of the Bonds (based upon information received from the Assessor of Pinal County, Arizona, hereby found and determined to be not less than \$8,050,000) all as provided in Section 48-708, Arizona Revised Statutes.

2. a. Authorization and Ratification of Notice of Hearing on Report. Notice of the public hearing on the Report provided by the District Manager and attached as the Exhibit "A" (hereinafter referred to as the "Notice") is hereby authorized and ratified in all respects as well as the mailing of the Report and the Notice to the governing body of the Municipality. The providing of

the Notice as provided by law and as caused by the District Manager is hereby authorized and ratified.

b. Preparation of Report. The preparation of the Report is hereby ratified and confirmed. (Upon completion of a draft of the Report, the Report, marked in a conspicuous fashion "DRAFT," was submitted to the District Board for their review and comment.)

c. Approval of Report and Resolution of Intent. After review of the Report and based on the Report Hearing and the mailing of the Report to the governing body of the Municipality, the Report is hereby approved in the form submitted to the District Board, and the District Board hereby declares its intent as required by Section 48-715, Arizona Revised Statutes, and, subject to the provisions set forth in the Report, to take such reasonable actions as may be necessary to cause the results contemplated by and set forth in the Report, including particularly the acquisition of the Projects for the benefit of the areas described in the Report and the consummation of the expected method of financing, and an appropriate system of providing revenues or other means to maintain, the Projects, all as provided in the Report. The Projects will result in a beneficial use to land within the geographical limits of the District. Such use is principally to such land and, in any case, at a minimum, is proportional. (Based on review of the Report and the Report Hearing, the District hereby conclusively establishes that the Projects will result in such use.)

3. a. Approval of Sale and Issuance of Fourth Series of the Bonds. The Fourth Series of the Bonds are hereby authorized to be

issued as a series of general obligation bonds of the District to be designated "General Obligation Bonds, Series 2013." The District Manager is hereby authorized and directed to determine on behalf of the District: (1) the dated date (but not later than December 1, 2013) and aggregate principal amount (but not to exceed \$2,000,000) of the Fourth Series of the Bonds; (2) the final principal and maturity schedule of the Fourth Series of the Bonds (but none of the Fourth Series of the Bonds to mature more than twenty-five (25) years from their date of issuance); (3) the interest rate on each maturity of the Fourth Series of the Bonds and the dates for payment of such interest (hereinafter referred to as "interest payment dates"); (4) the provisions for redemption in advance of maturity of the Fourth Series of the Bonds; (5) the sales date, sales price and other terms of sale of the Fourth Series of the Bonds and (6) the provisions for credit enhancement, if any, for the Fourth Series of the Bonds upon the advice of the representative of the Underwriter; provided, however, that the foregoing determinations must result in a yield with respect to the Fourth Series of the Bonds, calculated for federal income tax purposes, of not to exceed seven percent (7%). The Fourth Series of the Bonds shall be sold to the Underwriter in accordance with the terms of the Purchase Contract and at a price specified therein with original issue discount and underwriter's compensation in an amount, in each case, as determined by the District Manager who is hereby authorized and directed to so determine such matters.



b. Forms, Terms and Provisions, and Execution and Delivery, of Fourth Series of the Bonds.

1. The Fourth Series of the Bonds shall be issued in denominations of \$5,000 of principal amount and integral multiples thereof and only in fully registered form and shall bear interest from their date to the maturity or prior redemption of each bond of the Fourth Series of the Bonds, payable on the interest payment dates.

2. The principal of, and premium, if any, and interest on, the Fourth Series of the Bonds shall be payable in lawful money of the United States of America. The principal of and premium, if any, on the Fourth Series of the Bonds shall be payable at maturity or prior redemption upon presentation and surrender thereof at the designated corporate trust office of the Bond Registrar and Paying Agent, and interest on the Fourth Series of the Bonds shall be payable by check, dated as of the interest payment date, mailed to the registered owners thereof, as shown on the registration books maintained by the Bond Registrar and Paying Agent at the address appearing therein at the close of business on the first (1st) day of the month next preceding that interest payment date (hereinafter referred to as the "regular record date"). Any such interest on a bond of the Fourth Series of the Bonds which is not timely paid or duly provided for shall cease to be payable to the registered owner thereof (or of one or more predecessor Fourth Series of the Bonds) as of the regular record date, and shall be payable to the registered owner thereof (or of one or more predecessor Fourth Series of the Bonds) at the close of

business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to the registered owners of Fourth Series of the Bonds not less than ten (10) days prior thereto.

3. (A) Notice of redemption of any bond of the Fourth Series of the Bonds shall be mailed by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption to the registered owners of the Fourth Series of the Bonds being redeemed at the address shown on the registration books for the Fourth Series of the Bonds maintained by the Bond Registrar and Paying Agent. Failure to properly give such notice of redemption shall not affect the redemption of any bond of the Fourth Series of the Bonds for which notice was properly given.

(B) On the date designated for redemption by notice given as herein provided, the Fourth Series of the Bonds or portions thereof to be redeemed shall become and be due and payable at the redemption price for such Fourth Series of the Bonds or such portions thereof on such date, and, if moneys for payment of the redemption price are held in separate accounts by the Bond Registrar and Paying Agent, interest on such Fourth Series of the Bonds or such portions thereof shall cease to accrue, such Fourth Series of the Bonds or such portions thereof shall cease to be entitled to any benefit or security hereunder, the registered owners of such Fourth Series of the Bonds or such portions thereof shall have no rights in

respect thereof except to receive payment of the redemption price thereof and accrued interest thereon and such Fourth Series of the Bonds or such portions thereof shall be deemed paid and no longer outstanding.

(C) The District may redeem by random method any amount which is included in a bond of the Fourth Series of the Bonds in the denomination in excess of, but divisible by, \$5,000. In that event, the registered owner shall submit such bond for partial redemption, the Bond Registrar and Paying Agent shall make such partial payment and 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.

4. (A) The bonds of the Fourth Series of the Bonds (including the form of certificate of authentication and form of assignment therefor) shall be in substantially the form set forth in Exhibit "B" attached hereto. There may be such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Purchase Contract and are approved by those officers executing the bonds of the Fourth Series of the Bonds in such form. Execution thereof by such officers shall constitute conclusive evidence of such approval.

(B) The bonds of the Fourth Series of the Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each bond of the Fourth Series of the Bonds shall show both the date of the issue and the date of authentication and registration of each Bond.

(C) The bonds of the Fourth Series of the Bonds are prohibited from being converted to coupon or bearer bonds without the consent of the District Board and approval of an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the District (hereinafter called "Bond Counsel").

(D) The bonds of the Fourth Series of the Bonds shall be executed for and on behalf of the District by the Chairperson or Vice Chairperson of the District Board and attested by the District Clerk. Such signature may be by mechanical reproduction; however, such officer shall manually sign a certificate adopting as and for such signature on the bonds of the Fourth Series of the Bonds the respective mechanically reproduced signature affixed to such bonds.

(E) If an officer whose signature is on a bond of the Fourth Series of the Bonds no longer holds that office at the time such bond is authenticated and registered, such bond shall nevertheless be valid and binding so long as such bond would otherwise be valid and binding.

(F) A bond of the Fourth Series of the Bonds shall not be valid or binding until authenticated by the manual signature of an authorized representative of the Bond Registrar and Paying Agent. The signature of the authorized representative of the Bond Registrar and Paying Agent shall be conclusive evidence that such bond has been authenticated and issued pursuant to this Resolution.

5. In case any bond of the Fourth Series of the Bonds becomes mutilated or destroyed or lost, the District shall cause to be executed and delivered a new bond, of like type, date, maturity and tenor in exchange and substitution for and upon the cancellation of such mutilated bond or in lieu of and in substitution for such bond destroyed or lost, upon the registered owner paying the reasonable expenses and charges of the District in connection therewith and, in the case of a bond destroyed or lost, filing with the Bond Registrar and Paying Agent by the registered owner evidence satisfactory to the Bond Registrar and Paying Agent that such bond was destroyed or lost, and furnishing the Bond Registrar and Paying Agent with a sufficient indemnity bond pursuant to Section 47-8405, Arizona Revised Statutes.

6. (A) A bond of the Fourth Series of the Bonds may be transferred on the registration books for the Fourth Series of the Bonds upon delivery and surrender of the bond to the Bond Registrar and Paying Agent at its designated corporate trust office, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar and Paying Agent, duly executed by the registered owner of such bond, to be transferred or the attorney-in-fact or legal representative of such owner, containing written instructions as to the details of the transfer of such bond. No transfer of any bond of the Fourth Series of the Bonds shall be effective until entered on the registration books for the Fourth Series of the Bonds.



(B) In the event of the transfer of a bond of the Fourth Series of the Bonds, the Bond Registrar and Paying Agent shall enter the transfer of ownership in the registration books for the Fourth Series of the Bonds and shall authenticate and deliver in the name of the transferee or transferees a new fully registered bond or bonds of the same maturity and of authorized denominations (except that no bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Resolution.

(C) All costs and expenses of initial registration and payment of the Fourth Series of the Bonds shall be borne by the District, but the District and the Bond Registrar and Paying Agent shall charge the registered owner of such bond for every subsequent transfer of a bond, 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 other charge be paid before any such bond shall be delivered.

(D) The District and the Bond Registrar and Paying Agent shall not be required to issue or transfer any bond of the Fourth Series of the Bonds during a period beginning with the opening of business on any regular record date described in the form of such Bond and ending with the close of business on the corresponding interest payment date.

(E) The bonds of the Fourth Series of the Bonds shall be subject to a Book-Entry System (as that term is hereinafter defined) of ownership and transfer, except as provided in Subsection (III) of this Subsection. The general provisions for effecting the Book-Entry System are as follows:

(I) The District hereby designates The Depository Trust Company, as the initial Depository (as that term is hereinafter defined) hereunder.

(II) Notwithstanding the provisions of this Subsection or of the bonds of the Fourth Series of the Bonds to the contrary and so long as the bonds of the Fourth Series of the Bonds are subject to a Book-Entry System, such bonds shall initially be evidenced by one typewritten certificate for each maturity, in an amount equal to the aggregate principal amount thereof. The bonds of the Fourth Series of the Bonds so initially delivered shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company. The bonds of the Fourth Series of the Bonds may not thereafter be transferred or exchanged on the registration books for the Fourth Series of the Bonds maintained by the Bond Registrar and Paying Agent except:

- to any successor Depository designated pursuant to Subsection (III) of this subsection;
- to any successor nominee designated by a Depository or if the District shall elect to discontinue the Book-Entry System pursuant to Subsection (III) of this Subsection, the District shall cause the Bond Regis-

trar and Paying Agent to authenticate and deliver replacement bonds in fully registered form in authorized denominations in the names of the Beneficial Owners (as such term is hereinafter defined) or their nominees, as certified by the Depository, at the expense of the District; thereafter the other applicable provisions of this Resolution regarding registration, transfer and exchange of the bonds of the Fourth Series of the Bonds shall apply.

(III) The Bond Registrar and Paying Agent, pursuant to a request from the District for the removal or replacement of the Depository, and upon thirty (30) days' notice to the Depository, may remove or replace the Depository. The Bond Registrar and Paying Agent shall remove or replace the Depository at any time pursuant to the request of the District. The Depository may determine not to continue to act as Depository for the bonds of the Fourth Series of the Bonds upon thirty (30) days written notice to the District and the Bond Registrar and Paying Agent. If the use of the Book-Entry System is discontinued, then after the Bond Registrar and Paying Agent 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 District and the Bond Registrar and Paying Agent shall permit withdrawal of the bonds of the Fourth Series 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 District.

(IV) So long as the Book-Entry System is used for the bonds of the Fourth Series of the Bonds, the District and the Bond Registrar and Paying Agent shall give any notice of redemption or any other notices required to be given to registered owners of bonds only to the Depository or its nominee registered as the owner thereof. Any failure of the Depository to advise any of its participants, or of any participant to notify the Beneficial Owner, of any such notice and its content or effect shall not affect the validity of the redemption of the bonds of the Fourth Series of the Bonds to be redeemed or of any other action premised on such notice. Neither the District nor the Bond Registrar and Paying Agent shall be responsible or liable for the failure of the Depository or any participant thereof to make any payment or give any notice to a Beneficial Owner in respect of the bonds of the Fourth Series of the Bonds or any error or delay relating thereto.

(V) Notwithstanding any other provision of this Resolution or of the bonds of the Fourth Series of the Bonds to the contrary, so long as the bonds of the Fourth Series of the Bonds are subject to a Book-Entry System, it shall not be necessary for the registered owner to present the applicable bond for payment of mandatory redemption installments, if any. The mandatory redemption installments may be noted on books for the Fourth Series of the Bonds kept by the Bond Registrar and Paying Agent and the Deposi-

tory for such purpose, and the bonds of the Fourth Series of the Bonds shall be tendered to the Bond Registrar and Paying Agent at their maturity.

(VI) For purposes of this subsection, "Beneficial Owners" shall mean actual purchasers of bonds of the Fourth Series of the Bonds whose ownership interest is evidenced only in the Book-Entry System maintained by the Depository; "Book-Entry System" shall mean a system for clearing and settlement of securities transactions among participants of a Depository (and other parties having custodial relationships with such participants) through electronic or manual book-entry changes in accounts of such participants maintained by the Depository hereunder for recording ownership of bonds of the Fourth Series of the Bonds by Beneficial Owners and transfers of ownership interests in bonds of the Fourth Series of the Bonds and "Depository" shall mean The Depository Trust Company, New York, New York or any successor depository designated pursuant to this Section.

c. Forms, Terms and Provisions, and Execution and Delivery, of Bond Documents. The forms, terms and provisions of the Bond Documents in substantially the forms of such documents (including the exhibits thereto) presented at the meeting at which this Resolution is adopted, are hereby approved, with such insertions, deletions and changes as are not inconsistent herewith and as are approved by the officers authorized to execute the Bond Documents, which approval will be conclusively demonstrated by the execution thereof, and the District Manager and the District Clerk or any of

such officers are hereby authorized to execute and attest and deliver, respectively, the Bond Documents.

d. Authorization to Execute and Deliver. The District Manager is hereby authorized to execute and deliver to the Bond Registrar and Paying Agent the written order of the District for the authentication and delivery of the Fourth Series of the Bonds by the Bond Registrar and Paying Agent.

e. Other Actions Necessary. The District Manager, the District Clerk and the other officers of the District shall take all actions necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by the Bond Documents, including without limitation, the closing and other documents required to be delivered in connection with the sale and delivery of the Fourth Series of the Bonds. (The persons who shall so take such actions shall be the persons holding such offices at the time of the initial issuance and delivery of the Fourth Series of the Bonds.)

f. Distribution of Disclosure Documents.

1. The distribution by the Underwriter of the Preliminary Official Statement is hereby authorized and directed, and the District Manager is hereby authorized and directed to prepare, or cause the preparation of, and to execute a "Final Official Statement" for the Fourth Series of the Bonds in substantially the form of the Preliminary Official Statement and reflecting the results of the sale of the Fourth Series of the Bonds, to be dated even date with their sale, and the distribution of such Final Official Statement by the Underwriter is hereby approved.

2. The District Manager is hereby authorized to deem the Preliminary Official Statement "final" as of its date for purposes of Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934, as amended. In that respect, the District Manager is further authorized to modify, or authorize the modification of, the Preliminary Official Statement.

g. Tax Levy.

1. For each year while any bond of the Fourth Series of the Bonds is outstanding, the District Board shall annually levy and cause to be collected an *ad valorem* tax, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, to pay debt service with respect to the Fourth Series of the Bonds when due.

2. Moneys derived from the levy of the tax provided for in this Section with respect to the Fourth Series of the Bonds when collected constitute funds to pay debt service with respect to the Fourth Series of the Bonds and shall be kept separately from other funds of the District.

3. The District Board shall make annual statements and estimates of the amount to be raised to pay debt service with respect to the Fourth Series of the Bonds. The District Board shall file the annual statements and estimates with the Clerk of the Municipality and shall publish a notice of the filing of the estimate. The District Board, on or before the date set by law for certifying the annual budget of the Municipality, shall fix, levy and assess the amounts to be raised by *ad valorem* taxes of the District and shall

cause certified copies of the order to be delivered to the Board of Supervisors of Pinal County, Arizona, and to the Department of Revenue of the State. All statutes relating to the levy and collection of State and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, apply to the taxes provided for by this Section.

4. Any other general obligation bonds of the District hereafter issued will be secured on a parity basis as to the collection and application of property tax revenues of the District with the bonds of the Fourth Series of the Bonds, and such property taxes will be allocated to each such series of general obligation bonds in accordance with any debt service then due, taking into account other funds held by the District for such payment. Property tax revenues allocated for any such series of bonds shall be set aside separately for such series.

h. No Obligation of Municipality. Neither the full faith and credit nor the general taxing power of the Municipality is pledged to the payment of the Bonds. Nothing contained in this Resolution, the Bond Documents or any other instrument related to the Bonds shall be construed as obligating the Municipality or as incurring a charge upon the general credit or any other credit or revenues of the Municipality nor shall the breach of any agreement contained in this Resolution, the Bond Documents or any other instrument or documents executed in connection therewith impose any charge upon the general credit or any other credit or revenues of the Municipality.



i. Appointment of Bond Registrar and Paying Agent.

Wells Fargo Bank, N.A., Phoenix, Arizona, is hereby confirmed as Bond Registrar and Paying Agent for the purposes of the Agency Agreement.

j. Use of Proceeds. The proceeds from the sale of the Fourth Series of the Bonds shall be set aside and deposited by the District Treasurer in a separate fund. The proceeds of the sale of the Fourth Series of the Bonds shall be expended only for the purposes set forth in the ballot used at the Election and in the Report and as provided in the District Development, Financing Participation and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 2), dated as of November 1, 2005, to which the District is a party.

k. Federal Tax Law Covenants.

1. There shall not be any investment or other use of the proceeds of the Fourth Series of the Bonds which would cause such bonds to be "arbitrage bonds" as that term is defined in Section 148 (or any successor provision thereto) of the Internal Revenue Code of 1986, as amended (hereinafter referred to as the "Code"), or "private activity bonds" as that term is defined in Section 141 (or any successor provision thereto) of the Code, and the requirements of such sections of the Code and related Treasury Regulations shall be complied with throughout the term of the Fourth Series of the Bonds. (Particularly, the District shall be the owner of the facilities financed with the proceeds of the sale of the Fourth Series of the Bonds (the "Facilities") for federal income tax purposes. Except as otherwise advised in an opinion signed by Bond

Counsel, the District shall not enter into (i) any management or service contract with any entity other than a governmental entity for the operation of any portion of the Facilities unless the management or service contract complies with the requirements of Revenue Procedure 97-13 or such other authority as may control at the time or (ii) any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion of the Facilities.) Also, the payment of principal and interest with respect to the Fourth Series of the Bonds shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Fourth Series of the Bonds, or amounts treated as proceeds of the Fourth Series of the Bonds, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds (i) may be so invested for an initial temporary period until needed for the purpose for which the Fourth Series of the Bonds are being issued, (ii) may be so used in making investments of a bona fide debt service fund or (iii) may be invested in obligations issued by the United States Treasury. In consideration of the purchase and acceptance of the Fourth Series of the Bonds by the owners thereof from time to time and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, the appropriate officials of the District are hereby directed to take all action required to retain such exclusion or to refrain from taking any action prohibited by the Code which would adversely affect in any respect such exclusion.

2. The procedures required by any arbitrage rebate provision or separate agreement executed in connection with the issuance of the Fourth Series of the Bonds shall be complied with for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Fourth Series of the Bonds. However, as the District Board hereby represents and warrants that (A) the District has general taxing powers, (B) the Fourth Series of the Bonds are not "private activity bonds" within the meaning of the Code, (C) 95 percent or more of the "net proceeds" of the Fourth Series of the Bonds shall be used for local governmental activities of the District and (D) the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds within the meaning of the Code) issued by the District during the 2013 calendar year is not reasonably expected to exceed \$5,000,000, there is presently an exception to the need for any such procedures.

3. The Fourth Series of the Bonds are designated as "qualified tax-exempt obligations" within the meaning of and pursuant to the provisions of Section 265(b) of the Code as the District Board hereby represents and warrants that the reasonably anticipated amount of "qualified tax-exempt obligations" (other than private activity bonds within the meaning of the Code) which will be issued by the District during the 2013 calendar year will not exceed \$10,000,000.

4. (i) All necessary and desirable steps to comply with the requirements hereunder in order to ensure that

interest on the Fourth Series of the Bonds is excluded from gross income for federal income tax purposes under the Code shall be taken; provided, however, that compliance with any such requirement shall not be required in the event the District receives an opinion signed by Bond Counsel that either compliance with such requirement is not required to maintain the exclusion from gross income of interest on the Fourth Series of the Bonds or compliance with some other requirement will meet the requirements of the Code. In the event the District receives such an opinion, this Resolution shall be amended to conform to the requirements set forth in such opinion.

(ii) If for any reason any requirement hereunder is not complied with, all necessary and desirable steps shall be taken to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence, and the District shall pay any required interest or penalty under applicable Treasury Regulations.

5. Written procedures for post-issuance compliance with the requirements of the Code have been adopted with which the District will comply.

1. Matters Relating to Undertaking. Subject to annual appropriation to cover the costs of preparing and mailing as necessary therefor, the District shall comply with and carry out all the provisions of the Undertaking. Notwithstanding any other provision of this Resolution, failure of the District (if obligated pursuant to the Undertaking) to comply with the Undertaking shall not be

considered an event of default; however, any Benefitted Owner (as such term is hereinafter defined) may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the District to comply with its obligations under this Subsection. For purposes of this Subsection, "Benefitted Owner" means any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any bonds of the Fourth Series of the Bonds (including persons holding such bonds through nominees, depositories or other intermediaries), or is treated as the owner of any bonds of the Fourth Series of the Bonds for federal income tax purposes.

4. Repeal of this Resolution. After any of the bonds of the Fourth Series of the Bonds are delivered upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the bonds of the Fourth Series of the Bonds and the interest thereon shall have been fully paid, canceled and discharged.

5. Severability; Effect; Inconsistencies; Effective Date; Ratification.

a. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

b. This Resolution shall constitute a contract between the District and the registered owners of the Fourth Series of the Bonds and shall not be amended in any manner which would impair,

impede or lessen the rights of the registered owners of the Fourth Series of the Bonds then outstanding.

c. All resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency.

d. This Resolution shall be effective immediately.

e. All actions of the officers and agents of the District including the District Board which conform to the purposes and intent of this Resolution and which further the issuance and sale of the Fourth Series of the Bonds as contemplated by this Resolution, whether heretofore or hereafter taken, are hereby ratified, confirmed and approved. The proper officers and agents of the District are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the District as may be necessary to carry out the terms and intent of this Resolution.

PASSED by the District Board of Merrill Ranch Community  
Facilities District No. 2 this 21st day of October, 2013.

.....  
Chairperson, District Board, Merrill  
Ranch Community Facilities District  
No. 2

ATTEST:

.....  
District Clerk, Merrill Ranch  
Community Facilities District  
No. 2

APPROVED AS TO FORM:

.....  
District Counsel, Merrill Ranch  
Community Facilities District  
No. 2

\* \* \*

ATTACHMENT:

EXHIBIT "A" -- Form of Notice of Hearing and Report  
EXHIBIT "B" -- Form of Fourth Series Bond

EXHIBIT "A"

**FORM OF NOTICE OF HEARING ON REPORT**

NOTICE FOR HEARING REQUIRED BY A.R.S. § 48-715 ON REPORT OF THE FEASIBILITY AND BENEFITS OF CERTAIN PROJECTS TO BE FINANCED WITH THE PROCEEDS OF THE SALE OF GENERAL OBLIGATION BONDS OF MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 AND OF THE ADOPTION OF THE RESOLUTION OF INTENTION WITH RESPECT TO CERTAIN PUBLIC INFRASTRUCTURE PURPOSES DESCRIBED IN SUCH STUDY

Pursuant to Section 48-715, Arizona Revised Statutes, notice is hereby given that a public hearing on the report of the feasibility and benefits of projects to be financed with the proceeds of the sale of general obligation bonds of Merrill Ranch Community Facilities District No. 2 shall be held by the District Board on October 21, 2013, at approximately 7:00 p.m. (Arizona time), or immediately preceding the meeting of the Mayor and Common Council of the Town of Florence, Arizona, on the same date in the Council Chambers located at 775 North Main Street, Florence, Arizona. Such feasibility report and further information relating thereto are on file with the Town Clerk of the Town of Florence, Arizona/District Clerk of Merrill Ranch Community Facilities District No. 2, 775 North Main Street, Florence, Arizona 85132, telephone number: (520) 868-7552.

Dated this 3rd day of October, 2013.

/s/ Charles Montoya  
.....  
District Manager, Merrill Ranch  
Community Facilities District No. 2



EXHIBIT "B"

FORM OF BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE DISTRICT 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.\*

REGISTERED  
NO. ....

REGISTERED  
\$.....

UNITED STATES OF AMERICA

STATE OF ARIZONA

COUNTY OF PINAL

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2  
(FLORENCE, ARIZONA)  
GENERAL OBLIGATION BOND,  
SERIES 2013

Interest Rate:                      Maturity Date:                      Dated:                      CUSIP:  
.....%                      July 15, ....                      ..... , 2013                      .....

REGISTERED OWNER:                      CEDE & CO.\*

PRINCIPAL AMOUNT:                      ..... DOLLARS

Merrill Ranch Community Facilities District No. 2, a community facilities district duly formed pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "District"), for value received, hereby promises to pay to the aforesaid registered owner, or registered assigns, the aforesaid principal amount on the aforesaid maturity date unless earlier redeemed, and to pay interest on the principal amount from the date as of which this Bond is dated as indicated hereinabove at the aforesaid interest rate on ..... 15, ....., and on each ..... 15 and ..... 15 thereafter (each an "interest payment date") to the maturity or redemption prior to maturity of this Bond. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the designated corporate trust office of ....., as the initial "Bond Registrar

\*Insert so long as The Depository Trust Company is the Depository.

and Paying Agent." Interest on the bonds of the issue of which this Bond is one, evidenced by this Bond is payable by check, dated as of the interest payment date, mailed to the registered owner hereof, as shown on the registration books maintained by the Bond Registrar and Paying Agent at the address appearing therein at the close of business on the 1st day of the calendar month next preceding that interest payment date (the "regular record date"). Any such interest on this Bond which is not timely paid or duly provided for shall cease to be payable to the registered owner hereof (or of one or more predecessor Bonds) as of the regular record date and shall be payable to the registered owner hereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of that overdue interest, and notice of the special record date shall be given to registered owner of this Bond not less than 10 days prior thereto.

The principal of, and interest and premium, if any, on, this Bond are payable in lawful money of the United States of America, on the respective dates when principal and interest become due.

This Bond is one of a series of bonds indicated above (the "Bonds") in the aggregate principal amount of \$.....,000 of like tenor except as to amount, maturity date, redemption feature, rate of interest and number, issued by the District pursuant to a resolution of the Board of the District, duly adopted prior to the issuance hereof, all of the terms of which are hereby incorporated herein (the "Resolution"), and pursuant to the Constitution and laws of the State of Arizona relative to the sale and issuance of general obligation bonds of community facilities districts, and all amendments thereto, and all other laws of the State of Arizona thereunto enabling.

The Bonds are issuable as fully registered bonds initially only in denominations of \$5,000 or principal amount and any integral multiple thereof.

The Bonds are payable, equally and ratably with such other general obligation bonds of the District from the proceeds of an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the District, sufficient to pay debt service on the Bonds when due.

**NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN OF FLORENCE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.**

The Bonds maturing before and on July 15, ....., are not subject to redemption prior to maturity. The Bonds maturing on and after July 15, ....., are subject to redemption prior to maturity, in whole or in part, on July 15, ....., or any date thereafter, by the

payment of a redemption price equal to the principal amount of each such Bond redeemed plus interest accrued to the date fixed for redemption plus a premium (calculated as a percentage of the principal amount of such Bonds to be redeemed) to be computed as follows:

<u>Redemption Dates</u>	<u>Premium</u>
July 15, . . . ., and January 15, . . . .	. . .%
July 15, . . . ., and January 15, . . . .	. . .
July 15, . . . ., and thereafter	0.0

The Bonds maturing on July 15, . . . ., shall be redeemed prior to maturity on July 15, in the years and amounts set forth below, by payment of the principal amount of each Bond to be redeemed plus interest accrued to the date fixed for redemption, but without a premium:

<u>Year</u>	<u>Amount</u>
	\$

A remaining principal amount of \$.....,000 of Bonds maturing on July 15, . . . ., shall mature on July 15, . . . .

Not more than seventy-five (75) nor less than sixty (60) days prior to the mandatory redemption date for the Bonds maturing on July 15, . . . ., the Bond Registrar and Paying Agent shall proceed to select for redemption (by lot in such manner as the Bond Registrar and Paying Agent may determine) from all the Bonds maturing on July 15, . . . ., outstanding a principal amount of the Bonds maturing on July 15, . . . ., equal to the aggregate principal amount of the Bonds maturing on July 15, . . . ., to be redeemed and shall redeem such Bonds maturing on July 15, . . . ., on the next July 15 and give notice of such redemption.

Notice of redemption of any such Bond will be mailed by first class mail, postage prepaid, not more than 60 nor less than 30 days prior to the date set for redemption to the registered owner of such Bond or Bonds being redeemed at the address shown on the registration books for the Bonds maintained by the Bond Registrar and Paying Agent. Failure to give properly such notice of redemption shall not affect the redemption of any such Bond for which notice was properly given.

The Bond Registrar and Paying Agent shall maintain the registration books of the District for the registration of ownership of each Bond as provided in the Resolution. (The Bond Registrar and Paying Agent may be changed without notice or consent.)

This Bond may be transferred on the registration books upon delivery and surrender hereof to the Bond Registrar and Paying Agent at its designated corporate trust office, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar and Paying Agent, duly executed by the registered owner of this Bond or his or her attorney-in-fact or legal representative, containing written instructions as to the details of the transfer. No transfer of this Bond shall be effective until entered on the registration books.

In all cases upon the transfer of this Bond, the Bond Registrar and Paying Agent shall transfer the ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity and of authorized denominations (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Resolution. The District and the Bond Registrar and Paying Agent shall charge the owner of such Bond, for every transfer of a Bond, an amount sufficient to reimburse them for any transfer fee, tax or other charge required to be paid with respect to such transfer, and may require that such transfer fee, tax or other charge be paid before any such new Bond shall be delivered.

The District and the Bond Registrar and Paying Agent shall not be required to issue or transfer any Bonds during a period beginning with the opening of business on a regular record date and ending with the close of business on the corresponding interest payment date.

This Bond shall not be entitled to any security or benefit under the Resolution or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar and Paying Agent.

It is hereby certified, recited and declared (i) that all conditions, acts and things required by the Constitution and laws of the State of Arizona to happen, to be done, to exist and to be performed precedent to and in the issuance of this Bond and of the series of which it is one, have happened, have been done, do exist and have been performed in regular and due form and time as required by law; (ii) that the obligation evidenced by the series of Bonds of which this is one, together with all other existing indebtedness of the District, does not exceed any applicable constitutional or statutory limitation and (iii) that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon taxable property within the District, over and above all other taxes authorized or

limited by law, sufficient to pay the principal hereof and the interest hereon as each becomes due.

IN WITNESS WHEREOF, MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2, has caused this Bond to be executed in the name of the District by the facsimile signature of the ..... of the District Board of the District.

MERRILL RANCH COMMUNITY FACILITIES  
DISTRICT NO. 2

By.....  
.....

ATTEST:

.....  
.....

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Merrill Ranch Community Facilities District No. 2 (Florence, Arizona) General Obligation Bonds, Series 2013 described in the within mentioned Resolution.

Date of Authentication: .....

.....,  
as Bond Registrar and Paying Agent

By.....  
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto .....  
(Name and Address of Transferee)  
the within Bond and 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: .....  
Signature

Signature Guaranteed:

.....  
Signature

[Insert proper legend]

Note: The signature(s) on this assignment must correspond with the name(s) as it appears upon the face of the within Bond in every particular, without alteration or any change whatsoever.

The following abbreviations, when used in the inscription on the face of the within 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 MIN ACT - ..... Custodian .....  
(Cust) (Minor)

under Uniform Gifts to Minors Act .....  
(State)

Additional abbreviations may also be used though not included in the above list.

ALL FEES AND COSTS OF TRANSFER  
SHALL BE PAID BY THE TRANSFEROR

# **FEASIBILITY REPORT**

**For The Issuance of**

**Not To Exceed  
\$2,000,000 Principal Amount**

**of**

**MERRILL RANCH COMMUNITY  
FACILITIES DISTRICT NO. 2**

**(FLORENCE, ARIZONA)**

**GENERAL OBLIGATION BONDS,  
SERIES 2013**

**October 21, 2013**



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**SECTION ONE**

**INTRODUCTION; PURPOSE OF FEASIBILITY  
REPORT AND GENERAL DESCRIPTION  
OF DISTRICT NO. 2**

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## INTRODUCTION

This Feasibility Report (this "Report") has been prepared by engineers and other qualified persons including PulteGroup (the "Landowner") for presentation to the District Board of the Merrill Ranch Community Facilities District No. 2 (the "District") in connection with the proposed issuance by the District of its General Obligation Bonds, Series 2013 (the "Bonds") in an aggregate principal amount not to exceed \$2,000,000 and the feasibility and benefits of certain "public infrastructure" as such term is defined in the hereafter described Act (the "Public Infrastructure") and of the plan for financing the Public Infrastructure pursuant to the Community Facilities District Act of 1988, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act"). The District is authorized up to \$100,000,000 in principal amount of general obligation bonds. To date, the District has issued \$500,000 aggregate principal amount of General Obligation Bonds, Series 2012, \$3,560,000 aggregate principal amount of General Obligation Bonds, Series 2010 (the "Series 2010 Bonds") and \$251,000 in aggregate principal amount of General Obligation Bonds in 2006, of which \$2,980,000 aggregate principal amount of the Series 2010 Bonds remains outstanding.

## PURPOSE OF FEASIBILITY REPORT

Pursuant to the Act, this Report includes (i) a description of the Public Infrastructure to be financed [Section Two]; (ii) a map showing, in general, the location of the Public Infrastructure and the area to be benefited by the Public Infrastructure [Section Three]; (iii) an estimate of the cost to acquire, operate and maintain the Public Infrastructure and a timetable for the completion of the Public Infrastructure [Section Four]; and (iv) a plan for financing the Public Infrastructure [Section Five].

This Report has been prepared for the consideration of the District Board of the District only. It is not intended or anticipated that this Report will be relied upon by other persons, including, but not limited to, purchasers of the Bonds. This Report does not attempt to address the quality of the Bonds as investments or the likelihood of repayment of the Bonds. **THIS REPORT IS NOT INTENDED TO BE A "FINANCIAL FEASIBILITY REPORT OR STUDY" AS THIS TERM IS CUSTOMARILY USED.**

## GENERAL DESCRIPTION OF DISTRICT

Formation of the District was approved by the Mayor and Common Council of the Town of Florence, Arizona (the "Town"), on November 21, 2005 upon the request of the Landowner. The District is located within the Town boundaries and was created to finance the acquisition of certain public infrastructure, including the Public Infrastructure which relates to the development of portions of Anthem at Merrill Ranch, a master-planned residential development (the "Project"), owned and being developed by the Landowner.

The portion of the Project in the District will consist of 2,962 low density residential units comprising both a traditional single family community called Anthem Parkside and an active adult community called Sun City Anthem. The number of acres and units devoted to each particular type of land use may ultimately vary from those presented; the build-out of the portion of the Project in the District is currently expected to include the following:

**Merrill Ranch Community Facilities District No. 2**  
**Anticipated Land Use Plan**

Description	District Acres	Number of Units
Residential – 40’ – 46’ x 115’	311	1,610
Residential – 55’ – 60’ x 115’	215	977
Residential – 70’ – 80’ x 115’	119	371
Residential – 65’ x 120’	1	4
Golf Courses	43	-
Police/Fire	15	-
Roadways/ROW	67	-
Schools	14	-
Open Space/ Parks	203	-
Commercial	20	-
Worship Sites	12	-
Hospital	40	-
<b>Total:</b>	<b>1,060</b>	<b>2,962</b>

The single-family residences to be constructed by Pulte within Anthem currently range in size from 1,000 to 4,100 square feet and are currently base priced from \$100,000 to \$270,000.

The 1,060 acres of the Project, which includes residential units, a recreation center and open space as described above, is all of the property in the District. A legal description of the District is included in Appendix A and a map of the district included in Section Three of this Report.

The following table represents the single family residential closings from January 1, 2006 through July 31, 2013:

	CFD 1	CFD 2	CFD 1	CFD 2	TOTAL
	Sun City (Active Adult)		Parkside		
2006	92	30	25	41	188
2007	91	43	98	237	469
2008	176	38	68	171	453
2009	136	2	34	98	270
2010	38	59	22	68	187
2011	2	68	17	45	132
2012	16	48	51	14	129
07/31/2013	29	24	30	8	91
	<b>580</b>	<b>312</b>	<b>345</b>	<b>682</b>	<b>1,919</b>

Source: PulteGroup

The Landowner is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the “SEC”). Such reports, proxy statements and other information (collectively, the “Filings”) may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 and Northwestern Atrium Center, 400 W. Madison Street, Suite 1400, Chicago, Illinois. Copies of the Filings can be obtained from the public reference section of the SEC at prescribed rates. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the SEC’s EDGAR database at <http://www.sec.gov>.

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**SECTION TWO**

**DESCRIPTION AND ESTIMATE OF COST  
OF PUBLIC INFRASTRUCTURE**

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**DESCRIPTION AND ESTIMATE OF COST OF  
PUBLIC INFRASTRUCTURE**

Listed below are descriptions and estimated costs of acquisition of the Public Infrastructure.

<b>Project Description</b>	<b>Estimated Costs</b>	<b>Paid by 2006 and 2010 Bonds</b>	<b>To be Paid by 2013 Bonds</b>	<b>To be Paid by Future Bonds</b>
<b>1. Street Improvements:</b> Consists of the installation of asphalt paving and 4 inch roll and vertical curb, 6 inch valley gutter, and 4 foot wide sidewalks within the public roadways. The pavement section will be 2 inches of asphalt on 7 inches of asphalt, brick and concrete rubble ("ABC"). The curb and gutter will comply with the Maricopa Association of Government (MAG) standard of details and sidewalks within the public roadways of the area of benefit. The total road improvement is 13,243 square yards.	\$299,931	\$299,931	\$0	\$0
<b>2. Storm Drain:</b> Consists of the construction of storm drains within the public roadways. The storm drains will intercept runoff from the public roadways by either catch basins or scuppers, conveying to retention facilities by pipe or overland flow. The catch basins and scuppers will comply with MAG standard detail. The pipe will be sized between 15 inches of concrete pipe, or approved alternate. The total length of the road is 1,642 lineal feet.	\$200,069	\$200,069	\$0	\$0
<b>3. Merrill Ranch Parkway (1):</b> Consists of the construction of the Merrill Ranch Parkway, including paving, concrete, storm drain, concrete arch structures, landscaping, landscape architecture, engineering, and soil testing.	\$2,622,486	\$2,061,719	\$560,767	\$0
<b>4. Hunt Highway Phase I:</b> Consists of the construction of Phase I of Hunt Highway, including paving, concrete, storm drain, box culvert, landscaping, landscape architecture, engineering, and soil testing.	\$3,172,172	\$0	\$1,214,233	\$1,957,939
<b>5. American Way:</b> Consists of the construction of American Way, including paving, concrete, storm drain, engineering, landscaping, landscape architecture, and soil testing.	\$2,422,041	\$755,931	\$0	\$1,666,110
<b>6. Anthem Way:</b> Consists of the construction of Anthem Way, including the paving, concrete, storm drain, engineering, landscaping, landscaping architecture, and soil testing.	\$626,628	\$0	\$0	\$626,628
<b>7. Spirit Way Phase I:</b> Consists of the construction of Phase I of Spirit Way, including paving, concrete, storm drain, engineering, landscaping, landscape architecture, and soil testing.	\$756,121	\$0	\$0	\$756,121
<b>Total Estimated Costs for Projects</b>	<b>\$10,099,448</b>	<b>\$3,317,650</b>	<b>\$1,775,000*</b>	<b>\$5,006,798</b>

\* Assuming interest rates at the time of the bond pricing provides for a larger bond issue, additional infrastructure will be added to the table.

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**SECTION THREE**

**MAP OF THE DISTRICT SHOWING LOCATION OF  
PUBLIC INFRASTRUCTURE AND  
AREA TO BE BENEFITED**

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**SECTION FOUR**

**TIMETABLE FOR COMPLETION OF  
PUBLIC INFRASTRUCTURE**

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**TIMETABLE FOR  
COMPLETION OF PUBLIC INFRASTRUCTURE**

The table below outlines the estimated completion dates of the Public Infrastructure.

<b>Project Description</b>	<b>Estimated Costs</b>	<b>Completion Date</b>
1. Street Improvements	\$299,931	Completed
2. Storm Drain	\$200,069	Completed
3. Merrill Ranch Parkway	\$2,622,486	Completed
4. Hunt Highway Phase I	\$3,172,172	Completed
5. American Way	\$2,422,041	Completed
6. Anthem Way	\$626,628	Completed
7. Spirit Way Phase I	\$756,101	Completed
	<u>\$10,009,448</u>	

The cost to operate and maintain the Public Infrastructure is expected to be paid primarily from the proceeds of an operation and maintenance tax levy on the property in the District of 0.30 per \$100.00 of secondary assessed valuation.

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**SECTION FIVE**  
**PLAN OF FINANCE**

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## PLAN OF FINANCE

### Proposed Bond Sale

The District will issue approximately \$2,000,000 of general obligation bonds to finance the acquisition of the Public Infrastructure. Such amount is a not-to-exceed amount and the actual amount of bonds issued may be lower. The Bonds are anticipated to be issued in November 2013. It is currently estimated that the Bonds will have a final maturity of 25 years with principal amortized such that when combined with the debt service on the Series 2010 Bonds, total debt service is approximately level. (See Table One in this section for an estimated debt service schedule and debt service versus projected revenues.)

The Bonds are expected to be rated in one of the four highest investment grade ratings by a nationally recognized bond rating agency and will be sold in a “public offering” as that term is used in A.R.S. Section 48-722.

### District Tax Rate

For each year until the Bonds are paid or otherwise provided for, the District will cause to be levied a combined ad valorem tax rate for each year of at least \$3.55 per \$100 of secondary assessed valuation on all taxable property within the boundaries of the District. This tax rate includes a \$3.25 tax levy for debt service and a \$0.30 tax levy for administrative, operations and maintenance expenses of the District. The District will continue to levy the \$0.30 per \$100 of secondary assessed valuation for the administrative, operations and maintenance expenses of the District.

### Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the issuance of the Bonds (exclusive of accrued interest) is as follows:

#### Sources

Par Amount of the Bonds	\$1,850,000
Original Issue Premium	<u>\$55,500</u>
Total	<u>\$1,905,500</u>

#### Uses

Costs of Issuance	\$75,000
Underwriter's Discount	\$55,500
Construction Costs (Reimbursement)	<u>\$1,775,000</u>
Total	<u>\$1,905,500</u>

### Disclosure of General Obligation Bond Payments

A.R.S. Section 32-2181 et seq. requires the disclosure of all property taxes and assessments to be paid by a homeowner in the Arizona Department of Real Estate Subdivision Public Report and, and prior to any home sale, the homebuyer must acknowledge by signature that they have read and accepted the Public Report.

In addition, each homebuyer is required to sign an additional form that highlights and discloses the additional property taxes levied due to the home's location within the District, as well as general information about community facilities districts and information specifically relating to the District.

**TABLE ONE**  
**MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2**  
**(TOWN OF FLORENCE, ARIZONA)**  
**GENERAL OBLIGATION BONDS OUTSTANDING AND PROJECTED 2013 BOND SALE**

*Debt Service Requirements and Estimated Projected Impact on the Secondary Tax Rate*

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Fiscal Year	Projected Cash Balance in Debt Service Fund	Secondary Assessed Valuation (b)	\$2,980,000 Series 2010 Outstanding General Obligation Debt Service		PLUS: \$1,850,000 Series 2013 Dated: 11/20/2013		Total Debt Service	Estimated Tax Rate(c)
			Principal	Interest	Principal	Estimated Interest @ 6%		
2013/14	\$350,000 (a)	\$12,354,442	\$80,000	\$165,374	\$55,000	\$72,458	\$372,832	\$3.25
2014/15	358,611	12,483,991	80,000	162,974	25,000	107,700	375,674	3.17
2015/16	368,381	12,614,646	85,000	160,334	25,000	106,200	376,534	3.14
2016/17	381,324	12,691,791	90,000	157,231	20,000	104,700	371,931	3.08
2017/18	401,252	12,882,168	90,000	153,631	25,000	103,500	372,131	3.04
2018/19	426,858	13,075,400	95,000	149,761	25,000	102,000	371,761	2.99
2019/20	458,799	13,271,531	100,000	145,391	25,000	100,500	370,891	2.94
2020/21	497,667	13,470,604	105,000	140,541	25,000	99,000	369,541	2.89
2021/22	544,030	13,672,663	110,000	135,186	30,000	97,500	372,686	2.87
2022/23	593,487	13,877,753	115,000	129,411	30,000	95,700	370,111	2.81
2023/24	651,852	14,085,920	120,000	123,230	35,000	93,900	372,130	2.78
2024/25	714,625	14,297,208	130,000	116,630	35,000	91,800	373,430	2.75
2025/26	782,621	14,511,667	135,000	109,350	40,000	89,700	374,050	2.71
2026/27	856,619	14,729,342	145,000	101,250	40,000	87,300	373,550	2.67
2027/28	937,837	14,950,282	150,000	92,550	45,000	84,900	372,450	2.62
2028/29	1,026,977	15,174,536	160,000	83,550	45,000	82,200	370,750	2.57
2029/30	1,124,741	15,402,154	170,000	73,950	50,000	79,500	373,450	2.55
2030/31	1,226,832	15,633,186	180,000	63,750	50,000	76,500	370,250	2.49
2031/32	1,339,257	15,867,684	190,000	52,500	55,000	73,500	371,000	2.46
2032/33	1,458,172	16,105,699	205,000	40,625	55,000	70,200	370,825	2.42
2033/34	1,584,610	16,347,285	215,000	27,813	60,000	66,900	369,713	2.38
2034/35	1,719,620	16,592,494	230,000	14,375	65,000	63,300	372,675	2.36
2035/36	1,859,238	16,841,381			310,000	59,400	369,400	2.31
2036/37	2,009,816	17,094,002			330,000	40,800	370,800	2.28
2037/38	2,166,793	17,350,412			350,000	21,000	371,000	2.25
			<u>\$2,980,000</u>	<u>\$2,399,408</u>	<u>\$1,850,000</u>	<u>\$2,070,158</u>	<u>\$9,299,566</u>	

(a) Balance estimated by the District.

(b) Fiscal year 2013/14 is actual. Subsequent years assume 1.50% growth. The SAV is also adjusted to reflect the following statutory assessment ratio phase downs: in class 1 from 25% in 2005/06 to 20% in 2011/12 and phase down beginning in 2013/14 to 18% in 2016/17; and class 2 from 16% in 2015/16 to 15% in 2016/17.

(c) Assumes District levies for \$3.25. Secondary tax rates are per \$100 of assessed valuation. Subsequent years are estimates and include a 5 percent delinquency factor, but do not include arbitrage rebate payments or interest interest earnings (if any) and are subject to change.

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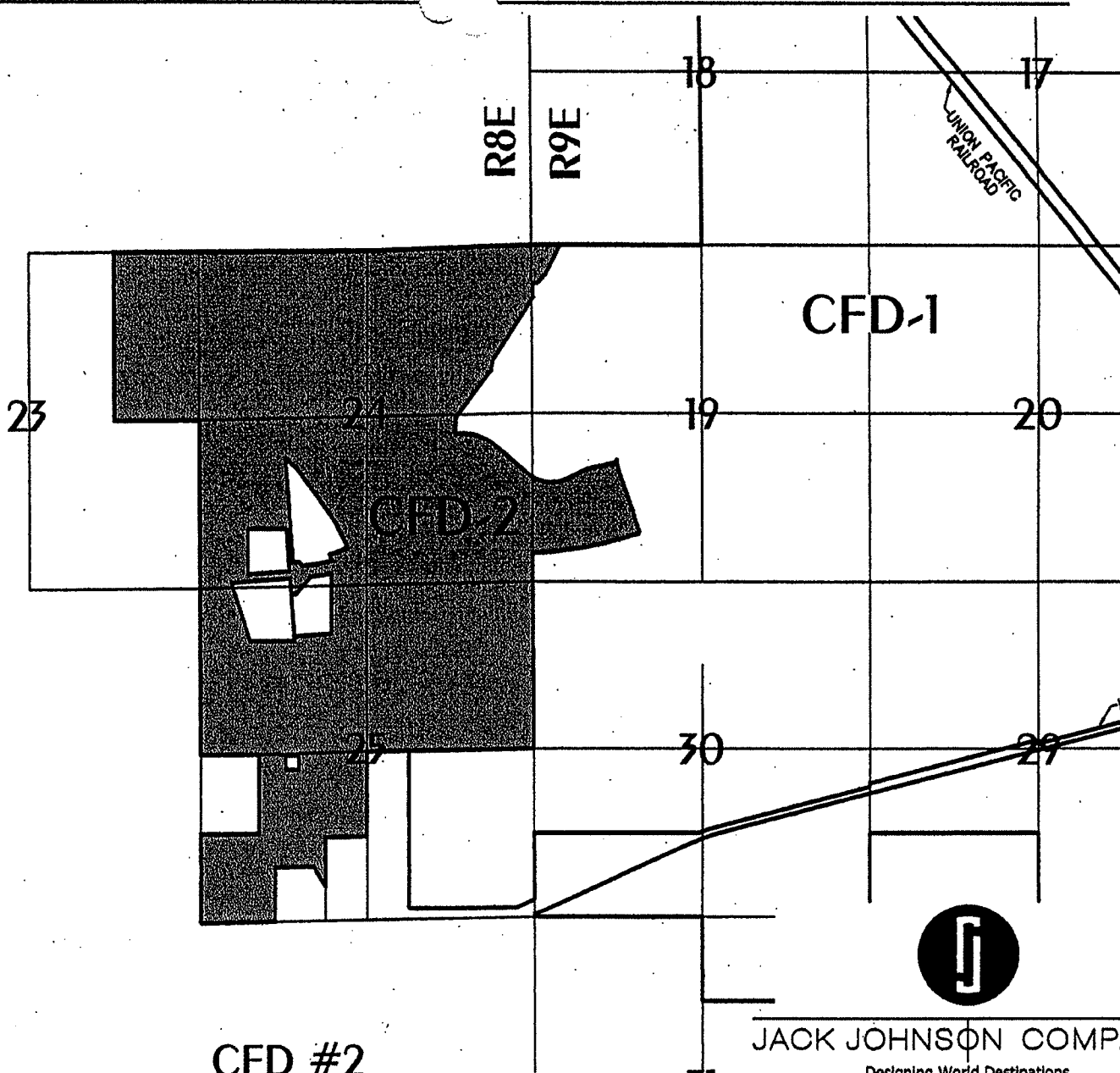
**APPENDIX A**

**Legal Description for Merrill Ranch  
Community Facilities District No. 2**

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**CFD #2**  
**ANTHEM AT MERRILL RANCH**



**JACK JOHNSON COMPANY**

Designing World Destinations

In-Person - 5745 N. Scottsdale Rd., Ste. 130 - Scottsdale - Arizona 85250

Telephone - 480.214.0370 -- Facsimile - 480.214.0358

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September 27, 2005  
Pulte Home Corporation  
Community Facilities District (CFD)  
Number 2 (two)  
Page 1 of 8

**LEGAL PARCEL**

A parcel of land lying within the Northeast Quarter of Section 23, Section 24, and Section 25, Township 4 South, Range 8 East, and the West Half of Section 19, Township 4 South, Range 9 East of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the Northeast Corner (GLO Brass Cap) of said Section 24, from which the North Quarter Corner (GLO Brass Cap) of Section 24 bears S 87°44'54" W (Basis of Bearings) a distance of 2571.82 feet;

Thence S 89°55'08" E along the north line of the Northwest Quarter of said Section 19, a distance of 454.52 feet;

Thence S 27°18'54" W a distance of 523.78 feet;

Thence S 42°26'42" W a distance of 173.14 feet;

Thence 75.22 feet along the arc of a non-tangent curve to the right, having a radius of 460.00 feet, through a central angle of 09°22'10", a chord bearing S 83°02'05" W and a chord distance of 75.14 feet, from which point the radius point bears N 11°39'00" W;

Thence S 02°16'50" E a distance of 208.74 feet;

Thence S 32°24'40" W a distance of 1168.90 feet;

Thence S 10°41'48" W a distance of 170.85 feet;

Thence S 36°33'47" W a distance of 914.70 feet;

Thence S 02°53'35" W a distance of 254.52 feet;

Thence S 87°06'25" E a distance of 156.30 feet;

Thence 506.38 feet along the arc of a curve to the right, having a radius of 780.00 feet, through a central angle of 37°11'47", a chord bearing S 68°30'32" E and a chord distance of 497.53 feet;

O:\742MerrillRanch\Exhibits\Anthem Boundary\01\_Correspondence\CFD-2 LEGAL V3.doc

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September 27, 2005  
Pulte Home Corporation  
Community Facilities District (CFD)  
Number 2 (two)  
Page 2 of 8

Thence S 49°54'38" E a distance of 690.86 feet;

Thence 669.93 feet along the arc of a curve to the left, having a radius of 570.00 feet, through a central angle of 67°20'26", a chord bearing S 83°34'52" E and a chord distance of 632.03 feet;

Thence N 62°44'55" E a distance of 198.67 feet;

Thence 216.23 feet along the arc of a curve to the right, having a radius of 830.00 feet, through a central angle of 14°55'36", a chord bearing N 70°12'43" E and a chord distance of 215.62 feet;

Thence N 77°40'31" E a distance of 362.25 feet;

Thence 45.98 feet along the arc of a curve to the left, having a radius of 30.00 feet, through a central angle of 87°48'35", a chord bearing N 33°46'14" E and a chord distance of 41.61 feet;

Thence 249.56 feet along the arc of a curve to the left, having a radius of 1540.00 feet, through a central angle of 09°17'05", a chord bearing S 14°46'37" E and a chord distance of 249.29 feet, from which the radius point bears N 79°51'56" E;

Thence S 19°25'10" E a distance of 576.86 feet;

Thence 21.06 feet along the arc of a curve to the right, having a radius of 285.00 feet, through a central angle of 04°14'05", a chord bearing S 17°18'07" E and a chord distance of 21.06 feet;

Thence S 15°11'05" E a distance of 167.41 feet;

Thence 23.28 feet along the arc of a curve to the left, having a radius of 315.00 feet, through a central angle of 04°14'05", a chord bearing S 17°18'07" E and a chord distance of 23.28 feet;

Thence S 19°25'10" E a distance of 127.27 feet;

Thence 47.55 feet along the arc of a curve to the right, having a radius of 30.00 feet, through a central angle of 90°48'51", a chord bearing S 25°59'16" W and a chord distance of 42.73 feet;



**JACK JOHNSON COMPANY**  
Designing World Destinations

September 27, 2005  
Pulte Home Corporation  
Community Facilities District (CFD)  
Number 2 (two)  
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Thence 1680.61 feet along the arc of a compound curve to the right, having a radius of 5942.50 feet, through a central angle of  $16^{\circ}12'14''$ , a chord bearing  $S 79^{\circ}29'48'' W$  and a chord distance of 1675.01 feet, to a point on the east line of the Southeast Quarter of Section 24, Township 4 South, Range 8 East;

Thence  $S 00^{\circ}25'41'' E$  along said east line, a distance of 448.81 feet;

Thence  $S 00^{\circ}25'29'' E$  along the east line of the Northeast Quarter of said Section 25, Township 4 South, Range 8 East, a distance of 1322.48 feet;

Thence  $S 00^{\circ}25'17'' E$  along the east line of the Northeast Quarter of said Section 25, a distance of 1322.52 feet;

Thence  $S 88^{\circ}51'55'' W$  along the south line of said Northeast Quarter, a distance of 2613.52 feet;

Thence  $S 00^{\circ}20'36'' E$  along the east line of the Southwest Quarter of said Section 25, a distance of 1321.10 feet;

Thence leaving said east line  $S 88^{\circ}52'56'' W$  a distance of 653.95 feet;

Thence  $S 00^{\circ}19'33'' E$  a distance of 764.01 feet;

Thence 353.51 feet along the arc of a non-tangent curve to the right, having a radius of 1206.22 feet, through a central angle of  $16^{\circ}47'30''$ , a chord bearing  $N 31^{\circ}19'00'' W$  and a chord distance of 352.24 feet, from which point the radius point bears  $N 50^{\circ}17'15'' E$ ;

Thence  $S 88^{\circ}51'22'' W$  a distance of 612.12 feet;

Thence  $S 00^{\circ}13'09'' E$  a distance of 860.92 feet to a point on the south line of the Southwest Quarter of said Section 25;

Thence  $S 88^{\circ}53'51'' W$  along said south line, a distance of 1167.96 feet;

Thence  $N 00^{\circ}16'22'' W$  along the west line of said Southwest Quarter, a distance of 1402.85 feet;



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Designing World Destinations

September 27, 2005  
Pulte Home Corporation  
Community Facilities District (CFD)  
Number 2 (two)  
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Thence leaving said west line N 89°43'38" E a distance of 917.10 feet;

Thence N 00°16'22" W a distance of 1238.00 feet;

Thence S 89°43'38" W a distance of 917.10 feet;

Thence N 00°17'53" W along the west line of the Northwest Quarter of said Section 25, a distance of 2639.34 feet;

Thence N 00°22'08" W along the west line of the Southwest Quarter of said Section 24, a distance of 2638.19 feet;

Thence leaving said west line S 89°39'08" W along the south line of the East Half of the Northeast Quarter of Section 23, Township 4 South, Range 8 East, a distance of 1323.31 feet;

Thence N 00°22'05" W along the west line of said East Half of the Northeast Quarter of Section 23, a distance of 2637.13 feet to a point on the north line of said Northeast Quarter of said Section 23;

Thence N 89°38'24" E along said north line, a distance of 1322.80 feet;

Thence N 89°35'19" E along the north line of the Northwest Quarter of said Section 24, a distance of 2645.87 feet;

Thence N 87°44'54" E along the north line of the Northeast Quarter of Section 24, a distance of 2571.82 feet to the POINT OF BEGINNING;

Said Parcel contains 1131.2618 acres, more or less.

**EXCEPTING THEREFROM** (the following described four (4) parcels:

A parcel of land lying within the Southwest Quarter of Section 24, Township 4 South, Range 8 East of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

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September 27, 2005  
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Commencing at the South Quarter corner (GLO Brass Cap) of said Section 24, from which the Southeast Corner (GLO Brass Cap) bears N 88°48'17" E a distance of 2610.56 feet;

Thence N 79°54'38" W a distance of 1223.30 feet to the POINT OF BEGINNING;

Thence S 85°40'51" W a distance of 653.70 feet;

Thence N 00°15'46" W a distance of 715.86 feet;

Thence N 89°44'14" E a distance of 604.57 feet;

Thence S 04°19'09" E a distance of 671.30 feet, to the POINT OF BEGINNING;

Said Parcel contains 10.0048 acres more or less, including any easements of record.

**AND:**

A parcel of land lying within the Southwest Quarter of Section 24, and the Northwest Quarter of Section 25, Township 4 South, Range 8 East of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

Commencing at the South Quarter corner (GLO Brass Cap) of said Section 24, from which the Southeast Corner (GLO Brass Cap) bears N 88°48'17" E a distance of 2610.56 feet;

Thence N 71°38'49" W a distance of 576.69 feet, to the POINT OF BEGINNING;

Thence S 00°00'00" W a distance of 958.89 feet;

Thence S 85°40'51" W a distance of 580.49 feet;

Thence S 04°19'09" E a distance of 71.53 feet;

Thence S 89°44'14" W a distance of 700.72 feet;

Thence N 17°40'02" W a distance of 971.49 feet;

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Thence N 85°40'51" E a distance of 923.25 feet;

Thence S 04°19'09" E a distance of 247.60 feet;

Thence N 85°40'51" E a distance of 75.00 feet;

Thence N 40°48'59" E a distance of 351.20 feet;

Thence 330.82 feet along the arc of a non-tangent curve to the left, having a radius of 1907.50 feet, through a central angle of 09°56'12", a chord bearing N 79°59'38" E and a chord distance of 330.40 feet, from which point the radius point bears N 05°02'16" W, to the POINT OF BEGINNING;

Said Parcel contains 29.9954 acres, more or less, including any easements of record.

**AND:**

A parcel of land lying within the Southwest Quarter of Section 25, Township 4 South, Range 8 East of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

Commencing at the North Quarter corner (GLO Brass Cap) of said Section 25, from which the Northeast Corner (GLO Brass Cap) bears N 88°48'17" E a distance of 2610.56 feet;

Thence S 21°24'08" W a distance of 2903.91 feet, to the POINT OF BEGINNING;

Thence S 03°43'57" E a distance of 220.23 feet;

Thence S 88°51'51" W a distance of 200.21 feet;



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Designing World Destinations

September 27, 2005  
Pulte Home Corporation  
Community Facilities District (CFD)  
Number 2 (two)  
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Thence N 03°43'57" W a distance of 220.23 feet;

Thence N 88°51'51" E a distance of 200.21 feet, to the POINT OF BEGINNING;

Said Parcel contains 1.0112 acres, more or less, including any easements of record.

**AND:**

A parcel of land lying within the Southwest Quarter of Section 24, Township 4 South, Range 8 East of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

Commencing at the South Quarter Corner (GLO Brass Cap) of said Section 24, from which the Southwest Corner (Aluminum Cap LS 17258) of said Section 24 bears S 88°48'06" W a distance of 2611.46 feet;

Thence N 26°52'39" W a distance of 655.20 feet to the POINT OF BEGINNING;

Thence S 66°18'22" W a distance of 102.69 feet;

Thence 192.21 feet along the arc of a curve to the right, having a radius of 1617.50 feet, through a central angle of 06°48'30", a chord bearing S 69°42'37" W and a chord distance of 192.09 feet;

Thence S 15°28'07" E a distance of 101.03 feet;

Thence 374.41 feet along the arc of a non-tangent curve to the right, having a radius of 1718.50 feet, through a central angle of 12°28'59", a chord bearing S 79°26'22" W and a chord distance of 373.67 feet, from which point the radius point bears N 16°48'08" W;

Thence S 85°40'51" W a distance of 95.48 feet;

Thence N 04°19'09" W a distance of 6.45 feet;

Thence N 49°19'09" W a distance of 62.06 feet;

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Community Facilities District (CFD)  
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Thence N 76°00'22" W a distance of 57.37 feet;

Thence S 85°40'51" W a distance of 38.67 feet;

Thence N 04°19'09" W a distance of 1622.57 feet;

Thence S 49°10'45" E a distance of 255.25 feet;

Thence S 35°16'17" E a distance of 983.19 feet;

Thence S 27°25'26" E a distance of 369.29 feet;

Thence S 23°41'38" E a distance of 106.51 feet to the POINT OF BEGINNING;

Said Parcel contains 19.7280 acres, more or less, including any easements of record.

The total acreage contained in this Parcel, less the four (4) exception parcels, is 1070.5218 acres, more or less, including any easements of record.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER \_\_, 2013**

**NEW ISSUE – BOOK-ENTRY-ONLY**

**RATING: See “RATING” herein.**

**INSURANCE: See “BOND INSURANCE AND RELATED RISK FACTORS” herein.**

*In the opinion of Bond Counsel, assuming compliance with certain tax covenants by the District and relying on certain representations of Pulte Home Corporation with respect to the development of property within the District, interest on the Bonds (i) will be excludable from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions and (ii) will be exempt from income taxation under the laws of the State of Arizona. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however such interest will be taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. See “TAX MATTERS” herein for a description of certain federal tax consequences of ownership of the Bonds. See also “ORIGINAL ISSUE DISCOUNT” and “BOND PREMIUM” herein.*

*The District Board of the District (the “Board”) will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Board will indicate that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations which will be issued by the District in calendar year 2013 will not exceed \$10,000,000. See “QUALIFIED TAX-EXEMPT OBLIGATIONS” herein.*

**\$1,850,000\***

**MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2  
(FLORENCE, ARIZONA)  
GENERAL OBLIGATION BONDS, SERIES 2013  
(BANK QUALIFIED)**

**DRAFT  
10-9-13**

**Dated: Date of Delivery**

**Due: July 15 as shown on inside cover**

The Merrill Ranch Community Facilities District No. 2 (Florence, Arizona) General Obligation Bonds, Series 2013 (the “Bonds”) are authorized pursuant to Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes and an election held on November 21, 2005 in and for Merrill Ranch Community Facilities District No. 2 (the “District”), a community facilities district formed within the boundaries of the Town of Florence, Arizona (the “Town”) and will be issued pursuant to a resolution of the Board (the “Bond Resolution”). The Bonds will be payable as to both principal and interest from ad valorem taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate or amount. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein.

The Bonds will be registered only in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), for purposes of the book-entry only system described herein. 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. DTC will be responsible for distributing the principal and interest payments to the DTC Participants (defined herein) who will, in turn, be responsible for distribution of such amounts to the beneficial owners of the Bonds (the “Beneficial Owners”). As they will be in book-entry-only form, purchasers will not receive definitive certificates with respect to the Bonds. Beneficial ownership interests in the Bonds may be purchased through the facilities of DTC in amounts of \$5,000 of principal due on a specific maturity date and integral multiples thereof. So long as any purchaser is the Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on such Bond. See APPENDIX D – “BOOK-ENTRY-ONLY SYSTEM.”

**SEE INSIDE COVER PAGE FOR MATURITY SCHEDULE AND ADDITIONAL INFORMATION**

The Bonds will be subject to optional and mandatory redemption by the District prior to maturity as described herein.\*

Proceeds of the sale of the Bonds will be used: (i) to pay costs of acquisition of certain public infrastructure benefiting the District, and (ii) to pay costs of issuance relating to the Bonds.

Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” and “RISK FACTORS” herein.

**NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN OR THE STATE OF ARIZONA (THE “STATE”) OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.**

This cover page contains certain information for general reference only. It is not a summary of the issue of which the Bonds are a part. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision with respect to the Bonds.

*The Bonds are offered when, as and if issued and subject to the approval of Greenberg Traurig, LLP, Bond Counsel. Certain matters will be passed upon for the Underwriter by its counsel, Squire Sanders (US) LLP and for Pulte Home Corporation by Berens, Kozub & Kloberdanz PLC. It is expected that delivery of the Bonds in book-entry-only form will be made through the facilities of DTC on or about November \_\_, 2013\**

\* Subject to change.



**\$1,850,000\***  
**MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2**  
**(FLORENCE, ARIZONA)**  
**GENERAL OBLIGATION BONDS, SERIES 2013**  
**(BANK QUALIFIED)**

Base CUSIP®<sup>(1)</sup> No. 590206

**MATURITY SCHEDULE\***

Maturity Date (July 15)	Principal Amount	Interest Rate	Price or Yield	CUSIP® <sup>(1)</sup> No.
2014	\$50,000	%	%	
2015	25,000			
2016	25,000			
2017	20,000			
2018	25,000			
2019	25,000			
2020	25,000			
2021	25,000			
2022	30,000			
2023	30,000			
2024	35,000			
2025	35,000			
2026	40,000			
2027	40,000			
2028	45,000			
2029	45,000			
2030	50,000			
2031	50,000			
2032	55,000			
2033	55,000			
2034	60,000			
2035	65,000			
2036	315,000			
2037	330,000			
2038	350,000			

\$ \_\_\_\_\_ % Term Bond Due July 15, 20 \_\_, Price \_\_\_ % CUSIP \_\_\_\_\_  
 \$ \_\_\_\_\_ % Term Bond Due July 15, 20 \_\_, Price \_\_\_ % CUSIP \_\_\_\_\_

\* Subject to change.

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**MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2**

**DISTRICT BOARD**

Tom Rankin, *Chairperson*

Tom Smith, *Member*

Tom Celaya, *Member*

William Hawkins, *Member*

Ruben Montaña, *Member*

Tara Walter, *Member*

Vallarie Woolridge, *Member*

**DISTRICT ADMINISTRATIVE STAFF**

Charles Montoya  
*District Manager*

Michael Farina  
*District Treasurer*

Lisa Garcia  
*District Clerk*

**BOND COUNSEL**

Greenberg Traurig, LLP  
*Phoenix, Arizona*

**BOND REGISTRAR AND PAYING AGENT**

Zions First National Bank  
*Phoenix, Arizona*

## **REGARDING THIS OFFICIAL STATEMENT**

This Official Statement, which includes the cover page, inside cover page and appendices hereto, should be considered in its entirety, and no one subject should be considered less important than another by reason of location in the text. Brief descriptions of the Bonds, the Bond Resolution, the security for the Bonds, the District, Pulte Home Corporation and the Public Infrastructure (as such terms are defined herein) and other information are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Bonds, the Bond Resolution and any documents are qualified in their entirety by reference to such documents, copies which may be obtained from Stifel, Nicolaus & Company, Incorporated, at Suite 750, 2325 E. Camelback Road, Phoenix, AZ 85016.

The information set forth in this Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been obtained from the District, Pulte Home Corporation and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the District or the Underwriter, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the District or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, 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, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will 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 representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District or the Underwriter and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the District or any of the other parties or matters described herein since the date hereof.

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

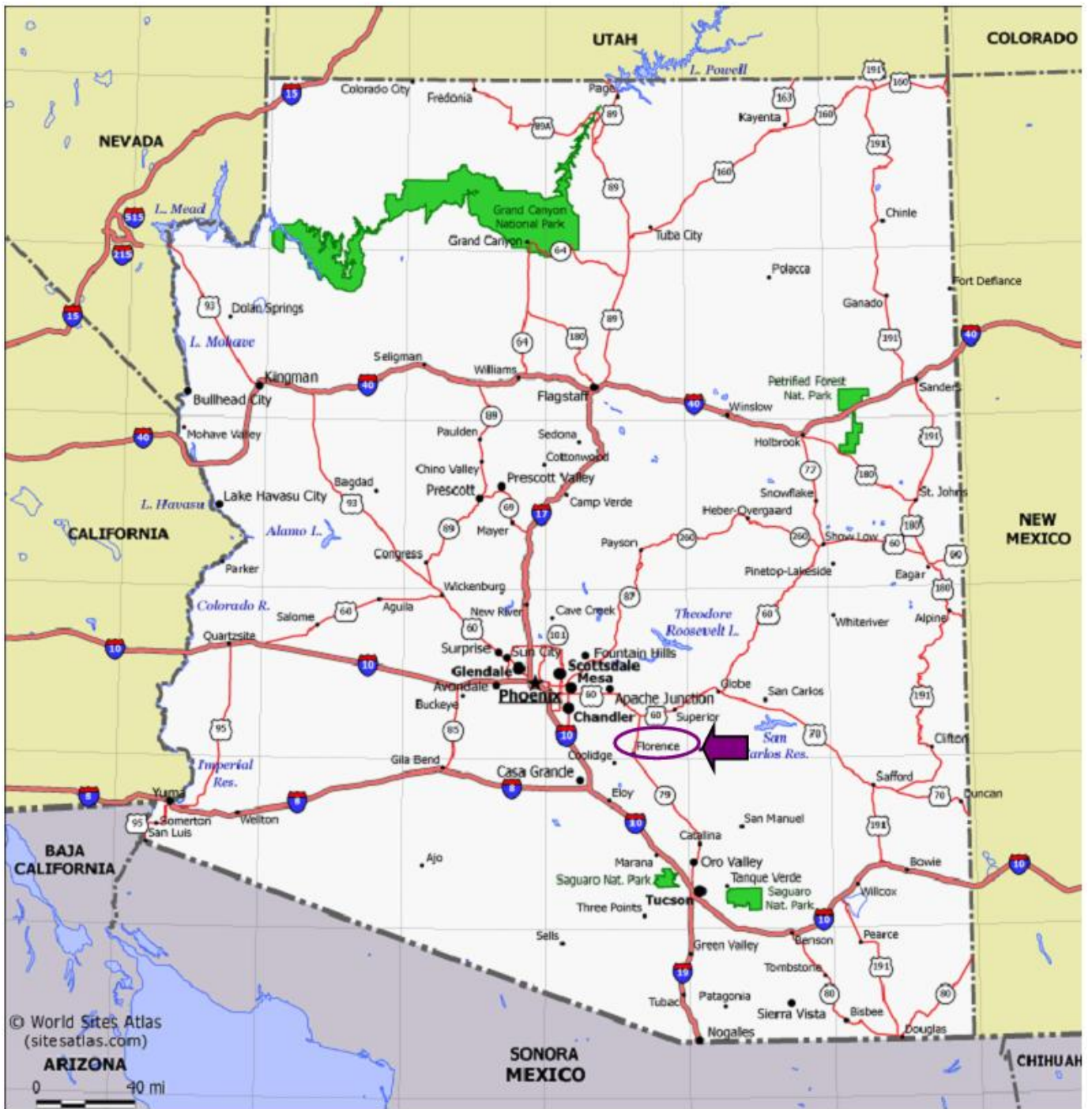
The District will undertake to provide continuing disclosure as described in this Official Statement under the caption “CONTINUING DISCLOSURE” and in APPENDIX C – “FORM OF SERIES 2013 CONTINUING DISCLOSURE UNDERTAKING,” all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

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 OVERALLOT 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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# LOCATION MAP – STATE





MAP SHOWING LOCATION OF DISTRICT IN CONTEXT OF SURROUNDING AREA



(1A)

## **OFFICIAL STATEMENT**

**\$1,850,000\***

### **MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 (FLORENCE, ARIZONA) GENERAL OBLIGATION BONDS, SERIES 2013 (BANK QUALIFIED)**

#### **INTRODUCTORY STATEMENT**

This Official Statement, which includes the cover page, inside cover page and the appendices hereto, provides certain information concerning the issuance of Merrill Ranch Community Facilities District No. 2 (Florence, Arizona) General Obligation Bonds, Series 2013 (the "Bonds"), in the aggregate principal amount of \$1,850,000\*.

The Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "Enabling Act"), was enacted to provide a method of financing (including through the issuance by the District (defined below) of general obligation bonds) certain "public infrastructure purposes" (as such term is defined in the Enabling Act) relating to a community facilities district. As provided by, and with the limitations set forth in, the Enabling Act, once formed, a community facilities district is a legally constituted municipal corporation and political subdivision within defined boundaries.

Pursuant to the Enabling Act and in response to a petition by all of the owners of land therein, the Council (the "Town Council") of the Town of Florence, Arizona (the "Town"), formed Merrill Ranch Community Facilities District No. 2 (the "District") on November 21, 2005. The District encompasses approximately 1,070 acres (the "District Land") located in the northern portion of the Town. The Town is located in Pinal County, Arizona (the "County") and is approximately 60 miles southeast of Phoenix, Arizona, in the central portion of the State. See APPENDIX A – "INFORMATION REGARDING THE TOWN OF FLORENCE, ARIZONA," which includes certain information about the Town and surrounding area, and, generally, the maps on pages (v) and (vi).

The District is a special purpose, tax levying public improvement district for certain constitutional purposes and a municipal corporation for certain other statutory purposes. The District has the power to implement the District's general plan for public infrastructure primarily through the issuance of general obligation, special assessment or revenue bonds. The District has no current plans to issue revenue bonds.

In accordance with State law, the Town Council serves as the Board of the District (the "Board"). Additionally, the Board has appointed the Town Manager as the District Manager, the Town Finance Director as the District Treasurer, the Town Attorney as the District Counsel, and the Town Clerk as the District Clerk.

The petition requesting the formation of the District was filed at the direction of Pulte Home Corporation, a Michigan corporation ("Pulte"). See APPENDIX A – "INFORMATION REGARDING THE TOWN OF FLORENCE, ARIZONA" for certain information about the Town, "THE DISTRICT" for a description of the District and "PULTE" herein for certain information about Pulte.

Pursuant to the results of the Election (defined below under "THE BONDS – Authority and Election"), the District has the authority to issue general obligation bonds in an aggregate principal amount of not to exceed \$100,000,000, in one or more series, payable from ad valorem taxes (without limitation as to rate or amount) levied on all taxable property within the boundaries of the District. To date, the District has issued \$500,000 aggregate principal amount of General Obligation Bonds, Series 2012 of which zero principal amount remains outstanding, \$3,560,000

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\* *Subject to change.*

aggregate principal amount of General Obligation Bonds, Series 2010, of which \$2,980,000 principal amount remains outstanding and \$251,000 aggregate principal amount of General Obligation Bonds in 2006, of which zero principal amount remains outstanding.

The Bonds are being issued to finance a portion of the costs of acquiring certain public infrastructure within the boundaries of the District necessary for development of public roadways within the District, including paving and curb installation and storm drain construction, and construction of portions of Merrill Ranch Parkway and Hunt Highway (collectively, the "Public Infrastructure").

The Board will annually levy, and cause to be collected, an ad valorem tax, at the same time and in the same manner as other such taxes are levied and collected, on all taxable property in the District, sufficient to pay interest on and principal of the Bonds ("Debt Service") (and debt service with respect to the Series 2010 Bonds), as the same becomes due, whether at maturity or prior redemption. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS- Ad Valorem Property Taxation in the District" and "RISK FACTORS."

In addition to the levy of ad valorem property taxes for the payment of Debt Service, pursuant to the results of the Election, the District also is authorized to levy and collect an ad valorem tax at a tax rate of not to exceed \$0.30 per \$100 of secondary assessed valuation on all taxable property within the boundaries of the District for operation and maintenance expenses of the District (the "Operation and Maintenance Tax"). The District has previously levied and is currently collecting the Operation and Maintenance Tax at a rate of \$0.30 per \$100 of secondary assessed valuation.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN, THE STATE OF ARIZONA (THE "STATE"), OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

## **THE BONDS**

### **Authorization and Purpose**

The Bonds are authorized pursuant to the Enabling Act and a vote of the owners of land in the District at a special bond election held in and for the District on January 24, 2006 (the "Election"), pursuant to which the District has been authorized to incur general obligation bonded indebtedness in an amount not to exceed \$100,000,000 in order to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds, and will be issued pursuant to a resolution adopted by the Board on October 21, 2013 (the "Bond Resolution"). The Bonds will be the fourth series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, \$93,839,000\*, aggregate principal amount of bonds will remain authorized but unissued. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Property Taxation in the District – Estimated Annual Debt Service Requirements of General Obligation Bonded Indebtedness to be Outstanding" and "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District." Additional amounts of general obligation bonds may be authorized at future elections held in and for the District.

### **Terms of the Bonds – Generally**

The Bonds will be dated as of the date of initial delivery and will be registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), under the book-entry-only system described herein (the "Book-Entry-Only System"). See APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM." The

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\* *Subject to change.*



Bonds will mature on the dates and in the principal amounts and will bear interest at the rates set forth on the inside front cover page of this Official Statement. Beneficial ownership interests in the Bonds may be purchased in amounts of \$5,000 of principal due on a specific maturity date or integral multiples thereof. Interest on the Bonds will accrue from their dated date and be payable semiannually commencing on July 15, 2014\*, and on each January 15 and July 15 thereafter (each an “interest payment date”) until maturity or prior redemption.

See “TAX MATTERS,” “ORIGINAL ISSUE DISCOUNT” and “BOND PREMIUM” herein for a discussion of the treatment of interest on the Bonds for federal or State income tax purposes.

**Bond Registrar and Paying Agent**

Zions First National Bank will serve as the initial bond registrar, transfer agent and paying agent (the “Bond Registrar and Paying Agent”) for the Bonds. The District may change the Bond Registrar and Paying Agent without notice to or consent of the owners of the Bonds.

**Redemption Provisions\***

*Optional Redemption.* The Bonds maturing on or before July 15, 20\_\_ are not subject to redemption prior to their stated maturity dates. The Bonds maturing on or after July 15, 20\_\_ are subject to redemption prior to their stated maturity dates, at the option of the District, in whole or in part on July 15, 20\_\_, or on any date thereafter, 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 a premium.

*Mandatory Redemption.* The Bonds maturing on July 15, 20\_\_ (the “Term Bonds”) will be subject to mandatory redemption and will be redeemed on July 15 of the respective years set forth below and in the amounts set forth below, by payment of a redemption price of the principal amount of such Bonds called for redemption plus the interest accrued to the date fixed for redemption, but without premium, as follows:

Redemption Dates (July 15)	Principal Amount
20__	\$
20__	(maturity)

*Notice of Redemption.* So long as the Bonds are held under the Book-Entry-Only System, notices of redemption will be sent to DTC in the manner required by DTC. See APPENDIX D – “BOOK-ENTRY-ONLY SYSTEM.” If the Book-Entry-Only System is discontinued, 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 Bond Registrar and Paying Agent not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Neither the failure of DTC nor any registered owner of Bonds to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for redemption of Bonds as to which proper notice of redemption was given. Notice of any redemption will also be sent to the Municipal Securities Rulemaking Board (the “MSRB”), through the MSRB’s Electronic Municipal Market Access system (“EMMA”), in the manner required by the MSRB, but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

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\* *Subject to change.*

If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the District or by the Bond Registrar and Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

*Effect of Redemption.* On the date designated for redemption, the Bonds or portions thereof to be redeemed will become and be due and payable at the redemption price for such Bonds or portions thereof, and, if moneys for payment of the redemption price are held in a separate account by the Bond Registrar and Paying Agent, interest on such Bonds or portions thereof to be redeemed will cease to accrue, such Bonds or portions thereof will cease to be entitled to any benefit or security under the Bond Resolution, the owners of such Bonds or portions thereof will have no rights in respect thereof except to receive payment of the redemption price thereof and such Bonds or portions thereof will be deemed paid and no longer outstanding.

*Redemption of Less than All of a Bond.* The District may redeem any amount included in a Bond in a denomination equal to or in excess of, but divisible by, \$5,000. In the event of a partial redemption, the Bond will be redeemed in accordance with DTC procedures. DTC's practice is to determine by lot the amount of each Direct Participant's (as defined in APPENDIX D – "BOOK-ENTRY-ONLY SYSTEM") proportionate share that is to be redeemed. In the event of a partial redemption after the Book-Entry-Only System is discontinued, the registered owner will submit the Bond for partial redemption and the Bond Registrar and Paying Agent will make such partial payment and will 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.

#### **Registration and Transfer When Book-Entry-Only System Has Been Discontinued**

If the Book-Entry-Only System is discontinued, the Bonds will be transferred only upon the bond register maintained by the Bond Registrar and Paying Agent and one or more new Bonds, registered in the name of the transferee, of the same principal amount, maturity and rate of interest as the surrendered Bond or Bonds will be authenticated, upon surrender to the Bond Registrar and Paying Agent of the Bond or Bonds to be transferred, together with an appropriate instrument of transfer executed by the transferor if the Bond Registrar and Paying Agent's requirements for transfer are met. The District has chosen the first day of the month preceding an interest payment date as the "Record Date" for the Bonds. The Bond Registrar and Paying Agent may, but is not required to, transfer or exchange any Bonds during the period from the Record Date to and including the respective interest payment date. The Bond Registrar and Paying Agent may, but is not required to, transfer or exchange any Bonds which have been selected for prior redemption.

The transferor will be responsible for all transfer fees, taxes, fees and any other costs relating to the transfer of ownership of individual Bonds.

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Board will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"), which relates to the ability of certain financial institutions to deduct interest expense allocable to holding and carrying tax-exempt obligations for federal income tax purposes. Representatives of the Board have represented and warranted that they do not anticipate that the aggregate amount of tax-exempt obligations that will be issued by or on behalf of the District in calendar year 2013 will exceed \$10,000,000.

## SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

The Board has, and will hereafter, annually levy, and cause to be collected, an ad valorem tax, at the same time and in the same manner as other such taxes are levied and collected, on all taxable property in the District, sufficient to pay Debt Service, whether at maturity or prior redemption. Amounts derived from the levy of such tax when collected constitute funds to pay debt service on all outstanding general obligation bonds of the District (including the Debt Service) and will be kept separately from other funds of the District. With respect to ad valorem property taxes, the Bonds will be payable from such taxes on the same basis as any general obligation bonds of the District that may be issued in the future. Any other general obligation bonds of the District hereafter issued will be payable on a parity basis with respect to the collection and application of property tax revenues of the District, and such property taxes will be allocated to each series of general obligation bonds in accordance with any debt service then due and, in any case, taking into account other funds held by the District for such payment. See “AD VALOREM PROPERTY TAXATION IN THE DISTRICT – General Obligation Bonded Indebtedness to be Outstanding” and “OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS – Additional General Obligation Bonded Indebtedness of the District.”

*Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See “RISK FACTORS.”*

**NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.**

## AD VALOREM TAXATION PROCESS

At the general election held November 6, 2012, the voters of the State ratified Senate Concurrent Resolution 1025, which amends a provision of the Arizona Constitution relating to the State's property tax system. Beginning in tax year 2015 (for operations during the District's fiscal year 2015/16), and for tax years thereafter, the constitutional amendment will limit the value of real property and improvements, including mobile homes, used for all ad valorem tax purposes (both primary and secondary) to the lesser of the full cash value of the property or an amount five percent greater than the taxable value of property determined for the prior year. The foregoing limitation does not apply to (1) equalization orders that the Arizona Legislature exempts from such limitation; (2) property used in the business of patented or unpatented producing mines, mills and smelters; (3) producing oil, gas and geothermal interests; (4) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (5) aircraft - regularly scheduled and operated by an airline company; (6) standing timber; (7) pipelines; and (8) personal property, except mobile homes. Statutory amendments to implement this Constitutional amendment were enacted in the 2013 legislative session.

### **Tax Years**

The State 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. The tax lien attaches to the real property as of January 1 of the tax year in question.

### **Ad Valorem Taxes**

The State has two different valuation bases for levying ad valorem property taxes. They are “limited property” and “full cash” values. 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) that is multiplied by the limited or full cash value of the property to obtain the assessed valuation. See “Assessment Ratios” herein.

## **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. With the exception of personal property (other than mobile homes) and utility, mining and producing oil, gas and geothermal property with limited values equal to full cash values, 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 property 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 the previous year's limited property value or 25% of the difference between the previous year's limited property value and the current year's full cash value.
- (2) The limited property value for property that was omitted from the tax roll in the prior year, that underwent a change in use or modification through construction, destruction or demolition or that has been split, subdivided or consolidated is established at a level or percentage of the limited property value to full cash value of existing properties of the same use or legal classification.

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 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). In November 2006, the maximum allowable primary property tax levy limit was rebased to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in prior years). The 2% limitation does not apply to primary taxes levied on behalf of school districts. The limited and full cash values of personal property (other than mobile homes) and for utility, mining and producing oil, gas and geothermal power are the same. Property taxes on residential property only are constitutionally limited to 1% of the full cash value of such property.

As noted, primary taxes on residential property only are constitutionally limited to 1% of the full cash value of such property. This constitutional limitation on residential primary tax levies is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid. See footnote (d) to TABLE 7.

## **Secondary Taxes**

Taxes levied against the assessed value (after application of the assessment ratio to the full cash value) are referred to as secondary taxes, which are used for debt retirement (i.e., debt service on the 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 increases in full cash value of any property, except as described above in the first paragraph under "AD VALOREM TAXATION PROCESS" annual levies for voter-approved bond indebtedness and special district assessments are unlimited.

## 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 by tax year in the following table.

**TABLE 1**

### Property Tax Assessment Ratios (Tax Year)

Property Classification (a)	2009	2010	2011	2012	2013
Mining, Utilities, Commercial and Industrial (b)	22%	21%	20%	20%	19.5%
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)	18	17	15	15	15

- (a) *Additional classes of property exist, but seldom amount to a significant portion of a municipal body's total valuation.*
- (b) *For tax year 2013, full cash values up to \$133,868 on commercial, industrial and agricultural personal property are exempt from taxation. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of that amount will be assessed at the applicable rate. The assessment ratio for mining, utilities, commercial and industrial property will be reduced to 19% for tax year 2014 and further reduced one-half of one percent for each year to 18% for 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15% for tax year 2016 and thereafter.*
- (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.*

### Determination of Full Cash Value

The first step in the tax process is the determination of the full cash value of each parcel of real property within the State. Most property is valued by the various county assessors, including the Assessor of the County, with the Arizona Department of Revenue valuing centrally assessed properties such as gas, water and electrical 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 Assessor of the County uses a cost approach for commercial/industrial property and a sales data approach for residential property. State law allows taxpayers to appeal such valuations by providing evidence of a lower value, which may be based upon another valuation approach.

The Assessor of the County, upon meeting certain conditions, may value residential, agricultural and vacant land at the same full cash valuation for up to three years. The Assessor of the County currently values existing properties on a two year cycle.

Certain 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 owners 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, as a result, freeze the secondary assessed value of the affected property as hereinafter described.

## **Collection**

On or before the third Monday in August of each year based on valuation as of that date, the District will (i) fix, levy and assess the amount to be raised from ad valorem property taxes that, together with the amount estimated to be available from all other sources of revenue and any unencumbered balances from the previous fiscal year, will equal the total of amounts proposed to be expended in the budget for the current fiscal year and (ii) fix and determine the necessary ad valorem property tax rates for the District. For such purpose, on or before each such third Monday in August, and after review of such amount and rate for compliance with any applicable statutory and constitutional limitations by the property tax oversight commission of the State, an assessment and tax roll must be delivered to the County Treasurer of the County (the "Treasurer"). The Assessor of the County may, however, change such roll any time before December 20 of such year. *Any decrease in the value of the roll so established in December from the value used on the immediately preceding third Monday in August could reduce the aggregate amount of taxes to be collected by the District.*

The ad valorem property taxes levied and assessed by the District pursuant to the assessment and tax roll delivered to the Treasurer are billed along with State and County ad valorem property taxes and are due and payable in two equal installments on October 1 of that calendar year and on March 1 of the subsequent calendar year. The two ad valorem property tax installments become delinquent and begin to accrue interest at the rate of 16 percent per annum simple interest prorated monthly on November 1 of that calendar year and May 1 of the subsequent calendar year, respectively. Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31 of such calendar year.

All taxes become a lien upon the property assessed (they are not a personal obligation of the property owner), attaching on the first day of January of each tax year, subject to the possible exception of ad valorem property taxes levied against the real property of a property owner in bankruptcy. Generally, a tax lien is not satisfied or removed until the taxes are paid or the property is finally vested in a purchaser under a tax lien sale. An ad valorem property tax lien is prior and superior to all the liens and encumbrances on the property, except liens and encumbrances held by the State.

If the ad valorem property taxes are not paid when due, the Treasurer is required to secure a payment through the sale of the tax lien. Not later than December 31 of each year, the Treasurer must prepare a list of all real property upon which the ad valorem property taxes for prior years were unpaid and delinquent. The property so listed is advertised for sale, and the sale of the tax lien for delinquent ad valorem property taxes must be held by the Treasurer in February of the calendar year immediately following the publication of notice of the tax lien sale. The Treasurer will offer at the sale a tax lien on each delinquent property at a price equal to the amount of taxes, interest and penalties due on the property to the bidder willing to accept the lowest rate of interest on the amount paid by the bidder for the tax lien. If no bidder is willing to accept less than 16 percent per annum, the lien is assigned to the State and held for subsequent resale. If a tax lien is sold, the bidder is required to pay in cash at the time of sale a purchase price equal to the amount of taxes, interest and penalties due on the property. If the lien is assigned to the State, the ad valorem property taxes due will remain unpaid until subsequent resale or redemption of the property.

Accordingly, delinquent ad valorem property taxes levied by the District should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered by the District within 15 months after the end of the calendar year in which such taxes were levied and assessed.

The holder of a tax lien is entitled to foreclose the right to redeem the tax lien by judicial sale after the third anniversary of the tax lien sale and to foreclose the tax lien by administrative process, without judicial action, after the fifth anniversary of the tax lien sale.

It is anticipated that the District's semiannual payments of Debt Service will be funded with installments of tax payments collected on or about the immediately preceding tax payment date. If, for any reason, a material portion of the ad valorem property taxes due and payable to the District are not paid in a timely manner, the payment of Debt Service could be delayed. It cannot be determined with any certainty when delinquent ad valorem property

taxes could be collected and available for the payment of Debt Service and what impact such delay could have on the secondary market for the Bonds. See “RISK FACTORS - Assessed Valuation of Property; Foreclosures,” “- Direct and Overlapping Indebtedness” and “- Bankruptcy and Foreclosure Delays.”

## AD VALOREM TAXATION IN THE DISTRICT

### Property Valuations

The full cash values and secondary assessed values of all taxable property within the boundaries of the District for the last five years are shown in the following table:

**TABLE 2**

<u>Tax Year</u>	<u>Full Cash Value</u>	<u>Secondary Assessed Value</u>
2013	\$ 120,990,775	\$12,354,442
2012	107,610,586	10,228,125
2011	103,442,374	9,843,497
2010	97,011,805	9,186,871
2009	127,389,462	12,987,540

Source: Arizona Department of Revenue and Pinal County Assessor’s Office.

### Net Secondary Assessed Valuation by Property Classification

The following is a breakdown of secondary assessed valuations for the District by property classifications for the last five years:

**TABLE 3**

<u>Description</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013 Percent of Total</u>
Commercial and Industrial	\$ 203,707	\$ 159,074	\$ 134,272	\$ 138,871	\$ 2,142,814	17.34%
Agricultural & Vacant	3,250,091	1,391,207	1,423,958	1,322,694	835,757	6.76
Owner Occupied Residential	8,773,874	6,966,545	7,694,872	7,898,377	6,410,447	51.89
Leased or Rented Residential	<u>759,868</u>	<u>670,045</u>	<u>590,395</u>	<u>868,183</u>	<u>2,965,424</u>	<u>24.00</u>
Total	<u>\$12,987,540</u>	<u>\$9,186,871</u>	<u>\$9,843,497</u>	<u>\$10,228,125</u>	<u>\$12,354,442</u>	<u>100.00%</u>

Source: Arizona Department of Revenue and Pinal County Assessor’s Office.

**Net Secondary Assessed Valuation of Major Taxpayers**

The major property taxpayers located within the District for tax year 2013 and the full cash value and secondary assessed valuation of their property is as follows:

**TABLE 4**

Major Taxpayer (a)	2013/14 Secondary Assessed Valuation	As % of 2013/14 Secondary Assessed Valuation
MPT Of Florence LLC	\$ 2,084,421	16.87 % (b)
Pulte Home Corporation	305,553	2.47
SWVP Pte LLC	127,380	1.03
Plnu-B-Science-B LLC	120,236	0.97
Church Of Jesus Christ Latter-Day Saints	86,178	0.70
	\$ 2,723,768	22.05 %

- (a) *Some of such taxpayers or their parent companies are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, 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 copied 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 and 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 New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission’s EDGAR database at <http://www.sec.gov>. None of the District, the Underwriter or their respective agents or consultants has examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.*
- (b) *According to public real estate and court records, the land and improvements situated thereon were leased in 2010 to Florence Hospital at Anthem, LLC which operates a general acute care hospital. On March 6, 2013, Florence Hospital at Anthem, LLC filed for protection and reorganization under Chapter 11 of the Federal Bankruptcy Code. The bankruptcy proceedings are continuing and Florence Hospital at Anthem, LLC is continuing the operating of the hospital pending approval of a plan of reorganization. Property tax payments are current with respect to the property. However, if the lease is terminated or if Florence Hospital at Anthem, LLC ceases or delays the payment of rental under the lease or discontinues operation of the hospital as a result of the bankruptcy proceeding or otherwise, and is not replaced with another tenant or user, it could adversely affect the property owner’s ability or willingness to continue making tax payments in the future, including taxes imposed by the District for payment of principal of an interest on the Bonds and the potential value of the property.*

Source: Pinal County Assessor’s Office.



**Record of Taxes Levied and Collected in the District**

Under State law, the Board of Supervisors of the County is required to levy a tax in an amount sufficient to provide for Debt Service (and debt service on the Series 2010 Bonds). Property taxes are levied and collected on property within the District and certified by the Treasurer on behalf of the District. (Since the beginning of its ownership, Pulte has paid, without default, all such taxes due with respect to the property now included within the boundaries of the District owned by it.) The following table sets forth the tax collection records of the District for the periods shown:

**TABLE 5**

Fiscal Year	District Tax Rate (a)	Adjusted District Tax Levy	Collected to June 30th of Initial Fiscal Year		Cumulative Collections to September 10, 2013	
			Amount	% of Adj. Levy as of	Amount	% of Adj. Levy as of
2013/14	\$3.5500	\$438,580	(b)	(b)	(b)	(b)
2012/13	3.5500	363,203	\$356,222	98.08%	\$356,927	98.27%
2011/12	3.5500	349,045	339,853	97.26	349,045	100.00
2010/11	3.5500	324,571	323,607	99.23	324,571	100.00
2009/10	3.5500	449,063	441,873	98.40	449,063	100.00
2008/09	3.5500	405,236	405,236	100.00	405,236	100.00

- (a) Includes a levy of \$0.30 per \$100 of secondary assessed valuation for maintenance and operation expenses of the District.
- (b) Reflects cumulative collections made through September 10, 2013. Property taxes are payable in two installments. The first installment is due the first day of October and becomes delinquent on November 1, but any interest penalty is waived if the full tax year’s taxes are paid in full by December 31. The second installment becomes due the first day of March and is delinquent on May 1. Interest at the rate of 16 percent per annum attaches on the first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.

Source: Pinal County Treasurer.

**General Obligation Bonded Indebtedness to be Outstanding**

Issue Series	Original Amount	Purpose	Final Maturity Date (July 15)	Balance Outstanding
2010	\$ 3,560,000	General Infrastructure	2035	\$ 2,980,000
Total General Obligation Bonded Debt Outstanding				\$ 2,980,000
Plus: The Bonds				1,850,000*
Total General Obligation Bonded Debt Outstanding and to be Outstanding				<u>\$ 4,830,000*</u>

\* Subject to change.

## ESTIMATED DEBT SERVICE REQUIREMENTS

The following table illustrates the (i) annual debt service on the outstanding bonds of the District and (ii) estimated annual debt service on the Bonds.

**TABLE 6**

**Schedule of Estimated Annual Debt Service Requirements (a)**

Year Ending July 15	Bonds Outstanding		The Bonds		Total Estimated Annual Debt Service Requirements*
	Principal	Interest	Principal*	Estimated Interest (b)	
2013/14	\$ 80,000	\$ 165,374	\$ 50,000	\$ 83,250 (c)	\$ 378,624
2014/15	80,000	162,974	25,000	108,000	375,974
2015/16	85,000	160,334	25,000	106,500	376,834
2016/17	90,000	157,231	20,000	105,000	372,231
2017/18	90,000	153,631	25,000	103,800	372,431
2018/19	95,000	149,761	25,000	102,300	372,061
2019/20	100,000	145,391	25,000	100,800	371,191
2020/21	105,000	140,541	25,000	99,300	369,841
2021/22	110,000	135,186	30,000	97,800	372,986
2022/23	115,000	129,411	30,000	96,000	370,411
2023/24	120,000	123,230	35,000	94,200	372,430
2024/25	130,000	116,630	35,000	92,100	373,730
2025/26	135,000	109,350	40,000	90,000	374,350
2026/27	145,000	101,250	40,000	87,600	373,850
2027/28	150,000	92,550	45,000	85,200	372,750
2028/29	160,000	83,550	45,000	82,500	371,050
2029/30	170,000	73,950	50,000	79,800	373,750
2030/31	180,000	63,750	50,000	76,800	370,550
2031/32	190,000	52,500	55,000	73,800	371,300
2032/33	205,000	40,625	55,000	70,500	371,125
2033/34	215,000	27,813	60,000	67,200	370,013
2034/35	230,000	14,375	65,000	63,600	372,975
2035/36	-	-	315,000	59,700	374,700
2036/37	-	-	330,000	40,800	370,800
2037/38	-	-	350,000	21,000	371,000
	<u>\$ 2,980,000</u>		<u>\$ 1,850,000</u>		

\* *Subject to change.*

(a) *Prepared by the Underwriter.*

(b) *Interest on the Bonds is estimated at 6.00%.*

(c) *The first interest payment on the Bonds will be due on July 15, 2014\*. Thereafter, interest payments will be made semiannually on July 15 and January 1 until maturity or prior redemption.*

## SOURCES AND USES OF FUNDS

### Sources

Principal Amount		\$
Original Issue Premium/(Discount) (a)		
Total Sources of Funds		

### Uses

Costs of Acquisition		
Payment of Costs of Issuance (b)		
Total Uses of Funds		

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\* *Subject to change.*

- (a) *Net original issue premium consists of original issue premium on the Bonds, less original issue discount on the Bonds.*
- (b) *Will include bond insurance premium, if any, compensation and costs of the Underwriter (as defined herein), and Bond Counsel's fees and costs with respect to the Bonds.*

## OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS

### Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, net assessed valuation and combined tax rate per \$100 assessed valuation. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. See "RISK FACTORS - Direct and Overlapping Indebtedness."

**TABLE 7  
OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS**

<u>Overlapping Jurisdiction</u>	2013	Net Outstanding Bonded Debt (c)	Proportion Applicable to the District (a)		2013
	Net Secondary Assessed Valuation		Approximate Percent	Net Amount	Combined Tax Rate Per \$100 Assessed (b)
State of Arizona	\$52,598,341,678	None	0.02%	None	None
Pinal County	2,005,343,534	None	0.62%	None	\$ 4.3122(d)
Pinal County Community College District	2,005,343,534	\$91,340,000	0.62%	\$566,308	2.2507
Pinal County Fire District Assistance Tax	2,005,343,534	None	0.62%	None	0.0688
Pinal County Library District	2,005,343,534	None	0.62%	None	0.0970
Pinal County Flood Control District	1,669,430,618	None	0.74%	None	0.1700
Central Arizona Water Conservation District	2,005,343,534	None	0.62%	None	0.1400
Town of Florence	73,750,680	None	16.75%	None	1.1182
Central Arizona Valley Institute of Technology	1,258,432,410	None	0.98%	None	0.0500
Florence Unified School District No. 1	248,021,051	41,300,000	4.98%	2,057,238	7.7132
<b>Merrill Ranch Community Facilities District No. 2 (e)</b>	<b>12,354,442</b>	<b>4,830,000*</b>	<b>100.00%</b>	<b>4,830,000*</b>	<b>3.5500</b>
<b>Total Net Direct and Overlapping General Obligation Bonded Debt and Tax Rate</b>				<b><u>\$7,453,546*</u></b>	<b><u>\$19.4701</u></b>

\* Subject to change.

- (a) Proportion applicable to the District is computed on the ratio of secondary assessed valuation for 2013/14.
- (b) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of the entity, and the tax rate for all other purposes such as maintenance and operation and capital outlay, which generally is based on the primary assessed valuation of jurisdictions other than special districts and on the secondary assessed valuation of special districts such as the District.
- (c) Includes total stated principal amount of general obligation bonds outstanding. Does not include outstanding principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Does not include outstanding principal amounts of various County improvement districts, as the bonds of these districts are presently being paid from special assessments against property within the various improvement districts.

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States Department of the Interior (the "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. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's 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 14 cents per \$100 of secondary assessed valuation, of which 14 cents is being levied. (See Sections 48-3715 and 48-3715.02, Arizona Revised Statutes.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

- (d) Includes the "State Equalization Assistance Property Tax." The State Equalization Assistance Property Tax in fiscal year 2013/14 has been set at \$0.5123 and is adjusted annually pursuant to Section 41-1276, Arizona Revised Statutes.
- (e) Does not include outstanding special assessment bonds of the District. See: "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Special Assessments Within District" herein.

Source: The various entities, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association, *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue, the Assessor of the County and the Finance Department of the County.

#### **Additional General Obligation Bonded Indebtedness of the District**

Pursuant to the Election, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed \$100,000,000 and \$93,839,000\* of bond authorization will remain after issuance of the Bonds. The District retains the right to issue, subject to the authorization remaining from the Election or authorization from a future bond election, in accordance with the procedures set forth in the Enabling Act, additional series of bonds payable from ad valorem property taxes. See "THE BONDS – Authority and Election" above. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Property Taxation in the District – *Annual Debt Service Requirements of General Obligation Bonded Indebtedness to be Outstanding.*" See also "RISK FACTORS - Direct and Overlapping Debt."

The Enabling Act provides that the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged will not exceed 60 percent of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the bonds or other indebtedness.

#### **Additional Overlapping General Obligation Bonded Indebtedness**

The District has no control over the amount of additional indebtedness payable from ad valorem taxes on all or a portion of the property within the District that may be issued in the future by other political subdivisions, including but not limited to the Town, the County, Florence Unified School District No. 1 of Pinal County Arizona ("FUSD"), Pinal County Community College District, Magma Flood Control District or other entities having jurisdiction over all or a portion of the land within the District. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. See "RISK FACTORS - Direct and Overlapping Debt."

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\* Subject to change.

None of these overlapping entities of the District currently has unissued general obligation bond authorizations:

**Special Assessments Within District**

The District has outstanding the following obligations secured by special assessments on certain lots within the District:

	<u>Original Amount</u>	<u>Dated Date</u>	<u>Maturity Date (July 1)</u>	<u>Amount Outstanding</u>
Special Assessment Bonds (Assessment Area 1)	\$2,555,000	6/28/06	2008-2030	\$1,868,000
Special Assessment Bonds (Assessment Areas 2 and 3)	829,500	9/16/09	2011-2034	768,090
Special Assessment Bonds (Assessment Area 4)	203,000	2/25/10	2011-2035	195,500
Special Assessment Installment Purchase Agreement (Assessment Area 5)	556,500	5/22/13	2015-2038	556,500

Assessment Area 1 is a 189 acre portion of the District planned for approximately 730 single family residential lots. Assessment Area 2 is a 27.84 acre portion of the District planned for approximately 86 single family residential lots. Assessment Area 3 is a 53.55 acre portion of the District planned for approximately 151 single family residential lots. Assessment Area 4 is a 22.22 acre portion of the District planned for approximately 58 residential lots. Assessment Area 5 is a 54.62 acre portion of the District planned for approximately 159 residential lots. The per lot assessment is approximately \$3,500 payable with interest in installments. If a lot owner fails to pay an assessment installment when due the lot can be offered for sale by the District for the amount of the assessment together with interest, costs and penalties. Neither the District nor the Town is obligated to bid at the sale. The lien for the property taxes levied to pay the Bonds is senior to the lien of such assessments; however, the lien for such assessments is not extinguished by foreclosure with regard to taxes.

The District anticipates issuance of additional special assessment bonds over time in various assessment areas to be established within the District.

**ANTHEM**

*The information contained in the following section relates to and has been obtained from Pulte, unless otherwise sourced or noted, and neither the District nor the Underwriter has made any independent investigation regarding the accuracy or completeness thereof.*

**General**

All of the land within the boundaries of the District (approximately 1,070 acres) is intended to be developed as part of an approximately 3,191 acre master-planned development known as Anthem at Merrill Ranch (“Anthem”). Anthem is encompassed within an approximately 8,970 acre mixed use, master-planned community known as “Merrill Ranch” or the “Project,” which is intended to be developed in the future. Anthem is being planned and developed with both an active adult community (“Sun City”) and a family oriented community (“Parkside”). Other than within Anthem, no other development has occurred within Merrill Ranch. Approximately 135.83 acres of property in the District was sold by Pulte to SWVP PTE LLC (“SWVP Merrill Ranch”) in December, 2009. SWVP Merrill Ranch is controlled by a land investment group generally known as Southwest Value Partners. Pulte has since entered into a “land swap” agreement with SWVP Merrill Ranch to trade certain property owned by Pulte in the District for property held by SWVP Merrill Ranch that is outside the District. Such land swap should be completed in the near future. Pulte believes SWVP Merrill Ranch will hold its property in the District for future sale or development in accordance with the existing land planning; however, Pulte can provide no assurance that SWVP Merrill Ranch will act in such a manner, or that the land swap will be completed.

Simultaneously with the formation of the District, Merrill Ranch Community Facilities District No. 1 (“District No. 1”) was formed over the remaining 7,900 acres of Merrill Ranch to finance the cost of certain infrastructure improvements within District No. 1. The boundaries of the District and District No. 1 do not overlap, however Anthem encompasses land within both districts. (See the map at page vi for a depiction of the boundaries of Merrill Ranch, the District and District No. 1.)

Although the number of acres devoted to each particular land use may ultimately vary, the land uses and approximate acreages associated with each are as follows:

**TABLE 9  
PROPOSED LAND USES WITHIN ANTHEM**

<u>Type of Development</u>	<u>Approximate Acres of District Land</u>	<u>Approximate Acres of Anthem Outside District (a)</u>	<u>Total Anthem Acres</u>
Residential	467	1,151	1,618
Commercial/Light Industrial	20	0	20
Open Space/Parks	267	411	678
Schools	13	21	34
Golf Courses	47	187	234
Worship Sites	12	13	25
Police/Fire	16	0	16
Roadways/Right of Way	188	338	526
Medical	<u>40</u>	<u>0</u>	<u>40</u>
Total	<u>1,070</u>	<u>2,121</u>	<u>3,191</u>

Source: Pulte

(a) Anthem is not located wholly within the District.

As described above, Anthem is itself a master-planned community, a portion of which lies within the District. Pulte has constructed two community centers, each of which serves different age-focused areas within Anthem. Both the active adult community center and the community center which serves the family-oriented components of Anthem were completed in March 2007. The 18-hole golf course and pro-shop facility at Anthem was completed in January 2007. Pulte is planning a multi-phase, sixty-two acre community park to be built in several phases. The first phase of the community park is complete and includes a “catch and release” fishing pond and an amphitheater.

The educational needs of the children living in Anthem are served by Florence Unified School District (“FUSD”). An elementary school serving the Project opened in 2007. A charter school offering grades K through 6, American Leadership Academy, was recently completed and commenced operations without State approvals. The charter school is currently closed awaiting State approvals.

Completed commercial development within Anthem, but outside the District and District No. 1, consists of the following retail establishments: Safeway (grocery store), McDonalds (restaurant), Wells Fargo Bank and various smaller businesses. Florence Hospital at Anthem opened March 8, 2012 and is operating pending reorganization under bankruptcy laws. Florence Hospital at Anthem, LLC is licensed as a general-acute care hospital. Except for the establishments referenced above, and until additional commercial development is completed within Anthem, residents of Anthem must access other retail services from the variety of existing retail/commercial development located within the Town approximately eight miles from Anthem or from areas northwest of Anthem.

The single-family residences being constructed by Pulte within Anthem currently range in size from 773 to 2,900 square feet and are currently base priced from \$132,000 to \$310,000. Below are Pulte’s single-family home closings and single-family homes under construction within the District.

**TABLE 10  
SINGLE-FAMILY HOME CLOSINGS**

<u>Calendar Year</u>	<u>District (a)</u>			<u>District No. 1 (b)</u>			<u>Total</u>
	<u>Sun City (Senior)</u>	<u>Parkside (Family)</u>	<u>Subtotal</u>	<u>Sun City (Senior)</u>	<u>Parkside (Family)</u>	<u>Subtotal</u>	
2006	30	41	71	92	25	117	188
2007	43	237	280	91	98	189	469
2008	38	171	209	176	68	244	453
2009	2	98	100	136	34	170	270
2010	59	68	127	38	22	60	187
2011	68	45	113	2	17	19	132
2012	48	14	62	16	51	67	129
2013 (a)	24	8	32	29	30	59	91
<b>Total</b>	<b>312</b>	<b>682</b>	<b>994</b>	<b>580</b>	<b>345</b>	<b>925</b>	<b>1,919</b>

Source: Pulte

(a) Within the District, the earliest close date shown in the data is July 12, 2006 and the latest is July 31, 2013.

(b) Within District No. 1, the earliest close date shown in August 14, 2006 and the latest is July 31, 2013.

**TABLE 11  
SINGLE-FAMILY HOMES UNDER CONSTRUCTION (a)**

	<u>Sun City (Senior)</u>	<u>Parkside (Family)</u>	<u>Total</u>
District No. 1	61	31	92
District No. 2	6	5	11
<b>Total</b>	<b>67</b>	<b>36</b>	<b>103</b>

Source: Pulte

(a) Homes under construction as of September 6, 2013.

**District No. 1**

District No. 1 is comprised of approximately 7,900 acres, and is adjacent to the District. Approximately 27% of District No. 1 is comprised of Anthem and the remaining 73% of District No. 1 is outside Anthem, but within Merrill Ranch, and was originally owned by Merrill Ranch Investments, LLC. However, in 2009, Merrill Ranch Investments, LLC filed for protection under the Bankruptcy Code, but ultimately was unable to confirm a plan of reorganization and all but approximately 133 acres of Merrill Ranch (other than that portion in Anthem owned by Pulte) was sold to other owners. SWVP Merrill Ranch, referenced above, purchased approximately 6,700 acres from Merrill Ranch Investments, LLC. It is anticipated that SWVP Merrill Ranch will hold such property for future sale. SWVP Merrill Ranch also owns certain property in Anthem in the District. Another purchaser was Curis Resources (Arizona), Inc., a subsidiary of a Canadian mining company known as Hunter-Dickinson, Inc. Such subsidiary purchased approximately 1,100 acres and is planning to seek the governmental and regulatory approvals necessary to undertake an injection mining technique on a portion of the property it owns and/or leases that is located southeast of Anthem. However, such mining activity is not allowed by the general plan for the Town or the applicable zoning classification. In addition, the Town, Johnson Utilities and Pulte all have opposed such proposed mining operations. In addition, SWVP Merrill Ranch is actively taking steps to stop any proposed mining operations by appealing certain Arizona Department of Environmental Quality approvals that applied to certain State Land leased by Curis Resources. The Environmental Protection Agency has not yet approved any proposed mining activity. The Town has also resolved to condemn any mining activity that is ultimately approved.



Regardless, there can be no assurance such mining activity will be prohibited by the Town and such activity, if permitted, may have an adverse impact on home sales in Anthem. Except as described above in this paragraph, the land within District No. 1, but outside Anthem, is not currently being developed and it is unlikely to be developed in the near future. (See the map at page vi for a depiction of the boundaries of District No. 1 in relationship to Merrill Ranch, the District and Anthem.)

### **Planned Future Development**

Additional off-site and on-site improvements planned for the future within the District which are not funded or acquired with proceeds of the Bonds may be funded through cash flow from land and home sales, third party loans and/or the financial resources of Pulte. The security for the Bonds relies on the market (assessed) value of the land within the District, which value is affected by the ability of Pulte or subsequent District property owners to develop the property within the District.

The portion of the public roadways and storm drainage improvements and other Public Infrastructure planned by Pulte that is not financed with Bond proceeds is intended to be completed in phases in the future as market demand warrants. The total estimated cost of the Public Infrastructure in the District is greater than the amount available from proceeds of the sale of the Bonds and Pulte intends to fund the balance of the cost of the Public Infrastructure on its property when, and if constructed. There can be no assurance as to when such future development will occur, if at all.

Except for a portion of water and sanitary sewer provided by Johnson Utilities, L.L.C., municipal services within Merrill Ranch, including police and fire, are provided to residents in the normal course of operations by the Town. Cable television and telephone service are currently offered and/or provided to Anthem by Cox Cable and CenturyLink, respectively.

### **Utilities**

The portion of Anthem within the District, along with certain other portions of Merrill Ranch, are within the certificated service area of Johnson Utilities L.L.C. (“Johnson Utilities”) and will receive water and wastewater service from Johnson Utilities pursuant to a Master Utility Agreement for Water and Wastewater Facilities between Johnson Utilities and Pulte. Under the Master Utility Agreement, the portion of the Project comprising Anthem at Merrill Ranch must pay hook-up fees for each residential unit serviced by Johnson Utilities and Pulte has advanced certain hook-up fees to Johnson Utilities on this basis. The Master Utility Agreement provides that Johnson Utilities will provide the above-referenced utility service and will repay Pulte for the construction of certain “backbone” infrastructure necessary to serve those portions of the Project in the District. Pulte plans to construct such infrastructure according to a schedule that will allow homes constructed by Pulte in the District to receive sewer and water service as and when required.

With respect to water supply, Johnson Utilities is designated as having an assured water supply for a certain number of residential units. Under the Master Utility Agreement, Johnson Utilities agrees to reserve available assured water capacity for the development of all of the residential units within the District. An assured water supply means that sufficient water of adequate quality will be continuously available to satisfy the water needs of the proposed use for at least 100 years, that any projected groundwater use is consistent with the water management plan approved by the Arizona Department of Water Resources (“ADWR”) and that the developer or others have demonstrated to ADWR that they have the financial ability to construct the delivery system and any necessary treatment works. The Town has agreed to take all reasonable steps to assist Pulte in connection with any applications for certificates of assured water supply for those areas and to enter into contracts as reasonably required with the Central Arizona Groundwater Replenishment District in order for the area to qualify as “member land” under applicable Arizona law. The assured water supply designation or a certificate of assured water supply, which can be terminated or modified by ADWR should circumstances warrant, is a necessary condition to the ability to plat, construct and sell homes within the District.

Johnson Utilities has completed construction of a wastewater treatment plant and Pulte has completed the majority of the backbone infrastructure, which will serve future expansion within the District, including the majority of the interceptor lines to service the District or which will serve future expansion within the District. Several additional

sewer lines are required to complete the collection system within the District but construction of same is not required to service existing development. A water storage tank and supply well to serve the District have been constructed, tested and are in service. Associated water transmission lines and distribution mains as well as a second water storage tank and a related second well which will in part serve the District have also been completed.

## **PULTE**

*The information contained in the following section relates to and has been obtained from Pulte, unless otherwise sourced or noted, and neither the District nor the Underwriter has made any independent investigation regarding the accuracy or completeness thereof.*

Pulte Home Corporation, a Michigan corporation, is a wholly-owned subsidiary of PulteGroup, Inc. (www.pultegroup.com), which is a publicly traded company listed on the New York Stock Exchange. As of May 31, 2010, PulteGroup, Inc. is subject to the informational requirements of the Exchange Act, and in accordance therewith files the Filings with the SEC, which may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington D.C. 20549 and Northwestern Atrium Center, 400 W. Madison Street, Suite 1400, Chicago, Illinois. 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. The Filings may also be obtained through the Internet on the Commission's EDGAR database at <http://www.sec.gov>.

## **RISK FACTORS**

***THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS IN INVESTING IN THE BONDS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS OFFICIAL STATEMENT, BEFORE MAKING AN INVESTMENT DECISION. INVESTMENT IN THE BONDS SHOULD BE MADE ONLY AFTER CAREFUL EXAMINATION OF THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO.***

### **General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences**

*Investments in developing real estate such as undeveloped areas in the District are generally considered to be speculative in nature and to involve a high degree of risk. Owners of land in the District will be subject to the risks generally incident to real estate investments and development including those described herein.*

*Construction of houses on the remaining lots within the District may be affected by changes in the income tax treatment of real property ownership; changes in national, regional and local market and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the District, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the owners of such land. Land development within the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. (Any approvals needed in the future for the development must come from the Town, over which the District has no control.)*

*Vacant lots also provide less security to the Bondholders should it be necessary for the District to foreclose due to nonpayment of ad valorem taxes. Furthermore, an inability to construct houses on the remaining lots within the District will likely reduce the diversity of ownership on land within the District, making the Bondholders more dependent upon timely payment of the ad valorem taxes levied on the vacant lots.*

*Development requires obtaining a variety of governmental approvals and permits. Such approvals and permits are necessary to initiate development and construction and to allow the sale and occupancy of homes and to satisfy conditions included in the approvals and permits. There can be no assurance that all of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results for Pulte.*

### **Competition From Other Developments**

*The residential development business, particularly with respect to communities such as Anthem, is highly competitive in the Pinal County, Arizona area. The business of merchant builders building in the District will face competition from a number of competitors in the Town and other developments throughout the surrounding area, many of which offer or intend to offer lots and parcels to a similar target market. In addition, if SWVP Merrill Ranch sells their remaining Property, Pulte could face competition from other builders within Anthem.*

### **Assessed Valuation of Property**

*It is anticipated that the assessed valuation of the District Land will increase if and as the development of the Project continues. However, less than expected increases or decreases in the future assessed valuation of the District Land may reduce the willingness of landowners to pay the ad valorem property taxes securing the Bonds or adversely affect the interest of potential buyers of such property. See also "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – Ad Valorem Property Taxation in the District."*

### **Concentration of Ownership; Subsequent Transfers**

*Pulte owns a large portion of the taxable property within the District and is responsible for paying the ad valorem property taxes on its District Land. There can be no assurance that Pulte or future developers or homebuilders will have the financial capability to continue and complete development of the Project. None of the District, the Underwriter or the Town has reviewed the financial resources or development capabilities of Pulte to develop its property or sell it to others for development, or the capability of Pulte to pay ad valorem property taxes as they come due. No assurances can be given that Pulte or any subsequent District property owner will have the necessary financial resources to pay ad valorem property taxes as they come due. See "ANTHEM – Plan for Future Development."*

### **Failure or Inability to Complete Proposed Project**

*The continuing development and successful completion of the Project is contingent upon construction or acquisition of major public improvements, such as arterial streets, water distribution facilities, wastewater collection and transmission facilities, drainage facilities, telephone and electrical facilities, recreational facilities and street lighting, as well as local in-tract improvements. If Pulte or other developers or, as applicable, the Town are unable to complete these additional improvements, the ability to sell lots in the Project would be affected adversely.*

*No assurances can be given that any of the developers will be able to obtain on a continuing basis the financing necessary to pay for required development costs. Cash generated from the sale of land within the District is expected to fund a substantial portion of the costs of the development. However, the cost of these additional improvements plus the public and private in-tract, on-site and off-site improvements would increase the public and private debt for which all or portions of the District Land is security. See "-- Direct and Overlapping Indebtedness" below.*

*The Project may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs and other similar factors as well as availability of utilities and the development of environmental problems with such land. See "-- Availability of Utilities" below. While Pulte has entered into development agreements with the Town, addressing, among other things, the vesting of zoning approvals necessary to develop the Project, development within the District could nevertheless be affected by changes in governmental policies and laws, including, but not limited to, governmental policies and laws to restrict or control development. (Any approvals needed in the future for the development of the Project must come from the Town, over which the District has no control.) Land development within the District also could be affected by competition from other residential developments in surrounding areas. A slowdown of the development process and the related absorption rate within the Project because of any or all of the foregoing could affect adversely land values and impair the developers' ability to finance the costs of development. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF PULTE TO PAY AD VALOREM PROPERTY TAXES AND COULD GREATLY REDUCE THE VALUE OF SUCH PROPERTY IN THE EVENT IT HAS TO BE FORECLOSED UPON.*

*A majority of the District Land is currently undeveloped and, if any or all of the foregoing occurs, would continue as such. Vacant land provides less security to the holders of the Bonds should it be necessary for the District to foreclose due to non-payment of ad valorem property taxes. An inability to develop the remaining land within the District will likely reduce the diversity of ownership on land within the District, making the owners of the Bonds more dependent upon timely payment of the ad valorem property taxes levied on the vacant property.*

#### **Availability of Utilities**

*Development and subdivision of the real property in the District is dependent upon having an assured water supply as determined by the Arizona Department of Water Resources ("ADWR") and applicable law. Water and wastewater service to the District will be provided by Johnson Utilities, which has received such a determination from ADWR. In addition, Johnson Utilities has agreed to reserve additional water supplies for this purpose. However, in the event ADWR subsequently revokes such determinations with respect to all or any portions of the District, the subdivision and sale of land in the District would be halted until the situation was resolved. None of the Town or Pulte expects such a situation to occur. Johnson Utilities is also seeking to expand the portion of the District within which it provides water and wastewater services. Johnson Utilities application to expand its Certificate of Convenience and Necessity is currently before the Arizona Corporation Commission for decision. There can be no assurance that the expansion will be granted, or what the impact to the assured water supply of the Project will be if granted. See "ANTHEM – Utilities."*

#### **Effect of Valuation of Property**

*Information is provided herein with respect to the valuation of land within the District. SEE "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Property Taxation in the District." Such valuation and particularly decreases therein may reduce the willingness of landowners to pay the ad valorem taxes securing the Bonds, as well as adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes.*

#### **Direct and Overlapping Indebtedness**

*The willingness or ability of owners of land in the District to pay their ad valorem taxes could be affected by the existence of other taxes and assessments imposed upon the property, including any assessments for the District's Special Assessment Lien Bonds (Assessment Areas One, Two, Three and Four). The District and other political subdivisions, such as the State, the County, the Town, the local community college and school districts, etc., whose boundaries overlap those of the District could, without the consent of the District and, in certain cases, without the consent of the owners of the land within the District, impose additional ad valorem taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. (The existing public debt relating to the District is set forth in "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS" above). The lien created on the property within the District by the levy of additional ad valorem taxes would be on a parity with the lien for the ad valorem taxes securing the Bonds. In addition to such public debt payable from ad valorem taxes, the Town has approved the formation of Assessment*

*Areas One through Four within a portion of the District with the authority to issue assessment bonds with a lien on the real property in that portion of the District subordinate to that of the Bonds. See “ANTHEM – Plan for Future Development.”*

*The imposition of additional parity liens, or junior liens in the case of, for instance, special assessments, may reduce the ability or willingness of the landowners to pay the ad valorem taxes securing the Bonds as well as, in the case of failure of payment thereof, the existence of buyers of such property at any foreclosure sale for purposes of paying such taxes. See “SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS - Ad Valorem Property Taxation in the District.*

*From time to time there are legislative proposals in the Arizona Legislature that, if enacted, could alter the basis on which ad valorem taxes (including those that secure the Bonds) are assessed, levied and collected and which could affect, among other things, the distribution of the amount of taxes that various classifications of property may be obligated to pay. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, they would affect the Bonds or other obligations issued prior to their enactment.*

### **Bankruptcy and Foreclosure Delays**

*The payment of the ad valorem taxes securing the Bonds and the ability of the District to foreclose the lien of delinquent, unpaid, ad valorem taxes 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 extinguish the ad valorem taxes securing the Bonds, bankruptcy of a property owner could result in a delay in the foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the Bonds when due. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS- Ad Valorem Property Taxation in the District -- Collection.”*

*It should be noted that in the event of a bankruptcy of a taxpayer 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 taxpayer’s property for property taxes levied during the pendency of the bankruptcy proceedings. Such taxes might constitute an unsecured and possible non-interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are over secured, and then possibly only on a pro rata basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact the bankruptcy of a property owner might have on the ability of the District to collect ad valorem taxes levied on that property before or during the bankruptcy proceedings. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on the 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 any claim against the debtor or its estate that arose before the commencement of the bankruptcy is automatically stayed pursuant to the Bankruptcy Code. While the stay 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 in bankruptcy would be subject to the stay of bankruptcy court. Furthermore, “tax sale investors” may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post-bankruptcy petition tax collections become uncertain.*

*In the event the District 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 District’s tax rate charged to non-bankrupt taxpayers during such subsequent years.*

*It cannot be determined what impact any deterioration of the financial condition 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. Neither the District, the Underwriter or their respective agents or consultants have undertaken any independent investigation of the operations and financial condition of any of the property owners in the District, nor have they assumed responsibility for the same.*

*In addition, the various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.*

### **Cancellation of Contracts**

*The State, its political subdivisions, including the District, or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions, including the District or any of the departments or agencies of either is, while the contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. While neither the District nor Pulte knows of any facts or circumstances currently in effect which would entitle the District to cancel any contracts entered into in connection with the organization and development of the District, nevertheless the cancellation of any material contracts entered into by the District and Pulte may adversely affect the Bonds.*

### **Tax Risks**

*As discussed under "TAX MATTERS" below, interest on the Bonds could become includable in gross income of the owners thereof for purposes of federal income taxation retroactive to the date the Bonds were issued if the District acts or fails to act in a manner which violates its covenants in the Bond Resolution. In that event, the Bonds are not subject to special redemption and will remain outstanding on a taxable basis until maturity or until redeemed in accordance with the redemption provisions contained in the Indenture.*

### **Amendment of Documents Referenced**

*The reports, inspections and other documents described in this Official Statement may be modified, updated or amended (as new reports and/or inspections may be obtained), and such modifications may materially and adversely affect the development of the property (e.g., updating of environmental reports.)*

*The development of the property within the District is in the early phases. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Accordingly, Pulte anticipates that there may be significant changes to the agreements and contracts summarized in this Official Statement to address any such issues. Because the existing contracts and agreements are subject to change, the summaries of any contracts or agreements contained hereinabove may not accurately reflect the future conditions relating to the development of the District; however, Pulte does not presently anticipate that any modifications of the current contracts or agreements would materially affect the repayment of the Bonds.*

### **Environmental Matters**

*Property in the District will be subject to risks arising out of environmental, archeological, biological considerations generally associated with the ownership of real estate and the construction of improvements located thereon. Such risks include, in general, potential liability arising as a result of any contamination later discovered on the site and the possibility of a decline in property values resulting from any contamination on the site or from the proximity of the site to other contaminated areas; or discovery of archeological artifacts located on the site or in the vicinity of the site; discovery of endangered species of animals, plants or other habitat for endangered species and a determination of the waterways of the United States against dredging or fill. Liability may arise under a variety of federal, state or local environmental laws and regulations, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Endangered Species Act and the National Historical Preservation Act. In addition, development may require approvals and actions under the Clean Water Act and the National Environmental Protection Act may limit, delay or change materially the number and type of development on the site.*

## **LITIGATION**

At the time of delivery and payment for the Bonds, appropriate representatives of the District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, overtly threatened against the District affecting the existence of the District, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Bond Resolution, or the collection or application of any revenues providing for the payment of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Resolution, any action of the District contemplated by any of the said documents, or the collection or application of the revenues provided for the payment of the Bonds, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

## **TAX MATTERS**

The Code includes requirements which the District must continue to meet with respect to the Bonds after the issuance thereof in order that interest on the Bonds not be included in gross income for federal income tax purposes. The District's failure to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The District has covenanted in the Bond Resolution to take the actions required by the Code in order to maintain the excludability from federal gross income of interest on the Bonds.

In the opinion of Bond Counsel, rendered with respect to the Bonds on the date of issuance of the Bonds, assuming continuing compliance by the District with the tax covenants referred to above and relying upon certain representations of Pulte with respect to development of the District land, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. Bond Counsel is further of the opinion upon the date of issuance of the Bonds that the interest thereon is exempt from income taxation under the laws of the State.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of an owner's interest expense allocable to interest on a Bond; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including the interest on the Bonds; (iii) the inclusion of interest on the Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on the Bonds in passive investment income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion in gross income of interest of the Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the impact of these other tax consequences.

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress that, if enacted into law, could alter or amend one or more of the federal tax matters described above including, without limitation, the excludability from gross income of interest on the Bonds, adversely affect the market price or marketability of the Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would apply to the Bonds. If enacted into law, such legislative proposals could affect the

market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

### **Information Reporting and Backup Withholding**

Interest paid on bonds such as the Bonds is subject to information reporting to the Internal Revenue Service. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Bonds, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Bonds and proceeds from the sale of Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This withholding generally applies if the owner of Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

## **ORIGINAL ISSUE DISCOUNT**

Certain of the Bonds as indicated on the inside front cover of this Official Statement (the "Discount Bonds"), were offered and will be sold to the public at an original issue discount ("Original Issue Discount"). Original Issue Discount is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity will be sold pursuant to that offering. For federal income tax purposes, Original Issue Discount accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of Original Issue Discount that accrues during the period of ownership of a Discount Bond (i) will be interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) will be added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

## **BOND PREMIUM**

Certain of the Bonds as indicated on the inside front cover of this Official Statement (the "Premium Bonds"), were offered and will be sold at an "issue price" in excess of their stated redemption price at maturity. That excess constitutes bond premium. The issue price of a Premium Bond is the initial offering price to the public (other than bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Premium Bonds of the same maturity will be sold pursuant to that offering. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity



of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover page of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of the Discount Bonds and the Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of Original Issue Discount or bond premium properly accruable in any period with respect to the Discount Bonds or the Premium Bonds and as to other federal tax consequences, and the treatment of Original Issue Discount and bond premium for purposes of state and local taxes on, or based on, income.

## **RATING**

Standard & Poor's Financial Services LLC ("S&P") has assigned the rating of "\_\_" to the Bonds. Such ratings reflect only the views of S&P. An explanation of the significance of a rating assigned by S&P may be obtained at 55 Water Street, 38th Floor, New York, New York 10041. Such ratings may be revised downward or withdrawn entirely at any time by S&P if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the Bonds. The District has covenanted in its continuing disclosure undertaking that it will file notice of any formal change in any rating relating to the Bonds. See "CONTINUING DISCLOSURE" and APPENDIX C – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

## **BOND INSURANCE AND RELATED RISK FACTORS**

The District intends to apply for a municipal bond insurance policy (the "Policy") for the Bonds from bond insurance companies (the "Bond Insurer") to guarantee the scheduled payments of principal of and interest on the Bonds. A commitment to provide the Policy has not been issued, and representatives of the District have yet to determine whether, if such commitment is issued, the Policy will be purchased. If the Policy is purchased, the following are risk factors relating to bond insurance generally.

If the District ultimately determines to obtain the Policy for the Bonds, in the event of default of the payment of principal or interest with respect to any of the Bonds when all or some becomes due, any owner of the Bonds on which such principal or interest was not paid will have a claim under the Policy for such payments. In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds will remain payable solely from ad valorem property taxes as described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS." In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance will be given that such event will not adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds.

The long-term ratings on the Bonds will be dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer's financial strength and claims paying ability will be predicated upon a number of factors which could change over time. No assurance will be given that the long-term rating of the Bond Insurer and of the rating on the Bonds insured by the Bond Insurer will not be subject to downgrade, and such event could adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds.

The obligations of the Bond Insurer will be general obligations of the Bond Insurer, and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law, state receivership or other similar laws related to insolvency of insurance companies.

None of the District, the Underwriter, or their respective attorneys, agents or consultants have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer will be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

## **LEGAL MATTERS**

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the legal opinion of Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel, a form of which is included herein as APPENDIX B. See "TAX MATTERS." Signed copies of the opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds. Certain legal matters will be passed upon with respect to the District by Greenberg Traurig, LLP, Phoenix, Arizona; for the Underwriter by its counsel, Squire Sanders (US) LLP; and for Pulte by Berens, Kozub & Kloberdanz PLC, Scottsdale, Arizona.

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 issue 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 future 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.

## **UNDERWRITING**

The Bonds will be purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter") at an aggregate purchase price of \$\_\_\_\_\_, pursuant to a purchase contract (the "Purchase Contract") entered into by and between the District and the Underwriter. If the Bonds are sold to produce the prices or yields shown on the inside front cover page hereof, the Underwriter's compensation will be \$\_\_\_\_\_. 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 prices higher or yields lower than the public offering prices or yields stated on the inside front cover page hereof. The initial offering prices or yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter.

## **RELATIONSHIP AMONG PARTIES**

Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel, and Squire Sanders (US) LLP, Counsel to the Underwriter, have each acted as bond counsel in other transactions underwritten by the Underwriter and have each acted as Underwriter's counsel to the Underwriter in other transactions. Greenberg Traurig, LLP and Squire Sanders (US) LLP have also acted as bond counsel and/or Underwriter's counsel with respect to bonds issued by the Town and other overlapping political subdivisions.

## **CONTINUING DISCLOSURE**

The District has covenanted for the benefit of beneficial owners of the Bonds to provide certain financial information and operating data relating to the District by not later than seven months after the end of their respective fiscal years (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The method of filing of, and specific nature of the information to be contained in, the Annual Reports and in the Notices of Listed Events are set forth herein in APPENDIX C - "FORM OF SERIES 2013 CONTINUING DISCLOSURE UNDERTAKING" which includes the form of undertaking which will be executed by the District with respect to the Bonds.

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). The ability of the District to comply with such covenants will be subject to annual appropriation of funds, sufficient to provide for the costs of compliance for such covenants. Should the District not comply with such covenants, it has covenanted to provide notice of such fact as it would for a Notice of Listed Event. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District has been in compliance with all existing continuing disclosure undertakings in all material respects.

## **CONCERNING THE OFFICIAL STATEMENT**

Documents delivered with respect to the Bonds will include a certificate to the effect that, to the knowledge of the District after appropriate review, the descriptions and statements contained in this Official Statement were, at the date of this Official Statement and at the time of the initial delivery of the Bonds, true, correct and complete in all material respects and did not contain any untrue statements of material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading and that no event has occurred since the date of this Official Statement that should be described herein for the purpose for which this Official Statement is to be used or which it is necessary to disclose herein in order to make the statements and information herein not misleading in any material respect.

## 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 statements have been or will be realized. All financial and other information in this Official Statement has been derived by the District from official records and other sources and is believed by the District to be accurate and reliable. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District 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 District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

### MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2

By \_\_\_\_\_  
Chairperson, District Board

**INFORMATION REGARDING THE TOWN OF FLORENCE**

*The following information regarding the Town is provided for reference only. No attempt has been made to determine what part, if any, of the data presented is applicable to the District, and consequently no representation is made as to the relevance of the data to the District or to the repayment of the Bonds. THE BONDS ARE NOT OBLIGATIONS OF THE TOWN. The Bonds are direct obligations of the District, payable solely from ad valorem taxes levied against all taxable property in the District, limited as described under the heading “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” in this Official Statement.*

**General**

The Town is the seat of the County, was founded in 1866 and was incorporated in 1908. The Town is located approximately 60 miles from the City of Phoenix, Arizona to the northwest and 70 miles from the City of Tucson, Arizona to the south.

The following table illustrates respective population statistics for the Town, the County and the State.

**POPULATION STATISTICS**

	Town of Florence	Pinal County	State of Arizona
2012 Estimate (b)	26,773	389,192	6,498,569
2010 Census	25,536	375,770	6,392,017
2000 Census	14,466	179,727	5,130,632
1990 Census	7,321	116,397	3,665,339
1980 Census	3,391	90,918	2,716,546
1970 Census	2,173	68,579	1,775,399

Source: Arizona Department of Economic Security, Population and Statistical Unit.

(a) Estimate as of July 1, 2012.

**Municipal Government and Organization**

The Town Council consists of a Mayor and six council members. The Mayor serves a four-year term and the six council members serve four-year terms. Both are elected at large on a non-partisan basis.

The Town provides numerous services including police, fire protection, emergency medical, a County visitor center, a Town visitor center, a municipal fitness center, two museums, one library, three parks, one swimming pool, several softball fields, tennis courts and a golf course, as well as water, wastewater, and sanitation services. Electricity is provided by Arizona Public Service Company, Salt River Project and the San Carlos Irrigation Project; gas is provided by Southwest Gas Corporation and the City of Mesa; and telephone and internet service is provided by CenturyLink Communications and Cox Communications.

## Employment

The Town is home to both the County government complex and the Arizona State Prison. The agricultural products of cotton, cattle, grains and grapes also contribute to the Town's economy. In January 1978, the Town was selected for inclusion in the Main Street Program sponsored by the National Trust for Historical Preservation, a public/private partnership program designed to help communities revitalize their central business districts. The Town's year-round sunshine, warm climate and clean air also make the Town a popular location for retirees.

### MAJOR EMPLOYERS Town of Florence, Arizona

Employer	Description	Approximate Number of Employees
Pinal County	Government	2,700
Arizona State Prison Complex	Detention center	750
Corrections Corporation of America	Detention centers	500
Florence Unified School District No. 1	Education	150
Town of Florence	Government	140
Callstreamz	Business support services	100

Source: Hoover's, a D&B Company, 2013.

The following table illustrates unemployment averages for the Town, the County, the State and the United States of America.

### UNEMPLOYMENT AVERAGES

Calendar Year	Town of Florence	Pinal County	State of Arizona	United States of America
2013 (a)	18.1%	8.6%	8.0%	7.6%
2012	18.5	8.9	8.3	8.1
2011	21.3	10.3	9.4	8.9
2010	11.6	11.6	10.4	9.6
2009	12.1	12.2	9.8	9.3
2008	7.1	7.2	6.0	5.8

(a) Data as of July 2013.

Source: Arizona Department of Commerce, Research Administration and the U.S. Department of Labor, Bureau of Labor Statistics.

## Commerce

The following table illustrates municipal privilege tax collections for the Town.

**PRIVILEGE (SALES) TAX REVENUE**  
**Town of Florence, Arizona**  
**(\$000s omitted)**

<u>Fiscal Year</u>	<u>Amount</u>
2011/12	\$3,733
2010/11	3,091
2009/10	3,670
2008/09	4,501
2007/08	5,626

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Source: Arizona Department of Revenue.

## Education

The District provides the Town with regular and special education in grades K – 12. Post-secondary education is provided by the three campuses of the two-year community college, Central Arizona College. Signal Peak Campus is located 18 miles west of the Town and offers student housing and day care services. Aravaipa Campus, near Winkelman, Arizona, and Superstition Mountain Campus, near Apache Junction, Arizona, serve as commuter campuses.

## Transportation

The Town is served by the Coolidge Municipal Airport located 11 miles southwest of the Town. The airport offers two lighted and paved runways – a main runway of 5,590 feet long by 15 feet wide for use by smaller jet aircrafts and a second runway of 3,750 feet long by 75 feet wide for use by the Arizona Skydiving operation. Both Jet-A and AVGAS fuel and minor technical support are provided at the airport by a Fixed Base Operator.

The Town is accessible via Interstate 10 to the west and State Route 79 from the north and south as well as State Route 287 and Hunt Highway.

FORM OF LEGAL OPINON OF BOND COUNSEL

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[Closing Date]

District Board  
 Merrill Ranch Community Facilities District No. 2  
 c/o Town of Florence, Arizona  
 775 North Main Street  
 Florence, Arizona 85232

Re: Merrill Ranch Community Facilities District No. 2 (Florence, Arizona) General Obligation Bonds, Series 2013

We have acted as Bond Counsel in connection with the issuance by Merrill Ranch Community Facilities District No. 2 (hereinafter referred to as the "Issuer") of bonds designated "General Obligation Bonds, Series 2013" (hereinafter referred to as the "Bonds"). The Bonds are dated the date hereof, mature on July 15 of the following years in the following respective principal amounts, bear interest from the date hereof, or from the most recent interest payment date to which interest has been paid or duly provided for, until maturity or prior redemption, at the following respective interest rates, payable on \_\_\_\_\_ 15, 2013, and each January 15 and July 15 thereafter and are subject to redemption as described therein:

<u>Year of Maturity*</u>	<u>Principal Amount Due*</u>	<u>Interest Rate</u>
2014	\$_____,000	%
2015	_____,000	
2016	_____,000	
2017	_____,000	
2018	_____,000	
2019	_____,000	
2020	_____,000	
2021	_____,000	
2022	_____,000	
2023	_____,000	
2024	_____,000	

We have examined, and in rendering the opinions herein have relied upon, original or certified copies of the proceedings had in connection with issuance of the Bonds; certifications made by officers of the Issuer relating to, among other things, the expected use of proceeds of the sale of the Bonds and certain other funds of the Issuer and to certain other facts within the knowledge and control of such officers; representations made by the officers of Pulte Home Corporation (hereinafter referred to as "Pulte"), as to plans to develop land owned within the boundaries of the Issuer and such other material and matters of law as we deem relevant to the matters discussed hereinbelow. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies and the accuracy of the statements contained in such certifications and representations. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid proceedings, certifications, representations, material and matters.

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\* Subject to change.



We are of the opinion, based upon such examination and subject to the reliances, assumptions and exceptions hereinabove and hereinafter set forth, that, under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Bonds are valid and legally binding obligations of the Issuer payable from the sources, and enforceable in accordance with the terms and conditions, described therein, except to the extent that the enforceability thereof and provisions for the security therefor may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

2. The Issuer is to annually levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer, sufficient, together with any moneys from the sources described in Section 48-717, Arizona Revised Statutes, as amended, to pay debt service on the Bonds when due.

3. Subject to the reliance and assumption stated in the last sentence of this paragraph, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. (We express no opinion regarding other federal tax consequences resulting from the receipt or accrual of interest on, or ownership or disposition of, the Bonds.) The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the Issuer and Pulte must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the Issuer or Pulte to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. Officers of the Issuer and Pulte have either indicated their compliance with, or covenanted to take the actions required by, applicable provisions of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. In rendering the opinion expressed hereinabove, we have relied on certifications of officers of the Issuer and Pulte with respect to certain matters necessary for, and have assumed continuing compliance with certain covenants by the Issuer and Pulte included in, respectively, the resolution authorizing the issuance of the Bonds and a District Development, Financing Participation and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 2), dated as of December 1, 2005, by and among the Issuer, the Town of Florence, Arizona, Pulte and Pulte Development Corporation (which are, as to their enforceability, subject to the same exceptions described in paragraph 1 hereinabove) that must be met after the issuance of the Bonds in order that, interest on the Bonds not be included in gross income for federal tax purposes.

4. Assuming such interest is excludable for the purposes described in paragraph 3 hereinabove, the interest on the Bonds is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other State tax consequences resulting from the receipt or accrual of interest on, or ownership or disposition of, the Bonds.)

This opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligations to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

**FORM OF SERIES 2013 CONTINUING DISCLOSURE UNDERTAKING**

**\$1,850,000\***  
**MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2**  
**(FLORENCE, ARIZONA)**  
**GENERAL OBLIGATION BONDS, SERIES 2013**  
**(BANK QUALIFIED)**

This Undertaking is executed and delivered by Merrill Ranch Community Facilities District No. 2 (hereinafter referred to as the “Issuer”), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the “Securities”) for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

“Annual Report” shall mean any annual report provided by the Issuer pursuant to, and as described in, Section 2.

“Authorizing Documents” shall mean the resolutions authorizing the issuance of the Securities.

“Dissemination Agent” shall mean any agent which has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

“EMMA” shall mean the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board. Information regarding submissions to EMMA is available at <http://emma.msrb.org/submission>.

“Listed Events” shall mean any of the events listed in Section 3(a).

“Notice of Listed Event” shall mean any notice provided by the Issuer pursuant to, and as described in, Section 3.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Tax-exempt” shall mean that interest on the Securities is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

Section 2. Contents and Provision of Annual Reports.

(a) (i) Subject to annual appropriation of funds sufficient to provide for the costs thereof, the Issuer shall, or shall cause the Dissemination Agent to, not later than February 1 of each year, commencing February 1, 2014, provide through EMMA an Annual Report which is consistent with the requirements of subsection (b) of this Section.

(ii) If the Issuer is unable or for any other reason fails to provide an Annual Report or any part thereof by the date required in subsection (a)(i) of this Section and subject to annual appropriation of funds sufficient to provide for the costs thereof, the Issuer shall, or shall cause the Dissemination Agent to, send a notice pursuant to Section 3 below.

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information of the type in TABLES 2, 3, 4 and 5 of the Official Statement, dated \_\_\_\_\_, 2013, with respect to the Securities as well as with respect to tax collections and delinquencies in the preceding tax year of the Issuer.

(B) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principals as applied to governmental units. (The Issuer does not currently obtain audited financial statements.) ***IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to EMMA. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board (“MSRB”). The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided through EMMA.

### Section 3. Notice of Listed Events and Failure to Provide Annual Report.

(a) This Section shall govern the giving of notices of the occurrence of any of the following events (the “Listed Events”) with respect to the Securities:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of Securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of Issuer;

Note: for the purposes of the event identified in paragraph 12, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court

or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Issuer agrees to provide or cause to be provided to the MSRB through EMMA, in a format prescribed by the MSRB and subject to annual appropriation of funds sufficient to provide for the costs thereof, not later than ten business days of the occurrence of a Listed Event; except that for the events 2, 7, 10, 13 and 14, listed in the definition of Listed Events, the Issuer will provide such notice if it determines that such event would be material under applicable federal securities laws:

(i) notice of the occurrence of any Listed Events with respect to the Securities; and

(ii) notice of its failure to provide or cause to be provided the Annual Report on or before the applicable filing date.

Notwithstanding the foregoing, notice of Listed Events consisting of Bond calls or defeasances need not be given under this subsection any earlier than date on which the notice of the underlying event is given to the registered owners of affected Securities pursuant to the Bond Resolution, and notice of the occurrence of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event, is not required if the terms of the redemption under which the redemption is to occur are set forth in detail in the Official Statement and the only open issue is which Securities will be redeemed in the case of a partial redemption.

#### Section 4. Termination of Reporting Obligation.

The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. subject to annual appropriation of funds sufficient to provide for the costs thereof, the Issuer shall, or shall cause the dissemination agent to, give notice of such termination through EMMA as soon as practicable, but not later than the date an annual report would otherwise have been due.

Section 5. Amendment or Waiver. Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived; provided, however, that no amendment or waiver may take effect unless the following conditions are satisfied:

(a) the amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "Obligated Person" (within the meaning of the Rule) with respect to the Securities, or the type of business conducted;

(b) this Undertaking, as amended or taking into account such waiver, in the opinion of counsel of national reputation experienced in bond or federal securities law selected by the Issuer, would have complied with the requirements of the Rule at the time of the original issuance of the Securities, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver either (i) is approved by the registered owners of the Securities in the same manner as provided in the Authorizing Documents for amendments to the Authorizing Documents with the consent of registered owners of the Securities, or (ii) does not materially impair the interests of the Bondholders as determined by the opinion of counsel of national reputation experienced in bond or federal securities law unaffiliated with the Issuer but which may be selected by the Issuer, or as determined by another party unaffiliated with the Issuer (permitted under the Rule) but which may be selected by the Issuer.

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Listed Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report or Notice of Listed Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Listed Event.

Section 7. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authorizing Documents, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Issuer hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

[Signature page follows]

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

MERRILL RANCH COMMUNITY FACILITIES  
DISTRICT NO. 2

By \_\_\_\_\_  
Chairperson, District Board

\_\_\_\_\_, 2013

### BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, 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 Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Registrar and Paying Agent for DTC.

DTC, the world’s largest securities 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 3.5 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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” and together with the Direct Participants, the “Participants”). DTC has Standard & Poor’s rating of: “AA+.” The DTC Rules applicable to its 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).

Purchases of the 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 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 or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 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 affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect 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 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 the 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 the 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 within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue 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 MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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).

Payment of principal of and interest on the Bonds and the redemption price of any Bond 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 District or the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 Participant and not of DTC, the Bond Registrar and Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Bond Registrar and Paying Agent, 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 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 District or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

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



NOTICE FOR HEARING REQUIRED BY A.R.S. §48-715 ON  
REPORT OF THE FEASIBILITY AND BENEFITS OF  
CERTAIN PROJECTS TO BE FINANCED WITH THE  
PROCEEDS OF THE SALE OF GENERAL OBLIGATION  
BONDS OF MERRILL RANCH COMMUNITY FACILITIES  
DISTRICT NO. 2 AND OF THE ADOPTION OF THE  
RESOLUTION OF INTENTION WITH RESPECT TO CERTAIN  
PUBLIC INFRASTRUCTURE PURPOSES DESCRIBED IN  
SUCH STUDY

Pursuant to Section 48-715, Arizona Revised Statutes, notice is hereby given that a public hearing on the report of the feasibility and benefits of projects to be financed with the proceeds of the sale of general obligation bonds of Merrill Ranch Community Facilities District No. 2 shall be held by the District Board on October 21, 2013, at approximately 7:00 p.m. (Arizona time), or immediately preceding the meeting of the Mayor and Common Council of the Town of Florence, Arizona, on the same date in the Council Chambers located at 775 North Main Street, Florence, Arizona. Such feasibility report and further information relating thereto are on file with the Town Clerk of the Town of Florence, Arizona/District Clerk of Merrill Ranch Community Facilities District No. 2, 775 North Main Street, Florence, Arizona 85132, telephone number: (520) 868-7552.

Dated this 3rd day of October, 2013.

/s/ Charles Montoya  
District Manager, Merrill Ranch Community  
Facilities District No. 2

**§[PAR]**  
**MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2**  
**(FLORENCE, ARIZONA)**  
**GENERAL OBLIGATION BONDS, SERIES 2013**

**PURCHASE CONTRACT**

\_\_\_\_\_, 2013

District Board  
Merrill Ranch Community Facilities District No. 2  
c/o Town of Florence, Arizona  
775 N. Main Street  
Florence, Arizona 85232

Attention: District Manager

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), acting on its own behalf and not as agent or fiduciary for Merrill Ranch Community Facilities District No. 2 (the “District”), offers to enter into the following purchase contract (this “Purchase Contract”) with the District, which upon execution by the District shall be binding upon the District and the Underwriter. This offer is made upon the terms and conditions and the basis of the representations, warranties and agreements hereinafter set forth and is subject to acceptance by the District by execution and delivery of this Purchase Contract to the Underwriter on or before 5:00 p.m., Arizona time on the date hereof and, until so accepted, shall be subject to withdrawal by the Underwriter upon notice delivered to the District at any time prior to the acceptance hereof by the District. The offer of the Underwriter is made by signing the signature line provided and delivering the signed page to the District. The acceptance is made by the District signing the signature line provided and delivering the signed page to the Underwriter. Delivery includes sending in the form of a facsimile or telecopy or via the internet as a portable document format (PDF) file or other replicating image attached to an electronic message.

In addition to acceptance of this Purchase Contract by the District, as provided above, the obligations of the Underwriter under this Purchase Contract shall be conditioned on receipt of a fully-executed Indemnity Letter, dated the date hereof (the “Indemnity Letter”), from Pulte Home Corporation, a Michigan corporation (“Pulte”), the form of which is attached hereto as Attachment I.

1. Purchase and Sale.

(a) The Underwriter shall purchase from the District, and the District shall sell to the Underwriter, all (but not less than all) of \$[PAR] aggregate principal amount of the “Merrill Ranch Community Facilities District No. 2 (Florence, Arizona) General Obligation Bonds, Series 2013” (the “Bonds”). The District and the Underwriter acknowledge and agree that: (i) the transaction contemplated by this Purchase Contract represents a negotiated transaction and is an “arm’s length,” commercial transaction between the District and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the District (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading hereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters); (iii) the Underwriter is acting solely on its own behalf and in its capacity as underwriter for its own accounts, (iv) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby are expressly set forth in this Purchase Contract; and (v) the District has consulted its own legal, accounting, tax, and other advisors, as applicable, to the extent it has deemed appropriate.

(b) The Bonds shall be dated as of the date of the initial delivery thereof, shall be in the aggregate principal amount of \$[PAR], shall mature in the principal amounts on the dates or be redeemable, and shall bear interest at the rates with respect to each of such maturities, in each case as provided in Schedule I attached hereto. Interest on the Bonds shall be payable on January 15 and July 15 of each year, commencing \_\_\_\_\_15, \_\_\_\_, and the Bonds shall have the other terms, all as provided in the resolution adopted by the District Board of the District on October 21, 2013 (the “Bond Resolution”).

(c) The Bonds shall be purchased by the Underwriter for an aggregate purchase price of \$\_\_\_\_\_ (consisting of the aggregate principal amount of the Bonds, [plus] [net] original issue [premium] of \$\_\_\_\_\_ and less underwriting compensation of \$\_\_\_\_\_) (such payment and delivery and the other actions contemplated hereby to take place at the time of such payment and delivery of the Bonds herein sometimes called the “Closing” and to be on \_\_\_\_\_, 2013, or on such other date, as well as at a time and place, as may be mutually agreeable to the Underwriter and the District). The District hereby expressly acknowledges that such purchase price if the Bonds are sold to the public at the approximate prices or yields set forth on Schedule I hereto and on the inside cover page of the Official Statement, dated the date hereof (together with all appendices thereto, and with such supplements and amendments thereto that are consented to in writing by the Underwriter, the “Official Statement”), shall result in remuneration to the Underwriter of \$\_\_\_\_\_.

(d) Between the time of acceptance hereof and the Closing, the District shall not, without the prior written consent of the Underwriter, issue any bonds or securities other than the Bonds; provided, however, that the enforceability of this covenant shall be subject to the extent of permitted law.

2. Matters Relating to Official Statement.

(a) The District approves, and consents to and authorizes the distribution and use by the Underwriter prior to the date hereof of, the Preliminary Official Statement, dated \_\_\_\_\_, 2013 (together with all appendices thereto, the “Preliminary Official Statement”), relating to the Bonds in connection with the distribution of the Bonds. The District has caused the Preliminary Official Statement to be prepared and deems the Preliminary Official Statement “final” as of its date for purposes of Section 240.15c2-12(b)(1), General Rules and Regulations, Securities Exchange Act of 1934, as amended (the “Rule”), subject to completion with certain information to be established at the time of sale of the Bonds as permitted by the Rule as if the Rule applied to the issuance of the Bonds.

(b) WHILE THE UNDERWRITER HAS PARTICIPATED AND WILL PARTICIPATE WITH THE DISTRICT IN THE PREPARATION OF THE PRELIMINARY OFFICIAL STATEMENT AND THE OFFICIAL STATEMENT, RESPECTIVELY, THE DISTRICT IS PRIMARILY RESPONSIBLE FOR THE CONTENT OF THE PRELIMINARY OFFICIAL STATEMENT AND THE OFFICIAL STATEMENT. The information in the Preliminary Official Statement relating to the District as of its date is and the information in the Official Statement, including any supplements thereto will be, as of its date and as of the Closing, correct and complete in all material respects and will not contain any untrue statement of a material fact or omit to state any material fact which should have been included therein for the purposes for which the Preliminary Official Statement and the Official Statement were or are to be used, or which was necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(c) The Underwriter shall provide to the District such information relating to the Bonds that is not within the scope of knowledge of the District (including, but not limited to, the selling compensation of the Underwriter, offering price(s), interest rate(s), delivery date and other terms of the Bonds dependent upon such matters) necessary to prepare the Official Statement. The Official Statement shall be substantially in the form of the Preliminary Official Statement with only such changes therein as shall be necessary to conform to the terms hereof and with such other changes to the date thereof as have been accepted by the Underwriter, except as otherwise provided herein. The execution and delivery of the Official Statement shall evidence the determination by the District that the Official Statement is hereby deemed “final” for all purposes of the Rule.

(d) The Bonds shall be as described in the Official Statement, and the District authorizes the use of the Official Statement in connection with the distribution and sale of the Bonds.

(e) If, at any time between the date of this Purchase Contract and until 90 days after the end of the underwriting period (as such term is hereinafter defined), unless the Official Statement is available to any person from the Municipal Securities Rulemaking Board and then until 25 days thereafter, any event shall occur that might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in light of the circumstances under which such

statements were made, not misleading, the District shall notify the Underwriter and if, in the opinion of the District or the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District shall supplement or amend the Official Statement in a form and manner approved by, and in the reasonable discretion of, the Underwriter. Unless otherwise notified in writing by the Underwriter before the Closing, the District can assume that the “end of the underwriting period” for purposes of the Rule shall be the date of the Closing. In the event such notice is so given by the Underwriter, the Underwriter shall notify the District in writing following the occurrence of the end of the underwriting period for purposes of the Rule. If the Official Statement is so supplemented or amended, such approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Purchase Contract, and, if the Official Statement is so supplemented or amended, the Underwriter may terminate this Purchase Contract by written notification to the District at any time prior to the date of the Closing if, in the reasonable judgment of the Underwriter, such supplement or amendment has or will have a material adverse effect on the marketability of the Bonds.

(f) Otherwise, the District shall advise the Underwriter promptly of any proposal to make any material supplement or amendment to the Official Statement and shall effect any such supplement or amendment only as provided in the preceding subsection.

(g) The District shall advise the Underwriter promptly of the institution of any proceeding known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(h) The District shall furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the “blue sky” or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may reasonably designate; provided, however, that the District shall not incur any additional expense with respect to such actions and further that the District shall not be required to subject itself or any of its agents or employees to service of process outside the State of Arizona (the “State”) through or in connection with any of the foregoing.

(i) The District shall provide to the Underwriter within seven business days of the date hereof sufficient copies of the Official Statement to enable the Underwriter to comply with the requirements of the Rule and the Rules of the Municipal Securities Rulemaking Board.

### 3. Public Offering.

(a) The Underwriter intends to make an initial public offering of the Bonds at the offering price(s) (or yield(s)) as shown on Schedule I attached hereto and the inside cover page of the Official Statement.

(b) Subsequent to the initial distribution, the Underwriter reserves the right to change the offering price(s) (or yield(s)) it deems necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers (including the

Underwriter and other dealers depositing the Bonds into investment trusts) and others, including at price(s) lower than the initial offering price(s) or at yield(s) higher than the initial yield(s) shown on Schedule I attached hereto and the inside cover page of the Official Statement.

(c) The Underwriter also reserves the right (i) to over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and (ii) to discontinue such stabilizing, if commenced, at any time.

(d) Such sale may include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold.

4. Representations and Warranties of the District. The undersigned on behalf of the District, but not individually, represents and warrants to the Underwriter as follows:

(a) Existence and Powers. The District is a community facilities district duly organized and validly existing pursuant to Title 48, Chapter 4, Article 6 (the "Act"), has the full legal right, power and authority to adopt the Bond Resolution and has the full legal right, power and authority under the Act and the Bond Resolution to (i) authorize, execute, deliver and issue, as applicable, (A) this Purchase Contract, (B) the Bonds, (C) the Series 2013 Bond Registrar and Paying Agent Agreement, dated as of \_\_\_\_\_ 1, 2013 (the "Bond Registrar Agreement"), between the District and \_\_\_\_\_, as the initial bond registrar (the "Bond Registrar"), (D) a written undertaking by the District to provide ongoing disclosure about the District for the benefit of certain beneficial owners of the Bonds as required under paragraph (b)(5) of the Rule, in form and substance satisfactory to the Underwriter, which shall be in substantially the form set forth in the Official Statement, with such changes as may be agreed upon in writing by the Underwriter (the "Undertaking") and (E) a Dissemination Agency Agreement, dated as of \_\_\_\_\_ 1, 2013 (the "Agency Agreement" and, together with this Purchase Contract, the Bond Registrar Agreement and the Undertaking, the "District Documents"), by and between the District and an agent to be named by the District (hereinafter referred to as the "Dissemination Agent"), (ii) approve, execute and authorize the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement); and (iii) carry out and consummate all other transactions contemplated by the Preliminary Official Statement, the Bond Resolution, the District Documents and the Bonds. The District has complied with all applicable provisions of law and has taken all actions required to be taken by it in connection with the transactions contemplated by the aforesaid documents.

(b) Due Authorization. The District has duly authorized (i) the authorization, execution, delivery and issuance, as applicable, of and the due performance of the obligations of the District under the District Documents and the Bonds and (ii) the taking of any and all actions as may be required on the part of the District to carry out, give effect to and consummate the transactions contemplated by the Official Statement, the Bond Resolution, the District Documents and the Bonds. The District shall take any and all actions necessary or appropriate to consummate the transactions described in the Official Statement, the Bond Resolution, the District Documents and the Bonds.

(c) Due Execution and Delivery. The District Documents have been or shall be, as applicable, duly executed and delivered by the District. The District Documents (when executed and delivered by the other parties thereto) shall be legal, valid and binding obligations of the District enforceable in accordance with their terms, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and to the availability of equitable relief.

(d) Bond Resolution Valid. The Bond Resolution (i) authorizes the authorization, execution, delivery and issuance, as applicable, of the District Documents and the Bonds as well as the approval, execution and authorization of the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement) and the selling of the Bonds to the Underwriter, (ii) has been duly and validly adopted by the District, and (iii) is in full force and effect.

(e) Officers and Officials. The officers and officials of the District executing the Official Statement, the Bond Resolution, the District Documents and the Bonds and the officers and officials of the District listed on the certificate of the District to be delivered at the Closing have been or will have been duly appointed and are or will be qualified to serve as such officers and officials of the District.

(f) The Bonds. The form, terms, authorization, execution, delivery and issuance of the Bonds have been duly and validly authorized and, when authenticated by the Bond Registrar, and delivered and paid for by the Underwriter at the Closing in accordance with the terms hereof, shall (i) have been duly authorized, executed, delivered and issued and (ii) constitute legal, valid and binding obligations of the District enforceable in accordance with their terms and entitled to the benefits and security of the Bond Resolution, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and to the availability of equitable relief.

(g) Governmental Approvals. No approval, permit, consent, authorization or order of any court or any governmental or public agency, authority or person not already obtained (other than any approvals that may be required under the “blue sky” laws of any jurisdiction) is required with respect to the District in connection with the sale and issuance of the Bonds or the execution and delivery by the District of, or the performance by the District of its obligations under, the District Documents and the Bonds, and the consummation of the transactions contemplated by the Official Statement.

(h) No Conflicts. The adoption by the District of the Bond Resolution and the authorization, execution, delivery and issuance, as applicable, by the District of the District Documents, the Bonds and all other documents executed and delivered by the District in connection with the issuance of the Bonds as well as the approval, execution and authorization of the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement) and the compliance by the District with the provisions thereof do not and will not materially conflict with or result in a material breach or violation of any of the terms or provisions of, or constitute a material default under any resolution, ordinance, indenture, deed of trust, mortgage commitment, agreement or other instrument to which the District is a party or by which

the District is bound, or any constitutional provision, existing law, administrative regulation, court order or consent decree to which the District or property of the District is subject.

(i) No Defaults. As of the time of acceptance hereof and as of the date of the Closing, except as otherwise to be disclosed in the Official Statement, the District is not and will not be in material breach of or in material default under any applicable law or administrative regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject, the consequence of any of the foregoing of which or the correction of any of the foregoing of which materially and adversely affects the operations of the District as of such dates, and, as of such times, except as to be disclosed in the Official Statement, the authorization, execution, delivery and issuance, as applicable, of the District Documents and the Bonds and compliance with the provisions thereof do not and shall not conflict with or constitute a material breach of or material default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject.

(j) Litigation. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or overtly threatened against or affecting the District, and there is no basis therefor, (i) that in any way questions the powers of the District referred hereinabove, or the validity of the proceedings taken by the District in connection with the issuance and sale of the Bonds, or (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Official Statement, the Bond Resolution, the District Documents or the Bonds or would in any way adversely affect the validity or enforceability of the Bond Resolution, the District Documents or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or hereby or by the Official Statement), or (iii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement. Further, there are no lawsuits pending or overtly threatened against the District that question the right of the District to levy, receive and pledge special assessments or taxes, nor lawsuits pending or overtly threatened against the District that, if decided adversely to the District, would, individually or in the aggregate, have a material adverse effect on the financial condition of the District, or impair the ability of the District to comply with all the requirements set forth in the Official Statement, the Bond Resolution, the District Documents or the Bonds.

(k) Certificates and Representations. Any certificate signed by an authorized officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter as to the statements made therein. The representations and warranties of the District set forth herein and in the District Documents and the Bond Resolution are, and as of the Closing shall be, true and correct unless modified as provided herein or therein, and, between the date hereof and the date of the Closing, the District shall not take any action that shall cause the representations and warranties made herein to be untrue as of the Closing.

(l) Disclosure of Agreements, Contracts and Restrictions. Except as to be disclosed in the Official Statement, the District is not a party to any contract or agreement or



subject to any restriction, the performance of or compliance with which may have a material adverse effect on the financial condition, operations or prospects of the District or ability of the District to comply with all the requirements set forth in the Official Statement, the Bond Resolution, the District Documents or the Bonds.

(m) Preliminary Official Statement and Official Statement. As of the date thereof and at the time of the acceptance by the District hereof, the Preliminary Official Statement was true, correct and complete in all material respects and did not and does not, respectively, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which such statements were made, not misleading. As of the date thereof and at all times subsequent thereto up to and including the date of the Closing, the Official Statement shall be true, correct and complete in all material respects and does not and shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which such statements were made, not misleading.

5. Closing.

(a) At the Closing, the Bonds shall be delivered to the Underwriter through the facilities of DTC in New York, New York, or, if by the means of a "Fast Automated Securities Transfer," with the Trustee. The Bonds shall be in registered form as a single typewritten bond per maturity as described in the Official Statement and registered in the name of Cede & Co., as nominee of DTC pursuant to the Letter of Representations, duly executed and authenticated, together with the items identified in Section 6. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Purchase Contract.

(b) At the Closing, the Underwriter shall accept delivery of the Bonds and pay the purchase price of the Bonds in federal or other immediately available funds to the order of the District.

6. Closing Conditions. The Underwriter has entered into this Purchase Contract in reliance upon (i) the representations and warranties (A) of the District contained herein, (B) of Pulte contained in the Indemnity Letter and (C) contained in the documents and instruments to be delivered on the date of the Closing, both as of the date hereof and as of the Closing, and (ii) the performance by the District of the obligations of the District pursuant to this Purchase Contract, subject to the performance of Pulte of its obligations under the documents and instruments to be executed and delivered by each of them at or prior to the date of the Closing. The obligations of the Underwriter under this Purchase Contract are and shall also be subject to the following conditions:

(a) The representations and warranties of the District contained herein and the representations and warranties of Pulte in the Indemnity Letter shall be true, complete and

correct in all material respects at the date hereof and on the date of the Closing, as if made as of the Closing.

(b) As of the Closing, (i) the Bond Resolution and the District Documents shall be in full force and effect and shall not have been amended, modified or supplemented from the proposed form delivered to the Underwriter, except as disclosed or contemplated by the Official Statement and (ii) the District shall perform or have performed all of its obligations required under or specified in this Purchase Contract and the Official Statement to be performed at or prior to the Closing.

(c) As of the Closing, no “event of default” shall have occurred or be existing under this Purchase Contract nor shall any event have occurred that, with the passage of time or the giving of notice, or both, shall constitute an event of default under this Purchase Contract nor shall the District be in default in the payment of principal of or interest on any of its obligations for borrowed money.

(d) At or prior to the Closing, the Underwriter shall receive two copies of the transcript of all proceedings of the District relating to the authorization and issuance of the Bonds, certified, as necessary, by appropriate officials of the District, including, but not limited to, the following opinions, letter, certificate and other documents:

(1) An unqualified approving opinion of Greenberg Traurig, LLP (“Bond Counsel”), as to the Bonds, dated the date of the Closing, addressed to the District and in substantially the form included in the Official Statement;

(2) The supplemental opinion of Bond Counsel, dated the date of the Closing, addressed to the Underwriter and substantially in the form attached hereto as Exhibit A;

(3) Opinion of Berens, Kozub & Kloberdanz PLC, as counsel to Pulte, dated the date of the Closing, addressed to the Underwriter and the District and in substantially the form attached hereto as Exhibit B;

(4) An opinion of Squire Sanders (US) LLP, counsel to the Underwriter, dated the date of the Closing, addressed to the Underwriter and in substantially the form attached hereto as Exhibit C;

(5) A certificate or certificates from Pulte, dated the date of the Closing, signed by authorized officials of Pulte and in substantially the form attached hereto as Exhibit D;

(6) [A consent of John Burns Real Estate Consulting, dated the date of Closing, substantially in the form attached hereto as Exhibit E.]

(7) A certificate or certificates of the District, dated the date of the Closing, signed by an authorized official of the District and in form and substance satisfactory to Bond Counsel and counsel to the Underwriter, in which such official, to the best of his knowledge, information and belief, states:

(i) That the representations, warranties and covenants contained herein are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing;

(ii) That, except as described in the Official Statement, no litigation is pending or threatened before any judicial, quasi-judicial or administrative forum (A) to restrain or enjoin the issuance or delivery of the Bonds, the application of the proceeds thereof or the performance by the District of the provisions of the District Documents or the levy and receipt of ad valorem property taxes for payment of the Bonds, (B) in any way contesting or affecting the authority for, or the validity of, this Purchase Contract or the application of the proceeds of the Bonds, or (C) in any way contesting the existence or powers of the District;

(iii) That no authority or proceedings for the issuance of the Bonds has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the Bonds has been filed with or received by any of the signers;

(iv) That the District has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the Closing with respect to issuance of the Bonds; and

(v) That the Official Statement is true, correct and complete in all material respects and does not include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading and no event affecting the District has occurred since the date of the Official Statement that should be disclosed in the Official Statement that it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect;

(8) A specimen of the Bonds;

(9) A certified copy of the Bond Resolution;

(10) A counterpart original of the Official Statement, manually executed on behalf of the District by the Chairperson of the district board of the District;

(11) A certificate of the District, in form and substance satisfactory to Bond Counsel, setting forth facts, estimates and circumstances in existence on the date of the Closing which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and any applicable regulations whether final, temporary or proposed), issued pursuant to the Code;

(12) The filing copy of the Information Return Form 8038-G (IRS) for the Bonds and of the Report Relating to Bond and Security Issuance of the Arizona Department of Revenue for the Bonds;

(13) Evidence that the Bonds have been assigned a rating of “\_\_\_” by Standard & Poor’s Financial Services LLC (the "Rating");

(14) An executed copy of each of the District Documents; and

(15) Such additional opinions, letters, certificates, instruments and other documents as the Underwriter or counsel to the Underwriter may reasonably deem necessary to satisfy conditions to the issuance of the Bonds required by the Bond Resolution, to evidence the truth and accuracy as of the Closing, or prior to such time, of the representations, warranties and covenants of the District and Pulte, and the due performance or satisfaction by the District and Pulte, of all agreements then to be performed and all conditions then to be satisfied by each of them.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter and counsel to the Underwriter; provided, however, that acceptance by the Underwriter of the Bonds shall be deemed by the Underwriter to be satisfaction of the foregoing.

If the District shall be unable to satisfy the conditions contained in this Purchase Contract or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract (except the warranties and representations of the District herein) shall terminate and neither the Underwriter nor the District shall be under further obligation hereunder, except as further set forth in Section 8 hereof. However, the Underwriter may, in its sole discretion, waive one or more of the conditions imposed by this Purchase Contract and proceed with the Closing.

7. Termination. In recognition of the desire of the District and the Underwriter to effect a successful distribution of the Bonds and in view of the potential adverse impact of any of the following events on such a public offering, the Underwriter shall have the right to terminate this Purchase Contract by written notification to the District if at any time prior to or as of the Closing:

(a) the Official Statement shall have been amended, modified or supplemented without the consent of the Underwriter; or

(b) any event shall occur that makes untrue any statement of a material fact in the Official Statement or makes an omission a material omission that should be included in the Official Statement in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading; or

(c) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any

court of competent jurisdiction within the State shall be rendered, that materially adversely affects the market price of the Bonds; or

(d) a stop order, ruling, regulation or statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Bond Resolution needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, to the effect that obligations of the general character of the Bonds, or the Bonds, including all the underlying obligations, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Bond Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or

(f) legislation shall have been passed by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress or the Arizona Legislature or a decision shall have been rendered by a court of the United States or of the State or by the Tax Court of the United States, or a ruling or statement (including a press release) or proposal shall have been made or a regulation shall have been proposed or made by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or other federal or State authority, with respect to federal or State taxation upon revenues or other income of the general character to be derived by the District pursuant to the Bond Resolution, or upon interest on obligations of the general character of the Bonds, or, with respect to State taxation of the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired that may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated in connection herewith, or any other action or events shall have occurred that, in the judgment of the Underwriter, materially adversely affect the market for the Bonds or the market price generally of obligations of the general character of the Bonds; or

(g) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(h) a general banking moratorium shall have been established by federal, State or New York authorities; or

(i) the United States shall have become engaged in hostilities that have resulted in a declaration of war or a national emergency or there shall have occurred any other

outbreak of hostilities, escalation of existing hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially or adversely the ability of the Underwriter to market the Bonds (it being agreed by the Underwriter that there is no outbreak, escalation, calamity or crisis of such character as of the date hereof; or

(j) any action, suit or proceeding described in Section 4(j) hereof shall have been commenced; or

(k) there shall have occurred any materially adverse change in the affairs or financial condition of the District or Pulte; or

(l) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the District's obligations (including the Rating).

8. Expenses.

(a) The District shall pay or cause to be paid from the proceeds of the sale of the Bonds the expenses incident to the performance of its obligations hereunder, including but not limited to:

(1) the cost of printing, engraving or typewriting and mailing or delivering the definitive Bonds and the Preliminary Official Statement, the Official Statement, the Bond Resolution and the District Documents in reasonable quantities and all other documents (other than as set forth in the next succeeding paragraph) prepared in connection with the transactions contemplated hereby;

(2) the fees and disbursements of the Bond Registrar in connection with the issuance of the Bonds;

(3) the fees and disbursements of Bond Counsel, counsel to the Underwriter and counsel to the District;

(4) the fees and expenses incurred for the Rating;

(5) the fees and disbursements of any other experts or consultants retained by the District in connection with the transactions contemplated hereby, including but not limited to, the financial consultant to the District; and

(6) reasonable miscellaneous, normally occurring, "out-of-pocket" expenses including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs incurred by the Underwriter in connection with the issuance and sale of the Bonds.

The District acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

(b) The Underwriter shall pay:

(1) all advertising expenses in connection with the public offering of the Bonds; and

(2) all other expenses incurred by it in connection with their public offering and distribution of the Bonds, except the fees and disbursements of counsel to the Underwriter and the other expenses provided for in the immediately preceding paragraph.

(c) If this Purchase Contract shall be terminated by the Underwriter because of any failure or refusal on the part of the District to comply with the terms or to fulfill any of the conditions of this Purchase Contract, or if for any reason the District shall be unable to perform its obligations under this Purchase Contract, the District will reimburse the Underwriter for all "out-of-pocket" expenses (including the fees and disbursements of counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Purchase Contract or the offering contemplated hereunder.

9. Notice. Any notice or other communication to be given to the District pursuant to this Purchase Contract may be given by delivering the same in writing to the address set forth on the first page of this Purchase Contract, and any notice or other communication to be given to the Underwriter pursuant to this Purchase Contract may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 2325 E. Camelback Road, Suite 750, Phoenix, Arizona 85016, Attention: Mr. Mark Reader, Managing Director.

10. Notice Concerning Cancellation of Contracts. As required by the provisions of Section 38-511, Arizona Revised Statutes, notice is hereby given that the State, its political subdivisions (including the District) or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions, or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This section is not intended to expand or enlarge the rights of the District hereunder except as required by such Section. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section that would adversely affect the enforceability

of this Purchase Contract and covenants that it shall take no action that would result in a violation of such Section.

11. Miscellaneous.

(a) Entire Agreement. When executed by the District, this Purchase Contract shall constitute the entire agreement between the District and the Underwriter and is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter). No other person shall acquire or have any right hereunder by virtue hereof. All the representations, warranties and agreements by the District in this Purchase Contract shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of the Underwriter, (ii) delivery of any payment for the Bonds hereunder, and (iii) any termination of this Purchase Contract.

(b) No Recourse. No recourse shall be had for any claim based on this Purchase Contract or any resolution, certificate, document or instrument delivered pursuant hereto against any member, officer or employee, past, present or future, of the District or of any successor body, either directly or through the District or any such successor body.

(c) Execution in Counterparts; Section Headings. This Purchase Contract may be executed in any number of counterparts, all of which, taken together, shall be one and the same instrument, and any parties hereto may execute this Purchase Contract by signing any such counterpart. Section headings have been inserted in this Purchase Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Contract and will not be used in the interpretation of any provisions of this Purchase Contract.

(d) Severability. The invalidity or unenforceability of any provision hereof as to any one or more jurisdictions shall not affect the validity or enforceability of the balance of this Purchase Contract as to such jurisdiction or jurisdictions or affect in any way such validity or enforceability as to any other jurisdiction. If any provision of this Purchase Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

(e) Waiver or Modification. No waiver or modification of any one or more of the terms and conditions of this Purchase Contract shall be valid unless in writing and signed by the party or parties making such waiver or agreeing to such modification.

(f) State Law Governs. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State.

[Remainder of page left blank intentionally]



(g) Effectiveness. This Purchase Contract shall become effective upon the acceptance hereof by the District and shall be valid and enforceable at the time of such acceptance.

**STIFEL, NICOLAUS & COMPANY,  
INCORPORATED, as Underwriter**

By: \_\_\_\_\_  
Authorized Officer

Accepted and agreed to as of the date first written  
above:

**MERRILL RANCH COMMUNITY  
FACILITIES DISTRICT NO. 2**

By: \_\_\_\_\_  
Charles Montoya  
District Manager

ATTEST:

\_\_\_\_\_  
Lisa Garcia, District Clerk

[Signature page to Purchase Contract]

**SCHEDULE I**

<u>Maturity</u> (July 15)	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
	\$	%	%

Optional Redemption. The Bonds maturing on and after July 15, 20\_\_ will be subject to redemption at the option of the District in whole or in part on July 15, 20\_\_ or any date thereafter by the payment of a redemption price equal to the principal amount of the Bonds redeemed plus interest accrued to the date fixed for redemption, but without premium.

Mandatory Redemption. The Bonds maturing on July 15, 20\_\_ and July 15, 20\_\_ are subject to mandatory redemption on the following dates and in the amounts set forth below by payment of the principal amount of the Bonds so redeemed plus interest accrued to the date fixed for redemption, but without premium:

Term Bond Maturing July 15, 20\_\_

<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>
	\$

\*

\_\_\_\_\_  
\*maturity

Term Bond Maturing July 15, 20

Year Redeemed

Principal Amount Redeemed

\$

\*

---

\*maturity

**ATTACHMENT I**  
**INDEMNITY LETTER**

\_\_\_\_\_, 2013

Stifel, Nicolaus & Company, Incorporated,  
as Underwriter  
2325 E. Camelback Road, Suite 750  
Phoenix, Arizona 85016

Merrill Ranch Community Facilities District No. 2  
c/o Town of Florence, Arizona  
775 N. Main Street  
Florence, Arizona 85232

Re: Merrill Ranch Community Facilities District No. 2 (Florence, Arizona) General  
Obligation Bonds, Series 2013

This Indemnity Letter is delivered by Pulte Home Corporation, a Michigan corporation (“Pulte”), in order to induce Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) and Merrill Ranch Community Facilities District No. 2 (the “District”) to enter into the Purchase Contract, dated this date (the “Purchase Contract”), related to the purchase by the Underwriter of the captioned bonds (the “Bonds”). Terms that are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Purchase Contract, Pulte represents and warrants to the Underwriter and the District that:

(a) Pulte is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan and is qualified to transact business in the State of Arizona.

(b) As of the date of the Preliminary Official Statement, the information pertaining to Pulte in the Preliminary Official Statement under the headings “MAP SHOWING LOCATION OF DISTRICT IN CONTEXT OF SURROUNDING AREA,” “ANTHEM,” “PULTE” and “RISK FACTORS” and the information pertaining to Pulte supplied to others for the preparation of APPENDIX E (but not the opinions, assumptions or projections contained therein) was, and on the date hereof is, true and correct in all material respects for the purposes for which its use was and is authorized, and such information did not and does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein in light of the circumstances under which they are or were made, not misleading.

(c) The execution and delivery of this Indemnity Letter, the District Development, Financing Participation and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 2), dated as of November 1, 2005, by and among the Town of Florence, the District and Pulte, and as amended by a First Amendment and Waivers (Assessment Area One), dated as of February 1, 2006, a Second Amendment and Waivers (Assessment Area Two) dated as of April 1, 2008, a Third Amendment and Waivers (Assessment Area Three) dated as of November 1, 2008, and a Fourth Amendment and Waivers (Assessment Area Four) dated as of February 1, 2010, all by and between the District and the Pulte (collectively, hereinafter referred to as the “Documents”), have been duly authorized and delivered and Pulte has the full power and authority to perform its obligations thereunder and engage in the transactions contemplated by the Documents, and the Documents when executed by all applicable parties thereto will constitute valid, binding and enforceable obligations of Pulte except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors’ rights and/or by general principles of equity and except as the indemnification provisions hereof may be limited by applicable securities laws or public policy.

(d) There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or, to the best knowledge of Pulte, threatened against Pulte wherein an adverse decision, ruling or finding would materially adversely affect the transactions contemplated by the Documents or adversely affect the validity of enforceability of the Documents.

(e) No consent, approval, authorization or other action by any governmental or regulatory authority pertaining to Pulte that has not been obtained is or will be required for the consummation of the transactions contemplated by the Documents, other than the permits and licenses for construction of the Project (as defined in the Official Statement) contemplated by the Development Agreement referred to in paragraph (c) above, which have not yet been issued.

2. To the extent permitted by law, Pulte shall indemnify and hold harmless the Underwriter and the District and each director, trustee, partner, member, officer, official or employee thereof and each person, if any, who controls the Underwriter within the meaning of the Securities Act of 1933, as amended (the “Securities Act”) (any such person being herein sometimes called an “Indemnified Party”), for, from and against any and all losses, claims, damages or liabilities, joint or several, (i) to which any such Indemnified Party may become subject, under any statute or regulation at law or in equity or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact set forth in the sections identified in Section 1(b) above in the Official Statement or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated in such section(s) or that is necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading in any material respect, except such indemnification shall not extend to any other statements in the Official Statement and (ii) to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or alleged untrue statement or omission or alleged omission if such settlement is effected with the written consent of Pulte (which consent shall not be unreasonably withheld).

An Indemnified Party shall, promptly after the receipt of notice of a written threat of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against Pulte, notify Pulte in writing of the commencement thereof. Failure of the Indemnified Party to give such notice will reduce the liability of Pulte by the amount of damages attributable to the failure of the Indemnified Party to give such notice to Pulte but the omission to notify Pulte of any such action shall not relieve Pulte from any liability that it may have to such Indemnified Party otherwise than under this Section. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify Pulte of the commencement thereof, Pulte may, or if so requested by such Indemnified Party shall, participate therein or assume the defenses thereof, with counsel satisfactory to such Indemnified Party and Pulte (it being understood that, except as hereinafter provided, Pulte shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from Pulte to such Indemnified Party of an election so to assume the defenses thereof, Pulte will not be liable to such Indemnified Party under this Section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that unless and until Pulte assumes the defense of any such action at the request of such Indemnified Party, Pulte shall have the right to participate at its own expense in the defense of any such action. If within a reasonable time after receipt of notice of any such action Pulte shall not have employed counsel to have charge of the defense of any such action or if an Indemnified Party shall have reasonably concluded (and shall have notified Pulte) that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to Pulte (in which case Pulte shall not have the right to direct the defense of such action on behalf of such Indemnified Party) or to other Indemnified Parties, reasonable legal and other necessary expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by Pulte.

3. All of the representations, warranties, and agreements of Pulte contained in the Documents shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Underwriter, any controlling person referred to in paragraph 2 hereof or Pulte or (ii) delivery of and payment for the Bonds.

4. This letter is solely for the benefit of the Underwriter, the District and their successors or assigns, and, to the extent provided in paragraph 2 hereof, each Indemnified Party, and no other person shall acquire or have any right under or by virtue hereof. The terms "successors" and "assigns" as used in this letter shall not include any purchaser, as such purchaser, from the Underwriter of the Bonds.

5. This letter shall be governed by the laws of the State of Arizona.

6. Pulte shall pay all costs and expenses of its counsel with respect to the issuance and delivery of the Bonds.

7. Pulte consents to the references to Pulte in the Official Statement.

Respectfully submitted,

PULTE HOME CORPORATION,  
a Michigan corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL**

[LETTERHEAD OF GREENBERG TRAURIG LLP]

[Closing Date]

Stifel, Nicolaus & Company, Incorporated,  
as Underwriter  
2325 E. Camelback Road, Suite 750  
Phoenix, Arizona 85016

Re:    \$[PAR] Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)  
      General Obligation Bonds, Series 2013

This supplemental opinion is rendered pursuant to Section 6(d)(2) of the Purchase Contract, dated as of \_\_\_\_\_, 2013 (the "Purchase Contract"), between Merrill Ranch Community Facilities District No. 2 (hereinafter referred to as the "Issuer") and Stifel, Nicolaus & Company, Incorporated, as Underwriter (the "Underwriter"), and is given in connection with the issuance on this date by the Issuer of bonds designated its General Obligation Bonds, Series 2013, in the aggregate principal amount of \$[PAR] (hereinafter referred to as the "Bonds"). The Bonds are issued under a resolution adopted by the governing board of the Issuer on October 21, 2013 (the "Resolution"), are the subject of an Official Statement, dated \_\_\_\_\_, 2013 (hereinafter referred to as the "Official Statement"), and are being sold pursuant to the Purchase Contract. (You may rely on our opinion as Bond Counsel, dated of even date herewith, with regard to the Bonds as if addressed to you.)

In connection with such issuance, we have examined an executed counterpart of the Purchase Contract; the Series 2013 Continuing Disclosure Undertaking of the Issuer, dated of even date herewith (the "Undertaking"), to provide ongoing disclosure as required by Rule 15c2-12 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934; the Resolution; such other agreements, certificates (including particularly, but not by way of limitation, certificates of Pulte, dated of even date herewith), opinions, letters and other documents, including all documents delivered or distributed at the closing of the sale of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein; and such provisions of the Constitution and laws of the State of Arizona and the United States of America as we believe necessary to enable us to render the opinions set forth herein.

In our examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and the accuracy of the statements contained in such certificates. In connection with our representation of the Issuer, we have also participated in conferences from time to time with representatives of and counsel to



the Issuer, the Underwriter and Pulte.

We are of the opinion, based upon the foregoing and subject to the reliance hereinabove indicated and the qualifications hereinafter set forth, that under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Issuer is a duly organized and validly existing special purpose district, a tax levying public improvement district and a municipal corporation for purposes set forth in Section 48-708(B), Arizona Revised Statutes, pursuant to the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder (a) to adopt the Resolution, (b) to authorize, execute, deliver and issue, as applicable, the Purchase Contract, the Bond Registrar Agreement (as defined in the Purchase Contract), the Undertaking and the Bonds, (c) to approve, execute and authorize the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement, dated \_\_\_\_\_, 2013 (hereinafter referred to as the "Preliminary Official Statement"), with respect to the Bonds), and (d) to carry out and consummate the transactions contemplated by the Official Statement, the Resolution, the Bond Registrar Agreement, the Undertaking, the Purchase Contract and the Bonds (including performing the applicable obligations thereunder).

2. To our actual knowledge, adoption of the Resolution; authorization, execution, delivery and issuance, as applicable, of, and the due performance of the obligations of the Issuer under, the Purchase Contract, the Bond Registrar Agreement, the Undertaking and the Bonds and the approval, execution and authorization of the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement) by the Issuer under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer is a party or of any existing law, ordinance, administration regulation, court order or consent decree to which the Issuer is subject.

3. To our actual knowledge, no consent of any other party, and no consent, license, approval or authorization of, exemption by or registration with any governmental body, authority, bureau or agency (other than those that have been obtained or will be obtained prior to the delivery of the Bonds), is required in connection with the adoption by the Issuer of the Resolution or the authorization, execution, delivery, issuance and performance, as applicable, by the Issuer of the Purchase Contract, the Bond Registrar Agreement, the Undertaking and the Bonds and the consummation of the transactions contemplated by the Official Statement.

4. The Issuer has duly (a) adopted the Resolution and (b) authorized (i) the authorization, execution, delivery and issuance, as applicable of, and the performance of its obligations under, the Purchase Contract, the Bond Registrar Agreement, the Undertaking and the Bonds and (ii) the taking of the actions required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by the Official Statement, the Resolution, the Purchase Contract and the Bonds. The Issuer has complied with all applicable provisions of law and has taken all actions required to be taken by it to

the date hereof in connection with the transactions contemplated by the aforesaid documents.

5. The Purchase Contract, the Undertaking and the Bond Registrar Agreement have been duly authorized, executed and delivered by the Issuer and, assuming due and valid authorization, execution and delivery by the other party thereto, constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms.

6. Based solely upon a search of the computerized docket records available for review on \_\_\_\_\_, 2013, in the office of the Maricopa County Superior Court and U.S. District Court, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or overtly threatened against or affecting the Issuer, and there is no basis therefor, (i) that in any way questions the powers of the Issuer referred hereinabove or the validity of the proceedings taken by the Issuer in connection with the issuance and sale of the Bonds, (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Official Statement, the Resolution, the Purchase Contract, the Bond Registrar Agreement, the Undertaking or the Bonds or would in any way adversely affect the validity or enforceability of the Resolution, the Purchase Contract, the Bond Registrar Agreement, the Undertaking or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or hereby or by the Official Statement), (iii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or (iv) that questions the right of the Issuer to levy, receive and pledge special assessments or taxes, nor lawsuits pending or overtly threatened against the Issuer that, if decided adversely to the Issuer, would, individually or in the aggregate, have a material adverse effect on the financial condition of the Issuer or impair the ability of the Issuer to comply with all the requirements set forth in the Official Statement, the Resolution, the Purchase Contract or the Bonds.

7. The information contained in the Official Statement in the tax caption on the cover thereof, under the headings “THE BONDS,” “QUALIFIED TAX-EXEMPT OBLIGATIONS,” “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS,” “OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS – Additional General Obligation Bonded Indebtedness of the District,” “TAX MATTERS,” “ORIGINAL ISSUE DISCOUNT,” “BOND PREMIUM” “CONTINUING DISCLOSURE” and “RELATIONSHIPS OF THE PARTIES” (only as it relates to Bond Counsel) therein and in Appendix B - “FORM OF LEGAL OPINION OF BOND COUNSEL” and in Appendix C – “FORM OF SERIES 2013 CONTINUING DISCLOSURE UNDERTAKING” fairly summarizes the information that it purports to summarize.

8. It is not necessary in connection with the issuance and sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution under the Trust Indenture Act of 1939, as amended.

9. The sale of the Bonds pursuant to the terms described in the Official Statement complies with the requirements of Section 48-719(C), Arizona Revised Statutes.

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the Purchase Contract and the Bond Registrar Agreement is dependent upon the due authorization, execution and delivery of (and authority to perform lawfully) the Purchase Contract and the Bond Registrar Agreement by the other parties thereto and to the extent that the enforceability of the Purchase Contract and the Bond Registrar Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and the exercise of judicial discretion in accordance with general principles of equity, including possible refusal by a particular court to grant certain equitable remedies such as specific performance with respect to the enforcement of any provision of such documents. We express no opinion as to the enforceability of any provisions of the Purchase Contract or the Bond Registrar Agreement (i) restricting access to legal or equitable remedies, (ii) purporting to establish evidentiary standards or waiving or otherwise affecting any rights to notice, demand or exhaustion of collateral, (iii) relating to self-help, subrogation, indemnification, delay or omission to enforce rights or remedies, severability or marshalling of assets, or (iv) purporting to grant to the owners of the Bonds or to any party to the Purchase Contract or the Bond Registrar Agreement (other than the Issuer) any rights or remedies not specifically set forth therein.

This opinion may be relied upon only by you and by persons to whom we grant written permission to do so.

Respectfully submitted,

**EXHIBIT B**

**FORM OF OPINION OF COUNSEL TO PULTE**

[LETTERHEAD OF BERENS, KOZUB & KLOBERDANZ, PLC]

[Closing Date]

**VIA HAND DELIVERY**

Stifel, Nicolaus & Company, Incorporated,  
as Underwriter  
2325 E. Camelback Road, Suite 750  
Phoenix, Arizona 85016

**VIA HAND DELIVERY**

District No. 2 Board  
Merrill Ranch Community Facilities District No. 2  
(Florence, Arizona)  
Town of Florence  
775 N. Main St.  
Florence, AZ 85132

Re: Merrill Ranch Community Facilities District No. 2 (Florence, Arizona) General  
Obligation Bonds, Series 2013

Ladies and Gentlemen:

WE HAVE ACTED as counsel to Pulte Home Corporation, a corporation incorporated and existing pursuant to the laws of the State of Michigan (hereinafter referred to as "Pulte"), particularly in connection with the transactions provided for by the documents referred to herein and in connection with the issuance and sale of the captioned Bonds, sold pursuant to a Purchase Contract, dated \_\_\_\_\_, 2013 (hereinafter referred to as the "Purchase Contract"), by and between Stifel, Nicolaus & Company, Incorporated (hereinafter referred to as the "Underwriter"), and Merrill Ranch Community Facilities District No. 2 (hereinafter referred to as the "District No. 2"). Any capitalized term used and not defined herein shall have the meaning assigned to it in the Purchase Contract.

For purposes of this opinion, we have examined the following:

(1) The District Development, Financing Participation and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 2), dated as of November 1, 2005

(the "Development Agreement"), executed by the Town of Florence, Arizona, the District, Pulte and Pulte Development Company and the related First Amendment and Waivers (Assessment Area One), dated as of February 1, 2006 (the "First Amendment"), a Second Amendment and Waivers (Assessment Area Two) dated as of April 1, 2008 (the "Second Amendment"), a Third Amendment and Waivers (Assessment Area Three) dated as of November 1, 2008 (the "Third Amendment") and a Fourth Amendment and Waivers (Assessment Area Four) dated as of February 1, 2010 (the "Fourth Amendment"), each executed by the District No. 2 and Pulte;

- (2) The executed Pulte Indemnity Letter, dated the date of sale of the Bonds by Pulte;
- (3) The executed Purchase Contract;
- (4) The Official Statement, dated \_\_\_\_\_, 2013 (hereinafter referred to as the "Official Statement"), of the District No. 2;
- (5) Articles of Incorporation of Pulte Home Corporation, a Michigan corporation, as amended;
- (6) Bylaws of Pulte Home Corporation, a Michigan corporation, as amended;
- (7) Certain Certified Resolutions of the Board of Directors of Pulte;
- (8) Certificate of Good Standing of Pulte Home Corporation, a Michigan corporation, dated \_\_\_\_\_, 2013, issued by the Corporation Division of the Michigan Department of Labor and Economic Growth;
- (9) Certificate of Good Standing of Pulte Home Corporation, a Michigan corporation, dated \_\_\_\_\_, 2013, issued by the Arizona Corporation Commission;
- (10) Closing Certificate of Pulte executed by \_\_\_\_\_, \_\_\_\_\_ of Pulte, executed on \_\_\_\_\_, 2013 (the "Closing Certificate"); and

(11) Such other documents and instruments as we have considered necessary or appropriate for the purposes of this opinion and received such other information from representatives of Pulte as we have deemed necessary for the purposes of this opinion (hereinafter referred to, collectively, as "due inquiry") including the Official Statement. (The documents listed in paragraphs (1) and (2) above are hereinafter referred to as the "Pulte Documents." The documents listed in paragraphs (5) through (11) above are hereinafter referred to as the "Organizational Documents").

In rendering the following opinions, we have assumed:

- (a) The genuineness of all signatures to the Pulte Documents, and the legal capacity of each natural person executing the Pulte Documents;

(b) The authenticity and completeness of documents submitted as originals and the conformity to originals of documents submitted as copies;

(c) The due authorization, execution, acknowledgment where necessary, and delivery, and the validity and binding effect, of the Pulte Documents with regard to the parties to those agreements other than Pulte;

(d) The Pulte Documents accurately describe and contain the agreement and mutual understanding of the parties thereto and that there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms of the Pulte Documents;

(e) That any certificate, representation (oral or otherwise), telegram, telex, telecopy, email or other documents on which we have relied, whether or not given or dated earlier than the date hereof, is authentic and remains accurate insofar as relevant to this opinion from such earlier date through and including the date hereof, and we are not aware of any facts inconsistent with this assumption; and

(f) After due inquiry, the party's representations and warranties contained in the Pulte Documents are truthful and accurate and all reports and other documents prepared by third party consultants, relating to the transactions contemplated by the Pulte Documents or any of the property within the District No. 2 are truthful and accurate.

Based on the foregoing, and subject to the limitations, qualifications and assumptions set forth herein, it is our opinion that:

1. Pulte is a corporation duly incorporated and validly existing under the laws and Constitution of the State of Michigan.

2. Pulte is qualified to do business under the laws of the State of Arizona.

3. Pulte has the requisite power and authority under the laws of the State of Arizona as well as all consents, approvals, authorizations and other actions by, and filings with, all federal, State and local governmental authorities required (i) to execute and deliver the Pulte Documents and carry out the terms and conditions applicable to it under, and consummate all transactions contemplated by, the Pulte Documents; (ii) to own and operate its properties and assets as described in the Official Statement and (iii) to carry out its business as such business is currently being conducted as described in the Official Statement.

4. The execution, delivery and performance of the Pulte Documents by Pulte and the carrying out, giving effect to and consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of Pulte, and the Pulte Documents has been duly executed and delivered by Pulte.

5. The Pulte Documents are in full force and effect as of the date hereof and constitute legal, valid and binding obligations of Pulte, enforceable in accordance with their terms.

6. The execution and delivery of the Pulte Documents by Pulte, and the performance of its obligations thereunder, do not and will not conflict with or result in a violation of, or a default pursuant to, the Organizational Documents.

7. To our actual knowledge, the execution and delivery of the Pulte Documents by Pulte will not conflict with or result in a violation of any contract, indenture, instrument or other agreement to which Pulte is a party or by which it or its properties are bound.

8. No consent, approval, authorization or other action by, or filing with, any federal, State or local governmental authority is required in connection with the execution and delivery by Pulte of the Pulte Documents which consent, approval, authorization or other action, etc. has not already been obtained.

9. We have no actual knowledge that Pulte is in violation of any provision of, or in default under, its Organizational Documents or any agreement or other instrument, violation of or default under which would materially and adversely affect the business, properties, assets, liabilities or conditions (financial or other) of Pulte.

10. We have no actual knowledge of any legal or governmental actions, proceedings, inquiries or investigations pending or overtly threatened by any governmental authorities or to which Pulte is a party or of which any property of Pulte is subject, except as described in the Official Statement.

11. To our actual knowledge, the information contained in the Official Statement under the headings "MAP SHOWING LOCATION OF DISTRICT IN CONTEXT OF SURROUNDING AREA," "ANTHEM," "PULTE" and "RISK FACTORS" does not contain any untrue statement of material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. In connection with our participation with the Official Statement, we have not undertaken to independently determine the accuracy, completeness or fairness of the statements contained therein, except as and to the extent provided in this paragraph, and the knowledge available to us is such that we are unable to assume, and do not assume, any responsibility for the accuracy, completeness or fairness of such information. However, on the basis of such participation, we have not acquired any knowledge that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

The opinions set forth above are subject to the following qualifications and limitations: (i) enforceability of the Pulte Documents may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, arrangement or laws or court decisions affecting the enforcement of creditors' rights generally; (ii) enforceability of the Pulte Documents is subject to general principles of equity, whether remedies are sought in equity or at law; (iii) enforceability of the Pulte Documents are further subject to the qualification that certain waivers, procedures, remedies, indemnities and other provisions of the Pulte Documents may be unenforceable under or

limited by Arizona law; however, such law does not, in our opinion, substantially prevent the practical realization of the benefits intended by the Pulte Documents; (iv) we are expressing no opinion as to the enforceability of any indemnity provision with respect to any claims or other matters that result from the negligence or misconduct of any indemnitee or the failure of any indemnitee to act in a commercially reasonable manner and (v) we are expressing no opinion as to the compliance of the Pulte Documents or the offer and sale of the Bonds with any securities law or regulation except as provided in paragraph 11 hereof.

Whenever we indicate that our opinion is based on “our knowledge,” or words of similar import, such opinion is based solely on the current actual knowledge of the firm’s attorneys who have devoted substantive attention to matters related to the Pulte Documents. We have not made any independent investigation, verification, or review of any matters whatsoever except as specifically set forth herein, and we are relying solely on such specifically stated investigation or review. We express no opinion concerning the legal validity and sufficiency of the acts of any of the other parties to the Pulte Documents.

We are qualified to practice law in the State of Arizona, and we do not purport to express any opinion herein concerning any law other than the laws of the State of Arizona and, for the limited subject of the corporate authority and corporate existence of Pulte, the laws of the State of Michigan. Our opinions are as to what the law is or might reasonably be expected to be at the date hereof, and we assume no obligation to revise or supplement this opinion due to any change in the law by legislative action, judicial decision or otherwise. Any opinion as to the enforceability of any document is limited to enforceability as between the original parties thereto.

This opinion is being furnished to you solely for your benefit and only with respect to the captioned Bonds. Accordingly, it may not be relied upon or quoted to any person or entity without, in each instance, our prior written consent.

Respectfully submitted,

**BERENS, KOZUB & KLOBERDANZ, PLC**



## EXHIBIT C

### FORM OF OPINION OF COUNSEL TO UNDERWRITER

[LETTERHEAD OF SQUIRE SANDERS (US) LLP]

[Date of Closing]

To: Stifel, Nicolaus & Company, Incorporated  
Phoenix, Arizona

We have acted as counsel to you (the “Underwriter”) in connection with your purchase from Merrill Ranch Community Facilities District No. 2 (the “Issuer”) of its \$\_\_\_\_\_ General Obligation Bonds, Series 2013 (the “Bonds”), dated as of the date of this letter, pursuant to the Purchase Contract, dated \_\_\_\_\_, 2013 (the “Purchase Agreement”), between you and the Issuer. This letter is provided pursuant to Section 6(d)(4) of the Purchase Agreement in connection with your purchase of the Bonds. Capitalized terms not otherwise defined in this letter are used as defined in the Purchase Agreement.

In our capacity as counsel to the Underwriter, we have reviewed: (a) the Official Statement, dated \_\_\_\_\_, 2013, relating to the Bonds (the “Official Statement”); (b) the Bond Resolution; (c) executed counterparts of the Purchase Agreement; and (d) such other proceedings, documents, matters and law as we deem necessary to provide this letter in accordance with the terms of our engagement. In accordance with the terms of our engagement, we have not reviewed any minutes of the meetings of the Issuer or the Town other than those included in the transcript of proceedings for the Bonds.

In providing this letter we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, the parties thereto and (iii) the correctness of the legal conclusions contained in all legal opinion letters of other counsel delivered in connection with this matter.

Based upon the foregoing and subject to the limitations contained in this letter, we are of the opinion that, under existing law, the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Bond Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended.

In accordance with the terms of our engagement, we have provided certain legal advice and assistance to the Underwriter in connection with the Underwriter’s responsibilities with respect to the Official Statement. We have not been engaged to pass upon, and we do not assume any responsibility for and have not independently verified, the accuracy, completeness or fairness of any of the statements contained in the Official Statement. As part of our engagement, however, certain of our lawyers participated in telephone conferences with your representatives,

representatives of the Issuer, the Town and Pulte, financial consultants to the Town and the Issuer, Berens, Kozub & Kloberdanz, PLC, as counsel to Pulte, Greenberg Traurig, LLP, as Bond Counsel, and others, during which telephone conferences the contents of the Official Statement and related matters were discussed. In reliance on those discussions and the proceedings, documents, matters and assumptions described above and subject to the qualifications set forth herein, we advise you that, during the course of our engagement on this matter, no facts came to the attention of the lawyers in our firm responsible for this matter that cause us to believe that the Official Statement (except for any information listed in the following sentence, as to which we express no view), as of its date and as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. We express no view as to: (a) the information under the captions "TAX MATTERS," in the Official Statement; (b) any financial, technical, statistical or demographic data or forecasts included or incorporated by reference in the Official Statement or the Appendices thereto; (d) any information about the book-entry system and The Depository Trust Company; and (e) the information in Appendices B, and C.

We also have rendered legal advice and assistance to you as to the requirements of Rule 15c2-12 prescribed under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with your review, for purposes of the Rule, of the Continuing Disclosure Undertaking, dated as of the date of this letter (the "Continuing Disclosure Undertaking"). Based upon our examination of the items referenced in this letter, including the Continuing Disclosure Undertaking and the Rule, and subject to the limitations expressed above, we are of the opinion that, under existing law, the Continuing Disclosure Undertaking satisfies paragraph (b)(5)(i) of the Rule, which requires an undertaking for the benefit of the holders, including beneficial owners, of the Bonds to provide certain annual financial information and event notices at the time and in the manner required by the Rule.

Reference in this letter to "the lawyers in our firm responsible for this matter" includes only those lawyers now with this firm who rendered legal services in connection with this matter. This letter is delivered to you for your benefit in connection with the original issuance of the Bonds and may not be relied upon for any other purpose or by any other person, including the holders, owners or beneficial owners of the Bonds. The opinions and advice set forth in this letter are stated only as of this date, and no other opinion or statements shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement with respect to this matter has concluded on this date.

Respectfully submitted,

**EXHIBIT D**

**\$(PAR)  
MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2  
(FLORENCE, ARIZONA)  
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2013  
(BANK QUALIFIED)**

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**CLOSING CERTIFICATE OF  
PULTE HOME CORPORATION**

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The undersigned, \_\_\_\_\_ of Pulte Home Corporation, a Michigan corporation (the "Company"), acting for and on behalf of the Company, HEREBY CERTIFIES as follows:

1. That he is duly qualified and acting for and on behalf of the Company and as such is familiar with the books and corporate records of the Company.

2. That the Company is duly organized and validly existing under the laws of the State of Michigan, and is authorized to transact business in the State of Arizona. The Company has no proceedings pending or contemplated with a view to liquidation or dissolution.

3. The Company has the power and authority to execute and deliver the following documents (collectively, the "Documents") or, to the extent that any of the Documents were executed and delivered in the past, the Company had such power and authority, and that as executed and delivered by the duly authorized representative of the Company were approved or the execution and delivery thereof was authorized by the Company such approvals and authorizations remain in full force and effect and have not been repealed, revoked or rescinded and, except as noted below, such Documents have not been modified or amended:

(a) The District Development, Financing Participation and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 2), dated as of November 1, 2005 (the "Development Agreement"), executed by the Town of Florence, Arizona, the District, Pulte and Pulte Development Company and the related First Amendment and Waivers (Assessment Area One), dated as of February 1, 2006 (the "First Amendment"), a Second Amendment and Waivers (Assessment Area Two) dated as of April 1, 2008 (the "Second Amendment"), a Third Amendment and Waivers (Assessment Area Three) dated as of November 1, 2008 (the "Third Amendment") and a Fourth Amendment and Waivers (Assessment Area Four) dated as of February 1, 2010 (the "Fourth Amendment"), each executed by the District No. 2 (as hereafter defined) and Pulte; and

(b) The Indemnity Letter dated as of \_\_\_\_\_, 2013 from the Company to the Merrill Ranch Community Facilities District No. 2 (Florence, Arizona) (the "District No. 2") and Stifel, Nicolaus & Company, Incorporated (the "Underwriter").

4. That the representative executing and delivering the Documents had the authority to execute and deliver the Documents.

5. That the undersigned and the persons named below were on the date or dates of the execution or acceptance of the Documents, and are on the date hereof, the duly qualified and acting incumbents of the offices of the Company appearing below.

<u>NAME</u>	<u>TITLE</u>
_____	_____
_____	_____

6. Neither the existence of the Documents, nor the consummation of the transactions contemplated by the Documents, nor compliance by the Company with the provisions thereof will result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any material indenture, agreement or other instrument to which the Company is a party or by which the Company may be bound, which would materially affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Company taken as a whole.

7. No material consent, approval, authorization or other action by, or filing with, any federal, State or local government authority is required in connection with the execution, delivery and performance by the Company of the obligations of the Company under the Documents or to conduct the business of the Company as presently being conducted.

8. As of the date hereof, the information pertaining to Pulte in the Official Statement under the headings "MAP SHOWING LOCATION OF DISTRICT IN CONTEXT OF SURROUNDING AREA," "ANTHEM," "PULTE" and "RISK FACTORS" and the information pertaining to Pulte supplied to others for the preparation of APPENDIX E (but not the opinions, assumptions or projections contained therein) is true and correct in all material respects for the purposes for which its use is or was authorized, and such information does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein in light of the circumstances under which they are or were made, not misleading.

9. No litigation or administrative action or proceeding is pending or, to the knowledge of the undersigned, threatened, restraining or enjoining, or seeking to restrain or enjoin, the effectiveness or validity of any the proceedings relating to the formation of the District No. 2, or the issuance of the Bonds or the Documents or the performance by the Company of its obligations set forth in the Documents or contesting or questioning the proceedings and authority under which the Documents have been authorized and are delivered and executed.

10. Attached hereto as Exhibit A is a true, complete and correct copy of a Certificate of Good Standing as to the Company issued by the State of Michigan dated \_\_\_\_\_, 2013. Nothing has occurred since the date of the Certificate of Good Standing that would cause the Company to no longer be in good standing.

11. Attached hereto as Exhibit B is a true, complete and correct copy of a Certificate of Good Standing as to the Company issued by the Arizona Corporation Commission dated \_\_\_\_\_, 2013. Nothing has occurred since the date of the Certificate of Good Standing that would cause the Company to no longer be in good standing.

12. All of the representations and warranties of the Company made and contained in the Documents (which representations and warranties are hereby incorporated and stated herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said representations and warranties were made as of the date hereof.

13. The Company certifies that the improvements financed with the Bonds are complete and will be transferred to the District No. 2 in due course.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on \_\_\_\_\_, 2013.

**PULTE HOME CORPORATION,**  
a Michigan corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTACHMENTS**

**Exhibit A** – Certificate of Good Standing - Michigan

**Exhibit B** - Certificate of Good Standing - Arizona

**EXHIBIT E**

**CONSENT OF MARKET STUDY CONSULTANT**

John Burns Real Estate Consulting hereby consents to the inclusion in the Preliminary Official Statement, dated as of \_\_\_\_\_, 2013 and the final Official Statement, dated as of \_\_\_\_\_, 2013, related to the sale of Merrill Ranch Community Facilities District No. 2 (Florence, Arizona) General Obligation Bonds, Series 2013 of a summary of the Market Analysis and Absorption Study prepared by John Burns Real Estate Consulting and addressed to Merrill Ranch Community Facilities District No. 2, dated \_\_\_\_\_, 2013, relating thereto and further represents and warrants that such Market Analysis and Absorption Study is true and correct in all respects and does not include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading, and no event affecting such Market Analysis and Absorption Study has occurred since the date of such Official Statement which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect.

Dated: [Closing Date]

**JOHN BURNS REAL ESTATE CONSULTING**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

SERIES 2013  
BOND REGISTRAR AND PAYING AGENT AGREEMENT

\$\_\_\_\_\_,000  
MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2  
(FLORENCE, ARIZONA) GENERAL OBLIGATION BONDS,  
SERIES 2013

THIS SERIES 2013 BOND REGISTRAR AND PAYING AGENT AGREEMENT, dated as of November 1, 2013 (this "Agreement"), by and between WELLS FARGO BANK, N.A. (the "Bond Registrar and Paying Agent") and MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 (the "District");

W I T N E S S E T H:

WHEREAS, pursuant to a resolution duly adopted by the District Board (the "Board") of the District on October 21, 2013 (the "Bond Resolution"), the Board authorized the issuance and sale of \$\_\_\_\_\_,000 principal amount of Merrill Ranch Community Facilities District No. 2 (Florence, Arizona) General Obligation Bonds, Series 2013 (the "Bonds"); and

WHEREAS, by the Bond Resolution, the Board appointed the Bond Registrar and Paying Agent as the agent of the District, to act as authenticating agent, bond registrar, transfer agent and paying agent for and in connection with the Bonds and has authorized and directed the Bond Registrar and Paying Agent to keep all the books and records necessary for registration, transfer or exchange of the Bonds (the "Register");

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the District and the Bond Registrar and Paying Agent agree as follows:

Section 1. At the time and place for the original delivery of the Bonds (the "Closing"), the District shall deliver to the Bond Registrar and Paying Agent the duly executed Bonds and any other information needed to complete the Bonds at the Closing. The Bond Registrar and Paying Agent, through a duly authorized representative or representatives, shall (i) coordinate the completion of the Bonds to be delivered at the Closing; (ii) record the names and addresses of the registered owners in, and otherwise complete the Register and (iii) sign the Certificate of Authentication on the Bonds, all so as to permit delivery of the Bonds at the Closing. These procedures shall also be used, as appropriate, for the completion and authentication of any Bond to be delivered to the Bond Registrar and Paying Agent for transfer as provided herein.

Section 2. The Bond Registrar and Paying Agent shall keep and maintain the Register at its designated corporate trust office so long as any Bond remains outstanding and shall perform, without limitation, authentication, transfer, registration and paying agent functions, and related mechanical, clerical and record or bookkeeping functions, in connection with the Bonds in accordance with this Agreement, the Bond Resolution, and any applicable requirements of Section 149(a) of the Internal Revenue Code of 1986, as amended, and applicable regulations, proposed regulations (if they are proposed to take effect retrospectively) and rulings thereunder.

Section 3. In accordance with the Bond Resolution, the Bond Registrar and Paying Agent shall:

(i) Subject to the restrictions included in the form thereof, transfer any Bond upon presentation and surrender thereof at the office of the Bond Registrar and Paying Agent, together with a request for an assignment, signed by the registered owner or by a person authorized by the registered owner to do so by a power of attorney in a form satisfactory to the Bond Registrar and Paying Agent, and the other documents as are required in the legend of the Bonds at the head thereof in connection with transfer thereof, and shall complete, authenticate and deliver the new Bonds to the registered owner or the registered owner of the transferred Bonds in a denomination or denominations equal in the aggregate to the unmatured and unredeemed principal amount of the Bonds surrendered, bearing interest at the same rate and maturing on the same date.

(ii) Record the transfer of any Bond on the Register.

(iii) Complete the transfer, completion, authentication and delivery of the new Bonds within the time required by then applicable rules and regulations.

Section 4. (A) The fee of the Bond Registrar and Paying Agent for the remainder of the current fiscal year, estimated to be \$1,250.00, shall be paid from the proceeds of the sale of the Bonds.

(B) Subsequent payments of \$750.00 per year while any of the Bonds are outstanding shall be paid by the District.

(C) The Bond Registrar and Paying Agent shall charge the registered owner of any transferred Bond an amount sufficient to reimburse it for any fee, tax or other charge required to be paid with respect to the transfer. The Bond Registrar and Paying Agent may require that those charges be paid before it begins the procedure for the transfer.

Section 5. The Bond Registrar and Paying Agent shall complete, authenticate, deliver and register the new Bonds to replace any Bond lost, stolen, destroyed, or mutilated, upon receipt by the Bond



Registrar and Paying Agent of evidence satisfactory to it of the loss, theft, destruction or mutilation of any Bond and of indemnity satisfactory to it.

Section 6. The Bond Registrar and Paying Agent shall cancel any Bond surrendered to it pursuant to the Bond Resolution for payment or retirement or for replacement or transfer. The cancelled Bonds shall be destroyed by the Bond Registrar and Paying Agent and a record of such destruction and the number and amount of Bonds destroyed shall be kept by the Bond Registrar and Paying Agent and upon request of the District, furnished by the Bond Registrar and Paying Agent to the District.

Section 7. The Bond Registrar and Paying Agent shall retain and store the Register for seven (7) years after full payment of the Bonds. At any time and upon request by an authorized representative of the District, the Bond Registrar and Paying Agent shall permit such representative to inspect the Register and shall provide such representative with a copy of the Register. In the event of a request to the Bond Registrar and Paying Agent by any person other than such representative of the District for inspection of the Register, the Bond Registrar and Paying Agent shall notify the District and shall not permit that inspection unless it is approved by such representative of the District, except that the Bond Registrar and Paying Agent may permit an inspection pursuant to an order of a court of competent jurisdiction.

Section 8. The Bond Registrar and Paying Agent shall pay the principal of and interest on the Bonds and shall redeem Bonds in accordance with the Bond Resolution, but only from moneys deposited with the Bond Registrar and Paying Agent by the District for that purpose. The District shall cause funds to be on deposit with the Bond Registrar and Paying Agent in an amount sufficient and available to pay the interest, or principal and interest, then to be due on the day prior to the day on which that payment is to be made. The Bond Registrar and Paying Agent shall pledge assets to secure the deposits made for the purpose of paying either principal or interest or both principal and interest on the Bonds.

Section 9. In the event any check for payment of interest on a Bond is returned to the Bond Registrar and Paying Agent undorsed or is not presented for payment within two (2) years from its payment date or any Bond is not presented for payment of principal due at the maturity or redemption date, if funds sufficient to pay such interest or principal due upon such Bond shall have been made available to the Bond Registrar and Paying Agent for the benefit of the registered owner thereof, it shall be the duty of the Bond Registrar and Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the registered owner of such Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. The obligation of the Bond Registrar and Paying Agent to hold such funds shall continue for two (2) years and six (6) months following

the date on which such interest or principal amount became due, whether at maturity, or at the date fixed for redemption, or otherwise, at which time the Bond Registrar and Paying Agent shall surrender such unclaimed funds so held to the District, whereupon any claim of whatever nature by the registered owner of such Bond arising under such Bond shall be made upon the District.

Section 10. In the absence of bad faith on its part in the performance of its services under this Agreement, the Bond Registrar and Paying Agent shall be protected in acting upon any notice, request, certificate, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper party or parties.

Section 11. (A) The Bond Registrar and Paying Agent may resign as Bond Registrar and Paying Agent at any time by giving thirty (30) days' written notice of resignation to an authorized representative of the District. The Bond Registrar and Paying Agent may be removed at any time by written notice signed by such authorized representative and delivered to the Bond Registrar and Paying Agent. Upon the effectiveness of the resignation or termination, the Bond Registrar and Paying Agent shall deliver the Register and all other records (or copies of those records) pertaining to the Bonds and all forms of Bond to the District.

(B) Every successor Bond Registrar and Paying Agent appointed pursuant to this Section shall be a trust company or bank in good standing located in or incorporated under the laws of the State of Arizona, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$50,000,000.

(C) Any bank, trust company or national banking association into which the Bond Registrar and Paying Agent or its successor may be converted, merged or with which it may be consolidated, or to which it may sell or transfer all or substantially all of its corporate trust business shall be the successor of the Bond Registrar and Paying Agent under this Bond Registrar and Paying Agent Agreement with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 12. Notice shall be sufficient hereunder if it is contained in a writing sent to the District at 775 North Main Street, Florence, Arizona 85132, Attention: District Manager, and to the Bond Registrar and Paying Agent at MAC S4101-22E, 22nd Floor, 100 West Washington Street, Phoenix, Arizona 85003, Attention: Corporate Trust Services, or any other address which may be designated from time to time by either party in writing delivered to the District or the Bond Registrar and Paying Agent, as applicable.

Section 13. Neither this Agreement nor any provision hereof may be changed, revised or amended, except by a writing signed by the District, the District and the Bond Registrar and Paying Agent.

Section 14. In case any section or provision of this Agreement, or any agreement, obligation, act or action, or part thereof, made, assumed, entered into, done or taken under this Agreement, or any application thereof, is held to be illegal or invalid for any reason, or is inoperable at any time, that illegality, invalidity or inoperability shall not affect the remainder of this Agreement or any other section or provision of this Agreement or any other agreement, obligation, act or action, or part thereof, made, assumed, entered into, done or taken under this Agreement, all of which shall be construed and enforced at the time as if the illegal, invalid or inoperable portion were not contained therein. Any illegality, invalidity or inoperability shall not affect any legal, valid and operable section, provision, agreement, obligation, act, action, part or application, all of which shall be deemed to be effective, operative, made, assumed, entered into, done or taken in the manner and to the full extent permitted by law from time to time.

Section 15. (A) To the extent applicable by provision of law, the Bond Registrar and Paying Agent acknowledges that this Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provisions of which are incorporated herein and which provides that the District may within three (3) years after its execution cancel any contract (including this Agreement) without penalty or further obligation made by the District if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the District is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

(B) To the extent applicable under Section 41-4401, Arizona Revised Statutes, as amended, the Bond Registrar and Paying Agent shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes, as amended. The breach by the Bond Registrar and Paying Agent of the foregoing shall be deemed a material breach of this Agreement and may result in the termination of the services of the Bond Registrar and Paying Agent by the District. The District retains the legal right to randomly inspect the papers and records of the Bond Registrar and Paying Agent to ensure that the Bond Registrar and Paying Agent is complying with the foregoing. The Bond Registrar and Paying Agent shall keep such papers and records open for random inspection during normal business hours by the District. The Bond Registrar and Paying Agent shall cooperate with the random inspections by the District including granting the District entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

Section 16. This Agreement shall for all purposes be governed by and construed in accordance with the laws of the State of Arizona. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors. This Agreement may be executed in several counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Bond Registrar and Paying Agent Agreement as of the day and year first above written.

WELLS FARGO BANK, N.A.

By.....  
Authorized Officer

MERRILL RANCH COMMUNITY FACILITIES  
DISTRICT NO. 2

By.....  
District Manager

ATTEST:

.....  
District Clerk

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2

and

DAVID TAUSSIG & ASSOCIATES, INC.

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DISSEMINATION AGENCY AGREEMENT

Dated as of \_\_\_\_\_, 2013

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    \$[PAR]  
Merrill Ranch Community Facilities District No. 2  
    (Florence, Arizona)  
General Obligation Bonds, Series 2013

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THIS DISSEMINATION AGENCY AGREEMENT, dated as of \_\_\_\_\_, 2013 (hereinafter referred to as this "*Agreement*"), by and between Merrill Ranch Community Facilities District No. 2, a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"), and David Taussig & Associates, Inc., a corporation duly incorporated and validly existing pursuant to the laws of the State of California (hereinafter together with its successors referred to as the "*Agent*");

W I T N E S S E T H:

WHEREAS, pursuant to a Resolution of the district board of the Issuer (hereinafter referred to as the "*Board*") adopted on October 21, 2013, the Board has authorized the issuance of certain general obligation bonds (hereinafter referred to as the "*Securities*") to provide funds for certain public infrastructure purposes provided for in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Enabling Act*"); and

WHEREAS, in order to provide terms for providing for compliance with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, with respect to the Securities, the Board has duly authorized the execution and delivery of a Continuing Disclosure Undertaking, dated the date of initial delivery of the Securities (hereinafter referred to as the "*Undertaking*"); and

WHEREAS, in order to assist the Issuer in complying with the Undertaking, the Board has determined to enter into this Agreement; and

WHEREAS, pursuant to the Enabling Act, the Issuer may enter into agreements to process the issuance of the Securities, including this Agreement;

NOW, THEREFORE, in the joint and mutual exercise of the their powers, and in consideration of the above premises and of the mutual covenants herein contained and for other valuable consideration, the parties hereto recite and agree that:

ARTICLE ONE

SECTION 1.01. *Definitions.*

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

A. The terms in this Agreement have the meanings assigned to them hereinabove and in the Section 1 of the Undertaking and include the plural as well as the singular.

B. All references in this instrument to designated "Articles," "Sections," "Clauses" and other subdivisions are to the designated Articles, Sections, Clauses and other subdivisions of this instrument as originally executed.

C. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, or other subdivision.



SECTION 1.02. *Notices, etc.*

A. Unless otherwise specifically provided herein, any request, demand, authorization, direction, notice, consent, waiver, payment or other document provided or permitted by this Agreement by the Issuer or the Agent to be made upon, given or furnished to or filed with,

1. the Issuer shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Issuer addressed to it at 775 North Main Street, Box 2670, Florence, Arizona 85232, Attention: District Clerk or at any other address furnished previously in writing to such person by the Issuer, and

2. the Agent shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to it at Suite 6000, 5000 Birch Street, Newport Beach, California 92660, Attention: Andrea R. Roess, Managing Director, or at any other address furnished previously in writing to such person by the Agent.

B. Where this Agreement provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice.

SECTION 1.03. *Effect of Headings and Table of Contents.*

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.04. *Successors and Assigns.*

All covenants and agreements in this Agreement by the Issuer and the Agent shall bind their successors and assigns, whether so expressed or not.

SECTION 1.05. *Severability Clause.*

In case any provision in this Agreement or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

SECTION 1.06. *Benefits of Agreement.*

Nothing in this Agreement, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

SECTION 1.07. *Governing Law.*

This Agreement shall be construed in accordance with and governed by the laws of the State of Arizona and the federal laws of the United States of America.

SECTION 1.08. *Incorporation of State Statutes.*

A. The Issuer may, within three (3) years after its execution, cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Issuer is, at any time while this Agreement is in effect, an employee or agent of the Agent in any capacity or a consultant to any other party of this Agreement with respect to the subject matter of this Agreement and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Issuer from the Agent arising as the result of this Agreement. The Agent has not taken and shall not take any action which would cause any person described in the preceding sentence to be or become an employee or agent of the Agent in any capacity or a consultant to any party to this Agreement with respect to the subject matter of this Agreement.

B. To the extent applicable under Section 41-440, Arizona Revised Statutes, as amended, the Agent shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes, as amended. The breach by the Agent of the foregoing shall be deemed a material breach of this Agreement and may result in the termination of the services of the Agent. The Issuer retains the legal right to randomly inspect the papers and records of the Agent to ensure that the Agent is complying with the above-mentioned warranty. The Agent shall keep such papers and records open for random inspection during normal business hours by the Issuer. The Agent shall cooperate with the random inspections by the Issuer including granting the Issuer entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

SECTION 1.09. *Further Assurances; Recording.*

The Agent shall do, execute, acknowledge and deliver all and every such further acts, conveyances and assurances as shall be reasonably required for accomplishing the purposes of this Agreement.

SECTION 1.10. *Amendments.*

This Agreement may be amended by an instrument in writing executed and delivered by each of the Agent and the Issuer.

SECTION 1.11. *Termination.*

The Issuer or the Agent may terminate this Agreement by giving written notice to the other party at least thirty (30) days prior to such termination. Otherwise, this Agreement shall terminate coincident with the termination of the Undertaking. The Issuer is not required to appoint a successor to the Agent. The absence of the Agent or a successor to the Agent shall not relieve the Issuer of the responsibilities of the Issuer pursuant to the Undertaking.

SECTION 1.12. *Integration.*

This Agreement, when executed and delivered by the parties hereto, shall constitute the entire agreement between the Issuer and the Agent with regard to the matters provided for herein.

\* \* \*

## ARTICLE TWO

### SECTION 2.01. *Annual Reports.*

The Agent shall compile and deliver each Annual Report to the Issuer by December 1 of each year for review by the Issuer, and the Issuer shall thereafter deliver to the Agent any revisions to each Annual Report by the next succeeding January 15 for dissemination as set forth in Section 2.03.

### SECTION 2.02. *Listed Events.*

A. The Issuer shall provide a written description to the Agent of the occurrence of any Listed Event pursuant to Section 3 of the Undertaking, signed by an appropriate representative of the Issuer. Upon the Agent becoming aware of any such Listed Event, the Agent shall promptly notify the Issuer of such Listed Event. (The Agent shall have no duty or responsibility to review the determination of the Issuer that such Listed Event is material, as applicable, or the written description of such Listed Event.)

B. The Agent shall disseminate Notices of Listed Events as set forth in Section 2.04.

### SECTION 2.03. *Dissemination of Annual Reports.*

A. The Agent shall disseminate each Annual Report to the entities, in the manner and on the dates provided in Section 2 of the Undertaking.

B. The Agent shall disseminate such information in the form delivered to the Agent by the Issuer pursuant to Section 2.01. (Any information furnished by the Agent hereunder for such purpose may contain a legend to such effect.)

C. The Agent shall promptly provide a copy of each Annual Report to the Issuer, along with a notice stating the date such Annual Report was filed and the identities of the entities with which such Annual Report was filed.

D. The Agent shall also, if necessary, file the notices required pursuant to Sections 2(a)(ii) and 2(b)(i)(B) of the Undertaking with respect to inability or failure to provide an Annual Report and change of fiscal year of the Issuer, respectively, and shall provide a copy thereof to the Issuer.

### SECTION 2.04. *Dissemination of Notices of Listed Events.*

A. The Agent shall disseminate each Notice of Listed Event to the entities and in the manner provided in Section 3 of the Undertaking within one (1) business day after receipt of such information by the Agent pursuant to Section 2.02.

B. The Agent shall disseminate such information in the form delivered to it by the Issuer pursuant to Section 2.02. (Any information furnished by the Agent hereunder for such purpose may contain a legend to such effect.)

C. The Agent shall promptly provide a copy of each Notice of Listed Event to the Issuer, along with a notice stating the date and the identities of the entities with which such Notice of Listed Event was filed.

SECTION 2.05. *Dissemination of Other Notices.*

The Agent shall file the notices required pursuant to Section 4 and 5 of the Undertaking with respect to termination of the Undertaking and changes in accounting principles of the Issuer, respectively, and shall provide a copy thereof to the Issuer.

SECTION 2.06. *Duty to Update.*

One (1) business day prior to the date the Issuer is required to file information with the Municipal Securities Rulemaking Board (“MSRB”), through its Electronic Municipal Market Access system (“EMMA”), as applicable, the Agent shall determine the manner and format by which information is to be transmitted and filed with MSRB.

SECTION 2.07. *Consequences of Default by Agent; Standard of Care.*

A. In the event of a failure of the Agent to comply with any provisions of this Agreement, the Issuer may take any action at law or in equity to enforce the obligations of the Agent hereunder.

B. In the absence of bad faith on its part, the Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Agent or matters of public record.

C. The Agent shall have only such duties as are specifically set forth in this Agreement and the Undertaking.

D. To the extent permitted by applicable law, the Issuer shall indemnify and save the Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Agent may incur arising out of or in the exercise or performance of the powers and duties of the Agent pursuant to this Agreement and the Undertaking, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Agent and payment of the Securities.

SECTION 2.08. *Additional Information.*

Nothing in this Agreement shall be deemed to prevent the Issuer from delivering any other information to the Agent, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or Notice of Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any such information, the Issuer shall have no obligation pursuant to this Agreement to update such information or include it in any future disclosure or notice.

SECTION 2.09. *Compensation.*

The Issuer shall compensate the Agent for the services provided and the expenses incurred pursuant to this Agreement in an amount to be agreed upon from time to time.

SECTION 2.10. *Recordkeeping.*

The Agent shall maintain records of the Annual Reports and the Notices of Listed Events including the names of the entities with which the same were filed and the date of filing,

and copies thereof shall be available to the Issuer upon reasonable request and the payment of reasonable copying and delivery charges.

\* \* \*

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, and to be effective as of the day and year first above written, which date shall be deemed the date hereof for all purposes.

MERRILL RANCH COMMUNITY FACILITIES  
DISTRICT NO.2

By.....  
Tom Rankin, Chairperson, District  
Board

ATTEST:

.....  
Lisa Garcia, District Clerk

DAVID TAUSSIG & ASSOCIATES, INC., a  
California corporation

By.....

Printed Name: .....

Title:.....

## **CONTINUING DISCLOSURE UNDERTAKING**

**[\$PAR]**

### **MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 (FLORENCE, ARIZONA) GENERAL OBLIGATION BONDS, SERIES 2013**

This Undertaking is executed and delivered by Merrill Ranch Community Facilities District No. 2 (hereinafter referred to as the “Issuer”), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the “Securities”) for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

#### Section 1. Definitions.

“Annual Report” shall mean any annual report provided by the Issuer pursuant to, and as described in, Section 2.

“Authorizing Documents” shall mean the resolutions authorizing the issuance of the Securities.

“Dissemination Agent” shall mean any agent which has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

“EMMA” shall mean the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board. Information regarding submissions to EMMA is available at <http://emma.msrb.org/submission>.

“Listed Events” shall mean any of the events listed in Section 3(a).

“Notice of Listed Event” shall mean any notice provided by the Issuer pursuant to, and as described in, Section 3.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Tax-exempt” shall mean that interest on the Securities is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.



## Section 2. Contents and Provision of Annual Reports.

(a) (i) Subject to annual appropriation of funds sufficient to provide for the costs thereof, the Issuer shall, or shall cause the Dissemination Agent to, not later than February 1 of each year, commencing February 1, 2014, provide through EMMA an Annual Report which is consistent with the requirements of subsection (b) of this Section.

(ii) If the Issuer is unable or for any other reason fails to provide an Annual Report or any part thereof by the date required in subsection (a)(i) of this Section and subject to annual appropriation of funds sufficient to provide for the costs thereof, the Issuer shall, or shall cause the Dissemination Agent to, send a notice pursuant to Section 3 below.

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information of the type in TABLES 2, 3, 4 and 5 of the Official Statement, dated \_\_\_\_\_, 2013, with respect to the Securities as well as with respect to tax collections and delinquencies in the preceding tax year of the Issuer.

(B) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principals as applied to governmental units. (The Issuer does not currently obtain audited financial statements.) ***IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to EMMA. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board (“MSRB”). The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided through EMMA.

## Section 3. Notice of Listed Events and Failure to Provide Annual Report.

(a) This Section shall govern the giving of notices of the occurrence of any of the following events (the “Listed Events”) with respect to the Securities:

(i) Principal and interest payment delinquencies;

- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of Securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of Issuer;

Note: for the purposes of the event identified in paragraph 12, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

- (xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Issuer agrees to provide or cause to be provided to the MSRB through EMMA, in a format prescribed by the MSRB and subject to annual appropriation of funds sufficient to provide for the costs thereof, not later than ten business days of the occurrence of a Listed Event; except that for the events 2, 7, 10, 13 and 14, listed in the definition of Listed Events, the Issuer will provide such notice if it determines that such event would be material under applicable federal securities laws:

(i) notice of the occurrence of any Listed Events with respect to the Securities; and

(ii) notice of its failure to provide or cause to be provided the Annual Report on or before the applicable filing date.

Notwithstanding the foregoing, notice of Listed Events consisting of Bond calls or defeasances need not be given under this subsection any earlier than date on which the notice of the underlying event is given to the registered owners of affected Securities pursuant to the Bond Resolution, and notice of the occurrence of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event, is not required if the terms of the redemption under which the redemption is to occur are set forth in detail in the Official Statement and the only open issue is which Securities will be redeemed in the case of a partial redemption.

#### Section 4. Termination of Reporting Obligation.

The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. subject to annual appropriation of funds sufficient to provide for the costs thereof, the Issuer shall, or shall cause the dissemination agent to, give notice of such termination through EMMA as soon as practicable, but not later than the date an annual report would otherwise have been due.

Section 5. Amendment or Waiver. Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived; provided, however, that no amendment or waiver may take effect unless the following conditions are satisfied:

(a) the amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an “Obligated Person” (within the meaning of the Rule) with respect to the Securities, or the type of business conducted;

(b) this Undertaking, as amended or taking into account such waiver, in the opinion of counsel of national reputation experienced in bond or federal securities law selected by the Issuer, would have complied with the requirements of the Rule at the time of the original issuance of the Securities, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver either (i) is approved by the registered owners of the Securities in the same manner as provided in the Authorizing Documents for amendments to the Authorizing Documents with the consent of registered owners of the Securities, or (ii) does not materially impair the interests of the Bondholders as determined by the opinion of counsel of national reputation experienced in bond or federal securities law unaffiliated with the Issuer but which may be selected by the Issuer, or as determined by another party unaffiliated with the Issuer (permitted under the Rule) but which may be selected by the Issuer.

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Listed Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report or Notice of Listed Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Listed Event.

Section 7. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authorizing Documents, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Issuer hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

[Signature page follows]

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

MERRILL RANCH COMMUNITY FACILITIES  
DISTRICT NO. 2

By \_\_\_\_\_  
Chairperson, District Board

\_\_\_\_\_, 2013



## TOWN OF FLORENCE COUNCIL ACTION FORM

### AGENDA ITEM 9a.

**MEETING DATE:** October 21, 2013

**DEPARTMENT:** Administration

**STAFF PRESENTER:** Lisa Garcia, Deputy Town Manager/  
Town Clerk

**SUBJECT:** Public Hearing and Action on Kevin Kramer,  
Pinal Hotel AZ 1, LLC, for Holiday Inn Express  
and Suites application for Liquor License

- Action
- Information Only
- Public Hearing
- Resolution
- Ordinance
  - Regulatory
  - 1<sup>st</sup> Reading
  - 2<sup>nd</sup> Reading
- Other

### RECOMMENDED MOTION/ACTION:

Public Hearing on an application received from Kevin Kramer, Pinal Hotel AZ 1, LLC, for Holiday Inn Express and Suites, located at 240 W. Highway 287, Florence, Arizona, for a transfer of a Series 7 license as well as a location transfer; and for Council recommendation for approval or disapproval of said license.

### BACKGROUND/DISCUSSION:

Kevin Kramer, Pinal Hotel AZ 1, LLC, for Holiday Inn Express and Suites filed an application for a personal transfer and location transfer of a Series 7 license.

The Town Clerk's Office posted Holiday Inn Express & Suites, located at 240 W. Highway 287, Florence, Arizona according to statutory requirements and management has been notified of the October 21, 2013 Public Hearing.

### FINANCIAL IMPACT:

N/A

### STAFF RECOMMENDATION:

Staff recommends that the Town Council forward a favorable recommendation to the Arizona Department of Liquor License and Control.

### ATTACHMENTS:

Application

Arizona Department of Liquor Licenses and Control

800 West Washington, 5th Floor
Phoenix, Arizona 85007
www.azliquor.gov
602-542-5141

APPLICATION FOR LIQUOR LICENSE
TYPE OR PRINT WITH BLACK INK

Notice: Effective Nov. 1, 1997, All Owners, Agents, Partners, Stockholders, Officers, or Managers actively involved in the day to day operations of the business must attend a Department approved liquor law training course or provide proof of attendance within the last five years. See page 5 of the Liquor Licensing requirements.

SECTION 1 This application is for a:

- MORE THAN ONE LICENSE
INTERIM PERMIT Complete Section 5
NEW LICENSE Complete Sections 2, 3, 4, 13, 14, 15, 16
PERSON TRANSFER (Bars & Liquor Stores ONLY) Complete Sections 2, 3, 4, 11, 13, 15, 16
LOCATION TRANSFER (Bars and Liquor Stores ONLY) Complete Sections 2, 3, 4, 12, 13, 15, 16
PROBATE/WILL ASSIGNMENT/DIVORCE DECREE Complete Sections 2, 3, 4, 9, 13, 16 (fee not required)
GOVERNMENT Complete Sections 2, 3, 4, 10, 13, 15, 16

SECTION 2 Type of ownership:

- J.T.W.R.O.S. Complete Section 6
INDIVIDUAL Complete Section 6
PARTNERSHIP Complete Section 6
CORPORATION Complete Section 7
LIMITED LIABILITY CO. Complete Section 7
CLUB Complete Section 8
GOVERNMENT Complete Section 10
TRUST Complete Section 6
OTHER (Explain)

SECTION 3 Type of license and fees LICENSE #(s): 07113002

- 1. Type of License(s): n/a
2. Total fees attached: \$ 244 Department Use Only

APPLICATION FEE AND INTERIM PERMIT FEES (IF APPLICABLE) ARE NOT REFUNDABLE.

The fees allowed under A.R.S. 44-6852 will be charged for all dishonored checks.

SECTION 4 Applicant

- 1. Owner/Agent's Name: Mr. KRAMBAE, Kevin, Andrew (Last, First, Middle)
2. Corp./Partnership/L.L.C.: PINAL HOTEL AZ 1, LLC (Exactly as it appears on Articles of Inc. or Articles of Org.)
3. Business Name: HOLIDAY INN EXPRESS & SUITES (Exactly as it appears on the exterior of premises)
4. Principal Street Location: 240 W. HWY 207, Florence, Pinal, AZ 85132 (Do not use PO Box Number, City, County, Zip)
5. Business Phone: (520) 868-9900 Daytime Phone: (520) 235-5684 Email: Kevin@AZBARMAN.COM
6. Is the business located within the incorporated limits of the above city or town? YES NO
7. Mailing Address: 536 E. WAGON BLUFF DR., TULSON, AZ 85704 (City, State, Zip)
8. Price paid for license only bar, beer and wine, or liquor store: Type \$ \$9,500.00 Type n/a \$ n/a

DEPARTMENT USE ONLY

Fees: Application 200 Interim Permit Site Inspection Finger Prints 44 \$ 244 TOTAL OF ALL FEES

Is Arizona Statement of Citizenship & Alien Status For State Benefits complete? YES NO

Accepted by: SG Date: 9/20/13 Lic. # 07113002

**SECTION 7 Corporation/Limited Liability Co.:**

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE (FORM LIC0101), AN "APPLICANT" TYPE FINGERPRINT CARD, AND \$22 PROCESSING FEE FOR EACH CARD.

CORPORATION Complete questions 1, 2, 3, 5, 6, 7, and 8.

L.L.C. Complete 1, 2, 4, 5, 6, 7, and 8.

\*13 SEP 20 11:16 AM

1. Name of Corporation/L.L.C.: PINAL HOTEZ AZ 1, LLC  
(Exactly as it appears on Articles of Incorporation or Articles of Organization)

2. Date Incorporated/Organized: 01/12/2011 State where Incorporated/Organized: ARIZONA

3. AZ Corporation Commission File No.: \_\_\_\_\_ Date authorized to do business in AZ: \_\_\_\_\_

4. AZ L.L.C. File No: L-1651831-4 Date authorized to do business in AZ: 01/14/2011

5. Is Corp./L.L.C. Non-profit?  YES  NO

6. List all directors, officers and members in Corporation/L.L.C.:

Last	First	Middle	Title	Mailing Address	City State Zip
SPECERRAFT	John	ALBERT	MAN.	4545 N. 36 <sup>TH</sup> ST #214	PHOENIX, AZ 85018

(ATTACH ADDITIONAL SHEET IF NECESSARY)

7. List stockholders who are controlling persons or who own 10% or more:

Last	First	Middle	% Owned	Mailing Address	City State Zip
SPECERRAFT	John	ALBERT	100	4545 N. 36 <sup>TH</sup> ST. #214	PHOENIX, AZ 85018

(ATTACH ADDITIONAL SHEET IF NECESSARY)

8. If the corporation/L.L.C. is owned by another entity, attach a percentage of ownership chart, and a director/officer/member disclosure for the parent entity. Attach additional sheets as needed in order to disclose personal identities of all owners.

**SECTION 8 Club Applicants:**

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE (FORM LIC0101), AN "APPLICANT" TYPE FINGERPRINT CARD, AND \$22 PROCESSING FEE FOR EACH CARD.

1. Name of Club: \_\_\_\_\_ Date Chartered: \_\_\_\_\_  
(Exactly as it appears on Club Charter or Bylaws) (Attach a copy of Club Charter or Bylaws)

2. Is club non-profit?  YES  NO

3. List officer and directors:

Last	First	Middle	Title	Mailing Address	City State Zip

(ATTACH ADDITIONAL SHEET IF NECESSARY)



**SECTION 9 Probate, Will Assignment or Divorce Decree of an existing Bar or Liquor Store License:**

1. Current Licensee's Name: \_\_\_\_\_  
 (Exactly as it appears on license) Last First Middle
2. Assignee's Name: \_\_\_\_\_  
 Last First Middle
3. License Type: \_\_\_\_\_ License Number: \_\_\_\_\_ Date of Last Renewal: \_\_\_\_\_
4. ATTACH TO THIS APPLICATION A CERTIFIED COPY OF THE WILL, PROBATE DISTRIBUTION INSTRUMENT, OR DIVORCE DECREE THAT SPECIFICALLY DISTRIBUTES THE LIQUOR LICENSE TO THE ASSIGNEE TO THIS APPLICATION.

**SECTION 10 Government: (for cities, towns, or counties only)**

1. Governmental Entity: \_\_\_\_\_
2. Person/designee: \_\_\_\_\_  
 Last First Middle Contact Phone Number

**A SEPARATE LICENSE MUST BE OBTAINED FOR EACH PREMISES FROM WHICH SPIRITUOUS LIQUOR IS SERVED.**

**SECTION 11 Person to Person Transfer:**

Questions to be completed by CURRENT LICENSEE (Bars and Liquor Stores ONLY-Series 06,07, and 09).

1. Current Licensee's Name: ATWELL GEORGE IRA Entity: AGENT  
 (Exactly as it appears on license) Last First Middle (Indiv., Agent, etc.)
2. Corporation/L.L.C. Name: ROBSON RANCH MOUNTAINS, LLC  
 (Exactly as it appears on license)
3. Current Business Name: SADDLEBROOK RANCH GOLF CLUB  
 (Exactly as it appears on license)
4. Physical Street Location of Business: Street 60642 S. ROBSON CIR  
 City, State, Zip TUCSON, AZ 85739
5. License Type: #7-BEER & WINE BAR License Number: 07113002
6. If more than one license to be transferred: License Type: N/A License Number: N/A
7. Current Mailing Address: Street 8532 E. RIGGS RD.  
 (Other than business) City, State, Zip SUNLAKES, AZ 85248

8. Have all creditors, lien holders, interest holders, etc. been notified of this transfer?  YES  NO
9. Does the applicant intend to operate the business while this application is pending?  YES  NO If yes, complete Section 5 of this application, attach fee, and current license to this application.
10. I, GEORGE IRA ATWELL, hereby authorize the department to process this application to transfer the

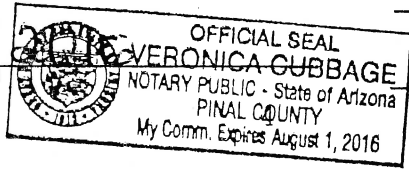
(print full name)  
privilege of the license to the applicant, provided that all terms and conditions of sale are met. Based on the fulfillment of these conditions, I certify that the applicant now owns or will own the property rights of the license by the date of issue.

I, GEORGE IRA ATWELL, declare that I am the CURRENT OWNER, AGENT, MEMBER, PARTNER  
(print full name)  
STOCKHOLDER, or LICENSEE of the stated license. I have read the above Section 11 and confirm that all statements are true, correct, and complete.

[Signature]  
(Signature of CURRENT LICENSEE)

State of AZ County of Pinal  
The foregoing instrument was acknowledged before me this  
12 Day Aug. Month 2013 Year

My commission expires on: 8/1/16



Veronica Cubbage  
(Signature of NOTARY PUBLIC)



MTA File No.: 120221

### Assignment and Bill of Sale

THIS Assignment and Bill of Sale from Robson Ranch Mountains, LLC., a Delaware limited liability company, as "Seller(s)" and Pinal Hotel AZ 1, LLC., an Arizona limited liability company, as "Buyer(s)"

WITNESSETH THAT:

WHEREAS, Seller(s) and Buyer(s) have entered into that certain Liquor License Purchase Agreement and Escrow Instructions dated July 1, 2013, pursuant to which the Seller(s) have agreed to sell to Buyer(s) and Buyer(s) has agreed to purchase from Seller(s) the Seller's Pinal County Series No. 7 Liquor License #07113002. Pursuant to the terms and conditions of the Liquor License Purchase Agreement and Escrow Instructions, Seller(s) for the valuable consideration to it in hand paid by Buyer(s), the receipt, adequacy and sufficiency of which are hereby acknowledged, do hereby sell, assign and transfer unto Buyer(s), its successors and assigns, the following described assets and property of the Seller(s):

1. The Liquor License #07113002 as defined in the Liquor License Purchase Agreement and Escrow Instructions dated July 1, 2013.

Seller(s) reaffirm the warranties and representations, subject to the limitations thereto, in the Liquor License Purchase Agreement and Escrow Instructions with respect to the above assets. This Assignment and Bill of Sale is made subject to all terms and conditions of the Liquor License Purchase Agreement and Escrow Instructions. This Assignment and Bill of Sale shall be effective for all purposes as of ~~August 22, 2013~~ the date of the closing under the Agreement.

WITNESS WHEREOF, Seller(s) have executed this Assignment and Bill of Sale on the \_\_\_\_ day of August, 2013

SELLER(s):

Robson Ranch Mountains, LLC., a Delaware limited liability company

By: Arlington Property Management Company  
Its: Member

By:   
James Hubbard, Treasurer

BUYER(s):

Pinal Hotel AZ 1, LLC., an Arizona limited liability company

By:   
John Shoecraft, Manager



METRO TITLE AGENCY OF ARIZONA

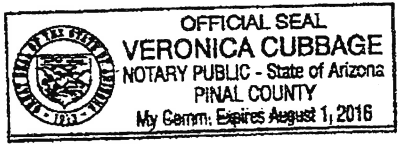
www.metrotitleaz.com

State of Arizona

)  
)ss.  
)

County of

On ~~July 28~~ <sup>AUG</sup> 2013 before me, the undersigned a Notary Public, in and for said County and State, personally appeared James Hubbard, Treasurer of Arlington Property Management Company, Member of Robson Ranch Mountains, LLC., a Delaware limited liability company, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Veronica Cubbage  
Notary Public

State of Arizona ARIZONA

)  
)ss.  
)

County of MARICOPA

On ~~July 19~~ <sup>SEP</sup> ~~19~~ <sup>AUG</sup> 2013 before me, the undersigned a Notary Public, in and for said County and State, personally appeared John Shoecraft, Manager of Pinal Hotel AZ 1, LLC, an Arizona limited liability company, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

[Signature]  
Notary Public

**SECTION 12 Location to Location Transfer: (Bars and Liquor Stores ONLY)**

APPLICANTS CANNOT OPERATE UNDER A LOCATION TRANSFER UNTIL IT IS APPROVED BY THE STATE

- Current Business: Name SADDLE BROOK RANCHO GOLF CLUB  
(Exactly as it appears on license) Address 60642 S. ROBSON CIR, TULSON, AZ 85739
- New Business: Name HOLIDAY INN EXPRESS & SUITES  
(Physical Street Location) Address 240 W. HWY 287 FLORENCE, AZ 85132
- License Type: #1 License Number: 0FL13002
- If more than one license to be transferred: License Type: N/A License Number: N/A
- What date do you plan to move? CURR. OPEN w/OUT LIQUOR What date do you plan to open? CURR. OPEN w/OUT LIQ.

**SECTION 13 Questions for all in-state applicants excluding those applying for government, hotel/motel, and restaurant licenses (series 5, 11, and 12):**

A.R.S. § 4-207 (A) and (B) state that no retailer's license shall be issued for any premises which are at the time the license application is received by the director, within three hundred (300) horizontal feet of a church, within three hundred (300) horizontal feet of a public or private school building with kindergarten programs or grades one (1) through (12) or within three hundred (300) horizontal feet of a fenced recreational area adjacent to such school building. The above paragraph DOES NOT apply to:

- a) Restaurant license (§ 4-205.02)
- b) Hotel/motel license (§ 4-205.01)
- c) Government license (§ 4-205.03)
- d) Fenced playing area of a golf course (§ 4-207 (B)(5))

- Distance to nearest school: 0.1 mi Name of school FLORENCE HIGH SCHOOL  
Address 1001 S. MAIN ST. FLORENCE, AZ 85132  
City, State, Zip
- Distance to nearest church: 0.2 mi Name of church FLORENCE FIRST ASSEMBLY OF GOD  
Address 45 ARIZONA 287 FLORENCE, AZ 85132  
City, State, Zip
- I am the:  Lessee  Sublessee  Owner  Purchaser (of premises)
- If the premises is leased give lessors: Name N/A  
Address N/A  
City, State, Zip
- 4a. Monthly rental/lease rate \$ N/A What is the remaining length of the lease N/A yrs. N/A mos.
- 4b. What is the penalty if the lease is not fulfilled? \$ N/A or other N/A  
(give details - attach additional sheet if necessary)
5. What is the total **business** indebtedness for this license/location excluding the lease? \$ 3,701,910.83  
Please list lenders you owe money to.

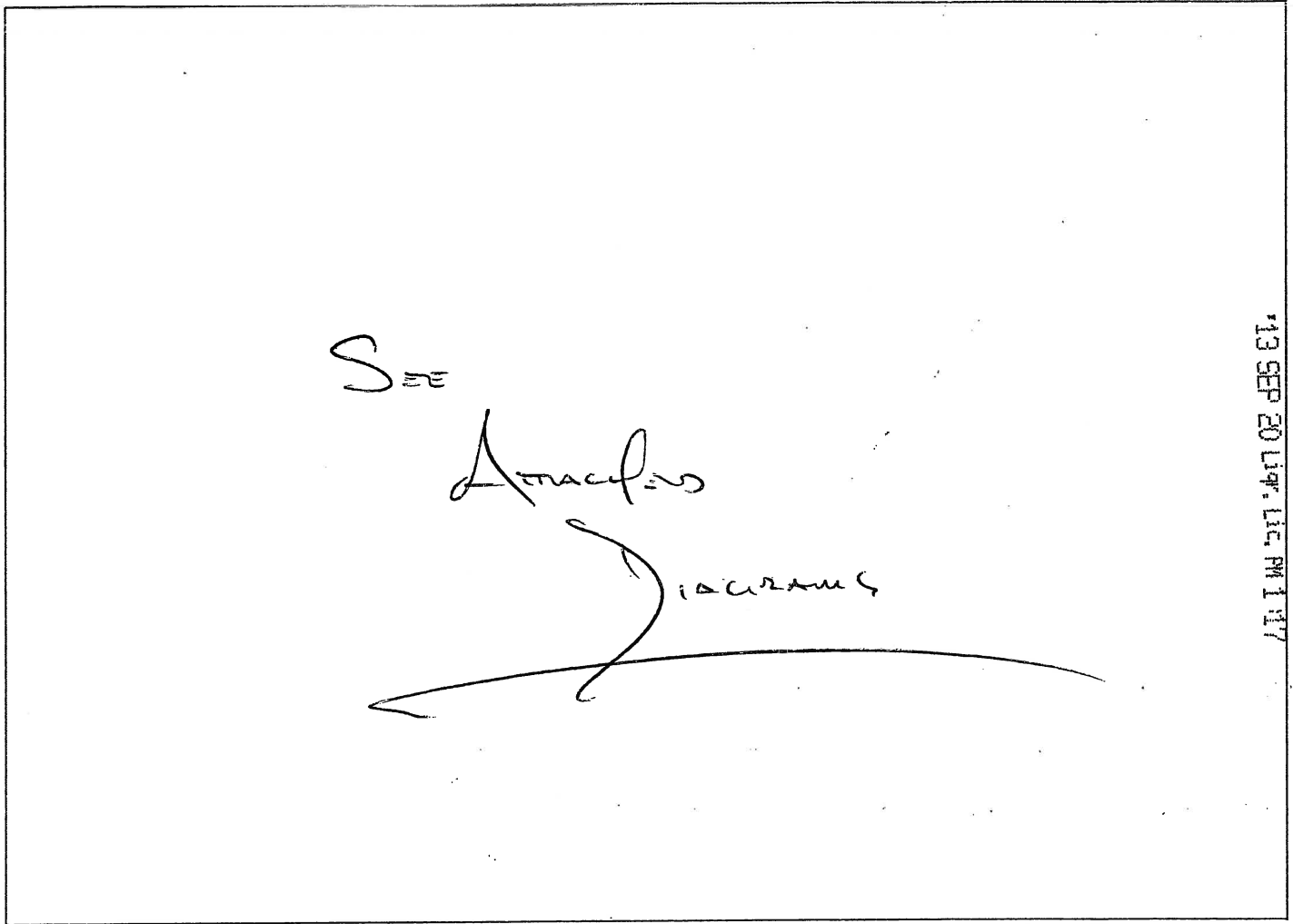
Last	First	Middle	Amount Owed	Mailing Address	City State	Zip
MONROE	REFORM	BANK	\$3,701,910.83	4086 E. VAN BUREN ST. #150	FLORENCE, AZ	85008

(ATTACH ADDITIONAL SHEET IF NECESSARY)

- What type of business will this license be used for (be specific)? MOTEL

4. In this diagram please show only the area where spirituous liquor is to be sold, served, consumed, dispensed, possessed or stored. It must show all entrances, exits, interior walls, bars, bar stools, hi-top tables, dining tables, dining chairs, the kitchen, dance floor, stage, and game room. Do not include parking lots, living quarters, etc. When completing diagram, North is up ↑.

If a legible copy of a rendering or drawing of your diagram of premises is attached to this application, please write the words "diagram attached" in box provided below.



**SECTION 16 Signature Block**

David Andrew Kravitz hereby declare that I am the OWNER/AGENT filing this application as stated in Section 4, Question 1. I have read this application and verify all statements to be true, correct and complete.

X [Signature]  
(signature of applicant listed in Section 4, Question 1)

State of Arizona County of Maricopa

The foregoing instrument was acknowledged before me this 20<sup>th</sup> of Sept, 2013  
Day Month Year

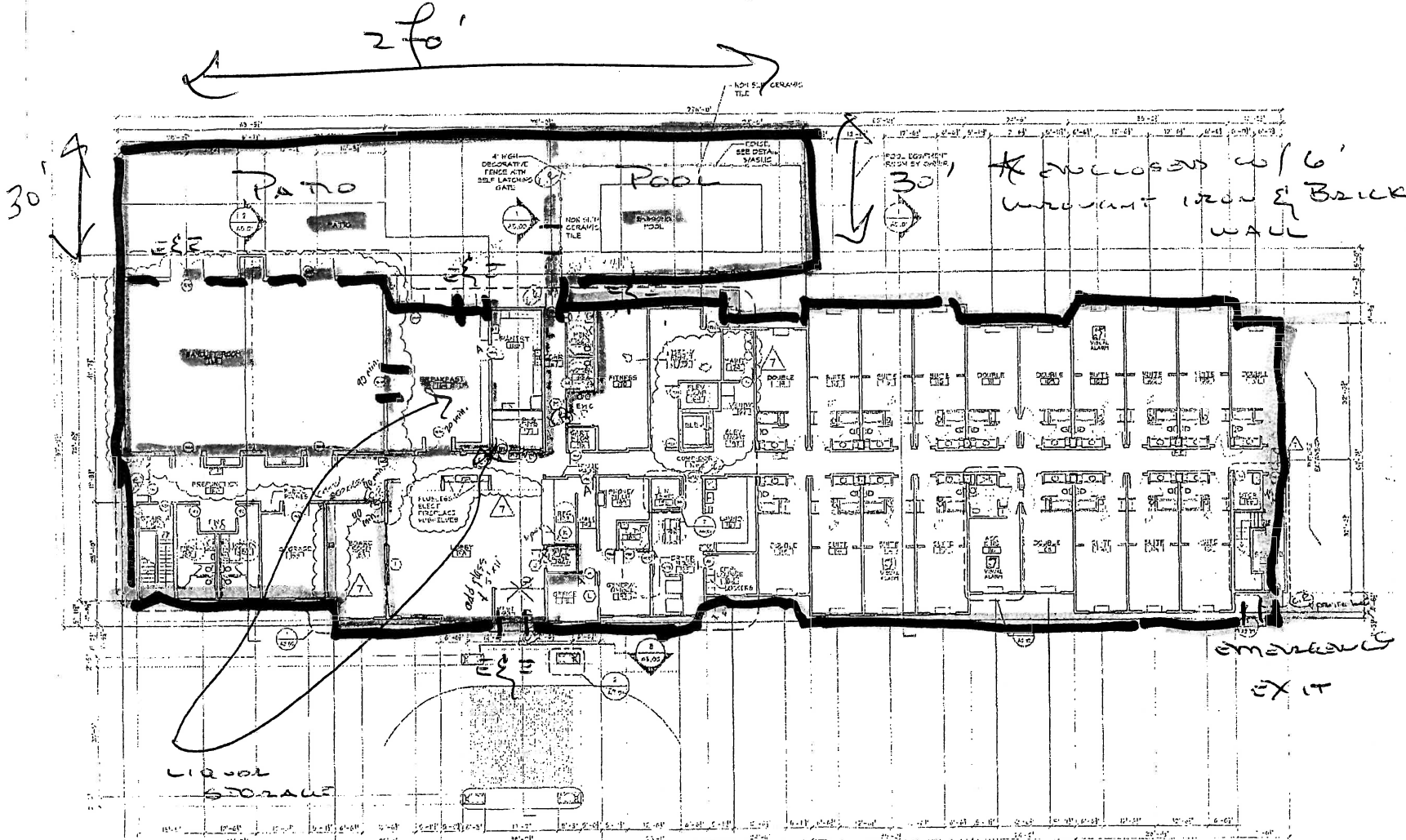
[Signature]  
signature of NOTARY PUBLIC



My commission expires on : \_\_\_\_\_  
Day Month Year

# HOLIDAY INN EXPRESS SUITES

40,000  
32 FT  
ADDENDUM

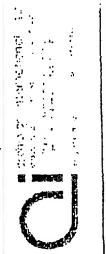
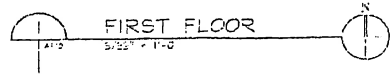


240 HOUR DIFFUSION-EQUIV. PARTIAL TO AVOID FIRE DAMAGE WALL DESCRIBED IN 1.

1. FIRE EXTINGUISHER 10% RATING IN EACH ROOM. 2. 5% O.C. IN CORRIDOR.

NOTE: EXTERIOR DIMENSIONS ARE TO DIMENSION FACE OF SHEATHING AT ELEV. FINISH. PROVIDE FIRE EXTINGUISHERS IN CABINETS AT EACH FLOOR AS DIRECTED BY FIRE DEPT. (SEE DETAIL WALLS 10).

ROOM	AREA	COL. LOAD	EST. PRESSURE
BANQUET ROOM	2,100/1,100	10	
RESTAURANT	2,700/1,100	10	
KITCHEN	450/100	10	
BOARD ROOM	150/100	10	
CONF. RM.	150/100	10	



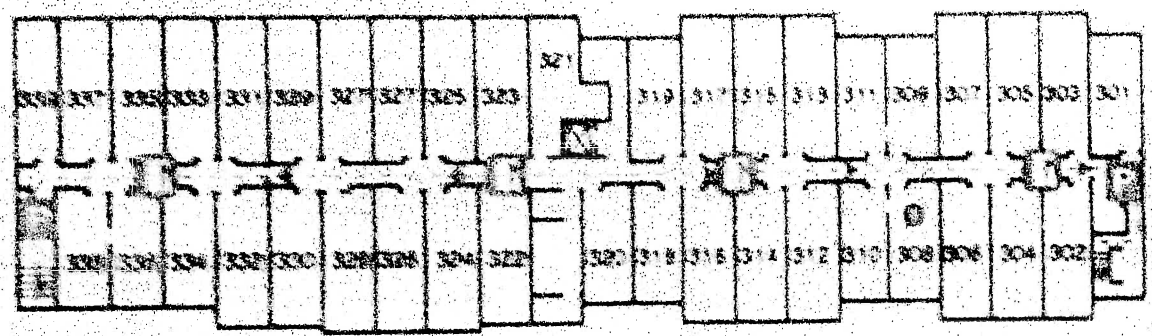
HOLIDAY INN EXPRESS FLORENCE AZ

PERMIT SET

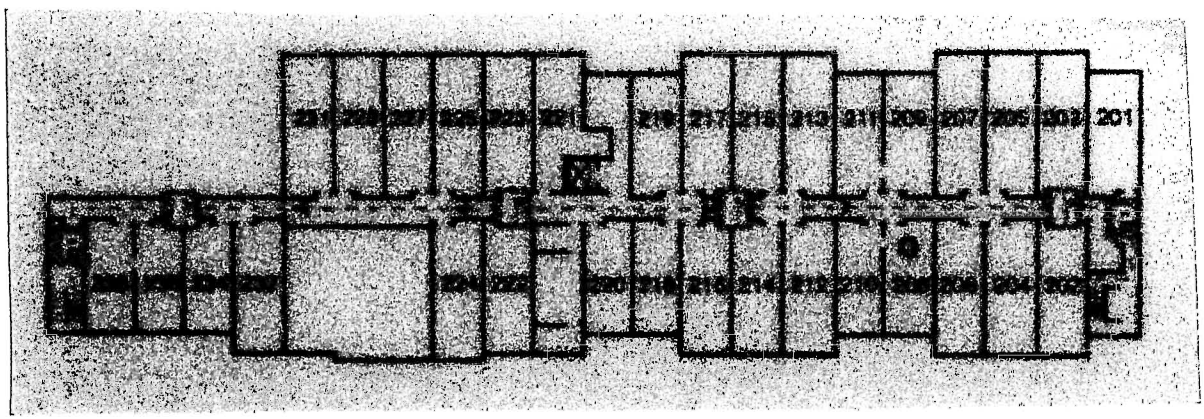
FIRST FLOOR PLAN

C4004

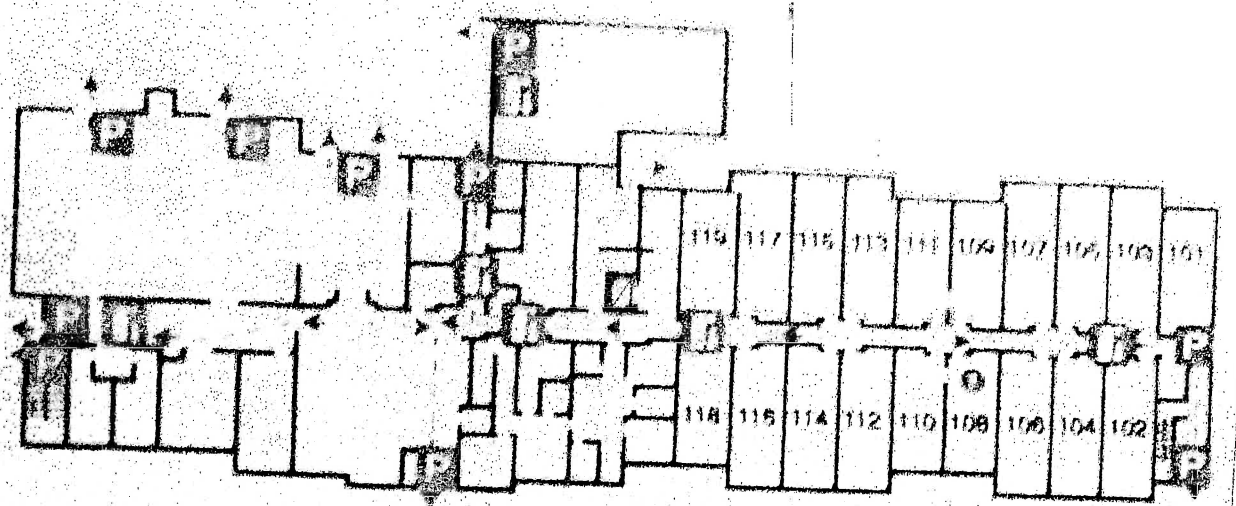
# Floorplan 100 EXPRESS & SUITES



3<sup>rd</sup>  
Floor  
Rooms



2<sup>nd</sup>  
Floor  
Rooms



1<sup>st</sup>  
Floor  
Rooms

13 SEP 20 11:41 AM

# Proclamation

## 12<sup>th</sup> ANNUAL CITIES & TOWNS WEEK OCTOBER 20 - 26, 2013

**WHEREAS**, the citizens of Florence, Arizona, rely on the Town of Florence, Arizona, to experience a high quality of life in our community; and

**WHEREAS**, cities and towns in Arizona work 24 hours a day, seven days a week to deliver vital city services such as fire, police and emergency medical response to ensure safe communities; and

**WHEREAS**, cities and towns in Arizona also provide services and programs that enhance the quality of life for residents such as parks, utilities, street maintenance, sanitation and recycling services, libraries, community centers and recreational programs; and

**WHEREAS**, it is important for the Town of Florence to continue to provide the excellent delivery of services and programs that our citizens have come to expect in our community; and

**WHEREAS**, it is one of the responsibilities of the Town of Florence officials to ensure open and accessible government through frequent communication with citizens using various avenues and means; and

**WHEREAS**, through participation and cooperation; citizens, community leaders, local businesses and municipal staff can work together to ensure that services provided by the Town of Florence can remain exceptional elements of the quality of life of our community.

**NOW THEREFORE BE IT RESOLVED** that the Town of Florence, Arizona, joins with the League of Arizona Cities and Towns and fellow municipalities across the State of Arizona in declaring October 20-26, 2013, Arizona Cities & Towns Week.

**Dated this 21<sup>st</sup> day of October, 2013.**

---

Tom J. Rankin, Mayor

**ATTEST:**

---

Lisa Garcia, Town Clerk





## TOWN OF FLORENCE COUNCIL ACTION FORM

### AGENDA ITEM 10a.

**MEETING DATE:** October 21, 2013

**DEPARTMENT:** Public Works

**STAFF PRESENTER:** Wayne J. Costa, PE  
Public Works Director

**SUBJECT:** 2013 Groundwater Saving Agreement

- Action
- Information Only
- Public Hearing
- Resolution
- Ordinance
  - Regulatory
  - 1<sup>st</sup> Reading
  - 2<sup>nd</sup> Reading
- Other

**RECOMMENDED MOTION/ACTION:**

Approval of the 2013 Groundwater Saving Agreement with Pinal County Water Augmentation Authority and Central Arizona Irrigation and Drainage District, (CAIDD).

**BACKGROUND/DISCUSSION:**

Each year, the Town enters into a Groundwater Savings Agreement with the Pinal County Water Augmentation Authority (PCWAA) and a drainage district. This year, the Town will contract with Central Arizona Irrigation and Drainage District.

The Town is allocated 2048 acre feet of CAP water annually through a subcontract with Central Arizona Water Conservation District (CAWCD), but does not actually take physical delivery of the water. The agreement allows the PCWAA to purchase the water in the Town's name and CAIDD to actually take physical delivery of the water.

In return, the Town will accrue stored water credits in its long-term storage account with the Arizona Department of Water Resources (ADWR). These credits allow the Town to avoid paying replenishment fees to the CAGR.

The MSIDD pays for the CAP water in lieu of pumped groundwater within its district in the Pinal Active Management Area. Then PCWAA pays for the storage permit and the implementation of the agreement.

**FINANCIAL IMPACT:**

The Town will pay \$65.00 per acre foot for the water, but will receive long-term storage credits. Valuation of similar water rights is approximately \$400per acre-foot.

**STAFF RECOMMENDATION:**

Staff recommends entering into a Groundwater Savings Agreement with the PCWAA and the CAIDD. The Town Attorney has reviewed and approved the agreement as to form.

**ATTACHMENTS:**

2013 Groundwater Saving Agreement

## **GROUNDWATER SAVINGS PROJECT AGREEMENT**

### **PARTIES:**

This Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 2013, by and between the **Pinal County Water Augmentation Authority** (the "Authority"), the **Town of Florence** (the "Town"), and **Central Arizona Irrigation and Drainage District** (the "District"), to create and implement a Groundwater Savings Project ("GWSP").

### **RECITALS:**

#### **WHEREAS:**

A. The Town has a 2,048 acre-feet per year allocation of CAP water pursuant to a subcontract with the CAWCD, which is presently not being directly used, but desires to recharge at least the minimum amount necessary to meet its M&I requirements.

B. The District desires to use a portion of the Town's CAP allocation for agricultural irrigation as an affordable alternative to pumping ground water.

C. The Authority is charged with guiding and coordinating the development of water augmentation and water conservation efforts within the Pinal Active Management Area (AMA) in conjunction with local governmental entities and the Arizona Department of Water Resources.

D. The parties desire to develop and participate in a Groundwater Savings Project as a method of facilitating an affordable interim use of a portion of the Town's CAP allocation thereby preserving the ground water underlying the Pinal AMA, according to the terms and conditions set forth herein.

**COVENANTS:**

**NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

1. **Intergovernmental Agreement.** This Intergovernmental Agreement ("Agreement") is entered into pursuant to the provisions of Arizona Revised Statutes §11-951, et seq.

2. **Definitions.**

2.1 "ADWR" shall mean the Arizona Department of Water Resources.

2.2 "BOR" shall mean the Bureau of Reclamation of the United States Department of the Interior.

2.3 "CAP Water" shall mean Central Arizona Project water that is part of the Town's allocation or other Central Arizona Project water which the Town has the legal right to use.

2.4 "CAWCD" shall mean the Central Arizona Water Conservation District.

2.5 "Facility Permit" shall mean permit issued by ADWR to the District and any amendments or supplements thereto.

2.6 "GWSP" shall mean the Ground Water Savings Project contemplated by this Agreement, whereby CAP water purchased by Town is delivered to the District for its direct use in order to preserve the Pinal AMA groundwater.

2.7 "GWS Water" shall mean CAP water purchased by the Authority on behalf of the Town and Delivered to the District under this Agreement.

2.8 "Pumped Water" shall mean water withdrawn from any of the wells within the District service area as shown on Exhibit "A".

2.9 "Storage Permit" shall mean the permit issued by ADWR to the Authority for storage of in lieu water pursuant to the Facility Permit issued to the District.

2.10 "Stored Water Credits" shall mean those credits accrued by the Town pursuant to this Agreement and Arizona Revised Statutes §45-852.01.

2.11 "Water Delivery System" shall mean the District turnout facilities at the CAP aqueduct used to deliver water to the District canals, including existing and future turnouts and pumps.

3. **Delivery of GWS Water.** Pursuant to the Storage Permit, and in quantities and on delivery dates scheduled by the District, up to Two Thousand Forty Eight acre feet (2048 af) of CAP Water shall be purchased in the name of the Town during the term of this Agreement, unless otherwise agreed, and its delivery shall be directed to the District. The District shall take delivery of the GWS Water at the delivery points agreed upon by the District and CAWCD. The parties shall pay the charges and fees for the purchase of the GWS Water in the manner set forth below. The District shall use such water for agricultural irrigation in lieu of Pumped Water within the District's service area within the Pinal AMA. The District shall use the GWS Water delivered under the Agreement in lieu of Pumped Water on a gallon-for-gallon substitute basis. The Town shall be entitled under this Agreement and Arizona law to the Stored Water Credits to the extent of GWS Water used by the District.

4. **Individual and Shared Expenses.** During the term of this Agreement the parties shall bear responsibility for individual and shared expenses as follows:

4.1 **District Expenses.**

4.1.1 Pay all the expenses of the delivery after receipt of GWS Water

within the District beyond the Water Delivery System.

4.1.2 Absorb the District's legal and internal operating and administrative fees and expenses, relating to the receipt and use of GWS Water under this Agreement, including legal fees incurred by the District in the development and implementation of this Agreement.

4.2 **Town Expenses.**

4.2.1 Pay all of the M&I capital charges portion of the annual water rate charged by CAWCD for GWS Water under this Agreement.

4.2.2 Absorb its legal and internal operating and administrative fees and expenses relating to the development and implementation of this Agreement.

4.3 **Authority Expenses.**

4.3.1 Authority shall pay any and all costs for the Authority to obtain a Storage Permit.

4.3.2 Absorb its legal and internal operating and administrative fees and expenses relating to the development and implementation of this Agreement.

4.4 **Shared Expenses.** Based upon the annual M&I Water Rate charged by CAWCD, less the capital charges to be paid by the Town, the parties shall pay as follows for the GWS Water used by the District:

4.4.1 The District shall pay Forty-four and no/100 (\$44.00) Dollars per acre foot.

4.4.2 The Town shall pay Sixty-five and no/100 (\$65.00) Dollars per acre foot (based on Central Arizona Project Final 2012/2013 Rate Schedule, June 7, 2012).

4.4.3 The Authority shall pay the remaining balance of Twenty and no/100 (\$20.00) Dollars per acre-foot, subject to the terms and conditions set forth herein, as well as receipt of Legislative funding as implemented by the Arizona Department of Water Resources.

5. **GWS Water Delivery Point and Measurement.**

5.1 GWS Water furnished to the District pursuant to this Agreement shall be delivered to the District at its Water Delivery System.

5.2 All water delivered to the Water Delivery System shall be measured using the CAWCD water measuring equipment on site. The results of such measurements shall be provided to the Authority and the Town.

6. **Ordering and Billing.**

6.1 The Town shall schedule GWS Water deliveries from CAWCD in accordance with CAWCD's procedures and at the same time shall notify and deliver to the Authority and the District a copy of the Town's schedule.

6.2 The Town shall prepay charges for said GWS Water based on the schedule of deliveries and otherwise comply with the CAWCD rules and regulations concerning payment and security of payment for said water.

6.3 The District will attempt to take delivery and use not more than the Town's annual allocation of CAP water.

6.4 The parties acknowledge the interruptible nature of the CAP water supply to be furnished under this Agreement. No party shall be liable to the other(s) for any damages resulting from curtailment, interruptions, discontinuances or reductions in supply or

undeliverable water which are beyond the control of the party.

7. **Payment.** The Town shall issue a bill to the Authority and the District for the GWS Water delivered under this Agreement. The bill will be for the actual amount of GWS Water scheduled to be delivered to the Water Delivery System pursuant to Paragraphs 6.1 and 6.2 above and for which the Town has been billed and has paid. The amount billed shall be paid within Forty Five (45) days from the date of the bill. Late payments shall incur interest at the rate of 12% per annum from the date of delinquency of any such payment. The Authority and the District shall prepay in whole or in part their respective share of the cost for the GWS Water to be delivered under this Agreement. The District shall reimburse the other parties for any payments made for the delivery of water later canceled or not accepted by the District.

8. **Final Accounting.** In the event there is determined to have been an overpayment or underpayment for GWS Water by any party, the Parties will make any appropriate adjustment to the amount paid hereunder within forty five (45) days of the determination.

9. **Hold Harmless.** The Authority and the Town shall not be responsible for the control, carriage, handling, use, disposal, or distribution of GWS Water. The Parties shall hold each other harmless from damages or claims attributable to the negligent acts of a particular party arising out of the use of the GWS Water, any damages payable, or obligations arising as a result of such negligent acts shall be the sole responsibility of the negligent party.

10. **Quality of Water.** No Party makes any warranty as to the quality of any GWS Water and no Party is under any obligation to construct or furnish water treatment facilities to maintain or better the quality of any GWS Water.



11. **Accrual and Recovery of Town's Stored Water Credits.**

11.1 Pursuant to the Storage Permit, the Authority shall accrue Stored Water Credits for and on behalf of the Town in a long term storage account with ADWR for in lieu water delivered to the District. The Town may use such credits at its sole discretion consistent with this Agreement.

11.2 Recovery of Stored Water Credits shall be allowed from wells that the Town is permitted to recover Central Arizona Project water from, subject to the requirements and constraints of the recovery well permit, including any subsequent amendments.

12. **Records and Reporting.** The parties will maintain records and accounts of deliveries, storage and uses of water under this Agreement, on the basis of information received from CAWCD and the District. The District will furnish the Authority and the Town with all groundwater pump reports and information required. The Authority will file any reports required by the Storage Permit. Copies of all such records, accounts and reports shall be made available to the other parties upon request.

13. **Effective Date.** This Agreement shall become effective on the date first written above or the date it is filed with the Pinal County Recorder as required by Arizona Revised Statutes §11-952(G), whichever is later, when fully executed by the Parties and upon the receipt of all regulatory and other approvals necessary for the implementation thereof. The deliveries of GWS Water under this Agreement shall commence as soon after the issuance of the Storage Permit as possible.

14. **Term of Agreement.** This Agreement shall remain in effect for a period of one (1) year from the Effective Date set forth in Paragraph 13 above, unless sooner terminated in

accordance with Paragraph 16 below. The parties further agree that this Agreement may be extended for additional one (1) year periods, subject to termination as set forth herein, and subject to acceptability of CAP M&I water pricing, availability of revenue for the purposes of this Agreement, availability of water, and the level of participation of other operating units in the GWSP contemplated by this Agreement.

15. **Compliance with Repayment Contract.** The parties acknowledge that the provisions of this Agreement shall in all respects comply with the terms of the Contract between the United States and CAWCD for Delivery of Water and Repayment of Costs of the Central Arizona Project, Contract No.: 14-06-W-245, Amendment No.1, dated December 1, 1988.

16. **Termination.** If any party fails to perform any obligation under this Agreement, including the payment of any charges required of the party, the other party or parties may terminate this Agreement, which termination shall be effective thirty (30) days after mailing written notice of default to the defaulting party. The defaulting party shall remain obligated to pay all charges required to be paid under this Agreement through and including the last day of the term of this Agreement.

17. **Notices.** Any notice, demand or request authorized or required by this Agreement shall be deemed to have been given when mailed, postage prepaid, or delivered as follows:

If to Town:                      Town of Florence  
    Town Manager  
    P.O. Box 2670  
    Florence, AZ 85132

If to the District: District Manager  
Central Arizona Irrigation and Drainage District  
P.O. Box 605  
Eloy, Arizona 85131

If to the Authority: Pinal County Water Augmentation Authority  
Post Office Box 12684  
Casa Grande, Arizona 85130

The designation of the addressee or the address may be changed by notice given in the same manner as provided in this paragraph.

18. **General Provisions.**

18.1 **Time is of the Essence.** Time is of the essence in this Agreement and each term, provision and condition hereof.

18.2 **Waiver.** No waiver by any Party of any default or breach by any other Party hereto shall be deemed to be or constitute a waiver of any other or subsequent default or breach.

18.3 **Binding Effect.** All terms, provisions and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

18.4 **Entire Agreement.** This Agreement, and all other documents contemplated or described herein which are or have been or shall be executed by the Parties hereto, accurately and completely reflect the mutual understanding of the Parties as to all matters addressed herein and therein, and there exists no other agreements, understandings, written or oral, between the Parties and no expectations which are not specifically set forth herein.

18.5 **Attorney's Fees and Costs.** In the event of a dispute, the successful party shall be entitled to reasonable attorney's fees and costs.

18.6 **Counterpart Executions.** This Agreement may be executed in multiple counterparts, and when a counterpart has been executed by each of the Parties hereto, such counterparts, taken together, shall constitute a single agreement. Duplicate originals may also be utilized, each of which shall be deemed an original document.

18.7 **Conflict of Interest.** The parties acknowledge that the Town may be entitled to terminate this Agreement in the event of a conflict of interest pursuant to the provisions of A.R.S. § 38-511, Arizona Revised Statutes.

18.8 **Acknowledgment of Dual Representation of Legal Counsel.** The Authority and Town each acknowledge that the law firm of Cooper & Rueter, L.L.P. represents the Authority and the City of Eloy in a similar Agreement and that legal counsel for the Authority did not draft this Agreement but has reviewed this Agreement as to form and state law requirements for Intergovernmental Agreements. The Authority and Town hereby waives any claim as to conflict of interest as a result of the law firm of Cooper & Rueter, L.L.P. representing the Authority and if applicable the City of Eloy.

THIS AGREEMENT EXECUTED this \_\_\_\_\_ Day of \_\_\_\_\_, 2013.

**Pinal County Water Augmentation Authority**

Attest: \_\_\_\_\_  
Secretary

By \_\_\_\_\_  
Its Chairman

Approved as to Form:

\_\_\_\_\_  
Authority Attorney

**Town of Florence**

Attest: \_\_\_\_\_  
Town Clerk

By \_\_\_\_\_  
Mayor

Approved as to form:

\_\_\_\_\_  
Town Attorney

**Central Arizona Irrigation and Drainage District**

Attest: \_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Its President

Approved as to form:

\_\_\_\_\_  
District Attorney

**MINUTES OF THE FLORENCE TOWN COUNCIL MEETING HELD TUESDAY, JULY 15, 2013, AT 6:00P.M., IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.**

**CALL TO ORDER**

Mayor Rankin called the meeting to order at 6:08 p.m.

**ROLL CALL:**

Present: Rankin, Smith, Celaya, Hawkins, Walter, Woolridge

Absent: Montañó

**INVOCATION PERFORMED BY REVEREND DONALD WOOLRIDGE, UNION BAPTIST CHURCH.**

Reverend Donald Woolridge, Union Baptist Church, led the invocation.

**PLEDGE OF ALLEGIANCE**

Mayor Rankin led the Pledge of Allegiance.

**CALL TO THE PUBLIC**

**Call to the Public for public comment on issues within the jurisdiction of the Town Council. Council rules limit public comment to three minutes. Individual Councilmembers may respond to criticism made by those commenting, may ask staff to review a matter raised or may ask that a matter be put on a future agenda. However, members of the Council shall not discuss or take action on any matter during an open call to the public unless the matters are properly noticed for discussion and legal action.**

Mr. John Anderson, Resident, stated that the Town Manager denied his Anthem at Merrill Ranch PUD application request. He asked that his request be heard by Town Council.

Mayor Rankin directed staff to set up a meeting with Mr. Anderson in two weeks, and he will attend the meeting as well.

Ms. Elizabeth Kaiser, Resident, provided an update on the food study that she conducted. The data confirmed that the food environment does not meet the needs of all Florence citizens.

**PUBLIC HEARINGS AND PRESENTATIONS**

**Public Hearing on Conditional Use Permit application for a proposed Medical Marijuana Dispensary on a Highway Business Commercial zoned property**

**located at 801 North Pinal Parkway Avenue, Florence, Arizona; and for Discussion/Approval/Disapproval of said application.**

Mayor Rankin opened the Public Hearing.

Mr. Mark Eckhoff, Community Development Director, gave a presentation on an application for a Conditional Use Permit regarding a proposed medical marijuana facility located at the former Big O Tire site.

Mr. Eckhoff explained Proposition 203, known as the Arizona Medical Marijuana Act.

Mr. Eckhoff stated under the new state law, cities and towns were allowed to adopt reasonable regulations regarding the location and operations of medical marijuana dispensaries and growing operations. As such, the Town of Florence adopted new codes relating to this new state law so that there were clear and concise local regulations pertaining to the emerging medical marijuana industry.

Mr. Eckhoff stated the applicant proposes to utilize the subject location to provide cannabis products for patients who have received a physician's medical recommendation to utilize medical marijuana for the management of their medical afflictions. According to the applicant, the Arizona Department of Health Services (AZDHS) has granted the applicant the ability to operate in this region, pending local approvals.

Councilmember Walter inquired about the state regulations and being 500 feet away from a school. She stated there is a school with the Pinal County Sheriff's Office Adult Detention Center. The detention center has the Espinoza Secured School Care that is funded through the government. She inquired if the program was taken into consideration.

Mr. Eckhoff stated there were several things that were taken into consideration including churches, schools, and libraries, which are considered sensitive usages.

Mr. James Mannato, Town Attorney, stated that the Pinal County Law Library is a public library, as stated in Legal Opinion LO13-0014. The Arizona Superior Court Local Rules for Pinal County Rule 1.5 specifies that the law library has to be open to the public during business hours the days the courthouse is open. The mission statement of the Pinal County Law library is to make legal research assessable to the citizens in Pinal County in a prompt and cost effective manner to assist with information resources in obtaining free legal forms for filing in the Superior Court of Arizona and Pinal County.

Mayor Rankin inquired about the schools.

Mark Eckhoff explained that the AZDHS verified what criteria they use with regards to separation location criteria for medical marijuana dispensary. There is a restriction regarding schools. The Town's restrictions regarding schools are more elaborate and detailed.

Mayor Rankin inquired who is responsible to ensure the site's compliance to the Town Code.

Mr. Mannato stated that the applicant is responsible to ensure compliance to the Town Code because they are the one seeking the zoning. They are in a position to persuade the Council that their application and proposal are appropriate. The burden lies on the applicant to satisfy all the requirements of the Town Code.

Mark Eckhoff stated that an applicant has a responsibility to do their due diligence on a property.

Councilmember Celaya stated that he does not fully agree with the process of due diligence and who is responsible. He said part of due diligence comes when staff posts the request for a zone change and the intended use. The neighboring properties should have some responsibility to identify incompatible uses. The law library should have come out at the last notification of zoning.

Ms. Jordan Rose, Rose Law Group, addressed the law library and school issue. AZDHS defines school to mean any public institution established for the purpose of offering instruction to pupils and programs for pre-school children with disabilities, kindergarten programs or any combination of grades one through twelve. She said a prison school, while certainly is a service, is not a school under the state definition.

Ms. Rose stated that the application is for Healing Health Care, with Mr. Rakesh "Rocky" K. Pahwa as the responsible operator. If approved, the applicant will dedicate 25% of the net operating revenues to the Town of Florence for a special community purpose. He will take grant applications and decide where to put those revenues each year. His facility will provide five full time jobs, plus an off duty police officer for security. Part of the facility will be dedicated for a community purpose such as a food bank, blood pressure screening area, or a stroke check area. She said the location is safe and very visible. The AZDHS website shows that there are approximately 950 patients in this area that have cards and could be growing in their homes, which equates to 11,424 plants that are allowed to be harvested six times per year with no oversight. If passed, the Town would collect significant monies through tax revenues. Medical marijuana is now widely supported by the public; 55% of conservative voters said that they are in favor, and 55% would like to see the program proceed for a few years to see how the program shapes up. The entire Democratic Caucus at the legislature has voted for it.

Ms. Rose discussed security of the location. She said in order to enter the facility one would need a card issued by AZDHS. An off duty police officer will be on site during all hours of operation. Ten security cameras, motion sensors, glass break sensors, and multiple panic buttons will be installed throughout the facility. The security system is tied into AZDHS data storage system offsite. Hours of operation would be 7:00 am to 7:00 pm. Studies indicate there is no increase in crime with a dispensary.



Mr. Mal McDonald, former US Attorney, stated he served on the Gilbert Town Council from 1993 to 1997. He served with President Regan as a member of the Attorney General Advisory Committee for approximately three to four years. He is in favor of medical marijuana because he has seen firsthand the positive effects of its use. He said that epilepsy is not curable by marijuana, but it stops the nausea.

Ms. Rose stated that once a dispensary opens in the area, AZDHS sends a letter to all the cardholders in the area stating that the cardholder must stop growing their plants.

Mr. Pahwa stated that he did his due diligence when he first applied for this location. He attended several meeting with Town staff. He stated that staff forwarded a recommendation for approval in November 2011. He stated that when the second round began he didn't do any further due diligence because nothing had changed in the environment; the prison, McDonald's, and the law library were the same and there were no changes. He inquired if the application is not approved, who will police the private growers. He stated there are no regulations required for planning and zoning; nor is licensing required for cultivating plants at home. If someone has a patient card the person can cultivate 12 plants, and if they are a caregiver they can cultivate up to 99 plants. He stated that 99 plants can generate 180 pounds of medical marijuana in six months with a street value of \$750,000, this equates to ten times what a dispensary can dispense legally to 125 card carrying patients. Mr. Pahwa stated he has a medical background and is licensed by Medicare and Medicaid. If Florence has a dispensary, patients within a 25 mile radius cannot cultivate plants.

Discussion occurred regarding medical marijuana not being able to be consumed in any way on site.

Ms. Denise Kollert, Resident, stated that she would rather have people go to a controlled environment to get the marijuana. If people grow in homes, there is always a chance of something happening. This is not to say that the patients are going to do anything wrong, but if someone finds out, what might happen if people go into that home. Whether we like it or not, the law was passed in the state. AZDHS has worked hard to create very good rules and regulations for these dispensaries to follow. She stated that it appears Mr. Pahwa wants to open this dispensary in the proper manner. She said that the Council should give him a chance. If Council doesn't like the dispensary or if Mr. Pahwa does something wrong, they can close him down. She stated that she has a brother who has MS and it has helped him immensely, so she knows of a personal experience where medical marijuana has helped.

Dr. Amy P. Fuller, FUSD Superintendent, stated the District has approximately 8,000 students and there are approximately 32,000 to 35,000 students in this area. She said as professional educators, and a school district, they have devoted countless years establishing a no tolerance for drug culture in the minds of the students. They have a strong belief that allowing a medical marijuana dispensary to open sends a message to our kids that is counterproductive to the culture that they worked so hard to establish. She stated drug addiction has increased amongst our youth and it is destroying their dreams. She strongly urged the Council to reject the concept of placing a medical

marijuana dispensary anywhere within the Florence town limits. She encouraged the students to use the law library. The judges have mock trials for all Pinal County schools. She stated that the students go to the law library in Florence where her husband is also Superior Court Judge. She stated that Mr. Pahwa is in the business of medical marijuana, but she is in the business of children. Children learn by three ways: by example, by example, and by example.

Ms. Jessica Horton, Tucson resident, stated she was a former Special Education Teacher in Virginia. She developed fibromyalgia pain syndrome when she was 18 years old. She was only able to teach for one year before her illness became so severe that working outside the home was no longer an option. She has been on a several medications for approximately nine years. She listed all of her prescribed medications and their side effects. She stated that with medical marijuana she has no symptoms, just the occasional dry mouth and occasional high, which is usually at night because she has to take more to knock herself out as she has had insomnia since puberty. She said medical marijuana has changed her life for the better. She is now able to work 50 hours per week, whereas before she was lucky if she could work 30 hours. She offered to show her patient's card to the Council.

Mr. Jared Jaworowski, Tucson resident, stated that he was diagnosed with an internal health issues seven years ago which has caused countless hours of discomfort from chronic pain and nausea. He stated that three years ago the nausea got so bad that he lost 40 pounds in two months. As a husband and a father, it is very difficult to interact with your children the way you want when you feel like crap. He said he has been through a list of prescription drugs and a long list of holistic remedies as well. He rejected every offer from his physician for opiates and prescription drugs, as these drugs are far worse. Cannabis is the only thing that treats all of his issues. He stated that if the Council doesn't provide an option in Florence for its constituents to receive the medical marijuana, they will go to Coolidge, Tucson or other places and they will spend their tax money in those places to get medication. The state passed the law and we need to ensure that patients have safe access to medicine.

Mr. Charles Smith, Chief Operating Officer, Dixie Elixirs, stated that he works for one of the largest infused products companies in Colorado. They had the privilege of building their companies after all the regulations were imposed in Colorado, so it was done correctly. He is in support of Mr. Pahwa's application, and supports the opportunity in Arizona to deliver safe medical marijuana under great rules and regulations that Arizona has imposed. He had the privilege of building a number of companies in his life, but has never been involved in something that he believes will so profoundly change people lives for the better. He has personally seen it in the patients that they have served through their business. Most of us have been told that marijuana is not good, and it is bad. He said we have been told that for so long that it's hard for us to accept that perhaps it could have a beneficial place in our society

Mr. Smith asked for Council to open their hearts and minds to the possibility that allowing legal controlled medical marijuana to be distributed safely by an outstanding person like Mr. Pahwa may help many people. Mr. Pahwa has a good place in

Florence. He asked Council to open their minds and hearts to the parents whose child has epilepsy. The child may obtain relief without getting addicted to pharmaceutical drugs. The person that is suffering from cancer and suffers from severe nausea and pain may only be able to obtain relief if they are able to obtain medical marijuana. He said if the good Lord is willing the laws will change in this State that will allow a soldier with PTSD to actually use medical marijuana to quell the demons that are in his head as opposed to his usual cocktail of alcohol and opiate drugs. He asked the Council to forget about the stereotypes of the past and allow its citizens to enjoy safe access to medical marijuana.

Mr. Ramsey Dadis, Executive Vice President, Von Dank Group, Las Vegas, Nevada, stated that he is in support of Mr. Pahwa's application. He owns a company that builds cultivating facilities and manages them in states where it is legal. He stated that he also helps patients build their own growing rooms in their homes. He presented paperwork that refers to websites and news articles relating to legal and illegal grows in homes. He said Florence could have several problems if Coolidge doesn't open or is closed down, and there is not another dispensary within Florence's 25 miles radius. He stated that he is in support of the bill in Nevada to allow for the dispensary to become legal. He would like to see Mr. Pahwa's facility open to ensure that there will be no problems in these small unsafe grows.

Ms. Betty Adworth, Deputy Director, National Cannabis Industry Associates, Denver, Colorado, shared some of the experiences that they have seen. She stated that medical marijuana came up in Colorado without regulations, which is why she and her colleagues went to the state legislature seeking the tight regulations that are in place today. She stated that in 2011, Aspen, Colorado, collected \$21,000 in sales tax revenue, Carbondale collected \$35,000, Nederland collected \$45,000, and Glenwood Springs collected \$66,000. All of those towns are smaller than Florence. She stated that one reason why Glenwood Springs saw such large tax revenue is because they are surrounded by communities with local bands where medical marijuana facilities are not permitted to operate. She stated that they have seen retail vacancy rates down dramatically, and in many areas these stores has led to neighborhood rejuvenation in Colorado. She stated the question is who do you want to get your chemo medication from as well as to help control the seizures from epilepsy, certainly not Joe down the street. She stated that you want to go to a medical facility, and that's what Mr. Pahwa is offering. Mr. Pahwa is experienced in healthcare management and is looking to provide safe access to a medical office to Florence's patients while bringing living wage jobs and economic vitality to your town.

Reverend Jarrett Maupin, Phoenix, stated that he supports legal drug use. He is not a marijuana user, but thinks what Mr. Pahwa is trying to do something right for the community. He is on the African American Advisory Board for the Chief of Police in Phoenix, Arizona, in which they had a presentation on marijuana use in African American youth. Several years back, in the study, the young people indicated they wanted things like Northern Lights, Donald Duck, Turtle Power, and Hawaii Skunk. He stated that he doesn't know what those names mean, but apparently they are the names of really nice types of marijuana that you can buy on the street. He stated that

he doesn't believe that Mr. Pahwa is going to build a facility that is going to produce Hawaiian skunk. He stated that Mr. Pahwa is going to have a facility that produces actual medicine tailored to meet the needs of the people that are sick. He stated that he understands where the School Superintendent is coming from and understands the concerns about what is going on in the community. The Phoenix Police Department and the Maricopa County Sheriff Office are looking at ways to check irregular electrical uses in neighborhoods. They are going to neighborhoods and doing sweeps for heat signatures on houses to try and identify where people may be growing large amounts of marijuana that surpass what is permitted. It is easier to have one regulated and lawful source and then be able to go after the people that break and bend the rules. He encouraged the Council to approve what Mr. Pahwa is asking for. He stated that Mr. Pahwa is going above and beyond by building a community center or health center to help the community. There isn't a requirement to give back profits to the community nor for people that want to grow on their private property. Their intentions are not known and there is a health issue concern. He stated that opening the dispensary is the right thing to do.

Ms. Kimberly Haslett, President, South West Arizona Patient Alliance (SWAPA), Tucson, Arizona, stated that she has a patient support group for medical cannabis patients, which is called South West Arizona Patient Alliance. She stated that she helps patients throughout the state. She has several patients within the Town of Florence. She stated that she helps them through education and advocacy. She said they raise funds to help patients who cannot afford to get their cards and their doctor visits. She said they started at SWAPA and understand that there are a lot of patients who cannot afford the medicine. SWAPA started a program called the Patient Compassion Program, which is voluntary by the dispensary, and allows patients that meet certain criteria of Medicare or Medicaid, plus meets the poverty line, to allow them to have safe access to medicine at a greatly reduced price. There have been a lot of dispensaries who voluntarily joined to help patients. There are compassionate programs to help patients access their medicine safely. As a patient advocate, she has spoken all over the state as well as helping patients all over the state. She has never spoken on behalf of a dispensary owner and is doing so because her first concern is the patient; which is her only concern. She knows Mr. Pahwa and knows Florence is fortunate to have Mr. Pahwa come to this community. She has met almost every dispensary owner in the state and can tell the Council that Mr. Pahwa is top-notch. He is going to operate a compassionate program. She was shocked when he stated that he was going to provide services and donate funds to the Town. There isn't one dispensary owner that has ever committed to that. She said she admires him for saying that he is going to give back to the community.

Ms. Haslett stated that she was a stay at home mom, and has a child with autism. She stated that she agrees with the person who stated that children learn by example. Her son is a high functioning autistic. She recently pulled him out of public school because he is so vulnerable. She stated she worries about drug dealers because they have approached her son. He is a vulnerable child and he doesn't understand the difference between what is good and bad. The problem with the drug dealer on the corner is that he doesn't just give them cannabis; he introduces them to other drugs such as crack

cocaine. You want to get that dealer off the streets. She stated that as parents, we have to be honest with our children.

Ms. Haslett stated that her daughter attended a daycare with a McDonald's, Walgreens, and bar in close proximity. She stated that her daughter never walked out the McDonald's or the daycare and said "Look mommy oxycodone, look mommy you can get whisky here"; that's not their perception. The children that go to McDonald's will have no idea that there is a dispensary there.

Ms. Haslett stated that she represents a lot of patients, and many of them are wheelchair bound or use walkers. They can hardly make it a mile down the road to get their medicine, much less go to Coolidge. She stated that if they do go to Coolidge, those patients are going to spend money at the grocery store and gas station; so not only is the Council not going to allow the town to generate revenue, they are sending revenue to another town. These patients are voters, they are your neighbor, you sit with them in church, and several or most of them are 51 years or older. She asked the Council to be considerate of these people, as they are voters in this town.

Mr. Tripp Keber, President and CEO, Red Dice Holdings, Denver, Colorado, supports Mr. Pahwa and Healing Health Care's application in Florence. He stated that he is a father and a married man and has instinctive interest associated with the medical cannabis industry throughout the state of Colorado. He was hired by Mr. Pahwa as a licensing partner to give him proper direction. As an entrepreneur and a business owner in the state of Colorado, they employ approximately 140 employees, including current and former law enforcement agents. They use drug enforcement agency employees as consultants who understand the commitment to compliance and a full regulatory model. He stated that they have been fully vested by the FBI, DEA, IRS, and in the State of Colorado, the Colorado Bureau of Investigation that includes both a personal as well as a professional detailed background check. He stated that they support medical cannabis here in the State of Arizona. Colorado has created over 10,000 jobs for the residents. They have created millions of dollars in licensing fees and taxes associated with their business. It is imperative to provide patients safe access and to allow business owners to progress with their businesses so they can do well for the community.

Mr. Murphy Kittrell, Dispensary Operator, Tucson, Arizona, supports Mr. Pahwa. He believes medical marijuana is a regulated business and it helps raise tax revenue. It helps generate revenues for non-profits to support the community. He stated that he believes it will do this community great if you allow Mr. Pahwa to open the dispensary.

Ms. Peggy Nooman, Tucson, Arizona, stated she has seen a little marijuana and legal drugs being used all over the country. She stated that she has been in the drug business as a drug counselor. She stated that she thinks the best thing the Council can do for the Town is to allow this clinic to take place. She said that by having the dispensary overseen by the state and having the revenues it will produce, it is the best thing the Council can do.

Mr. Miguel Olivas, Coolidge, Arizona, stated that he has ten children ranging from age 23 to three months and his wife informed him they are not done. He stated that marijuana is not something he wishes for his kids to use recreationally, nor does he wish for them to be in a situation where they would need to use it. He stated that \$13.7 billion dollars are spent by federal government every single year to arrest, prosecute and detain medical marijuana users. The Town could have approximately 11,000 plants growing within a 25 mile radius. He stated that he attended the Council meeting for two reasons: public safety and the safety of his family. He stated that he is present to speak on behalf of the character of Mr. Pahwa. If it were not for Mr. Pahwa and his partners, he would not be putting his reputation on the line. He asked the Council to vote in favor of this project and give a man his due diligence.

Mr. Steven Turetsky, Student, Denver, Colorado, urged the Council to base their discussion on facts as much as possible. He asked the Council to leave emotional and stigma that's ingrained in our society about cannabis out of the picture. He stated that cannabis is not a gateway drug research says it is, as it does not have physically addicting properties. He stated that another misconception is that students are dying from marijuana use and abuse. You cannot physically overdose on marijuana because of a lack of cannabinoid receptors in your brainstem that controls basal, metabolic, heart rate and respiratory function. UCLA Economist Jeffery Merion has published research saying the "just say no" type of education to our youth is actually ineffective. The more rational approach would be just education on the actual facts associated with the plant and to state that it is for medical use only. He stated that after the dispensary opens, people will continue to grow in their homes. Growing cannabis is not necessary like growing tomatoes; it is a very difficult process. It would not be advantageous to continue to grow your own cannabis at home when you can go down the street and pick it up. He urged the Council to look at the facts and keep emotion out of it.

Mr. James Knupp, Public Information Officer, Pinal County Attorney's Office, stated that he wanted to reiterate the ideas that he presented on June 20, 2013 to the Planning and Zoning Commission. He stated that the Pinal County Law Library does exist within 660 feet of the proposed location. It does serve as a statutory defined public library, and does have students and children who attend or use the library for instructional training. Behavioral Systems Southwest, a re-entry program for individuals exiting prison, provides the ability to have a designated religious site that is also within 660 feet; which is a Native American religious site as defined by US Code 42.

Ms. Sheri George, Chairman, San Tan Valley Substance Abuse Coalition, stated her organization also oversee the Town of Florence. Since the coalition's inception in October 2011, they have worked diligently to implement several substance abuse incidents that have been applied to Coolidge, Florence and the San Tan Valley area, including the Scottsdale based "Not My Kid" Program. She stated that they just finished their first year here with the implementation in the schools. They have several other projects that focus on reducing substance abuse in the three areas.

Ms. George stated that in Pinal County, one in ten students currently obtain marijuana, which is the gateway drug. She stated that 62% of adults who have used marijuana

before the age of 15 have used cocaine at some point in their lives. Per the 2012 Arizona Youth Survey, one in ten students obtains marijuana from someone who has a medical marijuana card. This number will skyrocket if the marijuana dispensary is allowed to open in the Florence.

Ms. George quoted Colorado Federal Prosecutor John Walsh, who stated “alarming and substantial spike in marijuana use by young people with the proliferation of the dispensaries...” She referenced an article in which it spoke of letters that were sent to 25 dispensaries that violated a law that required medical marijuana centers to be at least 1,000 feet from a school.

Ms. George stated that many agencies and local organizations, such as San Tan Valley Substance Abuse Coalition, are comprised of all volunteers; with many of them having full time jobs. Their goals include placing programs and changes in place to achieve their goals of a drug free community. If this marijuana dispensary is allowed to open, it would seriously damage and hurt their efforts. She stated that she has personally witnessed the devastating consequences of marijuana use starting at a young age within her own family. She urged the Council to not allow the dispensary to open in the community.

Ms. Laura Gmelin, Parent, stated that her son is a healthy 19 years old who abuses marijuana. She said she feels he abuses it because he doesn't need it as he is healthy. She stated that her son could be an excellent college student but has decided to quit studying and doesn't want to go to college. She asked the Council to not allow the dispensary to open. She stated that she works in education and sees the effects of this drug in our society. The community has entrusted the Council with their welfare, and asked on behalf of the community, children, professors, schools, and everyone involved in the education of our children, to not allow this to happen.

Mr. Frank Parentean, San Tan Valley Substance Abuse Coalition, stated that the Council has heard arguments on both sides of this issue and there is room for debate. He stated that he is the father of a son who suffers from substance abuse to a legal substance. He asked the Council to consider the terrible effects that drugs have on our community. He stated that it is not a game or a joke. People are dying all the time from substance abuse. He stated that his son attempted suicide as a result of substance abuse. He stated that he has been a pastor of a church in Queen Creek, and they have a program called “Parents of Addicted Love Ones (PAL)”. He has seen the pain and suffering of the parents who have children of all ages with substance abuse. He asked the Council to use their common sense. He stated that a brain that suffers from substance abuse does not know the difference between legal and illegal drugs. They suffer the same consequences. They suffer by doing all sorts of things to get money to support their addiction. He stated that drug dealers start with marijuana because it is a gateway drug. He said the dispensary is not a good thing for the Town of Florence.

Mr. Rick Mauldin, Warden, Arizona State Prison - Florence West, stated that he is an Arizona native. In 1973, he moved to Florence and began working at the State Prison. He has seen many changes since the enactment of this law. He doesn't believe that

they are here today to discuss the medical benefits of marijuana. He understood the issue to be the location. He stated that by working in the prison system for 40 years, drugs and prisons do not mix; it is like oil and water. He said that every day he drives by the location and it is just too close to the prison that he operates. He urged the Town Council to take the opinion of the Planning and Zoning Commission and deny the request.

Mr. Carson Williams, Regional Operations Director, Arizona Department of Corrections, stated he is representing Director Ryan, as well as employees of their agency. He stated that he agrees with several comments that have been made, especially ones that have been made by Mr. Mauldin. He said one thing inmates have in common is about 90% have smoked marijuana. He said the real issue is the location. The issue is not if marijuana has medical purpose or if it benefits people. The issue is the location of where the dispensary is being requested to be placed. He said that this is in an area that opens the door for many things that cause the corrections agency concern. He stated that contraband can be brought in as it provides easy access to throw things over the fence. He stated that contraband is already a problem. He stated that it can also be a problem for our children. He stated that he has children in this community and they go to school here. He said he doesn't want to see things compounded or getting any worse. He stated that the Council needs to do things that are in the best interest for the Town. He has seen many people speaking on behalf of the dispensary, but none of them live here. He stated that he lives in Florence and has for many years. He stated that he is opposed to the dispensary as a citizen and as a professional.

Ms. Barbara Manning, Resident, stated the decision is neither on the medical benefits of marijuana nor on whether a medical dispensary is better than people growing marijuana in their backyards. She stated that the Council's decision has to do with the location of this dispensary. She inquired why anyone would think that it is a good idea to put it near a family oriented establishment like McDonald's. She stated that it doesn't seem like the right location for a dispensary.

Mr. Robert Leo Souza, McDonald's Owner, stated that he owns the McDonald's on SH79 as well as the one in North Florence. He stated that both times the application was made; he sent a letter to the Council. The Council needs to ask if the dispensary fits in the location and if the applicant has a legal right to own a marijuana dispensary. He said the applicant does have a right to own a medical marijuana dispensary because over half of the voters in Arizona said he does. He stated that it is up to each municipality to create restrictions, covenants, and buffer zones to where this dispensary would or could be placed. He stated that with regards to the law library being a bonafide library, he understood that you are unable to check out books in that law library. They have reference books and he doesn't believe that you can check out reference books from any library. He stated that a judge has said that approximately 90% of the adults that went into the library there were for domestic issues. He also heard from an educator that children go to the library all the time, making it a bonafide library. Council is not here to discuss whether it is legal to own this business; it is legal to own this business. He stated that he doesn't have any qualifications to say that the



dispensary has medical advantages to its patients, but he did state that the dispensary doesn't belong there.

Ms. Rose Jordan, Attorney for the applicant, stated that in order to take marijuana off the streets, a regulated dispensary is needed. She asked Council to make a motion to approve with an inclusion for a certain period of time to try it out. She stated that the Council could consider renewal after that time frame has elapsed. In addition, she asked Council to stipulate a full-time security guard and 25% of Mr. Pahwa's profits be given to charities or non-profits within the Town of Florence; and that a portion of the building be used for a community food bank, health clinic, blood pressure/stroke screening center or other possibilities that the Council determines.

Mr. Mel Mc Donald, Attorney, stated have Council heard the argument given to base this on reason. He said Council is not going to find a building with some big marijuana leaf growing out of it or advertising marijuana. They are medical dispensaries for people who have a prescription. If the learning educators are really that interested, then they should protest against Walgreen's and other stores because some of the most damaging drugs in schools today are Oxycodone, Vicodin and other pain killing drugs. Those drugs sold at pharmacies don't have this crusade. He stated it is easy to get up and say, if you do something that's going to be a true medicine for people it's going to hurt the children. He stated that there is not any evidence in Colorado or California of a dispensary selling illegally. He stated that he applauds Arizona Department of Health Services because they have done it right.

Mr. McDonald stated that when marijuana is delivered notification must be made to law enforcement of the type of vehicle, the location, and what is being delivered. He urged the Council to not succumb to the fears of someone saying that it would set aside all the things that the children are being taught. He said the message that it relays is that sick people can go to a state regulated lab and receive their medicine. People are still out on the streets doing drugs illegally; that issue needs to be addressed and people need to be prosecuted.

Ms. Denise Kollert, Resident, stated that she does not understand the relationship between having a licensed controlled facility and people buying marijuana off the street. She stated that kids rob their parents' by taking medicine from the medicine cabinets for drugs and obtain alcohol from their parent's liquor cabinets. She said the problem cannot be blamed on a facility like this, it's irrational. She urged the Council to give Mr. Pahwa a chance because she is sure there is a person in Florence that would benefit from being able to do this.

Mayor Rankin closed the Public Hearing.

On motion of Vice-Mayor Smith, seconded by Councilmember Celaya, to approve the Conditional Use Permit application for a proposed Medical Marijuana Dispensary on a Highway Business Commercial zoned property, located at 801 North Pinal Parkway Avenue, Florence, Arizona.

## **Roll Call Vote:**

Vice-Mayor Smith: No  
Councilmember Celaya: Yes  
Councilmember Walter: No  
Councilmember Hawkins: Yes  
Councilmember Woolridge: No  
Mayor Rankin: No

Motion Failed: Yes: 2; No: 4

## **Presentation by Greater Florence Chamber of Commerce recognizing the Business of the Month.**

Ms. Susan Kerestes, Executive Director, Greater Florence Chamber of Commerce, presented a plaque to Mr. Humphrey, Owner, Affinity Physical Therapy for business of the month.

## **Presentation of the Greater Florence Chamber of Commerce's Annual Report.**

Ty Schraufinagel, President, Greater Florence Chamber of Commerce presented the annual report. Mr. Schraufinagel informed Council of the following items.

- Vision Statement
- Redefined Mission Statement
  - The Greater Florence Chamber of Commerce is a voluntary organization of business and professional people working in partnership with government and community leaders for the enhancement of economic vitality and quality of life for the total community.
- Thanked the Board of Greater Florence Chamber of Commerce, staff, ambassadors', and volunteers.
- Monthly business classes for local business owners
- Engaged the community and business owners in business minded networking events
- Bring vibrant speakers to monthly luncheons
- Strong local and online presents
- Casino night
- Winter Visitor's Breakfast
- 1st Annual Falce-Vail Music Festival partner with Jr. Prada
  - This event is to bring music talent to Florence and highlight all the different locations and areas within Florence.
- 1<sup>st</sup> Thursday

- Desire to bring more people and attention to downtown Florence to boost economic development.
- Membership (152 members)
- Finances/Grants
  - Plan to develop a strong financial budget for this current year, ended multiple equipment leases, and moved to McFarland State Park.
  - In the process of obtaining grants for the Town of Florence business owners.
  - July 1<sup>st</sup> new contract with the Town of Florence to operate McFarland State Park, want to enhance exhibits by partnering with the State Parks and expanding the gift shops.
- Updated website
  - Tourism and Economic Development, Local First Arizona, providing updated information to State Parks and Office of Tourism on what is occurring in the Town of Florence.
- Distributed more Chamber maps, directories, relocations packages, and business packages.
- Have a contract with Motivational Systems Inc. on promoting Kiosk displays and to sell signs.
- Hosted eight ribbons cuttings.
- Two ground breaking ceremonies.
- Improved the Greater Florence Chamber of Commerce calendar.
- Started Business of the Month
  - Highlight businesses that are making a difference in the Town of Florence.
- FAM Tours: bus tours of the Town of Florence
- Featured in LNB newsletter in September 2012 for the voice of the business community.
- Hosted retention and expansion meeting at the Holiday Express.
- Face Book fan page this website will help promote Florence.
- Continue to work close with the Town of Florence.
- Read testimonials from business owners about how well the Greater Florence Chamber of Commerce is doing.

**CONSENT: All items indicated by an (\*) will be handled by a single vote as part of the consent agenda, unless a Councilmember or a member of the public objects at the time the agenda item is called.**

- a. **\*Authorization to forward a favorable recommendation to the Arizona Department of Liquor Licenses and Control on behalf of the Greater Florence Chamber of Commerce’s application for a Special Event Liquor**

License for September 5, 2013, and October 3, 2013, from 4:30 p.m. to 6:30 p.m. for their First Thursday events.

- b. **\*Authorization to enter into a lease agreement with Carol Jonson (Silver King Hair Co.), for Suite 201, in the Silver King Market Place.**
- c. **\*Resolution No. 1405-13: adoption of A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, ADOPTING THE CORRECTED TOWN OF FLORENCE FY2013-2014 EMPLOYEE CLASSIFICATION PLAN.**

Ms. Lisa Garcia, Deputy Town Manager/Town Clerk, read Resolution No. 1405-13 by title only.

- d. **\*Approval of the Mutual Protection and Law Enforcement Agreement between the Tohono O’Odham Nations and Town of Florence.**
- e. **\*Receive and file the following board and commission minutes:**
  - i. **Receive and file the September 25, 2012 Planning and Zoning Commission minutes.**
  - ii. **Received and file the December 18, 2012 Redevelopment Commission minutes.**

On motion of Councilmember Walter, seconded by Vice-Mayor Smith, and carried to adopt the Consent Agenda as written, with the exception of Item d.

**d. \*Approval of the Mutual Protection and Law Enforcement Agreement between the Tohono O’Odham Nations and Town of Florence.**

Mayor Rankin stated the Resolution No. 1406-13. The Resolution of the Mayor and the common Council of the Town of Florence, Pinal County, approving the mutual protection and law enforcement agreement with the Tohono O’Odham Nation.

Mayor Rankin stated Council need to make a resolution and have one listed as the resolution in the consent agenda.

On motion of Councilmember Hawkins, seconded by Councilmember Celaya, and carried to approve Item d.

## **MANAGER’S REPORT**

There was no report.

## **CALL TO THE PUBLIC**

There were no comments.

## **CALL TO THE COUNCIL**

Councilmember Hawkins invited the public to the National Bank of Arizona Open House.

Councilmember Walter and Councilmember Celaya thanked staff for the excellent job on the 4<sup>th</sup> of July event.

Mayor Rankin stated if Councilmembers or members of the public think the zoning ordinance should be changed they need to inform Town staff so a work session can be set up. He stated that the 4<sup>th</sup> of July event was a great success.

## **ADJOURNMENT**

On motion of Councilmember Walter, seconded by Councilmember Hawkins, and carried to adjourn the meeting at 9:56 p.m.

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Tom J. Rankin, Mayor

## **ATTEST:**

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Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on July 15, 2013, and that the meeting was duly called to order and that a quorum was present.

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Lisa Garcia, Town Clerk

**MINUTES OF THE FLORENCE TOWN COUNCIL MEETING HELD ON MONDAY, JULY 29, 2013, AT 5:00 P.M., IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.**

**CALL TO ORDER**

Mayor Rankin called the meeting to order at 5:08 p.m.

**ROLL CALL:**

Present: Rankin, Smith, Walter, Woolridge  
Absent: Celaya, Hawkins

**WORK SESSION REGARDING FUTURE ANNEXATIONS OF THE TOWN OF FLORENCE.**

Mark Eckhoff, Community Development Director, provided a presentation on the Magic Ranch and Arizona Farms annexations including an overview of the process and timeline.

Mr. Eckhoff stated there is quite a substantial process to wrap the annexations up if there is direction to proceed. The Town of Florence consists of 62.1 square miles and with the completion of the two annexations it could go up to 68.1, which does not change the planning area. The advantage of having a large planning area gives the Town of Florence the flexibility to grow and also gives extra jurisdictional influence when projects happen in Pinal County.

Mr. Eckhoff provided a list of services that the Town provides to the community and how this could continue for the annexation areas and existing corporate limits without having a negative impact to any services.

Mr. Eckhoff provided information on the fiscal impact of the annexation. Each department provided a 10 year analysis report, which included an operating budget, including general fund and the capital improvement projects. With the research done over the annexation area, Mark stated there are notable opportunities which include the new construction of housing units in the south and north end of Magic Ranch, which will generate permit fees and development impact fees. Rooftops built will bring in additional population, which will provide revenue and economic development opportunities for the area. Additional population could help the Town attract additional commercial development and employment. With the process of a freeway crossing Arizona Farms and the corridor on Hunt Highway, Arizona Farms and Felix Road could bring in a massive amount of retail and employment opportunities to the area.

Mr. Eckhoff stated there could be some impact on the San Tan Valley Incorporation. It depends on the boundaries of San Tan Valley and Florence. There are some challenges with the annexations process. Due to the large number of property owners, there is a need to circulate a large amount of petitions for signatures. Other challenges include property evaluations, changes to the General Plan, rezoning, development agreements, and special census, which can cause a delay on collecting the revenues from the state and the county. In addition, the annexations cover a large geographic area, which changes the dynamic of Florence. There will need to be updates to the Development Impact Fee Study and the IIP every few years to look at the boundaries, service levels, service efficiency and what our needs are.

Vice-Mayor Smith inquired when the annexation will be completed.

Mr. Eckhoff answered that staff would have roughly a year to complete an annexation. If we can do it in 6 to 7 months, that will be preferable. There are some issues with the amount of properties which are changing ownership and every additional home built is revenue the Town is not collecting. Other scenarios to look at are the corporate limits being included by July 1 of the next fiscal year. If they were to come in a few months earlier, we could accommodate for other issues.

Vice-Mayor Smith stated his concern about taking the annexation into the next budget fiscal year and the outcome.

Charles Montoya, Town Manager, stated if council gives us direction we can complete the annexations by July 1, or we can get it done a few months before and can accommodate any changes in this year's budget. By accommodating this annexation prior to the next budget year, it will give us the ability to plan in the next year's budget to make sure we get everything situated.

Councilmember Celaya inquired about Pinal County providing any funds to Florence in return for Florence taking over the services provided to the residents.

Mr. Montoya stated through property tax or state share revenues we will get the revenue back but over time, we will not see it immediately. I don't see the Sheriff or Pinal County providing the Town with funding.

Councilmember Celaya stated there will be immediate impact on services. It will come down to where this will be absorbed and how to recoup. Where will it come from?

Mr. Montoya stated there is going to be a cost to the Town in the first few years, but the payback will start to occur and then continue to grow. The Town as a whole will be paid back over a period of time.

Jim Rounds, Senior Vice-President for Elliot D. Pollack & Company, presented information from the financial reports he created. The financial reports indicate positive revenues from additional development, which are broken down between general fund operating revenue and development revenue. They consist of modeling based on pessimistic and optimistic development scenarios.

Mr. Rounds provided a fiscal impact table, which consists of a development forecast for 100 new homes each year in the two areas starting around 2018 and 2019 fiscal year and 200 homes each year thereafter. There are significant county and state shared revenues. One thing that is holding up development is the permit activity for housing improvements in the Phoenix area. The most likely scenario consists of about 200 homes a year in the annexation area. The optimistic forecast scenario consists of 400 homes.

Mr. Eckhoff stated that there is not much existing commercial other than the mini storage. We will see some sales tax revenues from that commercial use, but we did not project additional sales tax revenues beyond that. We did not want to over project. There could be some additional commercial development in future years that could lead to additional sales tax revenue.

Vice-Mayor Smith inquired how much of this area does not have the infrastructure yet and how will that be taken care of.

Mr. Eckhoff stated the infrastructure is in pretty good shape. Water and sewer are owned and operated by Johnsons Utilities. Johnson Utilities is equipped and committed to servicing all the current and future development in this area. Residents in Wild Horse Estates are on septic, but they get water from Johnson Utilities. Local streets will be developed as the development occurs.

Mayor Rankin inquired on operating expenses versus the revenue in the General Fund in fiscal year 2014-2015. He questioned a chart that showed a huge amount of operating expenses with a small portion of revenue coming in and within a year it turned around. He stated in past annexations there was mid-decade census completed that minimized the time it takes for the Town to start receiving revenues.

Mr. Montoya responded that it all depends on how soon we can get the annexation completed if the Council directs staff to move forward. If the annexation is completed a few months prior to July 1<sup>st</sup>, that will give us a little more flexibility to get those revenues in prior to the fiscal year.

Mayor Rankin expressed concern on being able to get everything done through the proper channels for the annexation within the timeline presented. He would like to see data showing how the Town can start receiving revenue within one fiscal year.



Councilmember Walter inquired if these areas will be bonded like the Anthem Community for the operating expenses and are we looking to create a Streetlight Improvement District.

Mr. Eckhoff stated all the new roads will be built to standard. There is no need to go in and make drastic changes.

Councilmember Walter inquired what about operating expenses. Will those go forward like a general obligation bond?

Mr. Rounds stated that bonding is done for capital expenditures. It's not done for operating expenditures. The operating budget is funded through operating revenue. There are no debt issues for operating expenditures.

Councilmember Walters inquired if we need to build facilities for police and fire down the road.

Mr. Montoya stated that you will see a couple of police officers and firefighters patrolling the area. In the future we can do a temporary fire station off of Arizona Farms Road. Mayor Rankin inquired where the money would come from to cover the losses in the first two years.

Michael Farina, Finance Director, stated in the first two years, the services that are already provided within the Town now will go toward the new annexations.

Mr. Montoya stated the additional cost will come out of the Town of Florence fund balance for the first two years.

Mayor Rankin asked if we increase the size of the Town, will the services to the existing residents be the same or improved on? Are we going to lose that money or are we just going to be taking it out of the fund balance to cover the cost until the revenue comes back?

Mr. Montoya stated there will be no depletion of fire service, police service, or public works. There are grants that the Fire Department and Police Department are researching.

Councilmember Montaña inquired if we looked at the increase of police calls or fire emergencies either through the Sheriff's Office or Rural Metro.

Peter Zick, Fire Chief, stated there were approximately 1250 service calls in the Magic Ranch area.

Councilmember Montaña stated that would be an increase of about 100 calls per month or about 3 calls per day.

Chief Zick stated correct.

Councilmember Hawkins inquired about the current situation with Curis. Councilmember Hawkins stated have you taken this into consideration along with this project?

Mr. Montoya stated the existing project that the council approved for the 2013-2014 fiscal year includes \$5,000,000 if additional litigation cost occurs with Curis. If negotiations occur with any eminent domain process, and the council wishes for us to go in that direction, we have already had discussions with the bond counsel to ensure we go with that process. We would have to bond to go forward.

Mayor Rankin and Council will vote on the item at the meeting of August 5, 2013.

## **ADJOURNMENT**

Mayor Rankin adjourned at 6:16 p.m.

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Tom J. Rankin, Mayor

## **ATTEST:**

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Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on July 29, 2013, and that the meeting was duly called to order and that a quorum was present.

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Lisa Garcia, Town Clerk

**MINUTES OF THE FLORENCE TOWN COUNCIL MEETING HELD ON MONDAY, AUGUST 5, 2013, AT 6:00 P.M., IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.**

**CALL TO ORDER**

Mayor Rankin called the meeting to order at 6:04 p.m.

**ROLL CALL:**

Present: Rankin, Smith, Celaya, Montañaño, Walter, Woolridge

Absent: Hawkins

**INVOCATION**

Councilmember Woolridge gave the invocation.

**PLEDGE OF ALLEGIANCE**

Mayor Rankin led the Pledge of Allegiance.

**CALL TO THE PUBLIC**

**Call to the Public for public comment on issues within the jurisdiction of the Town Council. Council rules limit public comment to three minutes. Individual Councilmembers may respond to criticism made by those commenting, may ask staff to review a matter raised or may ask that a matter be put on a future agenda. However, members of the Council shall not discuss or take action on any matter during an open call to the public unless the matters are properly noticed for discussion and legal action.**

Mr. Albert Dare Sr., Resident, stated he is in favor of the annexation of Magic Ranch and asked the Council to consider bringing the annexation to Magic Ranch.

**PUBLIC HEARINGS AND PRESENTATIONS**

**Public Hearing to receive citizens' comments on amending the Town's Code for Development Impact Fees; and First Reading of Ordinance No. 598-13: AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, AMENDING TITLE XV – LAND USAGE, CHAPTER 150 – DEVELOPMENT CODE, SECTIONS § 150.280 – DEVELOPMENT IMPACT FEES, AND SECTIONS § 150.281, § 150.282, § 150.283, § 150.284, § 150.285, § 150.286, § 150.287, § 150.288, § 150.289 AND § 150.290.**

Mr. Michael Farina, Finance Director, stated tonight is the first reading of the ordinance amending the Town's Code concerning the development impact fees.

Florence Town Council Meeting Minutes

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This is the next step in bringing the Town Code into compliance with legislative changes to the Arizona Revised Statutes (A.R.S. § 9-463.05) concerning development impact fees. The ordinance sets forth the standards and procedures for creating and assessing development impact fees and for administering the Town's development impact fees program. On July 1, 2013, following a public hearing which was held on May 20, 2013, the Town adopted the Land Use Assumptions and Infrastructure Improvements Plan (the "LUA/IIP"), which are the basis for the calculation of the development impact fees that are contained within the ordinance. Second reading and adoption are scheduled for September 16, 2013, and the new development impact fees will be effective on December 1, 2013.

**Public Hearing to receive citizens' comments on a request from Jared Baxter, PE, of Baxter Design Group, LLC, on behalf of SWVP-GTIS MR, LLC, for an amendment to a portion of the Merrill Ranch Planned Unit Development; and First Reading of Ordinance No. 599-13: AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, APPROVING AN AMENDMENT TO THE MERRILL RANCH PLANNED UNIT DEVELOPMENT (PZC-35-12-PUD).**

Mr. Mark Eckhoff, Community Development Director, gave a brief presentation on an application to amend the Merrill Ranch Planned Unit Development (PUD). He discussed the location and what will be the intended use of this location.

Mr. Eckhoff stated Merrill Ranch was envisioned to provide diverse housing options for the rapidly developing area of Pinal County. The primarily residential community was designed to be a conventional neighborhood-based development centered on a network of open spaces, traditional parks and abundant neighborhood amenities. The amendment proposes to change the land uses for approximately 401 gross acre of land in this PUD that is generally located at the northwest and northeast corners of Hunt Highway and Felix Road. The intent of this PUD Amendment is to redesignate a portion of the concentrated commercial, retail, employment and mixed land uses planned for the subject area with single-family detached residential uses consistent with the adjacent neighborhoods of the Anthem at Merrill Ranch development.

Ms. Rose Jordan, Attorney of Rose Law Group, thanked the Planning Commission and staff for the work that had been done on the Merrill Ranch PUD project. Ms. Jordan stated this is an administrative act under the PUD to approve this type of change. The Merrill Ranch PUD is not a change that would rise to a legislative council action.

Mayor Rankin opened the Public Hearing, there being no public comment

Mayor Rankin closed the Public Hearing.

**Presentation of a Years of Service Award to Samuel Pankey for 15 years of dedicated service to the Town of Florence.**

Chief Hughes thanked Samuel Pankey for all his hard work over the years.

Mayor Rankin presented Samuel Pankey with a 15 year dedication service award to the Town of Florence and thanked him for his service.

**Proclamation naming August 2013 as Child Support Awareness Month in the Town of Florence, Arizona.**

Mayor Rankin proclaimed August 2013 as Child Support Awareness Month in the Town of Florence, Arizona.

**Proclamation naming August 2013 as Drowning Impact Awareness Month in the Town of Florence, Arizona.**

Mayor Rankin proclaimed August 2013 as Drowning Impact Awareness Month in the Town of Florence, Arizona.

**Public Safety Presentation by Florence Police Department.**

Mr. Daniel Hughes, Police Chief, presented a presentation on the Florence Police Department and some changes that had occurred over the last year.

Changes amongst the Police Department

- Developed a Mission Statement
- Overview on how officer are staffed
- Traffic detail
- Moved into the completed property and evidence building
- Updated communications division with new technology
- Training room has been remodeled
- Installed a prescription drop-off box in the lobby of the Police Department
- Received DUI grants from the Governor's Office which will provide \$20,000 in overtime for officers
- 200% increase in DUI arrest
- Ran detail around the Town of Florence on truck enforcement
- Worked on Operation Stone Garden with Border Patrol, Homeland Security and Pinal County

Mr. Hughes, Police Chief, closed his presentation and stated the Police Department need to partner up with the community because the job isn't going to get done if we aren't all out there working toward the same goal to keep this community save.

**CONSENT: All items indicated by an (\*) will be handled by a single vote as part of the consent agenda, unless a Councilmember or a member of the public objects at the time the agenda item is called.**

**\*Authorization to award bid and purchase of new heart monitors from Physio – Control Inc., in the amount not to exceed \$97,317.11.**

**\*Authorization to award bid and purchase 31 Panasonic Toughpad Tablets from Better Direct, in an amount not to exceed \$68,236.43.**

**\*Authorization to enter into an Agreement with Environmental Systems Research Institute (ESRI) for GIS Enterprise License Agreement Annual Renewal, in the amount not to exceed \$27,175.00.**

**\*Authorization to sell (how many) 96-gallon used trash containers to the City of Coolidge at a maximum rate of \$20.00 per container.**

**\*Acceptance of the resignation of Anne Cartier-Bresson from the Redevelopment Commission.**

**\*Authorization to forward a favorable recommendation to the Arizona Department of Liquor License and Control for the Pinal Mounted Posse's application for a Special Event Liquor License for a fundraiser being held August 17, 2013, at the Charles Whitlow Rodeo Grounds.**

**\*Approval of accepting the register of demands ending June 30, 2013, in the amount of \$1,606,958.57**

On motion of Councilmember Celaya, second by Councilmember Montaña, and carried to approve the items on Consent Agenda as submitted.

## **NEW BUSINESS**

**Resolution No. 1407-13: Discussion/Approval/Disapproval of A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, RESCINDING PREVIOUSLY APPROVED RESOLUTION NO. 1152-09, WHICH ADOPTED THE TOWN OF FLORENCE TRAVEL POLICY AND PROCEDURES.**

Mr. Scott Barber, Human Recourses Director, stated the Town's employee Travel Policy has been a Council-approved document. It contains basic policies for payment and reimbursement of employee work-related travel. Mr. Barber stated the Travel Policy is an administrative policy and staff is requesting that it be clarified as such. It has been determined that the best way to accomplish this is to request that you rescind the adopting resolution, passed in 2009. If the Town agrees to do so the travel policy will become a Town Manager-approved administrative policy.

On motion of Councilmember Montaña, seconded by Vice-Mayor Smith, and carried to adopt Resolution No. 1407-13 and rescind Resolution No. 1152-09.

**Resolution No. 1408-13: Discussion/Approval/Disapproval of A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, RESCINDING PREVIOUSLY APPROVED RESOLUTION NO. 1174-09, WHICH ADOPTED THE TOWN OF FLORENCE LOSS CONTROL POLICY MANUAL.**

Mr. Scott Barber, Human Recourses Director, stated the Town's Loss Control Policy Manual has been a Council-approved document. It contains basic policies for workplace safety. Mr. Barber stated moving the employee drug and alcohol testing policy to the Loss Control Policy Manual subsequent to adoption of the new Personnel Policy. The Loss Control Policy Manual is clearly an administrative policy and staff is requesting that it be clarified as such. It has been determined that the best way to accomplish this is to request that you rescind the adopting resolution passed in 2009.

On motion of Councilmember Montaña, seconded by Vice-Mayor Smith, and carried to adopt Resolution No. 1408-13 and rescind Resolution No. 1174-09.

**Resolution No. 1409-13: Discussion/Approval/Disapproval of A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, PROVIDING FOR COMPLIANCE WITH A.R.S. SECTION 16-204, AS AMENDED BY THE ARIZONA STATE LEGISLATURE IN 2012.**

Ms. Lisa Garcia, Deputy Town Manager/Town Clerk, stated Resolution No.1409-13 will lengthen the terms of the Mayor and Council by six-months which will make the Town in compliance with the law. It will push the election cycle to the fall of 2014. Ms. Garcia stated there will be some issues that the Town of Florence will face. The Town is non-partisan and will be moving to a partisan election. Town of Florence has voted for the last two elections by mail ballot. The Town has more than 52% of voters that have chosen to vote permanent by early ballot.

Mayor Rankin stated the Home Rule election will not be included in the upcoming election but in the future all elections would be held in even years. When it comes to the Home Rules and County Elections they will be located at the

bottom of the ballot on National Elections which include Presidential elections. The Town will have to educate the residents and provide more information on the change.

Ms. Garcia stated there is one more issue the Council and Mayor will face being an elected official moving over to a partisan election. There would need to be a true count as to the number of valid ballot cast in the election to determine the 50 plus one percent of who will be elected in a primary election. It will count every valid ballot cast at that polling site no matter of any issues. If there is a under vote there will be run-off elections more often.

On motion Councilmember Montaña, seconded by Councilmember Celaya, and carried to adopt Resolution No. 1409-13.

**Discussion/Approval/Disapproval of two main options for the proposed Arizona Farms Annexation for the Mayor and Council's consideration.**

Mr. Mark Eckhoff, Community Development Director, stated the current Town limits consist of 62.1 square miles and if the proposed annexations for Arizona Farms and Magic Ranch are completed it will bring the corporate limits to 68.1 square miles. Mr. Eckhoff stated this will bring the population from 25,000 to 30,000. At the last meeting there was a comment made in regards to when the Town will collect the state share revenues. An adjustment was made in the calculation the deficit will continue into the second fiscal year but at the 10 year period the deficit will be the same.

Mr. Charles Montoya, Town Manager, stated Councilmember Celaya made a request to see where the Staff is on providing services per capita for each of the operating departments throughout the Town. Mr. Montoya stated the overall amount comes from development fees and other things that come to the Town that citizens don't pay directly.

Mr. Montoya stated if the Town Council doesn't choose to go forward with the annexation there will be approximately a 15% unit increase in a 10 year span. The unit cost would go from a \$524.89 per resident to \$603.62 per resident. Mr. Montoya stated if the Town Council decides to annex all the increases in services would be \$563.00 per unit or per resident over a ten year period. The difference would be spread over a larger population and no service will be impacted. The citizens will be getting the same service throughout Florence.

Councilmember Celaya asked where the Town is headed in regard to state share revenues.



Mr. Montoya stated the staff doesn't anticipate losing any state share revenue however there is a risk that legislature may introduce new legislation and reduce funds.

Councilmember Celaya stated concerns about how soon the Town can address the demands of the new area that are being annexed. Councilmember Celaya inquired will the Town be responsible for taking over full services if the annexation goes through?

Mr. Montoya stated the Town will be responsible for policing the area and fire response immediately and some public works, but everything else will be a transition and will take some time.

Councilmember Celaya asked is there any concerns amongst staff about the annexation.

Mr. Montoya stated the staff feels at this time the annexation will be the best thing for Florence and can be accomplished without a problem.

On motion Vice-Mayor Smith, seconded by Councilmember Walter, and carried to proceed with filing the Arizona Farms annexation petition.

**Discussion/Approval/Disapproval of two main options for the proposed Magic Ranch Annexation for the Mayor and Council's consideration.**

On motion Councilmember Walter, seconded by Vice-Mayor Smith, and carried to proceed with filing the Magic Ranch Annexation petition.

**DEPARTMENT REPORTS**

- Manager's Report**
- Department Reports**
- Community Development**
- Courts**
- Finance**
- Fire**
- Library**
- Parks and Recreation**
- Police**
- Public Work**

Mr. Charles Montoya, Town Manager, provided the department reports to Council and went over the following items.

- Rural Metro and Southwest Bankruptcy
- Downtown Florence Hospital

- Application from Banner Medical Group to fill vacant space
- Pulte begun to move dirt for future construction
- Communication with Florence Unified School District in regards to before and after school program for Anthem area
- Road work on Main Street and Butte Avenue
- Bulk Waste

### **CALL TO THE PUBLIC**

No comments.

### **CALL TO THE COUNCIL**

Councilmember Montaña stated he liked the planters on Main Street.

Councilmember Walter thanked the Chamber of Commerce for the Casino Night and the Police Department for the presentation.

Vice-Mayor Smith recognized the passing of Mr. Amos Hawkins and his accomplishments throughout his life.

Mayor Rankin also recognized Mr. Amos Hawkins accomplishments. He also stated Coach Hawkins from Coolidge had passed and how both men will be missed.

Mayor Rankin congratulated the Chamber of Commerce on the success of Casino Night. The National Bank dedication was a nice event. Mayor Rankin stated some of the building in the core of Florence need to have some work done so the buildings can be in rental or buyable condition.

### **ADJOURN TO EXECUTIVE SESSION**

On motion of Councilmember Walter, seconded by Councilmember Celaya, and carried to adjourn to Executive Session for discussion and consideration by the Town Council of the Florence Code of Ethics (Resolution No. 1273-10), as applied to the actions of members of the Town Council, pursuant to A.R.S. § 38-431.03(A)(1).

### **ADJOURN FROM EXECUTIVE SESSION**

On motion of Councilmember Vice-Mayor Smith, seconded by Councilmember Walter, and carried to adjourn from Executive Session.

**ADJOURNMENT**

On motion of Councilmember Celaya, seconded by Councilmember Montaña, and carried to adjourn the meeting at 8:00 p.m.

\_\_\_\_\_  
Tom J. Rankin, Mayor

**ATTEST:**

\_\_\_\_\_  
Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on August 5, 2013, and that the meeting was duly called to order and that a quorum was present.

\_\_\_\_\_  
Lisa Garcia, Town Clerk

**TOWN OF FLORENCE  
HISTORIC DISTRICT ADVISORY COMMISSION  
SPECIAL MEETING  
MINUTES**

**SPECIAL MEETING OF THE HISTORIC DISTRICT ADVISORY COMMISSION OF THE TOWN OF FLORENCE HELD TUESDAY, MARCH 12, 2013 AT 6:00 P.M. IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.**

**CALL TO ORDER**

Chairman Wheeler called the meeting to order at 6:00 pm.

**ROLL CALL:**

Present: Wheeler, Madden, Smith, Reid, Cochran and Adam.

**PLEDGE OF ALLEGIANCE**

Commissioner Smith led the Pledge.

**OLD BUSINESS**

**CASE HDAC-01-13-DR (HISTORIC MARKER LANGUAGE)**

**PRESENTATION/DISCUSSION/APPROVAL/DISAPPROVAL** on Historic Marker language for the purpose of creating new Historic Markers for the following properties:

- **C. D. Henry House**
- **Rittenhouse/Arriola's Cosmopolitan Store**
- **Southworth Cleman's House**
- **Thomas Fulbright Residence**

Gilbert Olgin, Town Planner stated that the owner of the C. D. Henry House has met with staff about the marker language. He was excited about the marker and wants it up as soon as possible.

Once the language of the markers is agreed upon between the commission, staff and the home owners, staff could move forward in getting proofs to the contractor who has been contracted with the town to produce the markers.

Commissioner Reid asked if the Emma Guild Residence marker could be found and could it be erected with the extra money the Town has for historic markers?

Gilbert Olgin, Town Planner stated that the marker would be an option. The marker is being held by public works.

Commissioner Reid stated that the spelling of the Clemans house was incorrect and it did not need an apostrophe.

Mr. Olgin said staff has corrected the error on the handout of the most updated information.

Mr. Olgin stated that both Commissioner Reid and Smith asked staff to italicize the names of the books and bold them on the marker.

Commissioner Smith answered yes and I think Gordo should be also be italicized since he wrote many books.

Commissioner Reid stated there is no mention of the Junior Parada on the Clemans marker still.

Commissioner Smith stated to staff to emphasize the importance of the family local ranches and rodeos in New York Madison Square Garden and Boston on the Clemans historic marker.

On motion of Commissioner Smith, seconded by Commissioner Madden and carried to approve the Historic Marker language for the purpose of creating new Historic Markers for following properties:

- C. D. Henry House
- Rittenhouse/Arriola's Cosmopolitan Store
- Southworth Cleman's House
- Thomas Fulbright Residence

## **NEW BUSINESS**

### **CASE HDAC-02-13-DR (R.C. BROWN HOUSE)**

**PRESENTATION/DISCUSSION/APPROVAL/DISAPPROVAL** of a Design Review application for a proposed enclosure rear addition and workshop for the R.C. Brown House located at 94 West 12<sup>th</sup> Street.

The original R.C.Brown structure is a classic four bedroom home constructed in 1878. Over the years the structure has undergone a number of changes, including the roof-line, two additions, plumbing, a porch and various out buildings.

The applicant has submitted a Design Review application for a proposed enclosure rear addition enclosure and a workshop to the residence at 94 West 12<sup>th</sup> Street, located in the Town of Florence Historic District.

The intent of this proposed project is for two structures:

- An enclosure for an existing water heater and to extend the roof to the back door into the kitchen.
- Build a small workshop on an existing cement slab a 16' x 18' enclosure with new walls and a new roof.

The proposed two structures will be located on the north side (back of home) and east side of the property. The addition on the back of the house will clean up the site, enclose existing pipes and provide better protection to the existing water heater. The second structure will be on east side of the home and will be used as a workshop. Staff contends that this structure should be designed and built as to fit within the Historic District and retain a level of individuality. As stated per the following:

**Secretary of the Interior's Standards for the Treatment of Historic Properties:  
Standards for Rehabilitation**

*9. New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships characterizing the property. The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.*

*10. New additions and adjacent or related new construction will be undertaken in such a manner, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.*

The projects described above are intended to clean up, add security to the existing structure and create a workshop. There are some minor architectural changes anticipated in the appearance of the building which will not change the look or integrity of the historic structure.

The applicant has met with Community Development Department and staff has recommended the applicant follow the Florence Townsite Historic District Preservation Design Guidelines.

The following information will describe the project scope for both buildings:

#### Addition

1. Add new walls on the west, east and north side of the existing property.
2. Add a matching roof to complement and blend with existing home.
3. Enclose existing water heater per Town Code.
4. All work to be done will match the exterior materials and colors as per . Secretary of the Interior's Standards for the Treatment of Historic Properties.

#### Work Shop

1. Add four new walls on the north, east, west and south side of the existing foundation.
2. Add a matching roof to complement and blend with existing home.
3. All work to be done will match the exterior materials and colors as per Secretary of the Interior's Standards for the Treatment of Historic Properties.

Staff did not receive all information from the applicant to conclude that the applicant is in compliance with applicable Town Codes and Historic Guidelines. If HDAC approves case HDAC-02-13-DR, then the following conditions apply:

1. Construction shall conform to the exhibits presented on March 12, 2013, and as may be amended by the conditions of approval.
2. Design Review approval shall expire in one (1) year from this approval (March 12, 2013) if a building permit is not issued for the subject site/project within said period.
3. Project shall comply with all applicable Town Codes, Historic District Guidelines, including all applicable building, fire and engineering codes.
4. New addition and work shop shall match existing colors.

Commissioner Adams asked will the new building mimic the existing tool shed on the property.

Carolyn Jackson, the applicant answered that the tool shed was existing when they purchased the property. Mr. Jackson decided to build a workshop for his hobbies. Since the slab was existing, Mr. Jackson thought it would not cost as much to add the workshop instead of removing the slab. The finish is expected to be stucco and to look like the adobe.

Commissioner Smith asked the applicant about her building that was already there.

Carolyn Jackson presumed it was approved but have not been able to find much and have asked for records of permits.

Commissioner Smith asked if the colors could resemble more of a beige color that is reflected in the Historic District?

Carolyn Jackson responded that it is beige. The trim is a rustic color which matches the post on the front porch. The applicant stated they could repaint them if the Commission desires. The first thing they did when they purchase the property was paint the shed. They agree that the color is a little too strong for the area, but their idea was to make it look better and pick a color that does not show the dust as much.

Commissioner Smith asked the applicant if they built it to look like stucco with more of a modern touch? Maybe use other types of materials so people can differentiate between the new and the original historic building.

Commissioner Reid asked the applicant to clarify the addition for the water heater in the submitted drawing. Will it be a structure that is just big enough to cover the hot water heater?

Carolyn Jackson responded that the water heater enclosure is pretty dilapidated. They wanted to remove the existing structure and build one that looks like what should be there. They also want to put on a tin roof and extend the roof over to the rear entrance. This should be depicted in the submittal materials.

Commissioner Reid asked are you talking about going the length of the home?

Carolyn Jackson said that Mr. Jackson did an artistic rendition on the kitchen door and at the moment it is exposed to all the weather. They want to cover it to give it some protection from the elements.

Chairman Wheeler asked staff what information they still need from the applicant?

Gilbert Olgin, Town Planner said staff does not need more information, but what staff did not receive is a rendering of what are the final proposed upgrades would be. The proposed project is not 100% per Guidelines because staff has not seen the final product.

Commissioner Reid asked when would the work begin?

Carolyn Jackson responded that as soon as they get a permit.

Commissioner Reid asked, so as the project progresses, can you give staff a rendering of the final product?



Gilbert Olgin stated that is why staff wrote the conditions saying that it must comply. When staff inspects the site and if it is not in compliance, staff will approach the Chair and Vice Chair and show the progress and they can make a decision. The applicant has agreed to comply with all of the conditions placed.

Commissioner Smith asked what are they going to do with the cement blocks in the front yard?

Carolyn Jackson responded that they are having a fence built. It will be made out of concrete block and adobe. They expect Reggie, from Adobe Tech, to build and make the wall look like it has always been there.

Commissioner Adam clarified; it will look like my wall. It will be adobe.

Carolyn Jackson said they have been collecting salvaged old adobe to reuse in the wall.

Vice Chair Madden asked if the workshop will have a tin roof like the rest of the house?

Carolyn Jackson responded yes it will.

On motion of Commissioner Adam, seconded by Commissioner Madden and carried to approve a Design Review application for the proposed enclosure rear addition and a workshop for the R.C Brown House located at 94 West 12<sup>th</sup> Street.

#### **STAFF REPORT:**

##### **A. Update on posts in front of the William Clark House.**

Mr. Olgin, Town Planner presented that he posts have been removed from the William Clarke House.

##### **B. Update 2013 Historic Preservation Conference.**

Mr. Olgin, Town Planner discussed the upcoming Arizona State Historic Preservation Conference in June.

**CALL TO THE PUBLIC/COMMISSION RESPONSE:** Call to the Public for Comment is limited to issues within the jurisdiction of the Town of Florence Historic District Advisory Commission. Individual Commission members may respond to criticism made by those commenting, may ask staff liaison to review a matter raised, or may ask that a matter be put on a future agenda.

#### **CALL TO THE COMMISSION**

**ADJOURNMENT**

Chairman Wheeler adjourned the meeting at 6:31 pm.

x Betty Wheeler  
Chairman Wheeler

FLORENCE COMMUNITY LIBRARY  
**Joint-Use Library Advisory Board**  
1000 S. Willow St. / P. O. Box 985  
Florence, AZ 85132

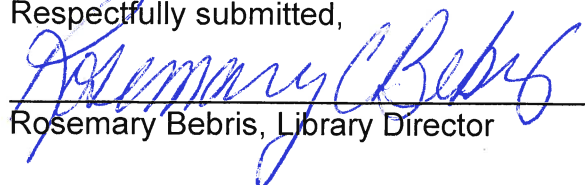
**Minutes**

Regular Meeting

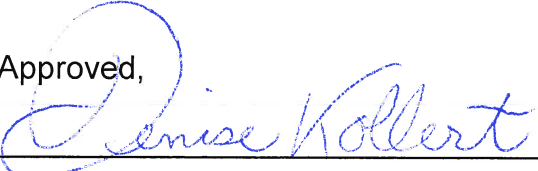
May 15, 2013 – 6:00 p.m.

1. The meeting was called to order at 6:00 pm by Chairperson Kollert.
2. Members present were: Eugene Horan, Denise Kollert, and Hermalene Wick.  
Members absent were: Sheree Berger, Talma Harmon, and Kamian Harmon.
3. Motion made by Member Horan, seconded by Member Wick, and carried to approve the April 17, 2013 minutes.
4. The Library Director's report included the following:
  - Florence Community Library's 2013 Summer Reading Program runs June 3 - 28. Kickoff is Saturday, June 1 at 2:30 pm, and will feature National Award Winning Author Indiana Bones (Mike McCartney)! During the program, children and teens can complete reading logs to win prizes. Tuesdays at 2 pm, teens can show their video game skills. Wednesdays at 10 am, Children's Librarian Ms. Rita will present stories, songs, and finger plays. Crafts will be held Thursdays at 2 pm. Fridays at 1 pm will be family flicks, complete with popcorn and drink! Adults can turn in prize entries, with drawings held each Monday. Prizes will also be offered for "Journey Stories," the Smithsonian Institution on Main Street exhibit coming to Florence November 16 - December 29.
  - The Florence Unified School District has approved a contract with APS to construct covered parking structures at the Florence High School that include solar panels, which will reduce the cost of providing electrical power to the high school. While this construction is ongoing, the main parking lot at the high school will be closed. Alternate parking is available for library patrons in the north parking lot. The hours of the library will remain unchanged. The anticipated completion date for the construction is July 23, 2013.
5. The next meeting was scheduled for September 18, 2013.
6. The meeting was adjourned at 6:15 pm by Chairperson Kollert.

Respectfully submitted,

  
\_\_\_\_\_  
Rosemary Bebris, Library Director

Approved,

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Denise Kollert, Chairperson

**TOWN OF FLORENCE  
PLANNING AND ZONING COMMISSION  
REGULAR MEETING  
MINUTES**

**REGULAR MEETING OF THE TOWN OF FLORENCE PLANNING AND ZONING COMMISSION HELD THURSDAY, JUNE 6, 2013 AT 6:00 PM AT TOWN HALL COUNCIL CHAMBERS LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.**

**CALL TO ORDER**

Vice Chair Putrick called the meeting to order at 6:00 pm.

**ROLL CALL:**

Present: Putrick, Petty, Anderson, and Reed.

Absent: Wooley

**PLEDGE OF ALLEGIANCE**

Gilbert Olgin, Senior Planner led the Pledge of Allegiance

**DISCUSSION/APPROVAL/DISAPPROVAL** of the minutes of the special meeting conducted on September 25<sup>th</sup>, 2012, and the regular meeting conducted on February 7<sup>th</sup>, 2013, and February 21<sup>st</sup>, 2013.

Vice Chair Putrick tabled the special meeting minutes for September 25<sup>th</sup>, 2012 to the next regular scheduled meeting.

On motion of Commissioner Petty, seconded by Commissioner Reed and carried to approve the meeting minutes of February 7<sup>th</sup>, 2013 and February 21<sup>st</sup>, 2013.

**PUBLIC HEARING**

**CASE PZC-35-12-PUD (MERRILL RANCH PUD AMENDMENT)**

**PRESENTATION/RECOMMENDATION** for a request by Jared Baxter, P.E. of the Baxter Design Group, LLC on behalf of Southwest Value Partners (SWVP-GTIS MR, LLC) for an Amendment to a portion of the Merrill Ranch Planned Unit Development (PUD). The Amendment proposes to change the land uses on a portion of the PUD that is generally located at the northwest and northeast corners of Hunt Highway and Felix Road in Florence, Arizona. The intent of this

PUD Amendment is to replace a portion of the concentrated commercial, retail, employment and mixed land uses planned for the subject area with single-family detached residential uses consistent with the adjacent neighborhoods of the Anthem at Merrill Ranch development.

Vice Chair Putrick opened the public hearing.

On motion of Commissioner Anderson, seconded by Commissioner Petty continue the PUD amendment to the Special Planning and Zoning Commission on June 27<sup>th</sup>, 2013.

## **NEW BUSINESS**

### **CASE PZC-14-13-PP (ANTHEM AT MERRILL RANCH UNIT 37 PRELIMINARY PLAT)**

**PRESENTATION/APPROVAL/DISAPPROVAL** of a Preliminary Plat Application for Anthem at Merrill Ranch Unit 37 submitted by Southwest Value Partners (SWVP-GTIS MR, LLC).

Town Planner, Heath Reed stated that Unit 37 is located south of Merrill Ranch Parkway and west of Hunt Highway. Southwest Value Partners (SWVP) owns the Unit 37 within Anthem at Merrill Ranch.

The Preliminary Plat for Unit 37 includes one hundred and thirty (130) single-family residential lots with three points of ingress/egress into the subdivision. Access points to the community will be off of the proposed Merrill Ranch Parkway west extension (north), through proposed Unit 35 phase B (east) and through Unit 35 phase A (south). The typical lot within Unit 37 is 45'x115' (5,175 sq. ft.). The proposed density of this subdivision is 3.84 dwelling units per acre. This subdivision expands the current and planned network of green belts and walking trails for Anthem at Merrill Ranch with 8.2 acres dedicated to open space within the community. The zoning for this Preliminary Plat is PUD (R-1), Planned Unit Development (Single-Family Residential).

Staff recommended that the Planning and Zoning Commission approve this Preliminary Plat, subject to the following conditions of approval.

1. Development of subdivision shall comply with all applicable Town codes, including all applicable planning, building, fire, and engineering requirements.
2. The applicant shall address any final comments on the Preliminary Plat by the Town Engineer prior to the Final Plat going to Town Council.

3. Developer/Property owner responsible for all applicable street dedications and improvements at the time the subdivision is developed, except as otherwise approved by the Town of Florence.
4. Final plans for right-of-way and easement dedications and/or abandonments, that may be provided for via the Final Plat or other means, are subject to the review and approval of the Town Engineer.
5. Developer/Property owner shall provide a secondary emergency ingress/egress for Unit 37 until other surrounding phases are completed.

Commissioner Reed asked if the Sun City component will expand west of Hunt highway, north of Merrill Ranch Parkway?

Mark Eckhoff stated that the Sun City component was never carried west of Hunt Highway from the conception of the PUD. This unit has a similar lot design that has been approved and built east of Hunt Highway.

Commissioner Reed asked that the density of this unit exceeds the 3.5 du.ac in the PUD.

Mr. Eckhoff commented that the lots you are seeing tonight are similar to the current subdivisions that are built in the Anthem Parkside community. Once Anthem is built out, the density of each unit will vary due to product size, topography, open space, and community amenities.

Commissioner Anderson stated that he does not understand how we can violate the overall maximum density of the PUD at 3.5 dwelling units per acre.

Mr. Eckhoff stated that there will be units that are above and below the 3.5 dwelling units per acre. The 3.5 dwelling units per acre is the overall density of the single family homes in the Anthem Community. As long as they do not start building more dense product such as attached homes, Pulte Group will not exceed the overall 3.5 dwelling units per acre.

Commissioner Reed stated that another plat has a density of 4.8 dwelling units per acre, how is this possible to be in compliance.

Mr. Eckhoff stated that bulk of the open space is on the other side of Hunt Highway which skews the calculations of higher density west of Hunt. Open space and street networks are figured into the calculation of the overall density of this plat. The single family densities on this side are going to be higher due to the fewer amenities west of Hunt Highway.

Commissioner Anderson asked how the new State Law concerning HOA's and enforcing parking will affect the PUD which specifically states that there be two lanes of traffic at all times on the streets. If the community cannot enforce parking now, will these new units promote more street parking?

Mr. Eckhoff responded that the new law only pertains to new HOA's. This will not affect the current HOA rules in Anthem. Concerning the roads, the Town Engineer, Police and Fire stated that the roads are adequate. If they see a condition where there is congestion or other issues, the Town will address this on a case by case basis.

Vice Chair Putrick asked the applicant if they have read and if they agree to the conditions staff has recommended?

Jarred Baxter stated he has read and agrees with the conditions.

On motion of Commissioner Petty, seconded by Commissioner Reed to approve the Preliminary Plat for Anthem at Merrill Ranch Unit 37 (PZC-14-13-PP).

Roll Call Vote:

Yes: Vice Chairman Putrick, Commissioner Petty

No: Commissioner Anderson, Commissioner Reed

Motion Failed

**CASE PZC-21-13-PP (ANTHEM AT MERRILL RANCH UNIT 47 PRELIMINARY PLAT)**

**PRESENTATION/APPROVAL/DISAPPROVAL** of a Preliminary Plat application for Anthem at Merrill Ranch Unit 47 submitted by Southwest Value Partners (SWVP-GTIS MR, LLC).

Town Planner, Heath Reed stated that this unit is located north of Merrill Ranch Parkway and west of Hunt Highway. Pulte Group Inc is the land owner and Southwest Value Partners (SWVP) is the applicant. While this area will remain a part of the Anthem at Merrill Ranch community, it is possible that additional builders will build in these new areas to supplement Pulte's construction activities.

The Preliminary Plat for Unit 47 includes one hundred and thirty (130) single-family residential lots with three points of ingress/egress into the subdivision. Access points to the community will be off of Hunt Highway (east), through proposed Unit 51 (north) and off of a future collector road (west). The typical lot within Unit 47 is 45'x115' (5,175 sq. ft.). The proposed density of this subdivision



is 3.6 dwelling units per acre. This subdivision expands the current and planned network of green belts and walking trails within Anthem at Merrill Ranch with 13.1 acres dedicated to open space within the community. The zoning for this Preliminary Plat is PUD (R-1), Planned Unit Development (Single-Family Residential).

Staff recommended that the Planning and Zoning Commission approve this Preliminary Plat Unit 47 for Southwest Value Partners subject to the noted conditions of approval.

1. Development of subdivision shall comply with all applicable Town codes, including all applicable planning, building, fire and engineering requirements.
2. The applicant shall address any final comments on the Preliminary Plat by the Town Engineer prior to the final plat going to Town Council.
3. Developer/Property owner responsible for all applicable street dedications and improvements at the time the subdivision is developed, except as otherwise approved by the Town of Florence.
4. Final plans for right-of-way and easement dedications and/or abandonments, that may be provided for via the Final Plat or other means, are subject to the review and approval of the Town Engineer.
5. A track that shall include a future concrete walkway connecting the internal subdivision walkways to Hunt Highway shall be located at the northeast corner of this subdivision.

On motion of Commissioner Petty, seconded by Commissioner Reed to approve the Preliminary Plat for Anthem at Merrill Ranch Unit 47 (PZC-21-13-PP).

Roll Call Vote:

Yes: Vice Chairman Putrick, Commissioner Petty

No: Commissioner Anderson, Commissioner Reed

Motion Failed

#### **CASE PZC-23-13-PP (ANTHEM AT MERRILL RANCH UNIT 51 PRELIMINARY PLAT)**

**PRESENTATION/APPROVAL/DISAPPROVAL** of a Preliminary Plat application for Anthem at Merrill Ranch Unit 51 submitted by Southwest Value Partners (SWVP-GTIS MR, LLC).

Town Planner, Heath Reed stated that Unit 51 is located north of Merrill Ranch Parkway and west of Hunt Highway. Pulte Group Inc is the land owner and Southwest Value Partners (SWVP) is the applicant. While this area will remain a part of the Anthem at Merrill Ranch community, it is possible that additional builders will build in these new areas to supplement Pulte's construction activities.

The Preliminary Plat for Unit 51 includes seventy eight (78) single-family residential lots with two points of ingress/egress into the subdivision. Access points will be through Unit 47 (south) and off of a future collector roadway (west). The typical lot within Unit 51 is 45'x115' (5,175 sq. ft). The proposed density of this subdivision is 4.8 dwelling units per acre. This subdivision expands the current and planned network of green belts and walking trails within Anthem at Merrill Ranch with 3.1 acres dedicated to open space within the community. The zoning for this Preliminary Plat is PUD (R-1), Planned Unit Development (Single-Family Residential).

Staff recommended that the Planning and Zoning Commission approve this Preliminary Plat, subject to the noted conditions of approval.

1. Development of subdivision shall comply with all applicable Town codes, including all applicable planning, building, fire, and engineering requirements.
2. The applicant shall address any final comments on the Preliminary Plat by the Town Engineer prior to the final plat going to Town Council.
3. Developer/Property owner responsible for all applicable street dedications and improvements at the time the subdivision is developed, except as otherwise approved by the Town of Florence.
4. Final plans for right-of-way and easement dedications and/or abandonments, that may be provided for via the Final Plat or other means, are subject to the review and approval of the Town Engineer.
5. Subdivision shall include, upon construction, concrete walkways connecting "Sand Piper Court" and "Stony Quail Court" to the future collector road walkway.

On motion of Commissioner Petty, seconded by Commissioner Reed to approve the Preliminary Plat for Anthem at Merrill Ranch Unit 51 (PZC-23-13-PP).

Roll Call Vote:

Yes: Vice Chairman Putrick, Commissioner Petty  
No: Commissioner Anderson, Commissioner Reed

Motion Failed

**CASE PZC-25-13-DR (FLORENCE FIRE STATION NO. 2 DESIGN REVIEW)**

**PRESENTATION/APPROVAL/DISAPPROVAL** of a Design Review application for Florence Fire Station No. 2 submitted by Baxter Design Group, LLC.

Gilbert Olgin, Senior Planner stated the temporary Florence Fire Station No. 2 currently resides within the community of Anthem and is currently located off of Constitution Way within the Parkside portion of Anthem. The present station was a temporary solution to address the demand for fire services outside of the Town core area.

The Town owns a 9.74 acres site, which 2.58 acres is set aside for the new Fire Station facility, which includes a Police sub-station and community center. The site is located within the Anthem community along the eastern portion of Hunt Highway and south of American Way. Staff notes that Pulte Group donated this site to the Town of Florence.

The Design Review application is provided to review the general site design and aesthetics of the proposed facility. Staff has reviewed the application and design of the new 10,672 sq. ft. Fire Station No. 2.

The Fire Station will be positioned to accommodate future Town uses on the remainder of the parcel. The station primary functions as a full service fire facility, but also has provided space for a Police sub-station and community center. The floor plan of the proposed station is comprised of the following aspects;

- Three (3) apparatus bays
- Eight (8) dorms
- Kitchen
- Dining
- Dayroom
- Individual unisex restrooms
- Support areas
- Exercise
- Captain and crew offices
- Police report taking area
- Community/multi-purpose room
- Public entry/lobby

The Fire Station design is based on traditional prairie style architecture characteristic of the Pulte subdivision and design standards for the area. The architectural style compliments the surrounding community and blends in well

with the Anthem community. The building is situated on the site in an orientation that best utilizes the site area and allows for circulation, solar orientation and is respectful to the adjacent neighborhoods.

The Fire Station is to be built using conventional wood framed structure and CMU walls at the apparatus bays and support areas, concrete slabs and footings, stucco veneer exterior with 4" block wainscot and standing seam metal roof. The design will use synthetic and foam architectural accent features to keep with the architectural style. The color palette will be southwest tones that are customary and complementary to the Anthem community and reflect the architectural style.

A total of twenty-six (26) parking spaces are provided on the site. Twelve (12) spaces for fire department staff, two (2) for police department staff, nine (9) for the general public and two (2) handicap spaces, one of which is van accessible. Parking requirements meet Town Code. The initial circulation on the parcel allows for one point of ingress/egress onto Hunt Highway that will be signalized. This access point will be shared with the public and the fire vehicles. Public parking will be on the south side of the development and staff parking will be on the east/northeast side of the site. As the rest of the parcel develops, an effort will be made to split the fire and public access points and circulation.

The landscaping of the site has a similar design as the Anthem community and takes from a desert landscape pallet. A variety of trees, shrubs and cacti accents are placed around the site with decomposed granite ground cover. The site has been previously graded with building pads and retention basins that were designed for this project. The project will also include a bike rack and trash receptacles when constructed.

Signage for the proposed building will consist of building mounted raised pan address and identification signage and raised pan letters on the monument sign(s) to locate the Town's Fire Station.

Staff found that the request is in compliance with applicable Town Codes. Therefore, staff hereby recommended approval of the Design Review application for PZC-25-13-DR, subject to the following conditions:

1. Construction of signage shall conform to the exhibits presented on June 6, 2013 and as may be amended by the conditions of approval.
2. Design Review approval shall expire in one (1) year from this approval (June 6, 2013) if a building permit is not issued for the subject site/project within said period.

3. Signage shall comply with all applicable Town Codes, including all applicable building, fire and engineering codes.

Commissioner Anderson asked if there will be a traffic control light at the intersection of the Fire Station and Hunt Highway?

Gilbert Olgin stated that there will be a traffic light for the Fire Truck to enter and exit the facility. The lights will be triggered when the fire truck comes out for emergencies.

Commissioner Reed asked who do you envision will be using the community center?

Mr. Olgin responded, a public space for youth groups, Boy and Girl Scout Troops, community groups, and the public. It will also be a training facility for Town staff and a community amenity.

Vice Chair Putrick asked if the applicant agrees with the staffs conditions?

Jared Baxter responded, yes.

On motion of Commissioner Anderson, seconded by Commissioner Reed and carried to approve a Design Review application the proposed Florence Fire Station No. 2 located at southeast of American Way and Hunt Highway in Florence, Arizona.

#### **CALL TO THE PUBLIC/ COMMISSION RESPONSE:**

Call to the Public for public comment on issues within the jurisdiction of the Planning and Zoning Commission. Individual Commission members may respond to criticisms made, may ask staff to review a matter raised or may ask that a matter be put on a future agenda.

#### **CALL TO THE COMMISSION**

#### **ADJOURNMENT**

Meeting adjourned at 6:53 pm.

X   
\_\_\_\_\_  
Vice Chair Putrick