TOWN OF FLORENCE
REGULAR MEETING AGENDA

Mayor Tara Walter
Vice-Mayor Vallarie Woolridge
Councilmember Bill Hawkins
Councilmember Becki Guilin
Councilmember John Anderson
Councilmember Karen Wall
Councilmember Kristen Larsen

Florence Town Hall
775 N. Main Street
Florence, AZ 85132
(520) 868-7500
www.florenceaz.gov
Meet 1st and 3rd Mondays

Tuesday, January 2, 2018 **6:00 PM**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the Town of Florence Council and to the general public that a Regular Meeting of the Florence Town Council will be held on Monday Tuesday, January 2, 2018, at 6:00 p.m., in the Florence Town Council Chambers, located at 775 N. Main Street, Florence, Arizona. The agenda for this meeting is as follows:

1. **CALL TO ORDER**

2. **ROLL CALL:** **Walter __, Woolridge__, Hawkins__, Guilin__, Anderson__, Wall____, Larsen___.**

3. **MOMENT OF SILENCE**

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. **ADJOURN TO MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 1.**

   a. Approval of the July 17, and August 7, 2017 MRCFD1 Special Meeting minutes.

7. **ADJOURN FROM MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 1.**

8. **ADJOURN TO MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 2.**

   a. Public hearing on Feasibility Report for projects (Assessment Area Seven). (Joe Jarvis)

   b. Resolution No. MRCFD2 235-18: Consideration and possible adoption of A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SEVENTH AMENDMENT AND WAIVERS (ASSESSMENT AREA SEVEN) FOR

DISTRICT DEVELOPMENT, FINANCING PARTICIPATION, WAIVER AND INTERGOVERNMENTAL AGREEMENT; AUTHORIZING AND RATIFYING THE GIVING OF NOTICE OF HEARING WITH RESPECT TO APPROVING A FEASIBILITY REPORT; APPROVING SUCH FEASIBILITY REPORT AND ORDERING THE WORK WITH RESPECT THERETO; AND APPROVING THE ASSESSMENT DIAGRAM AND METHOD OF ASSESSMENT WITH RESPECT TO ASSESSMENT AREA SEVEN. (Joe Jarvis)

c. Resolution No. MRCFD2 236-18: Consideration and possible adoption of A RESOLUTION APPROVING THE ASSESSMENT DIAGRAM AND METHOD OF ASSESSMENT WITH RESPECT TO ASSESSMENT AREA SEVEN AND PROVIDING FOR THE LEVY OF THE RELATED ASSESSMENT AND AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $262,500 AGGREGATE PRINCIPAL AMOUNT OF SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA SEVEN) AND APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT AND CERTAIN OTHER DOCUMENTS WITH RESPECT TO THE BONDS. (Joe Jarvis)

d. Approval of the July 17, August 7, and August 21, 2017 MRCFD2 Special Meeting minutes.

9. ADJOURN FROM MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 2.

10. PRESENTATION

a. Recognition of the 2017 Junior Parada Parade, Christmas on Main Parade Float winners and Christmas on Main Storefront Decorating Contest winners. (Alison Feliz)

b. Henry and Horn presentation of the 2016-17 Fiscal Year Audit and Council approval of said Audit. (Joe Jarvis)

c. Presentation of the bi-annual Town of Florence Strategic Plan progress report (Brent Billingsley)

11. CONSENT: All items on the consent agenda 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 for the Town Manager to negotiate and sign a contract with Cost Control Associates, Inc. to conduct an analysis of the Town's invoices for power consumption for errors, mischarges, and incorrect rates. (Joe Jarvis)

b. Authorization to dispose of Town assets, and a vehicle that was acquired for Town use through confiscation, that are no longer needed and/or have outlived their useful life. (Joe Jarvis)

c. Re-appointment of Wilbur Freeman to service as citizen representative on the Town of Florence Public Safety Personnel Retirement System – Police and Fire Local Boards for a term of four years. (Scott Barber)

d. Approval of accepting the register of demands ending November 30, 2017, in the amount of $2,628,407.61. (Joe Jarvis)

12. NEW BUSINESS

a. Resolution No. 1652-18: Discussion/Approval/Disapproval of A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, RATIFYING, REAFFIRMING AND APPROVING THE FINDINGS AND APPROVALS CONTAINED IN RESOLUTION NO. 1603-16 ("INCENTIVE RESOLUTION"), EXTENDING THE TIME PERIOD FOR APPLICANT'S COMPLIANCE WITH THE TERMS OF THE INCENTIVE RESOLUTION, AND DECLARING AN EMERGENCY

b. Discussion/Approval/Disapproval of entering into an Infrastructure Improvement and Contribution Agreement with Circle K Stores, Inc., to construct a commercial project at 255 South Main Street, Florence, Arizona.

c. Discussion/Approval/Disapproval of rescheduling the January 16, 2018 Regular Council Meeting to Monday, January 22, 2018, to allow Council members and the public to attend and comment on the Pinal County Air Quality Control District Permit/revision Public Hearing (Tuesday, January 16, 2018 (6:00pm) at the Pinal County Emergency Operations Center, 31 N Pinal Street, Building F, Florence AZ 8513) regarding a pending application by Florence Copper Inc. for changes in emissions to the ambient air from Copper Mining Emission Changes Emissions of Nitrogen Oxides, Carbon Monoxide, Particulate Matter, Volatile Organic Compounds, and Hazardous Air Pollutants (Ethyl Benzene and Xylene).

13. MANAGER'S REPORT

14. DEPARTMENT REPORTS

a. Community Services
b. Courts
c. Development Services
d. Finance
e. Fire
f. Police

15. CALL TO THE PUBLIC

16. CALL TO THE COUNCIL – CURRENT EVENTS ONLY

17. ADJOURN TO EXECUTIVE SESSION

Discussion and possible action to authorize the holding of an Executive Session during the Council Meeting for the purposes of discussions or consultations with designated representatives of the public body and/or legal counsel pursuant to A.R.S. Sections 38-431.03 (A)(3), (A)(4) and (A)(7) to consider its position and instruct its representatives and/or attorneys regarding:

a. Town's position and instruct its attorneys regarding the Petition for Review of Underground Injection Control Permit Issued by USEPA Region 9 for the Florence Copper Project, UIC Appeal 17-03, and related proceedings.

b. Town's position and instruct its attorneys regarding Arizona Department of Environmental Quality proceedings, related Water Quality Appeals Board Case No. 16-002, including appellate proceedings to reviewing courts.
c. Town's position and instruct its attorneys regarding pending litigation in Maricopa County Superior Court: Town of Florence v. Florence Copper, Inc. CV2015 -000325.
a. Pinal County Air Quality Control District Permit Class II Renewal, Permit No. B31219.000, Florence Copper, Inc. Update.
d. Possible discussions and contract negotiations with Project Radius and other associated parties, for the proposed development of a project.
e. Possible discussions and contract negotiations with Project Hydrogen and other associated parties, for the proposed development of a project
f. Possible discussions with government agencies and private entities involving the purchase, sale or lease of real property and other property related to the Town of Florence's water and wastewater systems, including upgrades, expansions, contracts, and/or settlement discussions related thereto.
g. Pending or threatened claim regarding the appeal of the Town of Florence bid award on 1st Street Paving and Improvements, Project T-60.

18. ADJOURN FROM EXECTIVE SESSION

19. 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 ON DECEMBER 28, 2017, BY MARIA HERNANDEZ, DEPUTY TOWN CLERK, AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA, AND AT 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.*****

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 MINUTES

MINUTES OF THE MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 1 DISTRICT BOARD SPECIAL MEETING HELD ON MONDAY, JULY 17, 2017, AT 5:00 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.

CALL TO ORDER

Chairman Walter called the meeting to order at 5:00 pm.

ROLL CALL:

Walter, Woolridge, Hawkins, Guilin, Anderson, Wall, Larsen.

NEW BUSINESS

Public hearing to receive citizens' comments on the proposed final budget for Merrill Ranch Community Facilities District No. 1.

Mr. Joe Jarvis, District Treasurer, reviewed the documents required by the Attorney General's Office for each of the Community Facilities Districts and for the Town budget.

Mr. Joe Jarvis, provided a presentation in which he outlined the following:

- How secondary property taxes are used
  - The secondary property taxes collected for MRCFD1 are used to reimburse the developer for infrastructure improvements in the District.
- How the administrative taxes are used
  - The secondary property taxes for administration are used to manage the finances, documentation and legal requirements of the District.
- How much is collected

	FY 15/16 Actual	FY 16/17 Budget	FY16/17 Collection	FY17/18 Budget
2nd Property Tax	$551,486	$609,860	$607,364	$736,384
Administration Fee	$50,907	$56,925	$56,064	$67,974
Total	$602,393	$666,785	$663,428	$804,358

- Reasons for increase in FY17/18
  - Not proposing an adjustment to the rate
  - Assessed value is increasing
  - More properties are being built within the District
- Pinal County Property Tax Statement
  - Provided explanation of what is included on the property tax statement
- Value of anticipated revenue
- Scenarios and their impacts
  - The District determined to implement a rate of $3.2500 and $0.3000 for administration.

    - This scenario has been in place since the districts were created.
- Scenario 1- maintain a rate of $3.2500
    - If a property's assessed value is equal to $100,000
        - Then in 2016, $325 in secondary property taxes were paid to the District
        - In 2017, $325 in secondary property taxes will be paid to the District
- Scenario 1- maintain a rate of $0.3000
    - If a property's assessed value is equal to $100,000
        - Then in 2016, $30 in secondary property taxes for administration were paid to the District
        - In 2017, $30 in secondary property taxes for administration will be paid to the District
- Staff Recommendation
    - Staff recommends that the rates of $3.2500 and $0.3000 be maintained
- Next steps
    - This evening the District Council will consider the approval of the FY 2017-2018 MRCFD1 Budget. The budget will be impacted by the secondary property tax levy.
    - Staff is seeking guidance from the District as to the rate that the Council is considering. Staff is prepared to amend the Budget for the Council's approval.
    - The District Council will consider the approval of the FY 2017-2018 property tax levy on August 7, 2017.

Chairman Walter opened the public hearing. There being no comments, Chairman Walter closed the public hearing.

Boardmember Anderson stated that some time ago the Board refinanced one of the groups to change the bonds to a lower interest rate. The Board decided to leave the rates the same, but the timing was to change. He inquired when the effective date is.

Mr. Brent Billingsley, District Manager, stated that in September 2016, the District Board refinanced a portion of the General Obligation (GO) Debt in MRCFD1. By refinancing that debt, the period associated with the debt was bought down and the rate was maintained. The rates that they currently have shortened the maturation of those individual GO Bonds by approximately five years.

Boardmember Guilin stated when the bonds were refinanced, an analysis was done on what rate would need to be levied to maintain the debt service. The rate is not adjusted unless you do something else because we would not be able to support the debt service. The levy is for repayment of the debt.

Resolution No. MRCFD1 136-17

Chairman Walter read Resolution No. MRCFD1 136-17 by title only.

A RESOLUTION OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1, PINAL COUNTY, ARIZONA, ADOPTING THE BUDGET FOR FISCAL YEAR 2017-2018.

On motion of Vice-Chairman Woolridge, seconded by Boardmember Guilin, and carried to adopt Resolution No. MRCFD1 136-17.

Ordinance No. MRCFD1 114-17

Chairman Walter read Ordinance No. MRCFD1 114-17 by title only.

AN ORDINANCE OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1, PINAL COUNTY, ARIZONA, LEVYING THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE COMMUNITY FACILITIES DISTRICT NO. 1 SUBJECT TO TAXATION OF CERTAIN SUM UPON EACH $100 OF VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE RECEIVED FROM FUNDS FOR COMMUNITY FACILITIES EXPENSES FOR THE FISCAL YEAR ENDING THE 30th DAY OF JUNE 2018, AND DECLARING AN EMERGENCY.

Chairman Walter asked Mr. Billingsley to explain the reasoning for declaring an emergency.

Mr. Billingsley stated that it is typical to declare an emergency if an item is considered to be an emergency expenditure that needs to occur and cannot go through the full process.

Ms. Lisa Garcia, District Clerk, stated that the documents will be submitted to Pinal County the day after Board votes on this item and Pinal County needs to know they are final rather than having a 30-day resting period before they become active.

Discussion/Approval/Disapproval of the Merrill Ranch Community Facilities District No. 1 October 13, 2015, December 5, 2016, and January 3, 2017 Special Meeting minutes.

On motion of Boardmember Wall, seconded by Boardmember Hawkins, and carried to approve the Merrill Ranch Community Facilities District No. 1 October 13, 2015, December 5, 2016 and January 3, 2017 Special Meeting Minutes.

ADJOURNMENT

On motion of Vice-Mayor Woolridge, seconded by Boardmember Guilin, and carried to adjourn from Merrill Ranch Community Facilities District No. 1.

_____
Tara Walter, Chairman

ATTEST:

_____
Lisa Garcia, District Clerk

I certify that the following is a true and correct copy of the minutes of the Merrill Ranch Community Facilities District No. 1 District Board Special Meeting held on July 17, 2017, and that the meeting was duly called to order and that a quorum was present.

_____

Lisa Garcia, District Clerk

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 MINUTES

MINUTES OF THE MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 1 DISTRICT BOARD SPECIAL MEETING, HELD ON MONDAY, AUGUST 7, 2017, AT 6:00 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.

CALL TO ORDER

Chairman Walter called the meeting to order at 6:00 p.m.

ROLL CALL:

Present: Walter, Woolridge, Hawkins, Anderson, Wall, Larsen.
Absent: Guilin

NEW BUSINESS

Ordinance No. MRCFD1 114-17:

Chairman Walter Read Ordinance No. MRCFD1 114-17 by title only**.**

AN ORDINANCE OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1, PINAL COUNTY, ARIZONA, LEVYING THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE COMMUNITY FACILITIES DISTRICT NO. 1 SUBJECT TO TAXATION OF CERTAIN SUM UPON EACH $100 OF VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE RECEIVED FROM FUNDS FOR COMMUNITY FACILITIES EXPENSES FOR THE FISCAL YEAR ENDING THE 30th DAY OF JUNE 2018, AND DECLARING AN EMERGENCY. (Joe Jarvis)

Mr. Joe Jarvis, District Treasurer, stated that this is the second reading of Ordinance No. MRCFD1 114-17, which establishes the secondary, or ad valorem tax rate for the Merrill Ranch Communities Facilities District No. 1.

Mr. Jarvis noted a typographical error within the body of the ordinance which reflects "Town" instead of "District" and noted that the correction will be made prior to obtaining Chairman Walter's signature, if adopted.

Chairman Walter stated that the tax rate is remaining consistent and the declaration of an emergency is standard procedure.

On motion of Boardmember Anderson, seconded by Boardmember Larsen, to adopt Ordinance No. MRCFD1 114-17.

Roll Call Vote:

Anderson: Yes

Larsen: Yes
Hawkins: Yes
Wall: Yes
Woolridge: Yes
Walter: Yes

Motion passed: Yes: 6; No: 0

ADJOURNMENT

On motion of Vice-Chairman Woolridge, seconded by Boardmember Larsen, and carried to adjourn the meeting.

_____
Tara Walter, Chairman

ATTEST:

_____
Lisa Garcia, District Clerk

I certify that the following is a true and correct copy of the minutes of the Merrill Ranch Community Facilities District No. 1 District Board Special Meeting held on August 7, 2017, and that the meeting was duly called to order and that a quorum was present.

_____
Lisa Garcia, District Clerk

	COMMUNITY FACILITIES DISTRICT NO. 2 DISTRICT ACTION FORM	AGENDA ITEM 8a. and 8b.
MEETING DATE: January 2, 2018 **DEPARTMENT:** Treasurer **STAFF PRESENTER:** Joe Jarvis, District Treasurer **SUBJECT:** Public Hearing on Feasibility Report followed by Resolution No. MRCFD2 235-18, to Consider (1) approving Development Agreement Amendment and Feasibility Report and (2) Sale and issuance of Special Assessment Bonds and related matters in the amount not to exceed $262,500, Special Assessment Area Seven, Unit 38 [75 residential lots and related $3,500 per lot special assessment]		☒ **Action** ☐ **Information Only** ☒ **Public Hearing** ☒ **Resolution** ☐ **Ordinance** ☐ **Regulatory** ☐ **1st Reading** ☐ **2nd Reading** ☐ **Other**

STRATEGIC PLAN REFERENCE:

☐ Community Vitality ☐ Economic Prosperity ☐ Leadership and Governance

☐ Partnership and Relationships ☒ Transportation and Infrastructure

☐ Statutory ☐ None

RECOMMENDED MOTION/ACTION:

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 Special Assessment Bonds of Merrill Ranch Community Facilities District No. 2 Assessment Area Seven, Unit 38.

2. Motion to adopt Resolution No. MRCFD 2 235-18 which approves Development Agreement Amendment and Feasibility Report and related matters.

BACKGROUND/DISCUSSION:

Pursuant to the Merrill Ranch Community Facilities District No. 2 Development Agreement dated December 1, 2005, Pulte Home Corporation (Pulte) has requested the issuance of Bonds in an amount not to exceed $262,500 for Assessment Area Seven. The bond proceeds will be used to acquire from Pulte at cost engineering and storm drain and street improvements for Assessment Area Seven.

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

financing the infrastructure. Construction of the public infrastructure improvements are complete.

Adopting the Resolution will approve an amendment to the Development Agreement and the Feasibility Report and authorize the private placement and issuance of Bonds in an amount not to exceed $262,500 aggregate principal amount, the subsequent levying of assessments to pay debt service on the bonds and the execution of delivery of the various documents relating to the Bonds.

A VOTE OF NO WOULD MEAN:

Resolution No. MRCFD2 235-18 would not be adopted and the District would not issue bonds for Assessment Area Seven, Unit 38.

A VOTE OF YES WOULD MEAN:

Resolution No. MRCFD2 235-18 is adopted and the District will issue bonds for Assessment Area Seven, Unit 38.

FINANCIAL IMPACT:

Consistent with the Development Agreement and all prior phases of the development, each residential lot in Assessment Area 7, Unit 38 will have a special assessment of $3,500 based on the benefit to be received by such lot [in-track public infrastructure described herein]. Bonds are secured by liens on the lots, each lot is expected to have a value to lien in excess of 4:1 [subject to change and in the process of being determined]. Consistent with prior issues, all special assessments are subject to prepayment on any interest payment date without penalty, if desired.

State Statute requires that each homebuyer be supplied with the Arizona Department of Real Estate Subdivision Report (the “Public Report”), within which these assessments must be disclosed. Prior to any home sale, the homebuyer must acknowledge by signature that they have read and accepted the Public Report. In addition, Pulte Homes requires the homebuyer to sign an additional form that highlights and discloses the additional assessment payments as a result of the District financing.

The District has entered into an agreement with the Pinal County Treasurer for the collection of the assessment.

ATTACHMENTS:

Resolution No. MRCFD2 235-18
Feasibility Report
Seventh Amendment and Waivers
Indenture of Trust and Security Agreement

DRAFT
11/10/17
12/11/17

RESOLUTION NO. MRCFD2 235-18

(MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2)

A RESOLUTION OF THE DISTRICT BOARD OF MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SEVENTH AMENDMENT AND WAIVERS (ASSESSMENT AREA SEVEN - UNIT 38) FOR DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (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 FEASIBILITY REPORT AND RESOLVING THE INTENT THEREFOR AND ORDERING THE WORK WITH RESPECT THERETO

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

1. Findings.

a. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Act"), and Section 9-500.05, Arizona Revised Statutes, the Town of Florence, Arizona (hereinafter called the "Municipality"), Merrill Ranch Community Facilities District No. 2 (hereinafter called the "District") and the owner of the real property included within the District (hereinafter called the "Owner"), among other parties entered into a District Development, Financing Participation and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 2), dated as of November 1, 2005, which has subsequently been amended by a First Amendment and Waivers (Assessment Area One), dated as of February 1, 2006, a Second Amendment and Waivers,

dated as of April 1, 2008, a Third Amendment and Waivers, dated as of November 1, 2009, a Fourth Amendment and Waivers (Assessment Area Four – Unit 20), dated as of February 1, 2010, a Fifth Amendment and Waivers (Assessment Area Five – Units 22A & 22B), dated as of April 1, 2013, and a Sixth Amendment and Waivers (Assessment Area Six – Unit 36), dated as of November 1, 2015 (as so amended hereinafter referred to as the "Original Development Agreement"), to specify, among other things, conditions, terms, restrictions and requirements for public infrastructure (as such term is defined in the Act) and the financing of public infrastructure, particularly with regard to the property which makes up the real property included within the District (hereinafter referred to as the "Property"), matters relating to the construction of certain public infrastructure by the District and the acceptance thereof by the Municipality.

b. It has been determined that the Original Development Agreement needs to be amended and subjected to certain waivers to reflect certain amendments and waivers necessary for the Original Development Agreement to serve the purposes hereof, and the district board of the District (the "Board") has determined to enter into a Seventh Amendment and Waivers (Assessment Area Seven - Unit 38) for District Development, Financing Participation and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 2), to be dated as of the first day of the month of the date of issuance of the herein-described Bonds (hereinafter referred to as the "Seventh Amendment"), for such purpose.

c. Further, pursuant to the Act, the District Board caused to be prepared a study of the feasibility and benefits of the projects relating to certain public infrastructure provided for in the

General Plan of the District heretofore approved by the Municipality and the District and to be financed with proceeds of the sale of a portion of certain hereinafter described bonds of the District, such study having included a description of certain public infrastructure to be acquired or constructed and all other information useful to understand the projects, a map showing, in general, the location of the projects, an estimate of the cost to construct, acquire, operate and maintain the projects, an estimated schedule for completion of the projects, a map or description of the area to be benefitted by the projects and a plan for financing the projects (hereinafter referred to as the "Report"). A public hearing on the Report was held on the date of, but prior to, the adoption of this Resolution, after provision for publication and mailing to the governing board of the Municipality of notice thereof as provided by law.

d. Pursuant to Section 48-721, Arizona Revised Statutes, the District Board, by resolution and pursuant to the procedures prescribed by the Original Development Agreement as amended by the Seventh Amendment (as so amended, hereinafter referred to as the "Development Agreement"), may levy an assessment of the costs of the public infrastructure purposes as provided for in the Development Agreement and in the Report and with respect to the intent therefor and the ordering of certain work with respect thereto (hereinafter referred to as the "Area Seven Work") resolved in this Resolution on the area of the Property to be assessed for the costs and expenses thereof (hereinafter referred to as the "Area Seven Assessed Property") based on the benefit determined by the District

Board to be received by the Area Seven Assessed Property, in each case as more fully described herein.

e. The District Board has determined special assessment lien bonds of the District (hereinafter referred to as the "Bonds") should be issued if certain conditions are met to provide moneys for the Area Seven Work. The District Board, pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as nearly as practicable, and the other procedures the District Board has provided in the Development Agreement, will cause to be levied an assessment of the costs of the Area Seven Work (hereinafter referred to as the "Area Seven Assessment") on the Area Seven Property, and, in that respect, the Owner has waived certain matters and agreed to certain other matters with respect thereto pursuant to the Development Agreement, including as to the manner in which the Area Seven Assessment is to be allocated as the Area Seven Assessed Property is to be divided into more than one parcel and is to be prepaid and reallocated.

f. Pursuant to this Resolution, the District Board resolves its intent with respect to and orders the Area Seven Work, determines that the Bonds should be issued to represent the costs and expenses thereof, (iii) declares the Area Seven Work to be of more than local or ordinary public benefit and that the costs and expenses thereof be assessed upon the Area Seven Property and (iv) provides that the Area Seven Work be performed under the provisions of the Act, the Development Agreement and the Report, the Area Seven Assessed Property to be assessed and the Bonds to be issued being more fully described in the Development Agreement, the Report and this Resolution (hereinafter referred to as,

collectively, the "Resolution of Intention Documents") to which reference is hereby made for such description.

g. Pursuant to this Resolution, the District Board finds and determines that it had jurisdiction to order the Area Seven Work and orders that the Area Seven Work be done as described in the Resolution of Intention Documents and in accordance with the "Area Seven Work Plans and Specifications" which are included in the Report. Pursuant to the Development Agreement, the Owners have waived or otherwise agreed to the, satisfaction of, among other things, any publication, posting, protest or objection right or obligation or hearing right or obligation with respect to the Resolution of Indention Documents.

h. There have been placed on file with the District Clerk and presented in connection herewith the proposed form of the Seventh Amendment.

2. a. Approval of Seventh Amendment. The Seventh Amendment is hereby approved in substantially the form submitted herewith, with such changes, additions, deletions, insertions and omissions, if any, as the Chairperson of the District Board, with the advice of the District Manager and the District Counsel, shall authorize, the execution and delivery of the Seventh Amendment to be conclusive evidence of the propriety of such document and the authority of the person or persons executing the same.

b. Completion of Seventh Amendment. The District Manager or his designee is hereby authorized to complete the Seventh Amendment by including the appropriate materials as necessary therein.

c. Execution of Seventh Amendment. The Chairperson of the District Board, with the advice of the District Manager and the District Counsel, is hereby authorized and directed to execute, and the District Clerk to attest, the Seventh Amendment on behalf of the District.

3. Authorization and Ratification of Notice of Hearing on Report. Notice of the public hearing on the Report provided by the District Manager and attached hereto and marked as the Exhibit (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.

4. a. 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 and the Owner for their review and comment.)

b. Approval of Report. After review of the Report and based on the public hearing held by the District Board on even date herewith 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.

c. Resolving Intent. The District Board hereby declares (1) its intent as required by Section 48-715, Arizona Revised Statutes, as amended, and for purposes of Section 48-721(A), Arizona Revised Statutes, as amended, and as set forth in the Development

Agreement, 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 public infrastructure 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 to maintain such projects, all as provided in the Report, and (2) that the Area Seven Work shall result in proportionate, beneficial use, principally to the land with the geographical limits of the Assessment Area.

d. Work, Plans and Specifications and Estimates. (1) The public interest or convenience requires, and it is the intention of the District Board, to order the Area Seven Work described in substantial form in the Report including the "Area Seven Work Plans and Specifications" which are included in the Report (hereinafter referred to as, collectively, the "Area Seven Work Plans and Specifications").

(2) The Area Seven Work shall be performed substantially in accordance with the Act, the Development Agreement and the Report including the Area Seven Work Plans and Specifications.

(3) The estimate of the cost and expense of the Area Seven Work included in the Report (hereinafter referred to as the "Area Seven Estimate") is hereby approved, and the Area Seven Estimate is hereby adopted by the District Board.

e. Assessment Area. (1) The Area Seven Work, in the opinion of the District Board, is of more than local or ordinary public benefit and is of special benefit to the respective lots, pieces and parcels of land comprising the Area Seven Assessed Property, and the District 'Board hereby makes and orders the cost and expense of the Area

Seven Work chargeable upon the Area Seven Assessed Property and hereby declares that the Area Seven Assessed Property benefitted by the Area Seven Work and to be assessed to pay the costs and expenses thereof in proportion to the benefits derived therefrom, is described and bounded as so set forth.

(2) The District shall not assess the costs and expenses of the Area Seven Work which are for the general public benefit against the respective lots, pieces and parcels of land located within the boundaries of the Area Seven Assessed Property and if a portion of the costs and expenses of the Area Seven Work is for the general public benefit, the District shall assess the respective lots, pieces and parcels of land located within the boundaries of the Area Seven Assessed Property only that portion of costs and expenses which benefits the lots, pieces and parcels of land located within the boundaries of the Area Seven Assessed Property.

(f) Public Property. The District Board hereby declares that any lot belonging to the United States, the State of Arizona, the Municipality, a county, school district or any political subdivision or institution of the State of Arizona or county included within the boundaries of the Area Seven Assessed Property shall be omitted from the assessment hereafter to be made, and the total expense of the Area Seven Work shall be assessed on the remaining lots lying within the boundaries of the Area Seven Assessed Property except to the extent the State of Arizona, the Municipality, county, school district or any political subdivision or institution of the State of Arizona or county shall contract with the District to pay any such assessment.

(g) Issuance of Bonds. The District Board hereby finds that the public convenience requires that the Bonds as described in the Report and the Development Agreement shall be issued to represent the cost and expenses of the Area Seven Work and determine that the Bonds shall be issued under the provisions of the Act, in the name of the District, but payable only out of a special fund collected by the District from special assessments levied upon the lots, tracts, pieces and parcels of land included within the Area Seven Assessed Property, in not to exceed twenty-five (25) annual installments from the assessment of Twenty-Five Dollars ($25.00) or over remaining unpaid as of the date of the Bonds as provided by the Development Agreement. The Bonds shall bear interest at rates not to exceed eight percent (8%) per annum from their date, payable on the first day of January and July of each year and shall be payable in the manner and be subject to the provisions as to collection of assessments for the payment thereof, except as otherwise described in the Development Agreement and that neither the District nor the Municipality is required to purchase delinquent land at sale if there is no other purchaser, as described in Title 48, Chapter 4, Article 2, Arizona Revised Statutes, save and except that the method of collection of such assessments shall be as provided in Sections 48-600 to 48-607, both inclusive, Arizona Revised Statutes, and not as provided in Section 48-608, Arizona Revised Statutes.

h. Publication. The publication of the Notice shall be in lieu of the posting and publication of this Resolution.

i. Waiver, Acceptance. Pursuant to the Development Agreement, the Owner has waived any and all rights of the Owner to file (1) written protests against the construction of the Area Seven Work

or (2) objections to the extent of the Area Seven Assessed Property. Such waivers are hereby accepted by the District Board, and the District Board is proceeding in reliance on such waivers.

j. Ordering the Work. Based on the foregoing, the Area Seven Work is hereby ordered in accordance with the Area Seven Work Plans and Specifications and the Development Agreement.

6. a. Repeal of Resolution. After any of the Bonds are delivered by the Trustee to the Underwriter upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Bonds and the interest thereon shall have been fully paid, canceled and discharged.

b. Severability; Amendment; Ratification. (1) 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.

(2) This Resolution may only be amended as provided by the terms of the Indenture.

(3) All prior acts of the District Board, of the District Manager and of the District Treasurer with respect to all matters concerning the District Resolution, the Development Agreement, the Report, the Resolution of Intention Documents, the Area Seven Assessment, the Area Seven Warrant and this Resolution are hereby ratified and confirmed.

c. Effective Date. This Resolution shall be effective immediately.

PASSED by the District Board of Merrill Ranch Community Facilities District No. 2 this 2nd day of January, 2018.

.....
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

ATTACHMENTS:

EXHIBIT - Form of Notice of Hearing on Report Amendment

* * *

PHX 332565116v3

EXHIBIT

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 SPECIAL ASSESSMENT 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-special assessment bonds of Merrill Ranch Community Facilities District No. 2 shall be held by the District Board on January 2, 2018, 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 85232, telephone number: (520) 868-7552. **THE MATTERS IN THE STUDY OF FEASIBILITY AND BENEFITS RELATING TO THE "WORK" AND THE "ESTIMATE" AND THE "PLANS AND SPECIFICATIONS" RELATING THERETO ARE ALSO THE SUBJECT OF THE RESOLUTION OF INTENTION RELATING TO THE WORK TO BE ADOPTED SIMULTANEOUSLY WITH THE RESOLUTION APPROVING SUCH STUDY OF FEASIBILITY AND BENEFITS AFTER SUCH HEARING, SUCH RESOLUTION DECLARING THAT SUCH DISTRICT WILL PROVIDE THE WORK, ISSUE SUCH BONDS FOR SUCH PURPOSE AND ASSESS THE COSTS *AND* EXPENSES THEREOF AGAINST THE AREA IN SUCH DISTRICT DESCRIBED IN SUCH STUDY OF FEASIBILITY AND BENEFITS. THERE SHALL NOT BE A SEPARATE PUBLIC HEARING WITH RESPECT TO SUCH RESOLUTION OF INTENTION. SUCH BONDS OR OTHER OBLIGATIONS SHALL BE INCURRED PURSUANT TO THE PROVISIONS OF THE "DEVELOPMENT AGREEMENT" DESCRIBED IN SUCH REPORT OF FEASIBILITY AND BENEFITS, IN THE NAME OF THE DISTRICT, BUT PAYABLE ONLY OUT OF A SPECIAL FUND COLLECTED BY THE DISTRICT FROM SPECIAL ASSESSMENTS LEVIED UPON THE LOTS, TRACTS, PIECES AND PARCELS OF LAND INCLUDED WITHIN SUCH AREA, IN NOT TO EXCEED TWENTY-FIVE (25) ANNUAL INSTALLMENTS FROM THE ASSESSMENT OF TWENTY-FIVE DOLLARS ($25.00) OR OVER REMAINING UNPAID AS OF THE DATE OF INCURRENCE THEREOF AS PROVIDED BY SUCH DEVELOPMENT AGREEMENT. SUCH BONDS OR OTHER OBLIGATIONS SHALL BEAR INTEREST AT RATES NOT TO EXCEED EIGHT PERCENT (8%) PER ANNUM FROM THEIR DATE, PAYABLE ON THE FIRST DAY OF JANUARY AND JULY OF EACH YEAR AND SHALL BE PAYABLE IN THE MANNER AND BE SUBJECT TO THE PROVISIONS AS TO COLLECTION OF ASSESSMENTS FOR THE PAYMENT THEREOF, EXCEPT AS OTHERWISE DESCRIBED IN SUCH DEVELOPMENT AGREEMENT AND THAT NEITHER THE DISTRICT NOR THE TOWN OF FLORENCE, ARIZONA, IS REQUIRED TO PURCHASE DELINQUENT LAND AT SALE IF THERE IS NO OTHER PURCHASER, AS DESCRIBED IN TITLE 48, CHAPTER**

4, ARTICLE 2, ARIZONA REVISED STATUTES, SAVE AND EXCEPT THAT THE METHOD OF COLLECTION OF SUCH ASSESSMENTS SHALL BE AS PROVIDED IN SECTIONS 48-600 TO 48-607, BOTH INCLUSIVE, ARIZONA REVISED STATUTES AND NOT AS PROVIDED IN SECTION 48-608, ARIZONA REVISED STATUTES.

Dated this 21st day of December, 2017.

/s/ Brent Billingsley
.....
District Manager, Merrill Ranch
Community Facilities District No. 2

MERRILL RANCH
COMMUNITY FACILITIES DISTRICT NO. 2
(Florence, Arizona)

FEASIBILITY REPORT

Not to Exceed $262,500 for the Issuance of
Special Assessment Bonds
(Assessment Area Seven – Unit 38)
January 2, 2018

TABLE OF CONTENTS

	SECTION
Introduction, Purpose of Feasibility Report, General Description of District and Assessment Area	**ONE**
Descriptions of the Projects	**TWO**
Map of Location of the Projects	**THREE**
Acquisition Costs of the Projects	**FOUR**
Timetable for Completion of the Projects	**FIVE**
Maps of the Areas to be Benefited	**SIX**
Plan of Finance	**SEVEN**

	APPENDIX
Legal Description of Assessment Area	**A**

SECTION ONE

INTRODUCTION,
PURPOSE OF FEASIBILITY REPORT,
GENERAL DESCRIPTION OF DISTRICT
AND ASSESSMENT AREA

INTRODUCTION

This Feasibility Report (this "Report") has been prepared for presentation to the District Board (the "Board") of Merrill Ranch Community Facilities District No. 2 (the "District") in connection with the proposed issuance by the District of special assessment lien bonds (the "Bonds") with respect to certain public infrastructure (as defined in A.R.S. §48-701) to be financed with proceeds of the sale of the Bonds (the "Projects") and of the plan for financing the Projects in accordance with the provisions of A.R.S. §48-715 and is considered part of (i) the statement of the estimated costs and expenses of the amounts to be financed through the issuance of the Bonds and (ii) the plans and specifications for purposes of levying the assessment from which the Bonds are to be repaid, in each case for all purposes of and pursuant to the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act").

PURPOSE OF FEASIBILITY REPORT

Pursuant to A.R.S. §48-715, this Report includes (i) descriptions of the Projects (Section Two); (ii) maps of location of the Projects (Section Three), (iii) an estimate of the cost to acquire, operate and maintain the Projects (Section Four); (iv) and estimated schedule for completion of the Projects (Section Five); (v) a map of the areas to be benefited by the Projects (Section Six); and (vi) a plan of finance (Section Seven).

THIS REPORT HAS ALSO BEEN PREPARED AS PART OF THE DECLARATION OF INTENT FOR PURPOSES OF A.R.S. § 48-721(A) AND THE HEREINAFTER DESCRIBED DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT, DATED AS OF NOVEMBER 1, 2005, AS AMENDED BY THE FIRST AMENDMENT AND WAIVERS (ASSESSMENT AREA ONE), DATED AS OF FEBRUARY 1, 2006, THE SECOND AMENDMENT AND WAIVERS (ASSESSMENT AREA TWO – UNIT 29), DATED AS OF APRIL 1, 2008, THE THIRD AMENDMENT AND WAIVERS (ASSESSMENT AREA THREE – UNIT 40), DATED AS OF NOVEMBER 1, 2009, THE FOURTH AMENDMENT AND WAIVERS (ASSESSMENT AREA FOUR – UNIT 20), DATED AS OF FEBRUARY 1, 2010, THE FIFTH AMENDMENT AND WAIVERS (ASSESSMENT AREA FIVE – UNIT 22A & 22B), DATED AS OF APRIL 1 2013, THE SIXTH AMENDMENT AND WAIVERS (ASSESSMENT AREA SIX - UNIT 36), DATED AS OF NOVEMBER 2015 AND THE SEVENTH AMENDMENT AND WAIVERS (ASSESSMENT AREA SEVEN – UNIT 38), TO BE DATED AS OF NOT EARLIER THAN DECEMBER 1, 2017 (AS SO AMENDED, THE "DEVELOPMENT AGREEEMENT") WITH RESPECT TO THE ACQUISITION OF THE PROJECTS FOR THE BENEFIT OF THE AREAS DESCRIBED IN THIS REPORT. On the date this Report is approved, the Board will resolve, among other things, that (i) the public interest or convenience requires, and it is the intention of the Board, to order the Projects described in substantial form in this Report, (ii) the Projects shall be performed substantially in accordance with this Report and specific plans and specifications relating to the Projects, forms of which are filed with this Report for each of the types of the Projects and the contents of which are incorporated by this reference (the "Plans and Specifications"); (iii) the Estimate (as such term is defined herein) is approved and adopted by the Board; (iv) the Projects described substantially in the Plans and Specifications shall be performed as provided in the Development Agreement; (v) the Projects are of more than local or ordinary public benefit and are of special benefit to the respective lots, pieces and parcels of land within the portion of the District described in Section Six and in Appendix A (the “Assessment Area”) and the costs and expenses of the Projects will be charged upon the Assessment Area which shall be benefited by the Projects and assessed to pay the costs and expenses thereof in proportion to the benefit derived therefrom; (vi) the public convenience requires that the Bonds as described in this Report and the Development Agreement shall be issued to represent the costs and expenses of the Projects, and the Bonds shall be issued under the provisions of the Act, in the name of the District, but payable only out a special fund collected by the District from installments of the assessment levied upon the lots, tracts, pieces and parcels of land included within the Assessment Area, in not to exceed twenty-five (25) annual

installments from the assessment of twenty-five dollars ($25.00) or over remaining unpaid as of the date of the Bonds as provided by the Development Agreement and (vii) the Bonds shall bear interest at the rate of not to exceed seven percent (7%) per annum, payable on the first day of January and July of each year and shall be payable in the manner and be subject to the provisions as to collection of assessments for the payment thereof, except as otherwise described in the Development Agreement, and neither District nor the Town of Florence, Arizona (the "Town"), is required to purchase delinquent land at sale if there is no other purchaser, as described in A.R.S. Title 48, Chapter 4, Article 2, save and except that the method of collection of such assessments shall be as provided in A.R.S. § 48-600 to 48-607 as nearly as practicable, both inclusive and not as provided in A.R.S. § 48-608.

This Report has been prepared for the exclusive consideration of the Board. 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. In preparing this Report, engineers, staff of the Town, legal counsel and other experts have been consulted as deemed appropriate. THIS REPORT IS NOT INTENDED TO BE A "FINANCIAL FEASIBILITY REPORT OR STUDY" AS THAT TERM IS CUSTOMARILY USED.

GENERAL DESCRIPTION OF DISTRICT AND ASSESSMENT AREAS

Formation of the District was approved on November 21, 2005, by the Town upon the request of Pulte Homes, Inc. now known as Pulte Home Company, LLC, a Michigan limited liability company (“Pulte Home Company”), as the owner of all of the land within the District upon formation. The District is located within the municipal boundaries of the Town.

The District was formed to finance the costs of certain public infrastructure purposes (as such term is defined in the Act), including particularly with respect to the Projects. All of the land within the boundaries of the District (approximately 1,070 acres) is being developed as part of an approximately 3,191 acre master-planned development known as Anthem at Merrill Ranch (“Anthem”). Anthem is being developed within an approximately 8,970 acre mixed use, master-planned community known as “Merrill Ranch”. Simultaneously with the formation of the District, Merrill Ranch Community Facilities District No. 1 (“District No. 1”) was formed over 7,900 acres of Merrill Ranch to finance the cost of certain infrastructure improvements within District No. 1. Within Anthem, there is both an active adult community (“Sun City”) and a family oriented community (“Parkside”). The boundaries of the District and District No. 1 do not overlap, however Anthem encompasses land within both districts. The development is the subject of the Development Agreement (The Development Agreement is available for review at the Office of the Clerk of the Town.)

The Assessment Area contains approximately 20.0585 acres and upon build out will comprise approximately 75 single family lots. Although the number of acres devoted to each particular type of land use may ultimately vary from those presented, the build-out of Merrill Ranch and the Assessment Areas is currently expected to include the following land uses:

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

	District	Unit 38	
Type of Development	**Approximate Acres of District Land**	**Estimated Lots**	**Estimated Acres**
Residential	467	-	-
Commercial/Light Industrial	20	75	16.27
Open Space/Parks	267	-	-
Schools	13	-	-
Golf Courses	47	-	-
Worship Sites	12	-	-
Police/Fire	16	-	-
Roadways/Right of Way	188	-	-
Medical	40	-	-
Total	1,070	75	16.27

Pulte is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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.

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 $161,000 to $351,000.

The following tables represent single family residential closings from January 1, 2006 through October 31, 2017 and then single family homes under construction:

	District *(a)*		District No. 1 *(b)*		
Calendar Year	Sun City (Senior)	Parkside (Family)	Sun City (Senior)	Parkside (Family)	Total
2006	30	41	92	25	188
2007	43	237	91	98	469
2008	38	171	176	68	453
2009	2	98	136	34	270
2010	59	68	38	22	187
2011	68	45	2	17	132
2012	48	14	16	51	129
2013	32	13	78	60	183
2014	15	1	17	13	46
2015	65	0	37	57	159
2016	38	0	47	78	163
2017	23	0	60	70	153
Total	461	688	790	593	2,532

(a) Within the District, the earliest close date shown is July 12, 2006 and the latest is October 31, 2017.

(b) Within District No. 1, the earliest close date shown is August 14, 2006 and the latest is October 31, 2017.

Source: Pulte

	Sun City (Senior)[(a)]	Parkside (Family)[(a)]	Total Active[(a)]
District No. 1	27	60	87
District No. 2	18	0	18
Total	45	60	105

(a) Homes under construction as of October 31, 2017.

SECTION TWO

DESCRIPTION OF THE PROJECTS

DESCRIPTION OF THE PROJECTS

The Projects to be acquired by the District pursuant to the Development Agreement are composed of: (1) Street Improvements and (2) Storm Drain Improvements. See maps in Section Three for detail about location of the Projects. As described hereinabove, the Plans and Specifications are on file herewith and are incorporated herein by reference.

(1) Street Improvements – Unit 38

This Project consists of the installation of asphaltic paving and 4 inch roll and vertical curb, 6 foot valley gutter, and 4 foot wide sidewalks within the public roadways of the Assessment Area. The pavement section is anticipated to be 2.5 inches of asphalt on 7 inches of aggregate base course, ("ABC"). The curb, gutter, sidewalk and sidewalk ramps will comply with the Maricopa Association of Governments, ("MAG") standard details, or approved alternate, within the public roadways of the Assessment Area.

Description	Unit of Measure	Quantity	Estimated Cost
Paving	SY	11,015	$181,747
Survey Markers	EA	14	1,960
Adjust Valve Box	EA	20	5,800
Adjust Manhole	EA	20	6,700
Pavement Markers	EA	9	252
Signs	LS	1	3,900
Mobilization	LS	1	4,200
Total:			$204,559
Curb and Gutter	LF	6,339	$45,184
Sidewalk	SF	12,342	22,952
Valley Gutter	SF	1,712	13,696
Sidewalk Ramps	EA	8	4,600
Parkway Grading	LS	1	2,570
Total:			$89,002

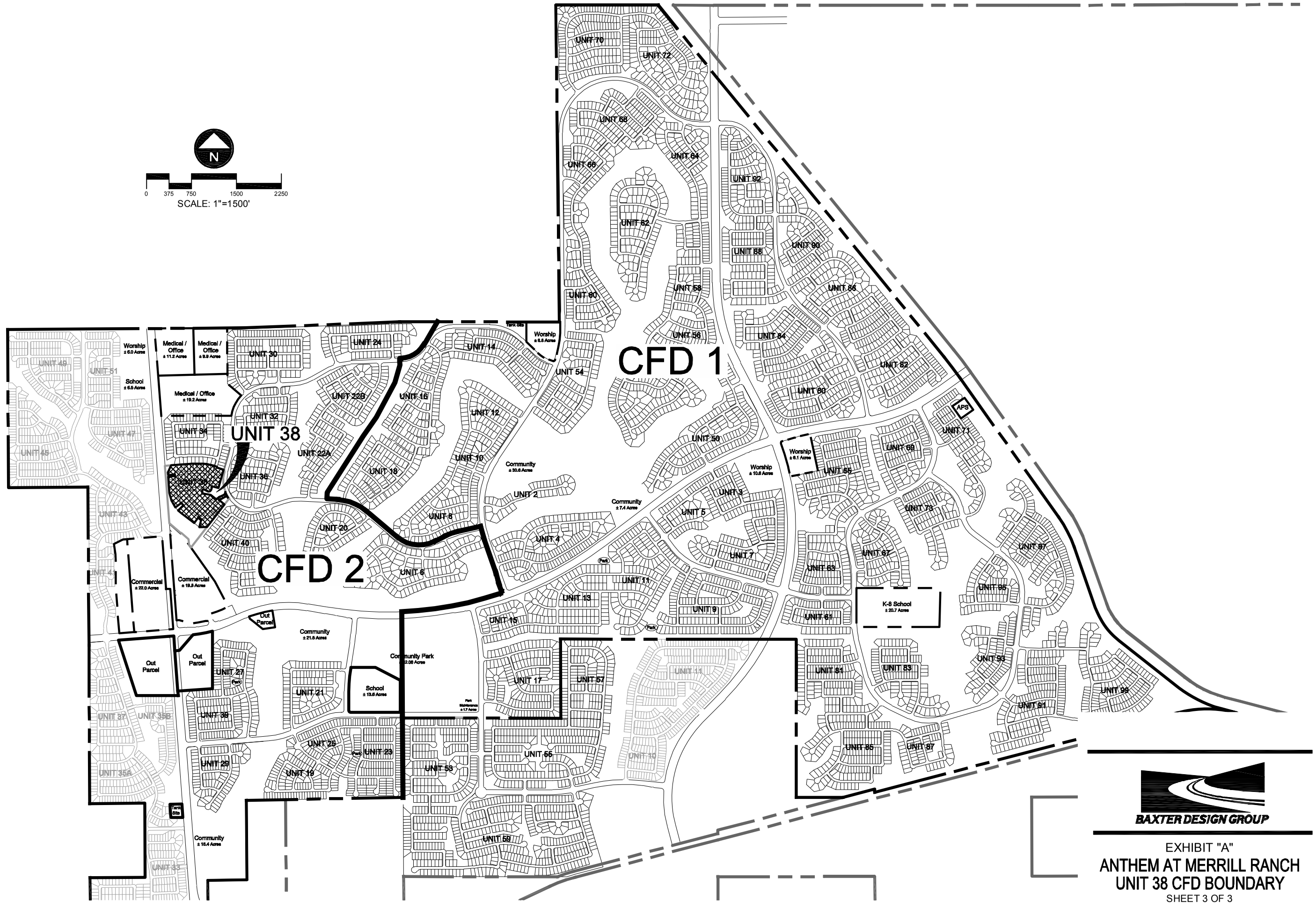
(2) Storm Drain – Unit 38

This Project consists of the construction of storm drain within the public roadways of the Assessment Area. The storm drain 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, scuppers, manholes and headwalls will be designed based off of MAG standard details or approved alternate. The pipe will be sized between 18 inches and 36 inches of concrete pipe, or approved alternate.

Description	Unit of Measure	Quantity	Estimated Cost
Storm Drain Pipe	LF	684	$36,679
Drainage Structures	EA	6	30,065
Total:			$66,744
***Projects Total*:**			**$360,305**

SECTION THREE

MAP OF LOCATION OF THE PROJECTS


N
0 375 750 1500 2250
SCALE: 1"=1500'
CFD 1
CFD 2
UNIT 38
UNIT 70
UNIT 72
UNIT 68
UNIT 66
UNIT 64
UNIT 92
UNIT 62
UNIT 88
UNIT 90
UNIT 60
UNIT 58
UNIT 86
UNIT 56
UNIT 84
UNIT 82
UNIT 54
UNIT 80
UNIT 50
UNIT 78
UNIT 76
UNIT 74
UNIT 71
UNIT 69
UNIT 73
UNIT 67
UNIT 65
UNIT 63
UNIT 61
UNIT 59
UNIT 57
UNIT 55
UNIT 53
UNIT 51
UNIT 49
UNIT 47
UNIT 45
UNIT 43
UNIT 41
UNIT 39
UNIT 37
UNIT 35B
UNIT 35A
UNIT 33
UNIT 31
UNIT 29
UNIT 27
UNIT 25
UNIT 23
UNIT 22B
UNIT 22A
UNIT 24
UNIT 30
UNIT 32
UNIT 34
UNIT 36
UNIT 28
UNIT 26
UNIT 20
UNIT 18
UNIT 16
UNIT 14
UNIT 12
UNIT 10
UNIT 8
UNIT 6
UNIT 4
UNIT 2
UNIT 1
UNIT 3
UNIT 5
UNIT 7
UNIT 9
UNIT 11
UNIT 13
UNIT 15
UNIT 17
UNIT 19
UNIT 21
Worship ± 6.0 Acres
Medical / Office ± 11.2 Acres
Medical / Office ± 8.9 Acres
Medical / Office ± 19.2 Acres
School ± 6.5 Acres
Worship ± 8.8 Acres
Commercial ± 22.0 Acres
Commercial ± 19.8 Acres
Out Parcel
Out Parcel
Out Parcel
Community ± 30.6 Acres
Community ± 7.4 Acres
Community ± 21.5 Acres
Community ± 15.4 Acres
Community Park ± 2.06 Acres
School ± 13.6 Acres
Park Maintenance ± 1.7 Acres
Worship ± 6.1 Acres
Worship ± 10.8 Acres
K-8 School ± 20.7 Acres
APS
Park
Park
Park

SECTION FOUR

ACQUISITION COSTS OF THE PROJECTS

ESTIMATED COSTS OF THE PROJECTS

Shown below is a summary of the acquisition costs of the Projects. The acquisition costs of the Projects have been determined as prescribed in the Development Agreement, and will not collectively be more than those shown below.

The District will dedicate the Projects to the Town. Accordingly, it is not anticipated that there will be operating or maintenance expenses in connection with the Projects. However, expenses may be paid in the future as described in the Development Agreement.

Assessment Area Four Projects	Estimated Costs
1. Street Improvements	$293,561.00
2. Storm Drain	$66,744.00
Total Assessment Area Projects	$360,305.00

SECTION FIVE

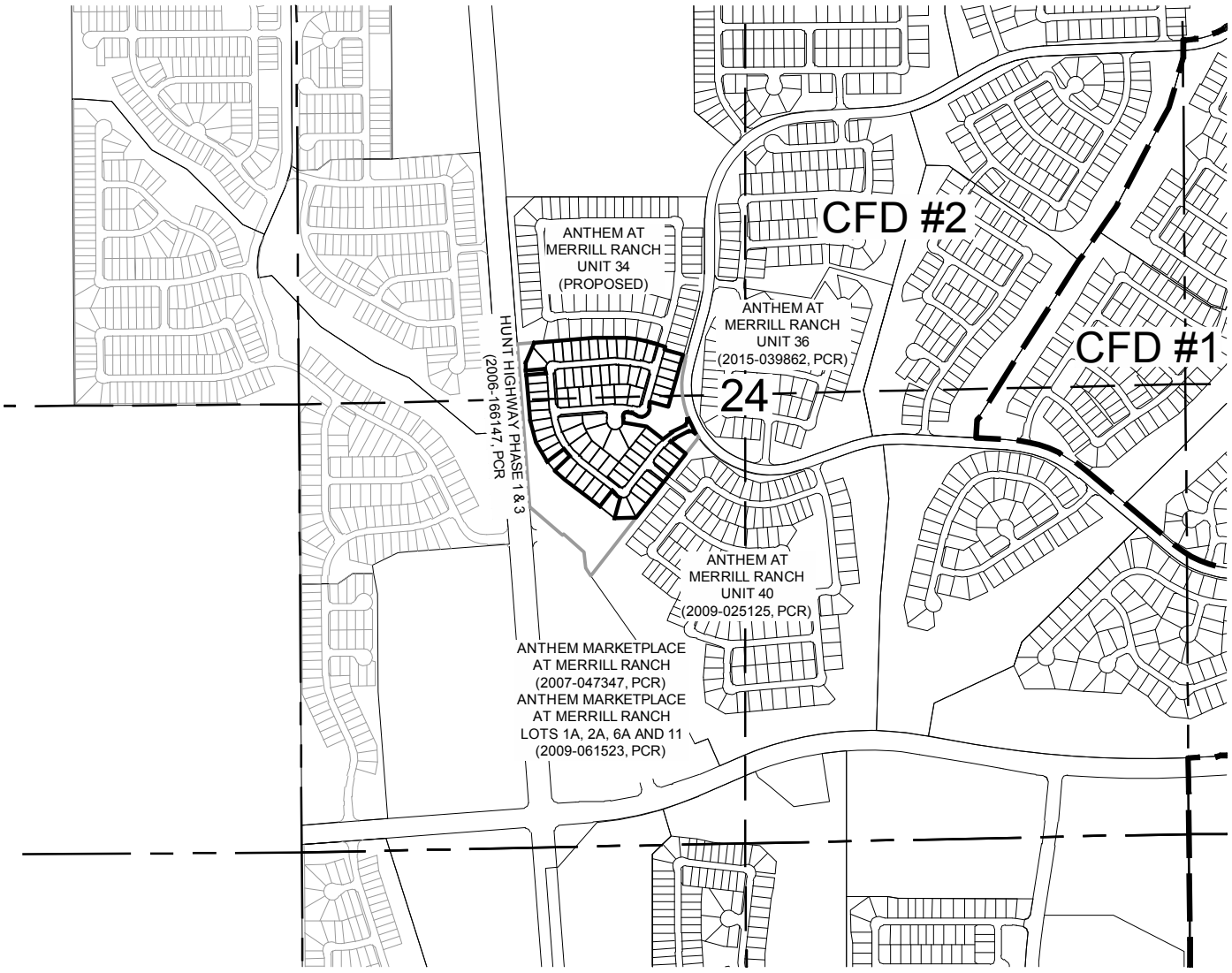
TIMETABLE FOR COMPLETION OF THE PROJECTS

TIMETABLE FOR COMPLETION OF THE PROJECTS

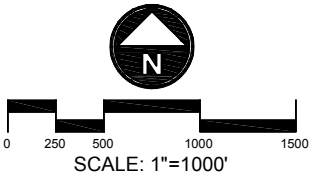
Project	Estimated Construction Completion Date
1. Street Improvements	1/1/2018
2. Storm Drain Improvements	12/15/2017

SECTION SIX

MAPS OF THE AREAS TO BE BENEFITTED



VICINITY MAP



SCALE: 1"=1000'

LINE LEGEND

- BOUNDARY LINE (CFD LIMITS)
- PARCEL BOUNDARY LINE
- UNIT 38 LOT LINE
- ADJACENT PARCEL LOT LINE
- MID–SECTION LINE
- SECTION LINE

ABBREVIATIONS

CFD	COMMUNITY FACILITIES DISTRICT
BOB	BASIS OF BEARING
POB	POINT OF BEGINNING

CURVE TABLE				
CURVE	LENGTH	RADIUS	DELTA	TANGENT
C1	42.70'	50.00'	48°55'48"	22.75'
C2	22.55'	50.00'	25°50'31"	11.47'
C3	54.34'	420.00'	7°24'49"	27.21'
C4	27.61'	50.00'	31°38'38"	14.17'
C5	22.55'	50.00'	25°50'31"	11.47'
C6	123.64'	50.00'	141°41'02"	143.92'
C7	22.55'	50.00'	25°50'31"	11.47'
C8	18.53'	280.00'	3°47'31"	9.27'
C9	54.79'	25.00'	125°34'13"	48.61'
C10	29.61'	50.00'	33°56'07"	15.26'
C11	63.88'	230.00'	15°54'45"	32.15'
C12	44.44'	30.00'	84°52'39"	27.43'
C13	94.77'	530.00'	10°14'42"	47.51'
C14	44.44'	30.00'	84°52'39"	27.43'
C15	28.72'	190.00'	8°39'35"	14.39'

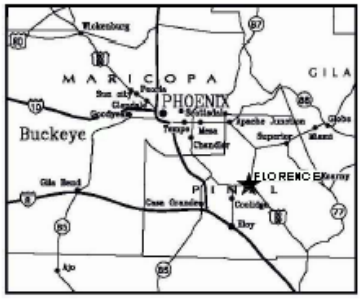
BAXTER DESIGN GROUP

EXHIBIT "A"

ANTHEM AT MERRILL RANCH UNIT 38 CFD BOUNDARY

SHEET 1 OF 3

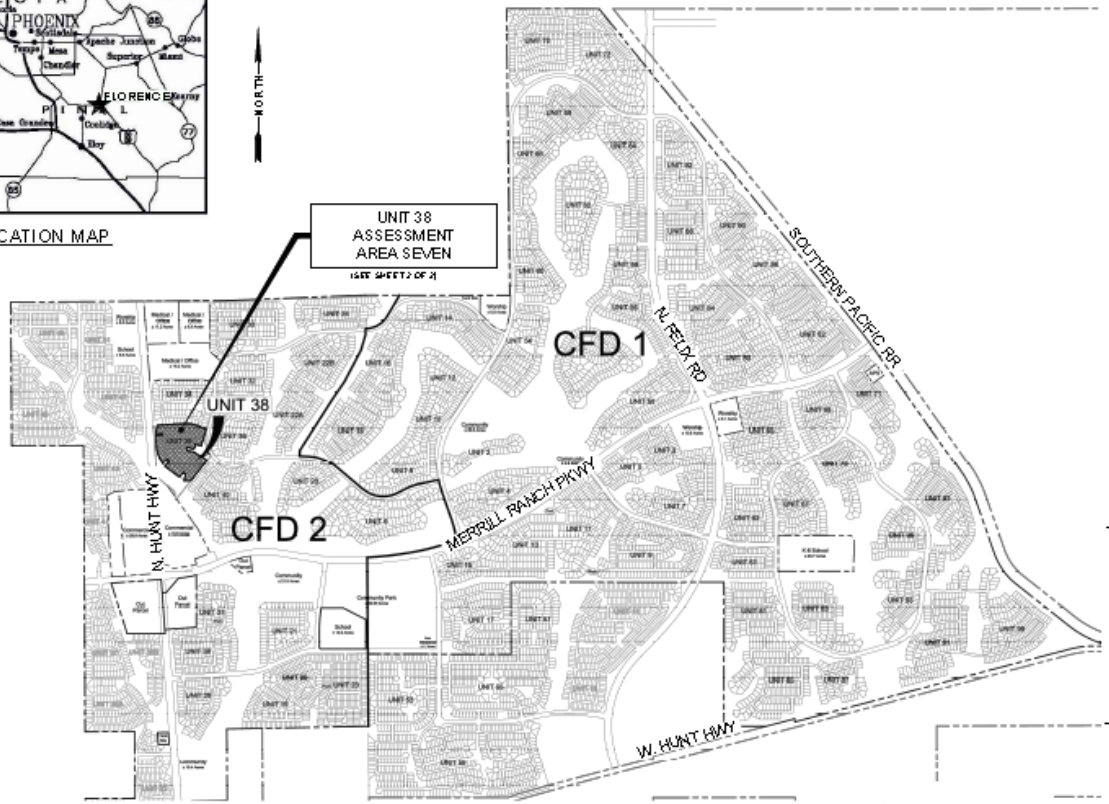
path: R:\742-AMR\UNITS\UNIT-38-AMR\09-EXHIBITS\CFD EXHIBITS\ file name: UNIT 38 CFD LEGAL EXHIB_BNDY.dwg | plot date: November 06, 2017 | plotted by: ssanders



LOCATION MAP

NORTH

UNIT 38
ASSESSMENT
AREA SEVEN
(SEE SHEET 2 OF 2)



(TOWN OF FLORENCE, ARIZONA)

MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 2
ASSESSMENT AREA SEVEN

LEGEND

UNIT 38- MERRILL RANCH
ASSESSMENT AREA SEVEN

038 01 001
ASSESSMENT NO.
LOT NO.
ASSESSMENT NO.
UNIT NUMBER

DISTRICT ENGINEER CERTIFICATION

I HEREBY CERTIFY THAT THE PARCEL BOUNDARIES SHOWN AS DEPICTED ON THIS PLAN WERE SUPPLIED BY BAXTER DESIGN GROUP AND ARE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

DISTRICT ENGINEER _____ DATE 11/22/17

APPROVED BY RESOLUTION NO. _____ OF THE MEETING OF THE BOARD OF DIRECTORS OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 OF THE TOWN OF FLORENCE, ARIZONA ON THE _____ DAY OF _____, 2017

DISTRICT CLERK _____ DATE _____

SIGNED THIS _____ DAY OF _____, 2017

SUBMITTED: _____ DATE _____
SUPERINTENDENT OF STREETS

MERRILL RANCH COMMUNITY
FACILITIES DISTRICT

UNIT 38-ASSESSMENT AREA SEVEN

UNIT	ASSESSMENT NO.	LOTS	DATE
38	01	75	11/22/17

NOTE: LOT LAYOUT SHOWN ON SHEET 2

Registered Civil Arizona 12204 WOODROW C. SCOLTTEN, JR. Date Signed 11-22-17 ARIZONA U.S.A.

EXPIRES 06/30/2019

EPS GROUP
125 S. Arizona Blvd., Suite 115
Avondale, AZ 85323
T 623.547.4461 | F 623.547.4662
www.epsgroupinc.com

DATE: 11-22-17

SHEET NO.
1 OF 2

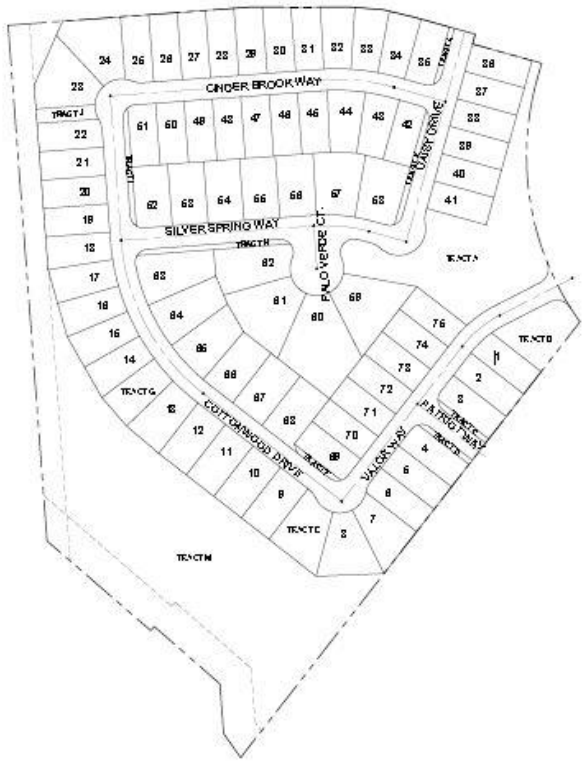
(TOWN OF FLORENCE, ARIZONA)

MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 2
ASSESSMENT AREA SEVEN

LOT NO.	6SHT. NO.	6SSESSMENT
1	038-01-001	$1,566.66
2	038-01-002	$1,566.66
3	038-01-003	$1,566.66
4	038-01-004	$1,566.66
5	038-01-005	$1,566.66
6	038-01-006	$1,566.66
7	038-01-007	$1,566.66
8	038-01-008	$1,566.66
9	038-01-009	$1,566.66
10	038-01-010	$1,566.66
11	038-01-011	$1,566.66
12	038-01-012	$1,566.66
13	038-01-013	$1,566.66
14	038-01-014	$1,566.66
15	038-01-015	$1,566.66
16	038-01-016	$1,566.66
17	038-01-017	$1,566.66
18	038-01-018	$1,566.66
19	038-01-019	$1,566.66
20	038-01-020	$1,566.66
21	038-01-021	$1,566.66
22	038-01-022	$1,566.66
23	038-01-023	$1,566.66
24	038-01-024	$1,566.66
25	038-01-025	$1,566.66
26	038-01-026	$1,566.66
27	038-01-027	$1,566.66
28	038-01-028	$1,566.66
29	038-01-029	$1,566.66
30	038-01-030	$1,566.66
31	038-01-031	$1,566.66
32	038-01-032	$1,566.66
33	038-01-033	$1,566.66
34	038-01-034	$1,566.66
35	038-01-035	$1,566.66
36	038-01-036	$1,566.66
37	038-01-037	$1,566.66
38	038-01-038	$1,566.66

LOT NO.	6SHT. NO.	6SSESSMENT
39	038-01-039	$1,566.66
40	038-01-040	$1,566.66
41	038-01-041	$1,566.66
42	038-01-042	$1,566.66
43	038-01-043	$1,566.66
44	038-01-044	$1,566.66
45	038-01-045	$1,566.66
46	038-01-046	$1,566.66
47	038-01-047	$1,566.66
48	038-01-048	$1,566.66
49	038-01-049	$1,566.66
50	038-01-050	$1,566.66
51	038-01-051	$1,566.66
52	038-01-052	$1,566.66
53	038-01-053	$1,566.66
54	038-01-054	$1,566.66
55	038-01-055	$1,566.66
56	038-01-056	$1,566.66
57	038-01-057	$1,566.66
58	038-01-058	$1,566.66
59	038-01-059	$1,566.66
60	038-01-060	$1,566.66
61	038-01-061	$1,566.66
62	038-01-062	$1,566.66
63	038-01-063	$1,566.66
64	038-01-064	$1,566.66
65	038-01-065	$1,566.66
66	038-01-066	$1,566.66
67	038-01-067	$1,566.66
68	038-01-068	$1,566.66
69	038-01-069	$1,566.66
70	038-01-070	$1,566.66
71	038-01-071	$1,566.66
72	038-01-072	$1,566.66
73	038-01-073	$1,566.66
74	038-01-074	$1,566.66
75	038-01-075	$1,566.66



UNIT 38

ASSESSMENT NO.
038-01-001 THROUGH 038-01-075

NOTE:
IMPROVEMENT CONSIST OF ROADWAY PAVING, CURB & GUTTER AND DRAINAGE FACILITIES AS DEPICTED IN THE FEASIBILITY REPORT DATED DECEMBER 04, 2017 ON FILE WITH THE DISTRICT CLERK.

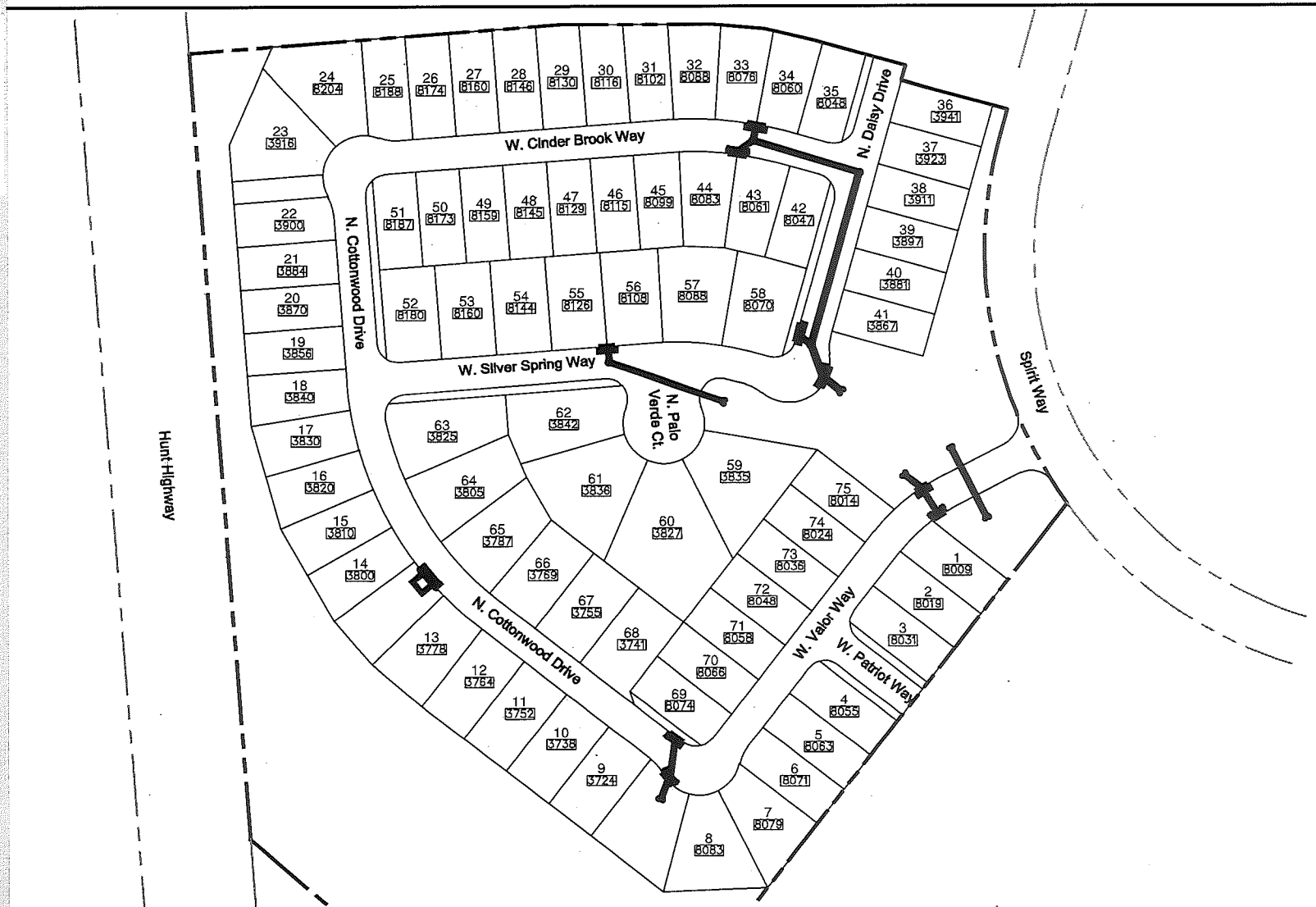
EPS GROUP
125 S. Arizona Blvd., Suite 115
Avondale, AZ 85323
T 623.547.4461 | F 623.547.4662
www.epsgroupinc.com

DATE: 11-22-17

SHEET NO.
2 OF 2

STORM DRAIN

anthem
BY DEL WEBB



UNIT 38

Storm Drain

Scale: 1" = 120'
Version 1
Nov. 9, 2017

path: R:\742-AMR\UNITS\UNIT-38-AMR\09-EXHIBITS\CFD EXHIBITS\
file name: UNIT 38 CFD EXHIBIT-Pav_Conc_Strm-110917.dwg | plot date: November 09, 2017

BAXTER DESIGN GROUP
7500 N. Dobson Rd., Suite 200
Scottsdale, AZ 85256
(480) 818-5001

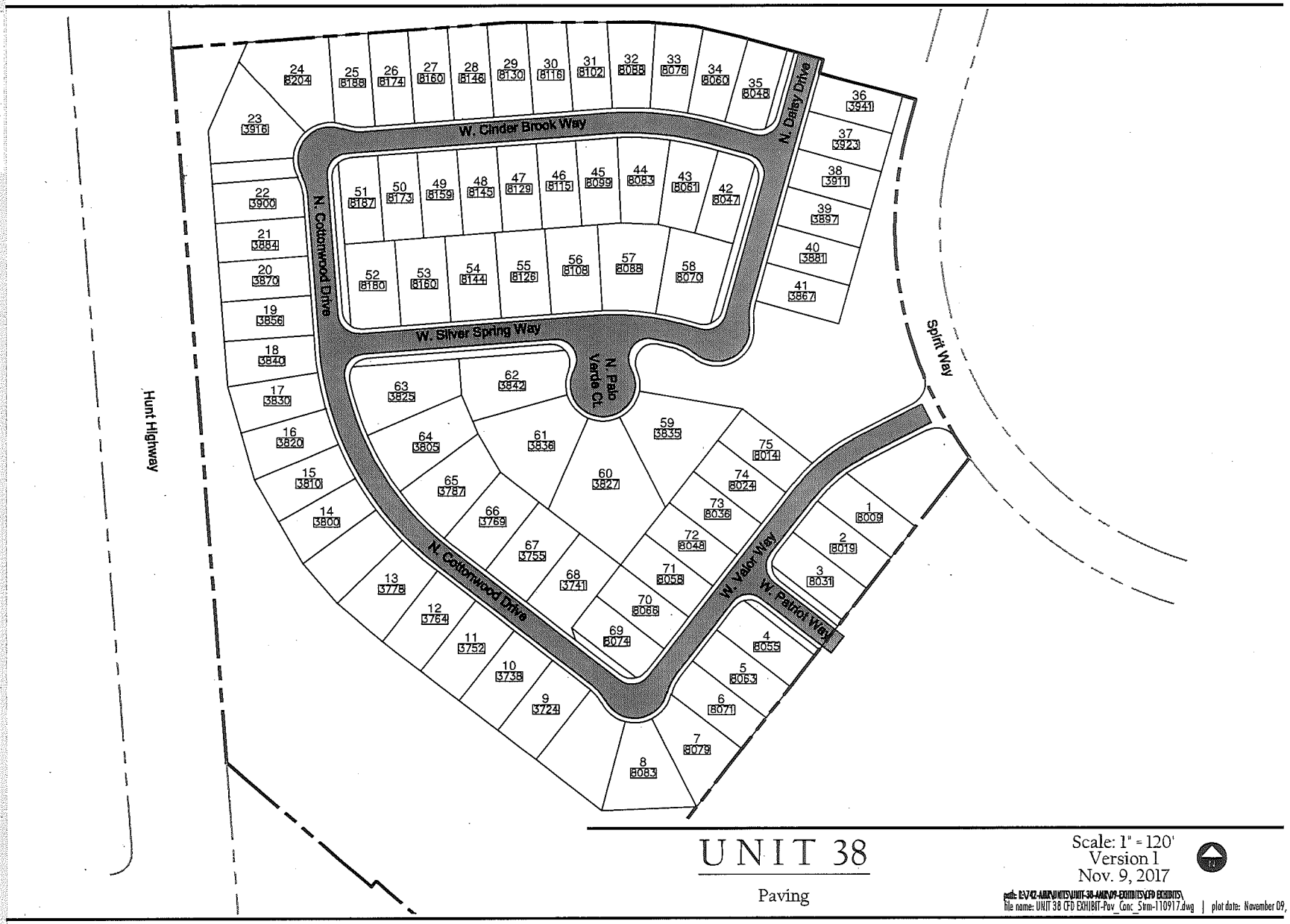
20

Merrill Ranch

NO. 2

PAVING

anthem
BY DEL WEBB



UNIT 38

Paving

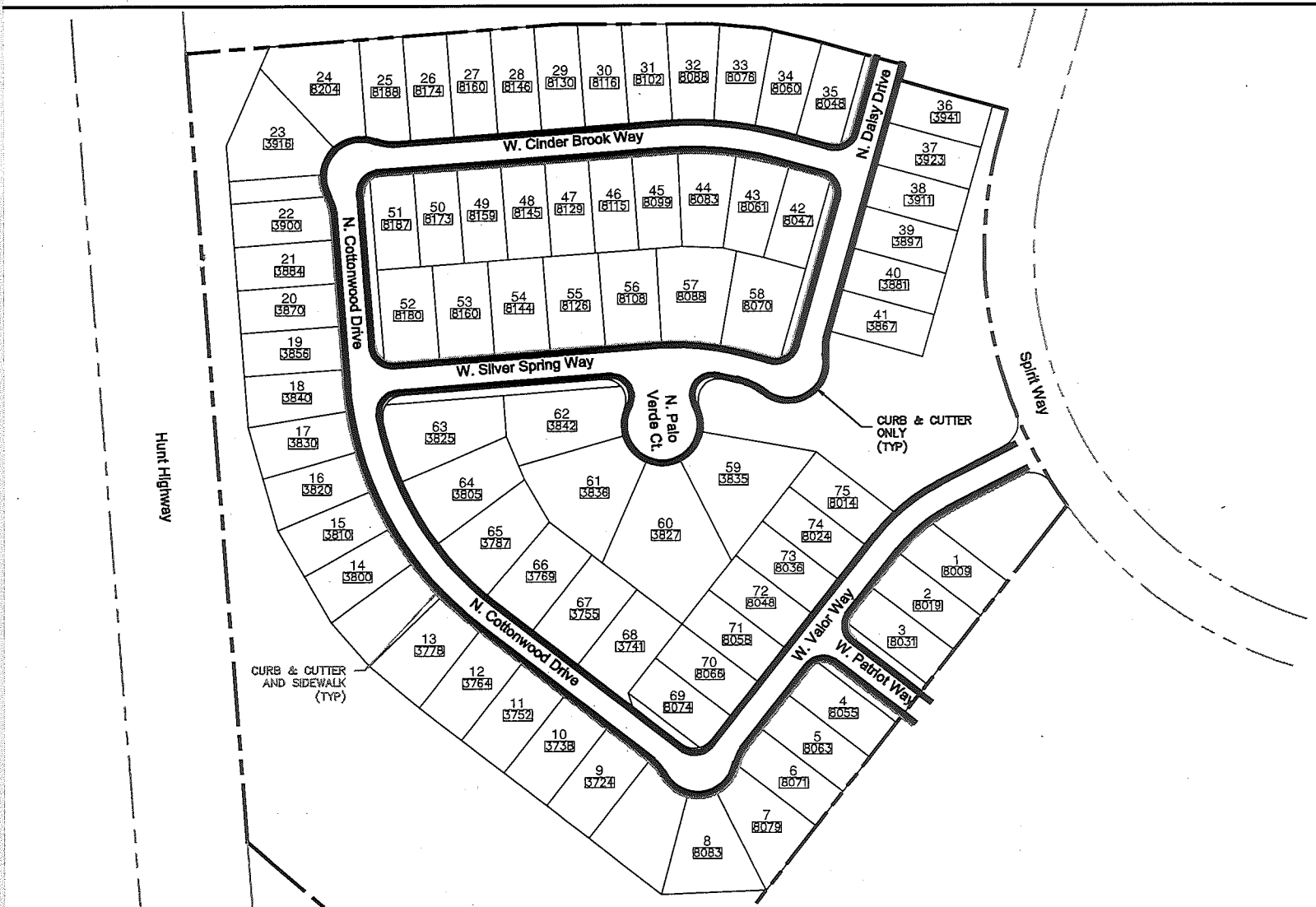
Scale: 1" = 120'
Version 1
Nov. 9, 2017

path: E:\742-AMR\UNITS\UNIT-38-AMR\09-EXHIBITS\CFD EXHIBITS\
file name: UNIT 38 CFD EXHIBIT-Pav_Conc_Strm-110917.dwg | plot date: November 09, 2017

BAXTER DESIGN GROUP
7500 N. Dobson Rd., Suite 200
Scottsdale, AZ 85256
(480) 818-8001

STREET IMPROVEMENTS

anthem
BY DEL WEBB



UNIT 38

Concrete

Scale: 1" = 120'
Version 1
Nov. 9, 2017

path: E:\742-AMP\UNITS\UNIT-38-AMP09-EXHIBITS\CFD EXHIBITS\
file name: UNIT 38 CFD EXHIBIT-Pav_Conc_Strm-110917.dwg | plot date: November 09, 2017

BAXTER DESIGN GROUP
7500 N. Dobson Rd., Suite 200
Scottsdale, AZ 85256
(480) 818-6001

SECTION SEVEN

PLAN OF FINANCE

PLAN OF FINANCE

(1) Costs of the acquisition of the Projects will be provided for by the District pursuant to the Development Agreement.

(2) Construction contracts for all of the Projects have been bid and awarded pursuant to the public bid process of Title 34 of the Arizona Revised Statutes and applicable Town requirements and administered in conformance to applicable law and such requirements.

(3) The District shall sell and issue the Bonds pursuant to the provisions of the Act, and the Bonds shall be payable from amounts collected by the District from the hereinafter described special assessment (the "Assessment").

The Assessment shall be levied pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as am, as nearly as practicable and except as otherwise provided in the Development Agreement, upon the Assessment Area based on the benefits to be received by and as allocated to the parcels into which the Assessment Area is or is to be divided.

The per lot assessment amount is expected to be no more than $3,500 at the time of issuance of the Bonds. Average annual payments with respect to such portion will be approximately $275. Pulte currently expects that at the time of sale of the home to the buyer, this amount will be assumed by the homebuyer and the assessment payments made over time.

The estimated uses of the proceeds of the Bonds for Unit 38 are as follows:

Assessment Area Seven - Unit 38	
Costs of Public Infrastructure	$196,060
Costs of Issuance	30,000
Placement Fee	15,000
Reserve Fund	21,440
Total	$262,500

NOTE: All figures have been rounded. Individual categories above are estimates. The total of Bonds to be issued will not exceed $262,500 in principal amount and as such, certain of these amounts may change when the final terms of the transactions are determined. Costs of issuance include Bond Counsel, Pricing Agent Fee, District Engineer and Trustee.

(4) The Bonds are expected to have an approximately 25 year maturity with the first interest payment commencing on January 1, 2019. The Bonds will not be rated or credit-enhanced in any form. See the following “Proposed Debt Service Requirements” in this Section.

(5) 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 (the "Public Report"). Each homebuyer must be supplied a Public Report and, prior to any home sale, the homebuyer must acknowledge by signature that they have read and accepted the Public Report. In addition, Pulte will require the homebuyer to sign an additional form that highlights and discloses the additional assessment payments as a result of District financing.

(6) The District has entered into an agreement with the Pinal County Treasurer for the collection of the assessments in a similar manner and together with the collection by the County of real property taxes.

Estimated Debt Service Requirements

	$262,500 Series 2018 1/16/2018		
Date	**Principal**	**Estimated (a) Interest**	**Estimated Annual**
07/01/2018		$7,219	$7,219
07/01/2019	$4,500	15,750	20,250
07/01/2020	5,000	15,480	20,480
07/01/2021	6,000	15,180	21,180
07/01/2022	6,000	14,820	20,820
07/01/2023	6,000	14,460	20,460
07/01/2024	7,000	14,100	21,100
07/01/2025	7,000	13,680	20,680
07/01/2026	8,000	13,260	21,260
07/01/2027	8,000	12,780	20,780
07/01/2028	9,000	12,300	21,300
07/01/2029	9,000	11,760	20,760
07/01/2030	10,000	11,220	21,220
07/01/2031	10,000	10,620	20,620
07/01/2032	11,000	10,020	21,020
07/01/2033	12,000	9,360	21,360
07/01/2034	12,000	8,640	20,640
07/01/2035	13,000	7,920	20,920
07/01/2036	14,000	7,140	21,140
07/01/2037	15,000	6,300	21,300
07/01/2038	16,000	5,400	21,400
07/01/2039	17,000	4,440	21,440
07/01/2040	18,000	3,420	21,420
07/01/2041	19,000	2,340	21,340
07/01/2042	20,000	1,200	21,200
	$262,500	$248,809	$511,309

(a) Interest is estimated at 6.00%. Subject to change

APPENDIX A

LEGAL DESCRIPTION OF ASSESSMENT AREA

BAXTER DESIGN GROUP

Community Facilities District
Legal Description
Anthem at Merrill Ranch, Unit 38

A parcel of land lying within the West Half 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 Southwest Corner of said Section 24 (2" Aluminum Cap, RLS 21065, found) from which the South Quarter Corner of Section 24 (2" Aluminum Cap, RLS 21065, found) bears North 88 degrees 48 minutes 06 seconds East (basis of bearing), 2611.46;

Thence, North 88 degrees 48 minutes 06 seconds East along the South line of the Southwest Quarter of Section 24, a distance of 1735.30 feet to a point from which the South Quarter Corner of Section 24 bears North 88 degrees 48 minutes 06 East, a distance of 876.16 feet;

Thence, North 01 degrees 11 minutes 54 seconds West, a distance of 1594.25 feet to the Southern most point of Unit 38 boundary line;

Thence, along said boundary line North 37 degrees 54 minutes 01 seconds East, a distance of 434.79 feet to the true Point of Beginning;

Thence, South 87 degrees 42 minutes 09 seconds West, a distance of 126.85 feet;

Thence, North 14 degrees 48 minutes 44 seconds East, a distance of 123.69 feet;

Thence, Westerly an arc distance of 42.70 feet along a non-tangent curve to the right from which the radius point bears North 14 degrees 48 minutes 44 seconds East, a distance of 50.00 feet and having a central angle of 48 degrees 55 minutes 48 seconds;

Thence, Westerly an arc distance of 22.55 feet along a reverse curve to the left having a radius of 50.00 feet and a central angle of 25 degrees 50 minutes 31 seconds;

Thence; South 37 degrees 54 minutes 01 seconds West, a distance of 119.20 feet;

Thence, North 52 degrees 05 minutes 59 seconds West, a distance of 260.00 feet;

Thence, North 49 degrees 32 minutes 47 seconds West, a distance of 78.94 feet;

Thence, North 45 degrees 53 minutes 20 seconds East, a distance of 121.05 feet;

Thence, Northwesterly an arc distance of 54.34 feet along a non-tangent curve to the right from which the radius point bears North 46 degrees 00 minutes 10 East, a distance of 420.00 feet and having a central angle of 07 degrees 24 minutes 49 seconds;

Thence, South 53 degrees 24 minutes 59 seconds West, a distance of 121.81 feet;

Thence, North 29 degrees 41 minutes 17 seconds West, a distance of 130.10 feet;

Thence, North 15 degrees 53 minutes 49 seconds West, a distance of 130.10 feet;

Thence, North 04 degrees 19 minutes 09 seconds West, a distance of 273.25 feet;

Thence, North 85 degrees 40 minutes 51 seconds East, a distance of 114.61 feet;

Thence, Northerly an arc distance of 27.61 feet along a non-tangent curve to the right from which the radius point bears North 60 degrees 52 minutes 14 seconds East, a distance of 50.00 feet and having a central angle of 31 degrees 38 minutes 38 seconds;

Thence, South 85 degrees 40 minutes 51 seconds West, a distance of 110.36 feet;

Thence, North 04 degrees 19 minutes 09 seconds West, a distance of 44.81 feet;

Thence, North 23 degrees 52 minutes 14 seconds East, a distance of 130.24 feet;

Thence, North 85 degrees 40 minutes 51 seconds East, a distance of 352.64 feet;

Thence, South 89 degrees 59 minutes 31 seconds East, a distance of 183.73 feet;

Thence, South 85 degrees 24 minutes 04 seconds East, a distance of 62.36 feet;

Thence, South 76 degrees 17 minutes 41 seconds East, a distance of 62.67 feet;

Thence, South 74 degrees 25 minutes 41 seconds East, a distance of 115.00 feet;

Thence, South 15 degrees 34 minutes 19 seconds West, a distance of 18.91 feet;

Thence, South 74 degrees 25 minutes 41 seconds East, a distance of 115.00 feet;

Thence, South 15 degrees 34 minutes 19 seconds West, a distance of 318.00 feet;

Thence, North 74 degrees 25 minutes 41 seconds West, a distance of 115.00 feet;

Thence, South 15 degrees 34 minutes 19 seconds West, a distance of 6.50 feet;

Thence, Southerly an arc distance of 22.55 feet along a curve to the left having a radius of 50.00 feet and a central angle of 25 degrees 50 minutes 31 seconds;

Thence, Southwesterly an arc distance of 123.64 feet along a reverse curve to the right having a radius of 50.00 feet and a central angle of 141 degrees 41 minutes 02 seconds;

Thence, Westerly an arc distance of 22.55 feet along a reverse curve to the left having a radius of 50.00 feet and a central angle of 25 degrees 50 minutes 31 seconds;

BAXTER DESIGN GROUP

Thence, North 74 degrees 25 minutes 41 seconds West, a distance of 8.46 feet;

Thence, Westerly an arc distance of 18.53 feet along a curve to the left having a radius of 280.00 feet and a central angle of 03 degrees 47 minutes 31 seconds;

Thence, Southwesterly an arc distance of 54.79 feet along a compound curve to the left having a radius of 25.00 feet and a central angle of 125 degrees 34 minutes 13 seconds;

Thence, Southerly an arc distance of 29.61 feet along a reverse curve to the right having a radius of 50.00 feet and a central angle of 33 degrees 56 minutes 07 seconds;

Thence, South 79 degrees 51 minutes 18 seconds East, a distance of 139.37 feet;

Thence, South 52 degrees 05 minutes 59 seconds East, a distance of 117.87 feet;

Thence, Northerly an arc distance of 63.88 feet along a non-tangent curve to the right from which the radius point bears South 43 degrees 02 minutes 17 seconds East a distance of 230.00 feet and having a central angle of 15 degrees 54 minutes 44 seconds;

Thence, North 62 degrees 52 minutes 27 seconds East, a distance of 93.87 feet;

Thence, Northerly an arc distance of 44.44 feet along a curve to the left having a radius of 30.00 feet and a central of 84 degrees 52 minutes 39 seconds;

Thence, Southeasterly an arc distance of 94.77 feet along a non-tangent curve to the left from which the radius point bears North 67 degrees 59 minutes 49 seconds East, a distance of 530.00 feet and having a central angle of 10 degrees 14 minutes 42 seconds;

Thence, Westerly an arc distance of 44.44 feet along a non-tangent curve to the left from which the radius point bears South 57 degrees 45 minutes 06 seconds West, a distance of 30.00 feet and having a central angle of 84 degrees 5 minutes 39 seconds;

Thence, South 62 degrees 52 minutes 27 seconds West, a distance of 93.87 feet;

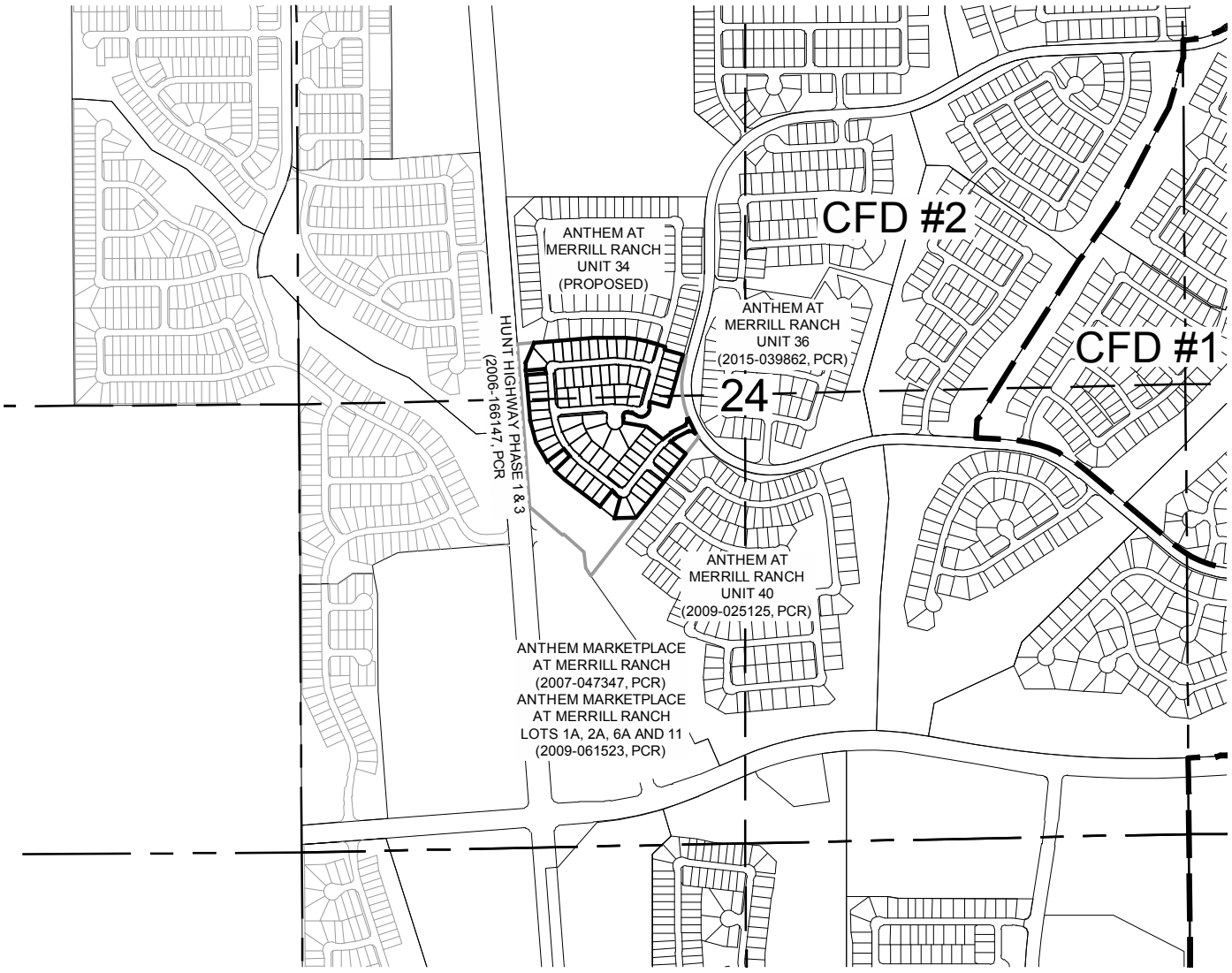
Thence, Westerly an arc distance of 28.72 feet along a curve to the left having a radius of 190.00 feet and a central angle of 08 degrees 39 minutes 35 seconds;

Thence, South 52 degrees 05 minutes 59 seconds East, a distance of 117.35 feet;

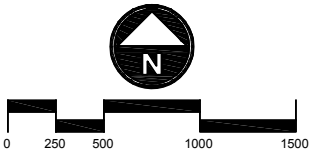
Thence, South 37 degrees 54 minutes 01 seconds West, a distance of 476.86 feet to true Point of Beginning.

Containing 16.2695 acres, more or less.

See Exhibit "A", attached.



VICINITY MAP



SCALE: 1"=1000'

LINE LEGEND

- BOUNDARY LINE (CFD LIMITS)
- PARCEL BOUNDARY LINE
- UNIT 38 LOT LINE
- ADJACENT PARCEL LOT LINE
- MID–SECTION LINE
- SECTION LINE

ABBREVIATIONS

CFD	COMMUNITY FACILITIES DISTRICT
BOB	BASIS OF BEARING
POB	POINT OF BEGINNING

CURVE TABLE				
CURVE	LENGTH	RADIUS	DELTA	TANGENT
C1	42.70'	50.00'	48°55'48"	22.75'
C2	22.55'	50.00'	25°50'31"	11.47'
C3	54.34'	420.00'	7°24'49"	27.21'
C4	27.61'	50.00'	31°38'38"	14.17'
C5	22.55'	50.00'	25°50'31"	11.47'
C6	123.64'	50.00'	141°41'02"	143.92'
C7	22.55'	50.00'	25°50'31"	11.47'
C8	18.53'	280.00'	3°47'31"	9.27'
C9	54.79'	25.00'	125°34'13"	48.61'
C10	29.61'	50.00'	33°56'07"	15.26'
C11	63.88'	230.00'	15°54'45"	32.15'
C12	44.44'	30.00'	84°52'39"	27.43'
C13	94.77'	530.00'	10°14'42"	47.51'
C14	44.44'	30.00'	84°52'39"	27.43'
C15	28.72'	190.00'	8°39'35"	14.39'

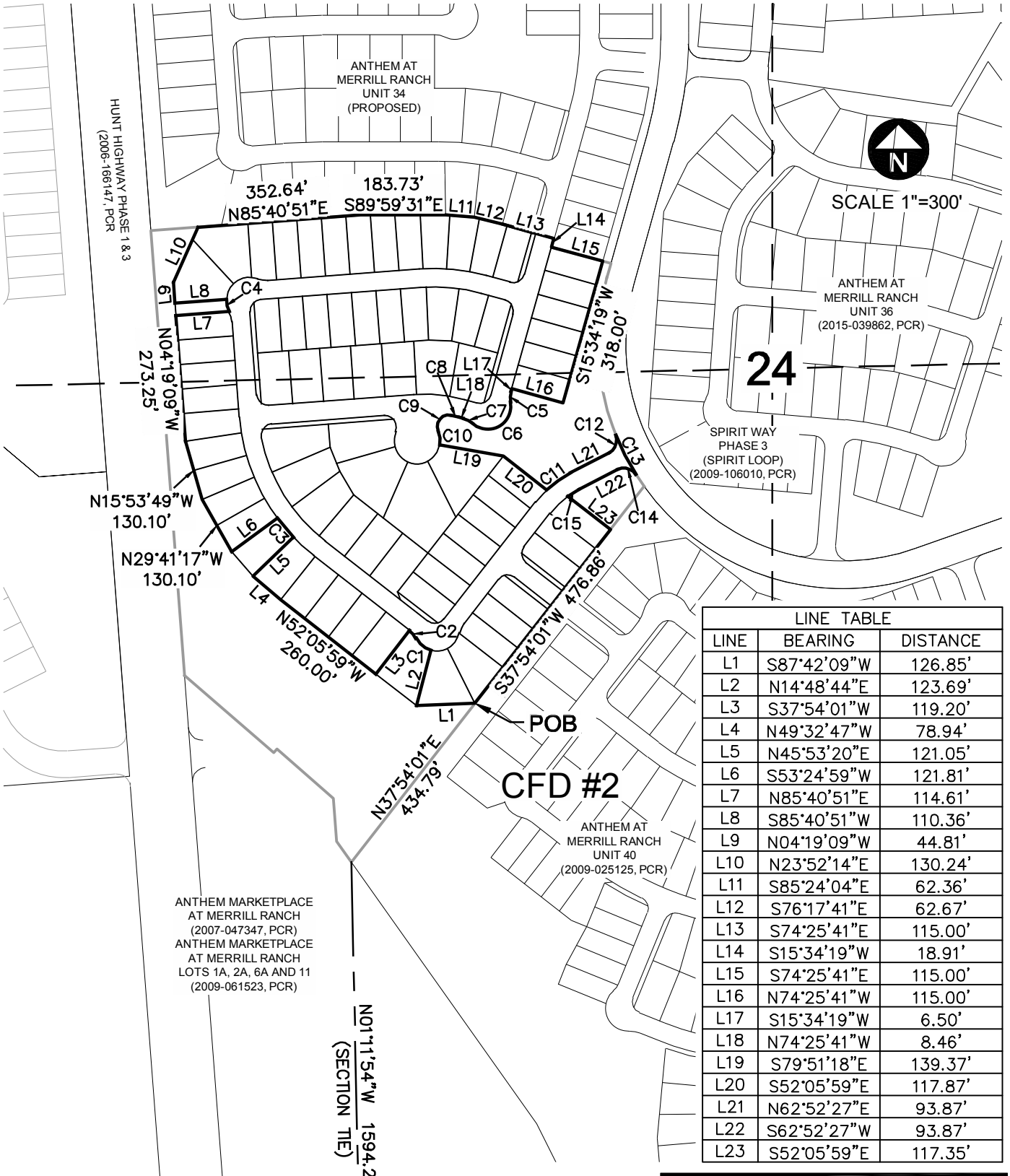
BAXTER DESIGN GROUP

EXHIBIT "A"

ANTHEM AT MERRILL RANCH UNIT 38 CFD BOUNDARY

SHEET 1 OF 3

path: R:\742-AMR\UNITS\UNIT-38-AMR\09-EXHIBITS\CFD EXHIBITS\ file name: UNIT 38 CFD LEGAL EXHIB_BNDY.dwg | plot date: November 06, 2017 | plotted by: ssanders



LINE TABLE		
LINE	BEARING	DISTANCE
L1	S87°42'09"W	126.85'
L2	N14°48'44"E	123.69'
L3	S37°54'01"W	119.20'
L4	N49°32'47"W	78.94'
L5	N45°53'20"E	121.05'
L6	S53°24'59"W	121.81'
L7	N85°40'51"E	114.61'
L8	S85°40'51"W	110.36'
L9	N04°19'09"W	44.81'
L10	N23°52'14"E	130.24'
L11	S85°24'04"E	62.36'
L12	S76°17'41"E	62.67'
L13	S74°25'41"E	115.00'
L14	S15°34'19"W	18.91'
L15	S74°25'41"E	115.00'
L16	N74°25'41"W	115.00'
L17	S15°34'19"W	6.50'
L18	N74°25'41"W	8.46'
L19	S79°51'18"E	139.37'
L20	S52°05'59"E	117.87'
L21	N62°52'27"E	93.87'
L22	S62°52'27"W	93.87'
L23	S52°05'59"E	117.35'

BAXTER DESIGN GROUP

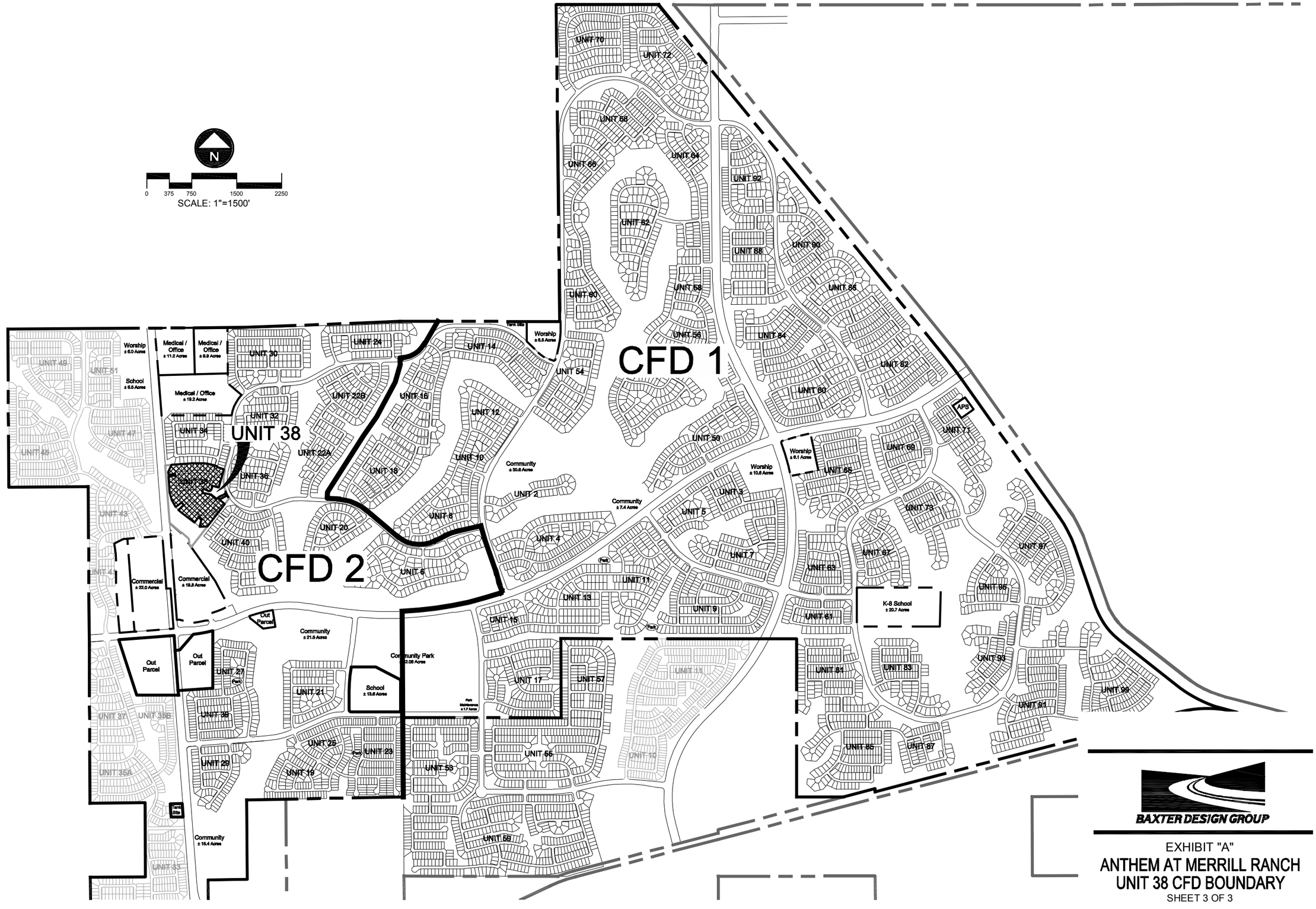
EXHIBIT "A"

ANTHEM AT MERRILL RANCH UNIT 38 CFD BOUNDARY

SHEET 2 OF 3

Merrill Ranch CFD No. 2

path: R:\742-AMR\UNITS\UNIT-38-AMR\09-EXHIBITS\CFD EXHIBITS\ file name: UNIT 38 CFD LEGAL EXHIB_BNDY.dwg | plot date: November 06, 2017 | plotted by: ssanders


N
0 375 750 1500 2250
SCALE: 1"=1500'
CFD 1
CFD 2
UNIT 38
UNIT 70
UNIT 72
UNIT 68
UNIT 66
UNIT 64
UNIT 92
UNIT 62
UNIT 88
UNIT 90
UNIT 60
UNIT 58
UNIT 86
UNIT 56
UNIT 84
UNIT 54
UNIT 82
UNIT 80
UNIT 50
UNIT 78
UNIT 48
UNIT 51
UNIT 47
UNIT 45
UNIT 43
UNIT 41
UNIT 39
UNIT 35B
UNIT 35A
UNIT 33
UNIT 37
UNIT 34
UNIT 36
UNIT 32
UNIT 30
UNIT 28
UNIT 26
UNIT 24
UNIT 22B
UNIT 22A
UNIT 20
UNIT 18
UNIT 16
UNIT 14
UNIT 12
UNIT 10
UNIT 8
UNIT 6
UNIT 4
UNIT 2
UNIT 1
UNIT 3
UNIT 5
UNIT 7
UNIT 9
UNIT 11
UNIT 13
UNIT 15
UNIT 17
UNIT 19
UNIT 21
UNIT 23
UNIT 25
UNIT 27
UNIT 29
UNIT 31
UNIT 53
UNIT 55
UNIT 57
UNIT 59
UNIT 61
UNIT 63
UNIT 65
UNIT 67
UNIT 69
UNIT 71
UNIT 73
UNIT 75
UNIT 77
UNIT 79
UNIT 81
UNIT 83
UNIT 85
UNIT 87
UNIT 89
UNIT 91
UNIT 93
UNIT 95
UNIT 97
UNIT 99
Worship ± 6.0 Acres
School ± 6.5 Acres
Medical / Office ± 11.2 Acres
Medical / Office ± 8.9 Acres
Medical / Office ± 19.2 Acres
Worship ± 8.8 Acres
Community ± 30.6 Acres
Community ± 7.4 Acres
Worship ± 10.8 Acres
Worship ± 6.1 Acres
Commercial ± 22.0 Acres
Commercial ± 19.8 Acres
Out Parcel
Out Parcel
Out Parcel
Community ± 21.5 Acres
Community Park ± 2.06 Acres
School ± 13.6 Acres
Park Maintenance ± 1.7 Acres
Community ± 15.4 Acres
K-8 School ± 20.7 Acres
APS
Park
Park
Park

DRAFT
11/10/17
12/11/17

When recorded, please return to:

Michael Cafiso, Esq.
Greenberg Traurig, LLP
Suite 700
2375 East Camelback Road
Phoenix, Arizona 85016

THIS SEVENTH AMENDMENT AND WAIVERS (ASSESSMENT AREA SEVEN - UNIT 38), dated as of January 1, 2018 (hereinafter referred to as this "*Amendment*"), for DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2), dated as of November 1, 2005, as amended by the First Amendment and Waivers (Assessment Area One), dated as of February 1, 2006, the Second Amendment and Waivers (Assessment Area Two*), dated as of April 1, 2008, and the Third Amendment and Waivers (Assessment Area Three - Unit 40), dated as of November 1, 2009, a Fourth Amendment and Waivers (Assessment Area Four – Unit 20), dated as of February 1, 2010, a Fifth Amendment and Waivers (Assessment Area Five – Units 22A & 22B), dated as of April 1, 2013, and a Sixth Amendment and Waivers, dated as of November 1, 2015 (as so amended hereinafter referred to as the "*Agreement*"), by and between Merrill Ranch Community Facilities District No. 2, a community facilities district formed by the Municipality, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "*District*"), and Pulte Home Company, LLC, a limited liability company and having an interest in certain property within the boundaries of the District (hereinafter referred to as the "*Owner*");

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "*Act*"), and Section 9-500.05, Arizona Revised Statutes, the Town of Florence, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona; the District; the Owner and Pulte Development Company, a corporation duly incorporated and validly existing pursuant to the laws of the State of Michigan, entered into the Agreement as a

---

*Unit 29

"development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time; and

WHEREAS, with regard to the Property (as such term and all other undefined terms used in these Recitals are defined in the Agreement), the Municipality, the District and the Owner specified some of such matters in the Agreement, particularly matters relating to the construction or acquisition of certain public infrastructure by the District, the acceptance thereof by the Municipality and the reimbursement or repayment of the Owner with respect thereto, all pursuant to the Act, such public infrastructure being necessary for the Owner to develop the Property prior to the time at which the District can itself pay for the construction or acquisition thereof; and

WHEREAS, the Agreement provided that the Assessment Bonds shall be issued if certain conditions are met to provide moneys for certain public infrastructure purposes described in the General Plan of the District, and the use of the proceeds of the sale of the Assessment Bonds was a subject of the Agreement; and

WHEREAS, the Agreement provided that an amendment thereto would provide (1) for the designation from time to time of Assessed Property and of the portions of the Infrastructure, the acquisition of which is to be financed with the proceeds of the sale of Assessment Bonds and (2) the means by which the Owner would accept the Assessment and have the Assessment allocated and recorded against the various parcels comprising the Assessed Property; and

WHEREAS, Section 10.5 of the Agreement provides that the Agreement can be altered and otherwise amended pursuant to an instrument in writing signed by each of the parties thereto; provided, however, that such an amendment shall be effective against the Owner and the District only if such amendment does not amend Section 7.1 or 9.3; and

WHEREAS, this Amendment as an amendment to a "development agreement" is consistent with the "general plan" of the Municipality, as defined in Section 9-461, Arizona Revised Statutes, as amended, applicable to the Property on the date this Agreement is executed; and

WHEREAS, the Owner is the current fee owner of the Area Four Assessed Property (as such term is hereinafter defined), and there are no holders of any other interests, legal or equitable, in the Area Four Assessed Property; and

WHEREAS, the appropriate representatives of the Owner (i) have, independently with the assistance of legal counsel, reviewed and evaluated all of the law of the State as it relates to the subject matter of this Amendment; (ii) have a full and complete knowledge and understanding of such law; (iii) are sufficiently knowledgeable and experienced in such matters to be able to evaluate the risks and merits

of matters provided by this Amendment and (iv) are voluntarily causing the Owner to enter into this Amendment knowing that the terms and provisions of this Amendment shall run with and encumber the Area Seven Assessed Property and bind the entities executing this Amendment and their successors and assigns; and

WHEREAS, such representatives of the Owner have reviewed the boundaries of the Area Seven Assessed Property as well as the Area Seven Estimate, the Area Seven Work Plans and Specifications and the Area Seven Assessment Diagram (as such terms are hereinafter defined); and

WHEREAS, the Owner is receiving fair consideration and reasonably equivalent value for its execution hereof; the Owner is not now insolvent, nor will the execution hereof, render the Owner insolvent; no obligation of the Owner has been incurred with the intent to hinder, delay or defraud present or future creditors and the execution hereof does not involve the incurrence by the Owner of an obligation or debt which the Owner reasonably believes is or will become beyond the ability of the Owner to pay as it becomes due;

NOW, THEREFORE, in the joint and mutual exercise of their powers, in consideration of the above premises and of the mutual covenants herein contained and for other valuable consideration, and subject to the conditions set forth herein, the parties hereto amend the Agreement by providing for the purposes described hereinabove to provide that they agree that:

Section 1. (a) For all purposes of this Amendment, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Section have the meanings assigned to them in this Section and include, as appropriate, the plural as well as the singular, and otherwise the terms used herein have the meanings assigned to them in the Agreement:

"*Area Seven Assessed Property*" means the parcels of the Property described in the Exhibit to this Amendment.

"*Area Seven Assessment Bonds*" means the bonds entitled "Special Assessment Lien Bonds (Assessment Area Seven)" of the District or such other title approved by the District Board and authorized to be sold and issued by the District as described in this Amendment, payable from amounts collected from, among other sources, the Area Seven Assessment.

"*Area Seven Assessment Diagram*" means the assessment diagram to be on file with the District Clerk, prepared by the District Engineer and the Superintendent of Streets, as amended from time to time, showing estimated maximum dollar amounts of benefits derived from the Area Seven Work for each parcel of the Area Seven Assessed Property and assessing against each such parcel the maximum proportionate share of costs and expenses of the Area Seven Work, the contents of which are hereby incorporated herein by this reference.

"*Area Seven Assessment*" means, as to be originally levied and as thereafter reallocated as described herein, the "not to exceed" proportionate share of costs and expenses of Area Seven Work levied against each parcel of the Area Seven Assessed Property pursuant to Title 48, Chapter 4, Article 2, Arizona Revised Statutes.

"*Area Seven Estimate*" means the estimate included in the Area Seven Report, such portion of the contents of which are hereby incorporated herein by this reference, being the total of amounts necessary to pay (1) the total of all amounts due pursuant to the Agreement for the Area Seven Work not otherwise paid from cash collections of the Area Seven Assessment and (2)(i) all other amounts indicated in this Amendment, (ii) all relevant issuance costs related to the Area Seven Assessment Bonds and (iii) an amount necessary to fund a debt service reserve fund in an amount not in excess of that permitted by the Act and described elsewhere herein, but not to exceed in aggregate $26,250.00.

"*Area Seven Report*" means the Report applicable to the Area Seven Work on file with the District Clerk.

"*Area Seven Work*" means the portions of the Infrastructure described in the Area Seven Report, such portion of the contents of which are hereby incorporated herein by this reference, the acquisition of which is to be financed with the proceeds of the sale of Area Seven Assessment Bonds.

"*Area Seven Work Plans and Specifications*" means the Plans and Specifications for the corresponding Acquisition Projects on file with the District Clerk, which shall compose the Area Seven Work, the contents of which are hereby incorporated herein by this reference.

"*Assessment Collection Agreement*" means the Community Facilities District Assessment Collection Agreement (Merrill Ranch Community Facilities District No. 2), dated as of September 1, 2009, by and between the Treasurer of Pinal County, Arizona, and the District.

(b) All references in this Amendment to designated "Exhibits," "Sections" and other subdivisions are to the designated Exhibits, Sections and other subdivisions of this Amendment as originally executed.

(c) The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Amendment as a whole and not to any particular Exhibit, Section or other subdivision.

Section 2. (a) Notwithstanding any provision of the Agreement to the contrary, this Section shall apply to the Area Seven Assessment Bonds to the exclusion of any conflicting provision therein:

(1) (A) The Area Seven Assessment shall be levied based on the Area Seven Estimate upon all of the Area Seven Assessed Property based on the benefits received by and as allocated to the

parcels into which the Area Seven Assessed Property is or is to be divided, but in any case shall, subject to Section 6.2(c)(6)(A) of the Agreement, not exceed $3,500 per typical equivalent dwelling unit lot based on the actual, final number of lots; provided, however, that unless the Owner pays the difference to the District in cash which the District hereby agrees to apply to the payment of Area Seven Assessment Bonds according to their terms, the amount allocated per lot shall never be in total less than the principal amount of the Area Seven Assessment Bonds. With respect to each such allocation, the Owner shall provide to the District Manager evidence satisfactory to the District Manager of any matters the District Manager may reasonably request, including particularly with respect to the condition of title of any lot and that the value of the remaining lots after such allocation is at least equal to the remaining total of the principal amount of the Area Seven Assessment Bonds, in each case as applicable, evidencing such values on a lot by lot basis, if necessary.

(B) The Owner accepts the Area Seven Assessment which is in an amount not more than the total amount of the Area Seven Estimate against the Area Seven Assessed Property and shall have the Area Seven Assessment allocated and recorded with the County Recorder of Pinal County, Arizona, by means of this Amendment against the various parcels comprising the Area Seven Assessed Property.

(C) The Area Seven Assessed Property receives benefits from the Area Seven Work equal to not less than the Area Seven Assessment as so allocated to the parcels into which the Area Seven Assessed Property is or is to be divided, and the Area Seven Assessment shall be final, conclusive and binding upon the Owner whether or not the Area Seven Work is completed in substantial compliance with the Area Seven Work Plans and Specifications.

(2) (A) The Owner approves the boundaries of the Area Seven Assessed Property as well as the Area Seven Estimate, the Area Seven Work Plans and Specifications and the Area Seven Assessment Diagram.

(B) This Amendment shall be construed to be an express consent by the Owner that (I) the District may, with respect to the Area Seven Assessed Property, incur costs and expenses necessary to complete the Area Seven Work and (II) the District may levy and collect the Area Seven Assessment in amounts sufficient to pay the amounts indicated in the Area Seven Estimate, including for the Area Seven Work, but not in excess of the total amount of the Area Seven Estimate.

(C) The mailing to the governing body of the Municipality of the Area Seven Estimate and the Area Seven Work Plans and Specifications in the form of the Area Seven Report pursuant to Section 48-715, Arizona Revised Statutes, shall satisfy the filing requirements of Section 48-577, Arizona Revised Statutes, and the publication of the notice of hearing on the Area Seven Report pursuant to Section 48-715, Arizona Revised Statutes, shall satisfy the

publication and posting requirements of Section 48-578, Arizona Revised Statutes.

(3) Notwithstanding that Section 32-2181(I), Arizona Revised Statutes, as amended, may be construed to prevent any waiver of the right to appear before the District Board on any hearing required at or prior to the confirmation of the Area Seven Assessment, the Owner instead hereby requests that the District Board hold hearings on any protests with respect to the Area Seven Work and objections to the extent of the Area Seven Assessed Property (all of which is to be assessed) pursuant to Sections 48-579 and 580, Arizona Revised Statutes, as amended, any objections to award of applicable contracts with respect to the Area Seven Work pursuant to Section 48-584, Arizona Revised Statutes, as amended, and any objections with respect to the Area Seven Assessment or to any previous proceedings connected therewith or claim that the Area Seven Work has not been performed according to any applicable contract or the Area Seven Work Plans and Specifications pursuant to Section 48-590, Arizona Revised Statutes, as amended, should any protests or objections or any requests for hearings with respect thereto be made prior to the confirmation of the Area Seven Assessment. The Owner hereby waives all formal requirements of notice (whether to be mailed, posted or published) and the passage of time prior to such hearings and further consents that hearings and proceedings may be consolidated and held by the District Board on the same day or days.

(4) The Owner, with full knowledge of the provisions, and the rights thereof pursuant to such provisions, of applicable law, waives:

(I) any and all defects, irregularities, illegalities or deficiencies in the proceedings establishing the Area Seven Assessed Property;

(II) any and all notices and time periods related thereto provided by Section 48-576, et seq., Arizona Revised Statutes, including, but not limited, to mailing, posting and publication, as applicable, of any notice required in connection with the adoption of the resolution of intention with respect to the Area Seven Work, the noticing of proposed improvements with respect to the Area Seven Work, the adoption of the resolution ordering the improvements with respect to the Area Seven Work, the noticing of ordering of the improvements with respect to the Area Seven Work, the noticing of award of applicable contracts with respect to the Area Seven Work, the Area Seven Assessment and any other procedural steps and related proceedings necessary in connection with the Area Seven Work;

(III) any and all protests with respect to the Area Seven Work and objections to the extent of the Area Seven Assessed Property (all of which is to be assessed) and including any right to file a written protest or objection for such purpose and any right to any hearing on such matters;

(IV) any and all defects, irregularities, illegalities or deficiencies in, or in the adoption by the District Board of, the Area Seven Assessed Property (all of which is to be assessed), the Area Seven Work Plans and Specifications, the Area Seven Estimate and the Area Seven Assessment Diagram, all of which provide for and effectuate the completion of the Area Seven Work;

(V) any and all defects, irregularities, illegalities or deficiencies in, or in the awarding of, any contracts for or with respect to, the Area Seven Work, including, but not limited to, any right to claim that any of the acts or proceedings relating to the Area Seven Work are irregular, illegal or faulty pursuant to Section 48-584(E), Arizona Revised Statutes, as amended, any right to file a notice specifying in which respect the acts and proceedings are irregular, illegal or faulty and any right to any hearing in connection therewith;

(VI) any and all actions and defenses against the Area Seven Assessment or any of the Area Seven Assessment Bonds, including, but not limited to, the judicial review granted by Section 48-721(A), Arizona Revised Statues, as amended, as to whether the Area Seven Property (all of which is to be assessed) is benefited by the Area Seven Work;

(VII) any right to object to the legality of any of the Area Seven Assessment or to any of the previous proceedings connected therewith or claim that the Area Seven Work has not been performed according to any applicable contract or the Area Seven Work Plans and Specifications in each case as permitted pursuant to Section 48-590(G), Arizona Revised Statutes, as amended, and including any right to file a written notice specifying the grounds of such objection and any right to any hearing in connection therewith;

(VIII) any right to demands for, or of cash payment of the Area Seven Assessment pursuant to Section 48-590, Arizona Revised Statutes, as amended, except as may otherwise be ordered by the District Board and

(IX) any and all provisions of any collateral security instruments relating to the Area Seven Assessed Property (all of which is to be assessed) which prohibit the establishment of the Area Seven Assessed Property, designation of the boundaries of the Area Seven Assessed Property (all of which is to be assessed), completion of the Area Seven Work and levying and recording of the Area Seven Assessment.

(5) The Area Seven Work is of more than local or ordinary public benefit, and the Area Seven Assessed Property receives a benefit from the Area Seven Work in an amount not less than shown in the Area Seven Assessment Diagram.

(6) Instead of the public bidding, bonding and contracting requirements set forth in Sections 48-581 and 584, Arizona

Revised Statutes, the provisions therefor provided by the Agreement have been or will be complied with respect to the Area Seven Work.

(b) The Owner shall execute all documents necessary, appropriate or incidental to the purposes of this Amendment, particularly as they relate to this Section thereof, as long as such documents are consistent with this Amendment and do not create additional liability of any type to the signers by virtue of execution thereof.

(c) Notwithstanding any provision of the Agreement to the contrary, this Amendment as it relates to the Owner shall be a covenant and agreement running with the Area Seven Assessed Property and shall be recorded in the records of the County Recorder of Pinal County, Arizona, as a lien and encumbrance against the Area Seven Assessed Property. In the event of any sale, transfer or other conveyance by the Owner of the right, title or interest of the Owner in the Area Seven Assessed Property or any part thereof, the Property or such part thereof shall continue to be bound by all of the terms, conditions and provisions hereof; any purchaser, transferee or other subsequent owner shall take such property subject to all of the terms, conditions and provisions hereof and any purchaser, transferee or other subsequent owner shall take such property entitled to all of the rights, benefits and protections afforded the predecessor in interest thereof by the terms hereof To the extent that the Area Seven Assessment after levied remains unpaid, the Area Seven Assessment shall constitute a lien against the Area Seven Assessed Property in the amounts indicated in the Area Seven Assessment Diagram, as provided by, and pursuant to, this Amendment and the Act and shall be enforceable and collectable with the same force and effect originally provided to them.

(d) (1) The Area Seven Assessment Bonds were issued at the request and for the benefit of the Owner to finance the amount of the Area Seven Estimate. The Area Seven Assessments shall be collected pursuant to the Assessment Collection Agreement.

(2) The "sale proceeds" of the sale of the Area Seven Assessment Bonds include an amount sufficient to fund a reserve fund, which shall be a reserve to secure payment of debt service on the Area Seven Assessment Bonds, in an amount equal to the maximum amount permitted by the Internal Revenue Code of 1986, as amended, and the Treasury Regulations applicable thereto. Payment from such reserve shall not effect a reduction in the amount of the Area Seven Assessment, and any amount collected with respect to the Area Seven Assessment thereafter shall be deposited to such reserve to the extent the Area Seven Assessment is so paid therefrom.

Section 3. In the event that the Owner fails to perform its obligations arising under or in connection herewith, including a failure to timely pay the Area Seven Assessment, the District shall have the right to enforce its legal, equitable and contractual rights hereunder and under applicable law. If a bankruptcy case that would have the effect of staying the District from enforcement of its rights and remedies hereunder or under applicable law is commenced: (1) in addition

to all other rights and remedies, the District shall be entitled to immediate stay relief under 11 U.S.C. § 362 with respect to the enforcement of its rights and remedies hereunder or applicable law for cause, and (2) the Owner shall be obligated to pay, as "adequate protection" under 11 U.S.C. § 361(1), periodic payments in amounts not less than, and at times no less frequently than, the payments required by the Area Seven Assessment.

Section 4. All the provisions of this Amendment, including but not limited to all general waivers, waivers of statutory provisions, waivers of due process and other substantive rights, remedies and indemnities contained herein shall be enforceable in strict accordance with their terms.

Section 5. (a) The provisions of the Agreement not excluded by Sections 2(a) and (c) hereof are, in all other respects, applicable to this Amendment, including particularly, but not by way of limitation, those provided in Section 10.9 of the Agreement, and are ratified and confirmed in all respects.

(b) To the extent applicable under Section 35-393 et seq., Arizona Revised Statutes, the Owner hereby certifies that it is not currently engaged in, and for the duration of the Agreement shall not engage in, a boycott of Israel. The term “boycott” has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the District determines that certification of the Owner above is false or that it has breached such agreement, the District may impose remedies as provided by law.

IN WITNESS WHEREOF, the officers of the District have duly affixed their signatures and attestations, and the officers of the Owner their signatures, all as of the day and year first written above.

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2

By.....
Tara Walter, Chairperson,
District Board

ATTEST:

.....
Lisa Garcia, District Clerk

PULTE HOME COMPANY, LLC, a limited liability company

By.....
[Phil Turner, Vice President of Construction Operations Arizona Area **???**]

STATE OF ARIZONA)
) ss.
COUNTY OF PINAL)

The foregoing instrument was acknowledged before me this ..... day of January, 2018, by Tara Walter, as Chairperson of the District Board of Merrill Ranch Community Facilities District No. 2, an Arizona community facilities district.

.....
Notary Public

My commission expires:

.....

STATE OF .....)
) ss.
COUNTY OF .....)

The foregoing instrument was acknowledged before me this ..... of January, 2018, by [Phil Turner, the Vice President of Operations of Pulte Home Company, LLC, a limited liability company **???**].

.....
Notary Public

My commission expires:

.....

ATTACHMENTS:

EXHIBIT - Legal Description Of The Area Seven Assessed Property

EXHIBIT

LEGAL DESCRIPTION OF THE AREA SEVEN ASSESSED PROPERTY

LEGAL DESCRIPTION
ANTHEM AT MERRILL RANCH, UNIT 38

Lots 1 through 75, inclusive of Document 2017-062278, Records of Pinal County, Arizona.

DRAFT
11/10/17
12/11/17

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2

and

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION,
as Trustee

INDENTURE OF TRUST

AND

SECURITY AGREEMENT

Dated as of January 1, 2018

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2
(FLORENCE, ARIZONA)

SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA SEVEN)

TABLE OF CONTENTS

Page

PARTIES....1
RECITALS....1
GRANTING CLAUSES....4
HABENDUM....5
DEFEASANCE CLAUSE....5

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.01. Definitions. 6
SECTION 1.02. Acts of Bondowners. 14
SECTION 1.03. Notices, etc. 15
SECTION 1.04. Form and Contents of Documents Delivered to the Trustee. 16
SECTION 1.05. Effect of Headings and Table of Contents. 17
SECTION 1.06. Successors and Assigns. 17
SECTION 1.07. Severability Clause. 17
SECTION 1.08. Benefits of Indenture. 17
SECTION 1.09. Governing Law. 17
SECTION 1.10. Incorporation of State Statutes. 17
SECTION 1.11. Business Days. 18

ARTICLE TWO

FORM OF BONDS

SECTION 2.01. Forms Generally. 19
SECTION 2.02. Form of Bonds. 19

ARTICLE THREE

TERMS AND ISSUANCE OF THE BONDS

SECTION 3.01. Title and Terms. 32
SECTION 3.02. Redemption of Bonds. 32
SECTION 3.03. Execution, Authentication, Delivery and Dating. 34
SECTION 3.04. Registration, Transfer and Exchange. 35
SECTION 3.05. Temporary Bonds. 37
SECTION 3.06. Mutilated, Destroyed, Lost and Stolen Bonds. 37
SECTION 3.07. Payment of Interest on Bonds; Interest Rights Preserved. 38
SECTION 3.08. Cancellation. 39
SECTION 3.09. Persons Deemed Owners. 39

Page

ARTICLE FOUR

REDEMPTION OF BONDS

SECTION 4.01. General Applicability of Article. 40
SECTION 4.02. Election to Redeem; Notice to Trustee. 40
SECTION 4.03. Selection of Bonds to be Redeemed. 40
SECTION 4.04. Notice of Redemption. 40
SECTION 4.05. Deposit of Redemption Price. 41
SECTION 4.06. Bonds Payable on Redemption Date. 41
SECTION 4.07. Bonds Redeemed in Part. 42

ARTICLE FIVE

FUNDS

SECTION 5.01. Bond Fund. 43
SECTION 5.02. Deposits to and Application of Bond Fund. 43
SECTION 5.03. Acquisition and Construction Fund and Costs of Issuance Fund. 45
SECTION 5.04. Deposits to and Application of Acquisition and Construction Fund and the Costs of Issuance Fund. .. 45
SECTION 5.05. Reserve Fund. 46
SECTION 5.06. Deposits to and Application of Reserve Fund. 46
SECTION 5.07. Disposition of Proceeds of Bonds. 47
SECTION 5.08. Investment of and Security for Funds. 48

ARTICLE SIX

DEFEASANCE AND RELEASES

SECTION 6.01. Payment of Indebtedness; Satisfaction and Discharge of Indenture. 49
SECTION 6.02. Defeasance. 50
SECTION 6.03. Application of Deposited Money. 51

ARTICLE SEVEN

REMEDIES

SECTION 7.01. Suits for Enforcement; Mandamus. 52
SECTION 7.02. Covenant to Pay Trustee Amounts Due on Bonds and Right of Trustee to Judgment. 52
SECTION 7.03. Application of Money Collected. 53
SECTION 7.04. Trustee May File Proofs of Claim. 53
SECTION 7.05. Trustee May Enforce Claims Without Possession of Bonds. 54
SECTION 7.06. Unconditional Right of Bondowners to Receive Principal and Interest. 55
SECTION 7.07. Rights and Remedies Cumulative. 55

Page

SECTION 7.08. Delay or Omission Not Waiver. 55
SECTION 7.09. Control by Bondowners. 55
SECTION 7.10. Waiver of Past Defaults. 56
SECTION 7.11. Undertaking for Costs. 56
SECTION 7.12. Remedies Subject to Applicable Law. 57

ARTICLE EIGHT

THE TRUSTEE

SECTION 8.01. Certain Duties and Responsibilities. 58
SECTION 8.02. Certain Rights of Trustee. 59
SECTION 8.03. Not Responsible for Recitals or Application of Proceeds. 60
SECTION 8.04. May Hold Bonds. 60
SECTION 8.05. Money Held in Trust. 60
SECTION 8.06. Compensation and Reimbursement. 60
SECTION 8.07. Corporate Trustee Required; Eligibility. 61
SECTION 8.08. Resignation and Removal; Appointment of Successor. 61
SECTION 8.09. Acceptance of Appointment by Successor. 62
SECTION 8.10. Merger, Conversion, Consolidation or Succession to Business. 63

ARTICLE NINE

SUPPLEMENTAL INDENTURES; AMENDMENTS TO BOND RESOLUTION

SECTION 9.01. Supplemental Indentures or Amendments to Bond Resolution Without Consent of Bondowners. 64
SECTION 9.02. Supplemental Indentures or Amendments to the Bond Resolution With Consent of Bondowners. 65
SECTION 9.03. Execution of Supplemental Indentures and Amendments to Bond Resolution. 66
SECTION 9.04. Effect of Supplemental Indentures and Amendments to Bond Resolution. 66
SECTION 9.05. Reference in Bonds to Supplemental Indentures or Amendments to Bond Resolution. 66

ARTICLE TEN

COVENANTS

SECTION 10.01. Application of Amounts from Assessment. 67
SECTION 10.02. Payment of Debt Service. 68
SECTION 10.03. Maintenance of Agency. 68
SECTION 10.04. Money for Bond Payments to be Held in Trust; Repayment of Unclaimed Money. 68
SECTION 10.05. Further Assurances; Recording. 70

Page

SECTION 10.06. Covenants as to Arbitrage and Other Tax Matters. ...70

SIGNATURES.....76

* * *

THIS INDENTURE OF TRUST AND SECURITY AGREEMENT, dated as of January 1, 2018 (as originally executed or as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof, hereinafter referred to as this "*Indenture*"), from Merrill Ranch Community Facilities District No. 2, a community facilities district formed by the Town of Florence, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"), to Zions Bank, a Division of ZB, National Association, a national banking association authorized to perform trust services in the State of Arizona, as trustee (hereinafter together with any successor to the trust herein granted referred to as the "*Trustee*"),

W I T N E S S E T H:

WHEREAS, pursuant to (1) Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "*Enabling Act*"), (2) Section 9-500.05, Arizona Revised Statutes, (3) Resolution No. 970-05, adopted on December 19, 2006, by the Mayor and Common Council of the Town of Florence, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Municipality*"), (4) Resolution No. 101-05, adopted on December 19, 2006 (hereinafter referred to as the "*District Resolution*"), by the district board of the Issuer (hereinafter referred to as the "*Board*") and (5) Resolution No. MRCFD2 ___-18, adopted on January 2, 2018 (hereinafter referred to as the "*Resolution of Intention*"), by the Board, the Municipality, the Issuer and the owners of the real property in the District as of January 1, 2018 (hereinafter referred to as the "*Property Owners*"), entered into a District Development, Financing Participation and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 2), dated as of November 1, 2005, as amended by, among others, a Seventh Amendment and Waivers (Assessment Area Seven – Unit 38), dated as of January 1, 2018, to District Development, Financing Participation and Intergovernmental Agreement, dated as of November 1, 2005 (as so amended, hereinafter referred to as the "*Development Agreement*"), as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Enabling Act) and the financing of public infrastructure and with regard to the property which makes up the real property included within the boundaries of the Issuer (hereinafter referred to as the "*Property*"), particularly matters relating to the construction of certain public infrastructure by the Issuer, including the acquisition of interests in certain real property therefor, and the acceptance thereof by the Municipality, all pursuant to the Enabling Act; and

WHEREAS, pursuant to (1) the Enabling Act and (2) the Resolution of Intention, the Board has caused to be prepared studies of the feasibility and benefits of the projects relating to certain public infrastructure provided for in the General Plan of the Issuer

heretofore approved by the Municipality and the Issuer and to be financed with proceeds of the sale of a portion of certain hereinafter described bonds of the District, such study having included a description of certain public infrastructure to be acquired or constructed and all other information useful to understand the projects, a map showing, in general, the location of the projects, an estimate of the cost to construct, acquire, operate and maintain the projects, an estimated schedule for completion of the projects, a map or description and a plan for financing the projects; and

WHEREAS, a public hearing on the Report was held on December 4, 2017, after provision for publication and mailing of notice thereof as provided by law, and, pursuant to the (1) Enabling Act and (2) the Resolution of Intention, the Report was ratified and approved in all respects; and

WHEREAS, pursuant to Resolution No. MRCFD2 ___-18, adopted on January 2, 2018 (hereinafter referred to as the "*Bond Resolution*"), by the Board, the Board determined that special assessment lien bonds of the Issuer (hereinafter, being all bonds authenticated and delivered hereunder, referred to as the "*Bonds*") should be issued if certain conditions are met to provide moneys for certain "public infrastructure purposes" (as such term is defined in the Enabling Act) described in the Development Agreement and the Report (hereinafter referred to, including incidental expenses with respect thereto, as the "*Work*"); and

WHEREAS, the Board, pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as nearly as practicable, and the other procedures the Board has provided in the Development Agreement, has caused to be levied an assessment of the costs of the Work (hereinafter referred to as the "*Assessment*") on the portions of the Property (hereinafter referred to as the "*Assessed Property*") as provided in the Development Agreement and the Report, based on the benefit determined by the Board to be received by the Property, and, in that respect, the Property Owners owning the Assessed Property (hereinafter referred to as the "*Affected Owners*") have waived certain matters and agreed to certain other matters with respect thereto pursuant to the Development Agreement, including (1) as to the manner in which the Assessment is (i) to be allocated as the Assessed Property is to be divided into more than one parcel and (ii) is be prepaid and reallocated and (2) as to disbursement and investment of proceeds of the Bonds; and

WHEREAS, pursuant to the Resolution of Intention and the Bond Resolution, the Board (1) resolved its intent with respect to and ordered the Work, (2) determined that the Bonds should be issued to represent the costs and expenses thereof, (3) declared the Work to be of more than local or ordinary public benefit and that the costs and expenses thereof be assessed upon the Assessed Property and (4) provided that the Work be performed under the provisions of the Enabling Act, the Development Agreement and the Report, the Assessed Property to be assessed being more fully described in the Development Agree-

ment, the Report and the Resolution of Intention hereinafter referred to as, collectively, the "*Resolution of Intention Documents*") to which reference is hereby made for such description, and pursuant to the Development Agreement, the Affected Owners have waived or otherwise agreed to the satisfaction of, among other things, any publication, posting, protest or objection right or obligation or hearing right or obligation with respect to the Resolution of Intention Documents; and

WHEREAS, pursuant to the Resolution of Intention, the Board found and determined that they had jurisdiction to order the Work and ordered that the Work be done as described in the Resolution of Intention Documents and in accordance with the plans and specifications theretofore approved and adopted by the Board which are a part of the Resolution of Intention Documents, and pursuant to the Development Agreement, the Affected Owners have waived or otherwise agreed to the satisfaction of, among other things, any publication, posting, protest or objection right or obligation or hearing right or objection with respect to the Bond Resolution; and

WHEREAS, (1) pursuant to the Bond Resolution, duplicate diagrams of the property assessed by the Assessment along with the proposed methodology for the Assessment were approved and adopted and the levy of the Assessment was ordered, (2) thereafter the District Manager levied and recorded the Assessment for the Issuer and executed a warrant to the District Treasurer to collect the amounts with respect to the Assessment (hereinafter referred to as the "*Warrant*") on _____, 2017, and (3) thereafter, the Warrant and the Assessment were returned by the District Manager and the District Treasurer as prescribed by law on _____, 2017, indicating that the Assessment remained unpaid in full, and on the same day, the certified list of unpaid amounts with respect to the Assessment was filed with the District Clerk by the District Manager indicating the same amount; and

WHEREAS, pursuant to the Bond Resolution, the Board has authorized the issuance of the Bonds to be payable from installments paid on amounts therein collected from the Assessment and from amounts available from time to time in the Reserve Fund (as such term is hereinafter defined); and

WHEREAS, pursuant to (1) the Enabling Act and (2) the Bond Resolution, the Issuer has entered into this Indenture to secure, and process the issuance, registration, transfer and payment, and the disbursement and investment of proceeds of, the Bonds; and

WHEREAS, the Board has, by the Bond Resolution, duly authorized the issuance of the Bonds and, in order to provide terms for, to secure and to provide for authentication and delivery of the Bonds by the Trustee, has duly authorized the execution and delivery of this Indenture and

WHEREAS, all things have been done which are necessary to make the Bonds, when executed by the Issuer, (or, as to any Bonds

issued in exchange therefor or in lieu or upon transfer thereof, authenticated and delivered by the Trustee hereunder), valid obligations of the Issuer, and to constitute this Indenture a valid security agreement, collateral assignment and contract for the security of the Bonds, in accordance with the terms thereof and of this Indenture;

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, to secure, except as otherwise provided herein, the payment of the principal of and interest on the Outstanding Secured Bonds (hereinafter defined) and the performance of the covenants therein and herein contained and to declare the terms and conditions on which the Outstanding Secured Bonds are secured, and in consideration of the premises and of the purchase of the Bonds by the holders thereof, the Issuer by these presents does grant, bargain, sell, remise, release, convey, collaterally assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Trustee, forever, all and singular the following described properties, and grants a security interest therein for the purposes herein expressed, to-wit:

GRANTING CLAUSE FIRST

All money and investments held for the credit of the Principal Account, the Interest Account and the Prepayment Account of the Bond Fund established with the Trustee as hereinafter described;

GRANTING CLAUSE SECOND

All money and investments held for the credit of the Reserve Fund established with the Trustee as hereinafter described;

GRANTING CLAUSE THIRD

Any and all property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien and security interest hereof by the Issuer or by anyone in its behalf (and the Trustee is hereby authorized to receive the same at any time as additional security hereunder), which subjection to the lien and security interest hereof of any such property as additional security may be made subject to any reservations, limitations, or conditions which shall be set forth in a written instrument executed by the Issuer or the person so acting in its behalf or by the Trustee respecting the use and disposition of such property or the proceeds thereof;

TO HAVE AND TO HOLD all said property of every kind and description, real, personal, or mixed, hereby and hereafter (by supplemental indenture or otherwise) granted, bargained, sold, aligned, remised, released, conveyed, collaterally assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed as aforesaid, or intended, agreed or covenanted so to be, together with all the appurtenances thereto appertaining (said properties together with any cash and securities hereafter deposited or required to be deposited with the Trustee (other than any such cash which is specifically stated herein not to be deemed part of the Trust Estate) being herein collectively referred to as the "Trust Estate"), unto the Trustee and its successors and assigns forever;

BUT IN TRUST, NEVERTHELESS, for, the equal and proportionate benefit and security of the holders from time to time of all the Outstanding Secured Bonds without any priority of any such Bond over any other such Bond and to secure the observance and performance of all terms, covenants, conditions, agreements and obligations of the Issuer hereunder, except as herein otherwise expressly provided;

UPON CONDITION that, if the Issuer, its successors or assigns shall well and truly pay the principal of and interest on the Outstanding Secured Bonds according to the true intent and meaning thereof, or there shall be deposited with the Trustee or an escrow agent such amounts in such form in order that none of the Bonds shall remain Outstanding as herein defined and provided, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof and the observance or performance of all terms, covenants, conditions, agreements and obligations hereunder, then upon the full and final payment of all such sums and amounts secured hereby, or upon such deposit, this Indenture and the rights, titles, liens, security interests and assignments herein granted shall cease, determine, and be void and this Indenture shall be released by the Trustee in due form at the expense of the Issuer, except only as herein provided and otherwise this Indenture to be and remain in full force and effect;

AND IT IS HEREBY COVENANTED AND DECLARED that all the Bonds are to be authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions, and trust hereinafter set forth, and the Issuer hereby covenants and agrees to and with the Trustee, for the equal and proportionate benefit of all Holders of the Outstanding Secured Bonds except as herein otherwise expressly provided, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 1.01. *Definitions.*

Including the definitions provided in the Recitals, for all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

A. The terms defined in this Article and such Recitals, except when used in the forms set forth in Article Two, have the meanings assigned to them in this Article and such Recitals hereto and include the plural as well as the singular.

B. All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections 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 Indenture as a whole and not to any particular Article, Section or other subdivision.

"*Acquisition and Construction Fund*" means the fund of the Issuer so defined in Section 5.03(A).

"*Act*" when used with respect to any Bondholder or Bondholders has the meaning stated in Section 1.02.

"*Authorized Denomination*" means $100 of principal amount and integral multiples of $10 of principal amount in excess thereof, but in no case ever less than the minimum amount of the Authorized Denomination unless necessary to accommodate redemption of the Bonds.

"*Board Resolution*" means a resolution of the Board certified by the District Clerk to be in full force and effect on the date of such certification and delivered to the Trustee.

"*Bond Fund*" means the fund of the Issuer so defined in Section 5.01.

"*Bondowner*" means a Holder of a Bond.

"*Bond Register*" and "*Bond Registrar*" have the respective meanings stated in Section 3.04.

"*Business Day*" means any day other than a Saturday; a Sunday; or a legal holiday or equivalent (other than a moratorium) for

banking institutions generally in the city where the designated corporate trust office of the Trustee is located.

"*Closing Date*" means the date of the authentication and delivery of the Bonds to the initial purchasers thereof.

"*Code*" means the Internal Revenue Code of 1986, as amended, and in force and effect on the Closing Date.

"*Costs of Acquisition and Construction*" means all items of expense directly or indirectly relating to the cost of the Work as provided in the Resolution of Intention Documents and to be paid pursuant to the terms of the Development Agreement.

"*Costs of Issuance*" means all items of expense directly or indirectly payable by or reimbursable to the Issuer relating to the execution, sale and delivery of the Bonds and the execution and delivery of this Indenture, including but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, legal fees and charges, insurance fees and charges, financial, appraisal and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Bonds and charges and fees in connection with the foregoing, including reimbursement to the Owner for any such item paid on behalf of the Issuer by the Owner.

"*Costs of Issuance Fund*" means the fund of the Issuer so defined in Section 5.03(B).

"*DTC*" means the Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"*Debt Service*" means, collectively, (i) the principal (whether due as a result of Stated Maturity or Maturity due to mandatory redemption) of and interest and premium, if any, on the Bonds and (ii) expenses and costs of the Issuer arising from the activities of the Issuer (such activities being the financing of the Work including the issuance of the Bonds) including, particularly, but not by way of limitation, expenses and costs for agents or third parties required to administer the Bonds, levy and collect taxes for payment of the Bonds, prepare annual audits and budgets and provide for any purposes otherwise related to such activities of the District.

"*Defaulted Interest*" has the meaning stated in Section 3.07.

"*Expenses Account*" means the account of the Bond Fund so defined in Section 5.01.

"*Governmental Obligations*" means (1) direct obligations of, or obligations the timely payment of principal of is fully and

unconditionally guaranteed by, the United States of America or (2) obligations described in Section 103(a) of the Internal Revenue Code of 1954 or the Code, provision for the payment of the principal of and premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in Clause (1) the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal of and premium, if any, and interest on such obligations, and which securities described in Clause (1) are not available to satisfy any other claim, including any claim of the trustee or escrow agent, or any claim of one to whom the trustee or escrow agent may be obligated which, at the time of deposit pursuant to Section 6.02, have been assigned ratings in the highest rating category of S&P, but in the case of both Clause (1) and Clause (2) of this paragraph, for purposes of Section 6.02, only if such obligations are non-callable prior to the Maturity of the Bonds. Governmental Obligations also includes for purposes other than Section 6.02, a "no load," open-end management investment company or trust (mutual fund), registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and which money market fund invests in short term United States Treasury obligations, agencies guaranteed by the United States, and repurchase agreements secured by the same.

"*Interest Account*" means the account of the Bond Fund so designated in Section 5.01.

"*Interest Payment Date*" means each January 1 and July 1 commencing _____ 1, 20__.

"*Issuer Request*" means a written request signed in the name of the Issuer by the District Manager or by the District Clerk and delivered to the Trustee.

"*Maturity*" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof or by call for redemption or otherwise.

"*Moody's*" means Moody's Investor Services or any entity succeeding to the duties and obligations thereof.

"*Officers' Certificate*" means a certificate signed by the District Manager and delivered to the Trustee.

"*Opinion of Counsel*" means a written opinion of counsel who may (except as otherwise expressly provided in this Indenture) be counsel for the Issuer and shall be acceptable to the Trustee and, when given with respect to the status of interest on any Bond under federal income tax law, shall be counsel of nationally recognized standing in the field of municipal bond law and when given with respect to the status of any matter relating to the laws on bank-

ruptcy, shall be counsel of nationally recognized standing in the field of bankruptcy law.

"*Outstanding*" when used with respect to Bonds means, as of the date of determination, all Bonds of a series theretofore authenticated and delivered under this Indenture, except, without duplication:

1. Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

2. Bonds for the payment or redemption of which money in the necessary amount is on deposit with the Trustee or any Paying Agent for the Owners of such Bonds at the Maturity thereof; provided, however, that if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture, or waived, or provision therefor satisfactory to the Trustee has been made;

3. Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture;

4. Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in Section 3.06 and

5. Bonds for the payment of the principal of and interest on which money or Governmental Obligations or both are held by the Trustee or an escrow agent with the effect specified in Section 6.02.

"*Outstanding Secured Bonds*" means, as of the date of determination, (1) all Bonds then Outstanding and (2) all Bonds, if any, alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 3.06 but whose ownership and enforceability by the Owner thereof have been established by a court of competent jurisdiction or other competent tribunal or otherwise established to the satisfaction of the Issuer and the Trustee.

"*Owner*" when used with respect to any Bond, means the Person in whose name such Bond is registered in the Bond Register.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of and interest and premium, if any, on any Bonds on behalf of the Issuer.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"*Permitted Investments*" means:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States:

1. U.S. Export-Import Bank
Direct obligations or fully guaranteed certificates of beneficial ownership.

2. Farmers Home Administration
Certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration Debentures

5. General Services Administration
Participation certificates

6. Government National Mortgage Association ("GNMA")
Guaranteed mortgage-backed bonds
Guaranteed pass-through obligations

7. U.S. Maritime Administration
Guaranteed Title XI financing

8. New Communities Debentures
U.S. government guaranteed debentures

9. U.S. Public Housing Notes and Bonds
U.S. government guaranteed public housing notes and bonds

10. U.S. Department of Housing and Urban Development
Project Notes
Local Authority Bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following United States government agencies (non-full faith and credit agencies):

1. Federal Home Loan Bank System
Senior debt obligations

2. Federal Home Loan Mortgage Corporation
Participation Certificates
Senior debt obligations

3. Federal National Mortgage Association ("FNMA")
Mortgage-backed securities and senior debt obligations

4. Student Loan Marketing Association
Senior debt obligations

D. Money market funds registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and having a rating by Standard & Poor's Corporation ("S&P") of AAAm-G; AAAm; or AAm.

E. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Company.

F. Investment agreements provided by entities with ratings on their long term obligations or claims paying ability of "AA" by S&P and required to be collateralized to the then current requirements of S&P to always have a rating of at least "A." An investment agreement may not be amended, and no investment agreement may be entered into in substitution for an investment agreement unless any rating agency which has rated the Bonds has confirmed that the rating of such rating agency will not be withdrawn or lowered upon the effective date of such amendment or substitute investment agreement.

G. Commercial paper rated, at the time of purchase, "A-1" or better by S&P.

H. Bonds or notes issued by any state or municipality which are rated by S&P in one of the two highest rating categories assigned by S&P.

I. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "A-1" or "A" or better by S&P.

J. Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the issuer (buyer/lender), and the transfer of cash from the issuer to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash

plus a yield to the Issuer in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria:

1. Repos must be between the Issuer and a dealer bank or securities firm

   a. Primary dealers on the Federal Reserve reporting dealer list or

   b. Banks rated "A" or above by S&P.

2. The written repo contract must include the following:

   a. Securities which are acceptable for transfer are:

      (1) Direct U.S. government or

      (2) Federal agencies backed by the full faith and credit of the U.S. government.

   b. The term of the repo may be up to 30 days.

   c. The collateral must be delivered to the Issuer, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

   d. Valuation of Collateral

      (1) The securities must be valued weekly, marked-to market at current market price plus accrued interest.

      (2) The value of collateral must be equal to 103% of the amount of cash transferred by the Issuer to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 103% of the value of the cash transferred by the Issuer, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collat-

eral are FNMA, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the municipal entity:

a. Repo meets guidelines under state law for legal investment of public funds.

K. Governmental Obligations.

L. Obligations, representing interest on obligations of the Resolution Funding Corporation, the payment of such interest, if other revenues are insufficient is required to be paid from the United States Treasury, which interest obligations are "stripped" by the Federal Reserve Bank of New York.

"*Predecessor Bonds*" of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond, and, for purposes of this definition, any Bond authenticated and delivered under Section 3.06 in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Bond.

"*Prepayment Account*" means the account of the Bond Fund so designated in Section 5.01.

"*Principal Account*" means the account of the Bond Fund so designated in Section 5.01.

"*Rating Agency*" means Moody's or S&P.

"*Redemption Date*" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms thereof and this Indenture.

"*Redemption Price*" when used with respect to any Bond to be redeemed means the price at which it is to be redeemed pursuant to this Indenture, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"*Regular Record Date*" for the interest payable on the Bonds on any Interest Payment Date means the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

"*Reserve Fund*" means the fund of the Issuer so defined in Section 5.05.

"*Reserve Fund Requirement*" means, at any applicable time, the least of ten percent (10%) of the Outstanding principal amount of

the Bonds, the maximum annual principal and interest requirements with respect to the Outstanding Bonds and one hundred twenty-five percent (125%) of the average annual principal and interest requirements with respect to the Outstanding Bonds, or such lesser amount as required by the Code to obtain or maintain the exclusion of interest from gross income for federal income tax purposes for the Bonds, as approved by an Opinion of Counsel requested by the Issuer and addressed to the Trustee.

"*Responsible Officer*" means the chairman or vice chairman of the board of directors of the relevant entity, the chairman or vice chairman of the executive committee of said board, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller, any assistant controller or any other officer or authorized Person of the relevant entity customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer of the relevant entity to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"*S&P*" means Standard & Poor's Rating Service, a division of the McGraw-Hill Companies, or any entity succeeding to the duties and obligations thereof.

"*Securities Depository*" means a "clearing agency" (securities depository) registered under Section 17A of the Securities Exchange Act of 1934, as amended (the "Securities Depository").

"*Special Record Date*" has the meaning stated in Section 3.07.

"*State*" means the State of Arizona.

"*Stated Maturity*" when used with respect to any Bond or any installment of interest on any Bond means the date specified in such Bond as the fixed date on which the principal or such installment of interest on any such Bond is due and payable.

"*Trust Estate*" has the meaning stated in the habendum to the Granting Clauses.

SECTION 1.02. *Acts of Bondowners.*

A. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Bondowners may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Bondowners in person or by an agent duly appointed in writing, and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee. Such instrument or instruments (and the action embodied therein and

evidenced thereby) are herein sometimes referred to as the "Act" of the Bondowners signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Issuer and (subject to Section 8.01) the Trustee, if made in the manner provided in this Section.

B. The fact and date of the execution by any Bondowner of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of execution of any such instrument or writing and the authority of any Person executing as or on behalf of any Bondowner may also be proved in any other manner which the Trustee deems sufficient.

C. The ownership of any Bond shall be proved by the Bond Register for such series of the Bonds.

D. Any request, demand, authorization, direction, notice, consent, waiver or other action by the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer, whether or not notation of such action is made upon such Bond.

SECTION 1.03. *Notices, etc.*

A. Unless otherwise specifically provided herein, any request, demand, authorization, direction, notice, consent, waiver or Act of Bondowners or other document provided or permitted by this Indenture by any Bondowner, the Issuer, or the Trustee to be made upon, given or furnished to, or filed with,

1. the Trustee shall be sufficient for every purpose hereunder if made, given, furnished, or filed in writing to or with the Trustee at its principal corporate trust office or if in writing and mailed, first-class postage prepaid, to the Trustee addressed to it at 6001 North 24th Street, Phoenix, Arizona 85016, Attention: Corporate Trust, or at any other address furnished in writing to such Person by the Trustee, or

2. 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 c/o Town of Florence, Arizona, 775 North Main Street, Florence, Arizona 85232, Attention: District Clerk, or at any other address

previously furnished in writing to such Person by the Issuer.

B. Where this Indenture provides for notice to Bondowners of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid or in acceptable electronic form, to each Bondowner affected by such event, at the address of such Bondowner as it appears in the Bond Register for such series of the Bonds. Neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Bondowner shall affect the sufficiency of such notice with respect to other Bondowners.

C. Where this Indenture 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. Waivers of notice by Bondowners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 1.04. *Form and Contents of Documents Delivered to the Trustee.*

A. Whenever several matters are required to be certified by, or covered by an opinion of, any specified type of person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such person, or that they be so certified or covered by only one document, but one such person may certify or give an opinion with respect to some matters and one or more other such persons as to other matters, and any such person may certify or give an opinion as to such matters in one or several documents.

B. Any certificate or opinion of an officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that such certificate or opinion or representations are erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

C. Whenever any Person is required to make, give, or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

D. Wherever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided

that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of compliance by the Issuer with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report.

SECTION 1.05. *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 1.06. *Successors and Assigns.*

All covenants and agreements in this Indenture by the Issuer shall bind its successors and assigns, whether so expressed or not.

SECTION 1.07. *Severability Clause.*

In case any provision in this Indenture or in the Bonds 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 1.08. *Benefits of Indenture.*

Nothing in this Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Owners of Outstanding Secured Bonds, any benefit or any legal or equitable right, remedy, or claim under this Indenture.

SECTION 1.09. *Governing Law.*

This Indenture shall be construed in accordance with and governed by the laws of the State and the federal laws of the United States of America.

SECTION 1.10. *Incorporation of State Statutes.*

A. The Issuer may, within three (3) years after its execution, cancel this Indenture, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Indenture on behalf of the Issuer is, at any time while this Indenture is in effect, an employee or agent of the Trustee in any capacity or a consultant to any other party of this Indenture with respect to the subject matter of this Indenture and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing,

drafting or creating this Indenture on behalf of the Issuer from the Trustee arising as the result of this Indenture.

B. To the extent applicable under Section 41-440, Arizona Revised Statutes, the Trustee 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. The breach by the Trustee of the foregoing shall be deemed a material breach of this Indenture and may result in the termination of the services of the Trustee. The Issuer may randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the above-mentioned covenant. The Trustee shall keep such papers and records open for random inspection during normal business hours by the Trustee. The Trustee 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.

C. Pursuant to Section 35-393 et seq., Arizona Revised Statutes, the Trustee hereby certifies it is not currently engaged in, and for the duration of this Indenture shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the Issuer determines that the Trustee's certification above is false or that it has breached such agreement, the Issuer may impose remedies as provided by law.

SECTION 1.11. *Business Days.*

If the specified date for any payment, submission, certification, determination or other action shall be other than a Business Day, then such payment, submission, certification, determination or other action may be made or done on the next succeeding day which is a Business Day without, in the case of any payment, additional interest (except in the event of a moratorium) and with the same force and effect as if made or done on the specified date.

* * *

ARTICLE TWO

FORM OF BONDS

SECTION 2.01. *Forms Generally.*

A. The Bonds, including the form of Certificate of Authentication and the form of Assignment to be reproduced on each of the Bonds, shall be substantially in the forms set forth in this Article with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and may have such letters, numbers or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an Opinion of Counsel) placed thereon (or attached thereto) as may, consistently herewith, be determined by the officers executing such Bonds as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

B. The definitive Bonds shall be printed, lithographed, or engraved, produced by any combination of these methods, or produced in any other manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof.

SECTION 2.02. *Form of Bonds.*

The Bonds shall be in the following form:

REGISTERED
NO. .....

REGISTERED
$.....

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

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE PURSUANT TO THE RULES AND REGULATIONS APPLICABLE TO SALES TO "SOPHISTICATED MUNICIPAL MARKET PROFESSIONALS" OR (2) UPON RECEIPT BY THE HEREINAFTER DESCRIBED TRUSTEE OF A "QUALIFIED INVESTOR LETTER" IN THE FORM INCLUDED IN THIS BOND.

United States of America
State of Arizona

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2
(FLORENCE, ARIZONA)
SPECIAL ASSESSMENT LIEN BOND (ASSESSMENT AREA SEVEN)

Interest Rate:	Maturity Date:	Original Issue Date:	CUSIP No.:
____%	July 1, 20__	_____, 2017	590211 ____

REGISTERED OWNER: CEDE & CO.*

PRINCIPAL AMOUNT ..... DOLLARS

Merrill Ranch Community Facilities District No. 2, a community facilities district formed by the Town of Florence, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (herein referred to as the "Owner"), on the "Maturity Date" specified above, the "Principal Amount" specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "Orig-

* Insert if DTC is the Securities Depository.

inal Issue Date" specified above, or from the most recent "Interest Payment Date" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as such term is defined in the hereinafter described "Indenture"), semiannually on each January 1 and July 1 commencing _____ 1, 20__ (each an "Interest Payment Date"), at the per annum "Interest Rate" specified above.

As provided in the Indenture hereinafter referred to, the interest so payable on any Interest Payment Date shall be paid to the Person (as such term and all other initially capitalized terms not defined herein are defined in the Indenture) in whose name this Bond (or one or more Predecessor Bonds evidencing the same debt) is registered in the Bond Register of the Issuer at the close of business on the "Regular Record Date" therefor, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for within 15 days after such Interest Payment Date shall forthwith cease to be payable to the Owner on such Regular Record Date and shall be paid to the Person in whose name this Bond (or one or more such Predecessor Bonds) is registered at the close of business on a "Special Record Date" for the payment of such defaulted interest to be fixed by the Trustee in accordance with the Indenture, notice whereof being given to the Owner hereof not less than 10 days prior to such Special Record Date. All such interest shall be payable at the agency of the Issuer for such purpose (herein referred to as the "Paying Agent"), which shall initially be the designated corporate trust office of ....., by check mailed to the Owner as of the relevant record date at the address specified in the Bond Register or pursuant to customary arrangements made by such Owner acceptable to the Paying Agent. The principal and Redemption Price of this Bond are payable at the designated corporate trust office of the Paying Agent, upon presentation and surrender of this Bond.

If the specified date for any such payment shall be a Saturday, a Sunday or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the city where the designated corporate trust office of the Trustee is located then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment, except that in the event of a moratorium for banking institutions generally at the city where the designated corporate trust office of the Trustee is located, such payment may be made on such next succeeding day except that the Bonds on which such payment is due shall continue to accrue interest until such payment is made or duly provided for.

This Bond is one of a duly authorized issue of bonds of the Issuer having the designation specified in its title (herein referred to as the "Bonds"), issued and to be issued in one series under, and all equally and ratably secured by, an Indenture of Trust and Security Agreement, dated as of January 1, 2018 (herein, together with all

indentures supplemental thereto, referred to as the "Indenture"), from the Issuer to ....., as trustee (herein referred to as the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Owners of the Bonds, the Trustee and the Issuer and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Owner of this Bond hereby consents. The Bonds are authorized to be issued by a Resolution of the District Board of the Issuer adopted on December 4, 2017 (herein referred to as the "Bond Resolution"), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Enabling Act").

The Bonds are limited obligations of the Issuer payable only out of the special fund to be collected from installments due with respect to special Assessment (the "*Assessment*") levied against certain land (but not all of the land) within the boundaries of the Issuer which is benefited by certain public infrastructures purposes (as such term as defined in the Enabling Act) financed from proceeds of the sale of the Bonds, all as provided for by the Enabling Act. Such special fund is set apart in accordance with the laws of the State of Arizona and pursuant to the Indenture for the payment of the Bonds and can be used for no other purpose. Notwithstanding any provision hereof or of the Bond Resolution, however, the Indenture may be released and the obligation of the issuer to make money available to pay this Bond may be defeased by the deposit of money and/or direct or indirect obligations of the United States of America sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in the denominations of principal amount of $100 and any integral multiple of $10 of principal amount in excess thereof.

The Bonds are subject to redemption as a whole or from time to time in part on any Interest Payment Date, as randomly determined by the Trustee within the Stated Maturity, upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, from, and only from, amounts which are on deposit in the Acquisition and Construction Fund on or after the completion of the Work but in no event later than _____ 1, 20__, and transferred to the Bond Fund plus amounts in excess of the Reserve Fund Requirement in the Reserve Fund as a result of such transfer and deposited to the Bond Fund.

The Bonds are also subject to redemption as a whole on any date or from time to time in part on any Interest Payment Date, as randomly determined by the Trustee within the Stated Maturity, upon

not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, without premium, from, and only from, amounts which are prepaid with respect to the Assessment plus amounts in excess of the Reserve Fund Requirement in the Reserve Fund as a result of such prepayments, deposited and transferred, respectively, to the Bond Fund.

The Bonds are also subject to redemption at the option of the Issuer as a whole on any date or from time to time in part on any Interest Payment Date in either case on and after July 1, 20__, as randomly determined by the Trustee within the Stated Maturity, upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, without a premium, from amounts other than those described in the preceding two paragraphs.

The Bonds shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date:

Redemption Date (July 1)	Principal Amount
_____	$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Redemption Date (July 1)	Principal Amount
____	$ _____
____	_____
____	_____
____	_____
____	_____
____	_____
____	_____
____	_____
____	_____

Whenever Bonds of the Stated Maturity are purchased, redeemed (other than pursuant to a mandatory redemption) or delivered by the Issuer to the Trustee for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited on a pro-rata basis against the remaining mandatory redemption requirements for Bonds of the Stated Maturity as selected by the Issuer.

Bonds of a denomination larger than $100 of principal amount may be redeemed in part ($100 of principal amount or an integral multiple thereof) and upon any partial redemption of any such Bond the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Bonds of the same Stated Maturity in authorized form and Authorized Denominations for the unredeemed portion of principal. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If less than all the Outstanding Bonds of a Stated Maturity are to be redeemed, the particular Bonds to be redeemed shall be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds of that Stated Maturity which have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and which may provide for the selection for redemption of portions (equal to $100 of principal amount or a multiple thereof) of the principal of Bonds of a denomination larger than $100 of principal amount. The Trustee shall promptly notify the Issuer in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution and the Indenture at any time by the Issuer with the consent of the Owners of a majority in

principal amount of the Bonds at the time Outstanding affected by such modification. The Bond Resolution and Indenture also contain provisions permitting the Owners of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Owners of all the Bonds, to waive compliance by the Issuer with certain past defaults under the Bond Resolution or the Indenture and their consequences. Any such consent or waiver by the Owner of this Bond or any Predecessor Bond evidencing the same debt shall be conclusive and binding upon such Owner and upon all future Owners thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this Bond for transfer to the Paying Agent duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the registered Owner hereof or his attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of authorized denominations and for the same Stated Maturity and aggregate principal amount shall be issued to the designated transferee or transferees.

As provided in the Indenture, Bonds are exchangeable for a like Stated Maturity and aggregate principal amount of Bonds in authorized denominations, as requested by the Owner, upon surrender of the Bonds to be exchanged to the Paying Agent.

In both of the foregoing circumstances, the Paying Agent may require payment of a sum sufficient to cover any tax or other charges payable in connection therewith.

The Issuer, the Trustee, and any agent of either of them may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and none of the Issuer, the Trustee and any such agent shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE ISSUER, THE TOWN OF FLORENCE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE ONLY FROM THE AMOUNTS DESCRIBED HEREIN.

Unless the Certificate of Authentication hereon has been executed by the Trustee, by manual signature, this Bond shall not be entitled to any benefit under the Bond Resolution or the Indenture or be valid or obligatory for any purpose.

It is hereby certified, covenanted and represented that all acts, conditions and things required to be performed, exist and be

done precedent to or in the issuance of this Bond in order to render the same a legal, valid and binding obligation of the Issuer have been performed, exist and have been done, in regular and due time, form and manner, as required by law, and that issuance of the Bonds does not exceed any constitutional or statutory limitation. In case any provision in this Bond 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. This Bond 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.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed.

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2

By.....
.....

ATTEST:

.....
.....

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within-mentioned Indenture.

[Name of Trustee], as Trustee

By.....
Authorized Representative

DATE: .....

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address and zip code of transferee)

.....
.....
.....

(Print or typewrite Social Security or other identifying number of transferee: .....) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints (Print or typewrite name of attorney:) ....., attorney, to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: .....

Signature(s) guaranteed:
[Insert proper legend]

.....
NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered owner(s) appearing on the face of the within Bond in every particular.

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

UNIF GIFT MIN ACT

TEN COM --	as tenants in common	.....	Custodian .....
TEN ENT --	as tenants by the entireties under Uniform Gifts to Minors Act	(Cust.)	(Minor)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	.....	State

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

In first use only: "PRIVATE PLACEMENT INVESTOR LETTER"

Thereafter: "QUALIFIED INVESTOR LETTER"

....., ...

Merrill Ranch Community Facilities District No. 2
....., as Trustee
[***In first use only***: Stifel, Nicolaus & Company, Incorporated]

Re: Merrill Ranch Community Facilities District No. 2
Special Assessment Lien Bonds (Assessment Area Seven)

Please be advised that the undersigned is purchasing a beneficial ownership interest in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of $..... The undersigned hereby acknowledges that the Bonds (i) are not being registered under the federal Securities Act of 1933, as amended (the "Securities Act"), in reliance upon certain exemptions set forth in the Securities Act, (ii) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) will not be listed on any stock or other securities exchange, (iv) will not carry any bond rating from any rating service and (v) are not readily marketable. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws in connection with any subsequent offer and sale of such interest in the Bonds and, in that regard, **agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer**. The undersigned agrees that a "Qualified Investor Letter" in substantially the form hereof will be provided to the addressee Trustee as a result of such offer and sale of such interest in the Bonds.

In regard to the foregoing, the undersigned hereby certifies, acknowledges, warrants and represents that:

(1) The undersigned is one of the following:

(i) a bank as defined in Section 3(a)(2) of the Securities Act, or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; plan established and maintained by a state, its, political subdivision, or any agency or

instrumentality of a state or its political subdivision, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(iii) an organization described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of $5,000,000;

(iv) a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of purchase exceeds $1,000,000 and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth;

(v) a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with the person's spouse in excess of $300,000 in each of those years and who reasonably expects reaching the same income level the current year and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth; and

(vi) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraph (i), (ii), (iii), (iv) or (v) above.

The undersigned expressly waives all responsibility of the addressee District for complying with any applicable federal and state securities laws with respect to the sale of the Bonds including any requirement to provide any information that is relevant to the investment decision to purchase the Bond, and agrees to hold the Issuer and the Town of Florence, Arizona (hereinafter referred to as the "Town") harmless for, from and against any and all liabilities claims, damages or losses resulting directly or indirectly from such failure to comply.

(2) Such purchase of such interest in the Bonds is for the account of the undersigned, for the purpose of investment and not with a present intent for distribution or resale.

(3) An opportunity was available to obtain and that the undersigned has obtained all information which was regarded as necessary to evaluate and has independently evaluated the merits and risks of investment in the Bonds, and after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including, but not limited to, those related to limited security and source for payment of the Bonds, the status of development and its impact on payment of the Bonds, the possible transfer of land by the owners of land in the addressee District, failure or inability of owners to complete proposed development of such land, bankruptcy and foreclosure delays, and the lack of any secondary market for the Bonds.

(4) The undersigned is not relying on Stifel, Nicolaus & Company, Incorporated, the addressee District or the Town in making its decision to purchase the Bonds and agrees that the Town is not obligated in any manner for the issuance or payment of the Bonds.

(5) Neither the addressee District nor the Town, nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned requested, information that may have been furnished to the undersigned by any third party in connection with investment in the Bonds. [***Insert the following in first use only:*** Notwithstanding the foregoing, the undersigned acknowledges that it has received from Stifel, Nicolaus & Company, Incorporated ("Stifel") the following documents and/or materials related to the work being financed with proceeds of the sale of the Bonds and the addressee District:

a. District Development Financing Participation and Intergovernmental Agreement, dated as of November 1, 2005, as amended, including by the Seventh Amendment and Waivers (Assessment Area Seven), dated as of _____ 1, 2017, by and between Merrill Ranch Community Facilities District No. 2 and Pulte Homes Company, LLC.

b. Feasibility Report for the Issuance of Special Assessment Bonds (Assessment Area Seven), Merrill Ranch Community Facilities District No. 2 (Florence, Arizona).

(6) The undersigned is experienced in transactions such as those relating to the Bonds, is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds and did not rely on Stifel, the addressee District or the Town, or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

(7) None of the Town, the addressee District nor Pulte Home Company, LLC has prepared or requested the preparation of an appraisal with respect to the Assessment Area which secures the Bonds, and none of the above make any representations with respect to the value of the lots and parcels within such Assessment Area.

[***Insert in first use only***:

(8) Stifel is acting as placement agent and not as an underwriter with respect to the Bonds. As placement agent, Stifel has not undertaken an independent evaluation or investigation of the agreements or feasibility report referenced in the immediately proceeding paragraph 5 and does not guarantee the accuracy, enforceability or completeness of such documents.]

.....

By.....

Printed Name:.....

Title:.....

* * *

ARTICLE THREE

TERMS AND ISSUANCE OF THE BONDS

SECTION 3.01. *Title and Terms.*

A. There shall be one series of bonds, dated _____ 25, 2017, issued and secured hereunder entitled

"MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2
(FLORENCE, ARIZONA)
SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA SEVEN)"

(herein referred to as the "Bonds").

B. The Bonds shall be issued in the Authorized Denominations.

C. The aggregate principal amount of the Bonds which may be authenticated and delivered and Outstanding is limited to $203,500, and the Stated Maturities, the principal amounts thereof maturing thereon and the rates of interest the Bonds so maturing shall bear shall be as follows:

Year (July 1)	Principal Amount	Interest Rate
20__	$_____	____%

D. The Bonds shall bear interest from and including _____, 2017, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each January 1 and July 1 commencing _____ 1, 20__ (herein each referred to as an "Interest Payment Date").

E. The principal of, Redemption Price for and premium, if any, on the Bonds shall be payable upon surrender of the Bonds to the Paying Agent when due. Interest on the Bonds payable on any Interest Payment Date shall be payable as provided in Section 3.07.

SECTION 3.02. *Redemption of Bonds.*

A. 1. The Bonds shall be redeemable at the option of the Issuer prior to their Stated Maturity in accordance with Article Four in whole or from time to time in part on any Interest Payment Date, upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, from, and only from, funds of the Issuer which are on deposit in the Acquisition and Construction Fund on or after

completion of the Work but in no event later than _____ 1, 20__, and are transferred to the Prepayment Account pursuant to Section 5.04(A) plus amounts in excess of the Reserve Fund Requirement in the Reserve Fund as a result of such transfer and which are transferred to the Prepayment Account pursuant to Section 5.06(C)(1).

2. The Bonds shall also be redeemable at the option of the Issuer prior to their Stated Maturity in accordance with Article Four in whole on any date or from time to time in part on any Interest Payment Date, upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which shall consist of the principal amount of the Bonds so redeemed, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, without premium, from, and only from, funds of the Issuer which are prepaid with respect to the Assessment and are deposited in the Prepayment Account as described in Section 10.01(A) plus amounts in excess of the Reserve Fund Requirement in the Reserve Fund as a result of such prepayments and which are transferred to the Prepayment Account pursuant to Section 5.06(C)(1).

3. The Bonds shall also be redeemable at the option of the Issuer prior to their Stated Maturity in accordance with Article Four in whole on any date or from time to time in part on any Interest Payment Date, in either case on and after July 1, 2020, upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, without a premium, from funds of the Issuer other than those described in subsections A(1) and (2) of this Section.

4. (a) The Bonds shall be redeemed from funds of the Issuer prior to their Stated Maturity in accordance with Article Four on the following Redemption Dates and in the following amounts upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which consists of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date:

Redemption Date (July 1)	Principal Amount
_____	$_____
_____	_____
_____	_____
_____	_____
_____	_____

Redemption Date (July 1)	Principal Amount
_____	$_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

(b) Whenever Bonds of the Stated Maturity are purchased, redeemed (other than pursuant to a mandatory redemption) or delivered by the Issuer to the Trustee for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited on a pro-rata basis against the remaining mandatory redemption requirements for the Bonds of the Stated Maturity as selected by the Issuer.

SECTION 3.03. *Execution, Authentication, Delivery and Dating.*

A. The Bonds shall be executed on behalf of the Issuer by the Chairman or Vice Chairman of the Board and attested by the District Clerk. The signature of any of these officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who were at the time the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them shall cease to hold such offices prior to the certification or authentication and delivery of such Bonds or shall not have held such offices at the date of such Bonds.

B. Forthwith upon the execution and delivery of this Indenture, the Issuer shall deliver to the Trustee the Bonds, executed by the Issuer, and the Trustee shall thereupon authenticate the Bonds and deliver the Bonds to the Persons and in the principal amounts

designated, not less than one (1) day in advance thereof, in writing to the Trustee upon receipt by the Trustee of:

1. the Bond Resolution, duly and validly adopted by the Board, authorizing the execution and delivery of this Indenture and the authentication and delivery of the Bonds and

2. the purchase price for the Bonds specified in the Bond Resolution.

C. At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Bonds executed by the Issuer to the Trustee for authentication, and the Trustee shall authenticate and deliver such Bonds as provided in this Indenture.

D. No Bond shall be entitled to any right or benefit under this Indenture, or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided in Section 2.03, executed by the Trustee by manual signature, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified or authenticated and delivered.

E. All Bonds authenticated and delivered by the Trustee hereunder shall be dated the date of their authentication.

SECTION 3.04. *Registration, Transfer and Exchange.*

A. The Issuer shall cause to be kept (at its agency for payment of the Bonds) a register (herein referred to as the "*Bond Register*") for the Bonds in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of the Bonds and registration of transfers of Bonds as herein provided. The Trustee is hereby appointed "Bond Registrar" for the purpose of registering Bonds and transfer of Bonds as herein provided.

B. 1. Upon surrender for transfer of any Bond to a Paying Agent therefor at the designated corporate trust office thereof, accompanied by such other documents as are required in the form of Bond in Section 2.02 in connection with the transfer thereof, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new fully registered Bonds of the same Stated Maturity, of any Authorized Denominations (provided, however, that no Bond shall ever be issued in a denomination less than the minimum applicable Authorized Denomination of such Bond) and of a like aggregate principal amount as requested by the transferor.

2. The restrictions on transfer of beneficial interests in the Bonds included in the form of Bond prescribed in Section 2.02 shall be eliminated after receipt by the Trustee of (a) proof of a rating on the Bonds of one of the four highest investment grade

ratings from a Rating Agency or (b) defeasance of the Bonds pursuant to this Indenture.

C. At the option of the Owner, Bonds may be exchanged for other Bonds, of any Authorized Denominations, and of like Stated Maturity and aggregate principal amount, upon surrender of the Bonds to a Paying Agent therefor. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Bonds which the Owner of Bonds making the exchange is entitled to receive.

D. All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits hereunder and under the Bond Resolution, as the Bonds surrendered upon such transfer or exchange.

E. Every Bond presented or surrendered for transfer or exchange shall be duly endorsed (if so required by the Trustee), or be accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed, by the Owner thereof or his attorney duly authorized in writing.

F. The Bond Registrar may require payment of a sum sufficient to cover any tax or other charges that may be imposed in connection with any transfer or exchange of Bonds.

G. Neither the Issuer nor the Trustee shall be required (1) to issue, transfer, or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of the first mailing of a notice of redemption of Bonds under Section 4.04 and ending at the close of business on the day of such mailing or (2) thereafter to transfer or exchange any Bond to be redeemed in whole or in part pursuant to such notice.

H. 1. The Trustee and the Issuer may from time to time enter into, and discontinue, an agreement with the Securities Depository, which is the owner of the Bonds, to establish procedures with respect to the Bonds not inconsistent with the provisions of this Indenture; provided, that, notwithstanding any other provisions of this Indenture, any such agreement may provide that different provisions for notice to the Securities Depository may be set forth herein and that a legend shall appear on each Bond so long as the Bonds are subject to such agreement.

2. With respect to Bonds registered in the name of a Securities Depository (or its nominee), neither the Trustee nor the Issuer shall have any obligation to any of its members or participants or to any person on behalf of whom an interest is held in the Bonds.

3. If such agreement is with DTC, while such agreement is in effect, the procedures established therein shall apply to the Bonds notwithstanding any other provisions of this Indenture to

the contrary. As long as DTC is the Securities Depository with respect to the Bonds, the Trustee shall be a "DTC Direct Participant."

SECTION 3.05. *Temporary Bonds.*

A. Pending the preparation of definitive Bonds, the Issuer may execute, and upon Issuer Request the Trustee shall authenticate and deliver, temporary Bonds which are printed, lithographed, typewritten, mimeographed or otherwise produced, any denomination and Stated Maturities, substantially of the tenor of the definitive Bonds in lieu of which they are issued, in fully registered form, and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Bonds may determine, as evidenced by their execution of such Bonds.

B. If temporary Bonds are issued, the Issuer shall cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds to the Trustee without charge to the Owner. Upon surrender for cancellation of any one or more temporary Bonds the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of the same Stated Maturities and of authorized denominations. Until so exchanged, temporary Outstanding Secured Bonds shall in all respects be entitled to the security and benefits of this Indenture.

SECTION 3.06. *Mutilated, Destroyed, Lost and Stolen Bonds.*

A. If (1) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (2) there is delivered to the Trustee such security or indemnity as may be required by it to save each of the Issuer and Trustee harmless, then, in the absence of notice to the Issuer or the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon a request of the "District Manager" of the Issuer, the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of like tenor, Stated Maturity and aggregate principal amount bearing a number not contemporaneously outstanding. If, after the delivery of such new Bond, a bona fide purchaser of the original Bond in lieu of which such new Bond was issued presents for payment such original Bond, the Issuer and the Trustee shall be entitled to recover such new Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expenses incurred by the Issuer or the Trustee in connection therewith.

B. In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the Issuer or

the Trustee in its discretion may pay such Bond instead of issuing a new Bond.

C. Upon the issuance of any new Bond under this Section, the Issuer or the Trustee may require the payment of a sum sufficient to cover any tax or other charges that may be imposed in relation thereto and any other expenses connected therewith.

D. Every new Bond issued pursuant to this Indenture in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of the Board Resolution authorizing the Bonds and of this Indenture equally and ratably with all other Outstanding Bonds.

E. The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

SECTION 3.07. *Payment of Interest on Bonds; Interest Rights Preserved.*

A. Interest on any Bond which is payable on, and is punctually paid or duly provided for on, any Interest Payment Date shall be paid to the Person in whose name that Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date for such interest. Such interest, in the absence of other arrangements acceptable to the Paying Agent made by the Owner as of such date, shall be paid by check payable to the order and mailed to the address of such Owner as the same appears on the Bond Register.

B. Any interest on any Bond which is payable on, but is not punctually paid or duly provided for on, any Interest Payment Date (herein referred to as "Defaulted Interest") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date solely by virtue of such Owner having been such Owner. Such Defaulted Interest shall thereupon be paid by the Issuer to the Persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such portion of Defaulted Interest as may then be paid from the sources herein provided. The Issuer shall promptly notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Owners entitled to such Defaulted Interest as

in this Subsection provided and not to be deemed part of the Trust Estate for the other than Outstanding Secured Bonds. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment by the Trustee and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner of a Bond of such series at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date.

C. Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

SECTION 3.08. *Cancellation.*

All Bonds surrendered for payment, redemption, transfer, exchange, replacement or conversion, and all Bonds, if surrendered to the Trustee, shall be promptly canceled by it and, if surrendered to the Issuer or any Paying Agent, shall be delivered to the Trustee and, if not already canceled, shall be promptly canceled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Bonds previously certified or authenticated and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Trustee. No Bond shall be authenticated in lieu of or in exchange for any Bond canceled as provided in this Section, except as expressly provided by this Indenture.

SECTION 3.09. *Persons Deemed Owners.*

The Issuer, the Trustee, and their agents may treat the Person in whose name any Bond is registered as the owner of such bond for the purpose of receiving payment of the principal (and Redemption Price) of and interest on such Bond as provided herein and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, none of the Issuer, the Trustee and any such agent shall be affected by notice to the contrary.

* * *

ARTICLE FOUR

REDEMPTION OF BONDS

SECTION 4.01. *General Applicability of Article.*

The Bonds shall be redeemable before their Stated Maturity in accordance with Section 3.02 and this Article.

SECTION 4.02. *Election to Redeem; Notice to Trustee.*

The exercise by the Issuer of its option to redeem any Bonds shall be evidenced by a Board Resolution. In case of any redemption at the election of the Issuer of less than all of the Outstanding Bonds the Issuer shall, at least sixty (60) days prior to the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the Stated Maturities and principal amounts of Bonds to be redeemed.

SECTION 4.03. *Selection of Bonds to be Redeemed.*

A. If less than all the Outstanding Bonds of a Stated Maturity are to be redeemed, the particular Bonds of that Stated Maturity to be redeemed shall be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds which have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and which may provide for the selection for redemption of portions (equal to $100 of principal amount or an integral multiple of principal amount of $100 thereof, but in no case less than the minimum of the allowable Authorized Denomination) of the principal of Bonds of such series of the Bonds of a denomination larger than the Authorized Denomination allowable. (A Bond shall not be redeemed if such redemption would result in the remaining principal amount of the Bond being less than the minimum of the allowable Authorized Denomination.)

B. The Trustee shall promptly notify the Issuer in writing of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

SECTION 4.04. *Notice of Redemption.*

A. Notice of redemption shall be given by the Trustee in the name and at the expense of the Issuer, not less than thirty (30) nor more than sixty (60) days prior to the Redemption Date, to each Owner of the Bonds to be redeemed, at his address appearing in the Bond Register.

B. All notices of redemption shall include a statement as to

1. the Redemption Date,

2. the Redemption Price,

3. the principal amount of Bonds to be redeemed and, if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of Bonds of such series of the Bonds to be redeemed,

4. that on the Redemption Date, the Redemption Price of each of the Bonds to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date and

5. that the Bonds to be redeemed are to be surrendered for payment of the Redemption Price to the Paying Agent and the address of such Paying Agent.

SECTION 4.05. *Deposit of Redemption Price.*

On or before the Business Day preceding the earliest date for mailing of the notice required by Section 4.04 with regard to any Redemption Date, the Issuer shall deposit or cause to be deposited with the Trustee an amount of money which, together with any amounts in the Prepayment Account available for such purpose, is sufficient to pay the Redemption Price of all the Bonds then to be redeemed and interest, if any, accrued thereon to the Redemption Date. Such money and amounts shall be segregated and shall be held in trust, uninvested, for the benefit of the Owners entitled to such Redemption Price and shall not be deemed to be part of the Trust Estate.

SECTION 4.06. *Bonds Payable on Redemption Date.*

A. Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Issuer at the Redemption Price, but solely from the sources therein provided. Installments of interest with a Stated Maturity on or prior to the Redemption Date shall be payable to the Owners of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 3.07.

B. If any Bond to be redeemed shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, continue to bear interest at the rate prescribed therefor in such Bond.

SECTION 4.07. *Bonds Redeemed in Part.*

Any Bond which is to be redeemed only in part shall be surrendered at the principal corporate trust office of the Trustee, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner of such Bond, without service charge, a new Bond or Bonds of any Authorized Denomination or Denominations as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

* * *

ARTICLE FIVE

FUNDS

SECTION 5.01. *Bond Fund.*

There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Special Assessment Lien Bonds (Assessment Area Seven) Bond Fund" (herein referred to as the "*Bond Fund*") and within the Bond Fund (1) a special account designated the "*Principal Account*," (2) a special account designated the "*Interest Account*," (3) a special account designated the "*Prepayment Account*" and (4) a special account separate and apart from the Trust Estate designated the "*Expenses Account*." The money deposited to the Principal Account, the Interest Account, the Prepayment Account and the Expenses Account, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Sections 5.02 and 7.03.

SECTION 5.02. *Deposits to and Application of Bond Fund.*

A. The Issuer shall, upon receipt, deposit to the credit of

1. the Principal Account:

a. amounts collected by or remitted to the Issuer from the collection of the principal portion of installments with respect to the Assessment to the extent provided in Section 10.01(A) and which are allocated in the budget of the Issuer for the applicable fiscal year for the payment of principal (whether due as a result of Stated Maturity or Maturity due to mandatory redemption) of the Bonds with respect to Debt Service;

b. amounts transferred from the Reserve Fund pursuant to Section 5.06(B), (C) or (E) and

c. such other funds as the Issuer shall, at the option of the Board, deem advisable.

2. the Interest Account:

a. amounts collected by or remitted to the Issuer from the collection of the interest portion of installments with respect to the Assessment to the extent provided in Section 10.01(A) and which are allocated in the budget of the Issuer for the applicable fiscal year for payment of the interest on the Bonds with respect to Debt Service;

b. amounts transferred from the Reserve Fund pursuant to Section 5.06(B), (C)(2) or (E) and

c. such other funds as the Issuer shall, at the option of the Board, deem advisable.

3. the Prepayment Account:

a. amounts transferred from the Acquisition and Construction Fund to the extent provided in Sections 5.04(A)(2) and 5.04(B)(2);

b. amounts remitted to the Issuer as prepayments of installments with respect to the Assessment to the extent provided in Section 10.01(A) and not necessary to pay principal of or interest on the Bonds (which shall be held in the Principal Account and the Interest Account, respectively) prior to the application of such amounts to prepay the Bonds;

c. amounts received by the Issuer as proceeds from any foreclosure sale of any real property which is the subject of the Assessment due to a failure to pay an installment which is the subject of the Assessment to the extent described in Section 10.01(A);

d. amounts transferred from the Reserve Fund pursuant to Section 5.06(C)(1) and

e. amounts paid pursuant to Section 4.05.

4. the Expenses Account amounts collected by or remitted to the Issuer from the collection of amounts to be applied for the payment of the expenses described in Clause (ii) of the definition of Debt Service as a portion of the interest portion of installments with respect to the Assessment to the extent provided in Section 10.01(A) and which are allocated in the budget of the Issuer for the applicable fiscal year for the payment of such expenses.

B. The amounts in the Principal Account, the Interest Account, the Prepayment Account and the Expenses Account shall be applied solely to pay Debt Service as follows:

1. the amounts in the Principal Account shall be applied to pay principal of the Bonds as indicated in Section 3.01;

2. the amounts in the Interest Account shall be applied to pay interest on the Bonds as indicated in Section 3.01;

3. the amounts in the Prepayment Account shall be applied to pay the Redemption Price on the Redemption Date for any of the Bonds as described in Section 3.02 and

4. the amounts in the Expenses Account shall (a) be retained by the Trustee in the Expenses Account for the purposes described in Section 9.1(b) of the Development Agreement and (b) upon an Issuer Request, be paid to the Issuer for the purposes described in Section 9.1(b) of the Development Agreement.

SECTION 5.03. *Acquisition and Construction Fund and Costs of Issuance Fund.*

A. There is hereby created by the Issuer and established with the Trustee a special trust fund of the Issuer separate and apart from the Trust Estate and designated its "Special Assessment Lien Bonds (Assessment Area Seven) Acquisition and Construction Fund" (herein referred to as the "Acquisition and Construction Fund"). The money deposited to the Acquisition and Construction Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.04(A).

B. There is hereby created by the Issuer and established with the Trustee a special trust fund of the Issuer separate and apart from the Trust Estate and designated its "Special Assessment Lien Bonds (Assessment Area Seven) Costs of Issuance Fund" (herein referred to as the "Costs of Issuance Fund"). The money deposited to the Costs of Issuance Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.04(B).

SECTION 5.04. *Deposits to and Application of Acquisition and Construction Fund and the Costs of Issuance Fund.*

A. 1. The Issuer shall deposit to the credit of the Acquisition and Construction Fund the proceeds of the sale of the Bonds provided in Section 5.07(C) as well as amounts transferred for deposit therein pursuant to Section 5.06(C)(2).

2. Upon an Issuer Request which shall state with respect to Costs of Acquisition and Construction (1) the name and address of the Person to whom the payment is to be made (which, if the Cost of Acquisition and Construction in question is for an "Acquisition Project" (as such term is defined in the Development Agreement), may be the Owner); (2) the amount to be paid; (3) the obligation on account of which the payment is to be made, showing the total obligation, any amount previously paid and the unpaid balance as well as the provision of the Development Agreement to which the foregoing relates; (4) that the obligation was properly incurred and is a proper charge against the Acquisition and Construction Fund; (5) that the amount requisitioned is due and unpaid or owing to such Person;

(6) that with respect to items covered in the Issuer Request, there are no vendors', mechanics' or other liens, bailments, leases or conditional sale contracts which must be satisfied or discharged before the payments as requisitioned therein are made or which will not be discharged by such payment and (7) the aggregate amount of all disbursements previously made from the Acquisition and Construction Fund, amounts on deposit in the Acquisition and Construction Fund shall be applied by the Trustee solely to pay the Costs of Acquisition and Construction and, to the extent the funds deposited to the Acquisition and Construction Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the Issuer as provided by an Issuer Request which shall state that (1) the Work has been completed in accordance with the Resolution of Intention Documents and all labor, services, materials and supplies used in the Work have been paid for and acknowledgments of such payments have been obtained from all contractors and suppliers and (2) all other facilities necessary in connection with the Work have been constructed, acquired and installed in accordance with the Resolution of Intention Documents therefor and all Costs of Acquisition and Construction for and incurred in connection therewith have been paid, to transfer such unexpended proceeds or income to the Prepayment Account; provided, however, that if any such amounts remain on deposit on _____ 1, 20__, such amounts shall be transferred by the Trustee to the Prepayment Account.

B. 1. The Issuer shall deposit to the credit of the Costs of Issuance Fund the proceeds of the sale of the Bonds provided in Section 5.07(B).

2. Upon an Issuer Request, amounts on deposit in the Costs of Issuance Fund shall be applied by the Trustee solely to pay the Costs of Issuance; provided, however, that if any such amounts remain on deposit in the Costs of Issuance Fund on August 1, 2017, such amounts shall be transferred by the Trustee to the Prepayment Account.

SECTION 5.05. *Reserve Fund.*

There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Special Assessment Lien Bonds (Assessment Area Seven) Reserve Fund" (herein referred to as the "Reserve Fund"). The money deposited to the Reserve Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.06.

SECTION 5.06. *Deposits to and Application of Reserve Fund.*

A. The Issuer shall deposit to the credit of the Reserve Fund the amount received from the proceeds of the sale of the Bonds indicated in Section 5.07(A).

B. On, or, if either day is not a Business Day, before June 15 and December 15 of each year, the Trustee shall, to the extent there are sufficient amounts in the Reserve Fund, transfer from the Reserve Fund to the Principal Account and the Interest Account, as applicable, the difference between the amount in the Principal Account and the Interest Account, as applicable, on such date and the amount necessary to pay the principal of and interest on the Bonds on the next succeeding July 1 or January 1, as the case may be.

C. (1) With respect to maturity or redemption of the Bonds, the Trustee shall examine the Reserve Fund in relation to the Reserve Fund Requirement to determine if such maturity or the redemption of Bonds pursuant to Section 3.02 allows the Reserve Fund Requirement to be reduced and shall transfer the amount of any such permitted reduction to the level equal to the Reserve Fund Requirement as reduced after such examination from the Reserve Fund to the Principal Account with respect to such maturity and to the Prepayment Account to be applied to such redemption.

(2) On April 15 of each year, the Trustee shall examine the Reserve Fund in relation to the Reserve Fund Requirement to determine if any amounts which constitute investment earnings on the amounts in the Reserve Fund allow the amount on deposit in the Reserve Fund to be reduced to a level equal to the Reserve Fund Requirement and shall transfer the excess over the Reserve Fund Requirement from the Reserve Fund to the Acquisition and Construction Fund until March 1, 2013, and thereafter to the Interest Account to be applied to pay interest on the Bonds.

D. If, after a withdrawal from the Reserve Fund for any reason, the Reserve Fund is less than the Reserve Fund Requirement, the Issuer shall reimburse the Reserve Fund to the extent of proceeds from any delinquent amount due with respect to the Assessment including any foreclosure sale of any real property which is the subject of the Assessment due to a failure to pay an installment which is the subject of the Assessment as described in Section 10.01(A).

E. On June 15, 20__, any amounts that remain on deposit in the Reserve Fund shall be transferred by the Trustee to the Principal Account and the Interest Account, as applicable, to pay Debt Service.

SECTION 5.07. *Disposition of Proceeds of Bonds.*

Simultaneously with delivery of the Bonds to the initial purchasers thereof, the Issuer shall cause the Trustee to deposit the proceeds thereof as follows:

A. Reserve Fund. An amount equal to $_____ of the proceeds of the sale of the Bonds (which equals the Reserve Fund Requirement) shall be deposited to the credit of the Reserve Fund.

B. Costs of Issuance Fund. An amount equal to $_____ of the proceeds of the sale of the Bonds shall be deposited to the credit of the Costs of Issuance Fund for the purposes described in Section 5.04(B).

C. Acquisition and Construction Fund. The balance remaining from the proceeds of the sale of the Bonds after the deposits described in Paragraphs A, B and C of this Section shall be deposited to the credit of the Acquisition and Construction Fund for the purposes described in Section 5.04(A).

SECTION 5.08. *Investment of and Security for Funds.*

A. Money held for the credit of the Bond Fund shall, as nearly as may be practicable and except as otherwise provided in Section 4.05, be continuously invested and reinvested by the Trustee in Governmental Obligations as directed in writing by the Issuer. Absent such written direction such money shall be invested in Permitted Investments described in clause D of the definition thereof.

B. Money held for the credit of the Acquisition and Construction Fund, the Costs of Issuance Fund and the Reserve Fund shall, as nearly as may be practical, be continuously invested and reinvested by the Trustee in Permitted Investments as directed in writing by the Issuer. Absent such written direction such money shall be invested in Permitted Investments described in clause D of the definition thereof.

C. The Trustee shall sell or present for redemption any obligations so purchased as an investment hereunder whenever it shall be necessary so to do in order to provide money to make any payment or transfer of money required hereby. Investments shall mature, or shall be subject to redemption by the holder thereof at the option of such holder without penalty, not later than the respective dates when such money is expected to be required for the purpose intended. Obligations so purchased as an investment of any money credited to any fund established hereunder shall be deemed at all times to be a part of such fund. The interest accruing on obligations so purchased and any profit realized from such investment shall be credited to such Fund and any loss resulting from such investment shall be charged to such fund.

D. All money held by the Trustee hereunder shall be continuously secured in the manner and to the fullest extent then required by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. The Trustee shall not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from disregard or negligent implementation of any permitted direction by the Issuer.

* * *

ARTICLE SIX

DEFEASANCE AND RELEASES

SECTION 6.01. *Payment of Indebtedness; Satisfaction and Discharge of Indenture.*

A. Whenever

1. all Bonds theretofore authenticated and delivered have been canceled by the Trustee or delivered to the Trustee for cancellation, excluding, however:

a. Bonds for the payment of which money has theretofore been deposited in trust with the Trustee or a Paying Agent as provided in Section 4.05,

b. Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 3.06, except for any such Bond which, prior to the satisfaction and discharge of this Indenture, has been presented to the Trustee with a claim of ownership and enforceability by the Owner thereof and where enforceability has not been determined adversely against such Owner by a court of competent jurisdiction,

c. Bonds, other than those referred to in the foregoing Clauses, for the payment or redemption (under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name and at the expense of the Issuer) of which the Issuer has deposited or caused to be deposited with the Trustee in trust for such purpose an amount (to be immediately available for payment, except in the case of Bonds excepted from the foregoing Clause (b) prior to the time the ownership and enforceability of such Bonds has been established) sufficient to pay and discharge the entire indebtedness on the Bonds for principal (and premium, if any) and interest to the date of Maturity thereof which have become due and payable or to the Stated Maturity or Redemption Date, as the case may be and

d. Bonds deemed no longer Outstanding as a result of the deposit or escrow of money or Governmental Obligations or both as described in Section 6.02; and

2. the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer;

then, upon Issuer Request, this Indenture and the lien, rights and interests created hereby shall cease, determine and become null and void (except as to any surviving rights of transfer or exchange of Bonds herein or therein provided for), and the Trustee and each co-trustee and separate trustee, if any, then acting as such hereunder shall, at the expense of the Issuer, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver to the Issuer or upon Issuer Request all cash, securities and other personal property then held by it hereunder as a part of the Trust Estate.

B. In the absence of an Issuer Request as aforesaid, the payment of all Outstanding Secured Bonds shall not render this Indenture inoperative or prevent the Issuer from issuing Bonds from time to time thereafter as herein provided.

C. Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Issuer to the Trustee under Section 8.06 shall survive.

SECTION 6.02. *Defeasance.*

Any Bond shall be deemed to be no longer Outstanding when payment of the principal of and premium, if any, such Bond, plus interest thereon to the Maturity thereof (whether such Maturity be by reason of the Stated Maturity thereof or giving of notice redemption therefor, if notice of such redemption has been given or waived or irrevocable arrangements therefor satisfactory to the Trustee have been made) shall have been provided for by depositing for such payment from funds of the Issuer under the terms provided in this Section (1) money sufficient to make such payment or (2) money and Governmental Obligations certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as shall, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom be sufficient to make such payment, provided that all necessary and proper fees, compensation, and expenses of the Trustee and Paying Agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Any such deposit shall be made either with the Trustee or, if notice of such deposit is given to the Trustee, with a state or nationally chartered bank with a minimum combined capital and surplus of $50,000,000, as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or the Paying Agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the Maturity thereof and of such interest or the Stated Maturity, as the case may be. If such deposit is made with respect to some but not all of the Bonds then Outstanding, the Trustee shall select the Outstanding Bonds in the same manner as provided in Section 4.03 for the selection of Bonds to be redeemed. Notwithstanding anything herein to the contrary however, no such deposit shall have the effect hereinabove described

(1) if made during the existence of default hereunder of which the Trustee has received written notice unless made with respect to all of the Bonds then Outstanding and (2) unless there shall be delivered to the Trustee an Opinion of Counsel to the effect that such deposit shall not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose shall be held by the Trustee in a segregated account in trust for the Owners of the Bonds with respect to which such deposit is made and together with any investment income therefrom, shall be disbursed solely to pay the principal of and interest on the Bonds when due. No money or Governmental Obligations so deposited pursuant to this Section shall be invested or reinvested unless in Governmental Obligations and unless such money not invested, such Governmental Obligations not reinvested, and such new investments are together certified by an independent accountant of national reputation to be of such amounts, maturities, and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for purposes of any such payment from such money or Governmental Obligations.

SECTION 6.03. *Application of Deposited Money.*

Money or Governmental Obligations deposited with the Trustee pursuant to Section 6.01 or 6.02 shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Subject to the provisions of Section 4.03, such money or Governmental Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent as the Trustee may determine) to the Owners entitled thereto of the principal (and premium, if any) and interest for the payment of which such money has been deposited with the Trustee.

* * *

ARTICLE SEVEN

REMEDIES

SECTION 7.01. *Suits for Enforcement; Mandamus.*

A. The Trustee in its discretion, subject to the provisions of Section 7.10, may proceed to protect and enforce its rights and the rights of the Bondowners under this Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture or in aid of the execution of any power granted in this Indenture or for the enforcement of any other legal, equitable, or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or the Bondowners.

B. In addition to all rights and remedies of any Owner of Bonds provided herein, in the event the Issuer defaults in the payment of the principal of or premium, if any, or interest on any of the Bonds when due, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution or in this Indenture, the Trustee shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the directors and other officers of the Issuer to make such payment or to observe and perform any covenant, obligation, or condition prescribed in such Board Resolution or in this Indenture.

SECTION 7.02. *Covenant to Pay Trustee Amounts Due on Bonds and Right of Trustee to Judgment.*

A. If

1. default occurs in the payment of any interest on any Bond when such interest becomes due and payable or

2. default occurs in the payment of the principal of (or premium, if any, on) any Bond at its Maturity,

then upon demand of the Trustee, the Issuer shall pay or cause to be paid to the Trustee for the benefit of the Owners of such Bonds the amount so due and payable on the Bonds for principal (and premium, if any) and interest and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of administration and collection, including the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the Issuer fails to pay or cause to be paid such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to sue for and recover judgment against the Issuer for the amount then so due and unpaid.

B. The Trustee shall be entitled to sue and recover judgment as aforesaid either before, after, or during the pendency of any proceedings for the enforcement of the lien of this Indenture, and in case of a sale of the Trust Estate and the application of the proceeds of sale as aforesaid, the Trustee, in its own name and as trustee of an express trust, shall be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon the Outstanding Secured Bonds, for the benefit of the Owners thereof, and shall be entitled to recover judgment for any portion of the same remaining unpaid, with interest as aforesaid. No recovery of any such judgment upon any property of the Issuer shall affect or impair the lien of this Indenture upon the Trust Estate or any rights, powers, or remedies of the Trustee hereunder, or any rights, powers, or remedies of the Owners of the Bonds.

SECTION 7.03. *Application of Money Collected.*

Any money collected by the Trustee pursuant to this Article, together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

A. First: To the payment of all unpaid amounts due the Trustee under Section 8.06;

B. Second: To the payment of the whole amount then due and unpaid upon the Outstanding Secured Bonds, for principal of and premium, if any and interest on the Bonds and with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any), and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest without any preference or priority, ratably according to the aggregate amount so due and

C. Third: To the payment of the remainder, if any, to the Issuer, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

SECTION 7.04. *Trustee May File Proofs of Claim.*

A. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceeding relative to the Issuer or the property of the Issuer, the Trustee (irrespective of whether

the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the Issuer or the Participant for the payment of overdue principal, premium, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

1. to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Secured Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel) and of the Bondowners allowed in such judicial proceeding and

2. to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Bondowner to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Bondowners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 8.06.

B. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondowner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Bondowner in any such proceeding.

SECTION 7.05. *Trustee May Enforce Claims Without Possession of Bonds.*

All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners of the Bonds in respect of which such judgment has been recovered.

SECTION 7.06. *Unconditional Right of Bondowners to Receive Principal and Interest.*

Notwithstanding any other provision in this Indenture, the Owner of any Bond shall have the right which is absolute and unconditional to receive, after payment of all amounts due to the Trustee hereunder, payment of the principal of and (subject to Section 7.10) interest on any such Bond on the respective Stated Maturities expressed in such Bond (or, in the case of redemption, on the Redemption Date), and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Owner; provided, however, that no Bondowner shall be entitled to take any action or institute any such suit to enforce the payment of his Bonds, whether for principal, interest or premium, if and to the extent that the taking of such action or the institution or prosecution of any such suit or the entry of judgment therein would under applicable law result in a surrender, impairment, waiver or loss of the lien of this Indenture upon the Trust Estate, or any part thereof, as security for Bonds held by any other Bondowner.

SECTION 7.07. *Rights and Remedies Cumulative.*

No right or remedy herein conferred upon or reserved to the Trustee or the Bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. Except as otherwise provided herein with regard to the rights or remedies of Bondowners, the assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 7.08. *Delay or Omission Not Waiver.*

No delay or omission of the Trustee or any Owner of any Bond to exercise any right or remedy accruing upon a default under this Article shall impair any such right or remedy or constitute a waiver of any such default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or the Bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondowners, as the case may be.

SECTION 7.09. *Control by Bondowners.*

A. The Owners of a majority in aggregate principal amount of the Outstanding Bonds affected thereby shall have the right

1. to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of

this Indenture, the sale of the Trust Estate, or otherwise; and

2. to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder, provided that

a. such direction shall not be in conflict with any rule of law or this Indenture,

b. the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction,

c. the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Owners not taking part in such direction and

d. if the remedy requires the consent of a certain number of the Owners, such consent has been provided.

B. Before taking action pursuant to this Section, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the District shall reimburse the Trustee for all of the expenses of the Trustee pursuant to Section 8.06.

SECTION 7.10. *Waiver of Past Defaults.*

A. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds affected thereby may, by Act of such Bondowners delivered to the Trustee and the Issuer, on behalf of the Owners of all the Bonds waive any past default hereunder and its consequences, except a default in respect of a covenant or provision hereof which under Article Twelve cannot be modified or amended without the consent of the Owner of each Outstanding Bond affected.

B. Upon any such waiver, such default shall cease to exist for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 7.11. *Undertaking for Costs.*

All parties to this Indenture agree, and each Owner of any Bond by his acceptance thereof shall be deemed to have agreed, that

any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by or against the Trustee, to any suit instituted by any Bondowner, or group of Bondowners of the Bonds affected thereby, holding in the aggregate more than ten percent (10%) in principal amount of the Outstanding Bonds, or to any suit instituted by any Bondowner for the enforcement of the payment of the principal of or interest on any Bond on or after the Stated Maturity expressed in such Bond (or, in the case of redemption, on or after the Redemption Date).

SECTION 7.12. *Remedies Subject to Applicable Law.*

All rights, remedies, and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

* * *

ARTICLE EIGHT

THE TRUSTEE

SECTION 8.01. *Certain Duties and Responsibilities.*

A. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In the absence of bad faith on its part, the Trustee 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 Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

B. No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

1. this Subsection shall not be construed to limit the effect of Subsection A of this Section;

2. the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent;

3. the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in principal amount of the Outstanding Bonds or to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture and

4. no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in Section 7.09(B).

C. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 8.02. *Certain Rights of Trustee.*

Except as otherwise provided in Section 8.01 hereof:

A. the Trustee may rely and shall be protected in acting or refraining from acting upon:

1. any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, telex or other paper, document, or communication reasonably believed by it to be genuine and to have been signed or presented by the proper Persons and

2. failure of the Trustee to receive any such paper, document, or communication, if prior receipt thereof is required by this Indenture before the Trustee is to take or refrain from taking any action;

B. any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request, and any order or resolution of the Board may be sufficiently evidenced by a Board Resolution;

C. whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

D. the Trustee may consult with legal counsel and the written advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Trustee hereunder in good faith and in reliance thereon;

E. the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondowners pursuant to this Indenture, unless such Bondowners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction;

F. the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document (including particularly, but not by way of limitation) Acts, Board Resolutions, Issuer Requests and Officers' Certificates, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to

examine the books, records and premises of the Issuer, personally or by agent or attorney and

G. the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed, with due care by it hereunder.

SECTION 8.03. *Not Responsible for Recitals or Application of Proceeds.*

The recitals contained herein and in the Bonds, except the certificate of authentication on the Bonds, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or genuineness of any securities at any time pledged and deposited with the Trustee hereunder, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the Issuer of the Bonds or the proceeds thereof.

SECTION 8.04. *May Hold Bonds.*

The Trustee, any Paying Agent, the Bond Registrar and any other agent appointed hereunder, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee, Paying Agent, Bond Registrar or such other agent.

SECTION 8.05. *Money Held in Trust.*

Money held by the Trustee hereunder need not be segregated from other funds except to the extent required by law or the provisions of this Indenture. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

SECTION 8.06. *Compensation and Reimbursement.*

A. The Issuer shall

1. pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and

2. except as otherwise expressly provided herein, reimburse the Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by

the Trustee in accordance with any provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence or bad faith.

B. As security for the performance of the obligations of the Issuer under this Section, the Trustee shall be secured under this Indenture by a lien and for the payment of such compensation, expenses, reimbursements and indemnity the Trustee shall have the right to use and apply any trust funds held by it hereunder after payment of other amounts due hereunder as provided by the terms hereof.

SECTION 8.07. *Corporate Trustee Required; Eligibility.*

There shall at all times be a Trustee hereunder which shall be a bank or trust company organized and doing business under the laws of the United States or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000, subject to supervision or examination by federal or State authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 8.08. *Resignation and Removal; Appointment of Successor.*

A. No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 8.09.

B. The Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

C. The Trustee may be removed at any time by Act of the Owners of a majority in principal amount of the Outstanding Bonds, delivered to the Trustee and the Issuer.

D. If at any time:

1. the Trustee shall cease to be eligible under Section 8.07 and shall fail to resign after written request therefor by the Issuer or any such Bondowner or

2. the Trustee shall become incapable of acting or shall be adjudged insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in either such case, (a) the Issuer by Board Resolution may remove the Trustee or (b) subject to Section 8.12, any Bondowner who has been a bona fide Owner of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

E. If the Trustee shall resign, be removed or become incapable of acting, the Issuer, by Board Resolution, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed by the Bondowners. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Owners of a majority in principal amount of the Outstanding Bonds and delivered to the Issuer and the retiring Trustee, then the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer or by such receiver or trustee. If no successor Trustee shall have been so appointed by the Issuer or the Bondowners and accepted appointment in the manner hereinafter provided, any Bondowner who has been a bona fide Owner of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

F. The Issuer shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Owners of the Bonds. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

SECTION 8.09. *Acceptance of Appointment by Successor.*

A. Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to the Issuer and the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and

such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer, and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 8.06. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

B. No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 8.10. *Merger, Conversion, Consolidation or Succession to Business.*

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

* * *

ARTICLE NINE

SUPPLEMENTAL INDENTURES; AMENDMENTS TO BOND RESOLUTION

SECTION 9.01. *Supplemental Indentures or Amendments to Bond Resolution Without Consent of Bondowners.*

Without the consent of the Owners of any Bonds, the Issuer, when authorized by Board Resolution, and the Trustee may from time to time enter into one or more indentures supplemental hereto in form satisfactory to the Trustee, or the Issuer may amend the Bond Resolution, for any of the following purposes:

1. to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property; or

2. to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds, as herein set forth, and additional conditions, limitations and restrictions thereafter to be observed; or

3. to evidence the succession of another entity to the Issuer and the assumption by any such successor of the covenants of the Issuer herein, in the Bond Resolution, or in the Bonds contained; or

4. to add to the covenants of the Issuer for the benefit of the Owners of all of the Bonds or to surrender any right or power herein or in the Bond Resolution conferred upon the Issuer or

5. to cure any ambiguity, to correct or supplement any provision herein or in the Bond Resolution which may be inconsistent with any other provision herein or in the Bond Resolution, or to make any other provisions, with respect to matters or questions arising under this Indenture or the Bond Resolution, which shall not be inconsistent with the provisions of this Indenture or the Bond Resolution, provided such action shall not, in the Opinion of Counsel, materially, adversely affect the interests of the Owners of the Bonds.

SECTION 9.02. *Supplemental Indentures or Amendments to the Bond Resolution With Consent of Bondowners.*

A. With the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds affected by such supplemental indenture, by Act of such Owners delivered to the Issuer and the Trustee, the Issuer, when authorized by Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or the Bond Resolution or of modifying in any manner the rights of the Owners of the Bonds under this Indenture or the Bond Resolution; provided, however, that no such supplemental indenture or amendments to the Bond Resolution shall, without the consent of the Owner of each Outstanding Bond affected thereby

1. change the Stated Maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount of, or the interest on, any Bond, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date); or

2. reduce the percentage in principal amount of the Outstanding Bonds the consent of the Owners of which is required for any such supplemental indenture or amendment to the Bond Resolution, or the consent of Owners of which is required for any waiver provided for in this Indenture of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences; or

3. modify or alter the provisions of the proviso to the definition of the term "Outstanding" or

4. modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Owner of each Bond affected thereby.

B. The Trustee may in its discretion determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Board Resolution authorizing issuance of the Bonds and any such determination shall be conclusive upon every Owner of Bonds, whether theretofore or thereafter authenticity dated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

C. It shall not be necessary for any Act of Bondowners under this Section to approve the particular form of any proposed supplemental indenture or any such amendment to a Board Resolution,

but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 9.03. *Execution of Supplemental Indentures and Amendments to Bond Resolution.*

In executing, or accepting the additional trusts created by, any supplemental indenture or amendment to the Bond Resolution permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive and, subject to Section 8.01, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture or adoption of such amendment is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture or be governed by any amended Bond Resolution which affects the Trustee's own rights, duties, or immunities under this Indenture or otherwise.

SECTION 9.04. *Effect of Supplemental Indentures and Amendments to Bond Resolution.*

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith and such supplemental indenture shall form a part of this Indenture for all purposes, and upon the amendment of the Bond Resolution under this Article, the Bond Resolution shall be modified in accordance therewith, and such amendment shall form a part of the Bond Resolution for all purposes, and every Owner of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 9.05. *Reference in Bonds to Supplemental Indentures or Amendments to Bond Resolution.*

Bonds authenticated and delivered after the execution of any supplemental indenture or amendment to the Bond Resolution pursuant to this Article may bear a notation as to any matter provided for in such supplemental indenture or amended Bond Resolution. If the Issuer shall so determine, new Bonds so modified as to conform to any such supplemental indenture or amended Bond Resolution may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

* * *

ARTICLE TEN

COVENANTS

SECTION 10.01. *Application of Amounts from Assessment.*

A. The amounts available because of the Assessment (calculated after being reduced by any amounts available in the Bond Fund not required for payment of Debt Service in the then current Bond Year for, and whether in the form of, regularly payable installments with respect thereto, prepayments thereof, proceeds of the sale of land related to delinquent installments thereof or otherwise) shall be collected as provided in the Bond Resolution pursuant to the procedures prescribed by Sections 48-599 and 600, Arizona Revised Statutes, as nearly as practicable, or such other procedures as the Board provides, and applied, and are hereby pledged, to pay Debt Service when due and as such shall be paid to the Trustee and deposited in the Principal Account, the Interest Account, the Prepayment Account (unless necessary for the purpose described in Section 5.06(D) to be deposited to the Reserve Fund) and the Expenses Account and applied, in each case, as described in Section 5.02. The Assessment shall either be collected (i) in a manner substantially similar to the provisions of Section 48-600, Arizona Revised Statutes, or any successor statutes thereto; provided, however, publication of the notice shall not be required or (ii) by the Treasurer of Pinal County, Arizona, as part of its regular tax bills pursuant to the terms of an assessment collection agreement between the Issuer and such Treasurer.

B. Such amounts when collected constitute funds to pay Debt Service and shall be kept separately from other funds of the Issuer by depositing them in the accounts and amounts provided in Section 5.02(A).

C. The Issuer has levied the Assessment in accordance with the Enabling Act and the Resolution of Intention Documents in an amount sufficient to pay Debt Service on all Outstanding Secured Bonds and shall take or cause to be taken all actions required by law to collect and enforce the payment thereof.

D. If any portion of the Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the Issuer shall be satisfied that any portion of the Assessment is so irregular or defective that the same cannot be enforced or collected, or if the Issuer shall have omitted to make any portion of the Assessment when it might have done so, the Issuer shall either (1) take all necessary steps to cause a new assessment to be made pursuant to the Enabling Act for the whole or any part of the Work or (2), in its sole discretion, make up the amount of such portion of the Assessment from legally available funds of the Issuer, which funds shall be deposited into the applicable account of the Bond Fund.

E. The Assessment shall be enforced pursuant to the provisions of the Enabling Act and the Resolution of Intention Documents, including but not limited to declaring the entire unpaid balance of any portion of the Assessment to be in default and causing the lien with respect to such portion of the Assessment on the related delinquent land to be foreclosed pursuant to the Enabling Act and the Resolution of Intention Documents. Notwithstanding the foregoing, neither the Issuer nor the Municipality shall be required under any circumstances to purchase or make payment for the purchase of the delinquent portion of the Assessment or the related land.

F. The Board shall make and adopt before the date set by law for certifying the annual budget of the Municipality an annual budget for each fiscal year of the Issuer, as required by the Enabling Act, which shall include statements and estimates of the amount to be raised to pay Debt Service, including, particularly, the amounts to be shown in such budget as described in Section 5.02.

SECTION 10.02. *Payment of Debt Service.*

A. The Issuer shall duly and punctually pay Debt Service in accordance with the terms of this Indenture.

B. If the specified date for any such payment, or any payment required by Section 6.01, shall be other than a Business Day, then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest (except in the event of a moratorium) and with the same force and effect as if made on the specified date for such payment.

SECTION 10.03. *Maintenance of Agency.*

The Issuer shall maintain an agency where Bonds of each series may be presented or surrendered for payment, where Bonds of each series entitled to be registered, transferred, exchanged or converted may be presented or surrendered for registration, transfer, exchange or conversion, and where notices and demands to or upon the Issuer in respect of the Bonds of each series and this Indenture may be served. The Trustee is hereby, appointed as Paying Agent for such purposes. The Issuer shall give prompt written notice to the Trustee of the location, and of any change in the location, of any such agency. If at any time the Issuer shall fail to maintain such an agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices, and demands may be made or served at the principal corporate trust office of the Trustee, and the Issuer hereby appoints the Trustee its agent to receive all such presentations, surrenders, notices, and demands.

SECTION 10.04. *Money for Bond Payments to be Held in Trust; Repayment of Unclaimed Money.*

A. The amounts which are segregated by the Trustee or deposited with any other Paying Agent to pay the principal of or

interest on any Bonds becoming due on any due date shall be held in trust for the benefit of the Owners of such Bonds. Amounts so segregated or deposited and held in trust shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Owners entitled to such principal or interest, as the case may be. Amounts held by the Trustee or any other paying Agent for the payment of the principal of (and premium, if any) or interest on the Bonds need not be segregated from other funds, except to the extent required by law.

B. The Issuer shall cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent shall

(a) hold all amounts held by it for the payment of principal of (and premium, if any) or interest on the Bonds for the benefit of the Owners of such Bonds until such sums shall be paid to the Owners or otherwise disposed of as herein provided and

(b) at any time, upon the written request of the Trustee, forthwith pay to the Trustee all amounts so held in trust by such Paying Agent.

C. The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Request direct any Paying Agent to pay to the Trustee all money held by such Paying Agent, such amounts to be held by the Trustee upon the same trusts as those upon which such money was held by such Paying Agent, and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

D. In the event any check for payment of interest on a Bond is returned to any Paying Agent unendorsed or is not presented for payment within two (2) years from its payment date or any Bond is not presented for payment of principal at Maturity or Redemption Date, if amounts sufficient to pay such interest or principal due upon such Bond shall have been made available to such Paying Agent for the benefit of the Owner thereof, it shall be the duty of such Paying Agent to hold such funds or invest the same in Government Obligations, without liability for interest thereon, for the benefit of the 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. Such obligation of the 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 payment became due, whether at Maturity or Stated Maturity, or at the Redemption Date, or otherwise, at which time such Paying Agent shall surrender such unclaimed funds so held to the Issuer, whereupon any claim of whatever nature by the Owner of such Bond arising under such Bond shall be made upon the Issuer.

SECTION 10.05. *Further Assurances; Recording.*

A. The Issuer shall do, execute, acknowledge and deliver all and every such further acts, conveyances, mortgages, financing statements and assurances as shall be reasonably required for accomplishing the purposes of this Indenture.

B. The Issuer shall cause this instrument and all supplemental indentures and other instruments of further assurance, including all financing statements, to be promptly recorded, registered and filed, and to be kept recorded, registered and filed, and, when necessary, to re-record, re-register and re-file the same, all in such manner and in such places as may be required by law, fully to preserve and protect the rights of the Bondowners and the Trustee hereunder to all property comprising the Trust Estate, and the Issuer shall execute any financing statement, continuation statement or other document required for such purposes.

SECTION 10.06. *Covenants as to Arbitrage and Other Tax Matters.*

A. As further described in the Certificate as to Federal Tax Matters relating to the Bonds delivered by the Issuer on the Closing Date, the Issuer shall not make or direct the making of any investment or other use of the proceeds of any 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 Code or "private activity bonds" as that term is defined in section 141 (or any successor provision thereto) of the Code and shall comply with the requirements of such sections and related regulations of the Code throughout the term of the Bonds. In consideration of the purchase and acceptance of the Bonds by the holders from time to time of the Bonds and of retaining the exclusion from gross income for federal income tax purposes of interest on the Bonds and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, the Issuer covenants, and the appropriate officials of the Issuer are hereby directed, to take all action required by the Code to retain such exclusion and to refrain from taking any action prohibited by the Code which would adversely affect in any respect the exclusion.

B. The Issuer shall be the owner of the Work for federal income tax purposes. Except as otherwise advised in an opinion signed by a firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Issuer ("Bond Counsel's Opinion"), the Issuer 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 Work unless the management or service contract complies with the requirements of such 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 Work. The payment of principal and interest with respect to 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 Bonds, or amounts treated as proceeds 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 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.

C. The procedures required by any arbitrage rebate provision or separate agreement executed in connection with the issuance 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 Bonds. However, as (i) the Issuer has general taxing powers, (ii) the Bonds are not "private activity bonds" within the meaning of the Code, (iii) 95 percent or more of the "net proceeds" of the Bonds shall be used for local governmental activities of the Issuer and (iv) 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 Issuer during the current calendar year is not reasonably expected to exceed $5,000,000, there is presently an exception to the need for any such procedures.

D. The Bonds are hereby designated as a "qualified tax-exempt obligations" within the meaning of and pursuant to the provisions of Section 265(b) of the Code as 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 Issuer during the 2016 calendar year will not exceed $10,000,000.

E. (i) The Issuer shall take all necessary and desirable steps to comply with the requirements hereunder in order to ensure that interest on the Bonds is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement shall not be required in the event the Issuer receives a Bond Counsel's Opinion that either (i) compliance with such requirement is not required to maintain the exclusion from gross income of interest on the Bonds, or (ii) compliance with some other requirement will meet the requirements of the Code. In the event the Issuer receives such a Bond Counsel's Opinion, this Indenture shall be supplemented to conform to the requirements set forth in such opinion. If for any reason any requirement hereunder is not complied with, the Issuer shall take all necessary and desirable steps 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 Issuer shall pay any required interest or penalty under Regulations section 1.148-3(h) of the Code.

(ii) If the Issuer is of the opinion that it is necessary to restrict or limit the yield on the investment of any money paid to or held by the Trustee hereunder in order to avoid classification of any Bonds as "arbitrage bonds" within the meaning of the Code, the Issuer may issue to the Trustee a written instrument to such effect (along with appropriate written instructions), in which event the Trustee shall take such action as is necessary so to restrict or limit the yield on such investment in accordance with such instrument and instructions, irrespective of whether the Trustee shares such opinion. The Trustee may conclusively rely upon any such instructions and shall be responsible for no loss resulting from investment of any money held hereunder in accordance with such instructions.

F. Written procedures have been established for the Issuer to ensure that all nonqualified obligations are remediated according to the requirements under the Code and related Treasury Regulations and to monitor the requirements of section 148 of the Code relating to arbitrage, with which the Issuer will comply.

* * *

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 Indenture 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.....
District Manager

ATTEST:

.....
District Clerk

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION, as Trustee

By.....
Authorized Representative

PHX 332565876v2

	COMMUNITY FACILITIES DISTRICT NO. 2 DISTRICT ACTION FORM	AGENDA ITEM 8c.
MEETING DATE: January 2, 2018 **DEPARTMENT:** Treasurer **STAFF PRESENTER:** Joe Jarvis, District Treasurer **SUBJECT:** Public Hearing on Feasibility Report followed by Resolution No. MRCFD2 236-18 to Consider (1) approving Development Agreement Amendment and Feasibility Report and (2) Sale and issuance of Special Assessment Bonds and related matters in the amount not to exceed $262,500, Special Assessment Area Seven, Unit 38 [75 residential lots and related $3,500 per lot special assessment]		☒ **Action** ☐ **Information Only** ☒ **Public Hearing** ☒ **Resolution** ☐ **Ordinance** ☐ **Regulatory** ☐ **1st Reading** ☐ **2nd Reading** ☐ **Other**

STRATEGIC PLAN REFERENCE:

☐ Community Vitality ☐ Economic Prosperity ☐ Leadership and Governance

☐ Partnership and Relationships ☒ Transportation and Infrastructure

☐ Statutory ☐ None

RECOMMENDED MOTION/ACTION:

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 Special Assessment Bonds of Merrill Ranch Community Facilities District No. 2 Assessment Area Seven, Unit 38.

2. Motion to adopt Resolution No. MRCFD2 236-18, which in part authorizes the private placement and issuance of not to exceed $262,500 aggregate principal amount of Special Assessment Bonds Assessment Area Seven and related matters.

BACKGROUND/DISCUSSION:

Pursuant to the Merrill Ranch Community Facilities District No. 2 Development Agreement dated December 1, 2005, Pulte Home Corporation (Pulte) has requested the issuance of Bonds in an amount not to exceed $262,500 for Assessment Area Seven. The bond proceeds will be used to acquire from Pulte at cost engineering and storm drain and street improvements for Assessment Area Seven.

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

financing the infrastructure. Construction of the public infrastructure improvements are complete.

Adopting the resolution will approve an amendment to the Development Agreement and the Feasibility Report and authorize the private placement and issuance of Bonds in an amount not to exceed $262,500 aggregate principal amount, the subsequent levying of assessments to pay debt service on the bonds and the execution of delivery of the various documents relating to the Bonds.

A VOTE OF NO WOULD MEAN:

Resolution No. MRCFD2 236-18 would not be adopted and the District would not issue bonds for Assessment Area Seven, Unit 38.

A VOTE OF YES WOULD MEAN:

Resolution No. MRCFD2 236-18 is adopted and the District will issue bonds for Assessment Area Seven, Unit 38.

FINANCIAL IMPACT:

Consistent with the Development Agreement and all prior phases of the development, each residential lot in Assessment Area 7, Unit 38 will have a special assessment of $3,500 based on the benefit to be received by such lot [in-track public infrastructure described herein]. Bonds are secured by liens on the lots, each lot is expected to have a value to lien in excess of 4:1 [subject to change and in the process of being determined]. Consistent with prior issues, all special assessments are subject to prepayment on any interest payment date without penalty, if desired.

State Statute requires that each homebuyer be supplied with the Arizona Department of Real Estate Subdivision Report (the “Public Report”), within which these assessments must be disclosed. Prior to any home sale, the homebuyer must acknowledge by signature that they have read and accepted the Public Report. In addition, Pulte Homes requires the homebuyer to sign an additional form that highlights and discloses the additional assessment payments as a result of the District financing.

The District has entered into an agreement with the Pinal County Treasurer for the collection of the assessment.

ATTACHMENTS:

Resolution No. MRCFD2 236-18
Feasibility Report
Seventh Amendment and Waivers
Indenture of Trust and Security Agreement

DRAFT
11/10/17
12/11/17

RESOLUTION NO. MRCFD2 236-18

(MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2)

A RESOLUTION OF THE DISTRICT BOARD OF MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 APPROVING THE ASSESSMENT DIAGRAM AND METHOD OF ASSESSMENT WITH RESPECT TO ASSESSMENT AREA SEVEN AND PROVIDING FOR THE LEVY OF THE RELATED ASSESSMENT AND AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $262,500 AGGREGATE PRINCIPAL AMOUNT OF SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA SEVEN) AND APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT AND CERTAIN OTHER DOCUMENTS WITH RESPECT TO THE BONDS

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

1. Findings.

a. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Act"), and Section 9-500.05, Arizona Revised Statutes, the Town of Florence, Arizona (hereinafter called the "Municipality"), Merrill Ranch Community Facilities District No. 2 (hereinafter called the "District") and the owner of the real property included within the District (hereinafter called the "Owner"), among other parties entered into a District Development, Financing Participation and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 2), dated as of November 1, 2005 (hereinafter referred to as the "Original Development Agreement"), to specify, among other things, conditions, terms, restrictions and requirements for public infrastructure (as such term is defined in the Act) and the financing of public infrastructure,

particularly with regard to the property which makes up the real property included within the District, matters relating to the construction of certain public infrastructure by the District and the acceptance thereof by the Municipality.

b. It was determined that the Original Development Agreement should be amended and subjected to certain waivers to reflect certain amendments and waivers necessary for the Original Development Agreement to serve the purposes hereof, and the District board has entered into a Seventh Amendment and Waivers (Assessment Area Four - Unit 20) for District Development, Financing Participation and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 2), to be dated as of the first day of the month of the date of issuance of the herein-described Bonds (hereinafter referred to as the "Seventh Amendment"), for such purpose.

c. Further, pursuant to the Act, the district board of the District (hereinafter referred to as the "District Board") caused to be prepared a study of the feasibility and benefits of the projects relating to certain public infrastructure provided for in the General Plan of the District heretofore approved by the Municipality and the District and to be financed with proceeds of the sale of a portion of certain hereinafter described bonds of the District, such study having included a description of certain public infrastructure to be acquired or constructed and all other information useful to understand the projects, a map showing, in general, the location of the projects, an estimate of the cost to construct, acquire, operate and maintain the projects, an estimated schedule for completion of the projects, a map

or description of the area to be benefitted by the projects and a plan for financing the projects, relating to projects which are the subject of the Fourth Amendment (hereinafter referred to as the "Report"). A public hearing on the Report was held by us on the date of adoption hereof, but prior thereto, after provision for publication and mailing to the governing board of the Municipality of notice thereof as provided by law (hereinafter referred to as the "Notice").

d. After review of the Report and based on such public hearing held by the District Board and the mailing of the Report to the governing body of the Municipality, pursuant to Resolution No. _____-18 adopted by us on the date hereof, but prior to the adoption hereof (hereinafter referred to as the "Report Resolution"), the Report was approved in the form submitted to the District Board and intent was declared as required by Section 48-715, Arizona Revised Statutes, and for purposes of Section 48-721(A), Arizona Revised Statutes, and as set forth in the Original Development Agreement as amended by the Seventh Amendment (as so amended, hereinafter referred to as the "Development Agreement"), to take such reasonable actions as may be necessary to cause the results contemplated by and set forth in the Report, including particularly the construction of the public infrastructure 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 to maintain such projects, all as provided in the Report.

e. It was further resolved in the Report Resolution that:

(1) The public interest and convenience required the "Area Seven Work" described in substantial form in the Report, including the "Area Seven Work Plans and Specifications" which are included in the Report, be ordered.

(2) The Area Seven Work should be performed substantially in accordance with the Act, the Development Agreement and the Report including the Area Seven Work Plans and Specifications.

(3) The "Area Seven Estimate" included in the Report was approved and adopted by the District Board.

(4) The Area Seven Work, in the opinion of the District Board, was of more than local or ordinary public benefit and were of special benefit to the respective lots, pieces and parcels of land comprising the "Area Seven Assessed Property" described in the Report and the cost and expense of the Area Seven Work were made and ordered chargeable upon the Area Seven Assessed Property and were declared to be benefitted by the Area Seven Work and were to be assessed to pay the costs and expenses thereof in proportion to the benefits derived therefrom, as described therein.

(5) The District should not assess the costs and expenses of the Area Seven Work which are for the general public benefit against the respective lots, pieces and parcels of land located within the boundaries of the Area Seven Assessed Property and if a portion of the costs and expenses of the Area Seven Work are for the general public benefit, the District should assess the respective lots, pieces and

parcels of land located within the boundaries of the Area Seven Assessed Property only that portion of costs and expenses which benefits the lots, pieces and parcels of land located within the boundaries of the Area Seven Assessed Property.

(6) The District Board declared that any lot belonging to the United States, the State of Arizona, the Municipality, a county, school district or any political subdivision or institution of the State of Arizona or county included within the boundaries of the Area Seven Assessed Property should be omitted from the assessment hereafter to be made, and the total expenses of the Area Seven Work should be assessed on the remaining lots lying within the boundaries of the Area Seven Assessed Property except to the extent the State of Arizona, the Municipality, county, school district or any political subdivision or institution of the State of Arizona or county shall contract with the District to pay any such assessment.

(7) The District Board found that the public convenience required that bonds as described in the Report and the Development Agreement should be issued to represent the cost and expenses of the Area Seven Work and determined that such bonds should be issued under the provisions of the Act, in the name of the District, but payable only out of a special fund collected by the District from a special assessment levied upon the lots, tracts, pieces and parcels of land included within the Area Seven Assessed Property, in not to exceed twenty-five (25) annual installments from the assessment of Twenty-Five Dollars ($25.00) or over remaining unpaid as of the date of such bonds as provided by the Development Agreement. Such bonds should bear

interest at rates not to exceed nine percent (9%) per annum from their date, payable on the first day of January and July of each year and should be payable in the manner and be subject to the provisions as to collection of the assessment for the payment thereof, except as otherwise described in the Development Agreement and that neither the District nor the Municipality would be required to purchase delinquent land at sale if there is no other purchaser, as described in Title 48, Chapter 4, Article 2, Arizona Revised Statutes, save and except that the method of collection of such assessment shall be as provided in Sections 48-600 to 48-607, both inclusive, Arizona Revised Statutes, and not as provided in Section 48-608, Arizona Revised Statutes.

(8) The publication of the Notice was in lieu of the posting and publication of the Report Resolution.

(9) Pursuant to the Development Agreement, the Owner waived any and all rights of the Owner to file (1) written protests against the construction of the Area Seven Work or (2) objections to the extent of the Area Seven Assessed Property. Such waivers were accepted by the District Board, and the District Board proceeded in reliance on such waivers.

(10) Based on the foregoing, the Area Seven Work was ordered in accordance with the Area Seven Work Plans and Specifications and the Development Agreement.

f. EPS Group, Inc. (hereinafter called the "Assessment Engineers") have prepared and presented to the District Board (i) duplicate diagrams of the Area Seven Assessed Property (hereinafter referred to as the "Diagram"), a form of such diagram being attached

hereto and marked as Exhibit "A" and (ii) the method by which the Assessment Engineers have allocated the assessment which is the subject of the Diagram, such methodology being attached hereto and marked as Exhibit "B" (hereinafter referred to as the "Method of Assessment").

g. Pursuant to Section 48-721, Arizona Revised Statutes, the District Board, by resolution and pursuant to the procedures prescribed by the Development Agreement, may levy assessments of the costs of the public infrastructure purposes as provided for in the Development Agreement and in the Report and with respect to the intent therefor and the ordering of the Area Seven Work with respect thereto resolved in the Report Resolution on the Area Seven Assessed Property based on the benefit determined by the District Board to be received by the Area Seven Assessed Property, in each case as more fully described herein.

h. The District Board has determined special assessment lien bonds of the District (hereinafter referred to as the "Bonds") should be issued if certain conditions are met to provide moneys for the Area Seven Work. The District Board, pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as nearly as practicable, and the other procedures the District Board has provided in the Development Agreement, will cause to be levied an assessment of the costs of the Area Seven Work (hereinafter referred to as the "Assessment") on the Area Seven Property and, in that respect, the Owner has waived certain matters and agreed to certain other matters with respect thereto pursuant to the Development Agreement, including as to the manner in which the Assessment is to be allocated as the

Assessment is to be divided into more than one parcel and is to be prepaid and reallocated.

i. Pursuant to this Resolution, the Diagram and the Method of Assessment will be approved and adopted and the levy of the Assessment will be ordered. No direction will be given that demand be made on the owners of the Area Seven Assessed Property so assessed for payment of the Assessment as such owners waived such right pursuant to the Development Agreement. The District Manager will levy and record the Assessment for the District and execute a warrant to the District Treasurer to collect the amounts with respect to the Assessment (hereinafter referred to as the "Warrant") at least twenty-four (24) hours before the date of the issuance and delivery of the Bonds. Thereafter, the Warrant and the Assessment will be returned by the District Treasurer as prescribed by law. The certified list of unpaid amounts with respect to the Assessment will be filed with the District Clerk by the District Manager.

j. Pursuant to the Act, the District has determined to enter into an Indenture of Trust and Security Agreement, to be dated as of the first day of the month of the date of issuance of the Bonds (hereinafter referred to as the "Indenture"), from the District to Zions Bank, a division of ZB, National Association, as trustee, to secure, and process the issuance, registration, transfer and payment, and the disbursement and investment of proceeds of, the Bonds. (Capitalized term not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture.) The District Board has determined by this Resolution to authorize the issuance of the Bonds and, in order to

provide terms for, to secure and to provide for authentication and delivery of the Bonds by the Trustee, to authorize the execution and delivery of the Indenture.

k. There have been placed on file with the District Clerk and presented in connection herewith the proposed form of the Indenture.

2. a. Approval of Diagram. The Diagram, as prepared and presented to the District Board, is hereby approved by the District Board.

b. Approval of Method and Levy of Assessment. The Method of Assessment, as prepared and presented to the District Board, is hereby approved by the District Board and the levy of the Assessment in amounts not in excess of those described therein and to result therefrom by the District Manager at least twenty four (24) hours before the date of issuance and delivery of the Bonds is hereby approved in accordance with the Method of Assessment, the Assessment being hereby declared to be based on the benefit to be received by the Area Seven Assessed Property.

c. Certification and Delivery. The District Clerk be and she hereby is authorized and directed to certify that the Diagram was approved by the District Board on this date, and after such certification the District Clerk be and she hereby is authorized and directed to deliver the Diagram to the District Manager.

d. Demand and Certification. No demand shall be made on the owners of the Area Seven Property so assessed for payment of the Area Seven Property as such owners waived such right pursuant to the

Development Agreement. The District Treasurer is directed to certify to the District Clerk that nothing was collected and that the Assessment remains unpaid in full.

3. a. Approval of Sale and Issuance of Bonds. The Bonds are hereby authorized to be issued as a series of special assessment lien bonds of the District pursuant to the Act to be designated "Special Assessment Lien Bonds (Assessment Area Seven)" for the purposes set forth in the Report Resolution. The Bonds shall be issued in the aggregate principal amount of not to exceed $262,500 which shall be equal to or less than the amount certified to the District Clerk as the amount of the Assessment remaining unpaid, shall be in fully registered form only and denominations, shall as indicated hereinabove bear interest at rates not to exceed eight percent (8%) per annum from their date, shall as indicated hereinabove mature not more than twenty-five (25) years from their date and be subject to redemption prior to maturity and shall be dated and numbered, in each case as provided in the Indenture.

b. Forms, Terms and Provisions, and Execution and Delivery, of Bonds. The forms, terms and provisions of the Bonds provided for in the Indenture, be and they hereby are approved, with only such changes therein as are not inconsistent herewith and as are approved by the officers authorized in the Indenture to execute the Bonds and the determinations of such forms, terms and provisions are hereby delegated to such officers, and each is hereby authorized to execute and deliver them.

c. Forms, Terms and Provisions, and Execution and Delivery, of Indenture. The form, terms and provisions of the Indenture

in substantially the form of such document (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 documents including for the purposes of Section 3(a) hereof, which approval will be conclusively demonstrated by the execution thereof, and the District Manager and the District Clerk or either of such officers are hereby authorized to execute the Indenture.

d. Authorization to Execute and Deliver Order to Trustee. The District Manager is authorized to execute and deliver to the Trustee the written order of the District for the authentication and delivery of the Bonds by the Trustee.

e. Other Actions Necessary. The District Manager, the District Clerk, the District Treasurer and the other officers of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by the Indenture.

f. Assessment. The Bonds shall be payable from installments paid or amounts otherwise collected from the Assessment and from amounts available from time to time in the Reserve Fund. The amounts due pursuant to the Assessment and unpaid are and shall be a first lien on the Area Seven Assessed Property so assessed, subject only to general property taxes and prior special assessments and shall be collected as prescribed by Sections 48-599 and 600, Arizona Revised Statutes, as nearly as practicable or such other procedures as the Board may prescribe. In the event of nonpayment of amounts due pursuant to

the Assessment and, except as otherwise provided herein, the procedures for collection of delinquent amounts and sale of delinquent property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes, apply, as nearly as practicable, except that neither the District nor the Municipality is required to purchase the delinquent land at the sale if there is no other purchaser.

g. Obligations of Municipality. Nothing contained in this Resolution, the Indenture or any other instrument shall be construed as obligating the Municipality, except to the extent provided in such documents or instruments, or as incurring a charge upon the general credit of the Municipality nor shall the breach of any agreement contained in this Resolution, the Indenture or any other instrument or documents executed in connection therewith impose any charge upon the general credit of the Municipality.

h. Appointment of Trustee. Wells Fargo Bank, N.A. is hereby confirmed as Trustee, Registrar and Paying Agent for the purposes of the Indenture.

4. a. Repeal of Resolution. After any of the Bonds are delivered by the Trustee upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Bonds and the interest thereon shall have been fully paid, canceled and discharged.

b. Severability; Amendment; Ratification. (1) 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.

(2) This Resolution may only be amended as provided by the terms of the Indenture.

(3) All prior acts of the District Board, of the District Manager and of the District Treasurer with respect to all matters concerning the Report Resolution, the Development Agreement, the Report, the Assessment, the Warrant and this Resolution are hereby ratified and confirmed.

c. Effective Date. This Resolution shall be effective immediately.

PASSED by the District Board of Merrill Ranch Community Facilities District No. 2 this 2nd day of January, 2018.

.....
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

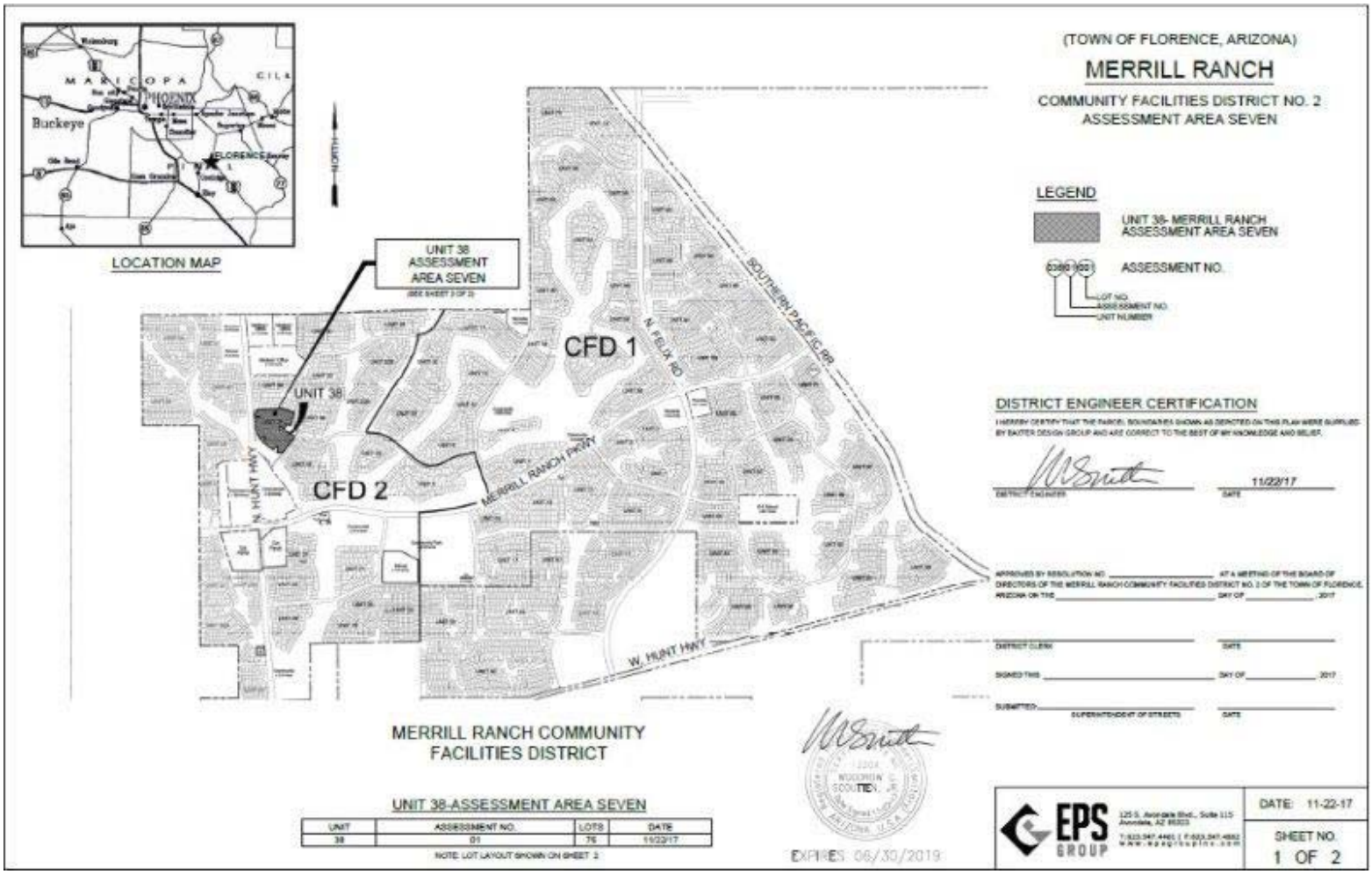
ATTACHMENTS:

EXHIBIT "A" - Assessment Diagram
EXHIBIT "B" - Method of Assessment

* * *

EXHIBIT "A"

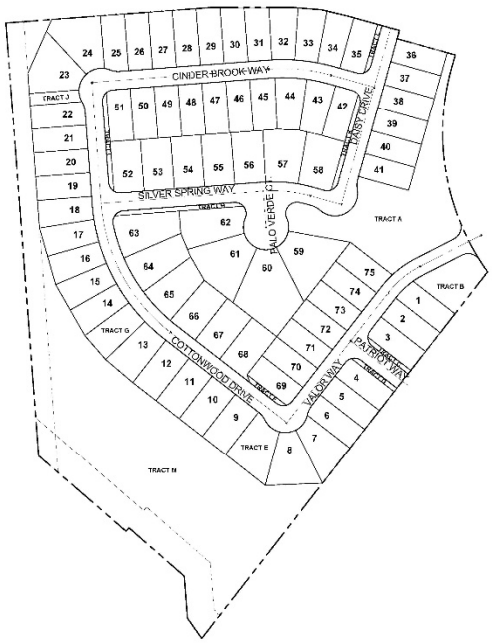
AREA SEVEN ASSESSMENT DIAGRAM



(TOWN OF FLORENCE, ARIZONA)

MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 2
ASSESSMENT AREA SEVEN



LOT NO.	ASM'T. NO.	ASSESSMENT
1	038-01-001	$ 3,500.00
2	038-01-002	$ 3,500.00
3	038-01-003	$ 3,500.00
4	038-01-004	$ 3,500.00
5	038-01-005	$ 3,500.00
6	038-01-006	$ 3,500.00
7	038-01-007	$ 3,500.00
8	038-01-008	$ 3,500.00
9	038-01-009	$ 3,500.00
10	038-01-010	$ 3,500.00
11	038-01-011	$ 3,500.00
12	038-01-012	$ 3,500.00
13	038-01-013	$ 3,500.00
14	038-01-014	$ 3,500.00
15	038-01-015	$ 3,500.00
16	038-01-016	$ 3,500.00
17	038-01-017	$ 3,500.00
18	038-01-018	$ 3,500.00
19	038-01-019	$ 3,500.00
20	038-01-020	$ 3,500.00
21	038-01-021	$ 3,500.00
22	038-01-022	$ 3,500.00
23	038-01-023	$ 3,500.00
24	038-01-024	$ 3,500.00
25	038-01-025	$ 3,500.00
26	038-01-026	$ 3,500.00
27	038-01-027	$ 3,500.00
28	038-01-028	$ 3,500.00
29	038-01-029	$ 3,500.00
30	038-01-030	$ 3,500.00
31	038-01-031	$ 3,500.00
32	038-01-032	$ 3,500.00
33	038-01-033	$ 3,500.00
34	038-01-034	$ 3,500.00
35	038-01-035	$ 3,500.00
36	038-01-036	$ 3,500.00
37	038-01-037	$ 3,500.00
38	038-01-038	$ 3,500.00

LOT NO.	ASM'T. NO.	ASSESSMENT
39	038-01-039	$ 3,500.00
40	038-01-040	$ 3,500.00
41	038-01-041	$ 3,500.00
42	038-01-042	$ 3,500.00
43	038-01-043	$ 3,500.00
44	038-01-044	$ 3,500.00
45	038-01-045	$ 3,500.00
46	038-01-046	$ 3,500.00
47	038-01-047	$ 3,500.00
48	038-01-048	$ 3,500.00
49	038-01-049	$ 3,500.00
50	038-01-050	$ 3,500.00
51	038-01-051	$ 3,500.00
52	038-01-052	$ 3,500.00
53	038-01-053	$ 3,500.00
54	038-01-054	$ 3,500.00
55	038-01-055	$ 3,500.00
56	038-01-056	$ 3,500.00
57	038-01-057	$ 3,500.00
58	038-01-058	$ 3,500.00
59	038-01-059	$ 3,500.00
60	038-01-060	$ 3,500.00
61	038-01-061	$ 3,500.00
62	038-01-062	$ 3,500.00
63	038-01-063	$ 3,500.00
64	038-01-064	$ 3,500.00
65	038-01-065	$ 3,500.00
66	038-01-066	$ 3,500.00
67	038-01-067	$ 3,500.00
68	038-01-068	$ 3,500.00
69	038-01-069	$ 3,500.00
70	038-01-070	$ 3,500.00
71	038-01-071	$ 3,500.00
72	038-01-072	$ 3,500.00
73	038-01-073	$ 3,500.00
74	038-01-074	$ 3,500.00
75	038-01-075	$ 3,500.00

UNIT 38

ASSESSMENT NO.
038-01-001 THROUGH 038-01-075

NOTE:
IMPROVEMENT CONSIST OF ROADWAY PAVING, CURB & GUTTER AND DRAINAGE FACILITIES AS DEPICTED IN THE FEASIBILITY REPORT DATED DECEMBER 04, 2017 ON FILE WITH THE DISTRICT CLERK.

EPS GROUP
125 S. Avondale Blvd., Suite 115
Avondale, AZ 85323
T:623.547.4461 | F:623.547.4662
www.epsgroupinc.com

DATE: 11-22-17

SHEET NO.
2 OF 2

EXHIBIT "B"

AREA SEVEN METHOD OF ASSESSMENT

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2

Florence, Arizona

ASSESSMENT METHODOLOGY
ASSESSMENT AREA SEVEN
Unit 38

Prepared by:

EPS Group, Inc.
125 South Avondale Boulevard, Suite 115
Avondale, Arizona 85323
623.547.4661

December 11, 2017

MERRILL RANCH COMMUNITY FACILITIES DISTRICT No. 2

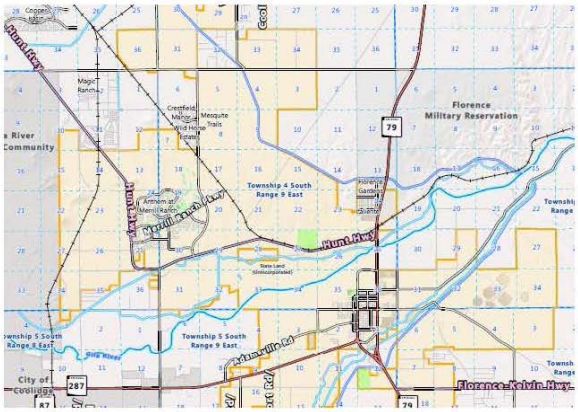
ASSESSMENT AREA SEVEN — UNIT 38

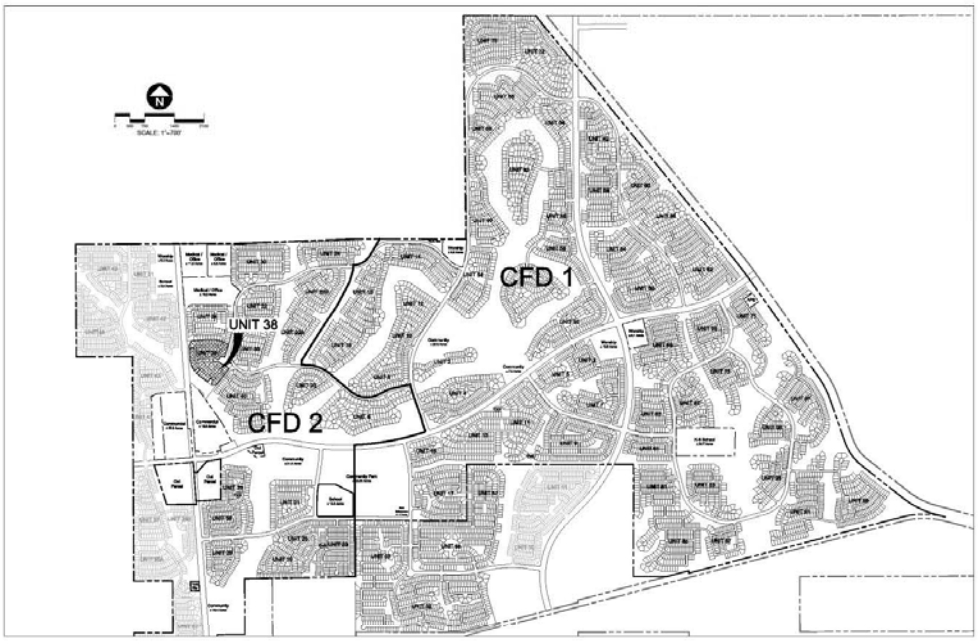
EPS Group, Inc., the District Engineer for the Merrill Ranch Community Facilities District No. 2, makes this report of benefit as directed by District staff in support of the *Feasibility Report - Not to Exceed $262,500 for the Issuance of Special Assessment Bonds (Assessment Area Seven – Unit 38) of Merrill Ranch Community Facilities District No. 2*, dated December 4, 2017 ("Feasibility Report"). Since the estimated cost of the improvements in the Feasibility Report exceeds the amount intended to be financed through the Bond Issue, the estimated difference may be reimbursed from future bond issues.

Project Description

The Merrill Ranch Community Facilities District No. 2 ("District") was formed on November 21, 2005 to finance the costs of certain public infrastructure. All of the land within the boundaries of the District (approximately 1,070 acres) is being developed as part of an approximately 3,191 acre master-planned development known as Anthem at Merrill Ranch ("Anthem"). Anthem is being developed within an approximately 8,970 acre mixed use, master-planned community known as "Merrill Ranch". Assessment Area Seven of such district ("Assessment Area Seven") consists of 75 residential lots within 16.27 gross acres. Special Assessment bonds (Assessment Area Seven) ("Bond Issue") relates to the acquisition of public infrastructure that will benefit development of Assessment Area Seven. Details related to the project area, infrastructure improvements, costs, and land use can be found in the Feasibility Report.

Vicinity Map





Description of Improvements

The improvements that will be funded by the Bond Issue are the subject of this report. "Improvements" will be public infrastructure that is eligible for funding under Arizona Revised Statutes Title 48 Community Facilities Act of 1989. The Improvements are more fully described in Section 2 of the Feasibility Study. Briefly, the Improvements are described as follows:

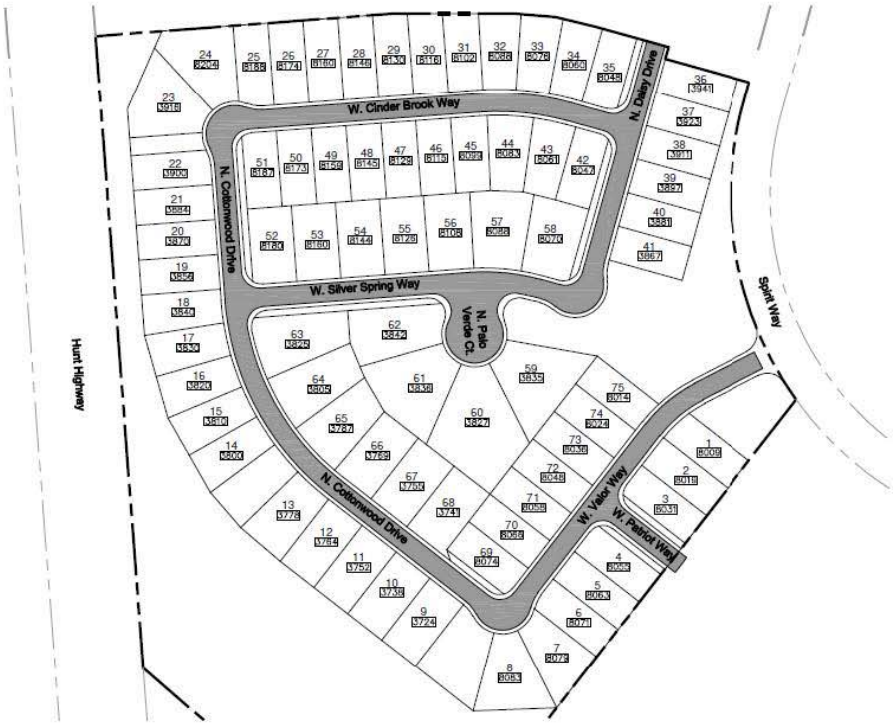
Storm Drain Improvements

Storm drain consists of the design, survey and construction of local residential storm drain facilities within public right-of-ways along the frontage of each benefiting property, along with appurtenances and contingency. Storm drain facilities constructed with the Improvements will be located within the public roadways and tracts owned by the homeowners association within the Assessment Area. The storm drain will intercept runoff from the public roadways by either catch basins or scuppers and convey it to retention facilities by pipe or overland flow. The catch basins and scuppers will comply with MAG and/or City of Phoenix Standard Details. The pipe will be sized between 18 inches and 30 inches of concrete pipe.

Street Improvements
Street improvements consist of the design and construction of certain grading, trenching, staking, asphalt paving, base, concrete curb/gutter and sidewalk, signing, permits and fees, contingency, and appurtenant work within public right-of-ways adjacent to the benefitting parcels. The Improvements consist of the installation of asphaltic pavement, 4-inch roll and 4-inch vertical concrete curbs, concrete valley gutters, and 4-foot wide sidewalks within the public roadways of the Assessment Area. The pavement section is anticipated to be 2.5 inches of asphalt on 8 inches of aggregate base course ("ABC"). The Improvements will comply with the Maricopa Association of Governments (MAG) standard details. All improvements will be located within the public roadways of the Assessment Area.

Location of Improvements
The locations of the paving and storm drain improvements for Unit 38 are shown on the following diagrams:

Unit 38 – Street Improvements Locations



Unit 38 – Storm Drain Locations



Preliminary Cost Estimate

The Bond Issue secured by unpaid assessments is proposed to be issued in accordance with the Arizona Revised Statutes, the Town of Florence, Arizona Policy Guidelines and Application Procedures for the Establishment of Community Facilities Districts, and the Development, Financing Participation and Intergovernmental Agreement No. 2 (Merrill Ranch Community Facilities District No. 2) as amended. A summary of the costs of the Improvements are as follows, with details available in the Feasibility Report:

MERRILL RANCH COMMUNITY FACILITIES DISTRICT No. 2
ASSESSMENT AREA SEVEN (UNIT 38)

COST ESTIMATE

Improvement Project	Estimated Costs Funded Through Bond Issue
UNIT 38 IMPROVEMENTS	
Streets	$293,561.00
Storm Drain	66,744.00
Total Improvements	**$360,305.00**
BOND AMOUNT NOT TO EXCEED	**$262,500.00**

Assessment Methodology

The State of Arizona Revised Statutes provides that assessments be allocated in proportion to the benefits received by each lot from the improvements. For purposes of the Bond Issue, the original assessed amount (prior to cash payments) and consequently the remaining assessments securing the bond Issue of $262,500 are allocated to the lots within Assessment Area Seven Unit 38 at a rate not to exceed $3,500.00 per lot based upon the following methodology:

The Improvements consist of local roadways and storm drains benefitting equally each of the 75 residential lots included with the Assessment Area. The roadways and storm drains provide a direct and special benefit to the developable lots to be assessed, in that primary access and required infrastructure is made available to the lots assessed for the improvements within the Assessment Area, and, as such, the assessments shall be set such that each lot will be assessed an equal amount.

To further support that each lot receives the required benefit within the Assessment Area, no lot within the Assessment Area would be able to develop without the entire infrastructure for the parcel being in place and accepted by the Town of Florence. This standard is addressed in the Town of Florence Subdivision Development Standards.

Introduction

The Improvements consist of local residential streets and storm drain systems for the properties within Assessment Area Seven. The Improvements fall into the following categories:

- Storm Drain Facilities
- Residential Streets

Residential Streets Improvements
The street related improvements to be installed within Assessment Area Seven consist of new construction of the local residential streets within the parcel to be assessed. Inclusive within the street improvements will be curb and gutter, sidewalks and valley gutters. These improvements provide a direct and special benefit equally on a per-lot basis.

Local Storm Drain Improvements
Each lot within the parcel drains to the street in front of the lot. The local storm drain improvements will intercept runoff from local residential streets by either catch basins or scuppers. The runoff will be conveyed to retention facilities by underground pipe systems or above-ground channels. These improvements provide a direct and special benefit equally on a per-lot basis.

Estimated Special Assessment Lien Per Lot
Based upon the information presented above, the assessment to be placed upon each of the lots located within Assessment Area Seven (Unit 38) are as follows:

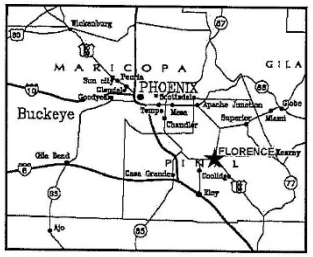
Assessment Number	Unit/Parcel Number	Use	No. of Lots	Net Acres	Assessment Lien	Assessment Lien Per Lot
38	38	Res	75	20.0585	$262,500.00	$3,500.00

Assessment Diagram

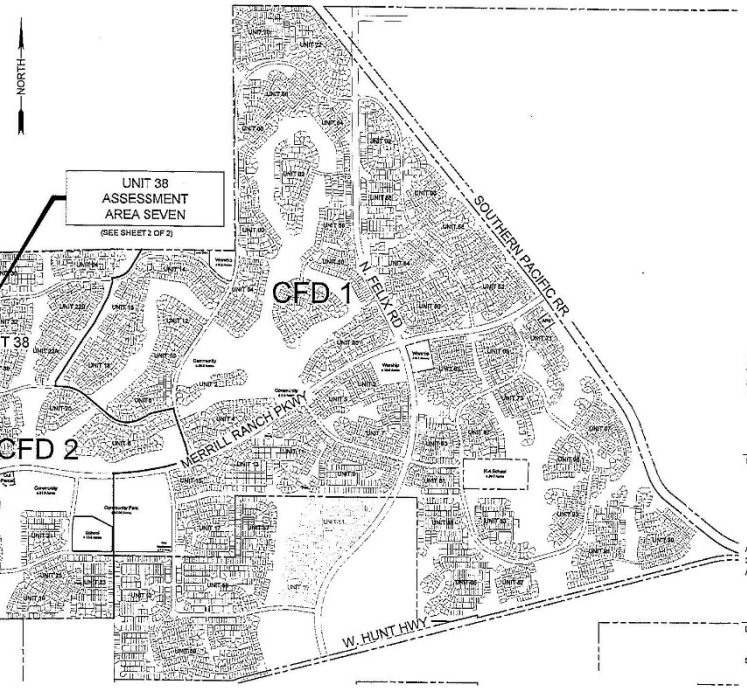
(TOWN OF FLORENCE, ARIZONA)

MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 2
ASSESSMENT AREA SEVEN



LOCATION MAP



LEGEND

UNIT 38- MERRILL RANCH ASSESSMENT AREA SEVEN

038-01-001 ASSESSMENT NO.
- LOT NO.
- ASSESSMENT NO.
- UNIT NUMBER

DISTRICT ENGINEER CERTIFICATION

I HEREBY CERTIFY THAT THE PARCEL BOUNDARIES SHOWN AS DEPICTED ON THIS PLAN WERE SUPPLIED BY BAXTER DESIGN GROUP AND ARE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

DISTRICT ENGINEER _____ DATE 11/22/17

APPROVED BY RESOLUTION NO. _____ AT A MEETING OF THE BOARD OF DIRECTORS OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 OF THE TOWN OF FLORENCE, ARIZONA ON THE _____ DAY OF _____, 2017

DISTRICT CLERK _____ DATE _____

SIGNED THIS _____ DAY OF _____, 2017

SUBMITTED: _____ SUPERINTENDENT OF STREETS _____ DATE _____

MERRILL RANCH COMMUNITY
FACILITIES DISTRICT

UNIT 38-ASSESSMENT AREA SEVEN

UNIT	ASSESSMENT NO.	LOTS	DATE
38	01	75	11/22/17

NOTE: LOT LAYOUT SHOWN ON SHEET 2

Registered Professional Engineer (Santa Fe)
CERTIFICATE NO.
12204
WOODROW C. SCOUTTEN, JR.
Date Signed 11-22-17
ARIZONA U.S.A.

EXPIRES 06/30/2019

EPS GROUP
125 S. Avendale Blvd., Suite 115
Avendale, AZ 85323
T:623.547.4461 | F:623.547.4662
www.epsgroupinc.com

DATE: 11-22-17

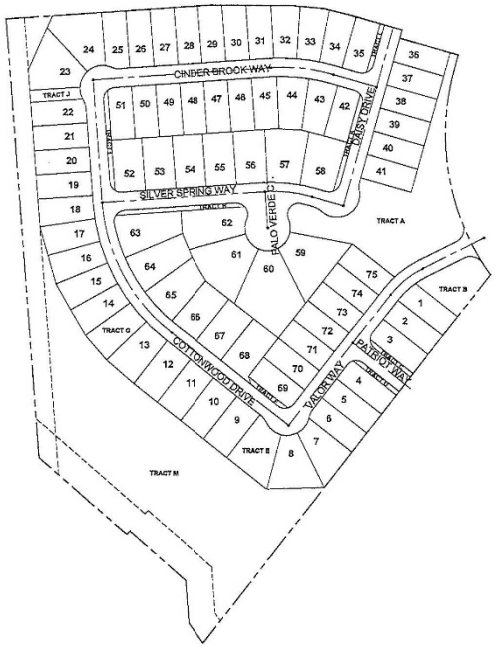
SHEET NO.
1 OF 2

Nov 22, 2017 10:50am V:\CAD\Florence\15-418 Merrill Ranch\Production Drawings\Exhibits\15-418 MARRIL RANCH FD CONS.dwg

(TOWN OF FLORENCE, ARIZONA)

MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 2
ASSESSMENT AREA SEVEN



LOT NO.	ASMT. NO.	ASSESSMENT
1	038-01-001	$ 3,500.00
2	038-01-002	$ 3,500.00
3	038-01-003	$ 3,500.00
4	038-01-004	$ 3,500.00
5	038-01-005	$ 3,500.00
6	038-01-006	$ 3,500.00
7	038-01-007	$ 3,500.00
8	038-01-008	$ 3,500.00
9	038-01-009	$ 3,500.00
10	038-01-010	$ 3,500.00
11	038-01-011	$ 3,500.00
12	038-01-012	$ 3,500.00
13	038-01-013	$ 3,500.00
14	038-01-014	$ 3,500.00
15	038-01-015	$ 3,500.00
16	038-01-016	$ 3,500.00
17	038-01-017	$ 3,500.00
18	038-01-018	$ 3,500.00
19	038-01-019	$ 3,500.00
20	038-01-020	$ 3,500.00
21	038-01-021	$ 3,500.00
22	038-01-022	$ 3,500.00
23	038-01-023	$ 3,500.00
24	038-01-024	$ 3,500.00
25	038-01-025	$ 3,500.00
26	038-01-026	$ 3,500.00
27	038-01-027	$ 3,500.00
28	038-01-028	$ 3,500.00
29	038-01-029	$ 3,500.00
30	038-01-030	$ 3,500.00
31	038-01-031	$ 3,500.00
32	038-01-032	$ 3,500.00
33	038-01-033	$ 3,500.00
34	038-01-034	$ 3,500.00
35	038-01-035	$ 3,500.00
36	038-01-036	$ 3,500.00
37	038-01-037	$ 3,500.00
38	038-01-038	$ 3,500.00

LOT NO.	ASMT. NO.	ASSESSMENT
39	038-01-039	$ 3,500.00
40	038-01-040	$ 3,500.00
41	038-01-041	$ 3,500.00
42	038-01-042	$ 3,500.00
43	038-01-043	$ 3,500.00
44	038-01-044	$ 3,500.00
45	038-01-045	$ 3,500.00
46	038-01-046	$ 3,500.00
47	038-01-047	$ 3,500.00
48	038-01-048	$ 3,500.00
49	038-01-049	$ 3,500.00
50	038-01-050	$ 3,500.00
51	038-01-051	$ 3,500.00
52	038-01-052	$ 3,500.00
53	038-01-053	$ 3,500.00
54	038-01-054	$ 3,500.00
55	038-01-055	$ 3,500.00
56	038-01-056	$ 3,500.00
57	038-01-057	$ 3,500.00
58	038-01-058	$ 3,500.00
59	038-01-059	$ 3,500.00
60	038-01-060	$ 3,500.00
61	038-01-061	$ 3,500.00
62	038-01-062	$ 3,500.00
63	038-01-063	$ 3,500.00
64	038-01-064	$ 3,500.00
65	038-01-065	$ 3,500.00
66	038-01-066	$ 3,500.00
67	038-01-067	$ 3,500.00
68	038-01-068	$ 3,500.00
69	038-01-069	$ 3,500.00
70	038-01-070	$ 3,500.00
71	038-01-071	$ 3,500.00
72	038-01-072	$ 3,500.00
73	038-01-073	$ 3,500.00
74	038-01-074	$ 3,500.00
75	038-01-075	$ 3,500.00

UNIT 38

ASSESSMENT NO.
038-01-001 THROUGH 038-01-075

NOTE:
IMPROVEMENT CONSIST OF ROADWAY PAVING, CURB & GUTTER AND DRAINAGE FACILITIES AS DEPICTED IN THE FEASIBILITY REPORT DATED DECEMBER 04, 2017 ON FILE WITH THE DISTRICT CLERK.

EPS GROUP
125 S. Avondale Blvd., Suite 115
Avondale, AZ 85323
T:623.547.4461 | F:623.547.4662
www.epsgroupinc.com

DATE: 11-22-17

SHEET NO.
2 OF 2

Nov 22, 2017 - 9:28am - N:\Civil\Projects\18-418 Merrill Ranch\Production Drawings\Exhibits\18-418 MERRILL RANCH FID SHT1.dwg

Legal Description of Assessment Area

LEGAL DESCRIPTION FOR

MERRILL RANCH

ASSESSMENT AREA SEVEN – UNIT 38

Lots 1 through 75, inclusive, of Anthem at Merrill Ranch Unit 38 as recorded in Document 2017-062278, Records of Pinal County, Arizona.

Conclusion

Based upon the information presented herein, it is our opinion that the special assessment allocation methodology results in assessments being allocated in proportion to the benefits received by each lot therein for the improvements to be provided thereby.

12-11-17

EPS Group, Inc.
Woodrow C. Scoutten, PE
District Engineer



EXPIRES 6-30-19

MERRILL RANCH
COMMUNITY FACILITIES DISTRICT NO. 2
(Florence, Arizona)

FEASIBILITY REPORT

Not to Exceed $262,500 for the Issuance of
Special Assessment Bonds
(Assessment Area Seven – Unit 38)
January 2, 2018

TABLE OF CONTENTS

	SECTION
Introduction, Purpose of Feasibility Report, General Description of District and Assessment Area	**ONE**
Descriptions of the Projects	**TWO**
Map of Location of the Projects	**THREE**
Acquisition Costs of the Projects	**FOUR**
Timetable for Completion of the Projects	**FIVE**
Maps of the Areas to be Benefited	**SIX**
Plan of Finance	**SEVEN**

	APPENDIX
Legal Description of Assessment Area	**A**

SECTION ONE

INTRODUCTION,
PURPOSE OF FEASIBILITY REPORT,
GENERAL DESCRIPTION OF DISTRICT
AND ASSESSMENT AREA

INTRODUCTION

This Feasibility Report (this "Report") has been prepared for presentation to the District Board (the "Board") of Merrill Ranch Community Facilities District No. 2 (the "District") in connection with the proposed issuance by the District of special assessment lien bonds (the "Bonds") with respect to certain public infrastructure (as defined in A.R.S. §48-701) to be financed with proceeds of the sale of the Bonds (the "Projects") and of the plan for financing the Projects in accordance with the provisions of A.R.S. §48-715 and is considered part of (i) the statement of the estimated costs and expenses of the amounts to be financed through the issuance of the Bonds and (ii) the plans and specifications for purposes of levying the assessment from which the Bonds are to be repaid, in each case for all purposes of and pursuant to the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act").

PURPOSE OF FEASIBILITY REPORT

Pursuant to A.R.S. §48-715, this Report includes (i) descriptions of the Projects (Section Two); (ii) maps of location of the Projects (Section Three), (iii) an estimate of the cost to acquire, operate and maintain the Projects (Section Four); (iv) and estimated schedule for completion of the Projects (Section Five); (v) a map of the areas to be benefited by the Projects (Section Six); and (vi) a plan of finance (Section Seven).

THIS REPORT HAS ALSO BEEN PREPARED AS PART OF THE DECLARATION OF INTENT FOR PURPOSES OF A.R.S. § 48-721(A) AND THE HEREINAFTER DESCRIBED DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT, DATED AS OF NOVEMBER 1, 2005, AS AMENDED BY THE FIRST AMENDMENT AND WAIVERS (ASSESSMENT AREA ONE), DATED AS OF FEBRUARY 1, 2006, THE SECOND AMENDMENT AND WAIVERS (ASSESSMENT AREA TWO – UNIT 29), DATED AS OF APRIL 1, 2008, THE THIRD AMENDMENT AND WAIVERS (ASSESSMENT AREA THREE – UNIT 40), DATED AS OF NOVEMBER 1, 2009, THE FOURTH AMENDMENT AND WAIVERS (ASSESSMENT AREA FOUR – UNIT 20), DATED AS OF FEBRUARY 1, 2010, THE FIFTH AMENDMENT AND WAIVERS (ASSESSMENT AREA FIVE – UNIT 22A & 22B), DATED AS OF APRIL 1 2013, THE SIXTH AMENDMENT AND WAIVERS (ASSESSMENT AREA SIX - UNIT 36), DATED AS OF NOVEMBER 2015 AND THE SEVENTH AMENDMENT AND WAIVERS (ASSESSMENT AREA SEVEN – UNIT 38), TO BE DATED AS OF NOT EARLIER THAN DECEMBER 1, 2017 (AS SO AMENDED, THE "DEVELOPMENT AGREEEMENT") WITH RESPECT TO THE ACQUISITION OF THE PROJECTS FOR THE BENEFIT OF THE AREAS DESCRIBED IN THIS REPORT. On the date this Report is approved, the Board will resolve, among other things, that (i) the public interest or convenience requires, and it is the intention of the Board, to order the Projects described in substantial form in this Report, (ii) the Projects shall be performed substantially in accordance with this Report and specific plans and specifications relating to the Projects, forms of which are filed with this Report for each of the types of the Projects and the contents of which are incorporated by this reference (the "Plans and Specifications"); (iii) the Estimate (as such term is defined herein) is approved and adopted by the Board; (iv) the Projects described substantially in the Plans and Specifications shall be performed as provided in the Development Agreement; (v) the Projects are of more than local or ordinary public benefit and are of special benefit to the respective lots, pieces and parcels of land within the portion of the District described in Section Six and in Appendix A (the “Assessment Area”) and the costs and expenses of the Projects will be charged upon the Assessment Area which shall be benefited by the Projects and assessed to pay the costs and expenses thereof in proportion to the benefit derived therefrom; (vi) the public convenience requires that the Bonds as described in this Report and the Development Agreement shall be issued to represent the costs and expenses of the Projects, and the Bonds shall be issued under the provisions of the Act, in the name of the District, but payable only out a special fund collected by the District from installments of the assessment levied upon the lots, tracts, pieces and parcels of land included within the Assessment Area, in not to exceed twenty-five (25) annual

installments from the assessment of twenty-five dollars ($25.00) or over remaining unpaid as of the date of the Bonds as provided by the Development Agreement and (vii) the Bonds shall bear interest at the rate of not to exceed seven percent (7%) per annum, payable on the first day of January and July of each year and shall be payable in the manner and be subject to the provisions as to collection of assessments for the payment thereof, except as otherwise described in the Development Agreement, and neither District nor the Town of Florence, Arizona (the "Town"), is required to purchase delinquent land at sale if there is no other purchaser, as described in A.R.S. Title 48, Chapter 4, Article 2, save and except that the method of collection of such assessments shall be as provided in A.R.S. § 48-600 to 48-607 as nearly as practicable, both inclusive and not as provided in A.R.S. § 48-608.

This Report has been prepared for the exclusive consideration of the Board. 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. In preparing this Report, engineers, staff of the Town, legal counsel and other experts have been consulted as deemed appropriate. THIS REPORT IS NOT INTENDED TO BE A "FINANCIAL FEASIBILITY REPORT OR STUDY" AS THAT TERM IS CUSTOMARILY USED.

GENERAL DESCRIPTION OF DISTRICT AND ASSESSMENT AREAS

Formation of the District was approved on November 21, 2005, by the Town upon the request of Pulte Homes, Inc. now known as Pulte Home Company, LLC, a Michigan limited liability company (“Pulte Home Company”), as the owner of all of the land within the District upon formation. The District is located within the municipal boundaries of the Town.

The District was formed to finance the costs of certain public infrastructure purposes (as such term is defined in the Act), including particularly with respect to the Projects. All of the land within the boundaries of the District (approximately 1,070 acres) is being developed as part of an approximately 3,191 acre master-planned development known as Anthem at Merrill Ranch (“Anthem”). Anthem is being developed within an approximately 8,970 acre mixed use, master-planned community known as “Merrill Ranch”. Simultaneously with the formation of the District, Merrill Ranch Community Facilities District No. 1 (“District No. 1”) was formed over 7,900 acres of Merrill Ranch to finance the cost of certain infrastructure improvements within District No. 1. Within Anthem, there is both an active adult community (“Sun City”) and a family oriented community (“Parkside”). The boundaries of the District and District No. 1 do not overlap, however Anthem encompasses land within both districts. The development is the subject of the Development Agreement (The Development Agreement is available for review at the Office of the Clerk of the Town.)

The Assessment Area contains approximately 20.0585 acres and upon build out will comprise approximately 75 single family lots. Although the number of acres devoted to each particular type of land use may ultimately vary from those presented, the build-out of Merrill Ranch and the Assessment Areas is currently expected to include the following land uses:

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

	District	Unit 38	
Type of Development	**Approximate Acres of District Land**	**Estimated Lots**	**Estimated Acres**
Residential	467	-	-
Commercial/Light Industrial	20	75	16.27
Open Space/Parks	267	-	-
Schools	13	-	-
Golf Courses	47	-	-
Worship Sites	12	-	-
Police/Fire	16	-	-
Roadways/Right of Way	188	-	-
Medical	40	-	-
Total	1,070	75	16.27

Pulte is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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.

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 $161,000 to $351,000.

The following tables represent single family residential closings from January 1, 2006 through October 31, 2017 and then single family homes under construction:

	District *(a)*		District No. 1 *(b)*		
Calendar Year	Sun City (Senior)	Parkside (Family)	Sun City (Senior)	Parkside (Family)	Total
2006	30	41	92	25	188
2007	43	237	91	98	469
2008	38	171	176	68	453
2009	2	98	136	34	270
2010	59	68	38	22	187
2011	68	45	2	17	132
2012	48	14	16	51	129
2013	32	13	78	60	183
2014	15	1	17	13	46
2015	65	0	37	57	159
2016	38	0	47	78	163
2017	23	0	60	70	153
Total	461	688	790	593	2,532

(a) Within the District, the earliest close date shown is July 12, 2006 and the latest is October 31, 2017.

(b) Within District No. 1, the earliest close date shown is August 14, 2006 and the latest is October 31, 2017.

Source: Pulte

	Sun City (Senior)[(a)]	Parkside (Family)[(a)]	Total Active[(a)]
District No. 1	27	60	87
District No. 2	18	0	18
Total	45	60	105

(a) Homes under construction as of October 31, 2017.

SECTION TWO

DESCRIPTION OF THE PROJECTS

DESCRIPTION OF THE PROJECTS

The Projects to be acquired by the District pursuant to the Development Agreement are composed of: (1) Street Improvements and (2) Storm Drain Improvements. See maps in Section Three for detail about location of the Projects. As described hereinabove, the Plans and Specifications are on file herewith and are incorporated herein by reference.

(1) Street Improvements – Unit 38

This Project consists of the installation of asphaltic paving and 4 inch roll and vertical curb, 6 foot valley gutter, and 4 foot wide sidewalks within the public roadways of the Assessment Area. The pavement section is anticipated to be 2.5 inches of asphalt on 7 inches of aggregate base course, ("ABC"). The curb, gutter, sidewalk and sidewalk ramps will comply with the Maricopa Association of Governments, ("MAG") standard details, or approved alternate, within the public roadways of the Assessment Area.

Description	Unit of Measure	Quantity	Estimated Cost
Paving	SY	11,015	$181,747
Survey Markers	EA	14	1,960
Adjust Valve Box	EA	20	5,800
Adjust Manhole	EA	20	6,700
Pavement Markers	EA	9	252
Signs	LS	1	3,900
Mobilization	LS	1	4,200
Total:			$204,559
Curb and Gutter	LF	6,339	$45,184
Sidewalk	SF	12,342	22,952
Valley Gutter	SF	1,712	13,696
Sidewalk Ramps	EA	8	4,600
Parkway Grading	LS	1	2,570
Total:			$89,002

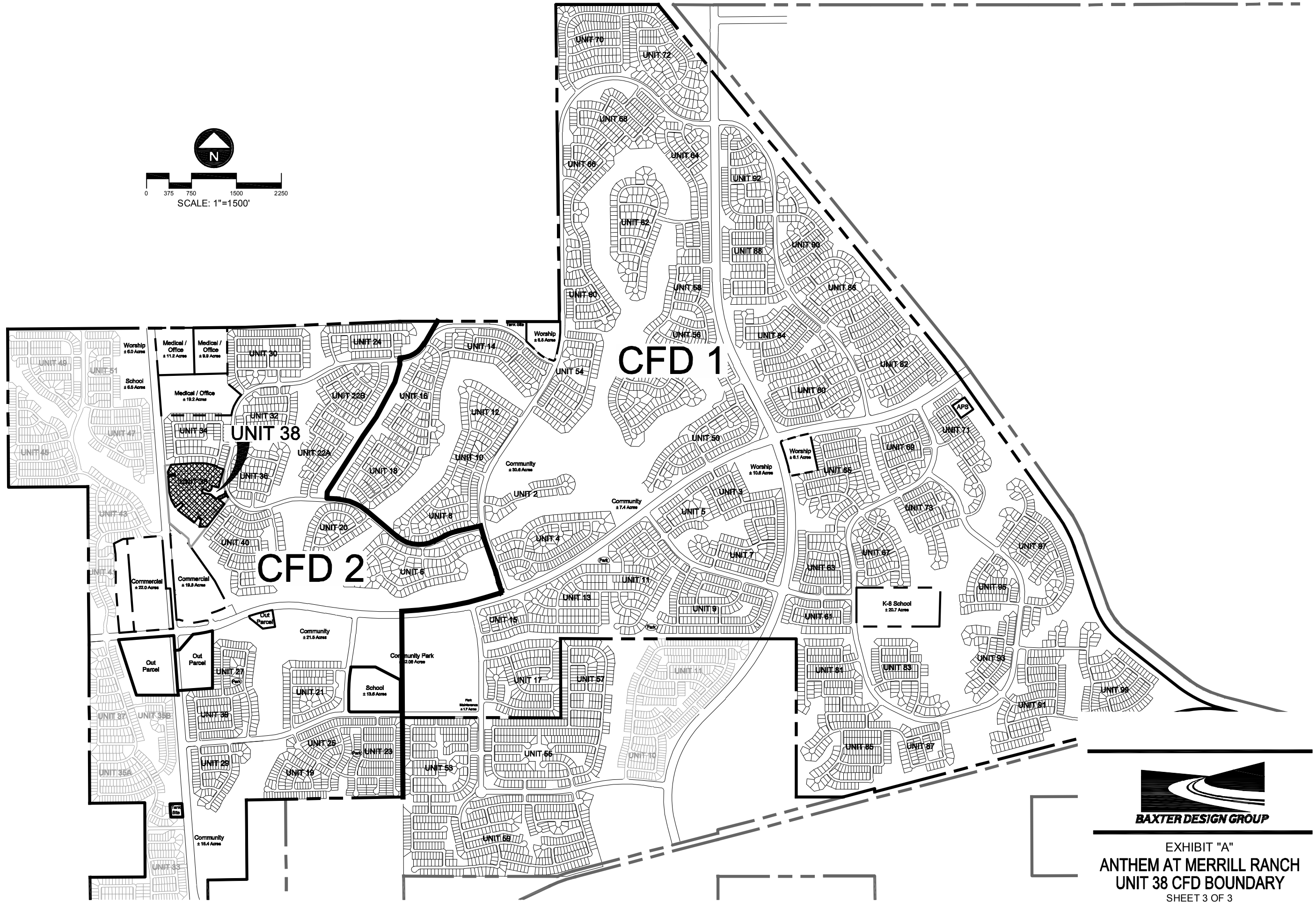
(2) Storm Drain – Unit 38

This Project consists of the construction of storm drain within the public roadways of the Assessment Area. The storm drain 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, scuppers, manholes and headwalls will be designed based off of MAG standard details or approved alternate. The pipe will be sized between 18 inches and 36 inches of concrete pipe, or approved alternate.

Description	Unit of Measure	Quantity	Estimated Cost
Storm Drain Pipe	LF	684	$36,679
Drainage Structures	EA	6	30,065
Total:			$66,744
***Projects Total*:**			**$360,305**

SECTION THREE

MAP OF LOCATION OF THE PROJECTS


N
0 375 750 1500 2250
SCALE: 1"=1500'
CFD 1
CFD 2
UNIT 38
UNIT 70
UNIT 72
UNIT 68
UNIT 66
UNIT 64
UNIT 92
UNIT 62
UNIT 88
UNIT 90
UNIT 60
UNIT 58
UNIT 86
UNIT 56
UNIT 84
UNIT 54
UNIT 82
UNIT 80
UNIT 50
UNIT 78
UNIT 48
UNIT 51
UNIT 47
UNIT 45
UNIT 43
UNIT 41
UNIT 24
UNIT 30
UNIT 14
UNIT 22B
UNIT 16
UNIT 12
UNIT 34
UNIT 92
UNIT 22A
UNIT 10
UNIT 18
UNIT 36
UNIT 20
UNIT 8
UNIT 40
UNIT 6
UNIT 2
UNIT 4
UNIT 3
UNIT 5
UNIT 7
UNIT 11
UNIT 13
UNIT 9
UNIT 15
UNIT 17
UNIT 57
UNIT 55
UNIT 53
UNIT 59
UNIT 61
UNIT 63
UNIT 65
UNIT 67
UNIT 69
UNIT 71
UNIT 73
UNIT 75
UNIT 77
UNIT 79
UNIT 81
UNIT 83
UNIT 85
UNIT 87
UNIT 89
UNIT 91
UNIT 93
UNIT 95
UNIT 97
UNIT 99
Worship ± 6.0 Acres
School ± 6.5 Acres
Medical / Office ± 11.2 Acres
Medical / Office ± 8.9 Acres
Medical / Office ± 19.2 Acres
Worship ± 8.8 Acres
Community ± 30.6 Acres
Community ± 7.4 Acres
Worship ± 10.8 Acres
Worship ± 6.1 Acres
APS
K-8 School ± 20.7 Acres
Commercial ± 22.0 Acres
Commercial ± 19.8 Acres
Out Parcel
Out Parcel
Out Parcel
Community ± 21.5 Acres
Community Park ± 2.06 Acres
School ± 13.6 Acres
Park Maintenance ± 1.7 Acres
Community ± 15.4 Acres
Park
Park
Park

SECTION FOUR

ACQUISITION COSTS OF THE PROJECTS

ESTIMATED COSTS OF THE PROJECTS

Shown below is a summary of the acquisition costs of the Projects. The acquisition costs of the Projects have been determined as prescribed in the Development Agreement, and will not collectively be more than those shown below.

The District will dedicate the Projects to the Town. Accordingly, it is not anticipated that there will be operating or maintenance expenses in connection with the Projects. However, expenses may be paid in the future as described in the Development Agreement.

Assessment Area Four Projects	Estimated Costs
1. Street Improvements	$293,561.00
2. Storm Drain	$66,744.00
Total Assessment Area Projects	$360,305.00

SECTION FIVE

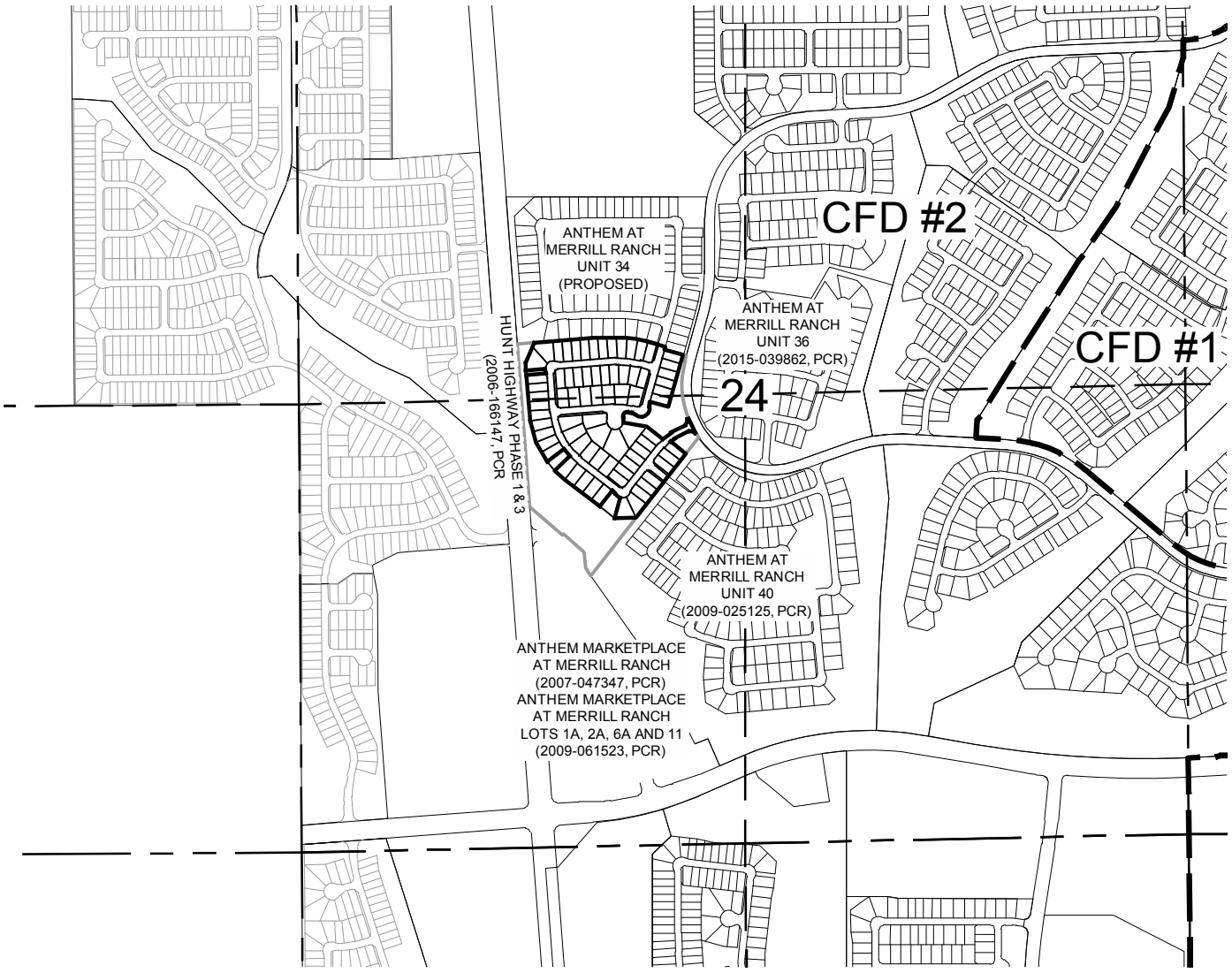
TIMETABLE FOR COMPLETION OF THE PROJECTS

TIMETABLE FOR COMPLETION OF THE PROJECTS

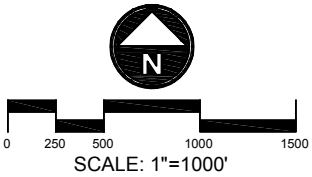
Project	Estimated Construction Completion Date
1. Street Improvements	1/1/2018
2. Storm Drain Improvements	12/15/2017

SECTION SIX

MAPS OF THE AREAS TO BE BENEFITTED



VICINITY MAP



SCALE: 1"=1000'

LINE LEGEND

- BOUNDARY LINE (CFD LIMITS)
- PARCEL BOUNDARY LINE
- UNIT 38 LOT LINE
- ADJACENT PARCEL LOT LINE
- MID–SECTION LINE
- SECTION LINE

ABBREVIATIONS

CFD	COMMUNITY FACILITIES DISTRICT
BOB	BASIS OF BEARING
POB	POINT OF BEGINNING

CURVE TABLE				
CURVE	LENGTH	RADIUS	DELTA	TANGENT
C1	42.70'	50.00'	48°55'48"	22.75'
C2	22.55'	50.00'	25°50'31"	11.47'
C3	54.34'	420.00'	7°24'49"	27.21'
C4	27.61'	50.00'	31°38'38"	14.17'
C5	22.55'	50.00'	25°50'31"	11.47'
C6	123.64'	50.00'	141°41'02"	143.92'
C7	22.55'	50.00'	25°50'31"	11.47'
C8	18.53'	280.00'	3°47'31"	9.27'
C9	54.79'	25.00'	125°34'13"	48.61'
C10	29.61'	50.00'	33°56'07"	15.26'
C11	63.88'	230.00'	15°54'45"	32.15'
C12	44.44'	30.00'	84°52'39"	27.43'
C13	94.77'	530.00'	10°14'42"	47.51'
C14	44.44'	30.00'	84°52'39"	27.43'
C15	28.72'	190.00'	8°39'35"	14.39'

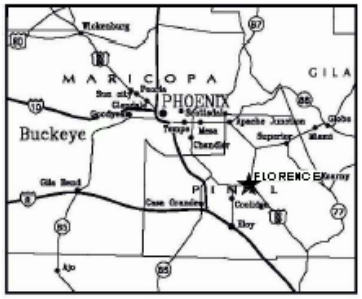
BAXTER DESIGN GROUP

EXHIBIT "A"

ANTHEM AT MERRILL RANCH UNIT 38 CFD BOUNDARY

SHEET 1 OF 3

path: R:\742-AMR\UNITS\UNIT-38-AMR\09-EXHIBITS\CFD EXHIBITS\ file name: UNIT 38 CFD LEGAL EXHIB_BNDY.dwg | plot date: November 06, 2017 | plotted by: ssanders

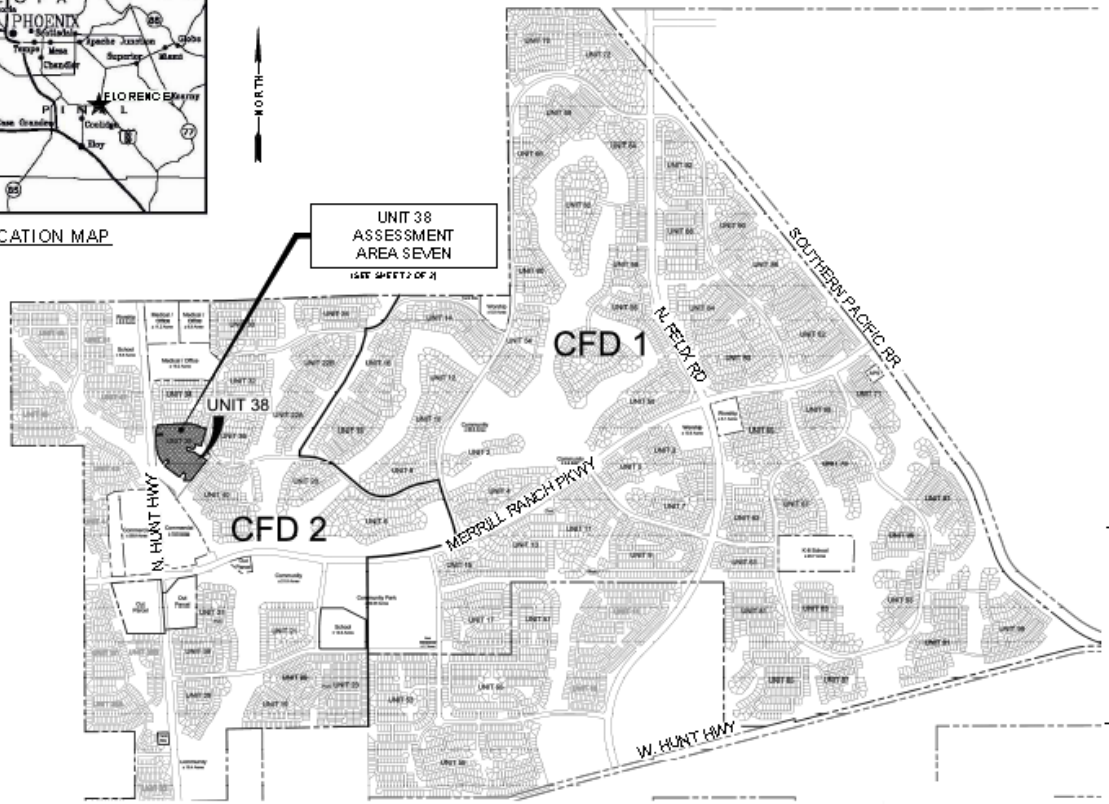


LOCATION MAP

NORTH

UNIT 38
ASSESSMENT
AREA SEVEN

SEE SHEET 2 OF 2



(TOWN OF FLORENCE, ARIZONA)

MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 2
ASSESSMENT AREA SEVEN

LEGEND

UNIT 38- MERRILL RANCH
ASSESSMENT AREA SEVEN

038 01 001

ASSESSMENT NO.

LOT NO.
ASSESSMENT NO.
UNIT NUMBER

DISTRICT ENGINEER CERTIFICATION

I HEREBY CERTIFY THAT THE PARCEL BOUNDARIES SHOWN AS DEPICTED ON THIS PLAN WERE SUPPLIED BY BAXTER DESIGN GROUP AND ARE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

DISTRICT ENGINEER _____ DATE 11/22/17

APPROVED BY RESOLUTION NO. _____ AT A MEETING OF THE BOARD OF DIRECTORS OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 OF THE TOWN OF FLORENCE, ARIZONA ON THE _____ DAY OF _____, 2017

DISTRICT CLERK _____ DATE _____

SIGNED THIS _____ DAY OF _____, 2017

SUBMITTED: _____ DATE _____
SUPERINTENDENT OF STREETS

MERRILL RANCH COMMUNITY
FACILITIES DISTRICT

UNIT 38-ASSESSMENT AREA SEVEN

UNIT	ASSESSMENT NO.	LOTS	DATE
38	01	75	11/22/17

NOTE: LOT LAYOUT SHOWN ON SHEET 2

Registered Civil Arizona
12204
WOODROW C. SCOLUTTEN, JR.
Date Signed 11-22-17
ARIZONA U.S.A.

EXPIRES 06/30/2019

EPS GROUP
1255 S. Avondale Blvd., Suite 115
Avondale, AZ 85323
T 623.547.4461 | F 623.547.4662
www.epsgroupinc.com

DATE: 11-22-17

SHEET NO.
1 OF 2

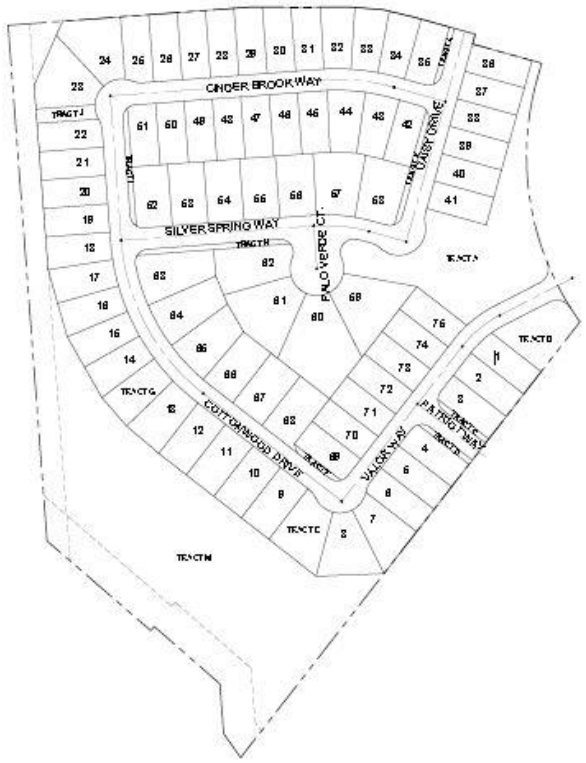
(TOWN OF FLORENCE, ARIZONA)

MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 2
ASSESSMENT AREA SEVEN

LOT NO.	6SHT. NO.	6SSESSMENT
1	038-01-001	$1,566.66
2	038-01-002	$1,566.66
3	038-01-003	$1,566.66
4	038-01-004	$1,566.66
5	038-01-005	$1,566.66
6	038-01-006	$1,566.66
7	038-01-007	$1,566.66
8	038-01-008	$1,566.66
9	038-01-009	$1,566.66
10	038-01-010	$1,566.66
11	038-01-011	$1,566.66
12	038-01-012	$1,566.66
13	038-01-013	$1,566.66
14	038-01-014	$1,566.66
15	038-01-015	$1,566.66
16	038-01-016	$1,566.66
17	038-01-017	$1,566.66
18	038-01-018	$1,566.66
19	038-01-019	$1,566.66
20	038-01-020	$1,566.66
21	038-01-021	$1,566.66
22	038-01-022	$1,566.66
23	038-01-023	$1,566.66
24	038-01-024	$1,566.66
25	038-01-025	$1,566.66
26	038-01-026	$1,566.66
27	038-01-027	$1,566.66
28	038-01-028	$1,566.66
29	038-01-029	$1,566.66
30	038-01-030	$1,566.66
31	038-01-031	$1,566.66
32	038-01-032	$1,566.66
33	038-01-033	$1,566.66
34	038-01-034	$1,566.66
35	038-01-035	$1,566.66
36	038-01-036	$1,566.66
37	038-01-037	$1,566.66
38	038-01-038	$1,566.66

LOT NO.	6SHT. NO.	6SSESSMENT
39	038-01-039	$1,566.66
40	038-01-040	$1,566.66
41	038-01-041	$1,566.66
42	038-01-042	$1,566.66
43	038-01-043	$1,566.66
44	038-01-044	$1,566.66
45	038-01-045	$1,566.66
46	038-01-046	$1,566.66
47	038-01-047	$1,566.66
48	038-01-048	$1,566.66
49	038-01-049	$1,566.66
50	038-01-050	$1,566.66
51	038-01-051	$1,566.66
52	038-01-052	$1,566.66
53	038-01-053	$1,566.66
54	038-01-054	$1,566.66
55	038-01-055	$1,566.66
56	038-01-056	$1,566.66
57	038-01-057	$1,566.66
58	038-01-058	$1,566.66
59	038-01-059	$1,566.66
60	038-01-060	$1,566.66
61	038-01-061	$1,566.66
62	038-01-062	$1,566.66
63	038-01-063	$1,566.66
64	038-01-064	$1,566.66
65	038-01-065	$1,566.66
66	038-01-066	$1,566.66
67	038-01-067	$1,566.66
68	038-01-068	$1,566.66
69	038-01-069	$1,566.66
70	038-01-070	$1,566.66
71	038-01-071	$1,566.66
72	038-01-072	$1,566.66
73	038-01-073	$1,566.66
74	038-01-074	$1,566.66
75	038-01-075	$1,566.66



UNIT 38

ASSESSMENT NO.
038-01-001 THROUGH 038-01-075

NOTE:
IMPROVEMENT CONSIST OF ROADWAY PAVING, CURB & GUTTER AND DRAINAGE FACILITIES AS DEPICTED IN THE FEASIBILITY REPORT DATED DECEMBER 04, 2017 ON FILE WITH THE DISTRICT CLERK.

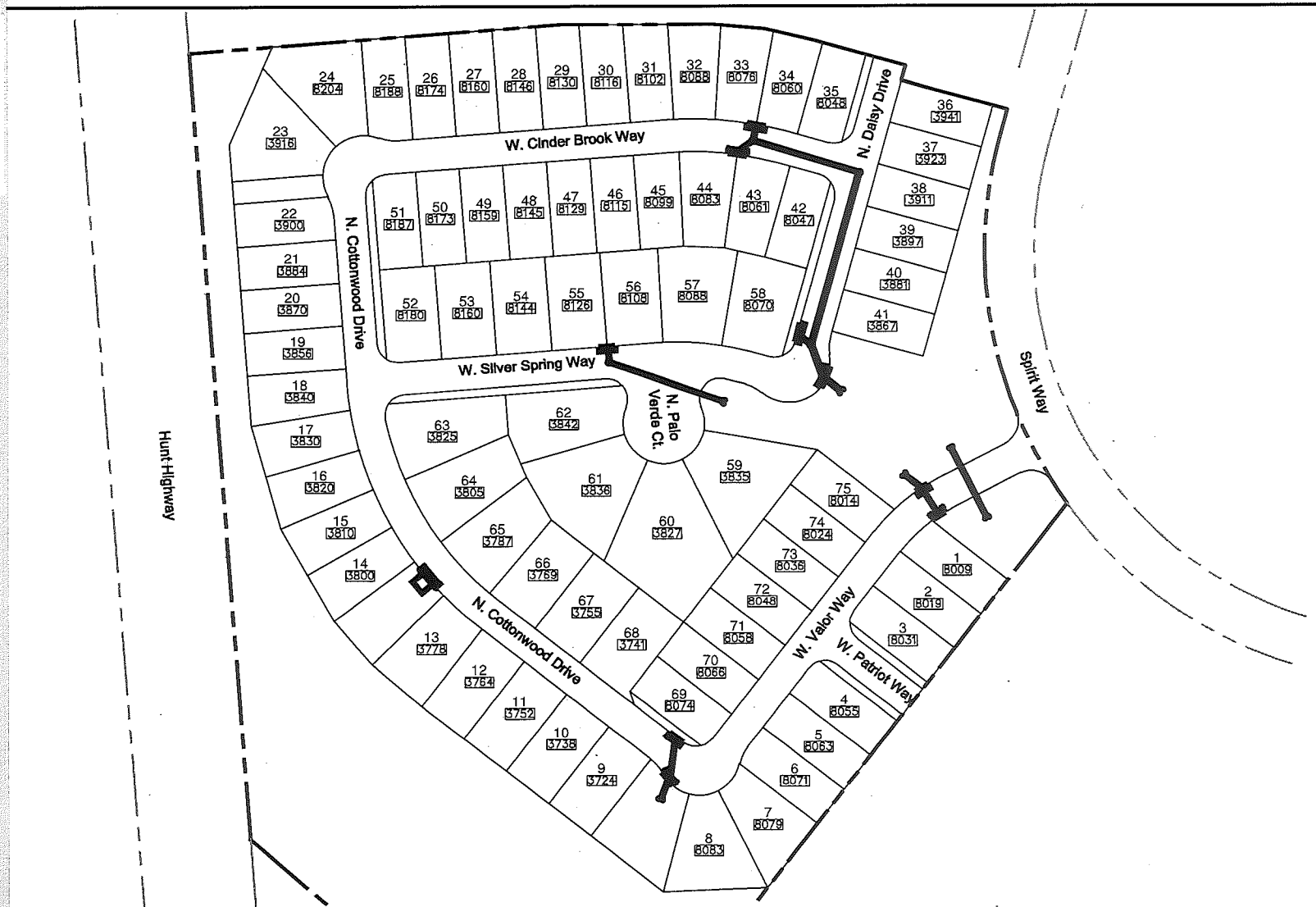
EPS GROUP
125 S. Arizona Blvd., Suite 115
Avondale, AZ 85323
T 623.547.4461 | F 623.547.4662
www.epsgroupinc.com

DATE: 11-22-17

SHEET NO.
2 OF 2

STORM DRAIN

anthem
BY DEL WEBB



UNIT 38

Storm Drain

Scale: 1" = 120'
Version 1
Nov. 9, 2017

path: R:\742-AMR\UNITS\UNIT-38-AMR\09-EXHIBITS\CFD EXHIBITS\
file name: UNIT 38 CFD EXHIBIT-Pav_Conc_Strm-110917.dwg | plot date: November 09, 2017

BAXTER DESIGN GROUP
7500 N. Dobson Rd., Suite 200
Scottsdale, AZ 85256
(480) 818-5001

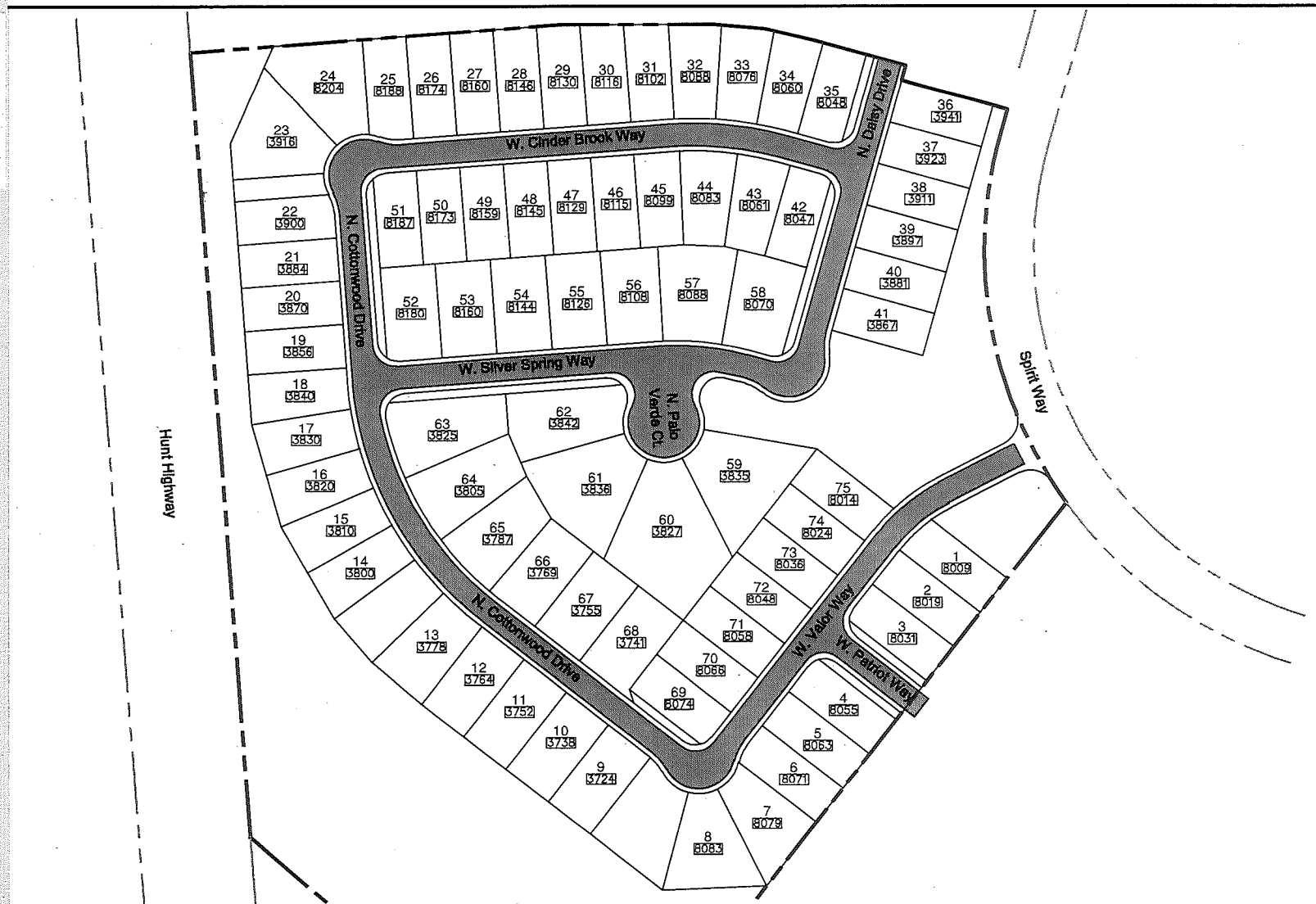
20

Merrill Ranch

NO. 2

PAVING

anthem
BY DEL WEBB



UNIT 38

Paving

Scale: 1" = 120'
Version 1
Nov. 9, 2017

path: E:\742-AMR\UNITS\UNIT-38-AMR09-EXHIBITS\CFD EXHIBITS\
file name: UNIT 38 CFD EXHIBIT-Pav_Conc_Strm-110917.dwg | plot date: November 09, 2017

BAXTER DESIGN GROUP
7500 N. Dobson Rd., Suite 200
Scottsdale, AZ 85256
(480) 818-8001

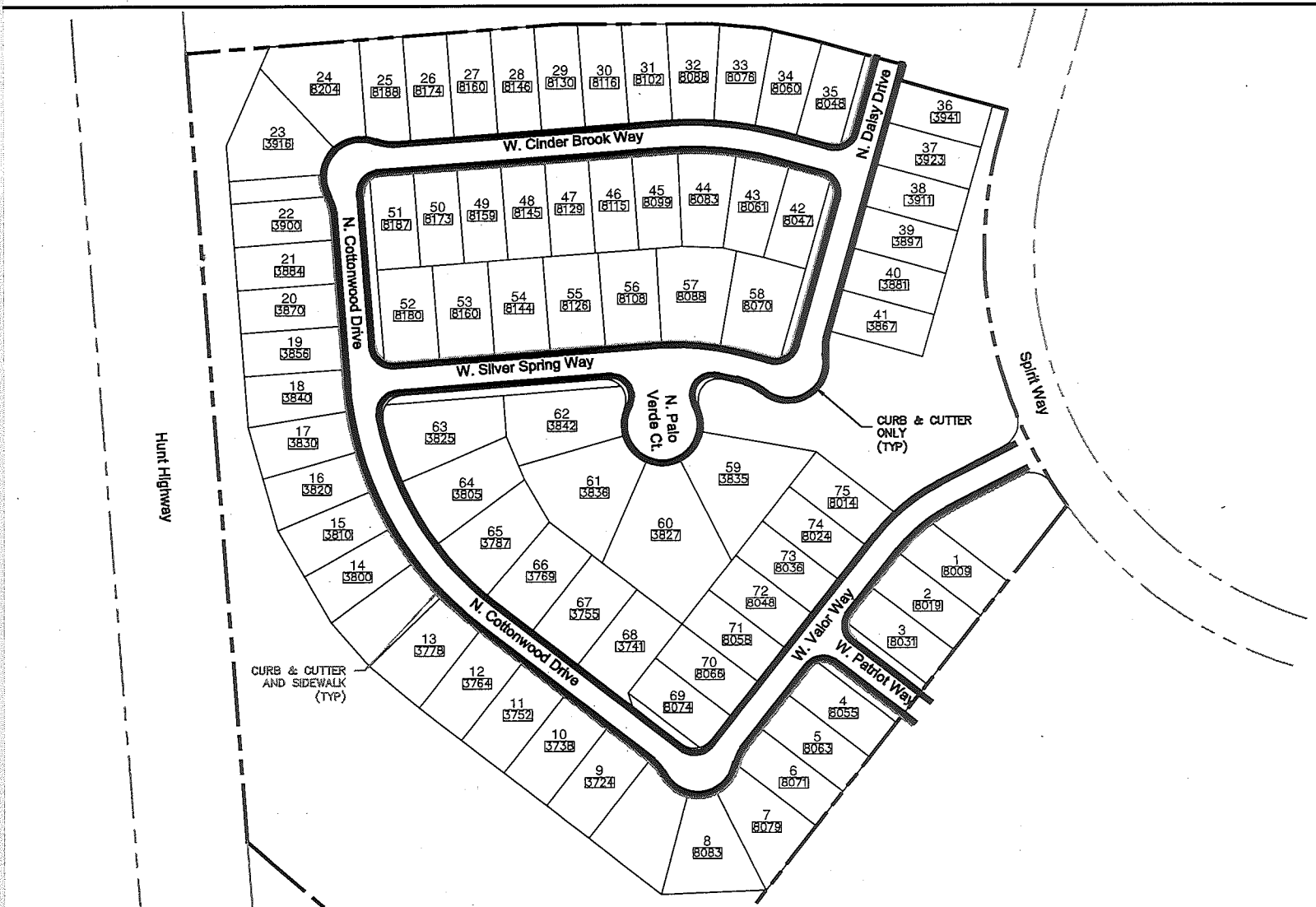
22

Merrill R

No. 2

STREET IMPROVEMENTS

anthem
BY DEL WEBB



UNIT 38

Concrete

Scale: 1" = 120'
Version 1
Nov. 9, 2017

path: E:\742-AMP\UNITS\UNIT-38-AMP\09-EXHIBITS\CFD EXHIBITS\
file name: UNIT 38 CFD EXHIBIT-Pav_Conc_Strm-110917.dwg | plot date: November 09, 2017

BAXTER DESIGN GROUP
7500 N. Dobson Rd., Suite 200
Scottsdale, AZ 85256
(480) 818-6001

SECTION SEVEN

PLAN OF FINANCE

PLAN OF FINANCE

(1) Costs of the acquisition of the Projects will be provided for by the District pursuant to the Development Agreement.

(2) Construction contracts for all of the Projects have been bid and awarded pursuant to the public bid process of Title 34 of the Arizona Revised Statutes and applicable Town requirements and administered in conformance to applicable law and such requirements.

(3) The District shall sell and issue the Bonds pursuant to the provisions of the Act, and the Bonds shall be payable from amounts collected by the District from the hereinafter described special assessment (the "Assessment").

The Assessment shall be levied pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as am, as nearly as practicable and except as otherwise provided in the Development Agreement, upon the Assessment Area based on the benefits to be received by and as allocated to the parcels into which the Assessment Area is or is to be divided.

The per lot assessment amount is expected to be no more than $3,500 at the time of issuance of the Bonds. Average annual payments with respect to such portion will be approximately $275. Pulte currently expects that at the time of sale of the home to the buyer, this amount will be assumed by the homebuyer and the assessment payments made over time.

The estimated uses of the proceeds of the Bonds for Unit 38 are as follows:

Assessment Area Seven - Unit 38	
Costs of Public Infrastructure	$196,060
Costs of Issuance	30,000
Placement Fee	15,000
Reserve Fund	21,440
Total	$262,500

NOTE: All figures have been rounded. Individual categories above are estimates. The total of Bonds to be issued will not exceed $262,500 in principal amount and as such, certain of these amounts may change when the final terms of the transactions are determined. Costs of issuance include Bond Counsel, Pricing Agent Fee, District Engineer and Trustee.

(4) The Bonds are expected to have an approximately 25 year maturity with the first interest payment commencing on January 1, 2019. The Bonds will not be rated or credit-enhanced in any form. See the following “Proposed Debt Service Requirements” in this Section.

(5) 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 (the "Public Report"). Each homebuyer must be supplied a Public Report and, prior to any home sale, the homebuyer must acknowledge by signature that they have read and accepted the Public Report. In addition, Pulte will require the homebuyer to sign an additional form that highlights and discloses the additional assessment payments as a result of District financing.

(6) The District has entered into an agreement with the Pinal County Treasurer for the collection of the assessments in a similar manner and together with the collection by the County of real property taxes.

Estimated Debt Service Requirements

	$262,500 Series 2018 1/16/2018		
Date	**Principal**	**Estimated (a) Interest**	**Estimated Annual**
07/01/2018		$7,219	$7,219
07/01/2019	$4,500	15,750	20,250
07/01/2020	5,000	15,480	20,480
07/01/2021	6,000	15,180	21,180
07/01/2022	6,000	14,820	20,820
07/01/2023	6,000	14,460	20,460
07/01/2024	7,000	14,100	21,100
07/01/2025	7,000	13,680	20,680
07/01/2026	8,000	13,260	21,260
07/01/2027	8,000	12,780	20,780
07/01/2028	9,000	12,300	21,300
07/01/2029	9,000	11,760	20,760
07/01/2030	10,000	11,220	21,220
07/01/2031	10,000	10,620	20,620
07/01/2032	11,000	10,020	21,020
07/01/2033	12,000	9,360	21,360
07/01/2034	12,000	8,640	20,640
07/01/2035	13,000	7,920	20,920
07/01/2036	14,000	7,140	21,140
07/01/2037	15,000	6,300	21,300
07/01/2038	16,000	5,400	21,400
07/01/2039	17,000	4,440	21,440
07/01/2040	18,000	3,420	21,420
07/01/2041	19,000	2,340	21,340
07/01/2042	20,000	1,200	21,200
	$262,500	$248,809	$511,309

(a) Interest is estimated at 6.00%. Subject to change

APPENDIX A

LEGAL DESCRIPTION OF ASSESSMENT AREA

BAXTER DESIGN GROUP

Community Facilities District
Legal Description
Anthem at Merrill Ranch, Unit 38

A parcel of land lying within the West Half 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 Southwest Corner of said Section 24 (2" Aluminum Cap, RLS 21065, found) from which the South Quarter Corner of Section 24 (2" Aluminum Cap, RLS 21065, found) bears North 88 degrees 48 minutes 06 seconds East (basis of bearing), 2611.46;

Thence, North 88 degrees 48 minutes 06 seconds East along the South line of the Southwest Quarter of Section 24, a distance of 1735.30 feet to a point from which the South Quarter Corner of Section 24 bears North 88 degrees 48 minutes 06 East, a distance of 876.16 feet;

Thence, North 01 degrees 11 minutes 54 seconds West, a distance of 1594.25 feet to the Southern most point of Unit 38 boundary line;

Thence, along said boundary line North 37 degrees 54 minutes 01 seconds East, a distance of 434.79 feet to the true Point of Beginning;

Thence, South 87 degrees 42 minutes 09 seconds West, a distance of 126.85 feet;

Thence, North 14 degrees 48 minutes 44 seconds East, a distance of 123.69 feet;

Thence, Westerly an arc distance of 42.70 feet along a non-tangent curve to the right from which the radius point bears North 14 degrees 48 minutes 44 seconds East, a distance of 50.00 feet and having a central angle of 48 degrees 55 minutes 48 seconds;

Thence, Westerly an arc distance of 22.55 feet along a reverse curve to the left having a radius of 50.00 feet and a central angle of 25 degrees 50 minutes 31 seconds;

Thence; South 37 degrees 54 minutes 01 seconds West, a distance of 119.20 feet;

Thence, North 52 degrees 05 minutes 59 seconds West, a distance of 260.00 feet;

Thence, North 49 degrees 32 minutes 47 seconds West, a distance of 78.94 feet;

Thence, North 45 degrees 53 minutes 20 seconds East, a distance of 121.05 feet;

Thence, Northwesterly an arc distance of 54.34 feet along a non-tangent curve to the right from which the radius point bears North 46 degrees 00 minutes 10 East, a distance of 420.00 feet and having a central angle of 07 degrees 24 minutes 49 seconds;

Thence, South 53 degrees 24 minutes 59 seconds West, a distance of 121.81 feet;

Thence, North 29 degrees 41 minutes 17 seconds West, a distance of 130.10 feet;

Thence, North 15 degrees 53 minutes 49 seconds West, a distance of 130.10 feet;

Thence, North 04 degrees 19 minutes 09 seconds West, a distance of 273.25 feet;

Thence, North 85 degrees 40 minutes 51 seconds East, a distance of 114.61 feet;

Thence, Northerly an arc distance of 27.61 feet along a non-tangent curve to the right from which the radius point bears North 60 degrees 52 minutes 14 seconds East, a distance of 50.00 feet and having a central angle of 31 degrees 38 minutes 38 seconds;

Thence, South 85 degrees 40 minutes 51 seconds West, a distance of 110.36 feet;

Thence, North 04 degrees 19 minutes 09 seconds West, a distance of 44.81 feet;

Thence, North 23 degrees 52 minutes 14 seconds East, a distance of 130.24 feet;

Thence, North 85 degrees 40 minutes 51 seconds East, a distance of 352.64 feet;

Thence, South 89 degrees 59 minutes 31 seconds East, a distance of 183.73 feet;

Thence, South 85 degrees 24 minutes 04 seconds East, a distance of 62.36 feet;

Thence, South 76 degrees 17 minutes 41 seconds East, a distance of 62.67 feet;

Thence, South 74 degrees 25 minutes 41 seconds East, a distance of 115.00 feet;

Thence, South 15 degrees 34 minutes 19 seconds West, a distance of 18.91 feet;

Thence, South 74 degrees 25 minutes 41 seconds East, a distance of 115.00 feet;

Thence, South 15 degrees 34 minutes 19 seconds West, a distance of 318.00 feet;

Thence, North 74 degrees 25 minutes 41 seconds West, a distance of 115.00 feet;

Thence, South 15 degrees 34 minutes 19 seconds West, a distance of 6.50 feet;

Thence, Southerly an arc distance of 22.55 feet along a curve to the left having a radius of 50.00 feet and a central angle of 25 degrees 50 minutes 31 seconds;

Thence, Southwesterly an arc distance of 123.64 feet along a reverse curve to the right having a radius of 50.00 feet and a central angle of 141 degrees 41 minutes 02 seconds;

Thence, Westerly an arc distance of 22.55 feet along a reverse curve to the left having a radius of 50.00 feet and a central angle of 25 degrees 50 minutes 31 seconds;

BAXTER DESIGN GROUP

Thence, North 74 degrees 25 minutes 41 seconds West, a distance of 8.46 feet;

Thence, Westerly an arc distance of 18.53 feet along a curve to the left having a radius of 280.00 feet and a central angle of 03 degrees 47 minutes 31 seconds;

Thence, Southwesterly an arc distance of 54.79 feet along a compound curve to the left having a radius of 25.00 feet and a central angle of 125 degrees 34 minutes 13 seconds;

Thence, Southerly an arc distance of 29.61 feet along a reverse curve to the right having a radius of 50.00 feet and a central angle of 33 degrees 56 minutes 07 seconds;

Thence, South 79 degrees 51 minutes 18 seconds East, a distance of 139.37 feet;

Thence, South 52 degrees 05 minutes 59 seconds East, a distance of 117.87 feet;

Thence, Northerly an arc distance of 63.88 feet along a non-tangent curve to the right from which the radius point bears South 43 degrees 02 minutes 17 seconds East a distance of 230.00 feet and having a central angle of 15 degrees 54 minutes 44 seconds;

Thence, North 62 degrees 52 minutes 27 seconds East, a distance of 93.87 feet;

Thence, Northerly an arc distance of 44.44 feet along a curve to the left having a radius of 30.00 feet and a central of 84 degrees 52 minutes 39 seconds;

Thence, Southeasterly an arc distance of 94.77 feet along a non-tangent curve to the left from which the radius point bears North 67 degrees 59 minutes 49 seconds East, a distance of 530.00 feet and having a central angle of 10 degrees 14 minutes 42 seconds;

Thence, Westerly an arc distance of 44.44 feet along a non-tangent curve to the left from which the radius point bears South 57 degrees 45 minutes 06 seconds West, a distance of 30.00 feet and having a central angle of 84 degrees 5 minutes 39 seconds;

Thence, South 62 degrees 52 minutes 27 seconds West, a distance of 93.87 feet;

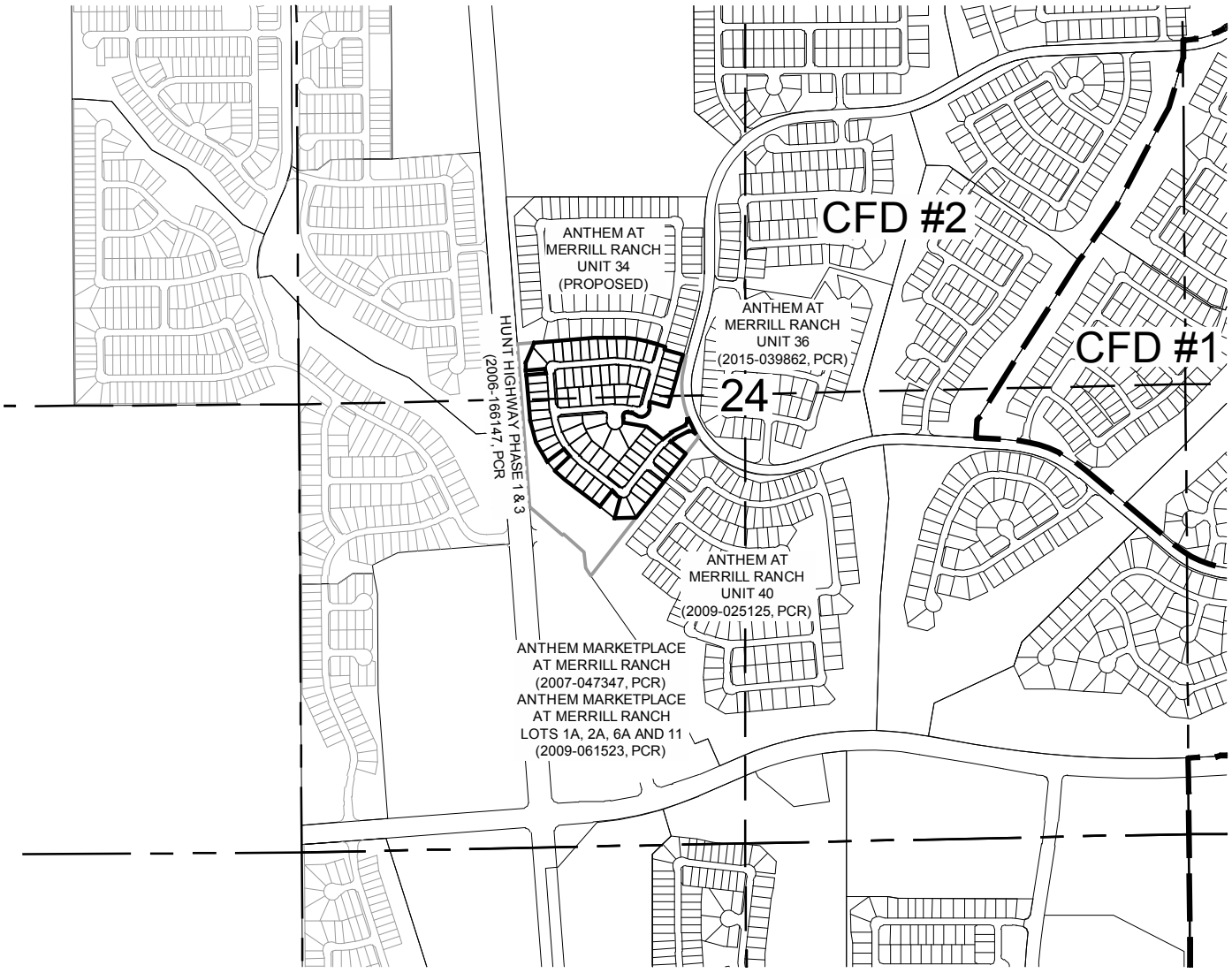
Thence, Westerly an arc distance of 28.72 feet along a curve to the left having a radius of 190.00 feet and a central angle of 08 degrees 39 minutes 35 seconds;

Thence, South 52 degrees 05 minutes 59 seconds East, a distance of 117.35 feet;

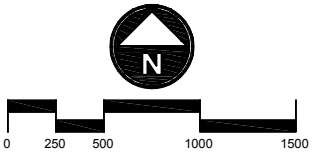
Thence, South 37 degrees 54 minutes 01 seconds West, a distance of 476.86 feet to true Point of Beginning.

Containing 16.2695 acres, more or less.

See Exhibit "A", attached.



VICINITY MAP



SCALE: 1"=1000'

LINE LEGEND

- BOUNDARY LINE (CFD LIMITS)
- PARCEL BOUNDARY LINE
- UNIT 38 LOT LINE
- ADJACENT PARCEL LOT LINE
- MID–SECTION LINE
- SECTION LINE

ABBREVIATIONS

CFD	COMMUNITY FACILITIES DISTRICT
BOB	BASIS OF BEARING
POB	POINT OF BEGINNING

CURVE TABLE				
CURVE	LENGTH	RADIUS	DELTA	TANGENT
C1	42.70'	50.00'	48°55'48"	22.75'
C2	22.55'	50.00'	25°50'31"	11.47'
C3	54.34'	420.00'	7°24'49"	27.21'
C4	27.61'	50.00'	31°38'38"	14.17'
C5	22.55'	50.00'	25°50'31"	11.47'
C6	123.64'	50.00'	141°41'02"	143.92'
C7	22.55'	50.00'	25°50'31"	11.47'
C8	18.53'	280.00'	3°47'31"	9.27'
C9	54.79'	25.00'	125°34'13"	48.61'
C10	29.61'	50.00'	33°56'07"	15.26'
C11	63.88'	230.00'	15°54'45"	32.15'
C12	44.44'	30.00'	84°52'39"	27.43'
C13	94.77'	530.00'	10°14'42"	47.51'
C14	44.44'	30.00'	84°52'39"	27.43'
C15	28.72'	190.00'	8°39'35"	14.39'

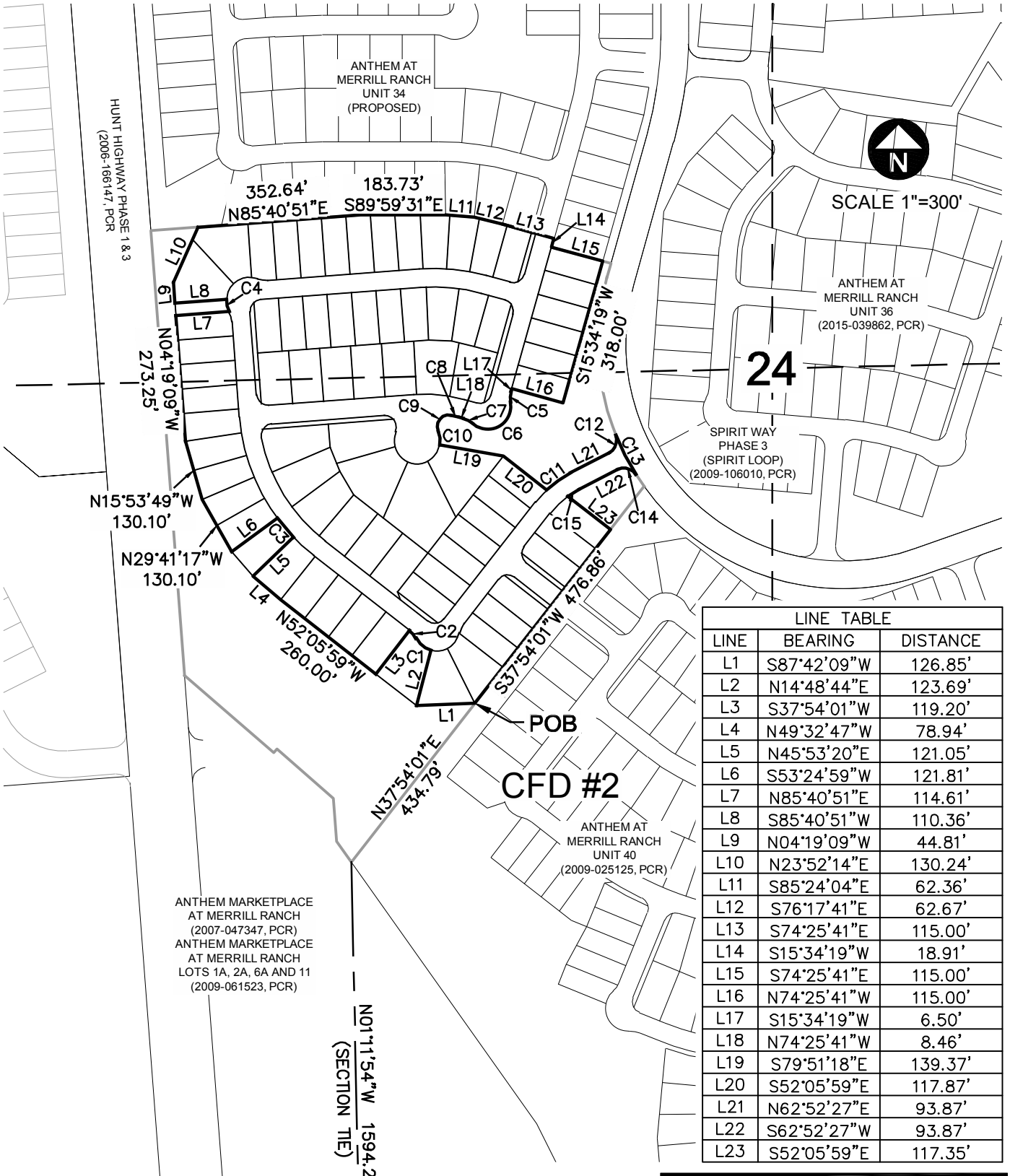
BAXTER DESIGN GROUP

EXHIBIT "A"

ANTHEM AT MERRILL RANCH UNIT 38 CFD BOUNDARY

SHEET 1 OF 3

path: R:\742-AMR\UNITS\UNIT-38-AMR\09-EXHIBITS\CFD EXHIBITS\ file name: UNIT 38 CFD LEGAL EXHIB_BNDY.dwg | plot date: November 06, 2017 | plotted by: ssanders



LINE TABLE		
LINE	BEARING	DISTANCE
L1	S87°42'09"W	126.85'
L2	N14°48'44"E	123.69'
L3	S37°54'01"W	119.20'
L4	N49°32'47"W	78.94'
L5	N45°53'20"E	121.05'
L6	S53°24'59"W	121.81'
L7	N85°40'51"E	114.61'
L8	S85°40'51"W	110.36'
L9	N04°19'09"W	44.81'
L10	N23°52'14"E	130.24'
L11	S85°24'04"E	62.36'
L12	S76°17'41"E	62.67'
L13	S74°25'41"E	115.00'
L14	S15°34'19"W	18.91'
L15	S74°25'41"E	115.00'
L16	N74°25'41"W	115.00'
L17	S15°34'19"W	6.50'
L18	N74°25'41"W	8.46'
L19	S79°51'18"E	139.37'
L20	S52°05'59"E	117.87'
L21	N62°52'27"E	93.87'
L22	S62°52'27"W	93.87'
L23	S52°05'59"E	117.35'

BAXTER DESIGN GROUP

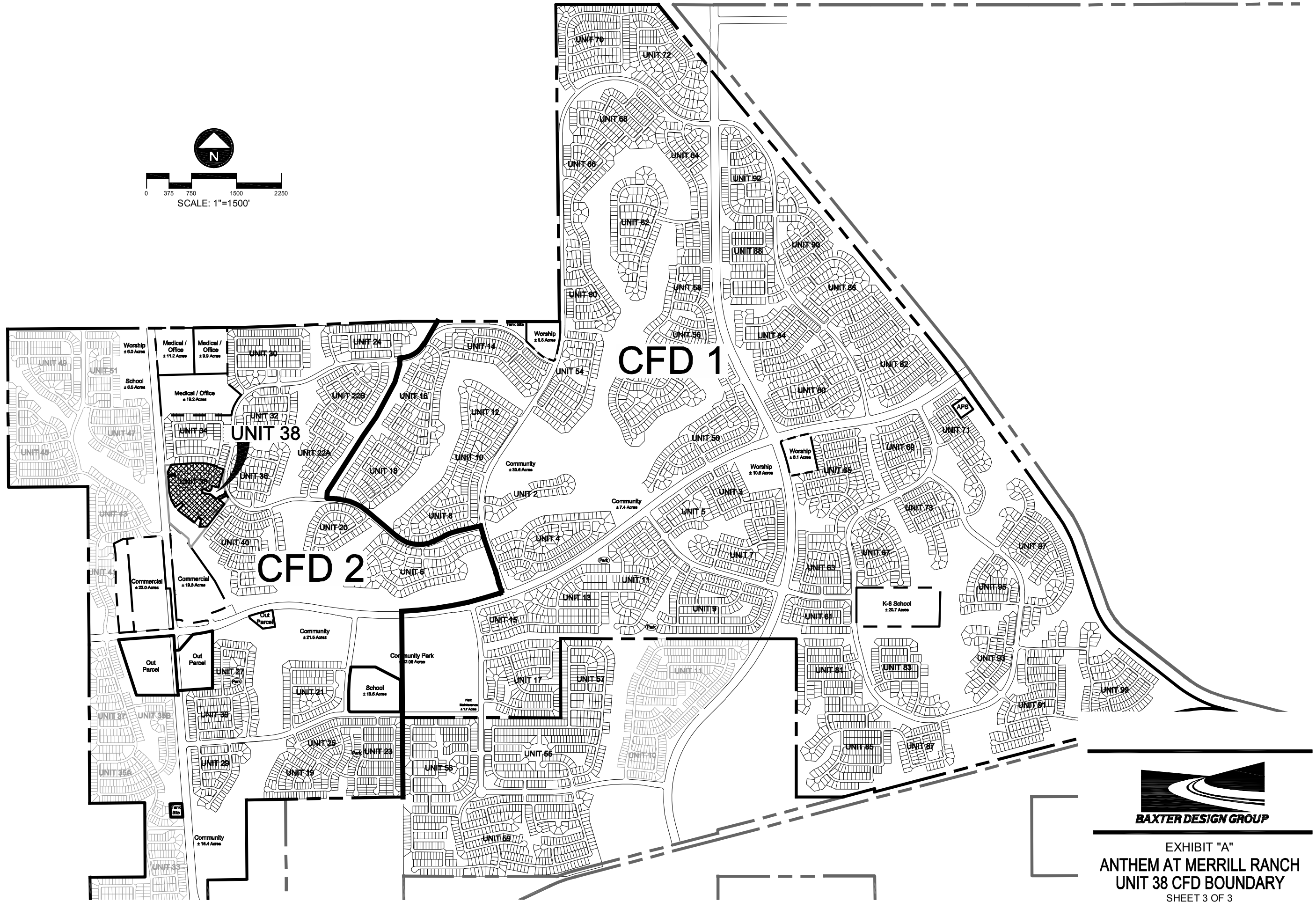
EXHIBIT "A"

ANTHEM AT MERRILL RANCH UNIT 38 CFD BOUNDARY

SHEET 2 OF 3

Merrill Ranch CFD No. 2

path: R:\742-AMR\UNITS\UNIT-38-AMR\09-EXHIBITS\CFD EXHIBITS\ file name: UNIT 38 CFD LEGAL EXHIB_BNDY.dwg | plot date: November 06, 2017 | plotted by: ssanders


N
0 375 750 1500 2250
SCALE: 1"=1500'
CFD 1
CFD 2
UNIT 38
UNIT 70
UNIT 72
UNIT 68
UNIT 66
UNIT 64
UNIT 92
UNIT 62
UNIT 88
UNIT 90
UNIT 60
UNIT 58
UNIT 86
UNIT 56
UNIT 84
UNIT 54
UNIT 82
UNIT 80
UNIT 50
UNIT 78
UNIT 48
UNIT 51
UNIT 47
UNIT 45
UNIT 43
UNIT 41
UNIT 39
UNIT 35B
UNIT 35A
UNIT 33
UNIT 31
UNIT 34
UNIT 36
UNIT 30
UNIT 24
UNIT 22B
UNIT 22A
UNIT 20
UNIT 18
UNIT 16
UNIT 14
UNIT 12
UNIT 10
UNIT 8
UNIT 6
UNIT 2
UNIT 4
UNIT 3
UNIT 5
UNIT 7
UNIT 9
UNIT 11
UNIT 13
UNIT 15
UNIT 17
UNIT 19
UNIT 21
UNIT 23
UNIT 25
UNIT 27
UNIT 29
UNIT 57
UNIT 55
UNIT 53
UNIT 59
UNIT 61
UNIT 63
UNIT 65
UNIT 67
UNIT 69
UNIT 71
UNIT 73
UNIT 75
UNIT 77
UNIT 79
UNIT 81
UNIT 83
UNIT 85
UNIT 87
UNIT 89
UNIT 91
UNIT 93
UNIT 95
UNIT 97
UNIT 99
Worship ± 6.0 Acres
School ± 6.5 Acres
Medical / Office ± 11.2 Acres
Medical / Office ± 8.9 Acres
Medical / Office ± 19.2 Acres
Worship ± 8.8 Acres
Worship ± 6.1 Acres
Worship ± 10.8 Acres
Community ± 30.6 Acres
Community ± 7.4 Acres
Community ± 21.5 Acres
Community ± 15.4 Acres
Community Park ± 2.06 Acres
Park Maintenance ± 1.7 Acres
School ± 13.6 Acres
K-8 School ± 20.7 Acres
Commercial ± 22.0 Acres
Commercial ± 19.8 Acres
Out Parcel
Out Parcel
Out Parcel
APS
Park
Park
Park

DRAFT
11/10/17
12/11/17

When recorded, please return to:

Michael Cafiso, Esq.
Greenberg Traurig, LLP
Suite 700
2375 East Camelback Road
Phoenix, Arizona 85016

THIS SEVENTH AMENDMENT AND WAIVERS (ASSESSMENT AREA SEVEN - UNIT 38), dated as of January 1, 2018 (hereinafter referred to as this "*Amendment*"), for DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2), dated as of November 1, 2005, as amended by the First Amendment and Waivers (Assessment Area One), dated as of February 1, 2006, the Second Amendment and Waivers (Assessment Area Two*), dated as of April 1, 2008, and the Third Amendment and Waivers (Assessment Area Three - Unit 40), dated as of November 1, 2009, a Fourth Amendment and Waivers (Assessment Area Four – Unit 20), dated as of February 1, 2010, a Fifth Amendment and Waivers (Assessment Area Five – Units 22A & 22B), dated as of April 1, 2013, and a Sixth Amendment and Waivers, dated as of November 1, 2015 (as so amended hereinafter referred to as the "*Agreement*"), by and between Merrill Ranch Community Facilities District No. 2, a community facilities district formed by the Municipality, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "*District*"), and Pulte Home Company, LLC, a limited liability company and having an interest in certain property within the boundaries of the District (hereinafter referred to as the "*Owner*");

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "*Act*"), and Section 9-500.05, Arizona Revised Statutes, the Town of Florence, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona; the District; the Owner and Pulte Development Company, a corporation duly incorporated and validly existing pursuant to the laws of the State of Michigan, entered into the Agreement as a

---

*Unit 29

"development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time; and

WHEREAS, with regard to the Property (as such term and all other undefined terms used in these Recitals are defined in the Agreement), the Municipality, the District and the Owner specified some of such matters in the Agreement, particularly matters relating to the construction or acquisition of certain public infrastructure by the District, the acceptance thereof by the Municipality and the reimbursement or repayment of the Owner with respect thereto, all pursuant to the Act, such public infrastructure being necessary for the Owner to develop the Property prior to the time at which the District can itself pay for the construction or acquisition thereof; and

WHEREAS, the Agreement provided that the Assessment Bonds shall be issued if certain conditions are met to provide moneys for certain public infrastructure purposes described in the General Plan of the District, and the use of the proceeds of the sale of the Assessment Bonds was a subject of the Agreement; and

WHEREAS, the Agreement provided that an amendment thereto would provide (1) for the designation from time to time of Assessed Property and of the portions of the Infrastructure, the acquisition of which is to be financed with the proceeds of the sale of Assessment Bonds and (2) the means by which the Owner would accept the Assessment and have the Assessment allocated and recorded against the various parcels comprising the Assessed Property; and

WHEREAS, Section 10.5 of the Agreement provides that the Agreement can be altered and otherwise amended pursuant to an instrument in writing signed by each of the parties thereto; provided, however, that such an amendment shall be effective against the Owner and the District only if such amendment does not amend Section 7.1 or 9.3; and

WHEREAS, this Amendment as an amendment to a "development agreement" is consistent with the "general plan" of the Municipality, as defined in Section 9-461, Arizona Revised Statutes, as amended, applicable to the Property on the date this Agreement is executed; and

WHEREAS, the Owner is the current fee owner of the Area Four Assessed Property (as such term is hereinafter defined), and there are no holders of any other interests, legal or equitable, in the Area Four Assessed Property; and

WHEREAS, the appropriate representatives of the Owner (i) have, independently with the assistance of legal counsel, reviewed and evaluated all of the law of the State as it relates to the subject matter of this Amendment; (ii) have a full and complete knowledge and understanding of such law; (iii) are sufficiently knowledgeable and experienced in such matters to be able to evaluate the risks and merits

of matters provided by this Amendment and (iv) are voluntarily causing the Owner to enter into this Amendment knowing that the terms and provisions of this Amendment shall run with and encumber the Area Seven Assessed Property and bind the entities executing this Amendment and their successors and assigns; and

WHEREAS, such representatives of the Owner have reviewed the boundaries of the Area Seven Assessed Property as well as the Area Seven Estimate, the Area Seven Work Plans and Specifications and the Area Seven Assessment Diagram (as such terms are hereinafter defined); and

WHEREAS, the Owner is receiving fair consideration and reasonably equivalent value for its execution hereof; the Owner is not now insolvent, nor will the execution hereof, render the Owner insolvent; no obligation of the Owner has been incurred with the intent to hinder, delay or defraud present or future creditors and the execution hereof does not involve the incurrence by the Owner of an obligation or debt which the Owner reasonably believes is or will become beyond the ability of the Owner to pay as it becomes due;

NOW, THEREFORE, in the joint and mutual exercise of their powers, in consideration of the above premises and of the mutual covenants herein contained and for other valuable consideration, and subject to the conditions set forth herein, the parties hereto amend the Agreement by providing for the purposes described hereinabove to provide that they agree that:

Section 1. (a) For all purposes of this Amendment, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Section have the meanings assigned to them in this Section and include, as appropriate, the plural as well as the singular, and otherwise the terms used herein have the meanings assigned to them in the Agreement:

"*Area Seven Assessed Property*" means the parcels of the Property described in the Exhibit to this Amendment.

"*Area Seven Assessment Bonds*" means the bonds entitled "Special Assessment Lien Bonds (Assessment Area Seven)" of the District or such other title approved by the District Board and authorized to be sold and issued by the District as described in this Amendment, payable from amounts collected from, among other sources, the Area Seven Assessment.

"*Area Seven Assessment Diagram*" means the assessment diagram to be on file with the District Clerk, prepared by the District Engineer and the Superintendent of Streets, as amended from time to time, showing estimated maximum dollar amounts of benefits derived from the Area Seven Work for each parcel of the Area Seven Assessed Property and assessing against each such parcel the maximum proportionate share of costs and expenses of the Area Seven Work, the contents of which are hereby incorporated herein by this reference.

"*Area Seven Assessment*" means, as to be originally levied and as thereafter reallocated as described herein, the "not to exceed" proportionate share of costs and expenses of Area Seven Work levied against each parcel of the Area Seven Assessed Property pursuant to Title 48, Chapter 4, Article 2, Arizona Revised Statutes.

"*Area Seven Estimate*" means the estimate included in the Area Seven Report, such portion of the contents of which are hereby incorporated herein by this reference, being the total of amounts necessary to pay (1) the total of all amounts due pursuant to the Agreement for the Area Seven Work not otherwise paid from cash collections of the Area Seven Assessment and (2)(i) all other amounts indicated in this Amendment, (ii) all relevant issuance costs related to the Area Seven Assessment Bonds and (iii) an amount necessary to fund a debt service reserve fund in an amount not in excess of that permitted by the Act and described elsewhere herein, but not to exceed in aggregate $26,250.00.

"*Area Seven Report*" means the Report applicable to the Area Seven Work on file with the District Clerk.

"*Area Seven Work*" means the portions of the Infrastructure described in the Area Seven Report, such portion of the contents of which are hereby incorporated herein by this reference, the acquisition of which is to be financed with the proceeds of the sale of Area Seven Assessment Bonds.

"*Area Seven Work Plans and Specifications*" means the Plans and Specifications for the corresponding Acquisition Projects on file with the District Clerk, which shall compose the Area Seven Work, the contents of which are hereby incorporated herein by this reference.

"*Assessment Collection Agreement*" means the Community Facilities District Assessment Collection Agreement (Merrill Ranch Community Facilities District No. 2), dated as of September 1, 2009, by and between the Treasurer of Pinal County, Arizona, and the District.

(b) All references in this Amendment to designated "Exhibits," "Sections" and other subdivisions are to the designated Exhibits, Sections and other subdivisions of this Amendment as originally executed.

(c) The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Amendment as a whole and not to any particular Exhibit, Section or other subdivision.

Section 2. (a) Notwithstanding any provision of the Agreement to the contrary, this Section shall apply to the Area Seven Assessment Bonds to the exclusion of any conflicting provision therein:

(1) (A) The Area Seven Assessment shall be levied based on the Area Seven Estimate upon all of the Area Seven Assessed Property based on the benefits received by and as allocated to the

parcels into which the Area Seven Assessed Property is or is to be divided, but in any case shall, subject to Section 6.2(c)(6)(A) of the Agreement, not exceed $3,500 per typical equivalent dwelling unit lot based on the actual, final number of lots; provided, however, that unless the Owner pays the difference to the District in cash which the District hereby agrees to apply to the payment of Area Seven Assessment Bonds according to their terms, the amount allocated per lot shall never be in total less than the principal amount of the Area Seven Assessment Bonds. With respect to each such allocation, the Owner shall provide to the District Manager evidence satisfactory to the District Manager of any matters the District Manager may reasonably request, including particularly with respect to the condition of title of any lot and that the value of the remaining lots after such allocation is at least equal to the remaining total of the principal amount of the Area Seven Assessment Bonds, in each case as applicable, evidencing such values on a lot by lot basis, if necessary.

(B) The Owner accepts the Area Seven Assessment which is in an amount not more than the total amount of the Area Seven Estimate against the Area Seven Assessed Property and shall have the Area Seven Assessment allocated and recorded with the County Recorder of Pinal County, Arizona, by means of this Amendment against the various parcels comprising the Area Seven Assessed Property.

(C) The Area Seven Assessed Property receives benefits from the Area Seven Work equal to not less than the Area Seven Assessment as so allocated to the parcels into which the Area Seven Assessed Property is or is to be divided, and the Area Seven Assessment shall be final, conclusive and binding upon the Owner whether or not the Area Seven Work is completed in substantial compliance with the Area Seven Work Plans and Specifications.

(2) (A) The Owner approves the boundaries of the Area Seven Assessed Property as well as the Area Seven Estimate, the Area Seven Work Plans and Specifications and the Area Seven Assessment Diagram.

(B) This Amendment shall be construed to be an express consent by the Owner that (I) the District may, with respect to the Area Seven Assessed Property, incur costs and expenses necessary to complete the Area Seven Work and (II) the District may levy and collect the Area Seven Assessment in amounts sufficient to pay the amounts indicated in the Area Seven Estimate, including for the Area Seven Work, but not in excess of the total amount of the Area Seven Estimate.

(C) The mailing to the governing body of the Municipality of the Area Seven Estimate and the Area Seven Work Plans and Specifications in the form of the Area Seven Report pursuant to Section 48-715, Arizona Revised Statutes, shall satisfy the filing requirements of Section 48-577, Arizona Revised Statutes, and the publication of the notice of hearing on the Area Seven Report pursuant to Section 48-715, Arizona Revised Statutes, shall satisfy the

publication and posting requirements of Section 48-578, Arizona Revised Statutes.

(3) Notwithstanding that Section 32-2181(I), Arizona Revised Statutes, as amended, may be construed to prevent any waiver of the right to appear before the District Board on any hearing required at or prior to the confirmation of the Area Seven Assessment, the Owner instead hereby requests that the District Board hold hearings on any protests with respect to the Area Seven Work and objections to the extent of the Area Seven Assessed Property (all of which is to be assessed) pursuant to Sections 48-579 and 580, Arizona Revised Statutes, as amended, any objections to award of applicable contracts with respect to the Area Seven Work pursuant to Section 48-584, Arizona Revised Statutes, as amended, and any objections with respect to the Area Seven Assessment or to any previous proceedings connected therewith or claim that the Area Seven Work has not been performed according to any applicable contract or the Area Seven Work Plans and Specifications pursuant to Section 48-590, Arizona Revised Statutes, as amended, should any protests or objections or any requests for hearings with respect thereto be made prior to the confirmation of the Area Seven Assessment. The Owner hereby waives all formal requirements of notice (whether to be mailed, posted or published) and the passage of time prior to such hearings and further consents that hearings and proceedings may be consolidated and held by the District Board on the same day or days.

(4) The Owner, with full knowledge of the provisions, and the rights thereof pursuant to such provisions, of applicable law, waives:

(I) any and all defects, irregularities, illegalities or deficiencies in the proceedings establishing the Area Seven Assessed Property;

(II) any and all notices and time periods related thereto provided by Section 48-576, et seq., Arizona Revised Statutes, including, but not limited, to mailing, posting and publication, as applicable, of any notice required in connection with the adoption of the resolution of intention with respect to the Area Seven Work, the noticing of proposed improvements with respect to the Area Seven Work, the adoption of the resolution ordering the improvements with respect to the Area Seven Work, the noticing of ordering of the improvements with respect to the Area Seven Work, the noticing of award of applicable contracts with respect to the Area Seven Work, the Area Seven Assessment and any other procedural steps and related proceedings necessary in connection with the Area Seven Work;

(III) any and all protests with respect to the Area Seven Work and objections to the extent of the Area Seven Assessed Property (all of which is to be assessed) and including any right to file a written protest or objection for such purpose and any right to any hearing on such matters;

(IV) any and all defects, irregularities, illegalities or deficiencies in, or in the adoption by the District Board of, the Area Seven Assessed Property (all of which is to be assessed), the Area Seven Work Plans and Specifications, the Area Seven Estimate and the Area Seven Assessment Diagram, all of which provide for and effectuate the completion of the Area Seven Work;

(V) any and all defects, irregularities, illegalities or deficiencies in, or in the awarding of, any contracts for or with respect to, the Area Seven Work, including, but not limited to, any right to claim that any of the acts or proceedings relating to the Area Seven Work are irregular, illegal or faulty pursuant to Section 48-584(E), Arizona Revised Statutes, as amended, any right to file a notice specifying in which respect the acts and proceedings are irregular, illegal or faulty and any right to any hearing in connection therewith;

(VI) any and all actions and defenses against the Area Seven Assessment or any of the Area Seven Assessment Bonds, including, but not limited to, the judicial review granted by Section 48-721(A), Arizona Revised Statues, as amended, as to whether the Area Seven Property (all of which is to be assessed) is benefited by the Area Seven Work;

(VII) any right to object to the legality of any of the Area Seven Assessment or to any of the previous proceedings connected therewith or claim that the Area Seven Work has not been performed according to any applicable contract or the Area Seven Work Plans and Specifications in each case as permitted pursuant to Section 48-590(G), Arizona Revised Statutes, as amended, and including any right to file a written notice specifying the grounds of such objection and any right to any hearing in connection therewith;

(VIII) any right to demands for, or of cash payment of the Area Seven Assessment pursuant to Section 48-590, Arizona Revised Statutes, as amended, except as may otherwise be ordered by the District Board and

(IX) any and all provisions of any collateral security instruments relating to the Area Seven Assessed Property (all of which is to be assessed) which prohibit the establishment of the Area Seven Assessed Property, designation of the boundaries of the Area Seven Assessed Property (all of which is to be assessed), completion of the Area Seven Work and levying and recording of the Area Seven Assessment.

(5) The Area Seven Work is of more than local or ordinary public benefit, and the Area Seven Assessed Property receives a benefit from the Area Seven Work in an amount not less than shown in the Area Seven Assessment Diagram.

(6) Instead of the public bidding, bonding and contracting requirements set forth in Sections 48-581 and 584, Arizona

Revised Statutes, the provisions therefor provided by the Agreement have been or will be complied with respect to the Area Seven Work.

(b) The Owner shall execute all documents necessary, appropriate or incidental to the purposes of this Amendment, particularly as they relate to this Section thereof, as long as such documents are consistent with this Amendment and do not create additional liability of any type to the signers by virtue of execution thereof.

(c) Notwithstanding any provision of the Agreement to the contrary, this Amendment as it relates to the Owner shall be a covenant and agreement running with the Area Seven Assessed Property and shall be recorded in the records of the County Recorder of Pinal County, Arizona, as a lien and encumbrance against the Area Seven Assessed Property. In the event of any sale, transfer or other conveyance by the Owner of the right, title or interest of the Owner in the Area Seven Assessed Property or any part thereof, the Property or such part thereof shall continue to be bound by all of the terms, conditions and provisions hereof; any purchaser, transferee or other subsequent owner shall take such property subject to all of the terms, conditions and provisions hereof and any purchaser, transferee or other subsequent owner shall take such property entitled to all of the rights, benefits and protections afforded the predecessor in interest thereof by the terms hereof To the extent that the Area Seven Assessment after levied remains unpaid, the Area Seven Assessment shall constitute a lien against the Area Seven Assessed Property in the amounts indicated in the Area Seven Assessment Diagram, as provided by, and pursuant to, this Amendment and the Act and shall be enforceable and collectable with the same force and effect originally provided to them.

(d) (1) The Area Seven Assessment Bonds were issued at the request and for the benefit of the Owner to finance the amount of the Area Seven Estimate. The Area Seven Assessments shall be collected pursuant to the Assessment Collection Agreement.

(2) The "sale proceeds" of the sale of the Area Seven Assessment Bonds include an amount sufficient to fund a reserve fund, which shall be a reserve to secure payment of debt service on the Area Seven Assessment Bonds, in an amount equal to the maximum amount permitted by the Internal Revenue Code of 1986, as amended, and the Treasury Regulations applicable thereto. Payment from such reserve shall not effect a reduction in the amount of the Area Seven Assessment, and any amount collected with respect to the Area Seven Assessment thereafter shall be deposited to such reserve to the extent the Area Seven Assessment is so paid therefrom.

Section 3. In the event that the Owner fails to perform its obligations arising under or in connection herewith, including a failure to timely pay the Area Seven Assessment, the District shall have the right to enforce its legal, equitable and contractual rights hereunder and under applicable law. If a bankruptcy case that would have the effect of staying the District from enforcement of its rights and remedies hereunder or under applicable law is commenced: (1) in addition

to all other rights and remedies, the District shall be entitled to immediate stay relief under 11 U.S.C. § 362 with respect to the enforcement of its rights and remedies hereunder or applicable law for cause, and (2) the Owner shall be obligated to pay, as "adequate protection" under 11 U.S.C. § 361(1), periodic payments in amounts not less than, and at times no less frequently than, the payments required by the Area Seven Assessment.

Section 4. All the provisions of this Amendment, including but not limited to all general waivers, waivers of statutory provisions, waivers of due process and other substantive rights, remedies and indemnities contained herein shall be enforceable in strict accordance with their terms.

Section 5. (a) The provisions of the Agreement not excluded by Sections 2(a) and (c) hereof are, in all other respects, applicable to this Amendment, including particularly, but not by way of limitation, those provided in Section 10.9 of the Agreement, and are ratified and confirmed in all respects.

(b) To the extent applicable under Section 35-393 et seq., Arizona Revised Statutes, the Owner hereby certifies that it is not currently engaged in, and for the duration of the Agreement shall not engage in, a boycott of Israel. The term “boycott” has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the District determines that certification of the Owner above is false or that it has breached such agreement, the District may impose remedies as provided by law.

IN WITNESS WHEREOF, the officers of the District have duly affixed their signatures and attestations, and the officers of the Owner their signatures, all as of the day and year first written above.

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2

By.....
Tara Walter, Chairperson,
District Board

ATTEST:

.....
Lisa Garcia, District Clerk

PULTE HOME COMPANY, LLC, a limited liability company

By.....
[Phil Turner, Vice President of Construction Operations Arizona Area **???**]

STATE OF ARIZONA)
) ss.
COUNTY OF PINAL)

The foregoing instrument was acknowledged before me this ..... day of January, 2018, by Tara Walter, as Chairperson of the District Board of Merrill Ranch Community Facilities District No. 2, an Arizona community facilities district.

.....
Notary Public

My commission expires:

.....

STATE OF .....)
) ss.
COUNTY OF .....)

The foregoing instrument was acknowledged before me this ..... of January, 2018, by [Phil Turner, the Vice President of Operations of Pulte Home Company, LLC, a limited liability company **???**].

.....
Notary Public

My commission expires:

.....

ATTACHMENTS:

EXHIBIT - Legal Description Of The Area Seven Assessed Property

EXHIBIT

LEGAL DESCRIPTION OF THE AREA SEVEN ASSESSED PROPERTY

LEGAL DESCRIPTION
ANTHEM AT MERRILL RANCH, UNIT 38

Lots 1 through 75, inclusive of Document 2017-062278, Records of Pinal County, Arizona.

DRAFT
11/10/17
12/11/17

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2

and

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION,
as Trustee

INDENTURE OF TRUST

AND

SECURITY AGREEMENT

Dated as of January 1, 2018

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2
(FLORENCE, ARIZONA)

SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA SEVEN)

TABLE OF CONTENTS

Page

PARTIES....1
RECITALS....1
GRANTING CLAUSES....4
HABENDUM....5
DEFEASANCE CLAUSE....5

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.01. Definitions. 6
SECTION 1.02. Acts of Bondowners. 14
SECTION 1.03. Notices, etc. 15
SECTION 1.04. Form and Contents of Documents Delivered to the Trustee. 16
SECTION 1.05. Effect of Headings and Table of Contents. 17
SECTION 1.06. Successors and Assigns. 17
SECTION 1.07. Severability Clause. 17
SECTION 1.08. Benefits of Indenture. 17
SECTION 1.09. Governing Law. 17
SECTION 1.10. Incorporation of State Statutes. 17
SECTION 1.11. Business Days. 18

ARTICLE TWO

FORM OF BONDS

SECTION 2.01. Forms Generally. 19
SECTION 2.02. Form of Bonds. 19

ARTICLE THREE

TERMS AND ISSUANCE OF THE BONDS

SECTION 3.01. Title and Terms. 32
SECTION 3.02. Redemption of Bonds. 32
SECTION 3.03. Execution, Authentication, Delivery and Dating. 34
SECTION 3.04. Registration, Transfer and Exchange. 35
SECTION 3.05. Temporary Bonds. 37
SECTION 3.06. Mutilated, Destroyed, Lost and Stolen Bonds. 37
SECTION 3.07. Payment of Interest on Bonds; Interest Rights Preserved. 38
SECTION 3.08. Cancellation. 39
SECTION 3.09. Persons Deemed Owners. 39

Page

ARTICLE FOUR

REDEMPTION OF BONDS

SECTION 4.01. General Applicability of Article. 40
SECTION 4.02. Election to Redeem; Notice to Trustee. 40
SECTION 4.03. Selection of Bonds to be Redeemed. 40
SECTION 4.04. Notice of Redemption. 40
SECTION 4.05. Deposit of Redemption Price. 41
SECTION 4.06. Bonds Payable on Redemption Date. 41
SECTION 4.07. Bonds Redeemed in Part. 42

ARTICLE FIVE

FUNDS

SECTION 5.01. Bond Fund. 43
SECTION 5.02. Deposits to and Application of Bond Fund. 43
SECTION 5.03. Acquisition and Construction Fund and Costs of Issuance Fund. 45
SECTION 5.04. Deposits to and Application of Acquisition and Construction Fund and the Costs of Issuance Fund. .. 45
SECTION 5.05. Reserve Fund. 46
SECTION 5.06. Deposits to and Application of Reserve Fund. 46
SECTION 5.07. Disposition of Proceeds of Bonds. 47
SECTION 5.08. Investment of and Security for Funds. 48

ARTICLE SIX

DEFEASANCE AND RELEASES

SECTION 6.01. Payment of Indebtedness; Satisfaction and Discharge of Indenture. 49
SECTION 6.02. Defeasance. 50
SECTION 6.03. Application of Deposited Money. 51

ARTICLE SEVEN

REMEDIES

SECTION 7.01. Suits for Enforcement; Mandamus. 52
SECTION 7.02. Covenant to Pay Trustee Amounts Due on Bonds and Right of Trustee to Judgment. 52
SECTION 7.03. Application of Money Collected. 53
SECTION 7.04. Trustee May File Proofs of Claim. 53
SECTION 7.05. Trustee May Enforce Claims Without Possession of Bonds. 54
SECTION 7.06. Unconditional Right of Bondowners to Receive Principal and Interest. 55
SECTION 7.07. Rights and Remedies Cumulative. 55

Page

SECTION 7.08. Delay or Omission Not Waiver. 55
SECTION 7.09. Control by Bondowners. 55
SECTION 7.10. Waiver of Past Defaults. 56
SECTION 7.11. Undertaking for Costs. 56
SECTION 7.12. Remedies Subject to Applicable Law. 57

ARTICLE EIGHT

THE TRUSTEE

SECTION 8.01. Certain Duties and Responsibilities. 58
SECTION 8.02. Certain Rights of Trustee. 59
SECTION 8.03. Not Responsible for Recitals or Application of Proceeds. 60
SECTION 8.04. May Hold Bonds. 60
SECTION 8.05. Money Held in Trust. 60
SECTION 8.06. Compensation and Reimbursement. 60
SECTION 8.07. Corporate Trustee Required; Eligibility. 61
SECTION 8.08. Resignation and Removal; Appointment of Successor. 61
SECTION 8.09. Acceptance of Appointment by Successor. 62
SECTION 8.10. Merger, Conversion, Consolidation or Succession to Business. 63

ARTICLE NINE

SUPPLEMENTAL INDENTURES; AMENDMENTS TO BOND RESOLUTION

SECTION 9.01. Supplemental Indentures or Amendments to Bond Resolution Without Consent of Bondowners. 64
SECTION 9.02. Supplemental Indentures or Amendments to the Bond Resolution With Consent of Bondowners. 65
SECTION 9.03. Execution of Supplemental Indentures and Amendments to Bond Resolution. 66
SECTION 9.04. Effect of Supplemental Indentures and Amendments to Bond Resolution. 66
SECTION 9.05. Reference in Bonds to Supplemental Indentures or Amendments to Bond Resolution. 66

ARTICLE TEN

COVENANTS

SECTION 10.01. Application of Amounts from Assessment. 67
SECTION 10.02. Payment of Debt Service. 68
SECTION 10.03. Maintenance of Agency. 68
SECTION 10.04. Money for Bond Payments to be Held in Trust; Repayment of Unclaimed Money. 68
SECTION 10.05. Further Assurances; Recording. 70

Page

SECTION 10.06. Covenants as to Arbitrage and Other Tax Matters. ...70

SIGNATURES.....76

* * *

THIS INDENTURE OF TRUST AND SECURITY AGREEMENT, dated as of January 1, 2018 (as originally executed or as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof, hereinafter referred to as this "*Indenture*"), from Merrill Ranch Community Facilities District No. 2, a community facilities district formed by the Town of Florence, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"), to Zions Bank, a Division of ZB, National Association, a national banking association authorized to perform trust services in the State of Arizona, as trustee (hereinafter together with any successor to the trust herein granted referred to as the "*Trustee*"),

W I T N E S S E T H:

WHEREAS, pursuant to (1) Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "*Enabling Act*"), (2) Section 9-500.05, Arizona Revised Statutes, (3) Resolution No. 970-05, adopted on December 19, 2006, by the Mayor and Common Council of the Town of Florence, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Municipality*"), (4) Resolution No. 101-05, adopted on December 19, 2006 (hereinafter referred to as the "*District Resolution*"), by the district board of the Issuer (hereinafter referred to as the "*Board*") and (5) Resolution No. MRCFD2 ___-18, adopted on January 2, 2018 (hereinafter referred to as the "*Resolution of Intention*"), by the Board, the Municipality, the Issuer and the owners of the real property in the District as of January 1, 2018 (hereinafter referred to as the "*Property Owners*"), entered into a District Development, Financing Participation and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 2), dated as of November 1, 2005, as amended by, among others, a Seventh Amendment and Waivers (Assessment Area Seven – Unit 38), dated as of January 1, 2018, to District Development, Financing Participation and Intergovernmental Agreement, dated as of November 1, 2005 (as so amended, hereinafter referred to as the "*Development Agreement*"), as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Enabling Act) and the financing of public infrastructure and with regard to the property which makes up the real property included within the boundaries of the Issuer (hereinafter referred to as the "*Property*"), particularly matters relating to the construction of certain public infrastructure by the Issuer, including the acquisition of interests in certain real property therefor, and the acceptance thereof by the Municipality, all pursuant to the Enabling Act; and

WHEREAS, pursuant to (1) the Enabling Act and (2) the Resolution of Intention, the Board has caused to be prepared studies of the feasibility and benefits of the projects relating to certain public infrastructure provided for in the General Plan of the Issuer

heretofore approved by the Municipality and the Issuer and to be financed with proceeds of the sale of a portion of certain hereinafter described bonds of the District, such study having included a description of certain public infrastructure to be acquired or constructed and all other information useful to understand the projects, a map showing, in general, the location of the projects, an estimate of the cost to construct, acquire, operate and maintain the projects, an estimated schedule for completion of the projects, a map or description and a plan for financing the projects; and

WHEREAS, a public hearing on the Report was held on December 4, 2017, after provision for publication and mailing of notice thereof as provided by law, and, pursuant to the (1) Enabling Act and (2) the Resolution of Intention, the Report was ratified and approved in all respects; and

WHEREAS, pursuant to Resolution No. MRCFD2 ___-18, adopted on January 2, 2018 (hereinafter referred to as the "*Bond Resolution*"), by the Board, the Board determined that special assessment lien bonds of the Issuer (hereinafter, being all bonds authenticated and delivered hereunder, referred to as the "*Bonds*") should be issued if certain conditions are met to provide moneys for certain "public infrastructure purposes" (as such term is defined in the Enabling Act) described in the Development Agreement and the Report (hereinafter referred to, including incidental expenses with respect thereto, as the "*Work*"); and

WHEREAS, the Board, pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as nearly as practicable, and the other procedures the Board has provided in the Development Agreement, has caused to be levied an assessment of the costs of the Work (hereinafter referred to as the "*Assessment*") on the portions of the Property (hereinafter referred to as the "*Assessed Property*") as provided in the Development Agreement and the Report, based on the benefit determined by the Board to be received by the Property, and, in that respect, the Property Owners owning the Assessed Property (hereinafter referred to as the "*Affected Owners*") have waived certain matters and agreed to certain other matters with respect thereto pursuant to the Development Agreement, including (1) as to the manner in which the Assessment is (i) to be allocated as the Assessed Property is to be divided into more than one parcel and (ii) is be prepaid and reallocated and (2) as to disbursement and investment of proceeds of the Bonds; and

WHEREAS, pursuant to the Resolution of Intention and the Bond Resolution, the Board (1) resolved its intent with respect to and ordered the Work, (2) determined that the Bonds should be issued to represent the costs and expenses thereof, (3) declared the Work to be of more than local or ordinary public benefit and that the costs and expenses thereof be assessed upon the Assessed Property and (4) provided that the Work be performed under the provisions of the Enabling Act, the Development Agreement and the Report, the Assessed Property to be assessed being more fully described in the Development Agree-

ment, the Report and the Resolution of Intention hereinafter referred to as, collectively, the "*Resolution of Intention Documents*") to which reference is hereby made for such description, and pursuant to the Development Agreement, the Affected Owners have waived or otherwise agreed to the satisfaction of, among other things, any publication, posting, protest or objection right or obligation or hearing right or obligation with respect to the Resolution of Intention Documents; and

WHEREAS, pursuant to the Resolution of Intention, the Board found and determined that they had jurisdiction to order the Work and ordered that the Work be done as described in the Resolution of Intention Documents and in accordance with the plans and specifications theretofore approved and adopted by the Board which are a part of the Resolution of Intention Documents, and pursuant to the Development Agreement, the Affected Owners have waived or otherwise agreed to the satisfaction of, among other things, any publication, posting, protest or objection right or obligation or hearing right or objection with respect to the Bond Resolution; and

WHEREAS, (1) pursuant to the Bond Resolution, duplicate diagrams of the property assessed by the Assessment along with the proposed methodology for the Assessment were approved and adopted and the levy of the Assessment was ordered, (2) thereafter the District Manager levied and recorded the Assessment for the Issuer and executed a warrant to the District Treasurer to collect the amounts with respect to the Assessment (hereinafter referred to as the "*Warrant*") on _____, 2017, and (3) thereafter, the Warrant and the Assessment were returned by the District Manager and the District Treasurer as prescribed by law on _____, 2017, indicating that the Assessment remained unpaid in full, and on the same day, the certified list of unpaid amounts with respect to the Assessment was filed with the District Clerk by the District Manager indicating the same amount; and

WHEREAS, pursuant to the Bond Resolution, the Board has authorized the issuance of the Bonds to be payable from installments paid on amounts therein collected from the Assessment and from amounts available from time to time in the Reserve Fund (as such term is hereinafter defined); and

WHEREAS, pursuant to (1) the Enabling Act and (2) the Bond Resolution, the Issuer has entered into this Indenture to secure, and process the issuance, registration, transfer and payment, and the disbursement and investment of proceeds of, the Bonds; and

WHEREAS, the Board has, by the Bond Resolution, duly authorized the issuance of the Bonds and, in order to provide terms for, to secure and to provide for authentication and delivery of the Bonds by the Trustee, has duly authorized the execution and delivery of this Indenture and

WHEREAS, all things have been done which are necessary to make the Bonds, when executed by the Issuer, (or, as to any Bonds

issued in exchange therefor or in lieu or upon transfer thereof, authenticated and delivered by the Trustee hereunder), valid obligations of the Issuer, and to constitute this Indenture a valid security agreement, collateral assignment and contract for the security of the Bonds, in accordance with the terms thereof and of this Indenture;

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, to secure, except as otherwise provided herein, the payment of the principal of and interest on the Outstanding Secured Bonds (hereinafter defined) and the performance of the covenants therein and herein contained and to declare the terms and conditions on which the Outstanding Secured Bonds are secured, and in consideration of the premises and of the purchase of the Bonds by the holders thereof, the Issuer by these presents does grant, bargain, sell, remise, release, convey, collaterally assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Trustee, forever, all and singular the following described properties, and grants a security interest therein for the purposes herein expressed, to-wit:

GRANTING CLAUSE FIRST

All money and investments held for the credit of the Principal Account, the Interest Account and the Prepayment Account of the Bond Fund established with the Trustee as hereinafter described;

GRANTING CLAUSE SECOND

All money and investments held for the credit of the Reserve Fund established with the Trustee as hereinafter described;

GRANTING CLAUSE THIRD

Any and all property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien and security interest hereof by the Issuer or by anyone in its behalf (and the Trustee is hereby authorized to receive the same at any time as additional security hereunder), which subjection to the lien and security interest hereof of any such property as additional security may be made subject to any reservations, limitations, or conditions which shall be set forth in a written instrument executed by the Issuer or the person so acting in its behalf or by the Trustee respecting the use and disposition of such property or the proceeds thereof;

TO HAVE AND TO HOLD all said property of every kind and description, real, personal, or mixed, hereby and hereafter (by supplemental indenture or otherwise) granted, bargained, sold, aligned, remised, released, conveyed, collaterally assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed as aforesaid, or intended, agreed or covenanted so to be, together with all the appurtenances thereto appertaining (said properties together with any cash and securities hereafter deposited or required to be deposited with the Trustee (other than any such cash which is specifically stated herein not to be deemed part of the Trust Estate) being herein collectively referred to as the "Trust Estate"), unto the Trustee and its successors and assigns forever;

BUT IN TRUST, NEVERTHELESS, for, the equal and proportionate benefit and security of the holders from time to time of all the Outstanding Secured Bonds without any priority of any such Bond over any other such Bond and to secure the observance and performance of all terms, covenants, conditions, agreements and obligations of the Issuer hereunder, except as herein otherwise expressly provided;

UPON CONDITION that, if the Issuer, its successors or assigns shall well and truly pay the principal of and interest on the Outstanding Secured Bonds according to the true intent and meaning thereof, or there shall be deposited with the Trustee or an escrow agent such amounts in such form in order that none of the Bonds shall remain Outstanding as herein defined and provided, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof and the observance or performance of all terms, covenants, conditions, agreements and obligations hereunder, then upon the full and final payment of all such sums and amounts secured hereby, or upon such deposit, this Indenture and the rights, titles, liens, security interests and assignments herein granted shall cease, determine, and be void and this Indenture shall be released by the Trustee in due form at the expense of the Issuer, except only as herein provided and otherwise this Indenture to be and remain in full force and effect;

AND IT IS HEREBY COVENANTED AND DECLARED that all the Bonds are to be authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions, and trust hereinafter set forth, and the Issuer hereby covenants and agrees to and with the Trustee, for the equal and proportionate benefit of all Holders of the Outstanding Secured Bonds except as herein otherwise expressly provided, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 1.01. *Definitions.*

Including the definitions provided in the Recitals, for all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

A. The terms defined in this Article and such Recitals, except when used in the forms set forth in Article Two, have the meanings assigned to them in this Article and such Recitals hereto and include the plural as well as the singular.

B. All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections 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 Indenture as a whole and not to any particular Article, Section or other subdivision.

"*Acquisition and Construction Fund*" means the fund of the Issuer so defined in Section 5.03(A).

"*Act*" when used with respect to any Bondholder or Bondholders has the meaning stated in Section 1.02.

"*Authorized Denomination*" means $100 of principal amount and integral multiples of $10 of principal amount in excess thereof, but in no case ever less than the minimum amount of the Authorized Denomination unless necessary to accommodate redemption of the Bonds.

"*Board Resolution*" means a resolution of the Board certified by the District Clerk to be in full force and effect on the date of such certification and delivered to the Trustee.

"*Bond Fund*" means the fund of the Issuer so defined in Section 5.01.

"*Bondowner*" means a Holder of a Bond.

"*Bond Register*" and "*Bond Registrar*" have the respective meanings stated in Section 3.04.

"*Business Day*" means any day other than a Saturday; a Sunday; or a legal holiday or equivalent (other than a moratorium) for

banking institutions generally in the city where the designated corporate trust office of the Trustee is located.

"*Closing Date*" means the date of the authentication and delivery of the Bonds to the initial purchasers thereof.

"*Code*" means the Internal Revenue Code of 1986, as amended, and in force and effect on the Closing Date.

"*Costs of Acquisition and Construction*" means all items of expense directly or indirectly relating to the cost of the Work as provided in the Resolution of Intention Documents and to be paid pursuant to the terms of the Development Agreement.

"*Costs of Issuance*" means all items of expense directly or indirectly payable by or reimbursable to the Issuer relating to the execution, sale and delivery of the Bonds and the execution and delivery of this Indenture, including but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, legal fees and charges, insurance fees and charges, financial, appraisal and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Bonds and charges and fees in connection with the foregoing, including reimbursement to the Owner for any such item paid on behalf of the Issuer by the Owner.

"*Costs of Issuance Fund*" means the fund of the Issuer so defined in Section 5.03(B).

"*DTC*" means the Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"*Debt Service*" means, collectively, (i) the principal (whether due as a result of Stated Maturity or Maturity due to mandatory redemption) of and interest and premium, if any, on the Bonds and (ii) expenses and costs of the Issuer arising from the activities of the Issuer (such activities being the financing of the Work including the issuance of the Bonds) including, particularly, but not by way of limitation, expenses and costs for agents or third parties required to administer the Bonds, levy and collect taxes for payment of the Bonds, prepare annual audits and budgets and provide for any purposes otherwise related to such activities of the District.

"*Defaulted Interest*" has the meaning stated in Section 3.07.

"*Expenses Account*" means the account of the Bond Fund so defined in Section 5.01.

"*Governmental Obligations*" means (1) direct obligations of, or obligations the timely payment of principal of is fully and

unconditionally guaranteed by, the United States of America or (2) obligations described in Section 103(a) of the Internal Revenue Code of 1954 or the Code, provision for the payment of the principal of and premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in Clause (1) the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal of and premium, if any, and interest on such obligations, and which securities described in Clause (1) are not available to satisfy any other claim, including any claim of the trustee or escrow agent, or any claim of one to whom the trustee or escrow agent may be obligated which, at the time of deposit pursuant to Section 6.02, have been assigned ratings in the highest rating category of S&P, but in the case of both Clause (1) and Clause (2) of this paragraph, for purposes of Section 6.02, only if such obligations are non-callable prior to the Maturity of the Bonds. Governmental Obligations also includes for purposes other than Section 6.02, a "no load," open-end management investment company or trust (mutual fund), registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and which money market fund invests in short term United States Treasury obligations, agencies guaranteed by the United States, and repurchase agreements secured by the same.

"*Interest Account*" means the account of the Bond Fund so designated in Section 5.01.

"*Interest Payment Date*" means each January 1 and July 1 commencing _____ 1, 20__.

"*Issuer Request*" means a written request signed in the name of the Issuer by the District Manager or by the District Clerk and delivered to the Trustee.

"*Maturity*" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof or by call for redemption or otherwise.

"*Moody's*" means Moody's Investor Services or any entity succeeding to the duties and obligations thereof.

"*Officers' Certificate*" means a certificate signed by the District Manager and delivered to the Trustee.

"*Opinion of Counsel*" means a written opinion of counsel who may (except as otherwise expressly provided in this Indenture) be counsel for the Issuer and shall be acceptable to the Trustee and, when given with respect to the status of interest on any Bond under federal income tax law, shall be counsel of nationally recognized standing in the field of municipal bond law and when given with respect to the status of any matter relating to the laws on bank-

ruptcy, shall be counsel of nationally recognized standing in the field of bankruptcy law.

"*Outstanding*" when used with respect to Bonds means, as of the date of determination, all Bonds of a series theretofore authenticated and delivered under this Indenture, except, without duplication:

1. Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

2. Bonds for the payment or redemption of which money in the necessary amount is on deposit with the Trustee or any Paying Agent for the Owners of such Bonds at the Maturity thereof; provided, however, that if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture, or waived, or provision therefor satisfactory to the Trustee has been made;

3. Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture;

4. Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in Section 3.06 and

5. Bonds for the payment of the principal of and interest on which money or Governmental Obligations or both are held by the Trustee or an escrow agent with the effect specified in Section 6.02.

"*Outstanding Secured Bonds*" means, as of the date of determination, (1) all Bonds then Outstanding and (2) all Bonds, if any, alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 3.06 but whose ownership and enforceability by the Owner thereof have been established by a court of competent jurisdiction or other competent tribunal or otherwise established to the satisfaction of the Issuer and the Trustee.

"*Owner*" when used with respect to any Bond, means the Person in whose name such Bond is registered in the Bond Register.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of and interest and premium, if any, on any Bonds on behalf of the Issuer.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"*Permitted Investments*" means:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States:

1. U.S. Export-Import Bank
Direct obligations or fully guaranteed certificates of beneficial ownership.

2. Farmers Home Administration
Certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration Debentures

5. General Services Administration
Participation certificates

6. Government National Mortgage Association ("GNMA")
Guaranteed mortgage-backed bonds
Guaranteed pass-through obligations

7. U.S. Maritime Administration
Guaranteed Title XI financing

8. New Communities Debentures
U.S. government guaranteed debentures

9. U.S. Public Housing Notes and Bonds
U.S. government guaranteed public housing notes and bonds

10. U.S. Department of Housing and Urban Development
Project Notes
Local Authority Bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following United States government agencies (non-full faith and credit agencies):

1. Federal Home Loan Bank System
Senior debt obligations

2. Federal Home Loan Mortgage Corporation
Participation Certificates
Senior debt obligations

3. Federal National Mortgage Association ("FNMA")
Mortgage-backed securities and senior debt obligations

4. Student Loan Marketing Association
Senior debt obligations

D. Money market funds registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and having a rating by Standard & Poor's Corporation ("S&P") of AAAm-G; AAAm; or AAm.

E. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Company.

F. Investment agreements provided by entities with ratings on their long term obligations or claims paying ability of "AA" by S&P and required to be collateralized to the then current requirements of S&P to always have a rating of at least "A." An investment agreement may not be amended, and no investment agreement may be entered into in substitution for an investment agreement unless any rating agency which has rated the Bonds has confirmed that the rating of such rating agency will not be withdrawn or lowered upon the effective date of such amendment or substitute investment agreement.

G. Commercial paper rated, at the time of purchase, "A-1" or better by S&P.

H. Bonds or notes issued by any state or municipality which are rated by S&P in one of the two highest rating categories assigned by S&P.

I. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "A-1" or "A" or better by S&P.

J. Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the issuer (buyer/lender), and the transfer of cash from the issuer to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash

plus a yield to the Issuer in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria:

1. Repos must be between the Issuer and a dealer bank or securities firm

   a. Primary dealers on the Federal Reserve reporting dealer list or

   b. Banks rated "A" or above by S&P.

2. The written repo contract must include the following:

   a. Securities which are acceptable for transfer are:

      (1) Direct U.S. government or

      (2) Federal agencies backed by the full faith and credit of the U.S. government.

   b. The term of the repo may be up to 30 days.

   c. The collateral must be delivered to the Issuer, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

   d. Valuation of Collateral

      (1) The securities must be valued weekly, marked-to market at current market price plus accrued interest.

      (2) The value of collateral must be equal to 103% of the amount of cash transferred by the Issuer to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 103% of the value of the cash transferred by the Issuer, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collat-

eral are FNMA, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the municipal entity:

a. Repo meets guidelines under state law for legal investment of public funds.

K. Governmental Obligations.

L. Obligations, representing interest on obligations of the Resolution Funding Corporation, the payment of such interest, if other revenues are insufficient is required to be paid from the United States Treasury, which interest obligations are "stripped" by the Federal Reserve Bank of New York.

"*Predecessor Bonds*" of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond, and, for purposes of this definition, any Bond authenticated and delivered under Section 3.06 in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Bond.

"*Prepayment Account*" means the account of the Bond Fund so designated in Section 5.01.

"*Principal Account*" means the account of the Bond Fund so designated in Section 5.01.

"*Rating Agency*" means Moody's or S&P.

"*Redemption Date*" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms thereof and this Indenture.

"*Redemption Price*" when used with respect to any Bond to be redeemed means the price at which it is to be redeemed pursuant to this Indenture, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"*Regular Record Date*" for the interest payable on the Bonds on any Interest Payment Date means the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

"*Reserve Fund*" means the fund of the Issuer so defined in Section 5.05.

"*Reserve Fund Requirement*" means, at any applicable time, the least of ten percent (10%) of the Outstanding principal amount of

the Bonds, the maximum annual principal and interest requirements with respect to the Outstanding Bonds and one hundred twenty-five percent (125%) of the average annual principal and interest requirements with respect to the Outstanding Bonds, or such lesser amount as required by the Code to obtain or maintain the exclusion of interest from gross income for federal income tax purposes for the Bonds, as approved by an Opinion of Counsel requested by the Issuer and addressed to the Trustee.

"*Responsible Officer*" means the chairman or vice chairman of the board of directors of the relevant entity, the chairman or vice chairman of the executive committee of said board, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller, any assistant controller or any other officer or authorized Person of the relevant entity customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer of the relevant entity to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"*S&P*" means Standard & Poor's Rating Service, a division of the McGraw-Hill Companies, or any entity succeeding to the duties and obligations thereof.

"*Securities Depository*" means a "clearing agency" (securities depository) registered under Section 17A of the Securities Exchange Act of 1934, as amended (the "Securities Depository").

"*Special Record Date*" has the meaning stated in Section 3.07.

"*State*" means the State of Arizona.

"*Stated Maturity*" when used with respect to any Bond or any installment of interest on any Bond means the date specified in such Bond as the fixed date on which the principal or such installment of interest on any such Bond is due and payable.

"*Trust Estate*" has the meaning stated in the habendum to the Granting Clauses.

SECTION 1.02. *Acts of Bondowners.*

A. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Bondowners may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Bondowners in person or by an agent duly appointed in writing, and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee. Such instrument or instruments (and the action embodied therein and

evidenced thereby) are herein sometimes referred to as the "Act" of the Bondowners signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Issuer and (subject to Section 8.01) the Trustee, if made in the manner provided in this Section.

B. The fact and date of the execution by any Bondowner of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of execution of any such instrument or writing and the authority of any Person executing as or on behalf of any Bondowner may also be proved in any other manner which the Trustee deems sufficient.

C. The ownership of any Bond shall be proved by the Bond Register for such series of the Bonds.

D. Any request, demand, authorization, direction, notice, consent, waiver or other action by the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer, whether or not notation of such action is made upon such Bond.

SECTION 1.03. *Notices, etc.*

A. Unless otherwise specifically provided herein, any request, demand, authorization, direction, notice, consent, waiver or Act of Bondowners or other document provided or permitted by this Indenture by any Bondowner, the Issuer, or the Trustee to be made upon, given or furnished to, or filed with,

1. the Trustee shall be sufficient for every purpose hereunder if made, given, furnished, or filed in writing to or with the Trustee at its principal corporate trust office or if in writing and mailed, first-class postage prepaid, to the Trustee addressed to it at 6001 North 24th Street, Phoenix, Arizona 85016, Attention: Corporate Trust, or at any other address furnished in writing to such Person by the Trustee, or

2. 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 c/o Town of Florence, Arizona, 775 North Main Street, Florence, Arizona 85232, Attention: District Clerk, or at any other address

previously furnished in writing to such Person by the Issuer.

B. Where this Indenture provides for notice to Bondowners of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid or in acceptable electronic form, to each Bondowner affected by such event, at the address of such Bondowner as it appears in the Bond Register for such series of the Bonds. Neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Bondowner shall affect the sufficiency of such notice with respect to other Bondowners.

C. Where this Indenture 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. Waivers of notice by Bondowners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 1.04. *Form and Contents of Documents Delivered to the Trustee.*

A. Whenever several matters are required to be certified by, or covered by an opinion of, any specified type of person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such person, or that they be so certified or covered by only one document, but one such person may certify or give an opinion with respect to some matters and one or more other such persons as to other matters, and any such person may certify or give an opinion as to such matters in one or several documents.

B. Any certificate or opinion of an officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that such certificate or opinion or representations are erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

C. Whenever any Person is required to make, give, or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

D. Wherever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided

that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of compliance by the Issuer with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report.

SECTION 1.05. *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 1.06. *Successors and Assigns.*

All covenants and agreements in this Indenture by the Issuer shall bind its successors and assigns, whether so expressed or not.

SECTION 1.07. *Severability Clause.*

In case any provision in this Indenture or in the Bonds 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 1.08. *Benefits of Indenture.*

Nothing in this Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Owners of Outstanding Secured Bonds, any benefit or any legal or equitable right, remedy, or claim under this Indenture.

SECTION 1.09. *Governing Law.*

This Indenture shall be construed in accordance with and governed by the laws of the State and the federal laws of the United States of America.

SECTION 1.10. *Incorporation of State Statutes.*

A. The Issuer may, within three (3) years after its execution, cancel this Indenture, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Indenture on behalf of the Issuer is, at any time while this Indenture is in effect, an employee or agent of the Trustee in any capacity or a consultant to any other party of this Indenture with respect to the subject matter of this Indenture and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing,

drafting or creating this Indenture on behalf of the Issuer from the Trustee arising as the result of this Indenture.

B. To the extent applicable under Section 41-440, Arizona Revised Statutes, the Trustee 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. The breach by the Trustee of the foregoing shall be deemed a material breach of this Indenture and may result in the termination of the services of the Trustee. The Issuer may randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the above-mentioned covenant. The Trustee shall keep such papers and records open for random inspection during normal business hours by the Trustee. The Trustee 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.

C. Pursuant to Section 35-393 et seq., Arizona Revised Statutes, the Trustee hereby certifies it is not currently engaged in, and for the duration of this Indenture shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the Issuer determines that the Trustee's certification above is false or that it has breached such agreement, the Issuer may impose remedies as provided by law.

SECTION 1.11. *Business Days.*

If the specified date for any payment, submission, certification, determination or other action shall be other than a Business Day, then such payment, submission, certification, determination or other action may be made or done on the next succeeding day which is a Business Day without, in the case of any payment, additional interest (except in the event of a moratorium) and with the same force and effect as if made or done on the specified date.

* * *

ARTICLE TWO

FORM OF BONDS

SECTION 2.01. *Forms Generally.*

A. The Bonds, including the form of Certificate of Authentication and the form of Assignment to be reproduced on each of the Bonds, shall be substantially in the forms set forth in this Article with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and may have such letters, numbers or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an Opinion of Counsel) placed thereon (or attached thereto) as may, consistently herewith, be determined by the officers executing such Bonds as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

B. The definitive Bonds shall be printed, lithographed, or engraved, produced by any combination of these methods, or produced in any other manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof.

SECTION 2.02. *Form of Bonds.*

The Bonds shall be in the following form:

REGISTERED
NO. .....

REGISTERED
$.....

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

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE PURSUANT TO THE RULES AND REGULATIONS APPLICABLE TO SALES TO "SOPHISTICATED MUNICIPAL MARKET PROFESSIONALS" OR (2) UPON RECEIPT BY THE HEREINAFTER DESCRIBED TRUSTEE OF A "QUALIFIED INVESTOR LETTER" IN THE FORM INCLUDED IN THIS BOND.

United States of America
State of Arizona

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2
(FLORENCE, ARIZONA)
SPECIAL ASSESSMENT LIEN BOND (ASSESSMENT AREA SEVEN)

Interest Rate:	Maturity Date:	Original Issue Date:	CUSIP No.:
____%	July 1, 20__	_____, 2017	590211 ____

REGISTERED OWNER: CEDE & CO.*

PRINCIPAL AMOUNT ..... DOLLARS

Merrill Ranch Community Facilities District No. 2, a community facilities district formed by the Town of Florence, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (herein referred to as the "Owner"), on the "Maturity Date" specified above, the "Principal Amount" specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "Orig-

* Insert if DTC is the Securities Depository.

inal Issue Date" specified above, or from the most recent "Interest Payment Date" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as such term is defined in the hereinafter described "Indenture"), semiannually on each January 1 and July 1 commencing _____ 1, 20__ (each an "Interest Payment Date"), at the per annum "Interest Rate" specified above.

As provided in the Indenture hereinafter referred to, the interest so payable on any Interest Payment Date shall be paid to the Person (as such term and all other initially capitalized terms not defined herein are defined in the Indenture) in whose name this Bond (or one or more Predecessor Bonds evidencing the same debt) is registered in the Bond Register of the Issuer at the close of business on the "Regular Record Date" therefor, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for within 15 days after such Interest Payment Date shall forthwith cease to be payable to the Owner on such Regular Record Date and shall be paid to the Person in whose name this Bond (or one or more such Predecessor Bonds) is registered at the close of business on a "Special Record Date" for the payment of such defaulted interest to be fixed by the Trustee in accordance with the Indenture, notice whereof being given to the Owner hereof not less than 10 days prior to such Special Record Date. All such interest shall be payable at the agency of the Issuer for such purpose (herein referred to as the "Paying Agent"), which shall initially be the designated corporate trust office of ....., by check mailed to the Owner as of the relevant record date at the address specified in the Bond Register or pursuant to customary arrangements made by such Owner acceptable to the Paying Agent. The principal and Redemption Price of this Bond are payable at the designated corporate trust office of the Paying Agent, upon presentation and surrender of this Bond.

If the specified date for any such payment shall be a Saturday, a Sunday or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the city where the designated corporate trust office of the Trustee is located then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment, except that in the event of a moratorium for banking institutions generally at the city where the designated corporate trust office of the Trustee is located, such payment may be made on such next succeeding day except that the Bonds on which such payment is due shall continue to accrue interest until such payment is made or duly provided for.

This Bond is one of a duly authorized issue of bonds of the Issuer having the designation specified in its title (herein referred to as the "Bonds"), issued and to be issued in one series under, and all equally and ratably secured by, an Indenture of Trust and Security Agreement, dated as of January 1, 2018 (herein, together with all

indentures supplemental thereto, referred to as the "Indenture"), from the Issuer to ....., as trustee (herein referred to as the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Owners of the Bonds, the Trustee and the Issuer and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Owner of this Bond hereby consents. The Bonds are authorized to be issued by a Resolution of the District Board of the Issuer adopted on December 4, 2017 (herein referred to as the "Bond Resolution"), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Enabling Act").

The Bonds are limited obligations of the Issuer payable only out of the special fund to be collected from installments due with respect to special Assessment (the "*Assessment*") levied against certain land (but not all of the land) within the boundaries of the Issuer which is benefited by certain public infrastructures purposes (as such term as defined in the Enabling Act) financed from proceeds of the sale of the Bonds, all as provided for by the Enabling Act. Such special fund is set apart in accordance with the laws of the State of Arizona and pursuant to the Indenture for the payment of the Bonds and can be used for no other purpose. Notwithstanding any provision hereof or of the Bond Resolution, however, the Indenture may be released and the obligation of the issuer to make money available to pay this Bond may be defeased by the deposit of money and/or direct or indirect obligations of the United States of America sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in the denominations of principal amount of $100 and any integral multiple of $10 of principal amount in excess thereof.

The Bonds are subject to redemption as a whole or from time to time in part on any Interest Payment Date, as randomly determined by the Trustee within the Stated Maturity, upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, from, and only from, amounts which are on deposit in the Acquisition and Construction Fund on or after the completion of the Work but in no event later than _____ 1, 20__, and transferred to the Bond Fund plus amounts in excess of the Reserve Fund Requirement in the Reserve Fund as a result of such transfer and deposited to the Bond Fund.

The Bonds are also subject to redemption as a whole on any date or from time to time in part on any Interest Payment Date, as randomly determined by the Trustee within the Stated Maturity, upon

not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, without premium, from, and only from, amounts which are prepaid with respect to the Assessment plus amounts in excess of the Reserve Fund Requirement in the Reserve Fund as a result of such prepayments, deposited and transferred, respectively, to the Bond Fund.

The Bonds are also subject to redemption at the option of the Issuer as a whole on any date or from time to time in part on any Interest Payment Date in either case on and after July 1, 20__, as randomly determined by the Trustee within the Stated Maturity, upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, without a premium, from amounts other than those described in the preceding two paragraphs.

The Bonds shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date:

Redemption Date (July 1)	Principal Amount
_____	$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Redemption Date (July 1)	Principal Amount
____	$ _____
____	_____
____	_____
____	_____
____	_____
____	_____
____	_____
____	_____
____	_____

Whenever Bonds of the Stated Maturity are purchased, redeemed (other than pursuant to a mandatory redemption) or delivered by the Issuer to the Trustee for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited on a pro-rata basis against the remaining mandatory redemption requirements for Bonds of the Stated Maturity as selected by the Issuer.

Bonds of a denomination larger than $100 of principal amount may be redeemed in part ($100 of principal amount or an integral multiple thereof) and upon any partial redemption of any such Bond the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Bonds of the same Stated Maturity in authorized form and Authorized Denominations for the unredeemed portion of principal. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If less than all the Outstanding Bonds of a Stated Maturity are to be redeemed, the particular Bonds to be redeemed shall be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds of that Stated Maturity which have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and which may provide for the selection for redemption of portions (equal to $100 of principal amount or a multiple thereof) of the principal of Bonds of a denomination larger than $100 of principal amount. The Trustee shall promptly notify the Issuer in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution and the Indenture at any time by the Issuer with the consent of the Owners of a majority in

principal amount of the Bonds at the time Outstanding affected by such modification. The Bond Resolution and Indenture also contain provisions permitting the Owners of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Owners of all the Bonds, to waive compliance by the Issuer with certain past defaults under the Bond Resolution or the Indenture and their consequences. Any such consent or waiver by the Owner of this Bond or any Predecessor Bond evidencing the same debt shall be conclusive and binding upon such Owner and upon all future Owners thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this Bond for transfer to the Paying Agent duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the registered Owner hereof or his attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of authorized denominations and for the same Stated Maturity and aggregate principal amount shall be issued to the designated transferee or transferees.

As provided in the Indenture, Bonds are exchangeable for a like Stated Maturity and aggregate principal amount of Bonds in authorized denominations, as requested by the Owner, upon surrender of the Bonds to be exchanged to the Paying Agent.

In both of the foregoing circumstances, the Paying Agent may require payment of a sum sufficient to cover any tax or other charges payable in connection therewith.

The Issuer, the Trustee, and any agent of either of them may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and none of the Issuer, the Trustee and any such agent shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE ISSUER, THE TOWN OF FLORENCE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE ONLY FROM THE AMOUNTS DESCRIBED HEREIN.

Unless the Certificate of Authentication hereon has been executed by the Trustee, by manual signature, this Bond shall not be entitled to any benefit under the Bond Resolution or the Indenture or be valid or obligatory for any purpose.

It is hereby certified, covenanted and represented that all acts, conditions and things required to be performed, exist and be

done precedent to or in the issuance of this Bond in order to render the same a legal, valid and binding obligation of the Issuer have been performed, exist and have been done, in regular and due time, form and manner, as required by law, and that issuance of the Bonds does not exceed any constitutional or statutory limitation. In case any provision in this Bond 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. This Bond 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.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed.

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2

By.....
.....

ATTEST:

.....
.....

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within-mentioned Indenture.

[Name of Trustee], as Trustee

By.....
Authorized Representative

DATE: .....

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address and zip code of transferee)

.....
.....
.....

(Print or typewrite Social Security or other identifying number of transferee: .....) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints (Print or typewrite name of attorney:) ....., attorney, to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: .....

Signature(s) guaranteed:
[Insert proper legend]

.....
NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered owner(s) appearing on the face of the within Bond in every particular.

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

UNIF GIFT MIN ACT

TEN COM --	as tenants in common	.....	Custodian .....
TEN ENT --	as tenants by the entireties under Uniform Gifts to Minors Act	(Cust.)	(Minor)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	.....	State

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

In first use only: "PRIVATE PLACEMENT INVESTOR LETTER"

Thereafter: "QUALIFIED INVESTOR LETTER"

....., ...

Merrill Ranch Community Facilities District No. 2
....., as Trustee
[***In first use only***: Stifel, Nicolaus & Company, Incorporated]

Re: Merrill Ranch Community Facilities District No. 2
Special Assessment Lien Bonds (Assessment Area Seven)

Please be advised that the undersigned is purchasing a beneficial ownership interest in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of $..... The undersigned hereby acknowledges that the Bonds (i) are not being registered under the federal Securities Act of 1933, as amended (the "Securities Act"), in reliance upon certain exemptions set forth in the Securities Act, (ii) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) will not be listed on any stock or other securities exchange, (iv) will not carry any bond rating from any rating service and (v) are not readily marketable. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws in connection with any subsequent offer and sale of such interest in the Bonds and, in that regard, **agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer**. The undersigned agrees that a "Qualified Investor Letter" in substantially the form hereof will be provided to the addressee Trustee as a result of such offer and sale of such interest in the Bonds.

In regard to the foregoing, the undersigned hereby certifies, acknowledges, warrants and represents that:

(1) The undersigned is one of the following:

(i) a bank as defined in Section 3(a)(2) of the Securities Act, or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; plan established and maintained by a state, its, political subdivision, or any agency or

instrumentality of a state or its political subdivision, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(iii) an organization described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of $5,000,000;

(iv) a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of purchase exceeds $1,000,000 and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth;

(v) a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with the person's spouse in excess of $300,000 in each of those years and who reasonably expects reaching the same income level the current year and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth; and

(vi) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraph (i), (ii), (iii), (iv) or (v) above.

The undersigned expressly waives all responsibility of the addressee District for complying with any applicable federal and state securities laws with respect to the sale of the Bonds including any requirement to provide any information that is relevant to the investment decision to purchase the Bond, and agrees to hold the Issuer and the Town of Florence, Arizona (hereinafter referred to as the "Town") harmless for, from and against any and all liabilities claims, damages or losses resulting directly or indirectly from such failure to comply.

(2) Such purchase of such interest in the Bonds is for the account of the undersigned, for the purpose of investment and not with a present intent for distribution or resale.

(3) An opportunity was available to obtain and that the undersigned has obtained all information which was regarded as necessary to evaluate and has independently evaluated the merits and risks of investment in the Bonds, and after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including, but not limited to, those related to limited security and source for payment of the Bonds, the status of development and its impact on payment of the Bonds, the possible transfer of land by the owners of land in the addressee District, failure or inability of owners to complete proposed development of such land, bankruptcy and foreclosure delays, and the lack of any secondary market for the Bonds.

(4) The undersigned is not relying on Stifel, Nicolaus & Company, Incorporated, the addressee District or the Town in making its decision to purchase the Bonds and agrees that the Town is not obligated in any manner for the issuance or payment of the Bonds.

(5) Neither the addressee District nor the Town, nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned requested, information that may have been furnished to the undersigned by any third party in connection with investment in the Bonds. [***Insert the following in first use only:*** Notwithstanding the foregoing, the undersigned acknowledges that it has received from Stifel, Nicolaus & Company, Incorporated ("Stifel") the following documents and/or materials related to the work being financed with proceeds of the sale of the Bonds and the addressee District:

a. District Development Financing Participation and Intergovernmental Agreement, dated as of November 1, 2005, as amended, including by the Seventh Amendment and Waivers (Assessment Area Seven), dated as of _____ 1, 2017, by and between Merrill Ranch Community Facilities District No. 2 and Pulte Homes Company, LLC.

b. Feasibility Report for the Issuance of Special Assessment Bonds (Assessment Area Seven), Merrill Ranch Community Facilities District No. 2 (Florence, Arizona).

(6) The undersigned is experienced in transactions such as those relating to the Bonds, is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds and did not rely on Stifel, the addressee District or the Town, or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

(7) None of the Town, the addressee District nor Pulte Home Company, LLC has prepared or requested the preparation of an appraisal with respect to the Assessment Area which secures the Bonds, and none of the above make any representations with respect to the value of the lots and parcels within such Assessment Area.

[***Insert in first use only***:

(8) Stifel is acting as placement agent and not as an underwriter with respect to the Bonds. As placement agent, Stifel has not undertaken an independent evaluation or investigation of the agreements or feasibility report referenced in the immediately proceeding paragraph 5 and does not guarantee the accuracy, enforceability or completeness of such documents.]

.....

By.....

Printed Name:.....

Title:.....

* * *

ARTICLE THREE

TERMS AND ISSUANCE OF THE BONDS

SECTION 3.01. *Title and Terms.*

A. There shall be one series of bonds, dated _____ 25, 2017, issued and secured hereunder entitled

"MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2
(FLORENCE, ARIZONA)
SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA SEVEN)"

(herein referred to as the "Bonds").

B. The Bonds shall be issued in the Authorized Denominations.

C. The aggregate principal amount of the Bonds which may be authenticated and delivered and Outstanding is limited to $203,500, and the Stated Maturities, the principal amounts thereof maturing thereon and the rates of interest the Bonds so maturing shall bear shall be as follows:

Year (July 1)	Principal Amount	Interest Rate
20__	$_____	____%

D. The Bonds shall bear interest from and including _____, 2017, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each January 1 and July 1 commencing _____ 1, 20__ (herein each referred to as an "Interest Payment Date").

E. The principal of, Redemption Price for and premium, if any, on the Bonds shall be payable upon surrender of the Bonds to the Paying Agent when due. Interest on the Bonds payable on any Interest Payment Date shall be payable as provided in Section 3.07.

SECTION 3.02. *Redemption of Bonds.*

A. 1. The Bonds shall be redeemable at the option of the Issuer prior to their Stated Maturity in accordance with Article Four in whole or from time to time in part on any Interest Payment Date, upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, from, and only from, funds of the Issuer which are on deposit in the Acquisition and Construction Fund on or after

completion of the Work but in no event later than _____ 1, 20__, and are transferred to the Prepayment Account pursuant to Section 5.04(A) plus amounts in excess of the Reserve Fund Requirement in the Reserve Fund as a result of such transfer and which are transferred to the Prepayment Account pursuant to Section 5.06(C)(1).

2. The Bonds shall also be redeemable at the option of the Issuer prior to their Stated Maturity in accordance with Article Four in whole on any date or from time to time in part on any Interest Payment Date, upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which shall consist of the principal amount of the Bonds so redeemed, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, without premium, from, and only from, funds of the Issuer which are prepaid with respect to the Assessment and are deposited in the Prepayment Account as described in Section 10.01(A) plus amounts in excess of the Reserve Fund Requirement in the Reserve Fund as a result of such prepayments and which are transferred to the Prepayment Account pursuant to Section 5.06(C)(1).

3. The Bonds shall also be redeemable at the option of the Issuer prior to their Stated Maturity in accordance with Article Four in whole on any date or from time to time in part on any Interest Payment Date, in either case on and after July 1, 2020, upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, without a premium, from funds of the Issuer other than those described in subsections A(1) and (2) of this Section.

4. (a) The Bonds shall be redeemed from funds of the Issuer prior to their Stated Maturity in accordance with Article Four on the following Redemption Dates and in the following amounts upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which consists of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date:

Redemption Date (July 1)	Principal Amount
_____	$_____
_____	_____
_____	_____
_____	_____
_____	_____

Redemption Date (July 1)	Principal Amount
_____	$_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

(b) Whenever Bonds of the Stated Maturity are purchased, redeemed (other than pursuant to a mandatory redemption) or delivered by the Issuer to the Trustee for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited on a pro-rata basis against the remaining mandatory redemption requirements for the Bonds of the Stated Maturity as selected by the Issuer.

SECTION 3.03. *Execution, Authentication, Delivery and Dating.*

A. The Bonds shall be executed on behalf of the Issuer by the Chairman or Vice Chairman of the Board and attested by the District Clerk. The signature of any of these officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who were at the time the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them shall cease to hold such offices prior to the certification or authentication and delivery of such Bonds or shall not have held such offices at the date of such Bonds.

B. Forthwith upon the execution and delivery of this Indenture, the Issuer shall deliver to the Trustee the Bonds, executed by the Issuer, and the Trustee shall thereupon authenticate the Bonds and deliver the Bonds to the Persons and in the principal amounts

designated, not less than one (1) day in advance thereof, in writing to the Trustee upon receipt by the Trustee of:

1. the Bond Resolution, duly and validly adopted by the Board, authorizing the execution and delivery of this Indenture and the authentication and delivery of the Bonds and

2. the purchase price for the Bonds specified in the Bond Resolution.

C. At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Bonds executed by the Issuer to the Trustee for authentication, and the Trustee shall authenticate and deliver such Bonds as provided in this Indenture.

D. No Bond shall be entitled to any right or benefit under this Indenture, or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided in Section 2.03, executed by the Trustee by manual signature, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified or authenticated and delivered.

E. All Bonds authenticated and delivered by the Trustee hereunder shall be dated the date of their authentication.

SECTION 3.04. *Registration, Transfer and Exchange.*

A. The Issuer shall cause to be kept (at its agency for payment of the Bonds) a register (herein referred to as the "*Bond Register*") for the Bonds in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of the Bonds and registration of transfers of Bonds as herein provided. The Trustee is hereby appointed "Bond Registrar" for the purpose of registering Bonds and transfer of Bonds as herein provided.

B. 1. Upon surrender for transfer of any Bond to a Paying Agent therefor at the designated corporate trust office thereof, accompanied by such other documents as are required in the form of Bond in Section 2.02 in connection with the transfer thereof, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new fully registered Bonds of the same Stated Maturity, of any Authorized Denominations (provided, however, that no Bond shall ever be issued in a denomination less than the minimum applicable Authorized Denomination of such Bond) and of a like aggregate principal amount as requested by the transferor.

2. The restrictions on transfer of beneficial interests in the Bonds included in the form of Bond prescribed in Section 2.02 shall be eliminated after receipt by the Trustee of (a) proof of a rating on the Bonds of one of the four highest investment grade

ratings from a Rating Agency or (b) defeasance of the Bonds pursuant to this Indenture.

C. At the option of the Owner, Bonds may be exchanged for other Bonds, of any Authorized Denominations, and of like Stated Maturity and aggregate principal amount, upon surrender of the Bonds to a Paying Agent therefor. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Bonds which the Owner of Bonds making the exchange is entitled to receive.

D. All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits hereunder and under the Bond Resolution, as the Bonds surrendered upon such transfer or exchange.

E. Every Bond presented or surrendered for transfer or exchange shall be duly endorsed (if so required by the Trustee), or be accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed, by the Owner thereof or his attorney duly authorized in writing.

F. The Bond Registrar may require payment of a sum sufficient to cover any tax or other charges that may be imposed in connection with any transfer or exchange of Bonds.

G. Neither the Issuer nor the Trustee shall be required (1) to issue, transfer, or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of the first mailing of a notice of redemption of Bonds under Section 4.04 and ending at the close of business on the day of such mailing or (2) thereafter to transfer or exchange any Bond to be redeemed in whole or in part pursuant to such notice.

H. 1. The Trustee and the Issuer may from time to time enter into, and discontinue, an agreement with the Securities Depository, which is the owner of the Bonds, to establish procedures with respect to the Bonds not inconsistent with the provisions of this Indenture; provided, that, notwithstanding any other provisions of this Indenture, any such agreement may provide that different provisions for notice to the Securities Depository may be set forth herein and that a legend shall appear on each Bond so long as the Bonds are subject to such agreement.

2. With respect to Bonds registered in the name of a Securities Depository (or its nominee), neither the Trustee nor the Issuer shall have any obligation to any of its members or participants or to any person on behalf of whom an interest is held in the Bonds.

3. If such agreement is with DTC, while such agreement is in effect, the procedures established therein shall apply to the Bonds notwithstanding any other provisions of this Indenture to

the contrary. As long as DTC is the Securities Depository with respect to the Bonds, the Trustee shall be a "DTC Direct Participant."

SECTION 3.05. *Temporary Bonds.*

A. Pending the preparation of definitive Bonds, the Issuer may execute, and upon Issuer Request the Trustee shall authenticate and deliver, temporary Bonds which are printed, lithographed, typewritten, mimeographed or otherwise produced, any denomination and Stated Maturities, substantially of the tenor of the definitive Bonds in lieu of which they are issued, in fully registered form, and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Bonds may determine, as evidenced by their execution of such Bonds.

B. If temporary Bonds are issued, the Issuer shall cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds to the Trustee without charge to the Owner. Upon surrender for cancellation of any one or more temporary Bonds the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of the same Stated Maturities and of authorized denominations. Until so exchanged, temporary Outstanding Secured Bonds shall in all respects be entitled to the security and benefits of this Indenture.

SECTION 3.06. *Mutilated, Destroyed, Lost and Stolen Bonds.*

A. If (1) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (2) there is delivered to the Trustee such security or indemnity as may be required by it to save each of the Issuer and Trustee harmless, then, in the absence of notice to the Issuer or the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon a request of the "District Manager" of the Issuer, the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of like tenor, Stated Maturity and aggregate principal amount bearing a number not contemporaneously outstanding. If, after the delivery of such new Bond, a bona fide purchaser of the original Bond in lieu of which such new Bond was issued presents for payment such original Bond, the Issuer and the Trustee shall be entitled to recover such new Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expenses incurred by the Issuer or the Trustee in connection therewith.

B. In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the Issuer or

the Trustee in its discretion may pay such Bond instead of issuing a new Bond.

C. Upon the issuance of any new Bond under this Section, the Issuer or the Trustee may require the payment of a sum sufficient to cover any tax or other charges that may be imposed in relation thereto and any other expenses connected therewith.

D. Every new Bond issued pursuant to this Indenture in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of the Board Resolution authorizing the Bonds and of this Indenture equally and ratably with all other Outstanding Bonds.

E. The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

SECTION 3.07. *Payment of Interest on Bonds; Interest Rights Preserved.*

A. Interest on any Bond which is payable on, and is punctually paid or duly provided for on, any Interest Payment Date shall be paid to the Person in whose name that Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date for such interest. Such interest, in the absence of other arrangements acceptable to the Paying Agent made by the Owner as of such date, shall be paid by check payable to the order and mailed to the address of such Owner as the same appears on the Bond Register.

B. Any interest on any Bond which is payable on, but is not punctually paid or duly provided for on, any Interest Payment Date (herein referred to as "Defaulted Interest") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date solely by virtue of such Owner having been such Owner. Such Defaulted Interest shall thereupon be paid by the Issuer to the Persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such portion of Defaulted Interest as may then be paid from the sources herein provided. The Issuer shall promptly notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Owners entitled to such Defaulted Interest as

in this Subsection provided and not to be deemed part of the Trust Estate for the other than Outstanding Secured Bonds. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment by the Trustee and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner of a Bond of such series at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date.

C. Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

SECTION 3.08. *Cancellation.*

All Bonds surrendered for payment, redemption, transfer, exchange, replacement or conversion, and all Bonds, if surrendered to the Trustee, shall be promptly canceled by it and, if surrendered to the Issuer or any Paying Agent, shall be delivered to the Trustee and, if not already canceled, shall be promptly canceled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Bonds previously certified or authenticated and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Trustee. No Bond shall be authenticated in lieu of or in exchange for any Bond canceled as provided in this Section, except as expressly provided by this Indenture.

SECTION 3.09. *Persons Deemed Owners.*

The Issuer, the Trustee, and their agents may treat the Person in whose name any Bond is registered as the owner of such bond for the purpose of receiving payment of the principal (and Redemption Price) of and interest on such Bond as provided herein and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, none of the Issuer, the Trustee and any such agent shall be affected by notice to the contrary.

* * *

ARTICLE FOUR

REDEMPTION OF BONDS

SECTION 4.01. *General Applicability of Article.*

The Bonds shall be redeemable before their Stated Maturity in accordance with Section 3.02 and this Article.

SECTION 4.02. *Election to Redeem; Notice to Trustee.*

The exercise by the Issuer of its option to redeem any Bonds shall be evidenced by a Board Resolution. In case of any redemption at the election of the Issuer of less than all of the Outstanding Bonds the Issuer shall, at least sixty (60) days prior to the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the Stated Maturities and principal amounts of Bonds to be redeemed.

SECTION 4.03. *Selection of Bonds to be Redeemed.*

A. If less than all the Outstanding Bonds of a Stated Maturity are to be redeemed, the particular Bonds of that Stated Maturity to be redeemed shall be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds which have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and which may provide for the selection for redemption of portions (equal to $100 of principal amount or an integral multiple of principal amount of $100 thereof, but in no case less than the minimum of the allowable Authorized Denomination) of the principal of Bonds of such series of the Bonds of a denomination larger than the Authorized Denomination allowable. (A Bond shall not be redeemed if such redemption would result in the remaining principal amount of the Bond being less than the minimum of the allowable Authorized Denomination.)

B. The Trustee shall promptly notify the Issuer in writing of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

SECTION 4.04. *Notice of Redemption.*

A. Notice of redemption shall be given by the Trustee in the name and at the expense of the Issuer, not less than thirty (30) nor more than sixty (60) days prior to the Redemption Date, to each Owner of the Bonds to be redeemed, at his address appearing in the Bond Register.

B. All notices of redemption shall include a statement as to

1. the Redemption Date,

2. the Redemption Price,

3. the principal amount of Bonds to be redeemed and, if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of Bonds of such series of the Bonds to be redeemed,

4. that on the Redemption Date, the Redemption Price of each of the Bonds to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date and

5. that the Bonds to be redeemed are to be surrendered for payment of the Redemption Price to the Paying Agent and the address of such Paying Agent.

SECTION 4.05. *Deposit of Redemption Price.*

On or before the Business Day preceding the earliest date for mailing of the notice required by Section 4.04 with regard to any Redemption Date, the Issuer shall deposit or cause to be deposited with the Trustee an amount of money which, together with any amounts in the Prepayment Account available for such purpose, is sufficient to pay the Redemption Price of all the Bonds then to be redeemed and interest, if any, accrued thereon to the Redemption Date. Such money and amounts shall be segregated and shall be held in trust, uninvested, for the benefit of the Owners entitled to such Redemption Price and shall not be deemed to be part of the Trust Estate.

SECTION 4.06. *Bonds Payable on Redemption Date.*

A. Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Issuer at the Redemption Price, but solely from the sources therein provided. Installments of interest with a Stated Maturity on or prior to the Redemption Date shall be payable to the Owners of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 3.07.

B. If any Bond to be redeemed shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, continue to bear interest at the rate prescribed therefor in such Bond.

SECTION 4.07. *Bonds Redeemed in Part.*

Any Bond which is to be redeemed only in part shall be surrendered at the principal corporate trust office of the Trustee, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner of such Bond, without service charge, a new Bond or Bonds of any Authorized Denomination or Denominations as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

* * *

ARTICLE FIVE

FUNDS

SECTION 5.01. *Bond Fund.*

There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Special Assessment Lien Bonds (Assessment Area Seven) Bond Fund" (herein referred to as the "*Bond Fund*") and within the Bond Fund (1) a special account designated the "*Principal Account*," (2) a special account designated the "*Interest Account*," (3) a special account designated the "*Prepayment Account*" and (4) a special account separate and apart from the Trust Estate designated the "*Expenses Account*." The money deposited to the Principal Account, the Interest Account, the Prepayment Account and the Expenses Account, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Sections 5.02 and 7.03.

SECTION 5.02. *Deposits to and Application of Bond Fund.*

A. The Issuer shall, upon receipt, deposit to the credit of

1. the Principal Account:

a. amounts collected by or remitted to the Issuer from the collection of the principal portion of installments with respect to the Assessment to the extent provided in Section 10.01(A) and which are allocated in the budget of the Issuer for the applicable fiscal year for the payment of principal (whether due as a result of Stated Maturity or Maturity due to mandatory redemption) of the Bonds with respect to Debt Service;

b. amounts transferred from the Reserve Fund pursuant to Section 5.06(B), (C) or (E) and

c. such other funds as the Issuer shall, at the option of the Board, deem advisable.

2. the Interest Account:

a. amounts collected by or remitted to the Issuer from the collection of the interest portion of installments with respect to the Assessment to the extent provided in Section 10.01(A) and which are allocated in the budget of the Issuer for the applicable fiscal year for payment of the interest on the Bonds with respect to Debt Service;

b. amounts transferred from the Reserve Fund pursuant to Section 5.06(B), (C)(2) or (E) and

c. such other funds as the Issuer shall, at the option of the Board, deem advisable.

3. the Prepayment Account:

a. amounts transferred from the Acquisition and Construction Fund to the extent provided in Sections 5.04(A)(2) and 5.04(B)(2);

b. amounts remitted to the Issuer as prepayments of installments with respect to the Assessment to the extent provided in Section 10.01(A) and not necessary to pay principal of or interest on the Bonds (which shall be held in the Principal Account and the Interest Account, respectively) prior to the application of such amounts to prepay the Bonds;

c. amounts received by the Issuer as proceeds from any foreclosure sale of any real property which is the subject of the Assessment due to a failure to pay an installment which is the subject of the Assessment to the extent described in Section 10.01(A);

d. amounts transferred from the Reserve Fund pursuant to Section 5.06(C)(1) and

e. amounts paid pursuant to Section 4.05.

4. the Expenses Account amounts collected by or remitted to the Issuer from the collection of amounts to be applied for the payment of the expenses described in Clause (ii) of the definition of Debt Service as a portion of the interest portion of installments with respect to the Assessment to the extent provided in Section 10.01(A) and which are allocated in the budget of the Issuer for the applicable fiscal year for the payment of such expenses.

B. The amounts in the Principal Account, the Interest Account, the Prepayment Account and the Expenses Account shall be applied solely to pay Debt Service as follows:

1. the amounts in the Principal Account shall be applied to pay principal of the Bonds as indicated in Section 3.01;

2. the amounts in the Interest Account shall be applied to pay interest on the Bonds as indicated in Section 3.01;

3. the amounts in the Prepayment Account shall be applied to pay the Redemption Price on the Redemption Date for any of the Bonds as described in Section 3.02 and

4. the amounts in the Expenses Account shall (a) be retained by the Trustee in the Expenses Account for the purposes described in Section 9.1(b) of the Development Agreement and (b) upon an Issuer Request, be paid to the Issuer for the purposes described in Section 9.1(b) of the Development Agreement.

SECTION 5.03. *Acquisition and Construction Fund and Costs of Issuance Fund.*

A. There is hereby created by the Issuer and established with the Trustee a special trust fund of the Issuer separate and apart from the Trust Estate and designated its "Special Assessment Lien Bonds (Assessment Area Seven) Acquisition and Construction Fund" (herein referred to as the "Acquisition and Construction Fund"). The money deposited to the Acquisition and Construction Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.04(A).

B. There is hereby created by the Issuer and established with the Trustee a special trust fund of the Issuer separate and apart from the Trust Estate and designated its "Special Assessment Lien Bonds (Assessment Area Seven) Costs of Issuance Fund" (herein referred to as the "Costs of Issuance Fund"). The money deposited to the Costs of Issuance Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.04(B).

SECTION 5.04. *Deposits to and Application of Acquisition and Construction Fund and the Costs of Issuance Fund.*

A. 1. The Issuer shall deposit to the credit of the Acquisition and Construction Fund the proceeds of the sale of the Bonds provided in Section 5.07(C) as well as amounts transferred for deposit therein pursuant to Section 5.06(C)(2).

2. Upon an Issuer Request which shall state with respect to Costs of Acquisition and Construction (1) the name and address of the Person to whom the payment is to be made (which, if the Cost of Acquisition and Construction in question is for an "Acquisition Project" (as such term is defined in the Development Agreement), may be the Owner); (2) the amount to be paid; (3) the obligation on account of which the payment is to be made, showing the total obligation, any amount previously paid and the unpaid balance as well as the provision of the Development Agreement to which the foregoing relates; (4) that the obligation was properly incurred and is a proper charge against the Acquisition and Construction Fund; (5) that the amount requisitioned is due and unpaid or owing to such Person;

(6) that with respect to items covered in the Issuer Request, there are no vendors', mechanics' or other liens, bailments, leases or conditional sale contracts which must be satisfied or discharged before the payments as requisitioned therein are made or which will not be discharged by such payment and (7) the aggregate amount of all disbursements previously made from the Acquisition and Construction Fund, amounts on deposit in the Acquisition and Construction Fund shall be applied by the Trustee solely to pay the Costs of Acquisition and Construction and, to the extent the funds deposited to the Acquisition and Construction Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the Issuer as provided by an Issuer Request which shall state that (1) the Work has been completed in accordance with the Resolution of Intention Documents and all labor, services, materials and supplies used in the Work have been paid for and acknowledgments of such payments have been obtained from all contractors and suppliers and (2) all other facilities necessary in connection with the Work have been constructed, acquired and installed in accordance with the Resolution of Intention Documents therefor and all Costs of Acquisition and Construction for and incurred in connection therewith have been paid, to transfer such unexpended proceeds or income to the Prepayment Account; provided, however, that if any such amounts remain on deposit on _____ 1, 20__, such amounts shall be transferred by the Trustee to the Prepayment Account.

B. 1. The Issuer shall deposit to the credit of the Costs of Issuance Fund the proceeds of the sale of the Bonds provided in Section 5.07(B).

2. Upon an Issuer Request, amounts on deposit in the Costs of Issuance Fund shall be applied by the Trustee solely to pay the Costs of Issuance; provided, however, that if any such amounts remain on deposit in the Costs of Issuance Fund on August 1, 2017, such amounts shall be transferred by the Trustee to the Prepayment Account.

SECTION 5.05. *Reserve Fund.*

There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Special Assessment Lien Bonds (Assessment Area Seven) Reserve Fund" (herein referred to as the "Reserve Fund"). The money deposited to the Reserve Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.06.

SECTION 5.06. *Deposits to and Application of Reserve Fund.*

A. The Issuer shall deposit to the credit of the Reserve Fund the amount received from the proceeds of the sale of the Bonds indicated in Section 5.07(A).

B. On, or, if either day is not a Business Day, before June 15 and December 15 of each year, the Trustee shall, to the extent there are sufficient amounts in the Reserve Fund, transfer from the Reserve Fund to the Principal Account and the Interest Account, as applicable, the difference between the amount in the Principal Account and the Interest Account, as applicable, on such date and the amount necessary to pay the principal of and interest on the Bonds on the next succeeding July 1 or January 1, as the case may be.

C. (1) With respect to maturity or redemption of the Bonds, the Trustee shall examine the Reserve Fund in relation to the Reserve Fund Requirement to determine if such maturity or the redemption of Bonds pursuant to Section 3.02 allows the Reserve Fund Requirement to be reduced and shall transfer the amount of any such permitted reduction to the level equal to the Reserve Fund Requirement as reduced after such examination from the Reserve Fund to the Principal Account with respect to such maturity and to the Prepayment Account to be applied to such redemption.

(2) On April 15 of each year, the Trustee shall examine the Reserve Fund in relation to the Reserve Fund Requirement to determine if any amounts which constitute investment earnings on the amounts in the Reserve Fund allow the amount on deposit in the Reserve Fund to be reduced to a level equal to the Reserve Fund Requirement and shall transfer the excess over the Reserve Fund Requirement from the Reserve Fund to the Acquisition and Construction Fund until March 1, 2013, and thereafter to the Interest Account to be applied to pay interest on the Bonds.

D. If, after a withdrawal from the Reserve Fund for any reason, the Reserve Fund is less than the Reserve Fund Requirement, the Issuer shall reimburse the Reserve Fund to the extent of proceeds from any delinquent amount due with respect to the Assessment including any foreclosure sale of any real property which is the subject of the Assessment due to a failure to pay an installment which is the subject of the Assessment as described in Section 10.01(A).

E. On June 15, 20__, any amounts that remain on deposit in the Reserve Fund shall be transferred by the Trustee to the Principal Account and the Interest Account, as applicable, to pay Debt Service.

SECTION 5.07. *Disposition of Proceeds of Bonds.*

Simultaneously with delivery of the Bonds to the initial purchasers thereof, the Issuer shall cause the Trustee to deposit the proceeds thereof as follows:

A. Reserve Fund. An amount equal to $_____ of the proceeds of the sale of the Bonds (which equals the Reserve Fund Requirement) shall be deposited to the credit of the Reserve Fund.

B. Costs of Issuance Fund. An amount equal to $_____ of the proceeds of the sale of the Bonds shall be deposited to the credit of the Costs of Issuance Fund for the purposes described in Section 5.04(B).

C. Acquisition and Construction Fund. The balance remaining from the proceeds of the sale of the Bonds after the deposits described in Paragraphs A, B and C of this Section shall be deposited to the credit of the Acquisition and Construction Fund for the purposes described in Section 5.04(A).

SECTION 5.08. *Investment of and Security for Funds.*

A. Money held for the credit of the Bond Fund shall, as nearly as may be practicable and except as otherwise provided in Section 4.05, be continuously invested and reinvested by the Trustee in Governmental Obligations as directed in writing by the Issuer. Absent such written direction such money shall be invested in Permitted Investments described in clause D of the definition thereof.

B. Money held for the credit of the Acquisition and Construction Fund, the Costs of Issuance Fund and the Reserve Fund shall, as nearly as may be practical, be continuously invested and reinvested by the Trustee in Permitted Investments as directed in writing by the Issuer. Absent such written direction such money shall be invested in Permitted Investments described in clause D of the definition thereof.

C. The Trustee shall sell or present for redemption any obligations so purchased as an investment hereunder whenever it shall be necessary so to do in order to provide money to make any payment or transfer of money required hereby. Investments shall mature, or shall be subject to redemption by the holder thereof at the option of such holder without penalty, not later than the respective dates when such money is expected to be required for the purpose intended. Obligations so purchased as an investment of any money credited to any fund established hereunder shall be deemed at all times to be a part of such fund. The interest accruing on obligations so purchased and any profit realized from such investment shall be credited to such Fund and any loss resulting from such investment shall be charged to such fund.

D. All money held by the Trustee hereunder shall be continuously secured in the manner and to the fullest extent then required by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. The Trustee shall not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from disregard or negligent implementation of any permitted direction by the Issuer.

* * *

ARTICLE SIX

DEFEASANCE AND RELEASES

SECTION 6.01. *Payment of Indebtedness; Satisfaction and Discharge of Indenture.*

A. Whenever

1. all Bonds theretofore authenticated and delivered have been canceled by the Trustee or delivered to the Trustee for cancellation, excluding, however:

a. Bonds for the payment of which money has theretofore been deposited in trust with the Trustee or a Paying Agent as provided in Section 4.05,

b. Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 3.06, except for any such Bond which, prior to the satisfaction and discharge of this Indenture, has been presented to the Trustee with a claim of ownership and enforceability by the Owner thereof and where enforceability has not been determined adversely against such Owner by a court of competent jurisdiction,

c. Bonds, other than those referred to in the foregoing Clauses, for the payment or redemption (under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name and at the expense of the Issuer) of which the Issuer has deposited or caused to be deposited with the Trustee in trust for such purpose an amount (to be immediately available for payment, except in the case of Bonds excepted from the foregoing Clause (b) prior to the time the ownership and enforceability of such Bonds has been established) sufficient to pay and discharge the entire indebtedness on the Bonds for principal (and premium, if any) and interest to the date of Maturity thereof which have become due and payable or to the Stated Maturity or Redemption Date, as the case may be and

d. Bonds deemed no longer Outstanding as a result of the deposit or escrow of money or Governmental Obligations or both as described in Section 6.02; and

2. the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer;

then, upon Issuer Request, this Indenture and the lien, rights and interests created hereby shall cease, determine and become null and void (except as to any surviving rights of transfer or exchange of Bonds herein or therein provided for), and the Trustee and each co-trustee and separate trustee, if any, then acting as such hereunder shall, at the expense of the Issuer, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver to the Issuer or upon Issuer Request all cash, securities and other personal property then held by it hereunder as a part of the Trust Estate.

B. In the absence of an Issuer Request as aforesaid, the payment of all Outstanding Secured Bonds shall not render this Indenture inoperative or prevent the Issuer from issuing Bonds from time to time thereafter as herein provided.

C. Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Issuer to the Trustee under Section 8.06 shall survive.

SECTION 6.02. *Defeasance.*

Any Bond shall be deemed to be no longer Outstanding when payment of the principal of and premium, if any, such Bond, plus interest thereon to the Maturity thereof (whether such Maturity be by reason of the Stated Maturity thereof or giving of notice redemption therefor, if notice of such redemption has been given or waived or irrevocable arrangements therefor satisfactory to the Trustee have been made) shall have been provided for by depositing for such payment from funds of the Issuer under the terms provided in this Section (1) money sufficient to make such payment or (2) money and Governmental Obligations certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as shall, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom be sufficient to make such payment, provided that all necessary and proper fees, compensation, and expenses of the Trustee and Paying Agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Any such deposit shall be made either with the Trustee or, if notice of such deposit is given to the Trustee, with a state or nationally chartered bank with a minimum combined capital and surplus of $50,000,000, as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or the Paying Agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the Maturity thereof and of such interest or the Stated Maturity, as the case may be. If such deposit is made with respect to some but not all of the Bonds then Outstanding, the Trustee shall select the Outstanding Bonds in the same manner as provided in Section 4.03 for the selection of Bonds to be redeemed. Notwithstanding anything herein to the contrary however, no such deposit shall have the effect hereinabove described

(1) if made during the existence of default hereunder of which the Trustee has received written notice unless made with respect to all of the Bonds then Outstanding and (2) unless there shall be delivered to the Trustee an Opinion of Counsel to the effect that such deposit shall not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose shall be held by the Trustee in a segregated account in trust for the Owners of the Bonds with respect to which such deposit is made and together with any investment income therefrom, shall be disbursed solely to pay the principal of and interest on the Bonds when due. No money or Governmental Obligations so deposited pursuant to this Section shall be invested or reinvested unless in Governmental Obligations and unless such money not invested, such Governmental Obligations not reinvested, and such new investments are together certified by an independent accountant of national reputation to be of such amounts, maturities, and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for purposes of any such payment from such money or Governmental Obligations.

SECTION 6.03. *Application of Deposited Money.*

Money or Governmental Obligations deposited with the Trustee pursuant to Section 6.01 or 6.02 shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Subject to the provisions of Section 4.03, such money or Governmental Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent as the Trustee may determine) to the Owners entitled thereto of the principal (and premium, if any) and interest for the payment of which such money has been deposited with the Trustee.

* * *

ARTICLE SEVEN

REMEDIES

SECTION 7.01. *Suits for Enforcement; Mandamus.*

A. The Trustee in its discretion, subject to the provisions of Section 7.10, may proceed to protect and enforce its rights and the rights of the Bondowners under this Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture or in aid of the execution of any power granted in this Indenture or for the enforcement of any other legal, equitable, or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or the Bondowners.

B. In addition to all rights and remedies of any Owner of Bonds provided herein, in the event the Issuer defaults in the payment of the principal of or premium, if any, or interest on any of the Bonds when due, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution or in this Indenture, the Trustee shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the directors and other officers of the Issuer to make such payment or to observe and perform any covenant, obligation, or condition prescribed in such Board Resolution or in this Indenture.

SECTION 7.02. *Covenant to Pay Trustee Amounts Due on Bonds and Right of Trustee to Judgment.*

A. If

1. default occurs in the payment of any interest on any Bond when such interest becomes due and payable or

2. default occurs in the payment of the principal of (or premium, if any, on) any Bond at its Maturity,

then upon demand of the Trustee, the Issuer shall pay or cause to be paid to the Trustee for the benefit of the Owners of such Bonds the amount so due and payable on the Bonds for principal (and premium, if any) and interest and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of administration and collection, including the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the Issuer fails to pay or cause to be paid such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to sue for and recover judgment against the Issuer for the amount then so due and unpaid.

B. The Trustee shall be entitled to sue and recover judgment as aforesaid either before, after, or during the pendency of any proceedings for the enforcement of the lien of this Indenture, and in case of a sale of the Trust Estate and the application of the proceeds of sale as aforesaid, the Trustee, in its own name and as trustee of an express trust, shall be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon the Outstanding Secured Bonds, for the benefit of the Owners thereof, and shall be entitled to recover judgment for any portion of the same remaining unpaid, with interest as aforesaid. No recovery of any such judgment upon any property of the Issuer shall affect or impair the lien of this Indenture upon the Trust Estate or any rights, powers, or remedies of the Trustee hereunder, or any rights, powers, or remedies of the Owners of the Bonds.

SECTION 7.03. *Application of Money Collected.*

Any money collected by the Trustee pursuant to this Article, together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

A. First: To the payment of all unpaid amounts due the Trustee under Section 8.06;

B. Second: To the payment of the whole amount then due and unpaid upon the Outstanding Secured Bonds, for principal of and premium, if any and interest on the Bonds and with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any), and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest without any preference or priority, ratably according to the aggregate amount so due and

C. Third: To the payment of the remainder, if any, to the Issuer, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

SECTION 7.04. *Trustee May File Proofs of Claim.*

A. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceeding relative to the Issuer or the property of the Issuer, the Trustee (irrespective of whether

the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the Issuer or the Participant for the payment of overdue principal, premium, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

1. to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Secured Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel) and of the Bondowners allowed in such judicial proceeding and

2. to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Bondowner to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Bondowners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 8.06.

B. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondowner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Bondowner in any such proceeding.

SECTION 7.05. *Trustee May Enforce Claims Without Possession of Bonds.*

All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners of the Bonds in respect of which such judgment has been recovered.

SECTION 7.06. *Unconditional Right of Bondowners to Receive Principal and Interest.*

Notwithstanding any other provision in this Indenture, the Owner of any Bond shall have the right which is absolute and unconditional to receive, after payment of all amounts due to the Trustee hereunder, payment of the principal of and (subject to Section 7.10) interest on any such Bond on the respective Stated Maturities expressed in such Bond (or, in the case of redemption, on the Redemption Date), and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Owner; provided, however, that no Bondowner shall be entitled to take any action or institute any such suit to enforce the payment of his Bonds, whether for principal, interest or premium, if and to the extent that the taking of such action or the institution or prosecution of any such suit or the entry of judgment therein would under applicable law result in a surrender, impairment, waiver or loss of the lien of this Indenture upon the Trust Estate, or any part thereof, as security for Bonds held by any other Bondowner.

SECTION 7.07. *Rights and Remedies Cumulative.*

No right or remedy herein conferred upon or reserved to the Trustee or the Bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. Except as otherwise provided herein with regard to the rights or remedies of Bondowners, the assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 7.08. *Delay or Omission Not Waiver.*

No delay or omission of the Trustee or any Owner of any Bond to exercise any right or remedy accruing upon a default under this Article shall impair any such right or remedy or constitute a waiver of any such default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or the Bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondowners, as the case may be.

SECTION 7.09. *Control by Bondowners.*

A. The Owners of a majority in aggregate principal amount of the Outstanding Bonds affected thereby shall have the right

1. to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of

this Indenture, the sale of the Trust Estate, or otherwise; and

2. to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder, provided that

a. such direction shall not be in conflict with any rule of law or this Indenture,

b. the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction,

c. the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Owners not taking part in such direction and

d. if the remedy requires the consent of a certain number of the Owners, such consent has been provided.

B. Before taking action pursuant to this Section, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the District shall reimburse the Trustee for all of the expenses of the Trustee pursuant to Section 8.06.

SECTION 7.10. *Waiver of Past Defaults.*

A. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds affected thereby may, by Act of such Bondowners delivered to the Trustee and the Issuer, on behalf of the Owners of all the Bonds waive any past default hereunder and its consequences, except a default in respect of a covenant or provision hereof which under Article Twelve cannot be modified or amended without the consent of the Owner of each Outstanding Bond affected.

B. Upon any such waiver, such default shall cease to exist for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 7.11. *Undertaking for Costs.*

All parties to this Indenture agree, and each Owner of any Bond by his acceptance thereof shall be deemed to have agreed, that

any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by or against the Trustee, to any suit instituted by any Bondowner, or group of Bondowners of the Bonds affected thereby, holding in the aggregate more than ten percent (10%) in principal amount of the Outstanding Bonds, or to any suit instituted by any Bondowner for the enforcement of the payment of the principal of or interest on any Bond on or after the Stated Maturity expressed in such Bond (or, in the case of redemption, on or after the Redemption Date).

SECTION 7.12. *Remedies Subject to Applicable Law.*

All rights, remedies, and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

* * *

ARTICLE EIGHT

THE TRUSTEE

SECTION 8.01. *Certain Duties and Responsibilities.*

A. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In the absence of bad faith on its part, the Trustee 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 Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

B. No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

1. this Subsection shall not be construed to limit the effect of Subsection A of this Section;

2. the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent;

3. the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in principal amount of the Outstanding Bonds or to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture and

4. no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in Section 7.09(B).

C. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 8.02. *Certain Rights of Trustee.*

Except as otherwise provided in Section 8.01 hereof:

A. the Trustee may rely and shall be protected in acting or refraining from acting upon:

1. any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, telex or other paper, document, or communication reasonably believed by it to be genuine and to have been signed or presented by the proper Persons and

2. failure of the Trustee to receive any such paper, document, or communication, if prior receipt thereof is required by this Indenture before the Trustee is to take or refrain from taking any action;

B. any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request, and any order or resolution of the Board may be sufficiently evidenced by a Board Resolution;

C. whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

D. the Trustee may consult with legal counsel and the written advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Trustee hereunder in good faith and in reliance thereon;

E. the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondowners pursuant to this Indenture, unless such Bondowners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction;

F. the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document (including particularly, but not by way of limitation) Acts, Board Resolutions, Issuer Requests and Officers' Certificates, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to

examine the books, records and premises of the Issuer, personally or by agent or attorney and

G. the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed, with due care by it hereunder.

SECTION 8.03. *Not Responsible for Recitals or Application of Proceeds.*

The recitals contained herein and in the Bonds, except the certificate of authentication on the Bonds, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or genuineness of any securities at any time pledged and deposited with the Trustee hereunder, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the Issuer of the Bonds or the proceeds thereof.

SECTION 8.04. *May Hold Bonds.*

The Trustee, any Paying Agent, the Bond Registrar and any other agent appointed hereunder, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee, Paying Agent, Bond Registrar or such other agent.

SECTION 8.05. *Money Held in Trust.*

Money held by the Trustee hereunder need not be segregated from other funds except to the extent required by law or the provisions of this Indenture. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

SECTION 8.06. *Compensation and Reimbursement.*

A. The Issuer shall

1. pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and

2. except as otherwise expressly provided herein, reimburse the Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by

the Trustee in accordance with any provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence or bad faith.

B. As security for the performance of the obligations of the Issuer under this Section, the Trustee shall be secured under this Indenture by a lien and for the payment of such compensation, expenses, reimbursements and indemnity the Trustee shall have the right to use and apply any trust funds held by it hereunder after payment of other amounts due hereunder as provided by the terms hereof.

SECTION 8.07. *Corporate Trustee Required; Eligibility.*

There shall at all times be a Trustee hereunder which shall be a bank or trust company organized and doing business under the laws of the United States or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000, subject to supervision or examination by federal or State authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 8.08. *Resignation and Removal; Appointment of Successor.*

A. No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 8.09.

B. The Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

C. The Trustee may be removed at any time by Act of the Owners of a majority in principal amount of the Outstanding Bonds, delivered to the Trustee and the Issuer.

D. If at any time:

1. the Trustee shall cease to be eligible under Section 8.07 and shall fail to resign after written request therefor by the Issuer or any such Bondowner or

2. the Trustee shall become incapable of acting or shall be adjudged insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in either such case, (a) the Issuer by Board Resolution may remove the Trustee or (b) subject to Section 8.12, any Bondowner who has been a bona fide Owner of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

E. If the Trustee shall resign, be removed or become incapable of acting, the Issuer, by Board Resolution, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed by the Bondowners. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Owners of a majority in principal amount of the Outstanding Bonds and delivered to the Issuer and the retiring Trustee, then the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer or by such receiver or trustee. If no successor Trustee shall have been so appointed by the Issuer or the Bondowners and accepted appointment in the manner hereinafter provided, any Bondowner who has been a bona fide Owner of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

F. The Issuer shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Owners of the Bonds. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

SECTION 8.09. *Acceptance of Appointment by Successor.*

A. Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to the Issuer and the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and

such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer, and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 8.06. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

B. No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 8.10. *Merger, Conversion, Consolidation or Succession to Business.*

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

* * *

ARTICLE NINE

SUPPLEMENTAL INDENTURES; AMENDMENTS TO BOND RESOLUTION

SECTION 9.01. *Supplemental Indentures or Amendments to Bond Resolution Without Consent of Bondowners.*

Without the consent of the Owners of any Bonds, the Issuer, when authorized by Board Resolution, and the Trustee may from time to time enter into one or more indentures supplemental hereto in form satisfactory to the Trustee, or the Issuer may amend the Bond Resolution, for any of the following purposes:

1. to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property; or

2. to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds, as herein set forth, and additional conditions, limitations and restrictions thereafter to be observed; or

3. to evidence the succession of another entity to the Issuer and the assumption by any such successor of the covenants of the Issuer herein, in the Bond Resolution, or in the Bonds contained; or

4. to add to the covenants of the Issuer for the benefit of the Owners of all of the Bonds or to surrender any right or power herein or in the Bond Resolution conferred upon the Issuer or

5. to cure any ambiguity, to correct or supplement any provision herein or in the Bond Resolution which may be inconsistent with any other provision herein or in the Bond Resolution, or to make any other provisions, with respect to matters or questions arising under this Indenture or the Bond Resolution, which shall not be inconsistent with the provisions of this Indenture or the Bond Resolution, provided such action shall not, in the Opinion of Counsel, materially, adversely affect the interests of the Owners of the Bonds.

SECTION 9.02. *Supplemental Indentures or Amendments to the Bond Resolution With Consent of Bondowners.*

A. With the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds affected by such supplemental indenture, by Act of such Owners delivered to the Issuer and the Trustee, the Issuer, when authorized by Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or the Bond Resolution or of modifying in any manner the rights of the Owners of the Bonds under this Indenture or the Bond Resolution; provided, however, that no such supplemental indenture or amendments to the Bond Resolution shall, without the consent of the Owner of each Outstanding Bond affected thereby

1. change the Stated Maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount of, or the interest on, any Bond, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date); or

2. reduce the percentage in principal amount of the Outstanding Bonds the consent of the Owners of which is required for any such supplemental indenture or amendment to the Bond Resolution, or the consent of Owners of which is required for any waiver provided for in this Indenture of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences; or

3. modify or alter the provisions of the proviso to the definition of the term "Outstanding" or

4. modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Owner of each Bond affected thereby.

B. The Trustee may in its discretion determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Board Resolution authorizing issuance of the Bonds and any such determination shall be conclusive upon every Owner of Bonds, whether theretofore or thereafter authenticity dated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

C. It shall not be necessary for any Act of Bondowners under this Section to approve the particular form of any proposed supplemental indenture or any such amendment to a Board Resolution,

but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 9.03. *Execution of Supplemental Indentures and Amendments to Bond Resolution.*

In executing, or accepting the additional trusts created by, any supplemental indenture or amendment to the Bond Resolution permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive and, subject to Section 8.01, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture or adoption of such amendment is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture or be governed by any amended Bond Resolution which affects the Trustee's own rights, duties, or immunities under this Indenture or otherwise.

SECTION 9.04. *Effect of Supplemental Indentures and Amendments to Bond Resolution.*

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith and such supplemental indenture shall form a part of this Indenture for all purposes, and upon the amendment of the Bond Resolution under this Article, the Bond Resolution shall be modified in accordance therewith, and such amendment shall form a part of the Bond Resolution for all purposes, and every Owner of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 9.05. *Reference in Bonds to Supplemental Indentures or Amendments to Bond Resolution.*

Bonds authenticated and delivered after the execution of any supplemental indenture or amendment to the Bond Resolution pursuant to this Article may bear a notation as to any matter provided for in such supplemental indenture or amended Bond Resolution. If the Issuer shall so determine, new Bonds so modified as to conform to any such supplemental indenture or amended Bond Resolution may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

* * *

ARTICLE TEN

COVENANTS

SECTION 10.01. *Application of Amounts from Assessment.*

A. The amounts available because of the Assessment (calculated after being reduced by any amounts available in the Bond Fund not required for payment of Debt Service in the then current Bond Year for, and whether in the form of, regularly payable installments with respect thereto, prepayments thereof, proceeds of the sale of land related to delinquent installments thereof or otherwise) shall be collected as provided in the Bond Resolution pursuant to the procedures prescribed by Sections 48-599 and 600, Arizona Revised Statutes, as nearly as practicable, or such other procedures as the Board provides, and applied, and are hereby pledged, to pay Debt Service when due and as such shall be paid to the Trustee and deposited in the Principal Account, the Interest Account, the Prepayment Account (unless necessary for the purpose described in Section 5.06(D) to be deposited to the Reserve Fund) and the Expenses Account and applied, in each case, as described in Section 5.02. The Assessment shall either be collected (i) in a manner substantially similar to the provisions of Section 48-600, Arizona Revised Statutes, or any successor statutes thereto; provided, however, publication of the notice shall not be required or (ii) by the Treasurer of Pinal County, Arizona, as part of its regular tax bills pursuant to the terms of an assessment collection agreement between the Issuer and such Treasurer.

B. Such amounts when collected constitute funds to pay Debt Service and shall be kept separately from other funds of the Issuer by depositing them in the accounts and amounts provided in Section 5.02(A).

C. The Issuer has levied the Assessment in accordance with the Enabling Act and the Resolution of Intention Documents in an amount sufficient to pay Debt Service on all Outstanding Secured Bonds and shall take or cause to be taken all actions required by law to collect and enforce the payment thereof.

D. If any portion of the Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the Issuer shall be satisfied that any portion of the Assessment is so irregular or defective that the same cannot be enforced or collected, or if the Issuer shall have omitted to make any portion of the Assessment when it might have done so, the Issuer shall either (1) take all necessary steps to cause a new assessment to be made pursuant to the Enabling Act for the whole or any part of the Work or (2), in its sole discretion, make up the amount of such portion of the Assessment from legally available funds of the Issuer, which funds shall be deposited into the applicable account of the Bond Fund.

E. The Assessment shall be enforced pursuant to the provisions of the Enabling Act and the Resolution of Intention Documents, including but not limited to declaring the entire unpaid balance of any portion of the Assessment to be in default and causing the lien with respect to such portion of the Assessment on the related delinquent land to be foreclosed pursuant to the Enabling Act and the Resolution of Intention Documents. Notwithstanding the foregoing, neither the Issuer nor the Municipality shall be required under any circumstances to purchase or make payment for the purchase of the delinquent portion of the Assessment or the related land.

F. The Board shall make and adopt before the date set by law for certifying the annual budget of the Municipality an annual budget for each fiscal year of the Issuer, as required by the Enabling Act, which shall include statements and estimates of the amount to be raised to pay Debt Service, including, particularly, the amounts to be shown in such budget as described in Section 5.02.

SECTION 10.02. *Payment of Debt Service.*

A. The Issuer shall duly and punctually pay Debt Service in accordance with the terms of this Indenture.

B. If the specified date for any such payment, or any payment required by Section 6.01, shall be other than a Business Day, then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest (except in the event of a moratorium) and with the same force and effect as if made on the specified date for such payment.

SECTION 10.03. *Maintenance of Agency.*

The Issuer shall maintain an agency where Bonds of each series may be presented or surrendered for payment, where Bonds of each series entitled to be registered, transferred, exchanged or converted may be presented or surrendered for registration, transfer, exchange or conversion, and where notices and demands to or upon the Issuer in respect of the Bonds of each series and this Indenture may be served. The Trustee is hereby, appointed as Paying Agent for such purposes. The Issuer shall give prompt written notice to the Trustee of the location, and of any change in the location, of any such agency. If at any time the Issuer shall fail to maintain such an agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices, and demands may be made or served at the principal corporate trust office of the Trustee, and the Issuer hereby appoints the Trustee its agent to receive all such presentations, surrenders, notices, and demands.

SECTION 10.04. *Money for Bond Payments to be Held in Trust; Repayment of Unclaimed Money.*

A. The amounts which are segregated by the Trustee or deposited with any other Paying Agent to pay the principal of or

interest on any Bonds becoming due on any due date shall be held in trust for the benefit of the Owners of such Bonds. Amounts so segregated or deposited and held in trust shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Owners entitled to such principal or interest, as the case may be. Amounts held by the Trustee or any other paying Agent for the payment of the principal of (and premium, if any) or interest on the Bonds need not be segregated from other funds, except to the extent required by law.

B. The Issuer shall cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent shall

(a) hold all amounts held by it for the payment of principal of (and premium, if any) or interest on the Bonds for the benefit of the Owners of such Bonds until such sums shall be paid to the Owners or otherwise disposed of as herein provided and

(b) at any time, upon the written request of the Trustee, forthwith pay to the Trustee all amounts so held in trust by such Paying Agent.

C. The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Request direct any Paying Agent to pay to the Trustee all money held by such Paying Agent, such amounts to be held by the Trustee upon the same trusts as those upon which such money was held by such Paying Agent, and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

D. In the event any check for payment of interest on a Bond is returned to any Paying Agent unendorsed or is not presented for payment within two (2) years from its payment date or any Bond is not presented for payment of principal at Maturity or Redemption Date, if amounts sufficient to pay such interest or principal due upon such Bond shall have been made available to such Paying Agent for the benefit of the Owner thereof, it shall be the duty of such Paying Agent to hold such funds or invest the same in Government Obligations, without liability for interest thereon, for the benefit of the 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. Such obligation of the 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 payment became due, whether at Maturity or Stated Maturity, or at the Redemption Date, or otherwise, at which time such Paying Agent shall surrender such unclaimed funds so held to the Issuer, whereupon any claim of whatever nature by the Owner of such Bond arising under such Bond shall be made upon the Issuer.

SECTION 10.05. *Further Assurances; Recording.*

A. The Issuer shall do, execute, acknowledge and deliver all and every such further acts, conveyances, mortgages, financing statements and assurances as shall be reasonably required for accomplishing the purposes of this Indenture.

B. The Issuer shall cause this instrument and all supplemental indentures and other instruments of further assurance, including all financing statements, to be promptly recorded, registered and filed, and to be kept recorded, registered and filed, and, when necessary, to re-record, re-register and re-file the same, all in such manner and in such places as may be required by law, fully to preserve and protect the rights of the Bondowners and the Trustee hereunder to all property comprising the Trust Estate, and the Issuer shall execute any financing statement, continuation statement or other document required for such purposes.

SECTION 10.06. *Covenants as to Arbitrage and Other Tax Matters.*

A. As further described in the Certificate as to Federal Tax Matters relating to the Bonds delivered by the Issuer on the Closing Date, the Issuer shall not make or direct the making of any investment or other use of the proceeds of any 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 Code or "private activity bonds" as that term is defined in section 141 (or any successor provision thereto) of the Code and shall comply with the requirements of such sections and related regulations of the Code throughout the term of the Bonds. In consideration of the purchase and acceptance of the Bonds by the holders from time to time of the Bonds and of retaining the exclusion from gross income for federal income tax purposes of interest on the Bonds and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, the Issuer covenants, and the appropriate officials of the Issuer are hereby directed, to take all action required by the Code to retain such exclusion and to refrain from taking any action prohibited by the Code which would adversely affect in any respect the exclusion.

B. The Issuer shall be the owner of the Work for federal income tax purposes. Except as otherwise advised in an opinion signed by a firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Issuer ("Bond Counsel's Opinion"), the Issuer 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 Work unless the management or service contract complies with the requirements of such 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 Work. The payment of principal and interest with respect to 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 Bonds, or amounts treated as proceeds 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 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.

C. The procedures required by any arbitrage rebate provision or separate agreement executed in connection with the issuance 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 Bonds. However, as (i) the Issuer has general taxing powers, (ii) the Bonds are not "private activity bonds" within the meaning of the Code, (iii) 95 percent or more of the "net proceeds" of the Bonds shall be used for local governmental activities of the Issuer and (iv) 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 Issuer during the current calendar year is not reasonably expected to exceed $5,000,000, there is presently an exception to the need for any such procedures.

D. The Bonds are hereby designated as a "qualified tax-exempt obligations" within the meaning of and pursuant to the provisions of Section 265(b) of the Code as 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 Issuer during the 2016 calendar year will not exceed $10,000,000.

E. (i) The Issuer shall take all necessary and desirable steps to comply with the requirements hereunder in order to ensure that interest on the Bonds is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement shall not be required in the event the Issuer receives a Bond Counsel's Opinion that either (i) compliance with such requirement is not required to maintain the exclusion from gross income of interest on the Bonds, or (ii) compliance with some other requirement will meet the requirements of the Code. In the event the Issuer receives such a Bond Counsel's Opinion, this Indenture shall be supplemented to conform to the requirements set forth in such opinion. If for any reason any requirement hereunder is not complied with, the Issuer shall take all necessary and desirable steps 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 Issuer shall pay any required interest or penalty under Regulations section 1.148-3(h) of the Code.

(ii) If the Issuer is of the opinion that it is necessary to restrict or limit the yield on the investment of any money paid to or held by the Trustee hereunder in order to avoid classification of any Bonds as "arbitrage bonds" within the meaning of the Code, the Issuer may issue to the Trustee a written instrument to such effect (along with appropriate written instructions), in which event the Trustee shall take such action as is necessary so to restrict or limit the yield on such investment in accordance with such instrument and instructions, irrespective of whether the Trustee shares such opinion. The Trustee may conclusively rely upon any such instructions and shall be responsible for no loss resulting from investment of any money held hereunder in accordance with such instructions.

F. Written procedures have been established for the Issuer to ensure that all nonqualified obligations are remediated according to the requirements under the Code and related Treasury Regulations and to monitor the requirements of section 148 of the Code relating to arbitrage, with which the Issuer will comply.

* * *

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 Indenture 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.....
District Manager

ATTEST:

.....
District Clerk

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION, as Trustee

By.....
Authorized Representative

PHX 332565876v2

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 MINUTES

MINUTES OF THE MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 2 DISTRICT BOARD SPECIAL MEETING HELD ON MONDAY, JULY 17, 2017, AT 5:00 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.

CALL TO ORDER

Chairman Walter called the meeting to order at 5:00 p.m.

ROLL CALL:

Present: Walter, Woolridge, Hawkins, Guilin, Anderson, Wall, Larsen**.**

NEW BUSINESS

Public hearing to receive citizens' comments on the proposed final budget for Merrill Ranch Community Facilities District No. 2.

Chairman Walter opened the public hearing. There being no public comments, Chairman Walter closed the public hearing.

Mr. Brent Billingsley, District Manager, stated that the Board will do another bond sale this year to maintain the rate to reimburse the developer for improvements that have been completed up to the amount of the increased valuation in the District. Staff is planning to come before the Board for another sale of GO Bonds in MRCFD2 because the actual assessed valuation in the District has increased so the District has the capability to reimburse the develop for investments completed in that District.

Resolution No. MRCFD2 233-17

Chairman Walter read Resolution No. MRCFD2 233-17 by title only.

A RESOLUTION OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2, PINAL COUNTY, ARIZONA, ADOPTING THE BUDGET FOR FISCAL YEAR 2017-2018.

Boardmember Anderson inquired if the District receives a forecast from Pulte of what the anticipated expenses will be for the year or when they will request reimbursement.

Mr. Joe Jarvis, District Treasurer, stated that Pulte does communicate with the Board on what they will be submitting. He stated that he is working with Mr. Chris Salas, District Engineer, regarding what has been submitted, what has been built, what they need to be reimbursed for, and what they anticipate to build.

Discussion occurred on when improvements are paid off and how and when funding becomes available.

Mr. Jarvis stated that it is very important to pay for infrastructure that is already in place or near completion.

Chairman Walter reiterated that the rates will remain the same. She stated that the bonds will be renegotiated for a lower rate and for a shorter time span so they will save money in the long run.

Mr. Jarvis stated that the Town, with Stifel, will review the bonds to determine if they can obtain a better rate of return. He stated that refunding a bond costs money and an analysis must be done to determine the feasibility of doing so.

On motion of Boardmember Guilin, seconded by Boardmember Anderson, and carried to adopt Resolution No. MRCFD2 233-17.

Ordinance No. MRCFD2 213-17

Chairman Walter read Ordinance No. MRCFD2 213-17 by title only.

AN ORDINANCE OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2, PINAL COUNTY, ARIZONA, LEVYING THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE COMMUNITY FACILITIES DISTRICT NO. 2 SUBJECT TO TAXATION OF CERTAIN SUM UPON EACH $100 OF VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE RECEIVED FROM FUNDS FOR COMMUNITY FACILITIES EXPENSES FOR THE FISCAL YEAR ENDING THE 30th DAY OF JUNE 2018, AND DECLARING AN EMERGENCY.

Ms. Garcia, District Clerk, noted a typographical error within the heading of the ordinance and stated that Ordinance No. MRCFD2 213-17 should reflect District No. 2 and not District No. 1. The original documents will reflect the correct district number.

Discussion/Approval/Disapproval of the Merrill Ranch Community Facilities District No. 2 October 13, 2015, December 5, 2016, and January 3, 2017 Special Meeting minutes.

On motion of Vice-Chairman Woolridge, seconded by Boardmember Larsen, and carried to approve the Merrill Ranch Community Facilities District No. 2 October 13, 2015, December 5, 2016 and January 3, 2017 Special Meeting Minutes.

ADJOURNMENT

On motion of Vice-Chairman Woolridge, seconded by Boardmember Larsen, and carried to adjourn from Merrill Ranch Community Facilities District No. 2.

_____

Tara Walter, Chairman

ATTEST:

_____
Lisa Garcia, District Clerk

I certify that the following is a true and correct copy of the minutes of the Merrill Ranch Community Facilities District No. 2 District Board Special Meeting held on July 17, 2017, and that the meeting was duly called to order and that a quorum was present.

_____
Lisa Garcia, District Clerk

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 MINUTES

MINUTES OF THE MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 2 DISTRICT BOARD SPECIAL MEETING, HELD ON MONDAY, AUGUST 7, 2017, AT 6:00 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.

CALL TO ORDER

Chairman Walter called the meeting to order at 6:00 pm.

ROLL CALL:

Present: Walter, Woolridge, Hawkins, Anderson, Wall, Larsen.
Absent: Guilin

NEW BUSINESS

Ordinance No. MRCFD2 213-17: Second reading and Discussion/Approval/Disapproval of AN ORDINANCE OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2, PINAL COUNTY, ARIZONA, LEVYING THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE COMMUNITY FACILITIES DISTRICT NO. 2 SUBJECT TO TAXATION OF CERTAIN SUM UPON EACH $100 OF VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE RECEIVED FROM FUNDS FOR COMMUNITY FACILITIES EXPENSES FOR THE FISCAL YEAR ENDING THE 30th DAY OF JUNE 2018, AND DECLARING AN EMERGENCY. (Joe Jarvis)

Mr. Jarvis stated that this is the second reading of the ordinance to establish a tax rate for the next fiscal year. The rate will remain the same, as it has for several years.

Mr. Jarvis noted a typographical error within the body of the ordinance which reflects “Town” instead of “District” and noted that the correction will be made prior to obtaining Chairman Walter’s signature, if adopted.

On motion of Boardmember Wall, seconded by Boardmember Larsen, to adopt Ordinance No. MRCFD2 213-17.

Roll Call Vote:

Wall: Yes
Larsen: Yes
Hawkins: Yes
Anderson: Yes
Woolridge: Yes
Walter: Yes

Motion passed: Yes: 6; No: 0

ADJOURNMENT

On motion of Vice-Chairman Woolridge, seconded by Boardmember Larsen, and carried to adjourn the meeting.

_____
Tara Walter, Chairman

ATTEST:

_____
Lisa Garcia, District Clerk

I certify that the following is a true and correct copy of the minutes of the Merrill Ranch Community Facilities District No. 2 District Board Special Meeting held on August 7, 2017, and that the meeting was duly called to order and that a quorum was present.

_____
Lisa Garcia, District Clerk

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 MINUTES

MINUTES OF THE MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 2 BOARD SPECIAL HELD ON MONDAY, AUGUST 21, 2017, AT APPROXIMATELY 5:00 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.

CALL TO ORDER:

Chairman Walter called the meeting to order at 5:02 pm.

ROLL CALL:

Present: Walter, Woolridge, Hawkins, Anderson, Wall, Larsen
Absent: Guilin

NEW BUSINESS

Public hearing on Feasibility Report for projects, the construction of which is to be financed with proceeds of sale of General Obligation Bonds.

Mr. Joe Jarvis, District Treasurer, stated that the District held an informational meeting last week, which was very well attended. He stated that there was confusion with regards to the Community Facilities District and the challenge is that there is a high turnover of residents in that area. The meeting helped provide information to better understand the financing method.

Mr. Mark Reeder, Managing Directors, Stifel Nicolaus, stated that the meeting to educate the public of the purpose of the issuance of the General Obligation Bonds went very well. He stated that the tax rate will not exceed $3.25. The District has created some bonding capacity this year because of an increase in the tax base within District No. 2. He stated that the tax base is up by approximately 7% this year.

Mr. Reeder stated that the 7% growth along with the extra cash in the Debt Service Fund is allowing them to size the bond issue at approximately $2,000,000. The purpose of which will be used to reimburse Pulte for the Spirit Way public infrastructure improvements.

Councilmember Wall stated that Pulte has made the presentation available on their portal.

Mayor Walter stated that the presentation will also be available on the Town's website. She asked that an annual presentation be done for the residents.

Chairman Walter opened the public hearing. There being no public comments, Chairman Walter closed the public hearing.

Consideration and possible adoption of Resolution No. MRCFD2 234-17:

Chairman Walter read Resolution No. MRCFD2 234-17 by title only.

A RESOLUTION APPROVING A FEASIBILITY REPORT WITH REGARD TO PROJECTS; AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED $2,225,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, SERIES 2017; PRESCRIBING CERTAIN TERMS AND CONDITIONS OF SUCH BONDS; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF NECESSARY RELATED DOCUMENTS; DELEGATING THE DETERMINATION OF CERTAIN TERMS OF SUCH BONDS AND MATTERS RELATED THERETO TO THE DISTRICT MANAGER AND AUTHORIZING THE SUBSEQUENT LEVYING OF AN *AD VALOREM* PROPERTY TAX WITH RESPECT TO SUCH BONDS. (Joe Jarvis)

On motion of Boardmember Anderson, seconded by Boardmember Wall, and carried to adopt Resolution No. MRCFD2 234-17.

ADJOURNMENT

On motion of Vice-Chairman Woolridge, seconded by Boardmember Larsen, and carried to adjourn from Merrill Ranch Community Facilities District No. 2.

_____
Tara Walter, Chairman

ATTEST:

_____
Lisa Garcia, District Clerk

I certify that the following is a true and correct copy of the minutes of the Merrill Ranch Community Facilities District No. 2 Board Special Meeting held on August 21, 2017, and that the meeting was duly called to order and that a quorum was present.

_____
Lisa Garcia, District Clerk

	TOWN OF FLORENCE COUNCIL ACTION FORM	**AGENDA ITEM 10a.**

MEETING DATE: January 2, 2018

DEPARTMENT: Community Services

STAFF PRESENTER: Alison Feliz, Recreation Coordinator

SUBJECT: Recognition of the 2017 Junior Parada Parade, Christmas on Main Parade Float winners and Christmas on Main Storefront Decorating Contest winners.

- ☐ **Action**
- ☒ **Information Only**
- ☐ **Public Hearing**
- ☐ **Resolution**
- ☐ **Ordinance**
  - ☐ **Regulatory**
  - ☐ **1st Reading**
  - ☐ **2nd Reading**
- ☐ **Other**

STRATEGIC PLAN REFERENCE:

☒ Community Vitality ☐ Economic Prosperity ☐ Leadership and Governance

☒ Partnership and Relationships ☐ Transportation and Infrastructure

☐ Statutory ☐ None

RECOMMENDED MOTION/ACTION:

Recognition of the 2017 Junior Parada Parade, Christmas on Main Parade Float winners and Christmas on Main Storefront Decorating Contest winners.

BACKGROUND/DISCUSSION:

The 2017 Junior Parada event held on Saturday, November 25, 2017, had 32 parade entries. Following the parade, Town staff shared a link on social media and allowed the public to vote for their favorite entry in each category. The organizations/individuals being recognized today had the most votes in their category and are being recognized as the 2017 Junior Parada winners.

The 2017 Christmas on Main event held on Friday, December 1, 2017, had 34 parade entries. Following the Parade Town staff shared a link on social media and allowed the public to vote for their favorite entry by category. The organization/individuals being recognized today had the most votes in their category and are being recognized as the 2017 Christmas on Main Street float winners.

The 2017 Christmas on Main Storefront Decoration Contest had 17 decorated storefronts located along historic Main Street. The categories for this competition included Best Decorated Main Street Business, Best “Adopted” Storefront, and Overall Best Storefront. The businesses/organizations/individuals being recognized tonight

contributed to decorating the storefronts on Main Street for the Annual Christmas on Main event.

A VOTE OF NO WOULD MEAN:

N/A

A VOTE OF YES WOULD MEAN:

N/A

FINANCIAL IMPACT:

None

ATTACHMENTS:

None

	TOWN OF FLORENCE COUNCIL ACTION FORM	**AGENDA ITEM 10b.**

MEETING DATE: January 2, 2018

DEPARTMENT: Finance

STAFF PRESENTER: Joe Jarvis, Finance Director

SUBJECT: Annual Audit for Fiscal Year 2016-2017

☒ **Action**
☐ **Information Only**
☐ **Public Hearing**
☐ **Resolution**
☐ **Ordinance**
- ☐ **Regulatory**
- ☐ **1st Reading**
- ☐ **2nd Reading**

☐ **Other**

STRATEGIC PLAN REFERENCE: ☐ Community Vitality ☐ Economic Prosperity ☐ Leadership and Governance ☐ Partnership and Relationships ☐ Transportation and Infrastructure ☒ Statutory ☐ None

RECOMMENDED MOTION/ACTION:

Accept the Town's Comprehensive Annual Financial Report (CAFR), Generally Accepted Government Auditing Standards (GAGAS) report, Annual Expenditure Limitation Report (AELR), and the Development Impact Fee (DIF) audit report for Fiscal Year 2016-2017.

BACKGROUND/DISCUSSION:

The Town's financial audit was conducted by Henry & Horne. The auditor has issued a clean opinion on the Town's financial statements and will be presenting the audit report and findings.

The CAFR and GAGAS report present the Town's financial position, fund balances, and net position as of the end of the fiscal year, as well as the results of the financial activity throughout the year.

The AELR report was reviewed by the Town's auditor Henry & Horne. The auditor determined that the Town is free from material misstatement and that it is in compliance with the Uniform Expenditure Reporting System (UERS) requirements.

The DIF audit report was prepared by the Town's auditor Henry & Horne. The auditor determined that the Town is managing the development impact fees in accordance to the laws governing these funds.

A VOTE OF NO WOULD MEAN:

The Town of Florence does not accept the audit for Fiscal Year 2016-2017.

A VOTE OF YES WOULD MEAN:

The Town of Florence accepts the audit for Fiscal Year 2016-2017.

FINANCIAL IMPACT:

Outside of the cost of conducting the audit, the Town greatly benefits from a positive audit. However, there is no financial impact at this time.

ATTACHMENTS:

Audit Presentation
CAFR
Expenditure Limitation Report ended June 30, 2017
DIF Audit Report
Auditor Letter to Management
Independent Accountants' Report on applying agreed upon procedures

Henry+Horne

Offering You More

Town of Florence

Independent Auditors' Report
Presentation to the Town Council
Year Ended June 30, 2017

Communications with Town Council and Management

- Auditors' Report on Financial Statements
  - Unmodified opinion
    - Financial statements are fairly presented in accordance with Generally Accepted Accounting Principles (GAAP).
  - Yellowbook (GAGAS) unmodified opinion
    - No reported instances of material non-compliance
    - 1 Material Weakness (Presented Later)

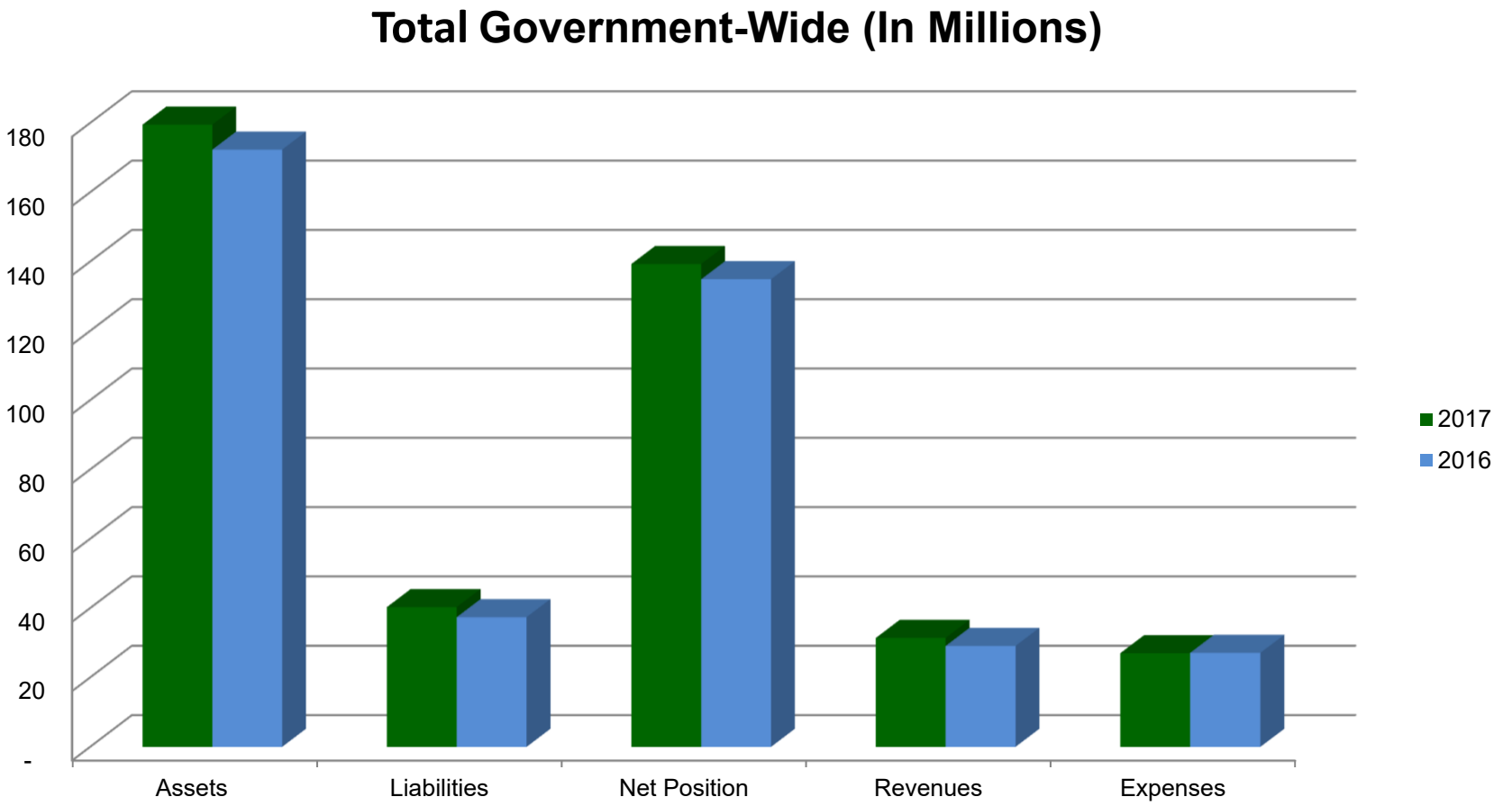
Communications with Town Council and Management

- Henry & Horne's Responsibility under U.S. General Accepted Auditing Standards (GAAS)
  - Stated in engagement letter dated April 28, 2017
  - Reasonable assurance
  - Internal control
- Significant Accounting Policies and Issues Discussed
  - Note 1 of Financial Statements
  - Difficulties Encountered in Performing the Audit – None encountered
  - Corrected and Uncorrected Misstatements – No uncorrected misstatements
  - Disagreements with Management – No disagreements
  - Management Consultations with Other Independent Accountants - None disclosed

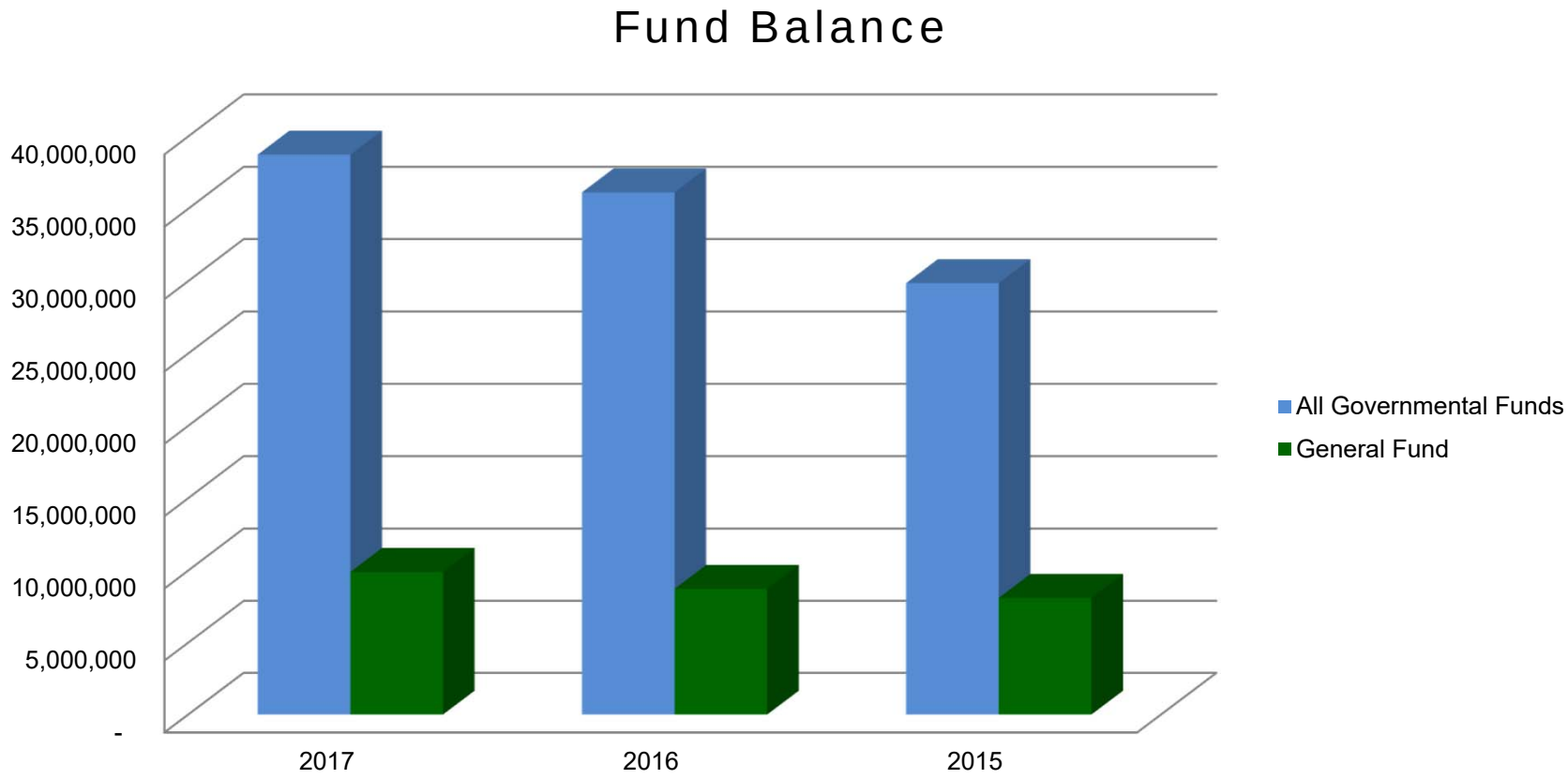
Communications with Town Council and Management

- Other Reports
  - Expenditure Limitation Report (ELR)
    - Issued timely
  - Single Audit
    - Not required in fiscal year 2017

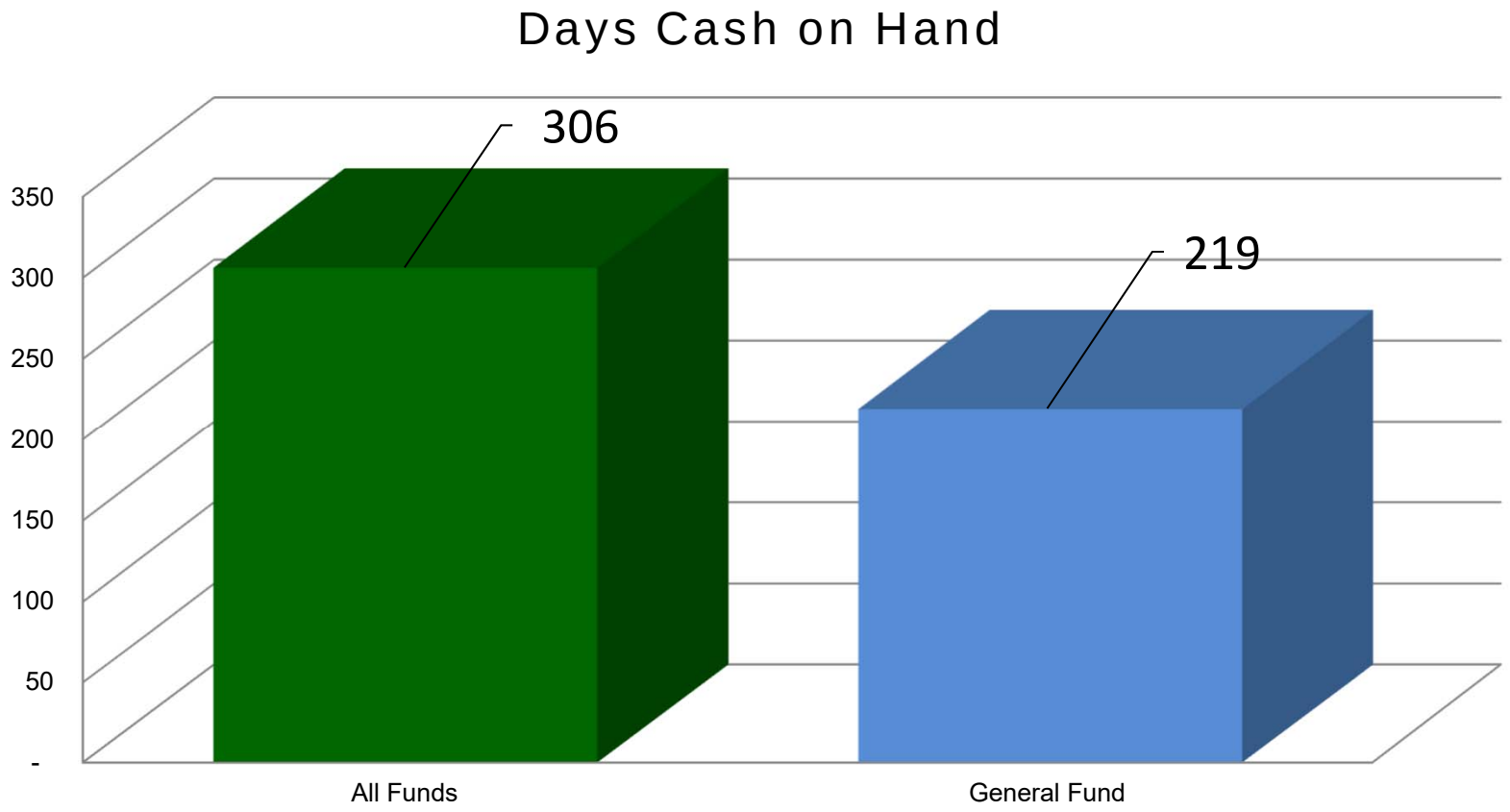
Financial Highlights



Financial Highlights



Financial Highlights



Material Weakness

- Cause:
  - A complete management review of normal and unusual closing entries at year-end was not done which resulted in a number of material misstatements.
- Recommendation:
  - It is recommended that the appropriate management review closing entries as part of the year end closing process to ensure existence, completeness, accurate and timely cut-off of the Town's cash to accrual activity, capital additions and debt activity.

Questions





Thank you!

Town of Florence

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017









TOWN OF FLORENCE, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ending June 30, 2017

Prepared by:
Finance Department

Joan Miller
Accounting Manager

Joe Jarvis
Finance Director

TABLE OF CONTENTS

		Page
I.	INTRODUCTORY SECTION	
	Letter of Transmittal	i
	GFOA Certificate of Achievement	vii
	Town of Florence Officials	viii
	Organizational Chart	ix
	Town of Florence Map	x
II.	FINANCIAL SECTION	
	Independent Auditors' Report	1
	A. Management's Discussion & Analysis	7
	B. Basic Financial Statements	17
	Government-wide Financial Statements	
	Statement of Net Position	20
	Statement of Activities	22
	Fund Financial Statements	
	Governmental Fund Financial Statements	
	Balance Sheet	26
	Reconciliation of the Balance Sheet to the Statement of Net Position	29
	Statement of Revenues, Expenditures and Changes in Fund Balances	30
	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
	Budgetary Comparison Statements – General Fund	34
	Budgetary Comparison Statements – Highway User Fund	36
	Proprietary Fund Financial Statements	
	Statement of Net Position	38
	Statement of Revenues, Expenses and Changes in Fund Net Position	41
	Statement of Cash Flows	42
	Fiduciary Fund Financial Statements	
	Statement of Fiduciary Net Position	47
	Statement of Changes in Fiduciary Net Position	48
	Notes to Financial Statements	
	1. Summary of Significant Accounting Policies	51
	2. Deposits and Investments	61
	3. Receivables	65
	4. Capital Assets	66

Notes to Financial Statements (continued) Page

5. Notes Payable 68
6. Bonds Payable 69
7. Changes in Long-Term Liabilities 73
8. Interfund Receivables, Payables, and Transfers 74
9. Risk Management 75
10. Contingent Liabilities 75
11. Pensions and Other Postemployment Benefits 75
12. Construction and Other Significant Commitments 94

C. Required Supplementary Information

Schedule of the Town's Proportionate Share of the Net Pension Liability
Cost-Sharing Pension Plan 97
Schedule of Changes in the Town's Net Pension Liability (Asset) and Related Ratios
Agent Pension Plan 98
Schedule of the Town Pension Contributions 102
Notes to Pension Plan Schedules 103
Schedule of Agent OPEB Plans' Funding Progress 105
Notes to Schedule of Agent OPEB Plans' Funding Progress 106

D. Other Supplementary Information

Combining Fund Financial Statements - Non-Major Governmental Funds

Combining Balance Sheet 110
Combining Statement of Revenues, Expenses and Changes in Fund Net Position 112

Budgetary Comparison Schedules - Other Major Governmental Funds

Community Facilities Districts Debt Service Fund 117
Community Facilities Districts Capital Improvements Fund 118
Impact Fees Fund 119
Capital Improvement Fund 120

Budgetary Comparison Schedules - Non-Major Governmental Funds

Grants 123
Economic Development 124
Community Services 125
Community Facilities District 126
Debt Service Fund 127
Construction Tax 128
Food Tax 129

III. STATISTICAL SECTION	Table	Page
Net Position	1	132
Changes in Net Position	2	134
Fund Balances of Governmental Funds	3	140
Changes in Fund Balances of Governmental Funds	4	142
Sales Tax Revenue by Industry	5	144
Direct and Overlapping Sales Tax Rates	6	145
Ratios of Outstanding Debt by Type	7	146
Direct and Overlapping Governmental Activities Debt	8	147
Pledged Revenue Coverage	9	148
Demographic and Economical Statistics	10	149
Principal Employers	11	150
Full-time Equivalent Town Government Employees by Function	12	151
Operating Indicators by Function	13	152
Capital Asset Statistics by Function	14	154

IV. COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 157

Schedule of Findings and Views of Responsible Officials 159

INTRODUCTORY SECTION

Town of Florence

P.O. Box 2670, Florence, AZ 85132, (520) 868-7500, (520) 868-7501 Fax, (520) 868-7502 TDD

December 13, 2017

To the Honorable Mayor, Members of the Town Council and Citizens of the Town of Florence:

We are pleased to submit for your information and review, the Comprehensive Annual Financial Report (CAFR) of the Town of Florence, Arizona (the Town) for the year ended June 30, 2017. State law requires that the Town publishes, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to this requirement, Henry & Horne LLP, a firm of licensed certified public accountants, has audited the Town's financial statements. The independent auditor has issued an unmodified opinion on the Town's financial statements for the year ended June 30, 2017. Their report is presented as the first component of the financial section of this CAFR.

This report consists of management's representations concerning the finances of the Town. Responsibility for both the accuracy of the prepared data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To provide a reasonable basis for making those representations, management of the Town has established an internal control framework that is designed to both protect the assets of the Town from loss, theft or misuse. In addition, the framework allows for the compiling of sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and they should be read in conjunction with it.

PROFILE OF THE TOWN

The Town of Florence, Arizona is in Pinal County and is located between Phoenix and Tucson. Colonel Levi Ruggles, an Indian Agent, staked and platted the Town in 1866 and by the mid-1920s the area had become the agricultural center of Pinal County. Florence is the sixth oldest European settlement in the State of Arizona. The Town was incorporated in 1900.Its downtown is designated as an official "Historic District". Florence is the county seat and has been since its formation in 1875.

Florence, elevation 1,493 feet, was built along the Gila River surrounded by the beautiful Sonoran Desert and the Superstition and Pinal Mountains, which provide scenic views for the enjoyment of life in a peaceful community. Additionally, Florence enjoys year-round sunshine, which provides an ideal place for retirement.



The Town currently encompasses an area of 62.7 square miles and an estimated population of 25,779. State statutes empower the Town to levy a property tax on real and personal property within its boundaries. The Town also has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the Town Council.

The Town of Florence operates under a council-manager form of government. The Mayor is elected, and all members of Town Council are elected at large on a nonpartisan basis. The Mayor is elected every four years and Town Council members are elected to staggered four-year terms, with three members elected every two years. The Town Council is responsible for setting public policy, approving the Town's annual budget, approving agreements, providing policy leadership, approving planning and development decisions and adopting new codes and ordinances. The Town Council appoints the Town Manager, who implements policy and directs daily operations. The Town Council also appoints the Town Attorney, Town Clerk, and Town Magistrate.

The financial reporting entity of the Town includes all its funds and its blended component units, Merrill Ranch Community Facilities District No. 1 and Merrill Ranch Community Facilities District No. 2 (CFDs). Component units are legally separate entities that the primary government is financially accountable.

The CFDs were formed in 2005 by the Town pursuant to the Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes and in response to a petition by the owners of land within the district area. The districts were formed to provide a method of financing (including the issuance of general obligation bonds and special assessment bonds) certain public infrastructure within the district. These component units are included in the Town's financial statements because the Town Council members serve as the Board of Directors for each district.
For more information on these legally separate entities, please refer to Note 1A in the notes to the financial statements.

The Town provides a full range of services, including police and fire protection; emergency medical services; construction and maintenance of highways, streets and other infrastructure; cultural and recreational activities; and water and wastewater utilities.

State law requires that on or before the third Monday in July of each fiscal year, the Town Council must adopt a tentative budget. Once the tentative budget has been adopted, the expenditures may not be increased upon final adoption; however, they may be decreased. The tentative budget sets the Town's maximum limits for expenditure. There is no specific date set by state law for adoption of the budget; however, due to the state law required deadline for the adoption of the property tax levy, the deadline for adoption of the final budget effectively becomes the first Monday in August.

LOCAL ECONOMY

Since 1909, the corrections industry has been a source of employment for people in Pinal and other counties. This industry alone provides employment opportunities and consists of Arizona State Prison facilities, Core Civic and GEO Group. Florence is also home to several local, county, state and federal agencies, which provide full-time employment opportunities. These agencies include the Town of Florence, Pinal County, the Florence Unified School District, the Arizona National Guard and the United States Immigration and Customs Enforcement.

Florence is a major employment area with approximately 75 percent of its work force commuting into the area daily. It is estimated that over 5,000 commuters travel to Florence for work daily. Additionally, many agricultural products, including cotton, alfalfa, cattle, grains and grapes are cultivated in the area and the Town's primary business district still resides on Main Street.



The annexation of Merrill Ranch in 2004, added 8,970 acres of land, which is planned to be developed as a mixed use, master-planned community. Anthem at Merrill Ranch is one of the State's largest master-planned communities. To date, there are over 2,000 single-family homes including other amenities, such as two community centers, an 18-hole golf course, as well as, an outdoor swimming pool and water park. With commercial expansion and another 6,500 homes planned, Anthem is sure to add to the Town's economy.

The Town's unemployment rate is 5.4%. This is significantly lower than previous years.
The makeup of Town general fund revenue has remained relatively consistent over the past ten years, with state-shared revenue, local sales tax, property tax and charges for services being the largest sources, in that order. State-shared revenue is primarily based on population and represented approximately 50 percent of the total 2017 fiscal year revenue. Worth noting, prison inmates make up more than 60 percent of the total population.

STRATEGIC PLAN

The Town Council approved the Strategic Plan during the fiscal year 2016-2017. The priorities of the plan included:

- Community Vitality
- Economic Prosperity
- Leadership and Governance
- Partnership and Relationships
- Transportation and Infrastructure

MAJOR INITIATIVES

Investment in Capital Assets: During the 2016-2017 fiscal year, the Town of Florence focused on completing existing capital improvement projects. These projects included roadway improvements and utility upgrades that improve the quality of life for the residents.

- ***Diversion Dam Road:*** The Town began improvements on Diversion Dam Road Phase I which widened the road and will install a traffic signal in the coming year. This is a major intersection for the Town at Highway 79 which will prove critical to transportation as Florence continues to grow.
- ***Wastewater Treatment Facility:*** The Town's wastewater treatment facility is undergoing upgrades to facilitate higher grade effluent water which includes chlorine and filtration systems.
- ***Water Utility:*** The Town continues to work on improving existing infrastructure that needs immediate attention. Efforts include expansion and recharge permitting efforts.

Alternative Expenditure Limitation (Home Rule Option)

The Town voters approved Home Rule in August of 2016 which allowed the Town Council the ability to set the expenditure annually for the next four fiscal years beginning in fiscal year 2017-2018.

RELEVANT FINANCIAL POLICIES

The Town's fund balance policy covers the General Fund, Highway User Revenue Fund, and enterprise funds. The fund balance in the General Fund must retain $500,000 for emergencies, 10 percent of revenues for operational reserves, of which 20 percent is for facility maintenance. The fund balance in the Highway User Revenue Fund must be reserved for operational reserves in the amount of 15 percent of the operating revenues, and the fund balances in the enterprise funds are reserved as recommended in the most recent rate study completed and as required by debt covenants. If no recommendation is made, fund balance will be reserved based on annual depreciation expense and two months of operating revenue, in addition to debt covenants.

AWARDS AND ACKNOWLEDGEMENTS

The Town received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. We are very pleased and proud to have received this award for the fifth straight year. To be awarded a Certificate of Achievement, the Town had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

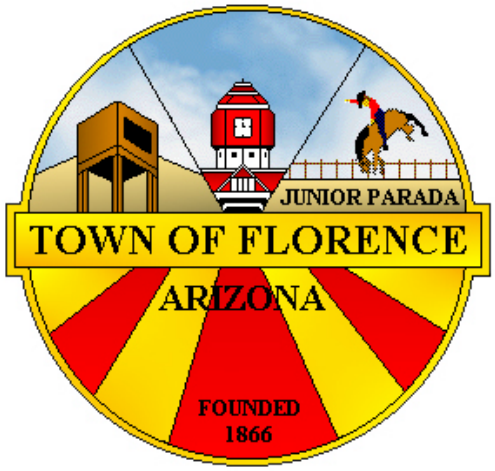
A Certificate of Achievement is valid for one year. We believe that our current CAFR meets the Certificate of Achievement requirements and we are submitting the Town's CAFR to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Town's Finance Department. We would also like to extend our appreciation to all members of the departments who assisted and contributed to the preparation of this report. We must give credit to the Mayor and Town Council for their leadership and unfailing support in maintaining the highest professionalism in the management of the Town's finances. We appreciate the dedication and hard work of the accounting staff during the audit process.

Respectfully submitted,

Brent Billingsley
Town Manager

Joe Jarvis, MPA
Finance Director


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Florence

Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morrill

Executive Director/CEO

Town Council, Appointed Officials and Senior Management Staff

Town Council

Tara Walter – Mayor

Vallarie Woolridge – Vice Mayor
Rebecca Guilin – Councilmember
William Hawkins – Councilmember
John Anderson – Councilmember
Kristen Larsen – Councilmember
Karen Wall – Councilmember

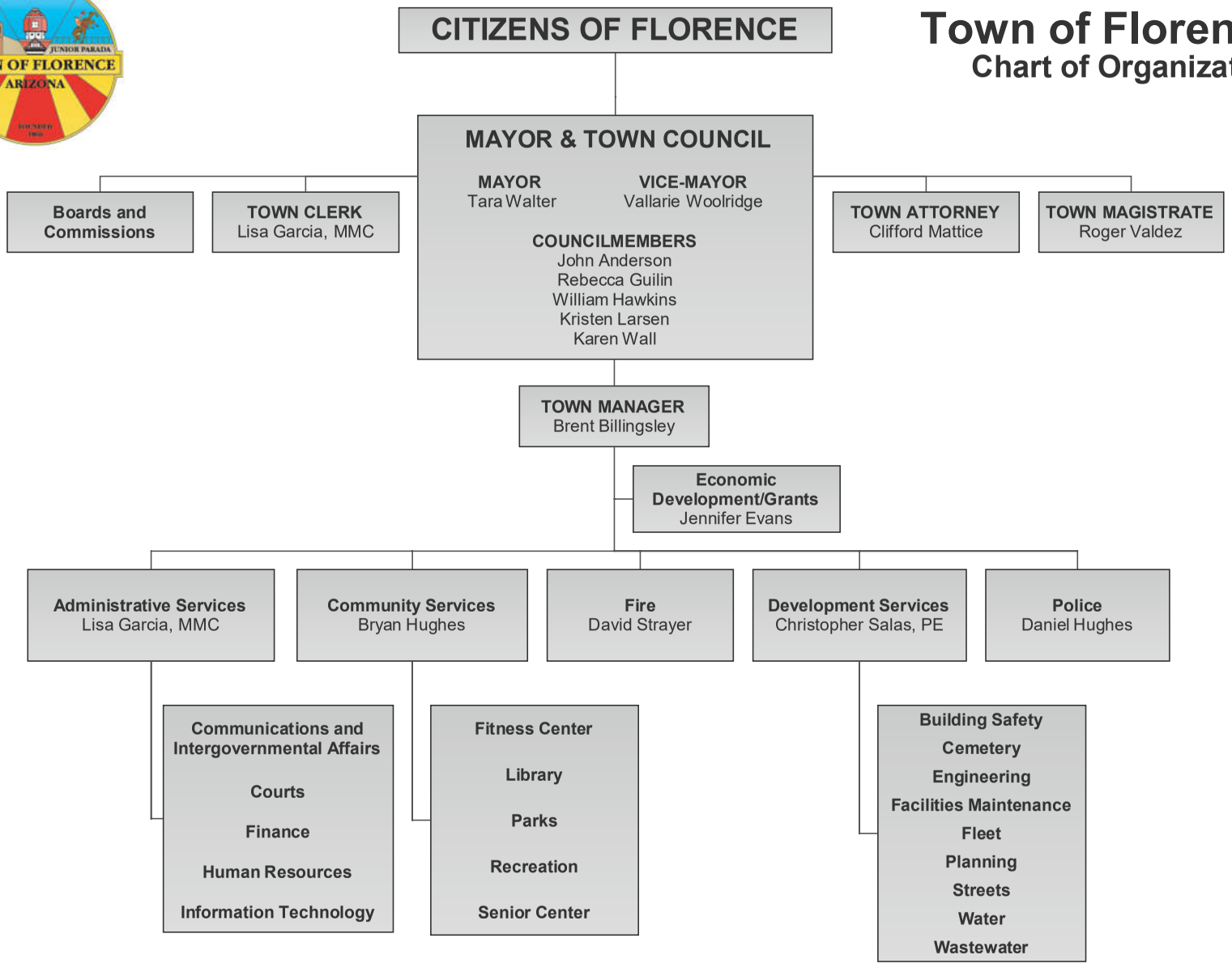
Appointed Officials

Brent Billingsley – Town Manager
Clifford Mattice – Town Attorney
Lisa Garcia – Town Clerk
Roger Valdez – Town Magistrate

Senior Management

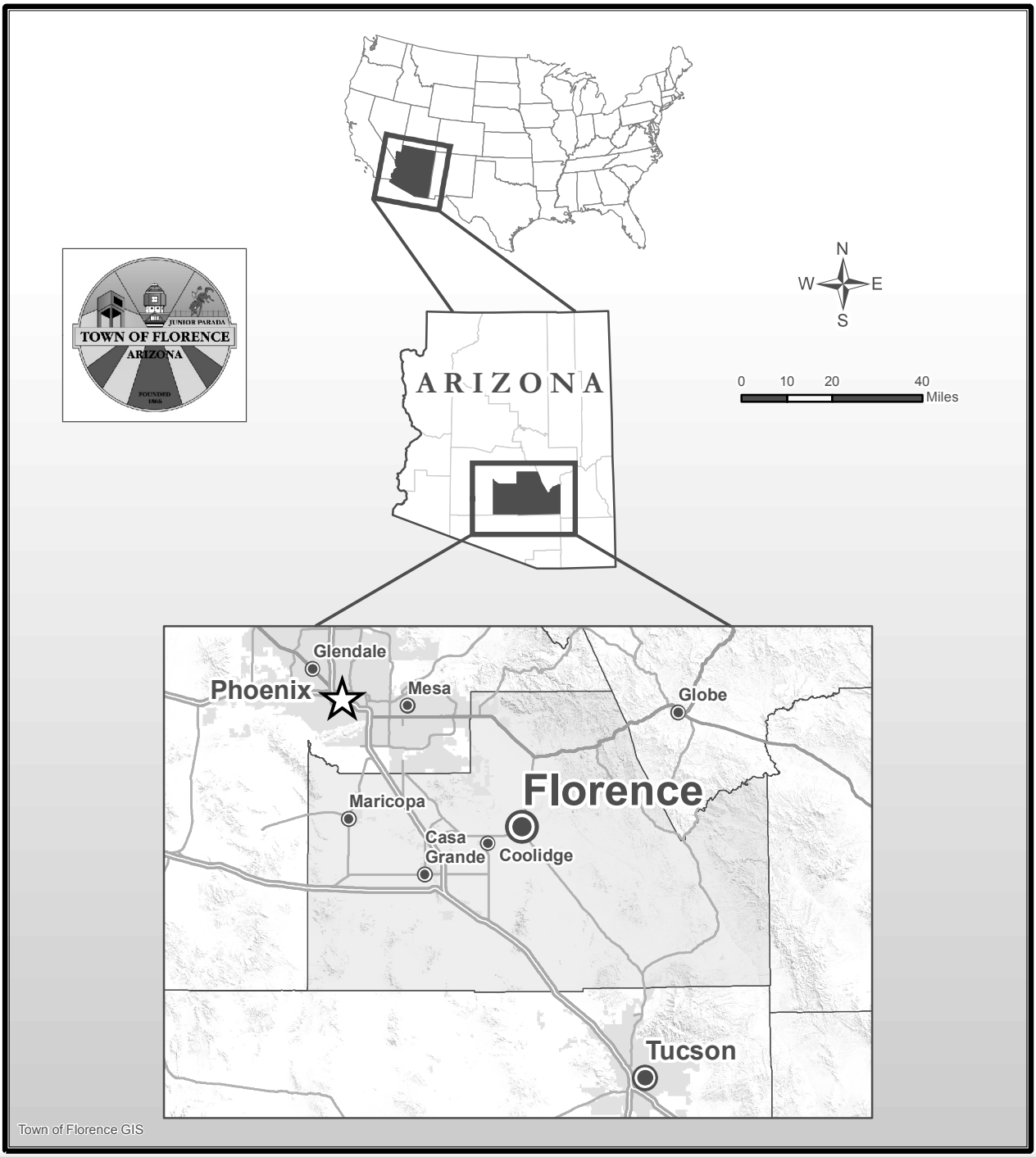
Lisa Garcia – Deputy Town Manager/Town Clerk
Jess Knudson – PIO/Assistant Town Manager
Scott Barber – Human Resource Director
Bryan Hughes – Library Director
Bryan Hughes – Parks & Recreation Director
Chris Salas – Public Works Director
Chris Salas – Community Development Director
Joe Jarvis – Finance Director
Daniel Hughes – Police Chief
David Strayer – Fire Chief

Town of Florence
Chart of Organization

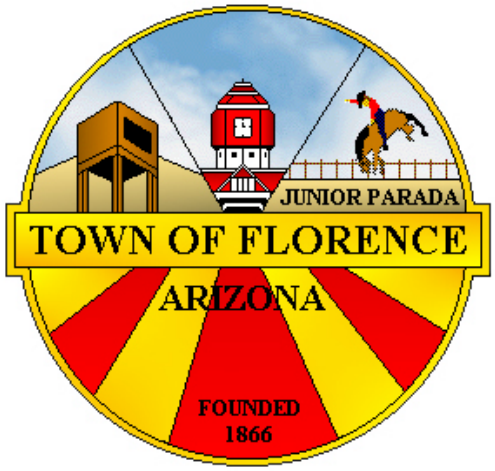


TOWN OF FLORENCE

PINAL COUNTY, ARIZONA
LOCATION MAP



FINANCIAL SECTION


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

Henry+Horne
Offering You More

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Town Council
Town of Florence
Florence, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Florence, Arizona, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Florence, Arizona, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Highway User Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Florence, Arizona's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the Town of Florence, Arizona failed to use highway user revenue fund monies received by the Town pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the Town of Florence solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Town of Florence's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, management, and other responsible parties with the Town and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

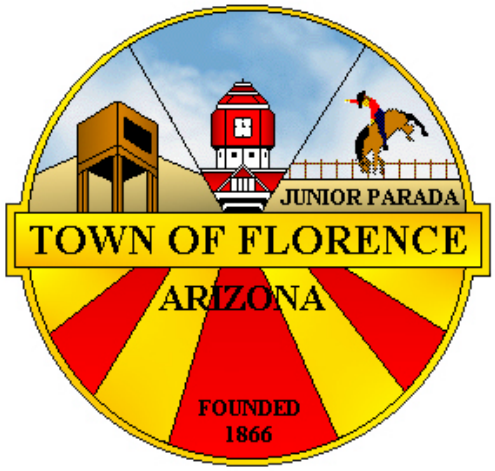
In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Florence, Arizona's, internal control over financial reporting and compliance.

Henry & Horne LLP

Casa Grande, Arizona
December 13, 2017

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

Management's Discussion and Analysis

As management of the Town of Florence, we offer readers of the Town of Florence's financial statements this narrative overview and analysis of the financial activities of the Town of Florence for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Florence exceeded its liabilities and deferred inflows of resources as of June 30, 2017 by $139.3 million. Of this amount, $17.8 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased $4.4 million from $134.9 million to $139.2 million. Net position in governmental activities increased $1.8 million as the Town spent money to improve roadway infrastructure and net position in business-type activities increased $2.6 million with assets increasing due to investment in infrastructure and an increase in both personnel costs.
- As of the end of the current fiscal year, the Town of Florence's governmental funds reported combined ending fund balances of $38.7 million, an increase of $2.6 million in comparison to the year before. This is primarily due to an investment in infrastructure and an increase in revenue.
- Approximately 25 percent or $9.8 million of the combined ending fund balances constitutes unassigned fund balance, which is available for spending at the Town's discretion.
- The Town's investment in capital assets (net of depreciation) increased $783,385.
- At the end of the fiscal year, the Town had $24.0 million in debt outstanding compared to $23.2 million last year. The Town issued a $4.2 million in bond proceeds for Community Facilities District (CFD) bonds for infrastructure within the CFD.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Florence's basic financial statements. The Town of Florence's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements are designed to provide readers with a broad overview of the Town of Florence's finances, in a manner that is similar to a private-sector business.

The *Statement of Net Position* presents information on the Town's assets, liabilities and deferred inflows/outflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the Town's privilege tax or property tax base or the condition of roads, parks and libraries to accurately assess the overall health of the Town.

The *Statement of Activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future period (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements differentiate functions of the Town that are primarily supported by taxes and intergovernmental revenues (governmental activities) from those functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, highways and streets, culture and recreation, and community development. The business-type activities of the Town include water, sewer and sanitation utility services.

The government-wide financial statements include the Town itself and the Merrill Ranch Community Facilities District No. 1 and Merrill Ranch Community Facilities District No. 2 blended component units.

The government-wide financial statements can be found on pages 20 - 23 of this report.

Fund financial statements follow the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 13 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Highway User Revenue Fund, Community Facilities District Debt Service Fund, Community Facilities District Capital Improvements Fund, Impact Fees Fund and the Capital Improvements Fund, all of which are major funds. Data from the remaining 7 governmental funds are aggregated into a single "non-major governmental funds" column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 26 – 36 of this report.

The Town adopts an annual appropriated budget for all funds, except fiduciary funds. To demonstrate compliance, a budgetary comparison statement is provided for the General Fund and the Highway User Revenue Fund. Similar budgetary compliance schedules are provided for the other funds elsewhere in this report.

Proprietary funds are used to report the same functions as presented in the business-type activities in the government-wide financial statements. The Town uses enterprise funds, a type of proprietary fund, to account for the water, sewer and sanitation utility functions. Proprietary fund financial statements provide information on the Water Utility Fund, Sewer Utility Fund and Sanitation Utility Fund and with the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 38 - 43 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 47 - 48 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 51 - 94 of this report.

Combining statements (referred to earlier as with non-major governmental funds) are presented immediately following the notes to the financial statements. Combining statements and individual fund schedules can be found on pages 110 - 113 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of the Town's financial position. The two tables below reflect the Town's net position and changes in net position. A condensed version of the Statement of Net Position is presented below and illustrates the Town's total assets, and deferred outflows of resources, liabilities, and deferred inflows of resources and resulting net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) as of June 30, 2017 with a comparison to net position as of June 30, 2016.

Condensed Statement of Net Position
(in Thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 46,111	$ 43,559	$ 20,579	$ 17,877	$ 66,690	$ 61,436
Capital assets	89,316	89,364	19,358	18,527	108,674	107,891
Total assets	135,427	132,923	39,937	36,404	175,364	169,327
Deferred outflows of resources	3,894	861	290	182	4,184	1,043
Other liabilities	3,353	3,500	1,326	862	4,679	4,362
Long-term liabilities	28,601	27,648	4,805	4,363	33,406	32,011
Total liabilities	31,954	31,148	6,131	5,225	38,085	36,373
Deferred inflows of resources	1,916	861	266	182	2,182	1,043
Net position:						
Net investment in capital assets	73,657	69,337	15,417	15,097	89,074	84,434
Restricted	29,399	31,504	3,058	2,817	32,457	34,321
Unrestricted	2,395	2,795	15,355	13,305	17,750	16,100
Total net position	$ 105,451	$ 103,636	$ 33,830	$ 31,219	$ 139,281	$ 134,855

The largest portion of the Town's net position is net investment in capital assets, which makes up 64 percent or $89.0 million of the Town's total net position. Capital assets include items such as infrastructure, buildings and improvements, vehicles, equipment and land. The Town uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Additionally, although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. Additional information on the Town's assets can be found in the Notes to the Financial Statements, which start on page 51.

An additional portion (23% or $32.4 million) of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (13% or $17.8 million) may be used to meet the Town's ongoing obligations to citizens and creditors.

Total governmental activities liabilities had a net increase of $806,000 primarily due to the satisfaction of the capital lease obligation for a fire truck and increased liabilities in the Enterprise Funds.

As illustrated in both the table above and table below, the Town's overall financial position showed an increase in net position during this fiscal year as reflected by increased fiscal conservativeness by the Town. The Town's total net position increased $4.4 million from $134.9 million to $139.2 million. Net position in governmental activities increased $1.8 million going from $103.6 million to $105.5 million. Net position in business-type activities increased $2.6 million from $31.2 million to $33.8 million.

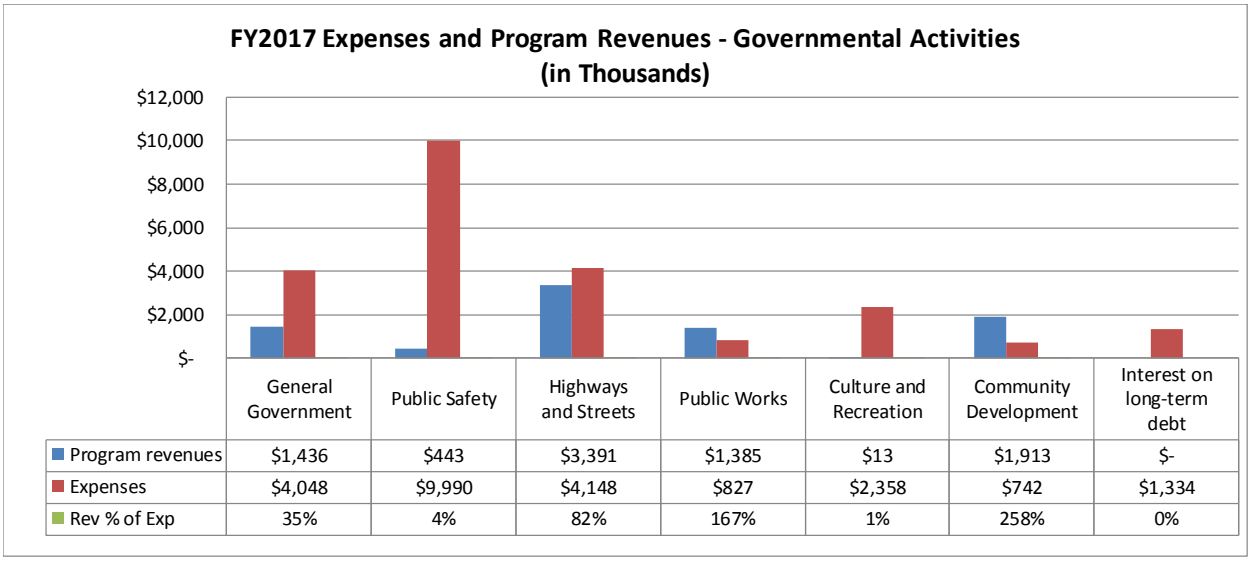
Changes in Net Position
(in Thousands)

	Governmental Activities	Business-type Activities	Total Government
	2017		
Program revenues			
Charges for services	$ 2,145	$ 7,936	$ 10,081
Operating grants	3,671	-	$ 3,671
Capital grants and			$ -
contributions	2,764	24	$ 2,788
General revenues			$ -
Taxes	7,143	-	7,143
Intergovernmental	8,276	-	8,276
Investment earnings	47	45	92
Donation of capital assets	-		-
Miscellaneous	165	57	222
Total revenues	24,211	8,062	32,273
Expenditures/Expenses			
General government	4,048		4,048
Public safety	9,990		9,990
Highways and streets	4,148		4,148
Public works	827		827
Culture and recreation	2,358		2,358
Community development	742		742
Interest on long-term debt	1,334		1,334
Water		1,442	1,442
Sewer		2,095	2,095
Sanitation		863	863
Non-Major Enterprise			-
Total expenditures/expenses	23,447	4,400	27,847
Excess before transfers	764	3,662	4,426
Transfers in (out)	1,051	(1,051)	-
Change in net position	1,815	2,611	4,426
Beginning net position	103,636	31,219	134,855
Ending net position	$ 105,451	$ 33,830	$ 139,281

Changes in net position, shown above, illustrates the Town's total revenues and expenses for the fiscal year ended June 30, 2017 compared to the same period ended June 30, 2016.

Governmental activities

Total revenues increased by $3 million primarily due to increased revenues in capital grants and contributions, taxes, and intergovernmental. Investment earnings decreased by $308,000 going from $355,000 to $47,000 primarily due to decreased activity in the implementation of capital improvement projects.



	General Government	Public Safety	Highways and Streets	Public Works	Culture and Recreation	Community Development	Interest on long-term debt
Program revenues	$1,436	$443	$3,391	$1,385	$13	$1,913	$-
Expenses	$4,048	$9,990	$4,148	$827	$2,358	$742	$1,334
Rev % of Exp	35%	4%	82%	167%	1%	258%	0%

The chart above illustrates the extent to which the governmental activities function expenses are covered by program revenues. As with most governments, services provided to citizens are mostly funded through various taxes and not program revenues. In other words, expenses are significantly greater than program revenues.

Business-type activities

Business-type activities total revenues primarily remained unchanged. Business-type total expenditures increased $134,000 from $4.3 million to $4.4 million due to an increase in expenditures for infrastructure improvements and personnel costs.

Financial Analysis of the Town's Funds

As noted earlier, the Town of Florence uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the Town of Florence's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. Unassigned fund balance may serve as a useful measure of the Town's net resources available for discretionary use. As such, it represents a portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for a particular purpose by the Town Council.

- As of the end of the current fiscal year, the Town of Florence's governmental funds reported combined ending fund balances of $38.7 million, an increase of $2.6 million in comparison to the fiscal year before. This is primarily due to an investment in infrastructure and an increase in revenue.

Approximately 25 percent of the combined ending fund balances ($9.8 million) constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is non-spendable, restricted, committed or assigned to indicate that it is 1) not in spendable form ($80,004) 2) restricted for particular purposes ($28.1 million), or 3) assigned for particular purposes ($728,000).

General Fund. The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was $9.9 million making up 99 percent of the total fund balance. As a measure of the fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance increased $1.2 million this fiscal year.

Highway User Revenue Fund. The Highway User Revenue Fund, a major fund, ended the current year with a total fund balance of $11.9 million, consisting of $11.9 million restricted fund balance and $13,503 assigned fund balance. Revenues must be used for streets and highway purposes.

Impact Fees Fund. The Impact Fees Fund, a major fund, ended the current year with a total fund balance of $1.4 million, an increase of $431,188. This increase is primarily due to the purchase belt-press in the Town's wastewater. The entire fund balance is restricted.

Capital Improvements Fund. The Capital Improvements Fund, a major fund, ended the current year with a total fund balance of $4.7 million, an increase of $782,743 over the prior year. This increase is primarily due to the Town did not completing significant capital projects.

Proprietary Funds

The Town of Florence's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position for each fund at the end of the year is as follows: Water - $6.9 million, Sewer - $7.2 million and Sanitation - $1.3 million. The unrestricted net position of each fund consists of a majority of their respective total net positions.

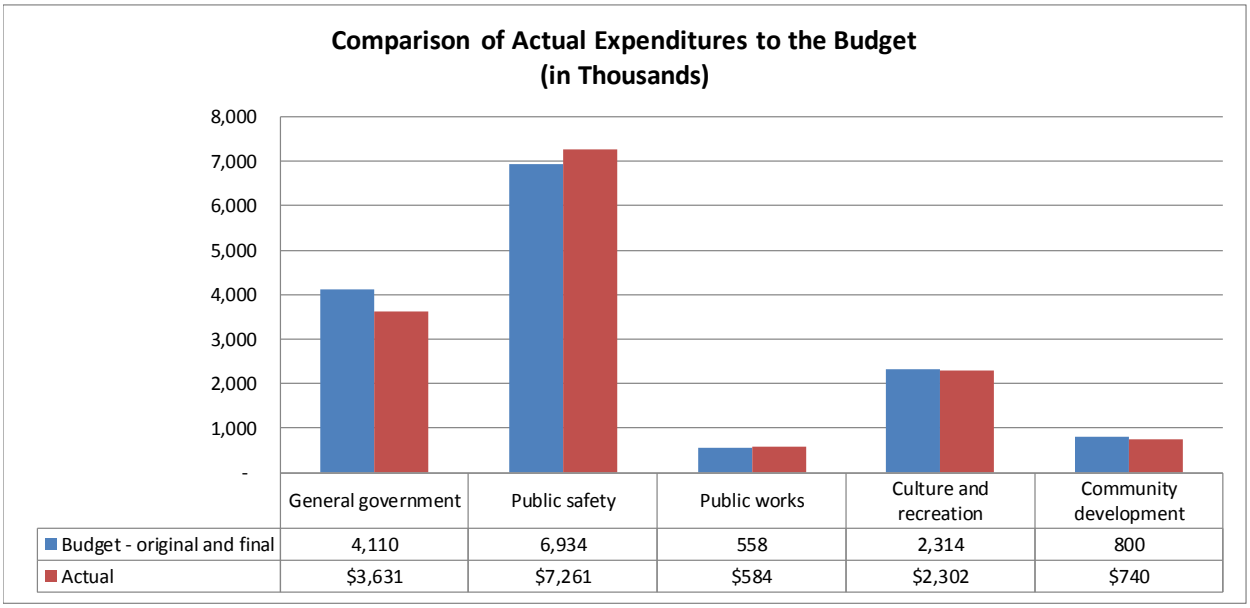
Total net position in the Water Utility Fund increased by $1.1 million. Operating revenue increased, and operating expenses increased resulting in operating income of $1.5 million.

The total net position in the Sewer Utility fund grew by $1.6 million primarily due to an increase in operating revenue and an increase in operating expenses, resulting in operating income of $2.2 million.

Total net position decreased in the Sanitation Fund by $113,476 mainly due to an operating loss of $54,239 and transfer out of $73,944. The Town of Florence outsourced the operation several years ago and is phasing out of this proprietary operation, as the operation is liquidated the net position will decrease.

General Fund Budgetary Highlights

A total of $14.5 million was spent compared to a total final budget of $14.7 million, resulting in a positive variance (budget savings) of $198,055. The graph below shows a summary of budget-to-actual variances for each Town function accounted for in the General Fund.



	General government	Public safety	Public works	Culture and recreation	Community development
Budget - original and final	4,110	6,934	558	2,314	800
Actual	$3,631	$7,261	$584	$2,302	$740

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of June 30, 2017, amounts to $108.7 million. Investment in capital assets includes land, buildings, utility facilities, vehicles and equipment, park facilities, roads, highways and bridges. Overall, the Town's investment in capital assets (net of depreciation) increased $783,385. Additions to capital assets included new vehicles, road improvements, and infrastructure improvements in the enterprise funds.

Town of Florence Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Land	$ 32,546,409	$ 32,546,409	$ 394,073	$ 394,073	$ 32,940,482	$ 32,940,482
Buildings, infrastructure	54,085,797	51,853,493	17,944,989	7,587,226	$ 72,030,786	59,440,719
Vehicles, furniture and equipment	2,511,566	2,824,271	575,850	201,988	$ 3,087,416	3,026,259
Construction in progress	172,371	2,140,113	443,117	10,343,214	$ 615,488	12,483,327
Total	$ 89,316,143	$ 89,364,286	$ 19,358,029	$ 18,526,501	$ 108,674,172	$ 107,890,787

Additional information on the Town of Florence's capital assets can be found in Note 4 on pages 66 - 67 in the notes to the financial statements.

Long-term Debt

At the end of the fiscal year, the Town had $24.2 million in debt outstanding compared to $23.2 million last fiscal year end. The Town has notes payable outstanding totaling $4.2 million at year end and no capital lease obligations. A large portion of the debt listed below consists of general obligation bonds ($10.1 million) and special assessment lien bonds ($4.7 million) of the Town's component units, Merrill Ranch Community Facilities Districts No. 1 and No. 2.

Town of Florence Outstanding Debt

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
General obligation bonds - CFDs	$ 10,125,000	$ 10,335,000	-	-	$ 10,125,000	$ 10,335,000
Excise Tax Revenue Obligation -	4,740,000	4,740,000		-	4,740,000	4,740,000
Special assessment debt - CFDs	4,764,240	3,922,390	-	-	4,764,240	3,922,390
Special assessment debt - Town	154,000	218,000	-	-	154,000	218,000
Notes payable	289,116	338,551	3,941,530	3,429,461	4,230,646	3,768,012
Capital leases	-	285,746		-	-	285,746
Total	$ 20,072,356	$ 19,839,687	$ 3,941,530	$ 3,429,461	$ 24,013,886	$ 23,269,148

The Arizona State Constitution and Statutes limit the amount of general obligation debt that a municipality may issue by providing two tests. Under the first test, general obligation debt for a specific purpose such as supplying water or sewer services and recreational playground facilities may not exceed 20 percent of the Town's secondary assessed valuation. Under the second test, a Town may not issue general obligation debt for general municipal purposes in an amount that exceeds 6 percent of the Town's secondary assessed valuation.

On pages 68 - 73 in this report, Notes 5, 6, and 7 present more detailed information about the debt position of the Town.

Economic Factors and Next Year's Budgets and Rates

The Town's unemployment rate is 5.4 percent, significantly lower than the prior year. This is significantly lower than the past five years, which averaged 11.6 percent.

Most of the General Fund's resources come from state-shared revenues (59%). As with all Arizona municipalities, the Town receives those revenues based on population. More than half of the Town's population is comprised of prisoners in correctional facilities located within Town limits. Local sales tax is the next largest source of revenue in General Fund (25%). Budgetary estimates for the Town's state-shared revenues are provided by the League of Arizona Cities and Towns, which are based on estimates obtained from the state.

A water and sewer rate study, which provides recommended rates to be escalated annually, was adopted in 2011. The 2011 study reinforced rates and fees set forth in a 2009 study with an indication that the annual increases stated in the 2009 study would be sufficient through Fiscal Year 2016-2017. However, it should be noted that the Town Council did not raise rates the past two fiscal year and that the Town is in the process of completing a new study during the 2017-2018 fiscal year.

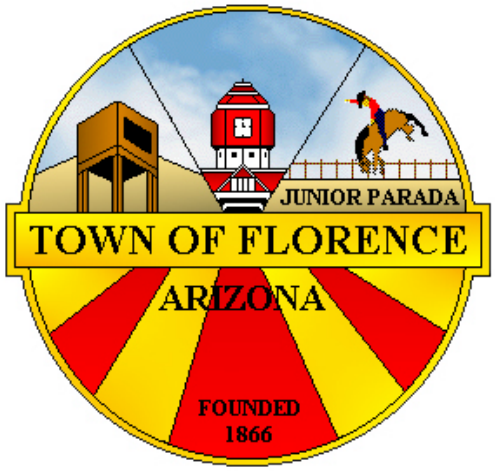
The Town's total budget for FY2018 is $41.4 million, which includes expenditures within the Community Facilities District.

Requests for Information

This financial report is designed to provide a general overview of the Town of Florence's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Town of Florence - Finance Department, P.O. Box 2670, Florence Arizona 85132 or by email at finance@florenceaz.gov.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

FINANCIAL SECTION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF FLORENCE, ARIZONA
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government		
ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	$ 12,990,431	$ 7,283,741	$ 20,274,172
Receivables (net of allowance for uncollectibles)	1,363,022	813,857	2,176,879
Special assessment receivable	5,774,804	-	5,774,804
Due from other governments	49,664	-	49,664
Internal balances	(609,584)	609,584	-
Prepaids	80,004	-	80,004
Restricted cash equivalents	6,001,490	-	6,001,490
Investments	20,461,607	11,871,850	32,333,457
Capital assets			
Land and construction in progress	32,718,780	837,190	33,555,970
Other capital assets (net of accumulated depreciation)	56,597,363	18,520,839	75,118,202
Total assets	135,427,581	39,937,061	175,364,642
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	2,950,165	210,032	3,160,197
Deferred outflows of employer contributions to pensions	943,711	80,129	1,023,840
Total deferred outflows of resources	3,893,876	290,161	4,184,037
LIABILITIES			
Accounts payable and other current liabilities	725,959	589,588	1,315,547
Customer deposits	125,258	139,911	265,169
Accrued wages and benefits	543,568	15,095	558,663
Accrued interest payable	464,754	60,355	525,109
Other accrued liabilities	2,708	2,869	5,577
Retainages	53,431	-	53,431
Current portion of			
Compensated absences	412,998	33,410	446,408
Notes payable	52,401	485,118	537,519
Bonds payable	972,070	-	972,070
Long-term portion of			
Compensated absences	65,012	1,839	66,851
Notes payable	236,715	3,456,411	3,693,126
Bonds payable	18,991,672	-	18,991,672
Net pension liability	9,307,632	1,346,848	10,654,480
Total liabilities	31,954,178	6,131,444	38,085,622
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	-	35	35
Deferred inflows of resources related to pensions	1,915,741	265,982	2,181,723
Total deferred inflows of resources	1,915,741	266,017	2,181,758

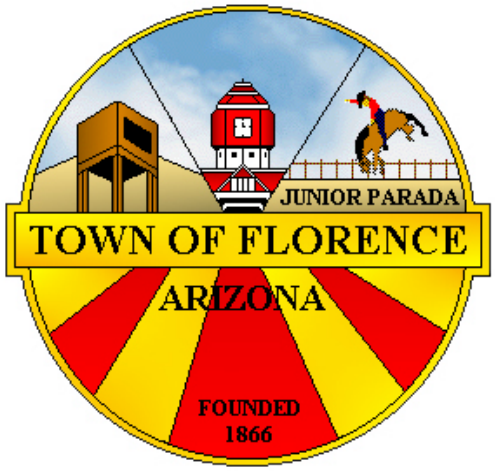
See accompanying notes.

NET POSITION			
Net investment in capital assets	73,657,354	15,416,500	89,073,854
Restricted for			
Debt service	10,039,198	2,782,851	12,822,049
Highways and streets	6,823,763	-	6,823,763
Capital projects	11,573,249	275,095	11,848,344
Economic development	528,350	-	528,350
Community facilities	351,186	-	351,186
Public safety	83,484	-	83,484
Unrestricted	2,394,954	15,355,315	17,750,269
Total net position	$ 105,451,538	$ 33,829,761	$ 139,281,299

TOWN OF FLORENCE, ARIZONA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities				
General government	$ 4,048,228	$ 1,360,404	$ 75,572	$ -
Public safety	9,109,350	215,601	201,572	25,809
Highways and streets	4,148,226	-	3,391,318	-
Public works	827,149	-	-	1,384,875
Culture and recreation	2,358,257	9,805	2,765	-
Community development	741,827	558,946	-	473,154
Interest on long-term debt	1,333,967	-	-	-
Total governmental activities	22,567,004	2,144,756	3,671,227	1,883,838
Business-type activities				
Water	1,441,641	2,956,627	-	9,900
Sewer	2,094,994	4,169,513	-	14,338
Sanitation	863,346	809,521	-	-
Total business-type activities	4,399,981	7,935,661	-	24,238
Total primary government	$ 26,966,985	$ 10,080,417	$ 3,671,227	$ 1,908,076
General revenues				
Property taxes				
Sales and use taxes				
Franchise taxes				
Shared revenues				
State sales taxes				
Urban revenue sharing				
Auto-in-lieu				
Investment income				
Interest income				
Net change in the fair value of investments				
Miscellaneous				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Net position - end of year				

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (2,612,252)	$ -	$ (2,612,252)
(8,666,368)	-	(8,666,368)
(756,908)	-	(756,908)
557,726	-	557,726
(2,345,687)	-	(2,345,687)
290,273	-	290,273
(1,333,967)	-	(1,333,967)
(14,867,183)	-	(14,867,183)
-	1,524,886	1,524,886
-	2,088,857	2,088,857
-	(53,825)	(53,825)
-	3,559,918	3,559,918
(14,867,183)	3,559,918	(11,307,265)
2,133,736	-	2,133,736
4,392,219	-	4,392,219
617,196	-	617,196
2,805,600	-	2,805,600
3,806,084	-	3,806,084
1,664,532	-	1,664,532
208,793	183,172	391,965
(162,094)	(138,287)	(300,381)
166,374	57,223	223,597
1,050,588	(1,050,588)	-
16,683,028	(948,480)	15,734,548
1,815,845	2,611,438	4,427,283
103,635,693	31,218,323	134,854,016
$ 105,451,538	$ 33,829,761	$ 139,281,299


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

FINANCIAL SECTION

FUND FINANCIAL STATEMENTS

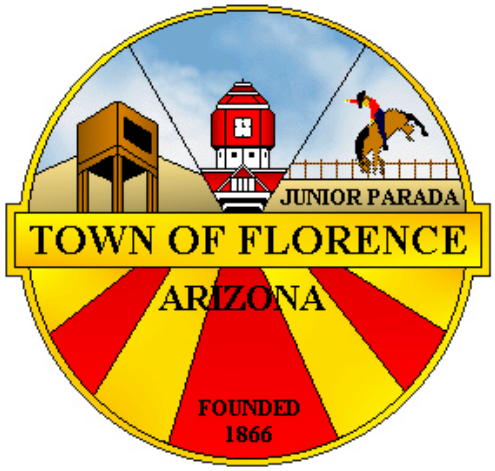
GOVERNMENTAL FUND FINANCIAL STATEMENTS

TOWN OF FLORENCE, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

ASSETS	General	Highway User	Community Facilities Districts-Debt Service
Cash and cash equivalents	$ 3,999,221	$ 2,684,967	$ 1,082,252
Receivables (net of allowance for uncollectibles)	1,057,559	282,216	5,658,994
Due from other governments	-	-	15,753
Due from other funds	522,831	345,136	-
Prepaids	80,004	-	-
Restricted assets			
Cash and cash equivalents	2,980	5,045,186	924,897
Investments	6,597,065	4,376,257	1,763,974
Total assets	$ 12,259,660	$ 12,733,762	$ 9,445,870
LIABILITIES			
Accounts payable and other current liabilities	$ 342,457	$ 341,143	$ -
Customer deposits	125,258	-	-
Accrued wages and benefits	524,360	16,526	-
Other accrued liabilities	414	2,294	-
Due to other funds	1,343,699	445,950	48,376
Retainages	-	53,431	-
Total liabilities	2,336,188	859,344	48,376
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	26,542	5,469	5,757,005
Total deferred inflows of resources	26,542	5,469	5,757,005
FUND BALANCES			
Nonspendable			
Prepaid items	80,004	-	-
Restricted			
Public safety	-	-	-
Debt service	-	437,614	3,640,489
Capital projects	-	4,594,069	-
Highways and Streets	-	6,823,763	-
Economic development	-	-	-
Community Facilities Districts operations	-	-	-
Assigned			
Capital projects	-	13,503	-
Highways and Streets	-	-	-
Unassigned	9,816,926	-	-
Total fund balances	9,896,930	11,868,949	3,640,489
Total liabilities, deferred inflows of resources and fund balances	$ 12,259,660	$ 12,733,762	$ 9,445,870

See accompanying notes.

Community Facilities Districts-Capital Improvements	Impact Fees	Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
$ 1,229,792	$ 518,040	$ 1,683,006	$ 1,793,153	$ 12,990,431
3,422	2,378	7,723	125,534	7,137,826
-	-	-	33,911	49,664
2,294	-	282,765	109,642	1,262,668
-	-	-	-	80,004
28,427	-	-	-	6,001,490
1,214,123	844,360	2,743,150	2,922,678	20,461,607
$ 2,478,058	$ 1,364,778	$ 4,716,644	$ 4,984,918	$ 47,983,690
$ -	$ -	$ 25,608	$ 16,751	$ 725,959
-	-	-	-	125,258
-	-	-	2,682	543,568
-	-	-	-	2,708
-	-	-	34,227	1,872,252
-	-	-	-	53,431
-	-	25,608	53,660	3,323,176
1,465	1,018	3,307	123,272	5,918,078
1,465	1,018	3,307	123,272	5,918,078
-	-	-	-	80,004
-	-	-	83,484	83,484
-	-	-	85,120	4,163,223
2,476,593	1,363,760	3,973,050	3,759,846	16,167,318
-	-	-	-	6,823,763
-	-	-	528,350	528,350
-	-	-	351,186	351,186
-	-	714,679	-	728,182
-	-	-	-	-
-	-	-	-	9,816,926
2,476,593	1,363,760	4,687,729	4,807,986	38,742,436
$ 2,478,058	$ 1,364,778	$ 4,716,644	$ 4,984,918	$ 47,983,690


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

TOWN OF FLORENCE, ARIZONA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2017

Fund balance - total governmental funds balance sheet		$ 38,742,436
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	$ 122,020,664	
Less accumulated depreciation	(32,704,521)	89,316,143
Deferred revenue is shown on the governmental funds, but is not deferred on the statement of net position.		
Special assessments	5,875,975	
Interest income	41,818	
Other	285	5,918,078
Long-term liabilities, including net pension liabilities bonds payable and their related costs, are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liability	(9,307,632)	
Compensated absences	(478,010)	
Capital leases	-	
Notes payable	(289,116)	
Bonds payable	(19,963,742)	(30,038,500)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	2,950,165	
Deferred outflows of employer contributions	943,711	
Deferred inflows of resources related to pensions	(1,915,741)	1,978,135
Interest payable on long-term debt is not reported in the governmental funds.		(464,754)
Net position of governmental activities - statement of net position		$ 105,451,538

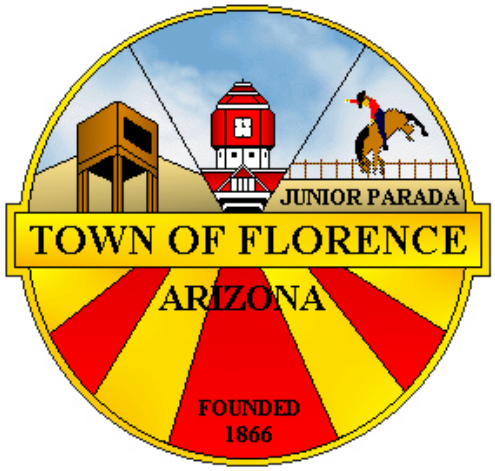
See accompanying notes.

TOWN OF FLORENCE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

REVENUES	General	Highway User	Community Facilities Districts-Debt Service
Taxes	$ 3,488,761	$ 3,391,318	$ 1,128,919
Franchise fees	617,196	-	-
Licenses and permits	591,611	-	-
Intergovernmental revenues	8,276,216	-	-
Charges for services	817,117	-	-
Fines	186,459	-	-
Special assessments	-	-	836,668
Investment income			
Interest income	22,557	81,959	24,606
Net change in the fair value of investments	-	(52,394)	(20,772)
Contributions and donations	5,758	-	-
Miscellaneous	81,093	67,605	130
Total revenues	14,086,768	3,488,488	1,969,551
EXPENDITURES			
Current			
General government	3,630,681	-	56,521
Public safety	7,260,858	-	-
Highways and streets	-	2,666,597	-
Public works	584,088	-	-
Culture and recreation	2,302,272	-	-
Community development	740,330	-	-
Capital outlay	-	870,132	-
Debt service			
Principal	-	-	455,150
Interest and fiscal charges	-	109,905	863,817
Bond issuance cost	-	-	98,405
Total expenditures	14,518,229	3,646,634	1,473,893
Excess (deficiency) of revenues over (under) expenditures	(431,461)	(158,146)	495,658
OTHER FINANCING SOURCES (USES)			
Transfers in	1,588,704	19,616	77,963
Transfers out	(3,304)	(460,116)	-
Sale of capital assets	12,167	10,014	-
Refunding bonds issued	-	-	3,245,000
Special assessment bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	(3,446,595)
Total other financing sources and uses	1,597,567	(430,486)	(123,632)
Net change in fund balances	1,166,106	(588,632)	372,026
Fund balances - beginning of year	8,730,824	12,457,581	3,268,463
Fund balances - end of year	$ 9,896,930	$ 11,868,949	$ 3,640,489

See accompanying notes.

Community Facilities Districts-Capital Improvements	Impact Fees	Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ -	$ 1,270,334	$ 637,941	$ 9,917,273
-	-	-	-	617,196
-	-	-	-	591,611
-	-	-	331,811	8,608,027
-	428,717	-	52,410	1,298,244
-	-	-	3,167	189,626
-	-	-	54,575	891,243
20,775	11,176	38,911	41,633	241,617
(14,036)	(9,750)	(31,676)	(33,466)	(162,094)
-	-	-	4,749	10,507
35	1,045	989	49,301	200,198
6,774	431,188	1,278,558	1,142,121	22,403,448
249	-	-	137,456	3,824,907
25	-	-	296,918	7,557,801
-	-	-	-	2,666,597
-	-	-	94,941	679,029
-	-	-	4	2,302,276
5,875	-	15,376	1,878	763,459
880,610	-	120,776	11,644	1,883,162
-	-	-	399,181	854,331
-	-	-	44,331	1,018,053
-	-	-	-	98,405
886,759	-	136,152	986,353	21,648,020
(879,985)	431,188	1,142,406	155,768	755,428
-	-	-	362,967	2,049,250
(77,963)	-	(359,663)	(97,616)	(998,662)
-	-	-	-	22,181
-	-	-	-	3,245,000
987,000	-	-	-	987,000
-	-	-	-	(3,446,595)
909,037	-	(359,663)	265,351	1,858,174
29,052	431,188	782,743	421,119	2,613,602
2,447,541	932,572	3,904,986	4,386,867	36,128,834
$ 2,476,593	$ 1,363,760	$ 4,687,729	$ 4,807,986	$ 38,742,436


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

TOWN OF FLORENCE, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Net change in fund balances - total governmental funds		$ 2,613,602
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, assets contributed to the Town are not reported in the fund statements and are reported in the statement of activities.		
Contributions	$ 473,154	
Expenditures for capitalized assets	1,906,908	
Less current year depreciation	(2,428,205)	(48,143)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues received in the current year that were accrued in the Statement of Activities in prior years are reported as revenues in the funds.		
Special assessments	548,226	
Grant revenue	(32,806)	
Sale of property	(43,915)	
Other	110	471,615
Interest expense in the statement of activities differs from the amount reported in governmental funds because accrued interest was calculated for outstanding debt for the statement of activities, but is expensed when due for the governmental fund statements.		36,922
Town pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the Town's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
Town pension contributions	943,711	
Pension expense	(1,967,768)	(1,024,057)
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		7,599
Repayment of long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Issuance of bond debt	(4,232,000)	
Capital lease principal retirement	285,746	
Note payable principal retirement	49,435	
Bond principal retirement	3,664,150	(232,669)
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(9,024)
Change in net position of governmental activities		$ 1,815,845

See accompanying notes.

TOWN OF FLORENCE, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Positive
REVENUES	Original	Final	Actual Amounts	(Negative)
Taxes	$ 3,501,100	$ 3,501,100	$ 3,488,761	$ (12,339)
Franchise fees	584,100	584,100	617,196	33,096
Licenses and permits	529,500	529,500	591,611	62,111
Intergovernmental revenues	7,516,255	7,516,255	8,276,216	759,961
Charges for services	774,660	774,660	817,117	42,457
Fines	145,750	145,750	186,459	40,709
Investment income				
Interest income	100,000	100,000	22,557	(77,443)
Contributions and donations	4,330	4,330	5,758	1,428
Miscellaneous	40,500	40,500	81,093	40,593
Total revenues	13,196,195	13,196,195	14,086,768	890,573
EXPENDITURES				
Current				
General government				
Town council	128,821	128,821	102,513	26,308
Administration	1,793,983	1,793,983	1,559,116	234,867
Legal	621,596	621,596	462,039	159,557
Finance	791,328	791,328	811,575	(20,247)
Human resources	252,836	252,836	236,897	15,939
Information technology	521,011	521,011	458,541	62,470
Public safety				
Courts	178,000	178,000	187,620	(9,620)
Police	3,837,512	3,837,512	3,797,774	39,738
Fire	2,918,693	2,918,693	3,275,464	(356,771)
Public works				
Engineering	80,225	80,225	142,945	(62,720)
Facilities maintenance	477,648	477,648	441,143	36,505
Culture and recreation				
Parks and recreation	1,921,410	1,921,410	1,942,333	(20,923)
Library	384,278	384,278	351,410	32,868
Cemetery	8,400	8,400	8,529	(129)
Community development				
Planning	654,982	654,982	616,150	38,832
Economic development	145,561	145,561	124,180	21,381
Total expenditures	14,716,284	14,716,284	14,518,229	198,055
Excess (deficiency) of revenues over (under) expenditures	(1,520,089)	(1,520,089)	(431,461)	1,088,628

See accompanying notes.

OTHER FINANCING SOURCES (USES)				
Transfers in	1,588,453	1,588,453	1,588,704	251
Transfers out	-	-	(3,304)	(3,304)
Sale of capital assets	-	-	12,167	12,167
Total other financing sources and uses	1,588,453	1,588,453	1,597,567	9,114
Net change in fund balance	68,364	68,364	1,166,106	1,097,742
Fund balance - beginning of year	8,730,824	8,730,824	8,730,824	-
Fund balance - end of year	$ 8,799,188	$ 8,799,188	$ 9,896,930	$ 1,097,742

TOWN OF FLORENCE, ARIZONA
HIGHWAY USER FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Positive
REVENUES	Original	Final	Actual Amounts	(Negative)
Taxes	$ 3,264,577	$ 3,264,577	$ 3,391,318	$ 126,741
Investment income				
Interest income	50,000	50,000	81,959	31,959
Net change in the fair value of investments	-	-	(52,394)	(52,394)
Miscellaneous	4,716,500	4,716,500	67,605	(4,648,895)
Total revenues	8,031,077	8,031,077	3,488,488	(4,542,589)
EXPENDITURES				
Current				
Highways and streets	6,335,899	6,335,899	2,666,597	3,669,302
Capital outlay	-	-	870,132	(870,132)
Debt service				
Interest and fiscal charges	109,905	109,905	109,905	-
Total expenditures	6,445,804	6,445,804	3,646,634	2,799,170
Excess (deficiency) of revenues over (under) expenditures	1,585,273	1,585,273	(158,146)	(1,743,419)
OTHER FINANCING SOURCES (USES)				
Transfers in	18,900	18,900	19,616	716
Transfers out	(477,470)	(477,470)	(460,116)	17,354
Sale of capital assets	-	-	10,014	10,014
Total other financing sources and uses	(458,570)	(458,570)	(430,486)	28,084
Net change in fund balance	1,126,703	1,126,703	(588,632)	(1,715,335)
Fund balance - beginning of year	12,457,581	12,457,581	12,457,581	-
Fund balance - end of year	$ 13,584,284	$ 13,584,284	$ 11,868,949	$ (1,715,335)

See accompanying notes.

FINANCIAL SECTION

FUND FINANCIAL STATEMENTS

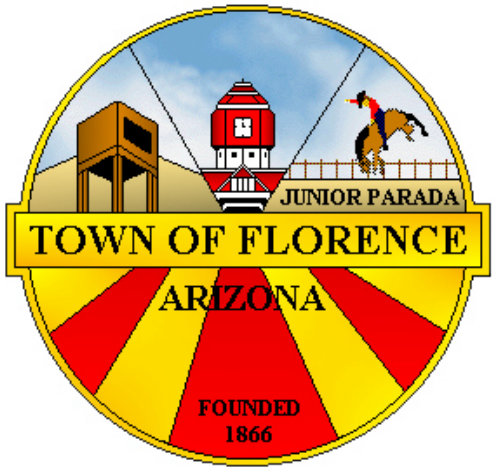
PROPRIETARY FUND FINANCIAL STATEMENTS

TOWN OF FLORENCE, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	Business-type Activities-Enterprise Funds			
ASSETS				
Current assets	Water	Sewer	Sanitation	Total
Cash and cash equivalents	$ 2,736,517	$ 4,023,121	$ 524,103	$ 7,283,741
Receivables, net of uncollectibles	336,796	423,247	53,814	813,857
Due from other funds	161,879	405,407	42,298	609,584
Total current assets	3,235,192	4,851,775	620,215	8,707,182
Noncurrent assets				
Investments	4,460,279	6,557,330	854,241	11,871,850
Capital assets:				
Land	120,100	273,973	-	394,073
Buildings and improvements	11,609,257	13,256,484	-	24,865,741
Machinery and equipment	954,015	545,800	258,940	1,758,755
Construction in progress	72,969	370,148	-	443,117
Less accumulated depreciation	(4,160,539)	(3,684,178)	(258,940)	(8,103,657)
Total capital assets, net	8,595,802	10,762,227	-	19,358,029
Total noncurrent assets	13,056,081	17,319,557	854,241	31,229,879
Total assets	16,291,273	22,171,332	1,474,456	39,937,061
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	80,021	111,450	18,561	210,032
Deferred outflows of employer contributions to pensions	30,091	42,219	7,819	80,129
Total deferred outflows of resources	110,112	153,669	26,380	290,161
LIABILITIES				
Current liabilities				
Accounts payable	183,390	402,990	3,208	589,588
Customer deposits	87,983	-	51,895	139,878
Accrued wages and benefits	5,752	7,980	1,363	15,095
Accrued interest payable	-	60,355	-	60,355
Other accrued liabilities	650	1,865	387	2,902
Compensated absences	9,290	19,693	4,427	33,410
Notes payable	-	485,118	-	485,118
Total current liabilities	287,065	978,001	61,280	1,326,346
Noncurrent liabilities				
Compensated absences	511	1,084	244	1,839
Notes payable	-	3,456,411	-	3,456,411
Net pension liability	517,654	718,782	110,412	1,346,848
Total noncurrent liabilities	518,165	4,176,277	110,656	4,805,098
Total liabilities	805,230	5,154,278	171,936	6,131,444
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	35	35
Deferred inflows of resources related to pensions	101,996	140,378	23,608	265,982
Total deferred inflows of resources	101,996	140,378	23,643	266,017

See accompanying notes.

NET POSITION				
Net investment in capital assets	8,595,802	6,820,698	-	15,416,500
Restricted for				
Debt service	-	2,782,851	-	2,782,851
Capital projects	20,239	207,698	47,158	275,095
Unrestricted	6,878,118	7,219,098	1,258,099	15,355,315
Total net position	$ 15,494,159	$ 17,030,345	$ 1,305,257	$ 33,829,761


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

TOWN OF FLORENCE, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2017

	Business-type Activities-Enterprise Funds			
	Water	Sewer	Sanitation	Total
Operating revenues				
Water sales	$ 2,734,781	$ -	$ -	$ 2,734,781
Water connection fees	1,210	-	-	1,210
Service establishment fees	22,595	-	-	22,595
Sewer service fees	-	2,899,765	-	2,899,765
Sewer connection fees	-	2,850	-	2,850
DOC usage fees	-	1,265,323	-	1,265,323
Water standpipe	6,484	-	-	6,484
Hydro-sprinkler fees	1,785	-	-	1,785
Central Arizona Project	165,888	-	-	165,888
Refuse collection fees	-	-	798,537	798,537
Effluent charges	20,834	-	-	20,834
Miscellaneous	29,046	17,607	10,570	57,223
Total operating revenue	2,982,623	4,185,545	809,107	7,977,275
Operating expenses				
Personal services	402,848	570,508	112,066	1,085,422
Supplies	76,652	876,869	2,410	955,931
Contractual services and maintenance	846,511	271,377	746,747	1,864,635
Depreciation	115,630	256,190	2,123	373,943
Miscellaneous	-	2,500	-	2,500
Total operating expenses	1,441,641	1,977,444	863,346	4,282,431
Operating income (loss)	1,540,982	2,208,101	(54,239)	3,694,844
Nonoperating revenues (expense)				
Interest income	69,122	100,439	13,611	183,172
Net change in the fair value of investments	(51,671)	(76,728)	(9,888)	(138,287)
Interest expense	-	(117,550)	-	(117,550)
Gain on sale of assets	3,050	1,575	10,984	15,609
Total nonoperating revenues (expense)	20,501	(92,264)	14,707	(57,056)
Income before development fees and transfers	1,561,483	2,115,837	(39,532)	3,637,788
Development fees	9,900	14,338	-	24,238
Transfers in	-	118,967	-	118,967
Transfers out	(448,440)	(647,171)	(73,944)	(1,169,555)
Change in net position	1,122,943	1,601,971	(113,476)	2,611,438
Net position, beginning of year	14,371,216	15,428,374	1,418,733	31,218,323
Net position-end of year	$ 15,494,159	$ 17,030,345	$ 1,305,257	$ 33,829,761

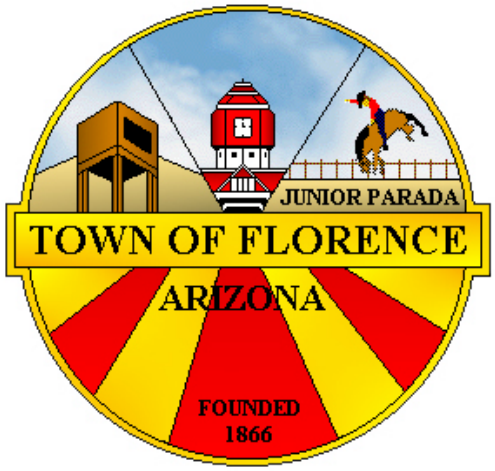
See accompanying notes.

TOWN OF FLORENCE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2017

	Business-type Activities-Enterprise Funds			
CASH FLOWS FROM OPERATING ACTIVITIES	Water	Sewer	Sanitation	Total
Receipts from customers and users	$ 2,838,727	$ 3,781,754	$ 774,969	$ 7,395,450
Payments to suppliers	(818,094)	(617,647)	(752,887)	(2,188,628)
Payments to employees	(405,495)	(561,297)	(111,376)	(1,078,168)
Net cash provided (used) by operating activities	1,615,138	2,602,810	(89,294)	4,128,654
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(448,440)	(647,171)	(73,944)	(1,169,555)
Transfers from other funds	-	118,967	-	118,967
Net cash provided (used) by noncapital financing activities	(448,440)	(528,204)	(73,944)	(1,050,588)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	3,050	1,575	13,926	18,551
Acquisition and construction of capital assets	(475,291)	(733,122)	-	(1,208,413)
Development fees received	9,900	14,338	-	24,238
Proceeds from capital debt	-	1,229,057	-	1,229,057
Principal paid on capital debt	-	(716,989)	-	(716,989)
Interest paid on capital debt	-	(114,450)	-	(114,450)
Net cash provided (used) by capital and related financing activities	(462,341)	(319,591)	13,926	(768,006)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of investments	588,017	299,845	335,775	1,223,637
Interest received	66,032	94,585	13,403	174,020
Net cash provided (used) by investing activities	654,049	394,430	349,178	1,397,657
Net increase (decrease) in cash and cash equivalents	1,358,406	2,149,445	199,866	3,707,717
Cash and cash equivalents at beginning of year	1,378,111	1,873,676	324,237	3,576,024
Cash and cash equivalents at end of year	$ 2,736,517	$ 4,023,121	$ 524,103	$ 7,283,741

See accompanying notes.

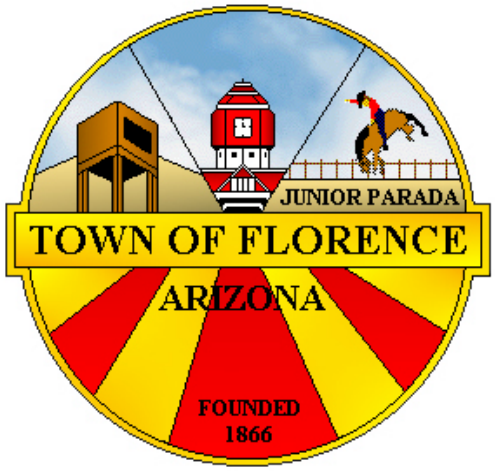
	Business-type Activities-Enterprise Funds			
	Water	Sewer	Sanitation	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 1,540,982	$ 2,208,101	$ (54,239)	$ 3,694,844
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	115,630	256,190	2,123	373,943
Pension expense	30,262	43,356	6,888	80,506
Employer pension contributions	(30,091)	(42,219)	(7,819)	(80,129)
Provision for bad debt	7,518	-	1,853	9,371
(Increase) decrease in:				
Accounts receivable	(4,721)	1,616	(2,631)	(5,736)
Due from other funds	(149,931)	(405,407)	(42,298)	(597,636)
Prepaids	-	247,232	-	247,232
Increase (decrease) in:				
Accounts payable	105,057	285,480	(3,847)	386,690
Customer deposits	3,238	-	8,938	12,176
Accrued wages and benefits	1,324	1,799	335	3,458
Other accrued liabilities	12	387	117	516
Compensated absences	(4,142)	6,275	1,286	3,419
Total adjustments	74,156	394,709	(35,055)	433,810
Net cash provided (used) by operating activities:	$ 1,615,138	$ 2,602,810	$ (89,294)	$ 4,128,654
Noncash investing, capital, and financing activities:				
Change in fair value of investments	$ (51,671)	$ (76,728)	$ (9,888)	$ (138,287)


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

FINANCIAL SECTION

FUND FINANCIAL STATEMENTS

FIDUCIARY FUND FINANCIAL STATEMENTS


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

TOWN OF FLORENCE, ARIZONA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017

	Pension Trust
ASSETS	
Cash and cash equivalents	$ 2,861
U.S. Government bonds	251,116
Equities	81,710
Total assets	335,687
LIABILITIES	
Accounts payable	318
Total liabilities	318
NET POSITION	
Held in trust for pension benefits and other purposes	$ 335,369

See accompanying notes.

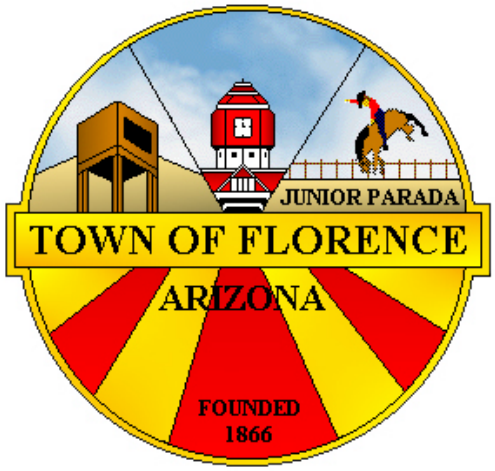
TOWN OF FLORENCE, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2017

	Pension Trust
ADDITIONS	
Contributions	
Employee	$ 10,691
Total contributions	10,691
Investment income	
Interest earnings	22,253
Total additions	32,944
DEDUCTIONS	
Pension withdrawals	13,072
Change in net position	19,872
Net position-beginning of year	315,497
Net position-end of year	$ 335,369

See accompanying notes.

FINANCIAL SECTION

NOTES TO FINANCIAL STATEMENTS


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Florence, Arizona (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Town is a municipal entity governed by an elected Mayor and council. The basic financial statements of the town include the funds of all organizational entities for which the Town Council has oversight responsibility or financial accountability and are consequently determined to be included in the Town's financial reporting entity in accordance with Governmental Accounting Standards Board, Accounting Standards Codification. The Town provides basic government services to its citizens including roads, water, sewer, sanitation, parks and recreation facilities, police and fire.

Individual Component Units – Blended

The Merrill Ranch Community Facilities District #1 and Merrill Ranch Community Facilities District #2 were formed by petition to the Town Council on December 19, 2005 and November 21, 2005, respectively. The purpose of the Districts is to acquire or construct public infrastructure in specified areas of the Town. As special purpose districts and separate political subdivisions under the Arizona Constitution, the Districts may levy taxes and issue bonds independently of the Town. Property owned in the designated areas is assessed for the Districts' property taxes, and thus for the costs of operating the Districts. The Town Council serves as the Board of Directors of the Districts. The Town has no liability for the District's debt. For reporting purposes, the transactions of the Districts are included as governmental type funds as if they were part of the Town's operations.

No separate financial statements were prepared for the Districts.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) present financial information about the Town as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the Town. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, state-shared revenues, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Fund Balances – Governmental Funds

As of June 30, 2017, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of Town Council. Town Council is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through resolutions approved by Town Council.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's adopted policy, only Town Council, the Town's Manager or the Town's Finance Director may assign amounts for specific purposes.

Unassigned - all other spendable amounts. The General Fund is the only fund that reports a positive unassigned fund balance amount.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Balances – Governmental Funds (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Town Council, the Town's Manager or the Town's Finance Director has provided otherwise in its commitment or assignment actions.

The General Fund has Unassigned Funds consisting of a Stabilization Arrangement in the amount of $1,906,000. The Stabilization Arrangement was legislated by the Town Council to set aside resources to cover unanticipated deficits or revenue reductions that may be caused by adverse economic conditions or public emergency. The amount of the Stabilization Arrangement is equal to $500,000 plus 10% of the operating revenues.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule the effect of internal activity has been eliminated from the government-wide financial statements.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, sales taxes, franchise taxes, licenses and permits, charges for service, special assessments and investment income associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenues as soon as all eligibility requirements imposed by the grantor or provider have been met. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received in cash. Deferred revenues also arise when the Town receives resources before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes have been recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for water, wastewater, and sanitation services and the Town's internal service funds are charges for fleet maintenance and facilities maintenance. Operating expenses for these funds include the cost of sales and services, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major governmental funds:

General Fund - This fund is the general operating fund of the Town. It accounts for all financial resources of the Town, except those required to be accounted for in other funds.

Highway User Fund – Special Revenue Fund - This fund is used to account for the Town's share of tax revenues that are legally restricted to the maintenance of highways within the Town's boundaries.

Community Facilities Districts - Debt Service Fund - This fund accounts for the debt portion of the Town's Community Facilities Districts which are component units that provide general infrastructure and capital assets for the property within each District's boundaries.

Community Facilities Districts - Capital Improvements Fund - This fund accounts for all the acquisition and construction portion of the Town's Community Facilities Districts which are component units that provide general infrastructure and capital assets for the property within each District's boundaries.

Impact Fees Fund – Capital Improvements Fund - This fund collects fees to help defray the costs of development of infrastructure.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Capital Improvements Fund - This fund accounts for all the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Enterprise funds account for the operations, including debt service, 1) that are financed and operated in a manner similar to private business enterprises where the intent of the Town Council is that the costs (including depreciation) of providing goods and services to the general public on a continuing basis be financed primarily through user charges and fees, or 2) where the Town Council has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town currently operates the following enterprise funds:

Water Fund - This fund is used to account for the Town's water related operations.

Sewer Fund - This fund is used to account for the Town's sewer related operations.

Sanitation Fund - This fund is used to account for the activities of the Town's sanitation operations.

The Town reports the following fiduciary fund:

Pension Trust Fund - This Pension Trust Fund is used to account for the Town's Volunteer Firefighter's Pension Fund, a defined contribution plan for which the assets are held by the Town in a trustee account. The Town as well as the Town's firefighters make contributions to the fund. The Town's matching contribution is based on revenue received from the Firefighters Relief Fund but cannot be less than 1/2% of total compensation of all participants. If a participant terminates employment before being fully vested, then the non-vested portion of the terminated participant's account balance remains in the plan as a forfeiture. Forfeitures will be first used to pay any administrative expenses with the remaining used to reduce any the Town's contribution.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Town's non-major funds are as follows:

Special Revenue Funds
- Grants
- Economic Development
- Community Services
- Community Facilities District

Debt Service Fund

Capital Project Funds
- Food Tax
- Construction Tax

Fiduciary funds are reported by fund type.

E. Cash and Cash Equivalents

Cash represents amounts in demand deposits and amounts held in trust by financial institutions. The funds held in trust are available to the Town upon demand. Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

F. Investments

Arizona Revised Statutes (A.R.S.) authorize the Town to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings account, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments (Continued)

The Town's investments are reported at fair value. The State's investment pool is managed by the State Treasurer's office with no regulatory oversight. The pool is not required to register with the Securities and Exchange Commission under the 1940 Investments Advisors Act. The activity and performance of the pool is reviewed monthly by the State Board of Investment in accordance with A.R.S. §35-311. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007. The fair value of a participant's position in the pool approximates the value of that participant's pool share.

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of the interfund loans).

All trade and property tax receivables are shown net of allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivables allowance for uncollectibles.

Property taxes are levied by the Town and collected by the Pinal County Treasurer. Property taxes are levied no later than the third Monday in August and are payable in two installments due October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquent date. Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

H. Prepaid Items

Certain payments to vendors reflect the cost applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed (consumption method).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, vehicles, machinery, equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets as assets with an initial, individual cost of $5,000 or more and an estimated useful life of more than three years. Such assets are recorded at historical cost. However, donated capital assets are reported at their acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Certain capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvement other than buildings	20-70
Vehicles, machinery and equipment	3-10

J. Compensated Absences

The Town's employee vacation and sick leave policies provide for granting vacation and sick leave with pay. Sick leave and vacation benefits accrue at the employee's current rate of pay. The current and long-term liabilities for accumulated vacation are reported on the government-wide financial statements and in the proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignation and retirements. Resources from the General Fund are generally used to liquidate the governmental funds liabilities for compensated absences.

K. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

M. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N. Budgetary Data

According to the laws of the State of Arizona, all operating budgets must be approved by their governing board on or before the second Monday in August to allow sufficient time for legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August.

In April, the proposed budget for the following fiscal year is presented by the Town Manager to the Town Council. The budget includes proposed expenditures and the means of financing them. Public meetings are held to obtain citizen comment.

Prior to June 30, the Town Council legally enacts the budget, through the passage of an ordinance. The ordinance sets the limit for expenditures for the year, within the voter mandated state expenditure limitation. However, on May 17, 2016, the Town held a special election to approve an amount in excess of the State imposed expenditure limitation for the fiscal year ended June 30, 2017 in which the voters approved the measure. Additional expenditures may be authorized if directly necessitated by a natural or man-made disaster as prescribed in the state constitution. The Town did not exceed their one time approved expenditure override during the year ended June 30, 2017.

The maximum legal expenditure permitted for the year is the total budget as adopted. All funds of the Town have legally adopted budgets. The initial budget for the fiscal year may be amended during the year in a legally permissible manner. The Town adopts the budget by departments for the General Fund and by fund for all others.

The Town Manager is generally authorized to transfer budgeted amounts within any specific department's expenditure appropriation. Any budget revisions requiring a transfer between departments in the General Fund or a transfer between any other fund must be approved by the Town Council.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Budgetary Data (Continued)

All unencumbered expenditure appropriations lapse at the end of the fiscal year.

Encumbered amounts are re-appropriated in the following year as deemed appropriate and necessary after review by the Budget Office. Budgetary carry forwards are approved by the Town Council.

The Town approves its annual budget consistent with Generally Accepted Accounting Principles (GAAP). GAAP requires that budgetary comparison statements for the General Fund and major governmental funds be presented in the annual financial statements. These statements must display original budget, amended budget and actual results (on a budgetary basis).The Town has also shown this information as supplementary schedules for other non-major governmental funds as well as enterprise funds.

O. Excess of Expenditures over Appropriations

For the year ended June 30, 2017, expenditures exceeded appropriations in the following General Fund departments (the legal level of budgetary control):

General Fund:		
General government:		
Finance	$	20,247
Public Safety:		
Courts		9,620
Fire		356,771
Public works:		
Engineering		62,720
Culture and Recreation:		
Parks and Recreation		20,923
Cemetery		129
Total	$	470,410

NOTE 2 DEPOSITS AND INVESTMENTS

At June 30, 2017, the Town had $1,850 of cash on hand. The carrying amount of the Town's cash in bank totaled $7,865,495 and the bank balance was $8,087,459. Of the bank balance, $1,000,000 was covered by federal depository insurance and the Securities Investor Protection Act, $1,213,287 was covered by collateral held in the pledging bank's trust department not in the Town's name, and $5,874,386 was uninsured and uncollateralized.

Investments - The Town's portfolio complies with Arizona Revised Statutes (ARS) and The Town's investment policy. ARS authorizes The Town to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute.

The Town invests in the Local Government Investment Pool 5 and Pool 7 (LGIP), investment pools managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. The LGIP is not registered with the Securities Exchange Commission under the 1940 Investment Advisors Act. The State Board of Investment and the Investment Risk Management Committee have oversight responsibilities of the investment pool in accordance with ARS 35-311. The pool's policy is to invest in fixed-rate securities with a final maturity less than 36 months from the settlement date of the purchase and variable-rate securities with final maturity less than 5 years.

The dollar weighted average portfolio maturity is 36.5 days for Pool 5 and 80.3 days for Pool 7. The net asset value per share for each of the pools at June 30, 2017 was $1.00. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007.

Funds held in the State Treasurer's Local Government Investment Pool represent a proportionate interest in the pool's portfolio; however, the Town's portion is not identified with specific investments and is not subject to custodial credit risk. At June 30, 2017, the Town's funds invested with the State Treasurer totaled $728,252.

At June 30, 2017, the Town held a repurchase agreement with National Bank that had a carry amount of $11,681,416.

The Town utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

The Town's Community Facilities Districts have $5,998,863 invested with Wells Fargo Brokerage Services. The accounts are invested in a money market fund that invests in U.S. government obligations and repurchase agreements.

The Town also holds $32,333,457 invested with Stifel, Nicolaus & Company, Inc. The accounts are invested in U.S. Treasury securities and U.S. Government bonds.

Other investments that the Town owns belong to the Town's Volunteer Fire Department. Funds totaling $335,473 are held by Securian Retirement Services and consist of a money market fund, government bonds and equity securities.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of Town's investments by maturity:

		Remaining Maturity (In Months)			
Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	Not Applicable
Primary Government					
Repurchase Agreement	$ 11,681,416	$ 11,681,416	$ -	$ -	$ -
Money Market Funds	5,998,863	5,998,863	-	-	-
LGIP Pool 5	234,760	234,760	-	-	-
LGIP Pool 7	493,492	493,492	-	-	-
U.S. Government Bonds	32,333,457	5,814,500	2,987,750	23,531,207	-
	50,741,988	24,223,031	2,987,750	23,531,207	-
Fiduciary Fund					
Money Market Funds	2,647	2,647	-	-	-
U.S. Government Bonds	251,116	-	-	251,116	-
Equities	81,710	-	-	-	81,710
	335,473	2,647	-	251,116	81,710
Total	$ 51,077,461	$ 24,225,678	$ 2,987,750	$ 23,782,323	$ 81,710

The Town has no policy regarding interest rate risk. State law limits investments into securities having maturities no greater than five (5) years. The maximum maturity for investments in repurchase agreements is 180 days.

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Credit risk – Custodial credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town does not have a formal investment policy regarding credit risk. However, the Town is prohibited by State law from investing in investments other than obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state and the State Treasurer's Local Investment Pool. Presented below is the actual rating as of year-end for each investment type.

		Ratings as of Year-End			
Investment Type	Total	AAAF/S1+	AA+	A	Unrated
Primary Government					
Repurchase Agreement	$ 11,681,416	$ -	$ -	$ -	$ 11,681,416
Money Market Funds	5,998,863	5,998,863	-	-	-
LGIP	728,252	234,760	-	-	493,492
U.S. Government Bonds	32,333,457	-	32,333,457	-	-
	50,741,988	6,233,623	32,333,457	-	12,174,908
Fiduciary Fund					
Money Market Funds	2,647	-	-	-	2,647
U.S. Government Bonds	251,116	-	251,116	-	-
Equities	81,710	-	-	-	81,710
	335,473	-	251,116	-	84,357
Total	$ 51,077,461	$ 6,233,623	$ 32,584,573	$ -	$ 12,259,265

Concentration of Credit Risk - At June 30, 2017, the Town's investments are included as follows:

Investment Type	Total	Concentration
Repurchase Agreement	$11,681,416	22.87%
Money Market Funds	6,001,510	11.75%
LGIP	728,252	1.43%
U.S. Government Bonds	32,584,573	63.79%
Equities	81,710	0.16%
Total	$51,077,461	100.00%

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk-investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the investment in U.S. Government Bonds of $32,584,573 and equities of $81,710, the Town has a custodial credit risk exposure of $32,666,143 because the related instruments are uninsured, unregistered, and held by the Town's brokerage firm. The Town held repurchase agreement investments of $11,681,416 of which the underlying securities are held by the investments' counterparty, not in the name of the Town. The Town does not have a formal investment policy regarding custodial credit risk.

Fair Value Measurement - Investments are measured at fair value. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2017:

2017		Fair Value Measurement Using		
Investments By Fair Value Level	Amount	Level 1	Level 2	Level 3
U.S. Government Bonds	$ 251,116	$ -	$ 251,116	$ -
Federal Nat'l Mtg Association	4,799,010	-	4,799,010	-
Federal Farm Credit Bank	12,045,800	-	12,045,800	-
Federal Home Loan MTG Corp	4,978,950	-	4,978,950	-
Federal Home Loan Bank	10,509,697	-	10,509,697	-
Total Investments by Fair Value Level	32,584,573	$ -	$ 32,584,573	$ -
External Investment Pool Measured at Fair Value				
State Investment Pool (LGIP)	728,252			
Total Investments Measured at Fair Value	33,312,825			
Investments Measured at Amortized Costs				
Repurchase Agreement	11,681,416			
Mutual Funds	81,710			
Money Market Funds	6,001,510			
Total Investments Measured at Amortized Costs	17,764,636			
Total Investments	$ 51,077,461			

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments categorized as Level 2 are valued significant other observable inputs for those investments. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the Town held. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

NOTE 3 RECEIVABLES

Receivables, net of allowance for uncollectible as of year-end for the Town's individual major governmental funds, nonmajor governmental funds in the aggregate are as follows:

Receivables:	General	Highway User	Community Facilities Districts-Debt Service	Community Facilities Districts-Capital Improvements	Impact Fees	Capital Improvements	Non-Major Gov. Funds	Total Gov. Funds
Taxes	$ 828,598	$ 267,392	$ -	$ -	$ -	$ -	$ -	$ 1,095,990
Interest	17,707	14,824	5,065	3,422	2,378	7,723	8,159	59,278
Accounts	211,254	-	-	-	-	-	-	211,254
Assessments	-	-	5,653,929	-	-	-	117,375	5,771,304
	$1,057,559	$ 282,216	$ 5,658,994	$ 3,422	$ 2,378	$ 7,723	$ 125,534	$ 7,137,826

The following table summarizes the Town's receivables for the enterprise funds as of June 30, 2017.

Receivables:	Water Fund	Sewer Fund	Sanitation Fund	Total
Interest	$ 12,599	$ 18,707	$ 2,410	$ 33,716
Accounts	339,797	415,340	56,204	811,341
	352,396	434,047	58,614	845,057
Less:				
Allowance	(15,600)	(10,800)	(4,800)	(31,200)
Net receivables	$ 336,796	$ 423,247	$ 53,814	$ 813,857

Revenues of the enterprise funds are reported net of uncollectible amounts. There were uncollectible amounts related to revenues of the current period in the amount of $7,518 for the water fund, $4,486 for the sewer fund and $1,853 for the sanitation fund.

NOTE 4 CAPITAL ASSETS

A summary of capital assets activity for the fiscal year ended June 30, 2017 follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 32,546,409	$ -	$ -	$ 32,546,409
Construction in progress	2,140,113	75,420	(2,043,162)	172,371
Total capital assets not being depreciated	34,686,522	75,420	(2,043,162)	32,718,780
Capital assets, being depreciated:				
Buildings, infrastructure and improvements	74,669,560	4,198,611	-	78,868,171
Vehicles, furniture and equipment	10,485,935	149,193	(201,415)	10,433,713
Total capital assets being depreciated	85,155,495	4,347,804	(201,415)	89,301,884
Less accumulated depreciation for:				
Buildings and improvements	(22,816,067)	(1,966,307)	-	(24,782,374)
Vehicles, furniture and equipment	(7,661,664)	(461,898)	201,415	(7,922,147)
Total accumulated depreciation	(30,477,731)	(2,428,205)	201,415	(32,704,521)
Total capital assets, being depreciated, net	54,677,764	1,919,599	-	56,597,363
Governmental activities capital assets, net	$ 89,364,286	$ 1,995,019	$ (2,043,162)	$ 89,316,143

NOTE 4 CAPITAL ASSETS (Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 394,073	$ -	$ -	$ 394,073
Construction in progress	10,343,214	499,071	(10,399,168)	443,117
Total capital assets not being depreciated	10,737,287	499,071	(10,399,168)	837,190
Capital assets, being depreciated:				
Buildings, infrastructure and improvements	14,650,709	10,647,032	(432,000)	24,865,741
Vehicles, machinery and equipment	1,611,445	461,478	(314,168)	1,758,755
Total capital assets being depreciated	16,262,154	11,108,510	(746,168)	26,624,496
Less accumulated depreciation for:				
Buildings, infrastructure and improvements	(7,063,483)	(289,269)	432,000	(6,920,752)
Vehicles, machinery and equipment	(1,409,457)	(84,674)	311,226	(1,182,905)
Total accumulated deprecation	(8,472,940)	(373,943)	743,226	(8,103,657)
Total capital assets, being depreciated, net	7,789,214	10,734,567	(2,942)	18,520,839
Business-Type activities capital assets, net	$ 18,526,501	$ 11,233,638	$ (10,402,110)	$ 19,358,029

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 265,942
Public safety	627,037
Highway and streets	1,462,775
Culture and recreation	72,451
Total depreciation expense	$ 2,428,205
Business-type activities	
Water	$ 115,630
Sewer	256,190
Sanitation	2,123
Total depreciation expense	$ 373,943

NOTE 5 NOTES PAYABLE

The Town has a note payable to a private party for the purchase of land. The note is payable in annual installments of $69,748 including interest at 6%. The note is secured by a deed of trust, assignments of rents, security agreement and fixture filings. The balance was $289,117 at June 30, 2017.

The Town signed a promissory note from the Water Infrastructure Finance Authority (WIFA) to be used for construction of a new sewer plant in the amount of $7,500,000. As of June 30, 2017, the Town has an outstanding balance of $3,018,017. Payments are due semi-annually including interest at 3.339%.

The Town signed a promissory note from the Water Infrastructure Finance Authority (WIFA) to be used for construction of sewer plant improvements in the amount of $1,300,000. As of June 30, 2017, the Town has an outstanding balance of $923,512. Payments are due semi-annually including interest at 3.750%.

The annual debt service requirements to maturity as of June 30, 2017, are as follows:

	Governmental Activities		Business-type Activities	
Year Ending, June 30	Principal	Interest	Principal	Interest
2018	$ 52,401	$ 17,347	$ 485,118	$ 76,459
2019	55,545	14,203	500,983	66,818
2020	58,877	10,870	517,369	56,865
2021	62,410	7,338	534,291	46,589
2022	59,883	3,593	551,769	35,980
2023 - 2027	-	-	1,108,752	66,541
2028 - 2032	-	-	243,248	10,278
Total	$ 289,116	$ 53,351	$ 3,941,530	$ 359,530

NOTE 6 BONDS PAYABLE

Bonds payable from the Town at June 30, 2017, consisted of the outstanding special assessment and excise tax revenue obligation bonds presented below.

The bonds issued in 1994 to acquire Arizona Sierra Utility have an outstanding principal of $154,000. The bonds are secured and payable from special assessments levied against the real property benefited by said improvements. If the assessments are not paid, the properties subject to such assessments are sold at auction. If there is no purchaser for any property offered for sale, the Town will get ownership of the property subject to any tax liens and will be liable for the remaining debt. The Town Council is required to appropriate from the General Fund of the Town the amount of the total unpaid assessments or the amount of each semiannual assessment until the total debt is paid.

In December 2015 the Town issued $4,740,000 of pledged excise tax revenue obligation series 2015 bonds at a stated interest rate of 2.22% to finance transportation capital projects within the Town. The bonds are secured and payable from pledged excise tax revenues. The bonds mature in July 2027.

Bonds payable from Community Facilities Districts (CFDs), special purpose districts created specifically to acquire or construct public infrastructure within specified areas of the Town, are authorized under state law to issue General Obligation (GO) and Special Assessment bonds to be repaid by property taxes levied on property within the districts. CFDs are created by petition of the Town Council by property owners within the area to be covered by the district and debt may be issued only after approval of the voters within the district.

In June 2006 the Merrill Ranch Community Facilities District #2 assessment area one issued $2,464,000 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district.

In November 2006 the Merrill Ranch Community Facilities District #1 issued $194,000 of Series 2006 GO bonds to finance capital improvements within the district. In August 2008 the Merrill Ranch Community Facilities District #1 issued $4,390,000 of GO Series 2008A bonds to pay off the Series 2006 bonds of $187,000 and used the remaining amount to finance a portion of the costs of acquiring certain public infrastructure within the boundaries of the District. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district.

In September 2009 the Merrill Ranch Community Facilities District #1 assessment area two issued $353,500 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district.

NOTE 6 BONDS PAYABLE (Continued)

Bonds payable from Community Facilities Districts (CFDs) (Continued)

In September 2009 the Merrill Ranch Community Facilities District #2 assessment areas two and three issued $829,500 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district. The first principal payment was due in July 2011.

In February 2010 the Merrill Ranch Community Facilities District #2 assessment area four issued $203,000 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district. The first principal payment was due in July 2011.

In October 2010 the Merrill Ranch Community Facilities District #1 assessment area three issued $290,500 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district. The first principal payment was due in July 2012.

In November 2010 the Merrill Ranch Community Facilities District #2 assessment issued $3,560,000 of Series 2010 GO bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district. The first principal payment was due in July 2011.

In July 2012 the Merrill Ranch Community Facilities District #1 assessment area five issued $189,000 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district. The first principal payment was due in July 2014.

In December 2013 the Merrill Ranch Community Facilities District #2 issued $1,850,000 of GO Series 2013 bonds at a premium to pay costs of acquiring certain public infrastructure within the boundaries of the District. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district.

NOTE 6 BONDS PAYABLE (Continued)

Bonds payable from Community Facilities Districts (CFDs) (Continued)

In June 2016 the Merrill Ranch Community Facilities District #2 issued $2,000,000 of GO Series 2016 bonds at a premium to pay costs of acquiring certain public infrastructure within the boundaries of the District. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district.

In July 2016 the Merrill Ranch Community Facilities District #1 issued $987,000 of special assessment bonds to pay costs of acquiring certain public infrastructure within the boundaries of the District. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district.

In February 2017 the Merrill Ranch Community Facilities District #1 issued $3,245,000 of GO Series 2017 refunding bonds with an interest rate of 2.97%. The proceeds were used to advance refund a portion of outstanding GO 2008 Series A bonds of $3,446,595 with interest rates ranging from 6.00% to 7.40%. The net proceeds of $3,245,000 together with a debt service contribution of $300,000 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds in three payment ending July 15, 2018. As a result, a portion of those GO 2008 Series A bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The District advance refunded the bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $300,000. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district.

NOTE 6 BONDS PAYABLE (Continued)

Bonds payable from Community Facilities Districts (CFDs) (Continued)

A summary of long-term bond debt payable at June 30, 2017, follows:

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2017	Due Within One Year
Utility Improvement District #1 Revenue Bonds 1994	8.45%	1/1/2019	$ 154,000	$ 73,000
Merrill Ranch CFD #1 Special Assessment Bonds 2006	4.30 - 5.30%	7/1/2030	1,109,000	56,000
Merrill Ranch CFD #2 Special Assessment Bonds 2006	4.30 - 5.30%	7/1/2030	1,239,000	62,000
Merrill Ranch CFD #1 General Obligation Bonds 2008A	6.00 - 7.40%	7/15/2033	510,000	115,000
Merrill Ranch CFD #1 Special Assessment Bonds 2009	9.00%	7/1/2034	253,870	5,720
Merrill Ranch CFD #2 Special Assessment Bonds 2009	9.00%	7/1/2034	596,230	15,110
Merrill Ranch CFD #2 Special Assessment Bonds 2010	7.75%	7/1/2035	161,720	4,550
Merrill Ranch CFD #1 Special Assessment Bonds 2010	7.50%	7/1/2035	252,420	6,690
Merrill Ranch CFD #2 General Obligation Bonds 2010	5.86%	7/15/2035	2,735,000	90,000
Merrill Ranch CFD #1 Special Assessment Bonds 2012	6.88%	7/1/2037	165,000	4,000
Merrill Ranch CFD #2 General Obligation Bonds 2013	1.50 - 6.75%	7/15/2038	1,730,000	25,000
Town of Florence Pledge Excise Tax Revenue Obligation, Series 2015	2.22%	7/1/2027	4,740,000	385,000
Merrill Ranch CFD #2 General Obligation Bonds 2016	2.00 - 5.25%	7/15/2040	1,905,000	45,000
Merrill Ranch CFD#1 General Obligation Bonds 2017	2.97%	7/15/2029	3,245,000	65,000
Merrill Ranch CFD#1 Special Assessment Bonds 2016	5.75%	7/1/2040	987,000	20,000
Total			$ 19,783,240	$ 972,070

Annual debt service requirements to maturity on governmental bonds payable at June 30, 2017 are summarized as follows:

Fiscal year ending June 30,	Governmental Activities Principal	Interest
2018	$ 972,070	$ 882,277
2019	1,272,270	841,367
2020	995,710	792,381
2021	1,030,470	751,411
2022	1,063,540	711,527
2023 - 2027	5,921,320	2,937,570
2028 - 2032	4,194,200	1,796,375
2033 - 2037	2,358,660	941,999
2038 - 2042	1,975,000	225,845
Total	$ 19,783,240	$ 9,880,752

NOTE 7 CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	$ 19,215,390	$ 4,232,000	$ 3,664,150	$ 19,783,240	$ 972,070
Notes payable	338,551	-	49,435	289,116	52,401
Capital leases	285,746	-	285,746	-	-
Compensated absences	468,986	450,761	441,737	478,010	412,998
Net pension liability	8,438,483	869,149	-	9,307,632	-
Premiums	188,101	-	7,599	180,502	-
Governmental activities long-term liabilities	$ 28,935,257	$ 5,551,910	$ 4,448,667	$ 30,038,500	$ 1,437,469

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Notes payable	$ 3,429,462	$ 1,229,057	$ 716,989	$ 3,941,530	$ 485,118
Compensated absences	31,830	32,989	29,570	35,249	33,410
Net pension liability	1,362,046	-	15,198	1,346,848	-
Business-type activities long-term liabilities	$ 4,823,338	$ 1,262,046	$ 761,757	$ 5,323,627	$ 518,528

NOTE 8 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2017 all interfund balances consisted of short term loans made to cover operating cash deficits by the General Fund. At June 30, 2017, interfund receivables/payables consisted of the following:

Fund	Receivable Amount	Payable Amount
General Fund	$ 522,831	$ 1,343,699
Highway User	345,136	445,950
CFD Debt Service	-	48,376
CFD Capital Improvements	2,294	-
Capital Improvements	282,765	-
Non-Major Governmental Funds	109,642	34,227
Water	161,879	-
Sewer	405,407	-
Sanitation	42,298	-
Total	$ 1,872,252	$ 1,872,252

At June 30, 2017, there were the following interfund transfers.

Fund	Transfers Out	Transfers In
General Fund	$ 3,304	$ 1,588,704
Highway User	460,116	19,616
CFD Debt Service	-	77,963
CFD Capital Improvements	77,963	-
Capital Improvements	359,663	-
Non-Major Governmental Funds	97,616	362,967
Water	448,440	-
Sewer	647,171	118,967
Sanitation	73,944	-
Total	$ 2,168,217	$ 2,168,217

All transfers made during the year were to cover operations or debt service as approved during budget development, or were necessary for grant matching purposes.

NOTE 9 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the Town is a participating member.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has authority to assess its members additional premiums should reserve and annual premiums be insufficient to meet the pool's obligations. The Town has no known claims in excess of $250,000 for the fiscal year ending June 30, 2017.

The maximum liability for the Town for the fiscal year is $500,000 and the deductible is $250,000 per occurrence.

The Town is insured by the Workers' Compensation Insurance Fund for potential worker-related accidents.

NOTE 10 CONTINGENT LIABILITIES

Federal and State grants and loans – The Town has received a number of grants and loans from both the Federal and State governments. Although the programs have been audited, not all audits have been approved as of June 30, 2017; however, the Town expects no material disallowances of expenditures.

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The Town contributes to the plans described below. The plans are component units of the State of Arizona.

At June 30, 2017, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-type Activites	Total
Net pension liabilities	$ 9,307,632	$ 1,346,848	$ 10,654,480
Deferred outflows of resources	3,893,876	290,161	4,184,037
Deferred inflows of resources	1,915,741	265,982	2,181,723
Pension expense	1,967,768	80,506	2,048,274

The Town reported $943,711 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Arizona State Retirement System

Plan Description – Town employees not covered by the other pension plan described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits Provided - The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	**Retirement**	
	Initial membership date:	
	Before July 1, 2011	**On or after July 1, 2011**
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* and years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*with actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Arizona State Retirement System (Continued)

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2017, statute required active ASRS members to contribute at the actuarially determined rate of 11.48 percent (11.34 percent for retirement and 0.14 percent for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members' annual covered payroll. The Town's contributions to the pension plan for the year ended June 30, 2017 were $576,464. The Town's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

ASRS Year ended June 30	Health Benefit Supplement Fund	Long-Term Disability Fund
2017	$ 29,946	$ 7,487
2016	26,846	6,443
2015	32,639	6,528

During fiscal year 2017, the Town paid for ASRS pension and OPEB contributions as follows: 72 percent from the General Fund, 15 percent from the Highway User Revenue Fund, 5 percent from the Water Fund, 7 percent from the Sewer Fund, and 1 percent from the Sanitation Fund.

Pension Liability - At June 30, 2017, the Town reported a liability of $9,043,805 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The total pension liability as of June 30, 2016, reflects a change in actuarial assumption for a decrease in loads for future potential permanent benefit increases.

The Town's proportion of the net pension liability was based on the Town's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Town's proportion measured as of June 30, 2016, was 0.056026 percent, which was a decrease of 0.002783% from its proportion measured as of June 30, 2015.

The Town's reported liability at June 30, 2017, decreased by $116,522 from the Town's prior year liability of $9,160,327 because of changes in the ASRS' net pension liability and the Town's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Arizona State Retirement System (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2017, the Town recognized pension expense for ASRS of $617,234. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 54,959	$ 622,148
Changes of assumptions or other inputs	-	478,490
Net difference between projected and actual earnings on pension plan investments	980,047	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	204,902	314,643
Town contributions subsequent to the measurement date	576,464	-
Total	$ 1,816,372	$ 1,415,281

The $576,464 reported as deferred outflows of resources related to ASRS pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2017	$ (389,566)
2018	(431,333)
2019	370,725
2020	274,801
Thereafter	-

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Arizona State Retirement System (Continued)

Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

ASRS	
Actuarial valuation date	June 30, 2015
Actuarial roll forward date	June 20, 2016
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3 - 6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.75 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ASRS Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Equity	58%	6.73%
Fixed Income	25%	3.70%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Commodities	2%	3.84%
Total	100%	

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Arizona State Retirement System (Continued)

Discount Rate - The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Town's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate - The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

ASRS	1% Decrease (7%)	Current Discount Rate (8%)	1% increase (9%)
Town's proportionate share of the net pension liability	$ 11,531,538	$ 9,043,805	$ 7,049,187

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System

Plan Description – Town police department employees and fire department employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPRS plans. The report is available on the PSPRS website at www.psprs.com.

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Benefits Provided - The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS	**Initial membership date:**	
	Before January 1, 2012	**On or after January 1, 2012**
Retirement and Disability		
Years of service and age required to receive benefit	20 years, any age 15 years, age 62	25 years, and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, mulitiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefits		
Retired Members	80% of retired member's pension benefit	
Active Members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.	

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees Covered by Benefit Terms - At June 30, 2017, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Police	PSPRS Fire
Inactive employees or beneficiaries currently receiving benefits	7	1
Inactive employees entitled to by not yet receiving benefits	3	1
Active employees	30	25
Total	40	27

Contributions and Annual OPEB Cost - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2017, are indicated below. Rates are a percentage of active members' annual covered payroll.

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

	PSPRS Police	PSPRS Fire
Active members - Pension	11.65%	11.65%
PSPRS members with an initial membership date on or before July 19, 2011:		
Town		
Pension	14.97%	11.48%
Health insurance permium benefit	0.22%	0.45%
PSPRS members with an initial membership date after July 19, 2011:		
Town		
Pension	13.93%	11.17%
Health insurance permium benefit	0.22%	0.45%

In addition, statute required the Town to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the Town in positions that an employee who contributes to the PSPRS would typically fill.

	PSPRS Police	PSPRS Fire
Pension	2.19%	0.61%
Health insurance permium benefit	0.00%	0.09%

For the agent plans, the Town's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2017, were:

Pension	PSPRS Police	PSPRS Fire
Contributions made	$ 280,703	$ 185,246
Health Insurance Permium Benefit		
Annual OPEB cost contributions made	5,413	6,410

During fiscal year 2017, the Town paid 100 percent of the PSPRS pension and OPEB contributions from the General Fund.

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Pension Liability - At June 30, 2017, the Town reported the Police Department PSPRS net pension liabilities of $1,262,913 and a Fire Department PSPRS net pension liability of $347,762.

The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2016, reflect the following changes of benefit terms and actuarial assumptions.

- In May 2016 voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS' automatic cost-of-living adjustments. The statutory adjustments change the basis for future cost-of-living adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

- Laws 2016, Chapter 2, changed the benefit formula and contribution requirements for members hired on or after July 1, 2017.

- The investment rate of return actuarial assumption was decreased from 7.85 percent to 7.50 percent for PSPRS.

The net pension liabilities measured as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the Town's net pension liabilities as a result of these changes is not known.

Pension Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension liabilities were as follows:

PSPRS	
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
Projected salary increases	4.0% - 8.0%
Inflation	4.00%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Actuarial assumptions used in the June 30, 2016, valuations were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.50 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Short term investments	2%	0.75%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Private equity	11%	9.50%
Real estate	10%	4.48%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S. equity	16%	6.23%
Total	100.00%	

Pension Discount Rates – At June 30, 2016, the discount rate used to measure the PSPRS total pension liability was 7.50 percent, which was a decrease of 0.35 from the discount rate used as of June 30, 2015. The projection of cash flows used to determine the PSPRS discount rates assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Changes in the Net Pension Liability

PSPRS - Police	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	$ 5,520,163	$ 4,879,960	$ 640,203
Changes for the year:			
Service Cost	365,808		365,808
Interest on the total pension liability	439,533		439,533
Changes of benefit terms	325,653		325,653
Differences between expected and actual experience in the measurement of the pension liability	(282,127)		(282,127)
Changes of assumptions or other inputs	271,137		271,137
Contributions - employer		278,284	(278,284)
Contributions - employee		215,558	(215,558)
Net investment income		29,001	(29,001)
Benefit payments, including refunds of employee contributions	(207,846)	(207,846)	-
Administrative expense		(4,574)	4,574
Other changes		(20,975)	20,975
Net changes	912,158	289,448	622,710
Balances at June 30, 2017	$ 6,432,321	$ 5,169,408	$ 1,262,913

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Changes in the Net Pension Asset

PSPRS - Fire	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2016	$ 3,458,516	$ 3,730,811	$ (272,295)
Changes for the year:			
Service Cost	286,511		286,511
Interest on the total pension liability	282,339		282,339
Changes of benefit terms	452,222		452,222
Differences between expected and actual experience in the measurement of the pension liability	(357,287)		(357,287)
Changes of assumptions or other inputs	213,139		213,139
Contributions - employer		204,006	(204,006)
Contributions - employee		189,829	(189,829)
Net investment income		22,354	(22,354)
Benefit payments, including refunds of employee contributions	(10,192)	(10,192)	-
Administrative expense		(3,617)	3,617
Other changes		(155,705)	155,705
Net changes	866,732	246,675	620,057
Balances at June 30, 2017	$ 4,325,248	$ 3,977,486	$ 347,762

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Sensitivity of the Town's Net Pension Liability to Changes in the Discount Rate - The following table presents the Town's net pension liabilities calculated using the discount rate of 7.50 percent, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

PSPRS - Police	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% increase (8.50%)
Total pension liability	$ 7,411,017	$ 6,432,321	$ 5,630,467
Plan fiduciary net position	5,169,408	5,169,408	5,169,408
Net pension liability (asset)	$ 2,241,609	$ 1,262,913	$ 461,059

PSPRS - Fire	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% increase (8.50%)
Total pension liability	$ 5,156,135	$ 4,325,248	$ 3,657,095
Plan fiduciary net position	3,977,486	3,977,486	3,977,486
Net pension liability (asset)	$ 1,178,649	$ 347,762	$ (320,391)

Pension Plans' Fiduciary Net Position - Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS financial reports.

Pension Expense - For the year ended June 30, 2017, the Town recognized $675,450 and $755,590 of Police Department and Fire Department PSPRS pension expense, respectively.

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Pension Deferred Outflows/Inflows of Resources - At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 14,584	$ 295,400
Changes of assumptions or other inputs	550,167	-
Net difference between projected and actual earnings on pension plan investments	406,786	87,248
Town contributions subsequent to the measurement date	260,050	-
Total	$ 1,231,587	$ 382,648

PSPRS - Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 425,176	$ 329,391
Changes of assumptions or other inputs	217,866	-
Net difference between projected and actual earnings on pension plan investments	305,710	54,403
Town contributions subsequent to the measurement date	187,326	-
Total	$ 1,136,078	$ 383,794

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

The amounts reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	PSPRS Police	PSPRS Fire
2018	$ 125,345	$ 85,458
2019	125,343	85,457
2020	168,966	112,657
2021	130,516	85,239
2022	48,796	29,376
Thereafter	(10,077)	166,771

Agent plan OPEB actuarial assumptions - The health insurance premium benefit contribution requirements for the year ended June 30, 2017, were established by the June 30, 2015, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the plans' funded status and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Projections of benefits are based on (1) the plans as the Town and plans' members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the Town and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2017 contribution requirements:

PSPRS - OPEB Contribution Requirements	
Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4% - 8% for PSPRS
Wage growth	4% for PSPRS

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Agent plan OPEB trend information - Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years follows for each of the agent plans:

PSPRS - Police

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
2017	$ 3,822	100%	$ -
2016	5,413	100%	-
2015	19,199	100%	-

PSPRS - Fire

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
2017	$ 7,343	100%	$ -
2016	6,410	100%	-
2015	12,107	100%	-

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Agent plan OPEB funded status - The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2016, along with the actuarial assumptions and methods used in those valuations follow:

	PSPRS Police	PSPRS Fire
Actuarial value of assets (a)	$ 216,721	$ 108,369
Actuarial accrued liability (b)	146,230	130,865
Unfunded actuarial accrued liability (funded excess) (b) - (a)	(70,491)	22,496
Funded ratio (a)/(b)	148.21%	82.81%
Annual covered payroll (c)	$ 1,799,178	$ 1,671,510
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) - (a) / (c)	0.00%	1.35%

The actuarial methods and assumptions used are the same for all the PSPRS health insurance premium benefit plans (unless noted), and for the most recent valuation date are as follows:

PSPRS - OPEB Funded Status	
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	20 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4% - 8% for PSPRS

C. Florence Volunteer Firefighter Retirement Profit Sharing Plan and Trust Fund

The Florence Volunteer Firefighter Retirement Profit Sharing Plan and Trust Fund is a profit sharing thrift plan, which was approved by the Town Council on January 1, 1992, under Arizona Revised Statutes Section §9-981. The authority to establish and amend benefit provisions rests with the Town Council. In January, 2009, the council revised the pension and benefit program for the part-time firefighters.

NOTE 11 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

C. Florence Volunteer Firefighter Retirement Profit Sharing Plan and Trust Fund (Continued)

The assets of the plan are valued annually and the earnings or loss is distributed among the participant's accounts in the plan. The only expenditures being made from this fund are administration fees, benefit payments, and refunds to those firefighters who leave the service of the Fire Department before becoming eligible for pension benefits. The cost of administering the plan is financed from the plans assets. Retirement with full benefits can be through termination of employment for reasons other than death, disability, or normal retirement. This plan was fully vested as of June 30, 2017. The Town's required matching contributions for the plan were covered by the accumulated forfeited funds for the year ended June 30, 2017. As of June 30, 2017, there were seven eligible employees participating in the plan. The plan is administered by Securian Financial.

The plan has never had an actuarial valuation; however, benefits cannot exceed plan assets. The fair values of mutual funds are determined from readily available market quotations. The fund uses the accrual basis of accounting. Contributions are recognized when earned; benefits and refunds are expensed when incurred. Separate audited financial statements of this employee benefit plan are not available.

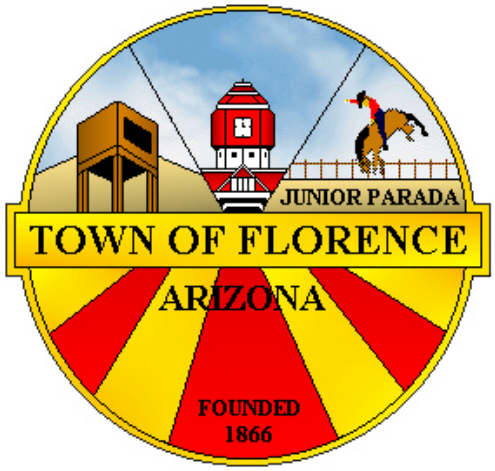
NOTE 12 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction commitments - The Town has active construction projects as of June 30, 2017. As discussed earlier in Note 1.N, Budgetary Data, the encumbrances and related appropriation lapse at the end of the year, but are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next fiscal year.

Encumbrances - As discussed in Note 1.N, Budgetary Data, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

At year end the Town did not have commitments with contractors or any amount of encumbrances expected to be honored upon performance by the vendor in the next year.

REQUIRED SUPPLEMENTARY INFORMATION


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

TOWN OF FLORENCE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST-SHARING PENSION PLAN
June 30, 2017

Arizona Retirement System	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
Town's proportion of the net pension liability	0.056026%	0.058809%	0.056311%	Information not available
Town's proportionate share of the net pension liability	$ 9,043,805	$ 9,160,327	$ 8,332,184	
Town's covered payroll	5,369,134	5,439,862	5,072,813	
Town's proportionate share of the net pension liability as a percentage of its covered payroll	168.44%	168.39%	164.25%	
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%	

See accompanying notes.

TOWN OF FLORENCE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
AGENT PENSION PLAN
June 30, 2017

Florence Police Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
Total pension liability				
Service cost	$ 365,808	$ 342,618	$ 318,072	Information
Interest on the total pension liability	439,533	400,319	316,736	not available
Changes on benefit terms	325,653	-	69,287	
Differences between expected and actual experience in the measurement of the pension liability	(282,127)	(65,501)	23,569	
Changes of assumptions or other inputs	271,137	-	506,321	
Benefit payments, including refunds of employee contributions	(207,846)	(171,147)	(191,863)	
Net change in total pension liability	912,158	506,289	1,042,122	
Total pension liability - beginning	5,520,163	5,013,874	3,971,752	
Total pension liability - ending (a)	$ 6,432,321	$ 5,520,163	$ 5,013,874	
Plan fiduciary net position				
Contributions - employer	$ 278,284	$ 225,441	$ 221,399	
Contributions - employee	215,558	208,870	192,212	
Net investment income	29,001	167,656	518,949	
Benefit payments, including refunds of employee contributions	(207,846)	(171,147)	(191,863)	
Administrative expense	(4,574)	(4,474)	(4,213)	
Other changes	(20,975)	(3,606)	(112,902)	
Net change in plan fiduciary net position	289,448	422,740	623,582	
Plan fiduciary net position - beginning	4,879,960	4,457,220	3,833,638	
Plan fiduciary net position - ending (b)	$ 5,169,408	$ 4,879,960	$ 4,457,220	
Town's net pension liability (asset) - ending (a) - (b)	$ 1,262,913	$ 640,203	$ 556,654	

TOWN OF FLORENCE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
AGENT PENSION PLAN (CONTINUED)
June 30, 2017

Florence Police Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
Plan fiduciary net position as a percentage of the total pension liability (asset)	80.37%	88.40%	88.90%	Information not available
Covered payroll	$ 1,866,376	$ 1,846,771	$ 1,713,615	
Town's net pension liability (asset) as a percentage of covered payroll	67.67%	34.67%	32.48%	

See accompanying notes.

TOWN OF FLORENCE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
AGENT PENSION PLAN (CONTINUED)
June 30, 2017

Florence Fire Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
Total pension liability				
Service cost	$ 286,511	$ 334,719	$ 256,499	Information
Interest on the total pension liability	282,339	217,485	164,612	not available
Changes on benefit terms	452,222	-	(9,051)	
Differences between expected and actual experience in the measurement of the pension liability	(357,287)	312,802	204,613	
Changes of assumptions or other inputs	213,139	-	27,389	
Benefit payments, including refunds of employee contributions	(10,192)	(19,275)	-	
Net change in total pension liability	866,732	845,731	644,062	
Total pension liability - beginning	3,458,516	2,612,785	1,968,723	
Total pension liability - ending (a)	$ 4,325,248	$ 3,458,516	$ 2,612,785	
Plan fiduciary net position				
Contributions - employer	$ 204,006	$ 182,645	$ 176,996	
Contributions - employee	189,829	213,250	161,991	
Net investment income	22,354	122,465	323,597	
Benefit payments, including refunds of employee contributions	(10,192)	(19,275)	-	
Administrative expense	(3,617)	(3,377)	(2,627)	
Other changes	(155,705)	230,497	179,386	
Net change in plan fiduciary net position	246,675	726,205	839,343	
Plan fiduciary net position - beginning	3,730,811	3,004,606	2,165,263	
Plan fiduciary net position - ending (b)	$ 3,977,486	$ 3,730,811	$ 3,004,606	
Town's net pension liability (asset) - ending (a) - (b)	$ 347,762	$ (272,295)	$ (391,821)	

See accompanying notes.

TOWN OF FLORENCE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
AGENT PENSION PLAN (CONCLUDED)
June 30, 2017

Florence Fire Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
Plan fiduciary net position as a percentage of the total pension liability (asset)	80.37%	88.40%	88.90%	Information not available
Covered payroll	$ 1,643,709	$ 1,761,335	$ 1,846,771	
Town's net pension liability (asset) as a percentage of covered payroll	76.83%	36.35%	30.14%	

See accompanying notes.

TOWN OF FLORENCE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN PENSION CONTRIBUTIONS
June 30, 2017

Arizona Retirement System	Reporting Fiscal Year			Reporting Fiscal Year	
	2017	2016	2015	2014	2013 through 2008
Statutorily required contribution	$ 576,464	$ 582,551	$ 591,857	$ 542,791	Information not available
Town's contributions in relation to the statutorily required contribution	576,464	582,551	591,857	542,791	
Town's contribution deficiency (excess)	$ -	$ -	$ -	$ -	
Town's covered payroll	$ 5,347,532	$ 5,369,134	$ 5,439,862	$ 5,072,813	
Town's contributions as a percentage of covered payroll	10.78%	10.85%	10.88%	10.70%	

Florence Police Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year			Reporting Fiscal Year	
	2017	2016	2015	2014	2013 through 2008
Actuarially determined contribution	$ 260,050	$ 280,703	$ 219,027	$ 221,399	Information not available
Town's contributions in relation to the actuarially determined contribution	260,050	280,703	219,027	221,399	
Town's contribution deficiency (excess)	$ -	$ -	$ -	$ -	
Town's covered payroll	$ 1,737,141	$ 1,866,376	$ 1,846,771	$ 1,713,615	
Town's contributions as a percentage of covered payroll	14.97%	15.04%	11.86%	12.92%	

Florence Fire Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year			Reporting Fiscal Year	
	2017	2016	2015	2014	2013 through 2008
Actuarially determined contribution	$ 187,326	$ 185,246	$ 185,997	$ 176,996	Information not available
Town's contributions in relation to the actuarially determined contribution	187,326	185,246	185,997	176,996	
Town's contribution deficiency (excess)	$ -	$ -	$ -	$ -	
Town's covered payroll	$ 1,631,760	$ 1,643,709	$ 1,761,335	$ 1,594,559	
Town's contributions as a percentage of covered payroll	11.48%	11.27%	10.56%	11.10%	

See accompanying notes.

TOWN OF FLORENCE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE PENSION PLAN SCHEDULES
June 30, 2017

NOTE 1 CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2017, the Town implemented the provisions of GASB Statement No. 82, Pension Issues. The statement changed the measure of payroll that is required to be presented in required supplementary information from covered-employee payroll to covered payroll. Accordingly, payroll amounts presented in the pension plan schedules and related ratios for prior periods have been restated.

NOTE 2 ACTUARIALLY DETERMINED CONTRIBUTION RATES

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2015 actuarial valuation	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market
Actuarial assumptions:	
Investment rate of return	In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.50%
Projected salary increases	In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% to 8.5% to 4.0% to 8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% to 9.0% to 4.5% to 8.5% for PSPRS.
Wage growth	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

NOTE 3 FACTORS THAT AFFECT TRENDS

Changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and employee reserves.

TOWN OF FLORENCE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS
June 30, 2017

Health Insurance Premium Benefit

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) - (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b) - (a)/(c)
PSPRS Police						
6/30/2016	$ 232,328	$ 158,014	$ (74,314)	147.03%	$ 1,813,622	0.00%
6/30/2015	216,721	146,230	(70,491)	148.21%	1,799,178	0.00%
6/30/2014	192,545	150,541	(42,004)	127.90%	1,721,954	0.00%
6/30/2013	-	130,591	130,591	0.00%	1,603,691	8.14%

The health insurance subsidy payment reported for FY 2016 was $4,320

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) - (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b) - (a)/(c)
PSPRS Fire						
6/30/2016	$ 122,568	$ 131,219	$ 8,651	93.41%	$ 1,547,035	0.56%
6/30/2015	108,369	130,865	22,496	82.81%	1,671,510	1.35%
6/30/2014	91,668	98,726	7,058	92.85%	1,770,958	0.40%
6/30/2013	-	74,997	74,997	0.00%	1,350,329	5.55%

The health insurance subsidy payment reported for FY 2016 was $0

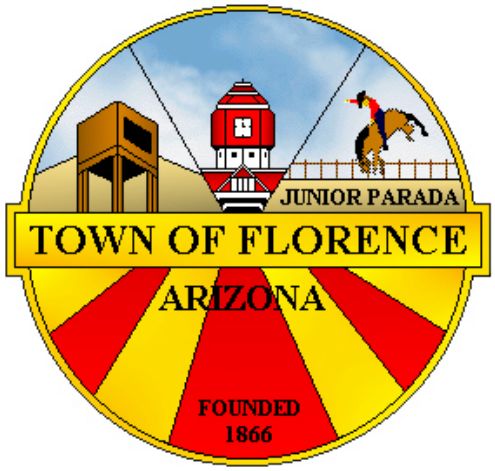
TOWN OF FLORENCE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS
June 30, 2017

NOTE 1 FACTORS THAT AFFECT THE IDENTIFICATION OF TRENDS

In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases. These changes are included in the PSPRS' changes in total pension liability for fiscal year 2015 (measurement date 2014) in the schedule of changes in the Town's net pension liability and related ratios. These changes also increased the PSPRS required contributions beginning in fiscal year 2016 in the schedule of town pension contributions.

OTHER SUPPLEMENTARY INFORMATION

COMBINING NON-MAJOR FUNDS FINANCIAL STATEMENTS


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

Non-Major Government Funds
Financial Statements

Special Revenue Funds

- Grants Fund – Accounts for revenues and expenditures of grants received by The Town from various federal, state and other agencies.

- Economic Development Fund – Accounts for ad valorem property tax collected to pay for the operation of the Streetlight Improvement Districts.

- Community Services Fund – Accounts for fines and fee revenue collected by the municipal court. These funds are to be spent for purposes authorized by the Arizona Supreme Court or Arizona Revised Statutes.

- Community Facilities Districts Fund – Accounts for ad valorem property tax collected to pay for the administration costs of these special districts, which were formed for the purpose of financing the acquisition, construction, operation and maintenance of the public infrastructure benefiting the community.

Debt Service Fund

- This fund accounts for the accumulation of resources and the servicing of long-term debt not financed by proprietary funds. Revenues are transferred from the Capital Improvements Fund.

Capital Projects Fund

- Construction Tax Fund – Accounts for Town sales tax collected for governmental construction projects. Funds are transferred to the Capital Improvement Fund for specific projects and must be used for the construction of Town facilities.

- Food Tax Fund – Accounts for Town sales tax collected on sales of food for home consumption. Funds are transferred to the Capital Improvement Fund for specific projects and must be used for improvements to Town recreational grounds and facilities.

TOWN OF FLORENCE, ARIZONA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2017

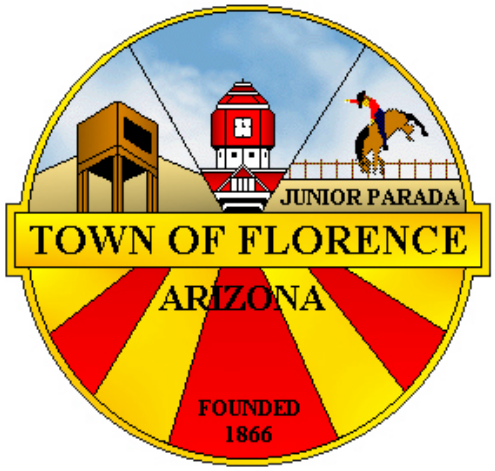
	Special Revenue			
ASSETS	Grants	Economic Development	Community Services	Community Facilities Districts
Cash and cash equivalents	$ 2,675	$ 200,077	$ 31,239	$ 133,310
Receivables (net of allowance for uncollectibles)	-	871	142	603
Due from other governments	32,790	-	-	1,121
Due from other funds	859	6,904	-	8,988
Investments	4,359	326,108	50,916	217,284
Total assets	$ 40,683	$ 533,960	$ 82,297	$ 361,306
LIABILITIES				
Accounts payable and other current liabilities	$ 859	$ 6,904	$ -	$ 8,988
Accrued wages and benefits	2,682	-	-	-
Due to other funds	34,227	-	-	-
Total liablilties	37,768	6,904	-	8,988
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	374	60	1,132
Total deferred inflows of resources	-	374	60	1,132
FUND BALANCES				
Restricted				
Public safety	1,247	-	82,237	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Economic development	1,668	526,682	-	-
Community Facilities Districts operations	-	-	-	351,186
Total fund balances	2,915	526,682	82,237	351,186
Total liabilities, deferred inflows of resources and fund balances	$ 40,683	$ 533,960	$ 82,297	$ 361,306

	Capital Projects		
Debt Service	Construction Tax	Food Tax	Total
$ 32,915	$ 1,172,871	$ 220,066	$ 1,793,153
117,526	5,382	1,010	125,534
-	-	-	33,911
-	42,783	50,108	109,642
53,649	1,911,675	358,687	2,922,678
$ 204,090	$ 3,132,711	$ 629,871	$ 4,984,918
$ -	$ -	$ -	$ 16,751
-	-	-	2,682
-	-	-	34,227
-	-	-	53,660
118,970	2,304	432	123,272
118,970	2,304	432	123,272
-	-	-	83,484
85,120	-	-	85,120
-	3,130,407	629,439	3,759,846
-	-	-	528,350
-	-	-	351,186
85,120	3,130,407	629,439	4,807,986
$ 204,090	$ 3,132,711	$ 629,871	$ 4,984,918

TOWN OF FLORENCE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2017

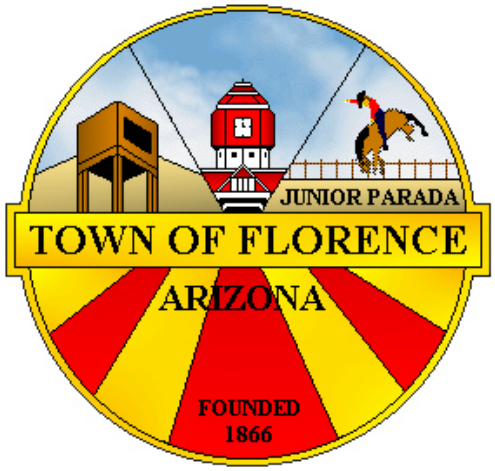
	Special Revenue			
REVENUES	Grants	Economic Development	Community Services	Community Facilities Districts
Taxes	$ -	$ -	$ -	$ 104,201
Intergovernmental revenues	331,811	-	-	-
Charges for services	-	-	13,532	32,368
Fines	-	-	3,167	-
Special assessments	-	-	-	-
Investment income				
Interest income	-	5,266	725	2,875
Net change in the fair value of investments	-	(3,573)	(583)	(2,473)
Contributions and donations	4,749	-	-	-
Miscellaneous	-	48,346	7	18
Total revenues	336,560	50,039	16,848	136,989
EXPENDITURES				
Current:				
General government	65,776	-	-	71,680
Public safety	291,586	-	5,332	-
Public works	-	94,941	-	-
Culture & recreation	4	-	-	-
Community development	859	-	1,019	-
Capital outlay	11,644	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	369,869	94,941	6,351	71,680
Excess (deficiency) of revenues over (under) expenditures	(33,309)	(44,902)	10,497	65,309
OTHER FINANCING SOURCES (USES)				
Transfers in	3,304	-	-	-
Transfers out	(716)	(87,900)	-	-
Total other financing sources and uses	2,588	(87,900)	-	-
Net change in fund balances	(30,721)	(132,802)	10,497	65,309
Fund balances - beginning of year	33,636	659,484	71,740	285,877
Fund balances - end of year	$ 2,915	$ 526,682	$ 82,237	$ 351,186

	Capital Projects		
Debt Service	Construction Tax	Food Tax	Total
$ -	$ 230,586	$ 303,154	$ 637,941
-	-	-	331,811
6,510	-	-	52,410
-	-	-	3,167
54,575	-	-	54,575
900	27,816	4,051	41,633
(620)	(22,075)	(4,142)	(33,466)
-	-	-	4,749
56	701	173	49,301
61,421	237,028	303,236	1,142,121
-	-	-	137,456
-	-	-	296,918
-	-	-	94,941
-	-	-	4
-	-	-	1,878
-	-	-	11,644
399,181	-	-	399,181
44,331	-	-	44,331
443,512	-	-	986,353
(382,091)	237,028	303,236	155,768
359,663	-	-	362,967
(9,000)	-	-	(97,616)
350,663	-	-	265,351
(31,428)	237,028	303,236	421,119
116,548	2,893,379	326,203	4,386,867
$ 85,120	$ 3,130,407	$ 629,439	$ 4,807,986


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES
MAJOR GOVERNMENTAL FUNDS


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

TOWN OF FLORENCE, ARIZONA
COMMUNITY FACILITIES DISTRICTS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Positive
REVENUES	Original	Final	Actual Amounts	(Negative)
Taxes	$ 1,154,215	$ 1,154,215	$ 1,128,919	$ (25,296)
Special assessments	1,096,716	1,096,716	836,668	(260,048)
Investment income				
Interest income	5,000	5,000	24,606	19,606
Net change in the fair value of investments	-	-	(20,772)	(20,772)
Miscellaneous	-	-	130	130
Total revenues	2,255,931	2,255,931	1,969,551	(286,380)
EXPENDITURES				
Current				
General government	-	-	56,521	(56,521)
Community development	387,426	387,426	-	387,426
Capital outlay	7,500	7,500	-	7,500
Debt service				
Principal	794,708	794,708	455,150	339,558
Interest and fiscal charges	1,112,624	1,112,624	863,817	248,807
Bond issuance cost	1,000	1,000	98,405	(97,405)
Total expenditures	2,303,258	2,303,258	1,473,893	829,365
Excess (deficiency) of revenues over (under) expenditures	(47,327)	(47,327)	495,658	542,985
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	77,963	77,963
Refunding bonds issued	-	-	3,245,000	3,245,000
Payment to refunded bond escrow agent	-	-	(3,446,595)	(3,446,595)
Total other financing sources and uses	-	-	(123,632)	(123,632)
Net change in fund balance	(47,327)	(47,327)	372,026	419,353
Fund balance - beginning of year	3,268,463	3,268,463	3,268,463	-
Fund balance - end of year	$ 3,221,136	$ 3,221,136	$ 3,640,489	$ 419,353

TOWN OF FLORENCE, ARIZONA
COMMUNITY FACILITIES DISTRICTS CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Positive
REVENUES	Original	Final	Actual Amounts	(Negative)
Investment income				
Interest income	$ 8,350	$ 8,350	$ 20,775	$ 12,425
Net change in the fair value of investments	-	-	(14,036)	(14,036)
Miscellaneous	-	-	35	35
Total revenues	8,350	8,350	6,774	(1,576)
EXPENDITURES				
Current				
General government	375,200	375,200	249	374,951
Public safety	2,801,000	2,801,000	25	2,800,975
Community development	241,500	241,500	5,875	235,625
Capital outlay	2,606,150	2,606,150	880,610	1,725,540
Total expenditures	6,023,850	6,023,850	886,759	5,137,091
Excess (deficiency) of revenues over (under) expenditures	(6,015,500)	(6,015,500)	(879,985)	5,135,515
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(77,963)	(77,963)
Special assessment bonds issued	6,023,000	6,023,000	987,000	(5,036,000)
Total other financing sources and uses	6,023,000	6,023,000	909,037	(5,113,963)
Net change in fund balance	7,500	7,500	29,052	21,552
Fund balance - beginning of year	2,447,541	2,447,541	2,447,541	-
Fund balance - end of year	$ 2,455,041	$ 2,455,041	$ 2,476,593	$ 21,552

TOWN OF FLORENCE, ARIZONA
IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2017

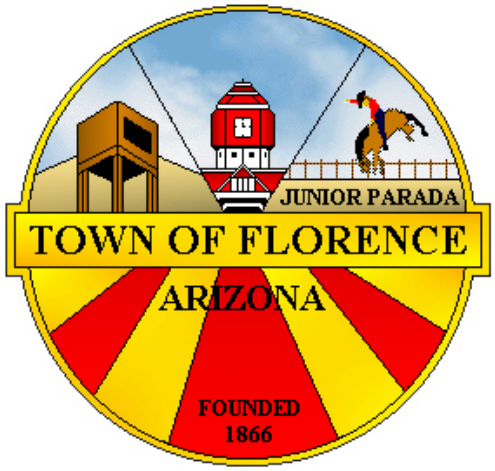
	Budgeted Amounts			Variance with Final Budget- Positive
REVENUES	Original	Final	Actual Amounts	(Negative)
Charges for services	$ 353,600	$ 353,600	$ 428,717	$ 75,117
Investment income				
Interest income	9,000	9,000	11,176	2,176
Net change in the fair value of investments	-	-	(9,750)	(9,750)
Miscellaneous	-	-	1,045	1,045
Total revenues	362,600	362,600	431,188	68,588
EXPENDITURES				
Current				
General government	6,000	6,000	-	6,000
Public safety	12,000	12,000	-	12,000
Culture and recreation	12,000	12,000	-	12,000
Total expenditures	30,000	30,000	-	30,000
Net change in fund balance	332,600	332,600	431,188	98,588
Fund balance - beginning of year	932,572	932,572	932,572	-
Fund balance - end of year	$ 1,265,172	$ 1,265,172	$ 1,363,760	$ 98,588

TOWN OF FLORENCE, ARIZONA
CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Positive
REVENUES	Original	Final	Actual Amounts	(Negative)
Taxes	$ 1,200,000	$ 1,200,000	$ 1,270,334	$ 70,334
Investment income				
Interest income	27,500	27,500	38,911	11,411
Net change in the fair value of investments	-	-	(31,676)	(31,676)
Miscellaneous	-	-	989	989
Total revenues	1,227,500	1,227,500	1,278,558	51,058
EXPENDITURES				
Current				
Culture and recreation	15,000	15,000	-	15,000
Community development	16,000	16,000	15,376	624
Capital outlay	850,150	850,150	120,776	729,374
Total expenditures	881,150	881,150	136,152	744,998
Excess (deficiency) of revenues over (under) expenditures	346,350	346,350	1,142,406	796,056
OTHER FINANCING SOURCES (USES)				
Transfers out	(359,850)	(359,850)	(359,663)	187
Total other financing sources and uses	(359,850)	(359,850)	(359,663)	187
Net change in fund balance	(13,500)	(13,500)	782,743	796,243
Fund balance - beginning of year	3,904,986	3,904,986	3,904,986	-
Fund balance - end of year	$ 3,891,486	$ 3,891,486	$ 4,687,729	$ 796,243

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

TOWN OF FLORENCE, ARIZONA
GRANTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Positive
REVENUES	Original	Final	Actual Amounts	(Negative)
Intergovernmental revenues	$ -	$ -	$ 331,811	$ 331,811
Contributions and donations	-	-	4,749	4,749
Miscellaneous	3,749,188	3,749,188	-	(3,749,188)
Total revenues	3,749,188	3,749,188	336,560	(3,412,628)
EXPENDITURES				
Current				
General government	-	-	65,776	(65,776)
Public safety	-	-	291,586	(291,586)
Culture and recreation	-	-	4	(4)
Community development	-	-	859	(859)
Capital outlay	3,749,188	3,749,188	11,644	3,737,544
Total expenditures	3,749,188	3,749,188	369,869	3,379,319
Excess (deficiency) of revenues over (under) expenditures	-	-	(33,309)	(33,309)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,304	3,304
Transfers out	-	-	(716)	(716)
Total other financing sources and uses	-	-	2,588	2,588
Net change in fund balance	-	-	(30,721)	(30,721)
Fund balance - beginning of year	33,636	33,636	33,636	-
Fund balance - end of year	$ 33,636	$ 33,636	$ 2,915	$ (30,721)

TOWN OF FLORENCE, ARIZONA
ECONOMIC DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Positive
REVENUES	Original	Final	Actual Amounts	(Negative)
Investment income				
Interest income	$ 4,400	$ 4,400	$ 5,266	$ 866
Net change in the fair value of investments	-	-	(3,573)	(3,573)
Miscellaneous	46,000	46,000	48,346	2,346
Total revenues	50,400	50,400	50,039	(361)
EXPENDITURES				
Current				
Public works	55,000	55,000	94,941	(39,941)
Community development	48,700	48,700	-	48,700
Total expenditures	103,700	103,700	94,941	8,759
Excess (deficiency) of revenues over (under) expenditures	(53,300)	(53,300)	(44,902)	8,398
OTHER FINANCING SOURCES (USES)				
Transfers out	(87,900)	(87,900)	(87,900)	-
Total other financing sources and uses	(87,900)	(87,900)	(87,900)	-
Net change in fund balance	(141,200)	(141,200)	(132,802)	8,398
Fund balance - beginning of year	659,484	659,484	659,484	-
Fund balance - end of year	$ 518,284	$ 518,284	$ 526,682	$ 8,398

TOWN OF FLORENCE, ARIZONA
COMMUNITY SERVICES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Positive
REVENUES	Original	Final	Actual Amounts	(Negative)
Charges for services	$ 12,875	$ 12,875	$ 13,532	$ 657
Fines	3,000	3,000	3,167	167
Investment income				
Interest income	450	450	725	275
Net change in the fair value of investments	-	-	(583)	(583)
Miscellaneous	-	-	7	7
Total revenues	16,325	16,325	16,848	523
EXPENDITURES				
Current				
Public safety	3,750	3,750	5,332	(1,582)
Community development	3,698	3,698	1,019	2,679
Total expenditures	7,448	7,448	6,351	1,097
Net change in fund balance	8,877	8,877	10,497	1,620
Fund balance - beginning of year	71,740	71,740	71,740	-
Fund balance - end of year	$ 80,617	$ 80,617	$ 82,237	$ 1,620

TOWN OF FLORENCE, ARIZONA
COMMUNITY FACILITIES DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Positive
REVENUES	Original	Final	Actual Amounts	(Negative)
Taxes	$ 106,543	$ 106,543	$ 104,201	$ (2,342)
Charges for services	-	-	32,368	32,368
Investment income				
Interest income	2,000	2,000	2,875	875
Net change in the fair value of investments	-	-	(2,473)	(2,473)
Miscellaneous	-	-	18	18
Total revenues	108,543	108,543	136,989	28,446
EXPENDITURES				
Current				
General government	56,900	56,900	71,680	(14,780)
Community development	1,000	1,000	-	1,000
Total expenditures	57,900	57,900	71,680	(13,780)
Net change in fund balance	50,643	50,643	65,309	14,666
Fund balance - beginning of year	285,877	285,877	285,877	-
Fund balance - end of year	$ 336,520	$ 336,520	$ 351,186	$ 14,666

TOWN OF FLORENCE, ARIZONA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2017

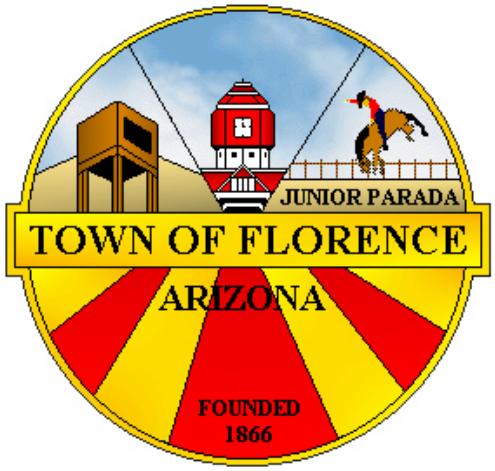
	Budgeted Amounts			Variance with Final Budget- Positive
REVENUES	Original	Final	Actual Amounts	(Negative)
Charges for services	$ 9,000	$ 9,000	$ 6,510	$ (2,490)
Special assessments	60,100	60,100	54,575	(5,525)
Investment income				
Interest income	1,250	1,250	900	(350)
Net change in the fair value of investments	-	-	(620)	(620)
Miscellaneous	-	-	56	56
Total revenues	70,350	70,350	61,421	(8,929)
EXPENDITURES				
Debt service				
Principal	399,250	399,250	399,181	69
Interest and fiscal charges	44,521	44,521	44,331	190
Total expenditures	443,771	443,771	443,512	259
Excess (deficiency) of revenues over (under) expenditures	(373,421)	(373,421)	(382,091)	(8,670)
OTHER FINANCING SOURCES (USES)				
Transfers in	359,850	359,850	359,663	(187)
Transfers out	(9,000)	(9,000)	(9,000)	-
Total other financing sources and uses	350,850	350,850	350,663	(187)
Net change in fund balance	(22,571)	(22,571)	(31,428)	(8,857)
Fund balance - beginning of year	116,548	116,548	116,548	-
Fund balance - end of year	$ 93,977	$ 93,977	$ 85,120	$ (8,857)

TOWN OF FLORENCE, ARIZONA
CONSTRUCTION TAX
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Positive
REVENUES	Original	Final	Actual Amounts	(Negative)
Taxes	$ 130,000	$ 130,000	$ 230,586	$ 100,586
Investment income				
Interest income	30,000	30,000	27,816	(2,184)
Net change in the fair value of investments	-	-	(22,075)	(22,075)
Miscellaneous	-	-	701	701
Total revenues	160,000	160,000	237,028	77,028
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	160,000	160,000	237,028	77,028
Fund balance - beginning of year	2,893,379	2,893,379	2,893,379	-
Fund balance - end of year	$ 3,053,379	$ 3,053,379	$ 3,130,407	$ 77,028

TOWN OF FLORENCE, ARIZONA
FOOD TAX
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Positive
REVENUES	Original	Final	Actual Amounts	(Negative)
Taxes	$ 275,000	$ 275,000	$ 303,154	$ 28,154
Investment income				
Interest income	1,000	1,000	4,051	3,051
Net change in the fair value of investments	-	-	(4,142)	(4,142)
Miscellaneous	-	-	173	173
Total revenues	276,000	276,000	303,236	27,236
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	276,000	276,000	303,236	27,236
Fund balance - beginning of year	326,203	326,203	326,203	-
Fund balance - end of year	$ 602,203	$ 602,203	$ 629,439	$ 27,236


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

STATISTICAL SECTION

This part of the town of Florence's Comprehensive Annual Financial Report gives detailed information to help readers better understand what the information in the financial statements, note disclosures and required supplemental information says about the Town's overall financial health.

Contents **Page**

Financial Trends **132-142**

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity **143-145**

These schedules contain information to help the reader assess the Town's most significant local revenue source, sales tax.

Debt Capacity **146-148**

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographics and Economic Information **149-153**

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

Operations **154**

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

Town of Florence, Arizona
Table 1
Government-wide
Net Position
(Accrual Basis of Accounting)
Last Ten Fiscal Years

	2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	$ 50,480,000	$ 57,868,000	$ 58,303,000	$ 54,390,000
Restricted	22,965,000	22,567,000	25,772,000	33,045,000
Unrestricted	12,643,000	18,077,000	18,248,000	14,628,000
Total governmental activities net position	86,088,000	98,512,000	102,323,000	102,063,000
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	6,314,000	6,007,000	6,012,000	6,053,000
Restricted	1,014,000	1,042,000	987,000	1,047,000
Unrestricted	8,022,000	8,392,000	10,290,000	13,206,000
Total business-type activities net position	15,350,000	15,441,000	17,289,000	20,306,000
PRIMARY GOVERNMENT				
Net investment in capital assets	56,794,000	63,875,000	64,315,000	60,443,000
Restricted	23,979,000	23,609,000	26,759,000	34,092,000
Unrestricted	20,665,000	26,469,000	28,538,000	27,834,000
Total primary government net position	$ 101,438,000	$ 113,953,000	$ 119,612,000	$ 122,369,000

2012	2013	2014	2015	2016	2017
$ 56,527,095	$ 55,769,932	$ 61,395,040	$ 75,421,775	$ 69,337,465	$ 73,657,354
22,880,295	23,628,884	28,844,637	26,798,037	31,503,936	29,399,230
26,882,692	26,821,517	21,371,306	1,885,480	2,795,259	2,394,954
106,290,082	106,220,333	111,610,983	104,105,292	103,636,660	105,451,538
6,032,112	6,199,045	6,375,459	13,129,903	15,097,040	15,416,500
2,162,035	2,208,022	2,677,331	2,903,176	2,816,813	3,057,946
15,156,389	18,071,833	19,085,727	12,394,686	13,304,470	15,355,315
23,350,536	26,478,900	28,138,517	28,427,765	31,218,323	33,829,761
62,559,207	61,968,977	67,770,499	88,551,678	84,434,505	89,073,854
25,042,330	25,836,906	31,521,968	29,701,213	34,320,749	32,457,176
42,039,081	44,893,350	40,457,033	14,280,166	16,099,729	17,750,269
$ 129,640,618	$ 132,699,233	$ 139,749,500	$ 132,533,057	$ 134,854,983	$ 139,281,299

Town of Florence, Arizona
Table 2
Government-wide
Changes in Net Position
(Accrual Basis of Accounting)
Last Ten Fiscal Years

	2008	2009	2010	2011
EXPENSES				
Governmental activities				
General government	$ 6,636,693	$ 6,284,516	$ 6,683,000	$ 6,932,444
Public safety	5,276,621	5,970,645	5,571,657	5,313,251
Highways and streets	3,252,395	2,356,534	3,478,242	2,960,896
Public works	39,093	25,893	28,195	41,693
Culture and recreation	1,567,834	1,365,332	1,394,734	1,257,819
Community development	664,920	731,667	623,087	630,865
Interest on long-term debt	409,166	398,057	615,090	685,365
Total governmental activities	17,846,722	17,132,644	18,394,005	17,822,333
Business-type activities				
Water	1,685,957	1,437,206	1,390,873	1,321,927
Sewer	1,744,521	2,918,348	1,900,408	1,806,536
Solid waste	685,265	626,381	663,473	661,964
Solid waste impact fees	61,584	-	-	
Total business-type activities	4,177,327	4,981,935	3,954,754	3,790,427
Total primary government expenses	22,024,049	22,114,579	22,348,759	21,612,760

2012	2013	2014	2015	2016	2017
$ 3,452,054	$ 4,055,352	$ 8,262,562	$ 4,818,029	$ 3,850,698	$ 4,048,228
4,008,506	5,528,833	4,816,583	8,081,544	9,790,715	9,989,960
3,064,386	3,001,939	2,728,013	3,409,782	3,961,384	4,148,226
202,167	293,202	579,857	805,196	714,647	827,149
1,450,633	1,684,400	1,699,128	2,813,496	2,513,486	2,358,257
2,407,647	1,082,103	858,152	948,650	1,138,496	741,827
911,203	888,193	816,839	949,903	861,319	1,333,967
15,496,596	16,534,022	19,761,134	21,826,600	22,830,745	23,447,614
1,293,664	1,362,620	1,618,878	1,783,823	1,418,370	1,441,641
1,819,735	1,747,616	2,140,836	2,486,417	2,021,295	2,094,994
699,249	682,078	825,239	812,811	827,655	863,346
	-	-	-	-	-
3,812,648	3,792,314	4,584,953	5,083,051	4,267,320	4,399,981
19,309,244	20,326,336	24,346,087	26,909,651	27,098,065	27,847,595

(Continued)

Town of Florence, Arizona
Table 2
Government-wide
Changes in Net Position
(Accrual Basis of Accounting)
Last Ten Fiscal Years

	2008	2009	2010	2011
PROGRAM REVENUES				
Governmental activities				
Charges for services:				
General government	1,254,301	1,177,447	942,808	947,188
Public safety	180,201	276,078	298,993	306,789
Highway and streets	-	-	-	-
Culture and recreation	7,265	12,657	10,390	9,466
Community development	1,831,769	1,261,113	1,429,227	474,938
Interest on long-term debt	-	-	-	-
Operating grants and contributions	4,077,695	3,578,527	3,182,649	3,179,055
Capital grants and contributions	8,545,492	9,800,741	3,429,189	1,339,952
Total governmental activities	15,896,723	16,106,563	9,293,256	6,257,388
Business-type activities				
Charges for services:				
Water	2,216,245	2,392,682	2,597,067	2,961,152
Sewer	2,089,828	2,256,995	2,665,332	3,218,251
Solid waste	754,996	799,442	916,984	979,401
Water impact fees	13,723	-	11,101	-
Liquid waste	32,896	6,591	13,684	27,369
Solid waste	65,576	31,105	30,660	16,058
Operating grants and contributions	-	-	20,000	-
Capital grants and contributions	-	-	-	-
Total business-type activities	5,173,264	5,486,815	6,254,828	7,202,231
Total primary government program revenues	21,069,987	21,593,378	15,548,084	13,459,619
NET REVENUE (EXPENSE)				
Governmental activities	(1,949,999)	(1,026,081)	(9,100,749)	(11,564,945)
Business-type activities	995,937	504,880	2,300,074	3,411,804
Total primary government	(954,062)	(521,201)	(6,800,675)	(8,153,141)

2012	2013	2014	2015	2016	2017
733,487	875,429	1,117,187	1,374,728	1,412,182	1,360,404
310,166	331,103	216,740	175,084	173,282	215,601
-	-	41	41	33	-
7,401	4,316	8,964	9,882	8,672	9,805
525,659	798,678	507,094	427,676	619,027	558,946
-	-	-	-	-	-
2,579,917	2,700,108	2,810,427	3,254,978	3,844,596	3,671,227
1,500,250	953,145	5,403,053	1,404,328	691,397	2,764,448
5,656,880	5,662,779	10,063,506	6,646,717	6,749,189	8,580,431
2,793,341	2,691,199	2,834,647	2,738,692	2,920,345	2,956,627
3,165,051	3,536,085	3,824,435	3,891,568	4,162,105	4,169,513
1,019,021	1,082,281	678,596	716,166	746,862	809,521
-	-	-	-	-	-
-	-	-	-	-	-
5,580	-	-	-	-	-
-	-	-	-	-	-
-	28,503	-	3,718	20,118	24,238
6,982,993	7,338,068	7,337,678	7,350,144	7,849,430	7,959,899
12,639,873	13,000,847	17,401,184	13,996,861	14,598,619	16,540,330
(9,839,716)	(10,871,243)	(9,697,628)	(15,179,883)	(16,081,556)	(14,867,183)
3,170,345	3,545,754	2,752,725	2,267,093	3,582,110	3,559,918
(6,669,371)	(7,325,489)	(6,944,903)	(12,912,790)	(12,499,446)	(11,307,265)

(Continued)

Town of Florence, Arizona
Table 2
Government-wide
Changes in Net Position
(Accrual Basis of Accounting)
Last Ten Fiscal Years

	2008	2009	2010	2011
GENERAL REVENUES				
Governmental activities				
Taxes				
Sales taxes	5,737,272	4,282,871	3,707,169	3,099,031
Property taxes	985,758	1,840,508	2,096,826	1,832,156
Franchise taxes	358,071	366,481	371,537	371,757
State shared revenues	6,174,545	6,196,804	5,443,456	4,852,275
Investment income	1,135,669	19,251	334,969	195,754
Loss on Sale of Assets	-	-	-	-
Miscellaneous	237,361	163,863	254,305	272,229
Donation of capital assets	-	-	-	-
Transfers in (out)	326,795	580,388	703,556	681,590
Total governmental activities	14,955,471	13,450,166	12,911,818	11,304,792
Business-type activities				
Investment income	315,277	(1,839)	101,815	64,367
Loss on Sale of Assets	-	-	-	-
Miscellaneous	500,657	169,364	149,025	223,339
Transfers in (out)	(326,795)	(580,388)	(703,556)	(681,590)
Total business-type activities	489,139	(412,863)	(452,716)	(393,884)
CHANGES IN NET POSITION				
Governmental activities	13,005,472	12,424,085	12,911,818	(260,153)
Business-type activities	1,485,076	92,017	(452,716)	3,017,920
Total primary government	$ 14,490,548	$ 12,516,102	$ 12,459,102	$ 2,757,767

2012	2013	2014	2015	2016	2017
4,907,353	3,671,468	4,059,769	3,827,397	4,314,061	4,392,219
1,863,163	1,565,087	1,716,952	1,941,594	2,015,288	2,133,736
373,761	385,591	520,410	571,559	548,613	617,196
5,231,428	5,811,613	6,257,959	6,701,102	6,930,903	8,276,216
766,154	(259,780)	795,796	315,395	354,952	46,699
-	-	-	(224,556)	-	-
179,340	34,430	250,318	377,242	317,887	166,374
-	-	-	-	-	-
745,275	445,415	1,485,165	1,049,532	1,006,670	1,050,588
14,066,474	11,653,824	15,086,369	14,559,265	15,488,374	16,683,028
278,145	(111,009)	339,968	212,020	189,556	44,885
-	-	-	(45,949)	-	-
340,737	139,034	52,089	64,631	25,562	57,223
(745,275)	(445,415)	(1,485,165)	(1,049,532)	(1,006,670)	(1,050,588)
(126,393)	(417,390)	(1,093,108)	(818,830)	(791,552)	(948,480)
4,226,758	782,581	5,388,741	(620,618)	(593,182)	1,815,845
3,043,952	3,128,364	1,659,617	1,448,263	2,790,558	2,611,438
$ 7,270,710	$ 3,910,945	$ 7,048,358	$ 827,645	$ 2,197,376	$ 4,427,283

(Concluded)

Town of Florence, Arizona
Table 3
Governmental Funds
Fund Balances
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years

	2008	2009	2010	2011
GENERAL FUND				
Nonspendable	$ -	$ -	$ -	$ 64,468
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	12,094,137
Reserved	-	-	-	-
Unreserved	9,115,927	10,344,343	11,107,505	-
Total General Fund	9,115,927	10,344,343	11,107,505	12,158,605
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	-	-	-	-
Restricted	-	-	-	21,509,635
Committed	-	-	-	652,292
Assigned	-	-	-	7,537,864
Unassigned	-	-	-	-
Unreserved	21,240,051	25,505,919	27,050,641	-
Total all other governmental funds	21,240,051	25,505,919	27,050,641	29,699,791
Total governmental funds	$ 30,355,978	$ 35,850,262	$ 38,158,146	$ 41,858,396

Notes:
- The Town implemented GASB 54 for the year ended June 30, 2011. GASB 54 requires a new way of reporting the components of fund balance that focuses on the extent to which the resources are available for appropriation. honor constraints on the specific purposes for which the amounts in fund balance can be spent. Town is bound to honor constraints on the specific purposes for which the amounts in fund balance can be spent.

2012	2013	2014	2015	2016	2017
$ 66,671	$ 66,700	$ 63,968	$ 42,742	$ 166,575	$ 80,004
-	-	-	-	-	-
-	-	-	-	-	-
14,703,424	11,357,149	8,433,419	8,061,736	8,564,249	9,816,926
-	-	-	-	-	-
-	-	-	-	-	-
14,770,095	11,423,849	8,497,387	8,104,478	8,730,824	9,896,930
652,624	1,151,553	14,238	-	57,291	-
17,149,931	17,635,228	26,633,138	20,760,864	26,209,011	28,117,324
10,865,249	14,946,996	-	-	-	-
595,691	710,956	9,893,863	992,190	1,131,708	728,182
-	-	(54,351)	-	-	-
-	-	-	-	-	-
29,263,495	34,444,733	36,486,888	21,753,054	27,398,010	28,845,506
$ 44,033,590	$ 45,868,582	$ 44,984,275	$ 29,857,532	$ 36,128,834	$ 38,742,436

Town of Florence, Arizona
Table 4
Governmental Funds
Changes in Fund Balances
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years

	2008	2009	2010	2011
REVENUES				
Taxes*	$ 10,837,524	$ 9,604,773	$ 9,090,410	$ 8,197,401
Intergovernmental	6,439,856	7,314,699	5,728,725	5,230,895
Fines and forfeits	92,304	147,949	132,006	155,862
Licenses and permits	612,530	414,270	425,005	352,062
Charges for services	2,536,992	2,113,020	2,094,688	1,189,716
Investment income	1,135,669	19,251	334,969	191,295
Contributions	5,636	26,607	40,051	30,713
Special assessments	592,372	859,365	810,148	866,452
Miscellaneous	233,881	157,697	203,882	265,314
Total revenues	22,486,764	20,657,631	18,859,884	16,479,710
EXPENDITURES				
Current:				
General government	3,363,465	3,631,445	3,314,037	3,429,221
Public safety	5,047,297	5,209,649	5,214,936	4,966,311
Highways and streets	2,245,359	1,497,896	1,823,091	1,528,943
Public works	-	1,328	2,427	1,425
Culture and recreation	1,527,826	1,431,507	1,298,065	1,134,885
Community development	792,679	852,276	712,206	710,314
Capital outlay	7,175,581	6,398,226	4,632,680	4,397,001
Debt Service:				
Principal	392,017	652,336	971,769	366,849
Interest and debt cost	302,068	469,072	672,634	786,733
Total expenditures	20,846,292	20,143,735	18,641,845	17,321,682
Excess of revenues over (under) expenditures	1,640,472	513,896	218,039	(841,972)
OTHER FINANCING SOURCES (USES)				
Transfers in	846,848	1,659,619	2,006,197	1,223,451
Transfers out	(520,053)	(1,079,231)	(1,302,641)	(541,861)
Sale of capital assets	1,393	10,000	289	10,161
Issuance of long-term debt	-	-	1,386,000	3,850,500
Bond premium	-	-	-	-
Total other financing sources (uses)	328,188	590,388	2,089,845	4,542,251
NET CHANGE IN FUND BALANCES	$ 1,968,660	$ 1,104,284	$ 2,307,884	$ 3,700,279
Debt service as a percentage of noncapital expenditures	5.08%	8.16%	11.74%	8.93%

Notes:
* Taxes consist of sales, property, and franchise taxes

2012	2013	2014	2015	2016	2017
$ 9,511,918	$ 8,153,474	$ 8,930,412	$ 9,176,916	$ 9,894,218	$ 10,534,469
6,123,769	6,306,573	6,767,071	7,381,412	8,026,260	8,608,027
149,668	175,058	198,608	157,016	150,043	189,626
291,697	389,434	438,522	526,694	613,337	591,611
1,100,044	1,425,455	1,124,212	1,237,474	1,379,260	1,298,244
766,154	(259,780)	658,692	419,208	356,840	79,523
100,522	16,206	20,618	15,657	46,066	10,507
840,591	905,924	1,017,577	1,185,546	1,148,340	891,243
164,893	113,512	246,829	382,504	646,315	200,198
19,049,256	17,225,856	19,402,541	20,482,427	22,260,679	22,403,448
2,944,893	3,469,628	5,183,343	5,608,718	3,602,024	3,824,907
5,423,446	5,791,565	7,008,249	7,954,879	7,587,217	8,438,411
1,653,929	1,596,838	1,947,936	2,752,728	2,177,138	2,666,597
168,975	167,397	481,598	746,264	636,982	679,029
1,362,291	1,623,120	1,636,101	2,026,120	2,402,639	2,302,276
925,382	757,219	707,699	932,867	1,140,574	763,459
3,321,325	2,311,315	5,028,258	14,135,118	4,330,642	1,002,552
879,340	804,176	839,790	1,580,563	1,151,732	4,300,926
942,200	909,081	886,179	945,302	872,928	1,116,458
17,621,781	17,430,339	23,719,153	36,682,559	23,901,876	25,094,615
1,427,475	(204,483)	(4,316,612)	(16,200,132)	(1,641,197)	(2,691,167)
2,412,935	6,618,130	9,320,084	8,433,435	3,403,348	2,049,250
(1,667,660)	(6,172,715)	(7,834,919)	(7,383,903)	(2,396,678)	(998,662)
2,414	5,060	72,973	(100,693)	-	22,181
-	1,589,000	1,850,000	-	6,740,000	4,232,000
-	-	24,167	-	165,829	-
747,689	2,039,475	3,432,305	948,839	7,912,499	5,304,769
$ 2,175,164	$ 1,834,992	$ (884,307)	$ (15,251,293)	$ 6,271,302	$ 2,613,602
12.69%	11.21%	9.55%	11.71%	9.37%	22.51%

Town of Florence, Arizona
Table 5
Sales Tax Revenue by Industry
Current Year and Nine Years Ago

	2017			2008		
Industry	Tax Paid	Rank	Percentage of Total	Tax Paid	Rank	Percentage of Total
Construction	$ 529,360	1	40.12%	$ 2,539,727	1	74.95%
Retail Trade	$ 362,825	2	27.50%	$ 273,997	3	8.09%
Communications and Utilities	$ 115,617	3	8.76%	$ 246,592	2	7.28%
Restaurants and Bars	$ 83,834	4	6.35%	$ 94,107	4	2.78%
All Other	$ 180,290	5	13.66%	$ 87,366	5	2.58%
Manufacturing	$ -	6	0.00%	$ 28,330	8	0.84%
Real Estate, Rental & Leasing	$ 40,576	7	3.08%	$ 69,901	6	2.06%
Wholesale Trades	$ -	8	0.00%	$ 16,237	10	0.48%
Finance and Insurance	$ -	9	0.00%	$ 5,073	9	0.15%
Services	$ 6,876	10	0.52%	$ 27,193	7	0.80%
Total	$ 1,319,377		100.00%	$ 3,388,523		100.00%

Source: Arizona Department of Revenue

Notes:
- Based upon June 30, 2017 reports. Will not agree with sales tax recorded in Financial Statements.

Town of Florence, Arizona
Table 6
Direct and Overlapping Sales Tax Rates
As of June 30, 2017

Type of Tax	Rates		
	Town	State and Pinal County	Combined
Privilege tax, except retail, utilities and telecommunication	2.00%	6.70%	8.70%
Retail	2.00%	6.70%	8.70%
Hotel/Motel	4.00%	6.70%	10.70%
Restaurant/Bar	2.00%	6.70%	8.70%
Utilities/Telecommunications	2.00%	6.70%	8.70%
Construction	4.00%	6.70%	10.70%

Sources: Town of Florence Department of Finance, Arizona Department of Revenue

Town of Florence, Arizona
Table 7
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities						
	Certificates of Participation	Special Assessment Bonds	Pledged Excise Tax Revenue Obligation	Notes Payable	Capital Leases	GO Bonds - CFDs	Special Assessment Bonds - CFDs
2017	$ -	$ 154,000	$ 4,740,000	$ 289,116	$ -	$ 10,125,000	$ 4,764,240
2016	-	218,000	4,740,000	338,551	285,746	10,523,101	3,922,390
2015	-	282,000	-	385,188	567,382	8,563,200	4,476,850
2014	-	337,000	-	429,185	844,967	8,809,167	5,435,830
2013	-	388,000	-	470,690	1,118,561	7,105,000	5,739,520
2012	-	440,000	-	509,847	-	7,265,000	5,822,100
2011	-	482,000	-	546,788	-	7,770,000	6,117,500
2010	-	610,000	-	581,637	-	4,285,000	5,956,000
2009	250,000	655,000	-	614,514	22,892	4,627,000	4,849,000
2008	480,000	695,000	-	645,530	56,383	429,000	4,967,000

Fiscal Year Ended June 30	Business-type			
	Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2017	$ 3,941,530	$ 24,013,886	6.23%	931.53
2016	3,429,462	23,457,250	6.66%	884.75
2015	3,827,612	18,102,232	5.33%	693.60
2014	4,212,898	20,069,047	5.29%	764.10
2013	4,601,319	19,423,090	5.78%	703.38
2012	4,977,189	19,014,136	6.09%	706.32
2011	6,591,457	21,507,745	7.38%	815.15
2010	6,992,889	18,425,526	6.83%	721.52
2009	6,033,490	17,051,896	5.96%	657.25
2008	6,228,819	13,501,732	5.66%	558.83

Notes:
- Details regarding the Town's outstanding debt can be found in the notes to the financial statements.
- See the Demographic and Economic Statistics (Table 10) for personal income and population data.

Town of Florence, Arizona
Table 8
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Pinal County Community College District	$ 79,820,000	3.79%	$ 3,025,178
Florence Unified School District No. 1	35,725,000	21.27%	7,598,708
Coolidge Unified School District No. 21	30,110,000	0.05%	15,055
Merrill Ranch Community Facilities District No. 1	3,575,000	100.00%	3,575,000
Merrill Ranch Community Facilities District No. 2	6,210,000	100.00%	6,210,000
Total Overlapping Debt			20,423,941
Town of Florence	None	100.00%	-
Total Direct and overlapping debt			$ 20,423,941

Sources: Pinal County Treasurer's Office and Official Statements.

Notes:
(1) The percentage of overlapping debt applicable to the Town is computed on the ratio of net limited property assessed valuation.

Town of Florence, Arizona
Table 9
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Special Assessment Bonds			
	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2017	$ 54,575	$ 64,000	$ 18,421	0.66
2016	64,352	64,000	23,829	0.73
2015	70,134	55,000	28,477	0.84
2014	67,161	51,000	32,786	0.80
2013	93,503	52,000	37,180	1.05
2012	83,252	42,000	42,335	0.99
2011	87,323	45,000	49,644	0.92
2010	97,723	45,000	53,446	0.99
2009	119,909	40,000	57,038	1.24
2008	112,497	40,000	60,418	1.12

- *The nature of the revenue pledged for the above revenue bond was excise

- Information regarding debt can be found in the "Ratios of Outstanding Debt by Type" Table of the Statistical Section of the CAFR, and the Notes to the Financial Statements.

Town of Florence, Arizona
Table 10
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Estimated Personal Income (In thousands)	Estimated Per Capita Personal Income	October Enrollment School Enrollment	Education Level in Years of Schooling	Town Unemployment Rate
2017	25,779	$ 385,499	$ 14,954	2,268	13 to 16	5.4%
2016	26,513	352,252	13,286	2,417	13 to 16	7.1%
2015	26,099	339,783	13,019	2,466	13 to 16	7.0%
2014	26,265	379,634	14,454	2,346	13 to 16	7.5%
2013	27,614	336,183	12,174	2,469	13 to 16	18.1%
2012	26,920	312,128	11,595	2,368	13 to 16	18.5%
2011	26,385	291,236	10,038	2,411	13 to 16	21.3%
2010	25,537	269,695	10,561	2,568	13 to 16	11.6%
2009	25,944	285,999	11,024	3,038	13 to 16	12.1%
2008	24,161	238,457	9,870	3,479	13 to 16	7.1%

Sources: Central Arizona Governments, Bureau of Economic Analysis, Arizona Department of Commerce, Bureau of Labor and Statistics, Arizona Department of Education, US Census Bureau.

Town of Florence, Arizona
Table 11
Principal Employers
Current Year and Nine Years Ago

	2017			2008		
Major Employer	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
State of Arizona	2,395	1	37.09%	3,009	1	43.05%
Pinal County Government	1,854	2	28.71%	2,719	2	38.90%
Correctional Corporation of America	874	3	13.53%	450	3	6.44%
DHS/ICE/DOJ - Federal Government	572	4	8.86%	245	4	3.51%
Florence Schools	258	5	4.00%	225	5	3.22%
GEO - Private Prison System	310	6	4.80%	180	6	2.58%
Town of Florence	195	7	3.02%	161	7	2.30%
Total	6,458		100.00%	6,989		100.00%

Source: Town of Florence Official Statements, Employer Human Resource Departments, Bureau of Labor Statistics

Notes:
Total Town employment equal to FTE

Town of Florence, Arizona
Table 12
Full-time Equivalent Town Government Employees by Function
Last Ten Fiscal Years

	Function/Program							
Fiscal Year	General Government	Public Safety	Highways and Streets	Culture and Recreation	Community Development	Water and Sewer	Sanitation	Total
2017	33.32	81.34	26.00	33.17	8.00	12.00	1.00	194.83
2016	29.74	95.32	19.62	34.57	7.25	12.43	1.06	199.99
2015	31.88	79.75	22.33	20.25	6.00	14.55	1.55	176.31
2014	30.42	76.48	20.46	22.76	5.00	14.55	1.55	171.22
2013	30.70	72.50	20.80	19.25	6.00	11.00	5.00	165.25
2012	30.70	71.50	20.30	16.25	6.00	10.50	5.00	160.25
2011	28.00	65.00	30.00	15.00	6.00	14.00	5.00	163.00
2010	27.00	65.00	32.00	16.00	7.00	14.00	5.00	166.00
2009	28.00	66.00	32.00	16.00	9.00	15.00	5.00	171.00
2008	20.00	66.00	32.00	14.00	9.00	15.00	5.00	161.00

Town of Florence, Arizona
Table 13
Operating Indicators by Function
Last Ten Fiscal Years

Function	2008	2009	2010	2011
Police				
Total arrests	308	400	406	278
Moving violation citations	981	105	1,000	836
Total calls for service	7,314	7,456	5,757	4,996
Total 911 calls	4,501	5,125	5,849	5,392
Total part I crimes	430	402	351	296
Fire				
All emergency responses	1,902	2,105	2,042	2,074
Fire and hazmat responses	83	127	108	102
Emergency medical responses	1,376	1,605	1,654	1,239
Other responses	443	373	280	733
Highways and Streets				
Street resurfacing (miles)	2.50	2.90	1.40	3.40
Potholes repaired (estimate)	5,968	5,094	5,730	2,978
Streets maintained (miles)	99.22	99.22	108.08	108.08
Community Development				
Building permits issued	703	606	436	465
Code enforcement cases	125	126	80	43
Parks, Recreation and Library				
Attendance at aquatics facilities	3,081	3,216	2,561	2,441
Attendance at other facilities	19,008	30,000	24,444	33,936
Library visits	119,564	154,645	130,636	119,254
Library materials checked out	77,756	98,114	103,277	65,120
Sanitation				
Homes serviced	2,643	2,603	3,246	3,446
Tons of refuse and garbage hauled	5,771	5,468	5,569	5,319
Water				
Water service connections	3,266	3,278	3,287	3,295
Water consumption (millions gallons/day)	1.91	1.87	1.90	1.98
Water consumption (millions gallons/year)	697	683	694	723
Sewer				
Sewer service connections	3,241	3,251	3,260	3,268
Sewage treated (millions gallons per day)	1.68	2.02	2.04	2.06
Sewage treated (millions gallons per year)	613	737	745	753

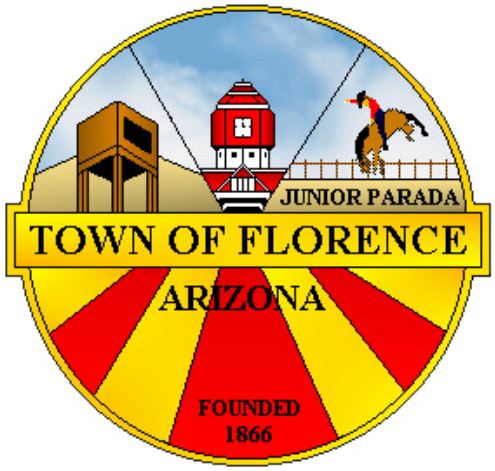
2012	2013	2014	2015	2016	2017
264	597	599	563	706	587
701	931	1,637	908	1,519	1,403
5,450	6,341	11,429	11,291	13,453	12,458
5,023	5,796	1,962	1,187	1,069	2,024
214	363	243	263	306	214
2,083	3,469	3,036	2,691	2,885	2,993
114	133	91	117	123	99
1,290	1,941	1,900	1,905	2,024	1,972
679	1,395	1,042	669	738	922
-	2.00	0.50	1.75	3.70	21.85
4,869	6,000	6,600	6,600	7,500	12,200
108.08	110.00	110.00	114.50	126.33	151.10
78	135	337	615	626	895
19	70	23	148	39	98
2,840	1,578	5,000	1,313	27,943	19,997
22,116	30,604	32,600	21,054	56,502	56,365
118,121	99,943	102,623	85,210	N/A	37,462
60,550	60,091	67,726	61,187	70,993	71,941
3,519	3,400	2,967	3,092	3,276	3,697
5,096	5,165	4,003	4,714	N/A	4,332
3,295	3,257	4,002	3,633	3,594	3,554
2.04	1.37	1.71	1.40	1.40	1.46
745	500	624	518	511	533
3,268	3,230	3,337	3,350	3,350	3,707
2.07	1.63	1.64	1.60	1.60	1.40
757	594	599	584	584	510

Town of Florence, Arizona
Table 14
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police stations	1	1	1	1	1	1	1.5	1.5	1.5	1.5
Police vehicles	29	34	38	41	42	44	48	57	54	54
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire apparatus	5	8	8	6	6	7	6	7	8	8
Other fire vehicles	4	4	4	4	5	5	6	5	6	6
Highways and Streets										
Street (miles)	99	99	99	108	108	108	108	113	113	113
Streetlights	889	964	985	1,039	1,039	1,060	1,060	1,182	1,182	1,182
Traffic signals own	1	1	1	1	1	2	2	2	2	2
Traffic signals don't own	2	2	2	2	2	2	2	2	2	3
Culture and Recreation										
Parks	7	8	8	8	8	8	8	8	11	10
Parks acreage	289	289	289	289	289	289	341	343	349	348
Fitness center	1	1	1	1	1	1	1	1	1	1
Swimming pool**	1	1	1	1	1	1	1	1	1	1
Libraries**	1	1	1	1	1	1	1	1	1	1
Wastewater										
Sanitary sewers (miles)	45.5	45.7	45.7	45.7	45.7	45.7	45.7	54.5	54.5	54.5
Storm sewers (miles)	4.7	6.8	7.2	7.5	7.8	8.4	8.4	8.4	8.4	8.4
Treatment capacity (thousands of gallons)	1,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920

**School owned prior to 2016

COMPLIANCE REPORT


JUNIOR PARADA
TOWN OF FLORENCE
ARIZONA
FOUNDED
1866

Henry+Horne
Offering You More

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Town Council
Town of Florence, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Florence, Arizona, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Florence, Arizona's basic financial statements, and have issued our report thereon dated December 13, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Florence, Arizona's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Florence, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Florence, Arizona's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2017-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Florence, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town's Response to Finding

Town of Florence's response to the finding identified in our audit is described in the accompanying schedule of findings and questions costs. Town of Florence's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Henry & Horne LLP

Casa Grande, Arizona
December 13, 2017

TOWN OF FLORENCE
SCHEDULE OF FINDINGS AND VIEWS
OF RESPONSIBLE OFFICIALS
June 30, 2017

FINDING: 2017-001

CRITERIA

A management review of all year-end closing entries would reduce the risk of material misstatement of the financial statements that are presented in accordance with generally accepted accounting principles.

CONDITION/CONTEXT

Management performs certain closing procedures at year-end as a means to properly state the financial amounts in accordance with generally accepted accounting principles. However, the year-end review was not complete and adjustments were necessary to properly state financial statement amounts.

EFFECT

Management understated restricted cash with trustee by $485,990, understated miscellaneous receivables by $309,855, overstated prepaid debt expense by $485,990, overstated accounts payable by $39,090, understated sales tax payable by $6,551, understated interest payable by $63,236, understated revenues by $301,612 and understated expenses by $22,454. Management had not recorded refunding debt issued effectively understated cash by $106,390, understated special assessment receivables by $986,670, understated special assessment deferred revenue by $986,670, understated professional services expenditures by $81,503, understated capital outlay expenditures by $799,107, understated other financing sources for proceeds of bond sales by $987,000, understated transfers in of $77,963 and understated transfers out of $77,963.

CAUSE

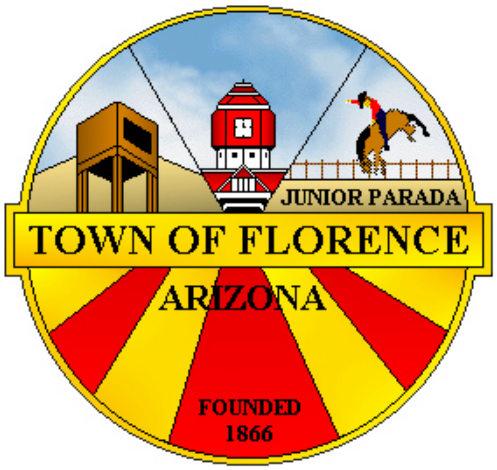
A complete review of normal and unusual closing entries at year-end was not done which resulted in the aforementioned misstatements.

RECOMMENDATION

It is recommended that the appropriate management review these entries as part of the year end closing process to ensure existence, completeness, accurate and timely cut-off of the Town's cash to accrual activity, capital additions and debt activity.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

Management concurs with this recommendation and will include these entries in the year-end closing procedures.



EXPENDITURE LIMITATION REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

TOWN OF FLORENCE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2017

CONTENTS

	PAGE
Independent Auditors' Report	1
Annual Expenditure Limitation Report - Part I	3
Annual Expenditure Limitation Report - Part II	4
Annual Expenditure Limitation Report - Reconciliation	5
Notes to Annual Expenditure Limitation Report	6

Henry+Horne
Offering You More

INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona and
The Honorable Mayor and Town Council
of the Town of Florence, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Town of Florence, Arizona for the year ended June 30, 2017. The Town's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the uniform expenditure reporting system in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of Town of Florence, Arizona, referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

Henry + Horne LLP

Casa Grande, Arizona
December 13, 2017

TOWN OF FLORENCE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2017

1.	Economic Estimates Commission expenditure limitation	$ 17,341,325	
2.	Voter-approved alternative expenditures limitation (date approved May 17, 2016) (Note 2)	32,341,325	
3.	Enter applicable amount from Line 1 or Line 2		$ 32,341,325
4.	Amount subject to expenditure limitation (total amount from Part II, line B)	21,798,737	
5.	Board-authorized expenditures necessitated by a disaster the Governor declared	-	
6.	Board-authorized expenditures necessitated by a disaster the Governor did not declare	-	
7.	Prior-year, voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year	-	
8.	Subtotal		21,798,737
9.	Board-authorized excess expenditures for the previous fiscal fiscal year necessitated by a disaster the Governor did not declare and the voters did not approve	-	
10.	Total adjusted amount subject to the expenditure limitation		21,798,737
4.	Amount under (in excess of) the expenditure limitation		$ 10,542,588

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: _____

Name and Title: Joe Jarvis, Finance Director

Telephone Number: 520-868-7505 Date: 12-13-17

See accompanying notes.

TOWN OF FLORENCE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2017

Description	Governmental Funds	Enterprise Funds	Fiduciary Fund	Total
A. Amounts reported on the Reconciliation, Line D	$ 15,705,686	$ 6,079,979	$13,072	$21,798,737
B. Less exclusions claimed:				
1. Debt proceeds	-	-	-	-
2. Debt service requirements	-	-	-	-
3. Dividends, interest and gains on the sale or redemption of investment securities	-	-	-	-
4. Trustee or custodian	-	-	-	-
5. Grants and aid from the federal government Federal Government	-	-	-	-
6. Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	-	-	-	-
7. Amounts received from the State of Arizona	-	-	-	-
8. Quasi-external interfund transactions	-	-	-	-
9. Amounts accumulated for the purchase of land, and the purchase or construction of buildings and improvements	-	-	-	-
10. Highway user revenue in excess of those received in fiscal year 1979-80	-	-	-	-
11. Contracts wih other political subdivisions	-	-	-	-
12. Refunds, reimbursements, and other recoverie	-	-	-	-
13. Voter-approved exclusions not identified abov	-	-	-	-
14. Prior years carryforward	-	-	-	-
15. Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07	-	-	-	-
16. Total exclusions claimed	-	-	-	-
C. Amount subject to expenditure limitation	$ 15,705,686	$ 6,079,979	$13,072	$21,798,737

See accompanying notes.

TOWN OF FLORENCE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2017

Description	Governmental Funds	Enterprise Funds	Fiduciary Fund	Total
A. Total expenditures/expenses reported within the fund financial statements	$ 21,648,020	$ 4,538,268	$ 13,072	$ 26,199,360
B. Subtractions:				
1. Items not requiring use of current financial resources:				
Depreciation	-	373,943	-	373,943
Loss on disposal of assets	-	-	-	-
Bad Debt Expense	-	9,371	-	9,371
Other postempoyment benefits (OPEB) expense	-	-	-	-
Claims incurred but not reported	-	-	-	-
Landfill closure and postclosure care costs	-	-	-	-
Pension Expense	-	80,506	-	80,506
2. Expenditures of separate legal entities established under Arizona Revised Statutes	5,878,927	-	-	5,878,927
3. Required fees paid to the Arizona Department of Revenue	63,407	-	-	63,407
4. Present value of net minimum capital lease and installment puchase contract payments recorded as expenditures at inception of the agreements	-	-	-	-
6. Involuntary court judgements	-	-	-	-
Total subtractions	5,942,334	463,820	-	6,406,154
C. Additions:				
1. Principal payments on long-term debt	-	716,989	-	716,989
2. Acquisition of capital assets	-	1,208,413	-	1,208,413
3. Amounts paid in the current year but reported as expenses in previous years				
4. Pension Contribution	-	80,129	-	80,129
5, Total additions	-	2,005,531	-	2,005,531
D. Amounts reported on Part II, Line A	$ 15,705,686	$ 6,079,979	$ 13,072	$ 21,798,737

See accompanying notes.

TOWN OF FLORENCE, ARIZONA
NOTE TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the Uniform Expenditure Reporting System (UERS), as required by the Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation plan on May 17, 2016, as authorized by the Arizona Constitution, Article IX, §20(9).

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed in Part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund based financial statements. All references to the financial statement amounts refer to the Statement of Revenues, Expenditures and Changes in Fund Balances/Governmental Funds and to the Statement of Revenues, Expenditures and Changes in Fund Net Position for the Proprietary Funds and Statements of Changes in Fiduciary Net Position for the Fiduciary Fund.

NOTE 2 AMOUNT IN EXCESS OF STATE-IMPOSED LIMIT

On May 17, 2016, an amount in excess of the state-imposed Expenditure Limitation of $15,000,000 was approved by the citizens of Florence under Resolution No. 1586-16. The state-imposed expenditure limitation for the year ended June 30, 2017 was $17,341,325.

The approved Alternative Expenditure Limitation for the year ended June 30, 2017, as adopted under Resolution No. 1521-15 on May 17, 2016, is $32,341,325.

NOTE 3 RECONCILIATION DEDUCTIONS AND ADDITIONS

The deductions for depreciation, bad debt expense, and pension expense and the additions for principal payments, the acquisition of capital assets, and pension contributions are all provided in the Statement of Revenues, Expenses, and Changes in Fund Net Position for the proprietary funds; the Statement of Cash Flows for the proprietary funds and the financial statement footnotes 4, 7, and 11.

The addition of $716,989 consists of principal payments on long-term debt in the Enterprise Funds during the current fiscal year. The addition for the acquisition of capital assets consists of $1,208,413 paid for various capital assets in the Water and Sewer funds.

The subtraction of $80,506 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Funds. The addition of $80,129 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the Enterprise Funds.

Henry+Horne
Offering You More

The Honorable Mayor and Town Council
Town of Florence
Florence, Arizona

We have audited the financial statements of Town of Florence for the year ended June 30, 2017, and have issued our report thereon dated December 13, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards require that we communicate to you the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated April 28, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of Town of Florence. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. However, the standards do not require us to design procedures specifically to identify such matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Florence are described in Note 1 to the financial statements. No new accounting policies were adopted and application of existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by the Town of Florence during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Calculation of compensated absences due within one year.
- Calculation of depreciation.
- Calculation of pension liability.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Attached is a summary of adjustments made to the financial statements that have been recorded by management. Other than those that are trivial, we did not identify any uncorrected misstatements to the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached copy of the management representation letter dated December 13, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion & Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Other Supplementary Information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This communication is intended solely for the information and use of Town of Florence's Town Council and is not intended to be, and should not be, used by anyone other than these specified parties.

Henry & Horne LLP

Casa Grande, Arizona
December 13, 2017

Town of Florence

P.O. Box 2670, Florence, AZ 85132, (520) 868-7500, (520) 868-7501 Fax, (520) 868-7502 TDD

Henry & Horne, LLP
1115 E Cottonwood Lane, Suite 100
Casa Grande, AZ 85122

This representation letter is provided in connection with your audit(s) of the financial statements of Town of Florence, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter is signed, the following representations made to you during your audit.

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 28, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5) Significant assumptions we used in making accounting estimates are reasonable.
6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
8) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
9) Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.

10) We have provided you with:

    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

    b) Additional information that you have requested from us for the purpose of the audit.

    c) Unrestricted access to persons within the Town from whom you determined it necessary to obtain audit evidence.

    d) Minutes of the meetings of Town of Florence or summaries of actions of recent meetings for which minutes have not yet been prepared.

11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) We have no knowledge of any fraud or suspected fraud that affects the Town and involves:

- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud or suspected fraud affecting the Town's financial statements communicated by employees, former employees, regulators, or others.

15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

16) We have disclosed to you the identity of the Town's related parties and all the related party relationships and transactions of which we are aware.

17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

18) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

19) The Town of Florence has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

20) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

21) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

22) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

25) In regard to the proposing entries affecting the financial statements services performed by you, we have –

   a) Assumed all management responsibilities

   b) Designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services.

   c) Evaluated the adequacy and results of the services performed.

   d) Accepted responsibility for the results of the services.

26) The Town has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

27) The Town has complied with all aspects of contractual agreements, HURF requirements and Arizona State statutes that would have a material effect on the financial statements in the event of noncompliance.

28) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

29) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34 .

30) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

31) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

32) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

33) Provisions for uncollectible receivables have been properly identified and recorded.

34) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

35) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

36) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

37) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

38) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

39) We have appropriately disclosed the Town's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

40) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

41) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

42) With respect to the annual expenditure limitation report, Combining Fund Financial Statements and Budgetary Annual Financial Report, Other Supplementary Information of the Comprehensive Annual Financial Report, and the statement that fulfills the HURF requirement:

a) We acknowledge our responsibility for presenting the items listed above in accordance with accounting principles generally accepted in the United States of America, and we believe the those items, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of those items have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the items listed above are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

43) We believe that the pension liabilities and related OPEB costs have been properly reported for financial accounting purposes based on the reports issued by the respective pension plans.

44) We do not have tax abatement agreements required to be disclosed in the notes to the financial statements.

45) In regards to the nonattest services, we have:

a. Assumed all management responsibilities.

b. Overseen the services by designating an individual who possesses suitable skill, knowledge, or experience.

c. Evaluated the adequacy and results of the services performed.

d. Accepted responsibility for the results of the services.

The nonattest services provided by you are:

a. Preparing financial statements and related notes and management's discussion and analysis.

b. Posting any standard, adjusting, or correcting journal entries that you have proposed and have been approved by us.

c. Preparing Governmental Accounting Standards Board Statement No 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, conversion entries.

Furthermore, we have reviewed and approved the financial statements and related notes.

Signature: _____

Title: Finance Director

Date: 12-13-17

Initial

Client:	*0407503 - Town of Florence*
Engagement:	*0407503 - Town of Florence*
Period Ending:	*6/30/2017*
Trial Balance:	*05.01 - TB*
Workpaper:	*05.06 - Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entry				
Adjusting Journal Entry JE # 101		M401		
Client entry to recognize the change in pension related accounts for enterprise funds.				
051-180200	Def'd Outflow Rel'd to Pension		23,879.00	
051-240000	Net Pension Liability		5,673.00	
051-535-111	AZ Retirement Contributions		30,262.00	
052-180200	Def'd Outflow Rel'd to Pension		34,107.00	
052-240000	Net Pension Liability		8,102.00	
052-535-111	AZ Retirement Contributions		43,356.00	
053-180200	Def'd Outflow Rel'd to Pension		5,990.00	
053-240000	Net Pension Liability		1,423.00	
053-571-111	AZ Retirement Contributions		6,888.00	
051-180100	Deferred Outflows Emp'r Contr			28,574.00
051-250200	Def'd Inf Res rel'd to Pension			31,240.00
052-180100	Deferred Outflows Emp'r Contr			40,944.00
052-250200	Def'd Inf Res rel'd to Pension			44,621.00
053-180100	Deferred Outflows Emp'r Contr			6,464.00
053-250200	Def'd Inf Res rel'd to Pension			7,837.00
Total			**159,680.00**	**159,680.00**
Adjusting Journal Entry JE # 102		M401		
Client entry to deferre ASRS contributions in the CY for enterprise funds.				
051-180100	Deferred Outflows Emp'r Contr		30,091.00	
052-180100	Deferred Outflows Emp'r Contr		42,219.00	
053-180100	Deferred Outflows Emp'r Contr		7,819.00	
051-535-111	AZ Retirement Contributions			30,091.00
052-535-111	AZ Retirement Contributions			42,219.00
053-571-111	AZ Retirement Contributions			7,819.00
Total			**80,129.00**	**80,129.00**
Adjusting Journal Entry JE # 103		N/A		
Client Entry - City Sales Tax allocation for June 2017				
010-137000	DUE FROM OTHER FUNDS		197.00	
010-310-110	City Sales Tax		201,735.00	
011-137000	DUE FROM OTHER FUNDS		133,782.00	
013-137000	DUE FROM OTHER FUNDS		38,767.00	
014-137000	DUE FROM OTHER FUNDS		28,989.00	
010-250066	Due to other funds			201,735.00
010-352-110	City Sales Tax			197.00
011-310-110	City Sales Tax			133,782.00
013-310-110	City Sales Tax			38,767.00
014-310-110	City Sales Tax			28,989.00
Total			**403,470.00**	**403,470.00**
Adjusting Journal Entry JE # 104		N/A		
Clien Entry to Clear out misc balances in outdated liability accounts				
010-210000	GREAT WESTERN MEDICAL INS.		342.00	
010-227000	BC/BS MEDICAL INSURANCE			288.00
010-350-698	Miscellaneous Revenue			54.00
Total			**342.00**	**342.00**

Initial _____

Adjusting Journal Entry JE # 105		**N/A**		
Client Entry to correct JE18 from Dec 2016 & Correct JE5 from APril 2017				
010-525-306	Fuel - Oil		450.00	
508-345-682	Interest Earning		56.00	
509-137000	DUE FROM OTHER FUNDS		56.00	
010-528-306	Fuel - Oil			450.00
508-261000	DUE TO OTHER FUNDS			56.00
509-345-682	Interest Earning			56.00
Total			**562.00**	**562.00**
Adjusting Journal Entry JE # 106		**N/A**		
Client Entry for hydrant deposit was cut out of water deposit				
051-219100	Miscellaneous A/R Deposits		1,428.00	
051-219000	CUSTOMER UTILITY DEPOSITS			1,428.00
Total			**1,428.00**	**1,428.00**
Adjusting Journal Entry JE # 108		**N/A**		
To add back the liability of the remaining debt due on the 2008a Go Bond				
999-190000	GENERAL LONG TERM DEBT		510,000.00	
999-277100	G.O. BOND CFD #1			510,000.00
Total			**510,000.00**	**510,000.00**
Adjusting Journal Entry JE # 109		**N/A**		
To reclass debt payment to the correct account for 2008a debt refunding				
911-599-605	Pmt for Refunded Bonds 2008AGO		300,000.00	
911-599-601	Principal - 2008A GO Bonds			300,000.00
Total			**300,000.00**	**300,000.00**
Adjusting Journal Entry JE # 110		**N/A**		
Client entry to correct A/R and Deferred Revenue at year end.				
223-246100	Deferred Revenue		5,141.00	
223-120000	ACCOUNTS RECEIVABLE			5,141.00
Total			**5,141.00**	**5,141.00**
Adjusting Journal Entry JE # 111		**Q101**		
Audit adjustment to properly accrue for interest payable in the enterise funds for WIFA debt.				
052-596-602	Interest		60,355.00	
052-231200	Interest Payable			60,355.00
Total			**60,355.00**	**60,355.00**
Adjusting Journal Entry JE # 112		**N/A**		
Client adjustment to properly recognize cut-off of tax revenue at year end and allocate amongst the funds.				
010-120140	INTERGOVERNMENTAL RECEIVABLE		147,057.00	
010-310-110	City Sales Tax		142,655.00	
011-137000	DUE FROM OTHER FUNDS		117,381.00	
013-137000	DUE FROM OTHER FUNDS		4,016.00	
014-137000	DUE FROM OTHER FUNDS		21,119.00	
010-250066	Due to other funds			142,516.00
010-310-110	City Sales Tax			147,057.00
010-352-110	City Sales Tax			139.00
011-310-110	City Sales Tax			117,381.00
013-310-110	City Sales Tax			4,016.00
014-310-110	City Sales Tax			21,119.00
Total			**432,228.00**	**432,228.00**
Adjusting Journal Entry JE # 113		**N/A**		
Client Entry- To post balance of interest earned on Zions Acq Acct and to post accrued interest earned on Zions Acq Acct				
012-107000	INTEREST RECEIVABLE		2,050.00	
012-118100	RESTRICTED CASH TR EXC TX DEBT		5,933.00	
012-345-682	Interest Earnings			5,933.00
012-345-682	Interest Earnings			2,050.00
Total			**7,983.00**	**7,983.00**

Initial _____

Adjusting Journal Entry JE # 114		D505		
To accrue A/R for June billed in July				
010-120105	ACCOUNTS RECEIVABLE-ACCRUED		5,364.00	
051-120105	ACCOUNTS RECEIVABLE-ACCRUED		82,284.00	
052-120105	ACCOUNTS RECEIVABLE-ACCRUED		222,207.00	
010-336-443	Pay Station Fees (Cox)			8.00
010-338-495	City of Superior Dispatch IGA			3,664.00
010-532-214	Silver King Utilities			1,241.00
010-532-215	Gas/Electric Charges			451.00
051-216000	SALES TAX PAYABLE			6,551.00
051-371-445	Service Establish/Removal Fee			350.00
051-371-446	Water User Fees			73,105.00
051-371-450	Effluent Charges			2,278.00
052-350-698	Miscellaneous Revenue			93.00
052-371-450	Sewer User Fees			107,502.00
052-371-452	D.O.C. Sewer Usage Fee			114,612.00
Total			**309,855.00**	**309,855.00**

Adjusting Journal Entry JE # 115		Q101		
To record July 2016 CFD#1 Special Assessment Bonds				
910-117600	Cash - Area 8-50,53		987,000.00	
910-516-217	Professional Services		17,392.00	
910-516-217	Professional Services		14,509.00	
910-516-217	Professional Services		2,331.00	
910-516-217	Professional Services		335,625.00	
910-517-217	Professional Services		24,017.00	
910-517-217	Professional Services		20,036.00	
910-517-217	Professional Services		3,218.00	
910-517-217	Professional Services		463,482.00	
910-597-621	Operating Transfers Out		77,963.00	
911-117600	Cash - Area 8-50,53 Reserve		77,963.00	
911-120600	A/R Special Assessments		413,000.00	
911-120625	A/R SP ASSESS AREA 8 UNIT 53		573,670.00	
910-117600	Cash - Area 8-50,53			77,963.00
910-117600	Cash - Area 8-50,53			41,409.00
910-117600	Cash - Area 8-50,53			34,545.00
910-117600	Cash - Area 8-50,53			5,549.00
910-117600	Cash - Area 8-50,53			799,107.00
910-389-690	Proceeds From Bond Sales			987,000.00
911-253000	Deferred Revenue Special Assessment			413,000.00
911-253100	Deferred Revenue Special Assessment			573,670.00
911-355-687	OPERATING TRANSFER IN			77,963.00
Total			**3,010,206.00**	**3,010,206.00**

Adjusting Journal Entry JE # 116		Q101		
Memo Entry for Premium Accruals				
999-277302	2013 GO DEBT CFD#2 Premium		967.00	
999-277304	2016 GO DEBT CFD#2 PREMIUM		6,633.00	
999-190000	GENERAL LONG TERM DEBT			7,600.00
Total			**7,600.00**	**7,600.00**

Adjusting Journal Entry JE # 117		G100		
Reclass entry to properly present prepaid debt as cash with trustee.				
010-137000	DUE FROM OTHER FUNDS		437,614.00	
010-137000	DUE FROM OTHER FUNDS		48,376.00	
012-118100	RESTRICTED CASH TR EXC TX DEBT		437,614.00	
911-117600	Cash - Area 8-50,53 Reserve		48,376.00	
010-151000	PREPAID EXPENSES			437,614.00
010-151000	PREPAID EXPENSES			48,376.00
012-250066	Due to other funds			437,614.00
911-261000	Due to other funds			48,376.00
Total			**971,980.00**	**971,980.00**

Initial _____

Adjusting Journal Entry JE # 118		N/A		
Client entry to properly allocate A/P to all the proper funds.				
010-201000	ACCOUNTS PAYABLE		999,448.00	
011-137000	DUE FROM OTHER FUNDS		25,608.00	
012-137000	Due From Other Funds		341,143.00	
051-137000	Due From other Funds		170,658.00	
052-137000	Due From other Funds		402,990.00	
053-137000	DUE FROM OTHER FUNDS		42,298.00	
276-137000	Due From other Funds		859.00	
300-137000	Due From other Funds		2,382.00	
301-137000	Due From other Funds		2,393.00	
302-137000	Due From other Funds		2,129.00	
957-137000	Due From other Funds		4,890.00	
958-137000	Due From other Funds		4,098.00	
010-250066	Due to other funds			999,448.00
011-201000	ACCOUNTS PAYABLE			25,608.00
012-201000	ACCOUNTS PAYABLE			341,143.00
051-201000	ACCOUNTS PAYABLE			170,658.00
052-201000	ACCOUNTS PAYABLE			402,990.00
053-201000	ACCOUNTS PAYABLE			42,298.00
276-201000	ACCOUNTS PAYABLE			859.00
300-201000	ACCOUNTS PAYABLE			2,382.00
301-201000	ACCOUNTS PAYABLE			2,393.00
302-201000	ACCOUNTS PAYABLE			2,129.00
957-201000	ACCOUNTS PAYABLE			4,890.00
958-201000	ACCOUNTS PAYABLE			4,098.00
Total			**1,998,896.00**	**1,998,896.00**

Adjusting Journal Entry JE # 119		L101		
Audit adjustment to correct A/P at year end for fund 053.				
053-201000	ACCOUNTS PAYABLE		39,090.00	
053-571-217	Professional Services			39,090.00
Total			**39,090.00**	**39,090.00**

Adjusting Journal Entry JE # 120		D500		
Audit adjustment to correct Fund 541 Deferred Revenue and A/R to agree to the Principle Income.				
541-242000	DEFERRED INCOME-ASSESMENTS		42,912.00	
541-120000	ACCOUNTS RECEIVABLE			42,912.00
Total			**42,912.00**	**42,912.00**

Adjusting Journal Entry JE # 121		D500		
Reclass entry for financial statement purposes only, to properly state change in Area 1 for both funds 911 and 921 by using the clearing account balances unallocated at year end.				
911-160000	ASSESSMENT CLEARING		34,516.00	
921-160000	ASSESSMENT CLEARING		35,533.00	
911-120000	ACCOUNTS RECEIVABLE AREA 1			34,516.00
921-120000	ACCOUNTS RECEIVABLE			35,533.00
Total			**70,049.00**	**70,049.00**

Adjusting Journal Entry JE # 122		D500		
Adjusting entry to book utility write-offs for FY17. Noted client had write-offs per the write-off schedule for FY17, but no related change in allowance for doubtful accounts and bad debt expense.				
051-121000	ALLOWANCE FOR DOUBTFUL ACCTS		7,518.00	
051-574-705	BAD DEBT EXPENSE		7,518.00	
052-121000	ALLOWANCE FOR DOUBTFUL ACCTS		4,486.00	
052-575-705	BAD DEBT EXPENSE		4,486.00	
053-121000	ALLOWANCE FOR DOUBTFUL ACCTS		1,853.00	
053-571-705	BAD DEBT EXPENSE		1,853.00	
051-120000	ACCOUNTS RECEIVABLE			7,518.00
051-121000	ALLOWANCE FOR DOUBTFUL ACCTS			7,518.00
052-120000	ACCOUNTS RECEIVABLE			4,486.00
052-121000	ALLOWANCE FOR DOUBTFUL ACCTS			4,486.00
053-120000	ACCOUNTS RECEIVABLE			1,853.00
053-121000	ALLOWANCE FOR DOUBTFUL ACCTS			1,853.00
Total			**27,714.00**	**27,714.00**

Initial 

Adjusting Journal Entry JE # 123		N/A	
Client entry to properly record Series 500 Capital Expenditures by fund.			
010-137000	DUE FROM OTHER FUNDS	2,417.00	
011-137000	DUE FROM OTHER FUNDS	5,994.00	
012-137000	Due From Other Funds	2,463.00	
012-137000	Due From Other Funds	1,530.00	
012-518-222	Rental/Lease Charges	632.00	
012-518-322	Street Repair & Maintenance	186,735.00	
012-518-322	Street Repair & Maintenance	115,552.00	
012-561-507	Improvements Other Than Builds	3,163.00	
012-566-507	Improvements Other Than Bldgs	2,294.00	
012-581-506	Other Equipment	6,042.00	
051-137000	Due From other Funds	1,208.00	
051-574-302	Operating Supplies	15.00	
051-574-320	Utility Line Repair & Maint	1,530.00	
051-574-320	Utility Line Repair & Maint	35.00	
051-574-507	Improvements Other Than Bldgs	2,463.00	
051-574-507	Improvements Other Than Bldgs	9,341.00	
051-574-507	Improvements Other Than Bldgs	5,994.00	
051-581-507	Improvements Other Than Builds	2,765.00	
051-581-507	Improvements Other Than Builds	9,700.00	
051-581-507	Improvements Other Than Builds	450.00	
052-137000	Due From other Funds	2,417.00	
052-575-208	General Equipment Repair	8,688.00	
052-575-302	Operating Supplies	408.00	
052-575-302	Operating Supplies	42.00	
052-575-335	Furn, Fixtures, Equip < 5,000	5,098.00	
052-576-506	Other Equipment	244,499.00	
052-581-506	Other Equipment	1,763.00	
920-137000	Due From other Funds	2,294.00	
998-162000	BUILDING AND IMPROVEMENTS	671,204.00	
998-162000	BUILDING AND IMPROVEMENTS	682,560.00	
010-514-506	Other Equipment		2,417.00
011-518-507	Improvements Other than Bldgs		5,994.00
012-250066	Due to other funds		2,294.00
012-250066	Due to other funds		6,042.00
012-566-507	Improvements Other Than Bldgs		186,735.00
012-581-507	Improvements Other Than Buildg		3,163.00
012-581-507	Improvements Other Than Buildg		115,552.00
012-581-507	Improvements Other Than Buildg		2,463.00
012-581-507	Improvements Other Than Buildg		1,530.00
012-581-507	Improvements Other Than Buildg		632.00
051-261000	DUE TO OTHER FUNDS		2,463.00
051-261000	DUE TO OTHER FUNDS		1,530.00
051-261000	DUE TO OTHER FUNDS		5,994.00
051-574-302	Operating Supplies		450.00
051-574-506	Other Equipment		9,341.00
051-574-506	Other Equipment		1,208.00
051-574-507	Improvements Other Than Bldgs		2,800.00
051-574-507	Improvements Other Than Bldgs		15.00
051-581-501	Building Remodel/Acquisition		9,700.00
052-575-506	Other Equipment		8,688.00
052-575-506	Other Equipment		1,208.00
052-575-507	Improvements Other Than Builds		408.00
052-575-507	Improvements Other Than Builds		5,098.00
052-575-507	Improvements Other Than Builds		42.00
052-576-506	Other Equipment		1,209.00
052-576-507	Improvements Other Than Builds		244,499.00
052-576-507	Improvements Other Than Builds		1,763.00
920-506-217	Professional Services		2,294.00
998-295000	CONTRIBUTION FROM MUNICIPALITY		671,204.00
998-295000	CONTRIBUTION FROM MUNICIPALITY		682,560.00
Total		**1,979,296.00**	**1,979,296.00**

Initial

Adjusting Journal Entry JE # 124 — N/A

Client entry to properly state the additions to enterprise capital assets by removing them from the original capital expense accounts and adding them to the balance sheet.

051-162000	BUILDING AND STRUCTURES	237,432.00	
051-164100	CIP-PRJT WU23 NEW WATER WELL	126,764.00	
051-170000	MACHINERY AND OTHER EQUIPMENT	111,095.00	
052-162000	BUILDING AND STRUCTURES	23,495.00	
052-162700	CIP-SWWTP & Filter Mgmt WU-08	372,307.00	
052-170000	MACHINERY AND OTHER EQUIPMENT	337,320.00	
051-581-599	ASSET CLOSE ACCOUNT		475,291.00
052-581-599	ASSET CLOSEOUT ACCOUNT		733,122.00
Total		**1,208,413.00**	**1,208,413.00**

Adjusting Journal Entry JE # 125 — N/A

Client entry to properly state enterprise capital asset CIP transfers into service.

051-162000	BUILDING AND STRUCTURES	7,337,724.00	
051-170000	MACHINERY AND OTHER EQUIPMENT	13,064.00	
052-162000	BUILDING AND STRUCTURES	3,048,380.00	
051-164100	CIP-PRJT WU23 NEW WATER WELL		7,350,788.00
052-162700	CIP-SWWTP & Filter Mgmt WU-08		3,048,380.00
Total		**10,399,168.00**	**10,399,168.00**

Adjusting Journal Entry JE # 126 — N/A

Client entry to properly state Enterprise Capital Asset Depreciation Expense.

051-574-629	Depreciation	115,630.00	
052-575-629	Depreciation	256,190.00	
053-571-629	Depreciation	2,123.00	
051-163000	A/D BUILDINGS AND STRUCTURES		45,152.00
051-173000	AID MACHINERY & EQUIP - WATER		70,478.00
052-163000	ALLOWANCE FOR DEPRECIATION		244,118.00
052-173000	A/D MACHINERY & EQUIP-SEWER		12,072.00
053-173000	AID MACHINERY & EQUIP - WATER		2,123.00
Total		**373,943.00**	**373,943.00**

Adjusting Journal Entry JE # 127 — N/A

Client entry to properly state enterprise capital asset disposals and adjust trivial differences in cash gains on disposals.

051-173000	AID MACHINERY & EQUIP - WATER	24,072.00	
051-350-683	Gain/Loss on Sale of Assets	23,326.00	
052-163000	ALLOWANCE FOR DEPRECIATION	432,000.00	
052-350-683	Gain/Loss on Sale of Assets	355.00	
053-173000	AID MACHINERY & EQUIP - WATER	287,154.00	
053-350-683	Gain/Loss on Sale of Assets	2,942.00	
053-350-683	Gain/Loss on Sale of Assets	5,251.00	
051-170000	MACHINERY AND OTHER EQUIPMENT		24,072.00
051-350-698	Miscellaneous Revenue		23,326.00
052-162000	BUILDING AND STRUCTURES		432,000.00
052-350-698	Miscellaneous Revenue		355.00
053-170000	MACHINERY AND OTHER EQUIPMENT		290,096.00
053-350-698	Miscellaneous Revenue		5,251.00
Total		**775,100.00**	**775,100.00**

Adjusting Journal Entry JE # 128 — N/A

Client entry to properly state GFAG Fund 998.

998-162000	BUILDING AND IMPROVEMENTS	2,844,847.00	
998-291000	FUND BALANCE	1,401,907.00	
998-163000	A/D BUILDINGS AND STRUCTURES		1,966,307.00
998-170000	MACHINERY AND OTHER EQUIPMENT		52,222.00
998-173000	A/D MACHINERY & EQUIP		260,483.00
998-183000	CIP-ACTIVITY CENTER MASTER PLA		1,967,742.00
Total		**4,246,754.00**	**4,246,754.00**

Initial

Adjusting Journal Entry JE # 129		V200		
Audit entry to properly transfer purchase of sewer asset from fund 597 to fund 052.				
052-581-506	Other Equipment		118,967.00	
597-597-621	OPERATING TRANSFER OUT		118,967.00	
052-355-686	OPERATING TRANSFERS IN			118,967.00
597-506-506	Other Equipment			118,967.00
Total			**237,934.00**	**237,934.00**
	Total Adjusting Journal Entry		**27,660,228.00**	**27,660,228.00**
	Total All Journal Entries		**27,660,228.00**	**27,660,228.00**

Initial

Client:	***0407503 - Town of Florence***
Engagement:	***0407503 - Town of Florence***
Period Ending:	***6/30/2017***
Trial Balance:	***05.01 - TB***
Workpaper:	***05.07 - GASB 34 JE Report***

Account	Description	W/P Ref	Debit	Credit
GASB Journal Entry				
GASB Journal Entry JE # 1		**I101**		
To record beginning capital assets				
000-1610-000-0	Land		32,546,409.00	
000-1615-000-0	Construction in progress		2,140,113.00	
000-1620-000-0	Other Capital Assets		85,155,495.00	
000-1630-000-0	Accumulated Depreciation - Capital Assets			30,477,731.00
000-2800-000-0	Investment in Capital Assets			89,364,286.00
Total			**119,842,017.00**	**119,842,017.00**
GASB Journal Entry JE # 2		**V200**		
To record current year capital assets				
000-1615-000-0	Construction in progress		75,420.00	
000-1620-000-0	Other Capital Assets		2,304,642.00	
000-1-3620-000-000	Donation of Capital Assets			473,154.00
000-501-501	General Government Capital Expenditures			37,600.00
000-510-501	Community Development Capital Expenditure			15,376.00
000-511-501	Public Safety Capital Expenditures			107,658.00
000-518-501	Streets Capital Expenditures			865,664.00
910-516-217	Professional Services			369,857.00
910-517-217	Professional Services			510,753.00
000-1610-000-0	Land			
000-521-501	Culture Capital Expenditures			
Total			**2,380,062.00**	**2,380,062.00**
GASB Journal Entry JE # 3		**I101**		
To record current year disposals and transfer of CIP				
000-1620-000-0	Other Capital Assets		2,043,162.00	
000-1630-000-0	Accumulated Depreciation - Capital Assets		201,415.00	
000-1615-000-0	Construction in progress			2,043,162.00
000-1620-000-0	Other Capital Assets			201,415.00
000-00-000-0000-00	Gain/Loss on sale of capital assets			
000-1610-000-0	Land			
Total			**2,244,577.00**	**2,244,577.00**
GASB Journal Entry JE # 4		**I101**		
To record current year depreciation for governmental funds				
000-01-000-0000-00	General government depreciation expense		265,942.00	
000-20-000-0000-00	Public Safety depreciation expense		627,037.00	
000-25-000-0000-00	Highways & Streets depreciation expense		1,462,775.00	
000-40-000-0000-00	Culture & rec depreciation expense		72,451.00	
000-1630-000-0	Accumulated Depreciation - Capital Assets			2,428,205.00
000-45-000-0000-00	Community Development depreciation expense			
Total			**2,428,205.00**	**2,428,205.00**
GASB Journal Entry JE # 5		**Q101**		
To record beginning year debt service				
000-2500-000-0	Governmental equity		20,027,788.00	
000-2172-200-0	Special assessment L/T Debt			19,215,390.00
000-2172-250-0	Premiums			188,101.00
000-2173-200-0	Notes Payable L/T Debt			338,551.00
000-2174-200-0	Capital leases			285,746.00
000-2171-200-0	Certificates of Participation L/T Debt			
Total			**20,027,788.00**	**20,027,788.00**
GASB Journal Entry JE # 6		**Q101**		
To record current year debt activity				
000-2172-200-0	Special assessment L/T Debt		3,664,150.00	
000-2172-250-0	Premiums		7,599.00	

Initial _____

000-2173-200-0	Notes Payable L/T Debt		49,435.00	
000-2174-200-0	Capital leases		285,746.00	
910-389-690	Proceeds From Bond Sales		987,000.00	
911-389-690	Loan Proceeds Refunding Bonds		3,245,000.00	
000-00-000-5000-00	Principal L/T Debt			4,006,930.00
000-2172-200-0	Special assessment L/T Debt			4,232,000.00
000-2171-200-0	Certificates of Participation L/T Debt			
000-2172-250-0	Premiums			
000-2173-200-0	Notes Payable L/T Debt			
000-2174-200-0	Capital leases			
000-2175-200-0	Bonds payable			
011-350-699	Proceeds From Loan			
012-350-699	Proceeds			
910-389-701	Proceeds From Bond Sales 17B			
920-389-690	Proceeds From Bond Sales			
920-389-695	BOND PREMIUM			
921-596-602	INTEREST- G.O.			
Total			**8,238,930.00**	**8,238,930.00**

GASB Journal Entry JE # 7 **Q101**

To record accrued interest payable

000-2500-000-0	Governmental equity		501,676.00	
000-00-000-5000-00	Principal L/T Debt			36,922.00
000-2200-200-0	Interest Payable			464,754.00
000-2200-200-0	Interest Payable			
Total			**501,676.00**	**501,676.00**

GASB Journal Entry JE # 8 **Q101**

To move short term debt from long term debt

000-2172-200-0	Special assessment L/T Debt		972,070.00	
000-2173-200-0	Notes Payable L/T Debt		52,401.00	
000-2072-200-0	Special assessment S/T Debt			972,070.00
000-2073-200-0	Notes Payable S/T Debt			52,401.00
000-2071-200-0	Certificates of Participation S/T Debt			
000-2074-200-0	Capital leases short term			
000-2171-200-0	Certificates of Participation L/T Debt			
000-2174-200-0	Capital leases			
Total			**1,024,471.00**	**1,024,471.00**

GASB Journal Entry JE # 9 **Q100**

To record compensated absences, and short term portion.

000-2500-000-0	Governmental equity		468,986.00	
000-500-000	Compensated absences expense		9,024.00	
000-2170-100-0	Compensated Absences			65,012.00
000-2170-200-0	Compensated Absences - Short Term Portion			412,998.00
000-2170-100-0	Compensated Absences			
Total			**478,010.00**	**478,010.00**

GASB Journal Entry JE # 10 **P100**

To recognized beginning deferred revenues related to special assessments, interest income, grants and sale of property.

000-246100	Deferred Revenue		5,446,463.00	
000-2500-000-0	Governmental equity			5,446,463.00
Total			**5,446,463.00**	**5,446,463.00**

Initial

GASB Journal Entry JE # 11 **P100**

To recognize changes in deferred revenues related to special assessments, interest earnings, grants and sale of property.

000-246100	Deferred Revenue	471,615.00	
000-345-682	Interest Earnings	32,824.00	
010-350-684	Luge Principal (Sale of Asset)	43,915.00	
216-312-337	Other Fed'l Grant CDBG 2014/15	25,841.00	
223-330-337	Other Federal Grants	5,141.00	
250-330-337	Other Federal Grants	1,824.00	
541-315-701	PRINCIPAL INCOME	41,418.00	
921-315-701	PRINCIPAL INCOME	167,357.00	
010-350-698	Miscellaneous Revenue		110.00
911-315-701	Area 1 - Principal		789,825.00
Total		**789,935.00**	**789,935.00**

GASB Journal Entry JE # 12 **M401**

To post begining balances related to ASRS pensions payable GASB 68.

000-180-100	Deferred Outflows of Employer Contributions	506,568.00	
000-180-200	Deferred Outflows of Resources Related to Pensions	603,355.00	
000-2500-000-0	Governmental equity	7,279,652.00	
000-240-000	Net Pension Liability		7,798,280.00
000-250-200	Deferred Inflows of Resources Related to Pensions		591,295.00
Total		**8,389,575.00**	**8,389,575.00**

GASB Journal Entry JE # 13 **M401**

To post the change in ASRS Net Pension Liabilities in the current year.

000-180-200	Deferred Outflows of Resources Related to Pensions	426,521.00	
000-240-000	Net Pension Liability	101,323.00	
000-501-111	General Government Pension Expense	163,523.00	
000-510-111	Community Development Pension Expense	48,200.00	
000-511-111	Public Safety Pension Expense	101,784.00	
000-518-111	Highways and Streets Pension Expense	110,255.00	
000-521-111	Culture and Recreation Pension Expense	89,233.00	
000-530-111	Public Works Pension Expense	23,733.00	
000-180-100	Deferred Outflows of Employer Contributions		506,568.00
000-250-200	Deferred Inflows of Resources Related to Pensions		558,004.00
Total		**1,064,572.00**	**1,064,572.00**

GASB Journal Entry JE # 14 **M401**

Reclassifing entry for employer contributions to ASRS Pension in Current Year.

000-180-100	Deferred Outflows of Employer Contributions	496,335.00	
000-501-111	General Government Pension Expense		148,804.00
000-510-111	Community Development Pension Expense		41,173.00
000-511-111	Public Safety Pension Expense		89,780.00
000-518-111	Highways and Streets Pension Expense		84,134.00
000-521-111	Culture and Recreation Pension Expense		106,562.00
000-530-111	Public Works Pension Expense		25,882.00
Total		**496,335.00**	**496,335.00**

GASB Journal Entry JE # 15 **M402.1**

To post beginning balances for PSPRS Police pensions payable.

000-180-100	Deferred Outflows of Employer Contributions	280,703.00	
000-180-200	Deferred Outflows of Resources Related to Pensions	549,000.00	
000-240-000	Net Pension Liability		640,203.00
000-250-200	Deferred Inflows of Resources Related to Pensions		188,074.00
000-2500-000-0	Governmental equity		1,426.00
Total		**829,703.00**	**829,703.00**

GASB Journal Entry JE # 16 **M402.1**

To properly state the change in Net Pension Liability in the CY for PSPRS Police.

000-180-200	Deferred Outflows of Resources Related to Pensions	422,537.00	
000-511-111	Public Safety Pension Expense	675,450.00	
000-180-100	Deferred Outflows of Employer Contributions		280,703.00
000-240-000	Net Pension Liability		622,710.00
000-250-200	Deferred Inflows of Resources Related to Pensions		194,574.00
Total		**1,097,987.00**	**1,097,987.00**

GASB Journal Entry JE # 17 **M402.1**

Initial _____

Reclassifying entry for employer pension contributions in the CY for PSPRS Police.

000-180-100	Deferred Outflows of Employer Contributions		260,050.00	
000-511-111	Public Safety Pension Expense			260,050.00
Total			**260,050.00**	**260,050.00**

GASB Journal Entry JE # 18 **M402.2**

To post beginning balances for PSPRS Fire pensions asset.

000-180-000	Net Pension Asset		272,295.00	
000-180-100	Deferred Outflows of Employer Contributions		185,246.00	
000-180-200	Deferred Outflows of Resources Related to Pensions		596,849.00	
000-250-200	Deferred Inflows of Resources Related to Pensions			81,604.00
000-2500-000-0	Governmental equity			972,786.00
Total			**1,054,390.00**	**1,054,390.00**

GASB Journal Entry JE # 19 **M402.2**

To properly state change in Net Pension Asset in the Current Year for PSPRS Fire.

000-180-200	Deferred Outflows of Resources Related to Pensions		351,903.00	
000-511-111	Public Safety Pension Expense		755,590.00	
000-180-000	Net Pension Asset			272,295.00
000-180-100	Deferred Outflows of Employer Contributions			185,246.00
000-240-000	Net Pension Liability			347,762.00
000-250-200	Deferred Inflows of Resources Related to Pensions			302,190.00
Total			**1,107,493.00**	**1,107,493.00**

GASB Journal Entry JE # 20 **M402.2**

Reclassifying entry for employer contributions in the current year for PSPRS Fire.

000-180-100	Deferred Outflows of Employer Contributions		187,326.00	
000-511-111	Public Safety Pension Expense			187,326.00
Total			**187,326.00**	**187,326.00**
	Total GASB Journal Entry		**177,889,565.00**	**177,889,565.00**
	Total All Journal Entries		**177,889,565.00**	**177,889,565.00**

Henry+Horne
Offering You More

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Honorable Town Mayor and Council, and Town Manager
Town of Florence
775 N. Main Street, Box 2670
Florence, Arizona 85232

We have performed the procedures enumerated below, which were agreed to by the Town of Florence (the specified party), on the receipt and use of fees relating to the Development Impact Fees Report (DIFs), as adopted in conformity with the 2013-2023 Land Use Assumptions, Infrastructure Improvements Plan and Impact Fee Study for the Town of Florence, Arizona, for the biennial period ending June 30, 2017. The Town of Florence's management is responsible for receipt and use of fees relating to the Town's Development Impact Fees Report (DIFs), as adopted in conformity with the 2013-2023 Land Use Assumptions, Infrastructure Improvements Plan and Impact Fee Study. The sufficiency of these procedures is solely the responsibility of the Town Management. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1) Selected a sample 25 receipts and determine fees were charged in accordance with authorized fee schedules.

   a) For 25 of 25 receipts selected, we noted all impact fees were collected in accordance of the Town Ordinance 598-13.

2) Recalculated fees for a sample of 25 transactions to determine that each developer/unit is charged the same rate as another equivalent developer/unit to demonstrate "inequities" and "level of service".

   a) For 25 of 25 transactions selected, we noted all impact fees were collected in accordance of the Town Ordinances 598-13.

3) Selected a sample of 20 expenditures and determine that the expenditure was associated with an approved project in the IIPs.

   a) For 20 of 20 expenditures, we noted all expenditures from the impact fees were for specific projects approved in the Town's Development Impact Fees Report (DIFs), as adopted in conformity with the 2013-2023 Land Use Assumptions, Infrastructure Improvements Plan and Impact Fee Study.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the receipt and use of fees relating to the Town's Development Impact Fees Report (DIFs), as adopted in conformity with the 2013-2023 Land Use Assumptions, Infrastructure Improvements Plan and Impact Fee Study. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of Florence's management and is not intended to be and should not be used by anyone other than those specified parties.

Henry & Horne LLP

Casa Grande, Arizona
December 20, 2017

	TOWN OF FLORENCE COUNCIL ACTION FORM	**AGENDA ITEM 11a.**

MEETING DATE: January 2, 2018

DEPARTMENT: Finance

STAFF PRESENTER: Joe Jarvis, Finance Director

SUBJECT: Contract with Cost Control Associates, Inc. to analyze utility invoices for power consumption

☒ **Action**
☐ **Information Only**
☐ **Public Hearing**
☐ **Resolution**
☐ **Ordinance**
- ☐ **Regulatory**
- ☐ **1st Reading**
- ☐ **2nd Reading**

☐ **Other**

STRATEGIC PLAN REFERENCE: ☐ Community Vitality ☒ Economic Prosperity

☐ Leadership and Governance ☐ Partnership and Relationships ☐ Transportation and Infrastructure

☐ Statutory ☐ None

RECOMMENDED MOTION/ACTION:

Authorize the Town Manager to negotiate and sign a contract with Cost Control Associates, Inc. (CCA) to conduct an analysis of the Town's invoices for power consumption for errors, mischarges, and incorrect rates.

BACKGROUND/DISCUSSION:

The Town receives power from multiple providers and spends thousands of dollars each year paying for these services. In addition, the Town receives multiple invoices from our power providers. Due to the complexity, it is worthwhile for a company like CCA to review the current invoices for errors, mischarges, and incorrect rates.

Town staff connected with CCA at the Government Finance Officers Association of Arizona conference.

CCA is a family-run company that takes great pride in their integrity and honesty. They have been in business for 26 years. They have worked with 500 governments and public-school districts across the United States including the City of Tempe, City of Peoria, City of Tucson and Pima County.

CCA's process includes the following steps: collect invoice information from the Town, analyze the invoice data and submit refund claims to the power provider. A report of findings is presented to the Town and the Town selects and approves recommended changes. The changes are implemented by CCA, refunds are confirmed, and a final report is provided to the Town.

CCA would be compensated 23% of each refund and payable upon the Town receiving the refund.

The rate of 23% is equal to what is included with the City of Tucson contract that the Town is using to procure these services.

A VOTE OF NO WOULD MEAN:

The Town of Florence does not approve a contract with CCA for analysis services.

A VOTE OF YES WOULD MEAN:

The Town of Florence approves a contract with CCA for analysis services.

FINANCIAL IMPACT:

It is unclear at this point how much CCA will be paid for their analysis. It is possible that CCA will help the Town receive a refund greater than $108,000. For this reason, staff is presenting this item for the Council's consideration.

ATTACHMENTS:

Cost Reduction Agreement with Cost Control Associates, Inc.
Overview of Cost Control Associates, Inc.
Sections of the City of Tucson contract 161436

Cost Control Associates, Inc.

Cost Reduction Agreement – Government Program

This Agreement, made as of the last date signed below, is by and between the Town of Florence Arizona (hereinafter referred to as CLIENT) and Cost Control Associates, Inc. (hereinafter referred to as CCA).

I. Services Available

Cost Recovery and Reduction Services: CCA will review service types as specified below by CLIENT for the purposes of obtaining refunds (by check or account credit) and identifying cost reductions. CCA will file claims, negotiate with suppliers, and implement CLIENT-approved cost-reducing changes. CCA will submit a report of cost-reducing changes to CLIENT for CLIENT's review and approval.

II. Services Selected

CCA will perform the above-described services for CLIENT service types as indicated with a "yes" below:

Service Type	Indicate "Yes" for desired service types
A. Electricity	Yes
B. Natural gas	Yes
C. Propane, oil, and other petroleum fuels	Yes
D. Water and wastewater	No
E. Waste removal	No
F. Telecom local services, including Internet and cable TV	No
G. Telecom long distance services	No
H. Wireless services: Cellular phones and devices	No
I. Other (specify):	No

III. Fees

CLIENT will pay fees to CCA as follows:

A. **Refunds:** Any refunds recovered due to CCA's efforts are subject to a one-time fee equal to 23% of each refund. This fee is payable after the CLIENT has received the refund check or credit, and

B. **Client-approved Cost Reductions:** For any cost reductions recommended by CCA and approved for implementation by CLIENT, or as a result of a billing error correction, CCA will share in the resulting savings at a 23% rate for the first 24 months following implementation of the changes. This fee will be payable on a monthly basis, or CLIENT may elect to prepay the entire amount. Cost-reduction recommendations implemented during the term of this Agreement and within 24 months thereafter are subject to this fee.

IV. Term

The initial term of this Agreement is one year. After the initial term, this Agreement will remain in effect on a month-to-month basis unless cancelled in writing by either party with at least 30 days' written notice. Any fees due CCA, as indicated in Section III above, will continue to be payable, regardless of cancellation or expiration of

this Agreement, for findings in process at the time of cancellation or expiration of this Agreement. Findings in process include refunds identified but not yet collected, cost reductions implemented but for which all fees have not yet been billed, and cost reductions identified but not yet implemented in the event that they are implemented.

V. Other

A. Except as noted on a referenced attachment to this Agreement, CLIENT is not currently working on pursuing refunds or implementing cost-reduction items. If CLIENT becomes aware of a refund or cost-reduction opportunity that is not part of CCA's efforts, and CLIENT elects to pursue that opportunity on its own, then CLIENT agrees to notify CCA in writing upon CLIENT'S discovery of that opportunity.

☐ If checked, please see attachment.

B. CLIENT will cooperate with CCA by signing letters of authority to suppliers, supplying copies of appropriate bills, completing forms, and providing other documentation and information. CLIENT agrees that it will not undertake new price negotiations or rate changes associated with the Service Types marked "Yes" in Section II until CCA's analysis and report for each area is presented to CLIENT. CCA should work directly with suppliers to effectively correct billing errors, negotiate price and rate changes, and implement CLIENT-approved cost-reduction items. If in response to cost-reduction recommendations presented by CCA, CLIENT chooses to: 1) implement a similar cost-reducing change, 2) pursue on its own a refund or implement a cost-reduction item that was recommended by CCA, and/or 3) benefit from a refund or cost-reduction item based on an issue identified by CCA but available to CLIENT through the actions of third parties, CCA is still entitled to its fees.

C. CCA is permitted by CLIENT to use specialists on a subcontract basis in the performance of the work as described in this Agreement at no additional cost to CLIENT, if CCA deems the use of such specialists to be beneficial.

D. Fees are payable to CCA within 30 days of date invoiced. Late fees are payable on invoices more than 10 days past due at the rate of 1.5% per month.

E. Pursuant to Section 2, Special Terms and Conditions, of the City of Tucson's contract with Cost Control Associates (Contract No. 161436 – Energy Performance Contracting), CLIENT is electing to use the City of Tucson's contract to retain the services of CCA. The terms and conditions of said contract are incorporated herein by reference.

CLIENT by: _____ _____
Signature Date

_____ _____
Print Name Title

CCA by: _____ _____
Signature Date

_____ _____
Print Name Title

Cost Control Associates, Inc.

Your Energy & Telecom Experts

Energy Cost Recovery and Reduction Services

Overview

Utility costs are one of the top five expenses for most companies. As energy costs continue to outpace inflation, proper management to minimize cost increases is vital to controlling the burden of energy expenses.

In addition, many organizations are unaware of cost savings available through reductions in regulated rates and identification/recovery of billing errors. In fact, many organizations do not even realize that most regulated utility companies offer rate choices – some as many as 50.

Cost Control Associates can help. Using our proven Energy Cost Recovery and Reduction Program, our team of trained experts will analyze energy costs to identify rate and other billing savings. In addition, we will identify errors that can be corrected and for which refunds can be obtained.

Typically for most organizations, the following costs are included:

- Electricity
- Water-Sewer
- Natural Gas and Other Heating Fuels

However, clients can choose the types of costs they wish to include in the review.

How the Program Works

Cost Control Associates uses a proven step-by-step process designed to minimize the amount of effort required by clients:

- Current bills, vendor contracts, and a letter of authorization are provided by you.
- Historical data is compiled and an in-depth analysis of bills is performed. Savings from rate and service changes are calculated.
- Refund claims are prepared by us and submitted to your vendors.
- A report of findings containing cost saving recommendations and refunds is presented to you.
- You choose and approve those cost saving recommendations to be implemented.
- Rate changes and other cost-saving recommendations that have been approved are implemented by us.
- Refunds and cost savings are verified.
- A final report is issued.

Benefits from our Energy Cost Recovery and Reduction Program often result from:

- Obtaining more cost-effective alternate rates and riders from existing regulated energy companies
- Correcting errors in billing and obtaining refunds for past overbillings
- Reducing taxes on energy bills by taking advantage of available exemptions
- Correcting power factor penalties

Fees

Services under this program can be provided on a fixed fee or hourly basis, but most clients opt for services to be provided on a contingency fee basis under which there are no up-front fees charged as all fees are paid as a percentage of the refunds and savings after received. With this contingency fee arrangement, there is absolutely no cost to clients that do not benefit from this program.

Why Cost Control Associates

Cost Control Associates is an independent consulting firm with no ties to any energy service providers. Our highly skilled team of experienced energy analysts has the training and knowledge to find cost savings that you simply can't on your own.

Cost Control Associates has been assisting clients in reducing and better managing energy, telecom, and other costs since 1991, and has helped its clients realize millions of dollars in cost savings.

CITY OF TUCSON DEPARTMENT OF PROCUREMENT
255 W. ALAMEDA, 6TH FLOOR, TUCSON, AZ 85701
Dan.Longanecker@tucsonaz.gov

PRINCIPAL CONTRACT OFFICER: DAN LONGANECKER, CPPB
PH: (520) 837-4125 / FAX: (520) 791-4735

OFFER AND ACCEPTANCE

OFFER

TO THE CITY OF TUCSON:
The Undersigned hereby offers and shall furnish the material or service in compliance with all terms, scope of work, conditions, specifications, and amendments in the Request for Proposal which is incorporated by reference as if fully set forth herein.

Cost Control Associates, Inc.
Company Name

310 Bay Rd
Address

Queensbury NY 12804
City State Zip

Signature of Person Authorized to Sign

Keith Laake
Printed Name

President
Title

For clarification of this offer, contact:

Name: Keith Laake

Title: President

Phone: (518) 798-4437

Fax: (518) 798-1735

E-mail: keith.laake@costcontrolassociates.com

ACCEPTANCE OF OFFER

The Offer is hereby accepted. The Contractor is now bound to sell the materials or services specified in the Contract. This Contract shall be referred to as Contract No. 161436 -DS.

Approved as to form this 14th day of Oct, 2016.

As Tucson City Attorney and not personally

CITY OF TUCSON, a municipal corporation
Awarded this 18 day of October, 2016.

Marcheta Gillespie, CPPO, C.P.M., CPPB, CPM
As Director of Procurement and not personally

3. Can you provide shared savings payback models wherein the City makes payments based on a percentage actual savings as measured using a pre-agreed method or 3rd party M&V provider?

☑ Yes

☐ No

Comments (200 words or less)

Cost Recovery & Reduction Services for Energy, Waste Removal, Telecom and Cellular

Payment method: Contingency fee, based on refunds and cost savings (see schedule below) or hourly fee if client prefers. Under Contingency fee program, fees are payable according to the following schedule based on the total annual spend of utility types included in the review.

>$1.5mm	23%
=.$500,000 to $1.5 mm	29%
<$500,000	33%

Schedule is applied to refunds and client-approved cost reductions for the first 24 months. See attachment (next page) for additional explanation and terms.

	TOWN OF FLORENCE COUNCIL ACTION FORM	**AGENDA ITEM 11b.**

MEETING DATE: January 2, 2018

DEPARTMENT: Finance for Police, Public Works, Parks, and Sanitation

STAFF PRESENTER: Joe Jarvis, Finance Director

SUBJECT: Disposal of Assets

☒ **Action**
☐ **Information Only**
☐ **Public Hearing**
☐ **Resolution**
☐ **Ordinance**
- ☐ **Regulatory**
- ☐ **1st Reading**
- ☐ **2nd Reading**

☐ **Other**

STRATEGIC PLAN REFERENCE: ☐ Community Vitality ☐ Economic Prosperity ☐ Leadership and Governance ☐ Partnership and Relationships ☐ Transportation and Infrastructure ☐ Statutory ☒ None

RECOMMENDED MOTION/ACTION:

Authorization to dispose of Town assets and a vehicle that was acquired for Town use through confiscation, that are no longer needed and/or have outlived their useful life.

BACKGROUND/DISCUSSION:

The departments have a number of vehicles, equipment, and small assets that are no longer needed and/or have outlived their useful life.

Item	Year	VIN#	Location
Dodge Ram 3500 Wheel Chair Van	2000	2BGLB3120YK116724	Senior Center
Dodge Charger	2006	2B3LA42HX7H708394	Fleet Maintenance
Dodge Charger	2006	2B3LA42HX7H708395	Fleet Maintenance
Dodge Charger	2006	2B3LA42HX7H708393	Fleet Maintenance
Jeep Rubicon (acquired through confiscation)	2003	1J4FA69SO3P376184	Fleet Maintenance
Peterbilt Sanitation Truck	2009	3BPZL50X09F719773	SWWTP
Canon 2050 Digital Copier	2003	N/A	Parks & Recreation
Rebel Portable Lift	2012	N/A	Parks & Recreation

The Town will dispose of the vehicles, as per Policy, and the proceeds will be returned to the Town.

A VOTE OF NO WOULD MEAN:

The Town will not dispose of the vehicles and will retain them on the insurance and eventually will sell them at a later date; at which time the value will have reduced.

A VOTE OF YES WOULD MEAN:

Sell the items at auction and credit the revenue account for the sales, reducing the inventory and the insurance costs of items no longer needed or utilized.

FINANCIAL IMPACT:

The total salvage value of the items is estimated at $30,727.00

ATTACHMENTS:

Titles and disposal forms with authorizations and Blue Book Values on vehicles.

Town of Florence
P.O. Box 2670
Florence, AZ 85132

Vehicles/Heavy Machinery Property Surplus

Please fill in the information below for each of your inventory items.

Overall Title/Asset#: 990246

Year: 2000

Make/Manufacturer: DODGE

Model: RAM 3500

Mileage/Hours: 81182

VIN # 2BGLB3120YK116724 Digital Picture # (no Limit on Quantity): 7

Running Condition: ☐ **Runs Well** ☑ **Runs** ☐ **Doesn't Run** ☐ **Unknown**

General Description: WHEEL CHAIR VAN

HASNT BEEN RAN IN OVER 2 YEARS, WAS RUNNING WHEN PARKED

Present Value: 1500.00

Engine Make, Size, & Gas Type: 5.9L, 360 GAS

Transmission Type: AUTO Body Style: WHEEL CHAIR VAN

Brakes: GOOD

Condition of: Hydraulic (if any) N/A, Tires: GOOD, Glass GOOD

Asset was: ☐ **Lost** ☐ **Stolen** ☐ **Destroyed** ☑ **Outlived Useful Life** ☐ **Other** _____

Inventory # (Item Code): SC-001

Storage Address (Pickup Location): SENIOR CENTER

Department: SC **Department Manager Signature:** _____ **Date:** 10/16/17

Authorized by: _____ **Date:** 11/20/17

Prepared by: D HILLS **Entered by:** _____

ARIZONA CERTIFICATE OF TITLE

Motor Vehicle Division
ADOT
48-7200 R09/03

Inventory Control
2927397

Vehicle Identification Number	Year	Make	Model	Body Style
2B6LB31Z0YK116724	2000	DODG	RAM	1TVN

First Registered	List Price	Mobile Home Manufacturer	Unit Number
00/2000	000000		

TOWN OF FLORENCE
PO BOX 2670
FLORENCE AZ 85232-2670

Title Number	Issue Date	Film Number	Odometer Reading (no tenths) *
M043005270012	09272005	F270M04306	0000006 A

Previous Title Number	State	Issue Date	Previous Film Number
M002005035003	AZ	02042005	F035M00201

* A - Actual Mileage
B - Mileage in excess of the odometer mechanical limits
C - NOT Actual Mileage, WARNING ODOMETER DISCREPANCY

Arizona Brands

Previous Brand	State	Previous Brand	State	Previous Brand	State	Other States With Brands

Owners/Lessees
TOWN OF FLORENCE

Lienholders

LIEN RELEASE

Lienholder Name			Acknowledged before me this date	Notary Public Signature		
Lien Amount	Lien Date	Lienholder Signature	Date	County	State	Commission Expires

VOID WITHOUT EAGLE WATERMARK OR IF ALTERED OR ERASED

Kelley Blue Book®
The Trusted Resource

Home | Car Values | Cars for Sale | Car Reviews | Awards & T



2000 Dodge Ram Van 3500

Style: Van

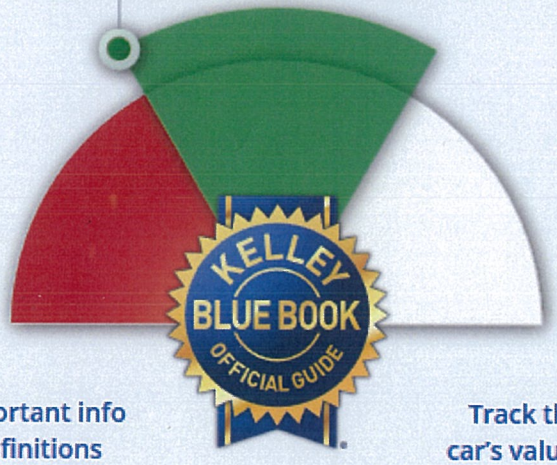
Mileage: 81182 Change | Edit Options | Check Specs | Print Report

Your Blue Book® Value

Trade In to a Dealer | Get an Instant Cash Offer | Sell to a Private Party

Private Party Range
$2,765 - $3,398

Private Party Value
$2,765



Important info & definitions

Track this car's values

Valid for ZIP Code 85132 through 12/07/2017

Write a review on your 2000 Dodge

Value based on:

Fair | Good | Very Good | Excellent

Town of Florence
P.O. Box 2670
Florence, AZ 85132

3

Vehicles/Heavy Machinery Property Surplus

Please fill in the information below for each of your inventory items.

Overall Title/Asset#: 002.006.018

Year: ~~2006~~ 2007

Make/Manufacturer: DODGE

Model: CHARGER

Mileage/Hours: 140084

VIN # 2B3LA43HX7H708394 Digital Picture # (no Limit on Quantity): _____

Running Condition: ☐ **Runs Well** ☑ **Runs** ☐ **Doesn't Run** ☐ **Unknown**

General Description: Runs,needs work, battery is dead, has sat for several months

Present Value: 1500.00

Engine Make, Size, & Gas Type: 5.7l Gas

Transmission Type: AUTO Body Style: 4 DOOR

Brakes: GOOD

Condition of: Hydraulic (if any) N/A, Tires: NEEDS, Glass GOOD

Asset was: ☐ **Lost** ☐ **Stolen** ☐ **Destroyed** ☑ **Outlived Useful Life** ☐ **Other** _____

Inventory # (Item Code): G-030ET

Storage Address (Pickup Location): 444 N WARNER ST

Department: PD **Department Manager Signature:** D. Hughes **Date:** 11/29/17

* **Authorized by:** _____ **Date:** 12/6/17

Prepared by: D HILLS **Entered by:** _____

ARIZONA CERTIFICATE OF TITLE

Motor Vehicle Division
ADOT
48-7200 R09/03

Inventory Control
7754856

Vehicle Identification Number	Year	Make	Model	Body Style
2B3LA43HX7H708394	2007	DODG	CTL	4DSD

First Registered	List Price	Mobile Home Manufacturer	Unit Number
00/0000	025320		

TOWN OF FLORENCE
PO BOX 2670
FLORENCE AZ 85232-2670

Title Number	Issue Date	Film Number	Odometer Reading (no tenths) *
M042007095018	04052007	H095M04212	0000029 A

Previous Title Number	State	Issue Date	Previous Film Number
MCO			ORIGINAL

* A - Actual Mileage
B - Mileage in excess of the odometer mechanical limits
C - NOT Actual Mileage, WARNING ODOMETER DISCREPANCY

Arizona Brands

Previous Brand	State	Previous Brand	State	Previous Brand	State	Other States With Brands

Owners/Lessees
TOWN OF FLORENCE

Lienholders

LIEN RELEASE

Lienholder Name			Acknowledged before me this date	Notary Public Signature		
Lien Amount	Lien Date	Lienholder Signature	Date	County	State	Commission Expires

VOID WITHOUT EAGLE WATERMARK OR IF ALTERED OR ERASED

Kelley Blue Book®
The Trusted Resource

Home | Car Values | Cars for Sale | Car Reviews | Awards &



2006 Dodge Charger

Style: Sedan 4D Change Style

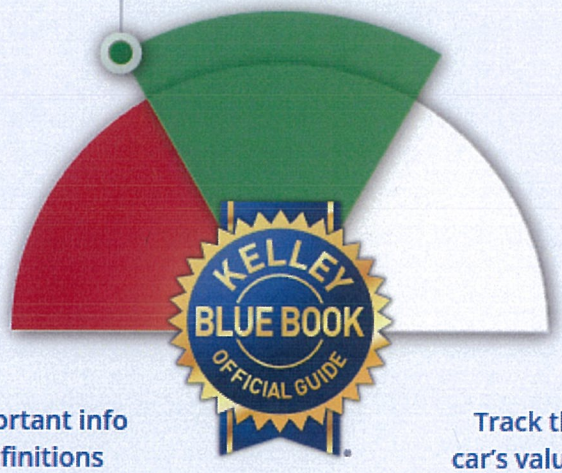
Mileage: 140084 Change | Edit Options | Check Specs | Print Report

Your Blue Book® Value

Trade In to a Dealer | Get an Instant Cash Offer | Sell to a Private Party

Private Party Range
$4,460 - $5,734

Private Party Value
$4,460



Important info & definitions

Track this car's values

Valid for ZIP Code 85132 through 12/07/2017

Write a review on your 2006 Dodge

Value based on:

Fair | Good | Very Good | Excellent

Town of Florence
P.O. Box 2670
Florence, AZ 85132

2

Vehicles/Heavy Machinery Property Surplus

Please fill in the information below for each of your inventory items.

Overall Title/Asset#: 002.006.017

Year: ~~2006~~ 2007

Make/Manufacturer: DODGE

Model: CHARGER

Mileage/Hours: 134078

VIN # 2B3LA43H17H708395 Digital Picture # (no Limit on Quantity): _____

Running Condition: ☐ **Runs Well** ☑ **Runs** ☐ **Doesn't Run** ☐ **Unknown**

General Description: Runs, needs work,battery is dead,has sat for several months,

Present Value: 1500.00

Engine Make, Size, & Gas Type: 5.7L Gas

Transmission Type: AUTO Body Style: 4 DOOR

Brakes: GOOD

Condition of: Hydraulic (if any) N/A, Tires: NEEDS, Glass GOOD

Asset was: ☐ **Lost** ☐ **Stolen** ☐ **Destroyed** ☑ **Outlived Useful Life** ☐ **Other** _____

Inventory # (Item Code): G-032ET

Storage Address (Pickup Location): 444 N WARNER ST

Department: PD **Department Manager Signature:** W. Hughes **Date:** 11/29/17

* **Authorized by:** _____ **Date:** 12/4/17

Prepared by: DHILLS **Entered by:** _____

ARIZONA CERTIFICATE OF TITLE

Motor Vehicle Division
ADOT
48-7200 R09/03

Inventory Control
7754858

Vehicle Identification Number	Year	Make	Model	Body Style
2B3LA43H17H708395	2007	DODG	CTL	4DSD

First Registered	List Price	Mobile Home Manufacturer	Unit Number
00/0000	025320		

TOWN OF FLORENCE
PO BOX 2670
FLORENCE AZ 85232-2670

Title Number	Issue Date	Film Number	Odometer Reading (no tenths) *
M042007095020	04052007	H095M04214	0000033 A

Previous Title Number	State	Issue Date	Previous Film Number
MCO			ORIGINAL

* A - Actual Mileage
B - Mileage in excess of the odometer mechanical limits
C - NOT Actual Mileage, WARNING ODOMETER DISCREPANCY

Arizona Brands

Previous Brand	State	Previous Brand	State	Previous Brand	State	Other States With Brands

Owners/Lessees
TOWN OF FLORENCE

Lienholders

LIEN RELEASE

Lienholder Name			Acknowledged before me this date	Notary Public Signature		
Lien Amount	Lien Date	Lienholder Signature	Date	County	State	Commission Expires

VOID WITHOUT EAGLE WATERMARK OR IF ALTERED OR ERASED

Kelley Blue Book®
The Trusted Resource

Home | Car Values | Cars for Sale | Car Reviews | Awards & T



2006 Dodge Charger

Style: Sedan 4D Change Style

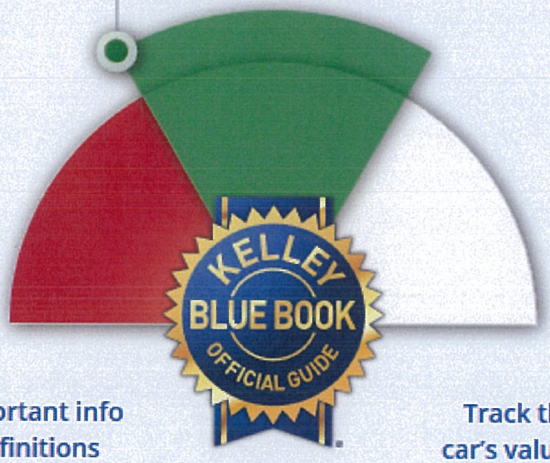
Mileage: 134078 Change | Edit Options | Check Specs | Print Report

Your Blue Book® Value

Trade In to a Dealer | Get an Instant Cash Offer | Sell to a Private Party

Private Party Range
$4,532 - $5,806

Private Party Value
$4,532



Important info & definitions

Track this car's values

Valid for ZIP Code 85132 through 12/07/2017

Write a review on your 2006 Dodge

Value based on:

Fair | Good | Very Good | Excellent

Town of Florence
P.O. Box 2670
Florence, AZ 85132

Vehicles/Heavy Machinery Property Surplus

Please fill in the information below for each of your inventory items.

Overall Title/Asset#: 002.006.020

Year: ~~2006~~ 2007

Make/Manufacturer: DODGE

Model: CHARGER

Mileage/Hours: 113375

VIN # 2B3LA43H87H708393 Digital Picture # (no Limit on Quantity): _____

Running Condition: ☐ **Runs Well** ☑ **Runs** ☐ **Doesn't Run** ☐ **Unknown**

General Description: Runs, needs work,battery is dead,has sat for several months,

Present Value: 1500.00

Engine Make, Size, & Gas Type: 5.7L Gas V8, HEMI

Transmission Type: AUTO Body Style: 4 DOOR

Brakes: GOOD

Condition of: Hydraulic (if any) N/A, Tires: NEEDS, Glass GOOD

Asset was: ☐ **Lost** ☐ **Stolen** ☐ **Destroyed** ☑ **Outlived Useful Life** ☐ **Other** _____

Inventory # (Item Code): G-031ET

Storage Address (Pickup Location): 444 N WARNER ST

Department: PD **Department Manager Signature:** W. Hughes **Date:** 11/29/17

* **Authorized by:** _____ **Date:** 12/6/17

Prepared by: DHILLS **Entered by:** _____

ARIZONA CERTIFICATE OF TITLE

ADOT Motor Vehicle Division
48-7200 R09/03

Inventory Control
7754857

Vehicle Identification Number	Year	Make	Model	Body Style
2B3LA43H87H708393	2007	DODG	CTL	4DSD

First Registered	List Price	Mobile Home Manufacturer	Unit Number
00/0000	025320		

TOWN OF FLORENCE
PO BOX 2670
FLORENCE AZ 85232-2670

Title Number	Issue Date	Film Number	Odometer Reading (no tenths) *
M042007095019	04052007	H095M04213	0000021 A

Previous Title Number	State	Issue Date	Previous Film Number
MCO			ORIGINAL

* A - Actual Mileage
B - Mileage in excess of the odometer mechanical limits
C - NOT Actual Mileage, WARNING ODOMETER DISCREPANCY

Arizona Brands

Previous Brand	State	Previous Brand	State	Previous Brand	State	Other States With Brands

Owners/Lessees
TOWN OF FLORENCE

Lienholders

LIEN RELEASE

Lienholder Name			Acknowledged before me this date	Notary Public Signature		
Lien Amount	Lien Date	Lienholder Signature	Date	County	State	Commission Expires

VOID WITHOUT EAGLE WATERMARK OR IF ALTERED OR ERASED

Kelley Blue Book®
The Trusted Resource

Home | Car Values | Cars for Sale | Car Reviews | Awards &



2006 Dodge Charger

Style: Sedan 4D Change Style

Mileage: 113375 Change | Edit Options | Check Specs | Print Report

Your Blue Book® Value

Trade In to a Dealer | Get an Instant Cash Offer | Sell to a Private Party

Private Party Range
$4,850 - $6,124

Private Party Value
$4,850



Important info & definitions

Track this car's values

Valid for ZIP Code 85132 through 12/07/2017

Write a review on your 2006 Dodge

Value based on:

Fair | Good | Very Good | Excellent

Town of Florence
P.O. Box 2670
Florence, AZ 85132

Vehicles/Heavy Machinery Property Surplus

Please fill in the information below for each of your inventory items.

Overall Title/Asset#: NO ASSET #

Year: 2003

Make/Manufacturer: JEEP

Model: RUBICON

Mileage/Hours: 76496

VIN # 1J4FA69SO3P376184 Digital Picture # (no Limit on Quantity): _____

Running Condition: ☑ **Runs Well** ☐ **Runs** ☐ **Doesn't Run** ☐ **Unknown**

General Description: VERY NICE

Present Value: 2500.00

Engine Make, Size, & Gas Type: 4.0

Transmission Type: AUTO Body Style: 2 DOOR

Brakes: GOOD

Condition of: Hydraulic (if any) N/A, Tires: GOOD, Glass GOOD

Asset was: ☐ **Lost** ☐ **Stolen** ☐ **Destroyed** ☑ **Outlived Useful Life** ☐ **Other** _____

Inventory # (Item Code): G-100HD

Storage Address (Pickup Location): 444 N WARNER ST

Department: PD **Department Manager Signature:** [signature] **Date:** 11/29/17

Authorized by: [signature] **Date:** 12/13/17

Prepared by: D HILLS **Entered by:** _____

ARIZONA CERTIFICATE OF TITLE

Motor Vehicle Division
ADOT
48-7200 R10/08 www.azdot.gov

Inventory Control
26130746

Vehicle Identification Number	Year	Make	Model	Body Style
1J4FA69S03P376184	2003	JEEP	WRB	2DSW

First Registered	List Price	Mobile Home Manufacturer	Unit Number
00/0000	024385		

TOWN OF FLORENCE POLICE DEPT
425 N PINAL PKWY
FLORENCE AZ 85132-8869

Title Number	Issue Date	Film Number	Odometer Miles (no tenths) *
M042014268013	09252014	P268M04204	0070990 A

Previous Title Number	State	Issue Date	Previous Film Number
M042013296013	AZ	10232013	N296M04205

* A - Actual Mileage
B - Mileage in excess of the odometer mechanical limits
C - NOT Actual Mileage, WARNING ODOMETER DISCREPANCY

Arizona Brands

Previous Brand	State	Previous Brand	State	Previous Brand	State	Other States With Brands

Owners/Lessees
TOWN OF FLORENCE POLICE DEPT

Lienholders

LIEN RELEASE

Lienholder Name		Acknowledged before me this date.	Notary Public Signature		
Lien Amount	Lienholder Signature	Date	County	State	Commission Expires

VOID WITHOUT EAGLE WATERMARK OR IF ALTERED OR ERASED

Kelley Blue Book®
The Trusted Resource

Home | Car Values | Cars for Sale | Car Reviews | Awards &



2003 Jeep Wrangler

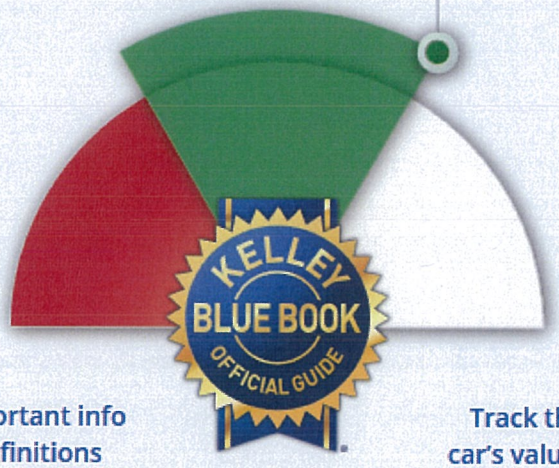
Style: Rubicon Sport Utility 2D Change Style

Mileage: 76496 Change | Edit Options | Check Specs | Print Report

Your Blue Book® Value

Trade In to a Dealer | Get an Instant Cash Offer | Sell to a Private Party

Private Party Range
$11,289 - $13,580
Private Party Value
$13,580



Important info & definitions

Track this car's values

Valid for ZIP Code 85132 through 12/07/2017

Write a review on your 2003 Jeep

Value based on:

Fair | Good | Very Good | Excellent

Town of Florence
P.O. Box 2670
Florence, AZ 85132

Vehicles/Heavy Machinery Property Surplus

Please fill in the information below for each of your inventory items.

Overall Title/Asset#: 002.008.020

Year: 2009

Make/Manufacturer: PETERBILT

Model: 320

Mileage/Hours: 50873 MILES 4526HRS

VIN # 3BPZL50X09F719773 Digital Picture # (no Limit on Quantity): 11

Running Condition: ☐ **Runs Well** ☐ **Runs** ☐ **Doesn't Run** ☐ **Unknown**

General Description: FAIR CONDITION, RUNS BUT FOR A SHORT TIME,HAS BAD FUEL SENSOR
HASN'T BEEN USED FOR OVER 3 YEARS

Present Value:

Engine Make, Size, & Gas Type: CUMMINS 8.3L

Transmission Type: ALLISON Body Style:

Brakes: GOOD

Condition of: Hydraulic (if any) GOOD, Tires: NEED, Glass GOOD

Asset was: ☐ **Lost** ☐ **Stolen** ☐ **Destroyed** ☐ **Outlived Useful Life** ☐ **Other**

Inventory # (Item Code): SA-2

Storage Address (Pickup Location): SWWTP

Department: Sanitation **Department Manager Signature:** **Date:**

Authorized by: **Date:** 10/16/17

Prepared by: DAVID HILLS **Entered by:**

* Auth By Date 12/6/17

ARIZONA CERTIFICATE OF TITLE

Motor Vehicle Division
ADOT
48-7200 R11/07 www.azdot.gov

Inventory Control
13490984

Vehicle Identification Number	Year	Make	Model	Body Style
3BPZL50X09F719773	2009	PTRB	320	GG

First Registered	List Price	Mobile Home Manufacturer	Unit Number
00/0000	000000		

TOWN OF FLORENCE
PO BOX 2670
FLORENCE AZ 85232-2670

Title Number	Issue Date	Film Number	Odometer Reading (no tenths) *
M049009062017	03032009	J062M04908	0001680 A

Previous Title Number	State	Issue Date	Previous Film Number
MCO			ORIGINAL

* A - Actual Mileage
B - Mileage in excess of the odometer mechanical limits
C - NOT Actual Mileage, WARNING ODOMETER DISCREPANCY

Arizona Brands

Previous Brand	State	Previous Brand	State	Previous Brand	State	Other States With Brands

Owners/Lessees
TOWN OF FLORENCE

Lienholders

LIEN RELEASE

Lienholder Name		Acknowledged before me this date	Notary Public Signature		
Lien Amount	Lienholder Signature	Date	County	State	Commission Expires

VOID WITHOUT EAGLE WATERMARK OR IF ALTERED OR ERASED

☆ 2009 PETERBILT 320 GARBAGE TRUCK

OTHER SITES START @ $75,000 WITH 83-106K miles & over



$79,500

$ Get Financing

Price Alerts

Financing Available

Art's Trucks & Equipment Website
McAllen, TX
Where is this Truck?
(956) 686-2326

Truck Specifications	
Condition	Used
Mileage	187804
Fuel Type	Diesel

10,600 less. Better condition

Ad Updated Nov-30-2017

MORE DETAILS

IN CURRENT CONDITION
STARTING VALUE $5,000

Disposed Asset Form

Capital Asset No. 002.004.019 **Date:** 3/14/2016

Description of Asset: Canon 2050 Digital Copier

Department: Parks & Recreation Division: Park Administration

Location of Disposition: Heritage Park

Was Asset ☐ **Lost** ☐ **Stolen** ☐ **Destroy** ☑ **Outlived Useful Life** ☐ **Other**_____

Give a detailed account of what happened to asset including witnesses, other employees, or your facts including a copy of the police report attached (if applicable).

To be sent to Recycling Center for refurbishing or breakdown of toxic and recyclable components.

VALUE Ø

Department Manager: _____ Date: 3/14/2016

Authorized by: _____ Date: 11/20/17
Town Manager or Representative

Prepared by: _____ Entered by: _____

Disposed Asset Form

Capital Asset No. 002.012.001 **Date:** 3/14/2016

Description of Asset: Rebel Portable Lift

Department: Parks & Recreation Division: Aquatic

Location of Disposition: Heritage Park

With the new Aquatic Center, we did not need the old Pool lift as we had acquired new ones.

Was Asset ☐**Lost** ☐**Stolen** ☐**Destroy** ☐**Outlived Useful Life**
☑**Other** not needed

Give a detailed account of what happened to asset including witnesses, other employees, or your facts including a copy of the police report attached (if applicable).

Est. Value $250

only used once for Training

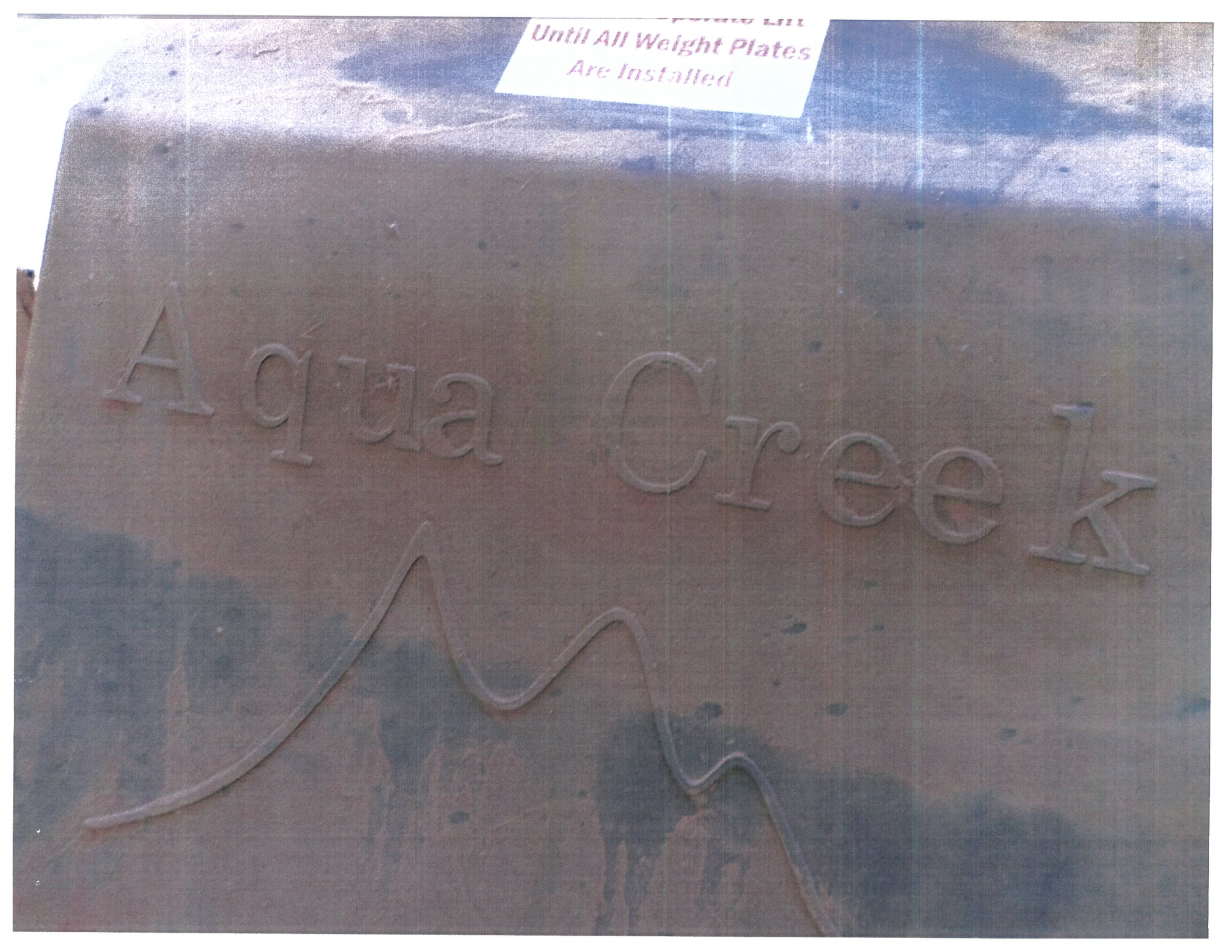
Ray Hartzel will be the Contact

Department Manager: _____ Date: 3/14/2016

Authorized by: _____ Date: 11/20/17
Town Manager or Representative

Prepared by: _____ Entered by: _____


! WARNING


Until All Weight Plates
Are Installed
Aqua Creek


CAUTION

	TOWN OF FLORENCE COUNCIL ACTION FORM	**AGENDA ITEM 11c.**
MEETING DATE: January 2, 2018 **DEPARTMENT:** Human Resources **STAFF PRESENTER:** Scott Barber, HR Director **SUBJECT:** PSPRS Local Board Membership		☒ **Action** ☐ **Information Only** ☐ **Public Hearing** ☐ **Resolution** ☐ **Ordinance** ☐ **Regulatory** ☐ **1st Reading** ☐ **2nd Reading** ☐ **Other**
STRATEGIC PLAN REFERENCE: ☐ Community Vitality ☐ Economic Property ☐ Leadership and Governance ☐ Partnership and Relationships ☐ Transportation and Infrastructure ☐ Statutory ☒ None		

RECOMMENDED MOTION/ACTION:

A motion to approve the re-appointment of Wilbur Freeman to serve as a citizen representative on the Town of Florence Public Safety Personnel Retirement System – Police and Fire Local Boards for a term of four years.

BACKGROUND/DISCUSSION:

Arizona law requires our full-time sworn Police and Fire Department employees to be enrolled in the Public Safety Personnel Retirement System (PSPRS) for retirement and disability benefits, and vests in the Local Boards the administration of the system and the responsibility for making the provisions of the System effective for the Town. Two of the five Board members must be "citizens" and one of those must be the head of the Town's merit system (the Town Manager or his/her designee). The law requires these individuals to serve on both the Police and Fire Local Boards. Mr. Freeman has served in this capacity for the past four years and has agreed to continue his service.

A VOTE OF NO WOULD MEAN:

We would need to recruit a new citizen representative on the Local Boards.

A VOTE OF YES WOULD MEAN:

Approving the re-appointment of Mr. Freeman to the Local Boards.

FINANCIAL IMPACT:

None

ATTACHMENTS:

None

Town of Florence
Summary of Warrants Paid
As of Nov' 2017

Source	Amount
Accounts Payable-Warrant Register	**836,795.89**
UHC LIFE Ins/UHC Prem Nov'17	193,170.18
AFLAC Prem for Nov' 2017	4,855.70
Wire pmt of trustee fees 10/19-10/18/18	3,750.00
child support/assignment PR levys	2,650.22
credit/debit/analysis/bank fees	3,076.58
TPT for Oct'17 submitted 11/29/17 elec pd	22,131.51
Infinisource claims settlements	4,263.01
deferred comp payments	17,139.14
Total Transfers	**1,087,832.23**
Electronic Retirement Transfers	
ppd 1 - ASRS	46,722.97
ppd 2 - ASRS	45,376.42
ppd 1 - Securian (Firefighter Pension)	437.84
ppd 2 - Securian (Firefighter Pension)	326.28
Total Retirement Transfers	**92,863.51**
Payroll Transfers	
ppd 1	235,031.30
ppd 2	214,497.65
Total Payroll Transfers	**449,528.95**
Credit Union Transfers	
ppd 1	3,346.79
ppd 2	3,346.79
Total Credit Union Transfers	**6,693.58**
Electronic State Tax Transfers	
ppd 1	8,962.38
ppd 2	8,130.20
Total State Tax Deposits	**17,092.58**
Electronic Federal Tax Transfers/FICA/FWT	
ppd 1	71,577.70
ppd 2	66,023.17
Total Federal Tax Deposits	**137,600.87**
Total Warrants	**2,628,407.61**

GL Account	Check Number	Check Issue Date	Merchant Name	Invoice Number	Invoice Date	Description	Check Amount	
Gerneral Fund:								
10158000	108435	11/30/2017	GREENBERG TRAURIG, LLP	1190	11/16/2017	SVC SPECIAL COUNSEL	$ 70,287.91	
10158000	108440	11/30/2017	STANDARD AND POOR'S	11337651	10/2/2017	Analytical Svcs Rendered-Merrill Ranch Community Facilities	$ 9,500.00	
10158000	108441	11/30/2017	STIFEL NICOLAUS & CO	AZ1711005	11/16/2017	General Bond-Series-2017	$ 21,677.90	
10160000	108349	11/17/2017	2nd Temporary	125202-OP	11/16/2017	Overpayment	$ 421.22	
10160000	108393	11/29/2017	2nd Temporary	11207602-OP	11/29/2017	Overpayment	$ 162.19	
10160000	108409	11/29/2017	2nd Temporary	733000-OP	11/29/2017	Overpayment	$ 42.50	
10201500	108257	11/9/2017	WEX BANK	51880793	10/31/2017	Fuel	$ 14,200.50	
10202000	108331	11/17/2017	ARIZONA STATE TREASURER	OCT'17	11/1/2017	STATE JCEF	$ 574.72	
10202500	108331	11/17/2017	ARIZONA STATE TREASURER	OCT'17	11/1/2017	ZFAR 1	$ 847.19	
10202501	108331	11/17/2017	ARIZONA STATE TREASURER	OCT'17	11/1/2017	ZFAR 2	$ 216.98	
10203000	108321	11/16/2017	PINAL COUNTY TREASURER	17-Oct	11/14/2017	Additional Assessment Justice Court Fee	$ 52.52	
10204000	108331	11/17/2017	ARIZONA STATE TREASURER	OCT'17	11/1/2017	STATE SURCHARGES	$ 7,737.76	
10206000	108400	11/29/2017	2nd Temporary	TR201700011 1117	11/27/2017	Bond Refund	$ 294.00	
10209000	108331	11/17/2017	ARIZONA STATE TREASURER	OCT'17	11/1/2017	Victims Rights Enforcement	$ 101.28	
10232000	108197	11/7/2017	Florence Hospital at Anthem	PPE 1027/17	11/3/2017	Levy	$ 592.51	
10232000	108228	11/7/2017	Village of Copper Basin Commur	PPE 1027/17	11/3/2017	Levy	$ 181.45	
10232000	108379	11/29/2017	Florence Hospital at Anthem	PPE 1110/17	11/20/2017	Levy	$ 580.12	
10232000	108418	11/29/2017	Village of Copper Basin Commur	PPE 1110/17	11/20/2017	Levy	$ 230.38	
10241000	108226	11/7/2017	UNITED WAY OF PINAL COUNTY	PPE 1027/17	11/3/2017	EMPLOYEES CONTRIBUTIONS	$ 2.00	
10241000	108416	11/29/2017	UNITED WAY OF PINAL COUNTY	PPE 111017	11/20/2017	EMPLOYEES CONTRIBUTIONS	$ 2.00	
10243000	108318	11/16/2017	NEW YORK LIFE INSURANCE	6929080 1117	11/3/2017	monthly invoice	$ 475.86	
10250038	108331	11/17/2017	ARIZONA STATE TREASURER	OCT'17	11/1/2017	STATE FINES	$ 979.17	
10320212	108253	11/9/2017	2nd Temporary	8515982	11/8/2017	Refund Permit Fee-Cancellation	$ 237.25	
10320212	108253	11/9/2017	2nd Temporary	8516082	11/8/2017	Refund Permit Fee-Cancellation	$ 181.25	
10320212	108255	11/9/2017	2nd Temporary	6379MEADOWLARK	11/8/2017	Refund Permit Fee-Cancellation	$ 153.25	
							Sub Total-	**$ 129,731.91**
Town Council:								
10501201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Council laptops	$ 163.92	
10501217	108211	11/7/2017	LEAGUE OF AZ CITIES AND TOW	SPECASSES 7/18	11/1/2017	Special Legal Assessment/ Supreme Court State of AZ vs. City of T	$ 382.00	
10501401	108211	11/7/2017	LEAGUE OF AZ CITIES AND TOW	2017-2017	11/1/2017	Annual Dues 2017/2018	$ 17,307.00	
10501401	8076358	11/15/2017	Pinal Partnership	Oct-17 STMT	10/6/2017	October Breakfast registration for John Anderson	$ 20.00	
10501402	108387	11/29/2017	JOHN ANDERSON	0517-111417	11/19/2017	PCWAA Meeting mileage reimbursements; 5/19, 6/13, 7/11, 8/8	$ 226.20	
10501402	108389	11/29/2017	KAREN WALL	1206-0717	11/19/2017	Per Diem for trip to Colorado; IP Stem School	$ 145.23	
10501402	108411	11/29/2017	TARA WALTER	1206-0717	11/19/2017	Per Diem for IP Stem School visist in Colorado	$ 145.23	
10501402	8076358	11/15/2017	Dollar General	Oct-17 STMT	10/2/2017	Water for Council meetings	$ 3.01	
10501402	8076358	11/15/2017	Dollar General	Oct-17 STMT	10/16/2017	Water and snacks for the 10/16 Council meeting	$ 19.58	
							Sub Total-	**$ 18,412.17**
Adminstration:								
10502201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 54.70	
10502202	108196	11/7/2017	FedEx	597429292	10/26/2017	Send payment to Innovation Pavilions/ Vic Ahmed	$ 12.00	
10502202	8076358	11/15/2017	U. S. Post Master	Oct-17 STMT	10/13/2017	DA reports to vendor for study	$ 13.60	
10502217	108179	11/7/2017	American Legal	118104	9/13/2017	10/1/17 - 10/7/18 Internet Renewal	$ 495.00	
10502301	108215	11/7/2017	OFFICE DEPOT INC	9.71E+11	10/16/2017	Office Supplies	$ 320.32	
10502301	108215	11/7/2017	OFFICE DEPOT INC	9.71E+11	10/16/2017	OFFICE SUPPLIES	$ 41.59	

10502335	108396	11/29/2017	Newegg Business, Inc.	1300671420	10/4/2017	Monitor for Maria Hernandez	$ 339.99	
10502401	108189	11/7/2017	Casa Grande Valley Newspaper	I96641	9/30/2017	Yearly subscription renewal	$ 34.00	
10502401	108205	11/7/2017	ICMA MEMBERSHIP RENEWALS	BB RENEW 17/18	11/1/2017	MEMBERSHIP Renewal for Brent Bililngsley	$ 1,040.00	
10502401	108205	11/7/2017	ICMA MEMBERSHIP RENEWALS	JKRENEW 17/18	10/23/2017	MEMBERSHIP FEES for Jess Knudson	$ 672.00	
10502401	108233	11/9/2017	AMERICAN PLANNING ASSOCIA	123756-17101	10/27/2017	Membership Renewal for Brent Billingsley	$ 596.00	
10502401	8076358	11/15/2017	NAGARA	Oct-17 STMT	10/18/2017	Clerk office membership.	$ 150.75	
10502401	8076358	11/15/2017	Pinal Partnership	Oct-17 STMT	10/26/2017	Registration for October 27th breakfast meeting for Lisa Garcia.	$ 20.00	
10502402	108301	11/14/2017	WALMART COMMUNITY # 0005	TR06473	10/26/2017	Supplies for Staff Halloween Bash	$ 41.02	
10502402	8076358	11/15/2017	Dollar Tree Stores Inc	Oct-17 STMT	10/30/2017	Employee Halloween Bash Goodie Bags	$ 17.55	
10502402	8076358	11/15/2017	WALMART COMMUNITY # 0005	Oct-17 STMT	10/30/2017	Candy and prizes for the employee Halloween Bash	$ 78.44	
10502403	8076358	11/15/2017	We-Ko-Pa Resort & Conference	Oct-17 STMT	10/27/2017	Arizona Planning Association Conference/Training lodging for Br	$ 290.90	
							Sub Total-	**$ 4,217.86**
Courts:								
10503234	108339	11/17/2017	PINAL CO SHERIFF'S OFFICE	17-Sep	11/17/2017	audit findings	$ 142.54	
10503234	108339	11/17/2017	PINAL CO SHERIFF'S OFFICE	17-Sep	11/17/2017	INMATE HOUSING	$ 4,990.35	
10503301	108284	11/14/2017	OFFICE DEPOT INC	9.73E+11	10/23/2017	Supplies for Halloween luncheion	$ 7.56	
10503301	108284	11/14/2017	OFFICE DEPOT INC	9.74E+11	10/23/2017	Supplies for Halloween luncheion	$ 5.80	
							Sub Total-	**$ 5,146.25**
Legal:								
10504217	108277	11/14/2017	Jennings,Strouss & Salmon PLC	CV201701519	10/25/2017	Legal Services-CourtAppeal fee	$ 14.05	
10504217	108315	11/16/2017	Jennings,Strouss & Salmon PLC	543889	10/20/2017	Legal Services	$ 13,927.50	
10504217	108324	11/16/2017	SIMS MURRAY, LTD	19487	11/6/2017	legal services	$ 4,340.50	
10504217	108337	11/17/2017	Gust Rosenfeld P.L.C.	329432	11/8/2017	legal servicesl	$ 14,416.60	
10504217	8076358	11/15/2017	VOUND COLORADO LTD	Oct-17 STMT	10/4/2017	Records Review software for Attorney (Barbara Pashkowski)	$ 99.00	
10504308	8076358	11/15/2017	STATE BAR OF ARIZONA	Oct-17 STMT	10/18/2017	Legal publication	$ 87.45	
10504401	108281	11/14/2017	LEXIS NEXIS	3091186663	10/31/2017	legal research October 2017	$ 212.33	
							Sub Total-	**$ 33,097.43**
Finance:								
10505201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 108.93	
10505202	108217	11/7/2017	RESERVE ACCOUNT	NOV17-REFILL	11/1/2017	Refill Postage Meter	$ 2,500.00	
10505203	108181	11/7/2017	Arizona Office of Technology	IN380404	10/25/2017	Copier quarterly bill	$ 901.71	
10505204	108260	11/14/2017	Advanced Infosystems	14080	11/8/2017	data processing of utility bills	$ 960.90	
10505205	8076358	11/15/2017	AMERICAN PLANNING ASSOCIA	Oct-17 STMT	10/5/2017	Classified Ad for Planning Manager (HR Expense)	$ 295.00	
10505209	108373	11/29/2017	Day Auto Supply, Inc	729758	11/21/2017	Oil & filter for AD-3	$ 56.46	
10505227	108257	11/9/2017	WEX BANK	51880793	10/31/2017	Bank Fees	$ 10.00	
10505227	108257	11/9/2017	WEX BANK	51880793	10/31/2017	Bank Fees-Credit	$ (13.61)	
10505301	108284	11/14/2017	OFFICE DEPOT INC	9.73E+11	10/23/2017	Office Supplies	$ 7.65	
10505301	108284	11/14/2017	OFFICE DEPOT INC	9.73E+11	10/23/2017	Office Supplies	$ 15.56	
10505301	108284	11/14/2017	OFFICE DEPOT INC	9.74E+11	10/23/2017	Office Supplies	$ 1.85	
10505301	108398	11/29/2017	OFFICE DEPOT INC	9.79E+11	11/14/2017	Office Supplies	$ 27.14	
10505301	108398	11/29/2017	OFFICE DEPOT INC	9.79E+11	11/10/2017	Office Supplies	$ 16.68	
10505301	8076358	11/15/2017	Pitney Bowes Inc	Oct-17 STMT	10/28/2017	Purchase of Ink Pad Replacement for Postage Machine	$ 41.70	
10505314	108291	11/14/2017	SMART & FINAL STORES CORP	CARDREPLACE	9/21/2017	fee for misplaced card-replacement	$ 25.00	
							Sub Total-	**$ 4,954.97**
Human Resources:								
10508201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 24.65	
10508205	108309	11/16/2017	Casa Grande Valley Newspaper	I96792	10/17/2017	Classified ad for Planner Manager	$ 33.45	
10508217	108185	11/7/2017	Benefit Intelligence, Inc. (Consul	7392	11/1/2017	Monthly service fee	$ 551.25	
10508217	108381	11/29/2017	HIRERIGHT LLC	P0719225	10/31/2017	Recurring subscription fee	$ 271.75	

10508217	108384	11/29/2017	INFINISOURCE, INC.	90077128	11/9/2017	Monthly administrative fee	$ 267.30	
10508301	108284	11/14/2017	OFFICE DEPOT INC	9.74E+11	10/23/2017	Office Supplies	$ 7.56	
10508314	108229	11/7/2017	WALMART COMMUNITY # 0005	TR06472	10/26/2017	Visa gift cards	$ 214.82	
10508314	108316	11/16/2017	KISS THE CHEF CATERING	2017-FLORENCEHOLID	12/7/2017	Second half of catering invoice for employee appreciation lunche	$ 2,259.44	
10508401	108218	11/7/2017	SCOTT BARBER	REIM-110217GFOAZ	11/7/2017	Travel Reimbursement:GFOAZ	$ 159.43	
							Sub Total-	**$ 3,789.65**
Community Development:								
10510201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 110.12	
10510207	108224	11/7/2017	Toshiba Business Solutions,USA	13988793	10/2/2017	Maintenance Agreement Copier	$ 391.89	
10510207	108344	11/17/2017	Toshiba Business Solutions,USA	14064805	11/2/2017	Maintenance Agreement Copier	$ 396.79	
10510215	108308	11/16/2017	ARIZONA PUBLIC SERVICE	17-Oct	11/3/2017	ELECTRIC	$ 661.30	
10510215	108325	11/16/2017	SOUTHWEST GAS CORPORATIOI	VARIOUS 1117	11/6/2017	Community Development Gas	$ 31.13	
10510302	108229	11/7/2017	WALMART COMMUNITY # 0005	27063	10/27/2017	Restock:Trash bags,cups,tissue,plates	$ 43.16	
10510302	8076358	11/15/2017	COMPLIANCE SIGNS	Oct-17 STMT	10/10/2017	OSHA NOTICE MONITORED BY CAMERA	$ 14.00	
10510304	8076358	11/15/2017	David Hills	Oct-17 STMT	10/25/2017	Uniform Purchase	$ 1.60	
10510402	475999727	11/20/2017	TRACIE, L. WILGUS	92717	11/20/2017	AZ PERMIT TECH PER DIEM - SEPTEMBER 2017	$ 45.69	
10510403	108353	11/29/2017	Arizona Building Officials	TW 120717	11/21/2017	Permit training fees/ Tracie Wilgus	$ 15.00	
10510403	108415	11/29/2017	TRACIE, L. WILGUS	120717	11/21/2017	Travel Expenses for training	$ 62.92	
10510403	475999726	11/20/2017	CODY CURTIS	344973	11/20/2017	TRAINING - GCC FALL 2017	$ 278.00	
10510408	108434	11/30/2017	FLORENCE TRUE VALUE HARDW	232822	11/1/2017	BUILDING SAFETY - SUPPLIES	$ 58.20	
10510408	8076358	11/15/2017	FLORENCE TRUE VALUE HARDW	Oct-17 STMT	10/16/2017	Purchase Florence True Value	$ 28.21	
10510408	8076358	11/15/2017	WALMART COMMUNITY # 0005	Oct-17 STMT	10/25/2017	Purchase Walmart.Com 8009666546	$ 9.99	
							Sub Total-	**$ 2,148.00**
Police Adminstration:								
10511201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 1,388.56	
10511201	108240	11/9/2017	COX BUSINESS	207217901 1017	10/30/2017	digital adapter-mthly fees	$ 12.56	
10511205	108332	11/17/2017	Casa Grande Valley Newspaper	BIDS3PDVEHICLES	11/8/2017	2bids police utility vehicles	$ 28.15	
10511215	108263	11/14/2017	BIA	17-Oct	11/1/2017	104233-electric	$ 222.56	
10511215	108308	11/16/2017	ARIZONA PUBLIC SERVICE	17-Oct	11/3/2017	ELECTRIC	$ 1,345.90	
10511301	108443	11/30/2017	The Office Center Inc.	0122361-001	11/28/2017	supplies: plates, cartridges, envelopes, batteries...	$ 1,211.00	
10511302	108230	11/7/2017	WATER SHED	12080	10/11/2017	Ice for PD	$ 16.46	
10511302	108230	11/7/2017	WATER SHED	12203	10/23/2017	Ice for PD	$ 27.43	
10511302	108420	11/29/2017	WATER SHED	12321	11/13/2017	Ice for PD	$ 21.94	
10511304	108372	11/29/2017	David Hills	REIM-UNI111417	11/14/2017	REMAINING PANT ALLOWANCE - DAVID H	$ 39.98	
10511304	8076358	11/15/2017	David Hills	Oct-17 STMT	10/25/2017	Uniform Purchase	$ 5.00	
10511402	108193	11/7/2017	DANIEL HUGHES	REIM 102617	10/26/2017	Reimbursement for Business Lunch	$ 70.62	
10511402	108294	11/14/2017	TERRY TRYON	REIM-102017	10/20/2017	Reimbursement for lunch-Officer Graduation	$ 20.65	
10511403	108367	11/29/2017	Casa Grande Police Department	DH 113017	11/27/2017	lunch/snacks for training provided at CG for D.Husk	$ 15.00	
10511408	108305	11/14/2017	2nd Temporary	REIM-RCDS-REQ	11/9/2017	Reimbursement of records reequest	$ 6.00	
10511444	108216	11/7/2017	Regional Pavement Maintenanc	17-481	11/7/2017	K9 Concrete Pad: Canine Donation Program'	$ 934.77	
10511444	108374	11/29/2017	DON CAMPBELL	REIM-111317	11/13/2017	Reimbursement for food purchased for kids of suicidal subject	$ 13.01	
10511444	108399	11/29/2017	PETTY CASH - POLICE DEPT	17-Nov	11/17/2017	Petty Cash-Pizza Citizens Academy Grad	$ 21.92	
10511444	108399	11/29/2017	PETTY CASH - POLICE DEPT	17-Nov	11/17/2017	Petty Cash-Sodas PCLEA lunch	$ 20.36	
10511444	108399	11/29/2017	PETTY CASH - POLICE DEPT	17-Nov	11/17/2017	Petty Cash-Sodas Town Lunch	$ 15.84	
							Sub Total-	**$ 5,437.71**
Police Support Svcs:								
10512207	108390	11/29/2017	LANGUAGE LINE SERVICES	4185583	10/31/2017	Language Line Services	$ 15.18	
10512215	108325	11/16/2017	SOUTHWEST GAS CORPORATIOI	VARIOUS 1117	11/6/2017	Service to Police Evidence/Data Center 200 E 6th Street	$ 31.13	
10512301	108220	11/7/2017	STACEY DEITCH	REIM-10117	10/11/2017	Reimbursement for supplies	$ 23.59	

10512301	108290	11/14/2017	Sirchie Products	0324427-IN	11/6/2017	Evidence Supplies: Collection Jars	$ 119.41	
10512301	108295	11/14/2017	The Office Center Inc.	120686001	8/9/2017	Office Supplies: plates, bowls, utensils	$ 344.79	
10512301	108295	11/14/2017	The Office Center Inc.	120687001	8/9/2017	Office Supplies: Cartridges, paperclips, markers...	$ 211.59	
10512301	108295	11/14/2017	The Office Center Inc.	121043001	8/30/2017	DVD, CDR's and Sleeves	$ 263.13	
10512301	108354	11/29/2017	ARIZONA CORRECTIONAL INDUS	440505	11/6/2017	Custom Corn Hole Game (2) for PD	$ 207.43	
10512301	108399	11/29/2017	PETTY CASH - POLICE DEPT	17-Nov	11/17/2017	Petty Cash-Evidence Supplies	$ 47.10	
10512301	108399	11/29/2017	PETTY CASH - POLICE DEPT	17-Nov	11/17/2017	Petty Cash-Scale for Evidence	$ 8.36	
10512301	108412	11/29/2017	The Office Center Inc.	0121425-001	9/26/2017	Evidence Envelopes	$ 697.00	
							Sub Total-	**$ 1,968.71**
Police Volunteers:								
10513209	108373	11/29/2017	Day Auto Supply, Inc	728440	11/6/2017	Tire patches for Fleet	$ 9.02	
10513209	108373	11/29/2017	Day Auto Supply, Inc	729197	11/14/2017	Brakleen for Fleet	$ 21.84	
10513209	108373	11/29/2017	Day Auto Supply, Inc	729305	11/15/2017	wiper blades for PD-G-792CM (volunteer)	$ 14.11	
10513209	108373	11/29/2017	Day Auto Supply, Inc	729308	11/15/2017	battery for PD G-792CM (volunteer)	$ 142.03	
							Sub Total-	**$ 187.00**
Police Operstions:								
10514209	108194	11/7/2017	Day Auto Supply, Inc	727261	10/23/2017	Credit	$ (39.13)	
10514209	108194	11/7/2017	Day Auto Supply, Inc	727550	10/26/2017	oil & filter for PD-G-097FR (patrol)	$ 20.41	
10514209	108194	11/7/2017	Day Auto Supply, Inc	727565	10/26/2017	air filter for PD G-097FR (patrol)	$ 15.69	
10514209	108194	11/7/2017	Day Auto Supply, Inc	728051	11/1/2017	oil & filter for PD G-848GE (patrol)	$ 60.92	
10514209	108194	11/7/2017	Day Auto Supply, Inc	728126	11/1/2017	wiper blades for PD-G848GE (patrol)	$ 47.37	
10514209	108200	11/7/2017	GARRETT MOTORS	5013763	11/3/2017	Spare tire hoist for PD G-848GE (patrol)	$ 139.43	
10514209	108373	11/29/2017	Day Auto Supply, Inc	728440	11/6/2017	tire patches for Fleet	$ 9.02	
10514209	108373	11/29/2017	Day Auto Supply, Inc	728464	11/6/2017	Oil & filter for PD G-414FF (patrol)	$ 55.39	
10514209	108373	11/29/2017	Day Auto Supply, Inc	728778	11/9/2017	Oil & filter for PD G-009FM (patrol)	$ 63.70	
10514209	108373	11/29/2017	Day Auto Supply, Inc	728789	11/9/2017	coolant for PD G-009FM (patrol)	$ 19.56	
10514209	108373	11/29/2017	Day Auto Supply, Inc	728794	11/9/2017	wiper motor & resevoir for PD G-141FF (patrol)	$ 264.87	
10514209	108373	11/29/2017	Day Auto Supply, Inc	728795	11/9/2017	brake pads & rotors for PD G009FM (patrol)	$ 517.31	
10514209	108373	11/29/2017	Day Auto Supply, Inc	728859	11/9/2017	credit	$ (50.32)	
10514209	108373	11/29/2017	Day Auto Supply, Inc	729055	11/13/2017	rear axles & gear lube for PD G009FM (patrol)	$ 489.72	
10514209	108373	11/29/2017	Day Auto Supply, Inc	729197	11/14/2017	Brakleen for Fleet	$ 21.84	
10514209	108373	11/29/2017	Day Auto Supply, Inc	729757	11/21/2017	window regulatror for PD G096FR (patrol)	$ 87.76	
10514209	108373	11/29/2017	Day Auto Supply, Inc	729761	11/21/2017	Oil & filter for PD G859GL (patrol)	$ 66.40	
10514302	108229	11/7/2017	WALMART COMMUNITY # 0005	19677	10/19/2017	Candy for GAIN/Fright Night Event	$ 161.14	
10514302	108399	11/29/2017	PETTY CASH - POLICE DEPT	17-Nov	11/17/2017	Petty Cash-Ops Supplies	$ 7.59	
10514302	108401	11/29/2017	Proforce Law Enforcement	328029	11/15/2017	10 OC Tubed Streams	$ 113.58	
10514302	108412	11/29/2017	The Office Center Inc.	0122081-001	11/16/2017	Emergency Blankets: OPS USE	$ 259.20	
10514309	108286	11/14/2017	Proforce Law Enforcement	326613	11/2/2017	Firearms Items: TSR Perform Power Mag, TSR Cart,	$ 1,368.35	
10514309	108286	11/14/2017	Proforce Law Enforcement	327078	11/2/2017	Firearms Items: TSR Perform Power Mag, TSR Cart,	$ 54.77	
10514309	108392	11/29/2017	MANTIS	11012017FPD	11/1/2017	MantisX-firearms equipment	$ 150.00	
10514314	108184	11/7/2017	Banner Occupational Health Clir	57424	10/3/2017	Physical for new hire: Chavez	$ 305.00	
10514403	108264	11/14/2017	Calibre Press	52563	9/3/2017	Registration for Klix	$ 329.00	
10514403	108287	11/14/2017	RENEE KLIX	1114-15/17	11/9/2017	Per diem for training: 11/14-15/2017	$ 24.00	
10514403	108311	11/16/2017	Desert Snow, LLC	5271-REPLACEMENT	1/31/2017	Training Registration 2/28-3/2/17 Tim Murphy	$ 599.00	
10514403	108367	11/29/2017	Casa Grande Police Department	SM 113017	11/27/2017	lunch/snacks for training provided at CG for Sgt.Morris	$ 15.00	
10514403	108413	11/29/2017	TIMOTHY MURPHY	REPLCK106934	6/28/2017	Per Diem for Training: Mesa, AZ	$ 12.00	
							Sub Total-	**$ 5,188.57**
Fire Adminstration:								
10515201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 666.66	

10515207	108251	11/9/2017	Physio- Control, Inc.	417164062	10/26/2017	annual maintenance of 3 heart monitors.	$ 1,197.00	
10515215	108263	11/14/2017	BIA	17-Oct	11/1/2017	104233-electric	$ 222.56	
10515215	108308	11/16/2017	ARIZONA PUBLIC SERVICE	17-Oct	11/3/2017	ELECTRIC	$ 1,202.46	
10515215	108325	11/16/2017	SOUTHWEST GAS CORPORATIOI	VARIOUS 1117	11/6/2017	72 E 1st Street	$ 86.10	
							Sub Total-	**$ 3,374.78**
Fire Station #1								
10516209	108292	11/14/2017	Superstition Fire & Medical Distı	4252	9/21/2017	Shop 131 Maintenance, filter, oil, batteries, oil fitlers	$ 1,217.62	
10516209	108326	11/16/2017	Superstition Fire & Medical Distı	4311	11/8/2017	DEF for the Apparatus	$ 38.05	
10516210	108272	11/14/2017	Firecom	194247	10/25/2017	head set jacks to replace broken ones	$ 150.14	
10516211	108237	11/9/2017	BRUTINEL PLUMBING & ELEC., II	1710009	10/18/2017	line to get natural gas to grill.	$ 895.00	
10516302	108198	11/7/2017	FLORENCE TRUE VALUE HARDW	232657	10/23/2017	batteries AAA	$ 17.91	
10516302	8076358	11/15/2017	AMAZON.COM	Oct-17 STMT	10/26/2017	Shop Vacuum for station #2	$ 49.99	
10516304	108209	11/7/2017	JOHN KEMP	REIMUNIT/BOOTS	10/20/2017	uniform allowance reimbursement for purchase of boots and pa	$ 159.67	
10516304	108225	11/7/2017	UNITED FIRE EQUIPMENT CO.	673252	10/16/2017	uniform allowance for Harrison FY 17-18	$ 129.72	
10516304	108225	11/7/2017	UNITED FIRE EQUIPMENT CO.	673263	10/16/2017	uniform allowance for Harrison FY 17-18	$ 21.03	
10516304	108256	11/9/2017	UNITED FIRE EQUIPMENT CO.	673903	10/25/2017	uniform allowance for Gameros FY 17-18	$ 187.47	
10516304	108280	11/14/2017	LAWMAN BADGE CO.	2502	11/10/2017	2nd badge for Chief Strayer	$ 116.00	
10516310	108307	11/16/2017	3D DETAIL RPODUCTS	3096	11/14/2017	waterless cleaning products for apparatus.	$ 397.52	
10516315	108231	11/7/2017	WAXIE SANITARY SUPPLY	77046726	10/27/2017	Janitorial Supplies	$ 791.57	
10516403	108213	11/7/2017	MICHAEL J. SCHERM	REIM-875280	10/27/2017	reimbursement for updates for instructor trainer courses	$ 67.28	
							Sub Total-	**$ 4,238.97**
Fire Station #2								
10517201	108190	11/7/2017	CENTURYLINK	7347/0236 1017	10/19/2017	Hnt Hwy Line-7347	$ 211.62	
10517201	108267	11/14/2017	COX BUSINESS	221288801 1117	11/3/2017	phone lines for station #2	$ 109.75	
10517209	108222	11/7/2017	Superstition Fire & Medical Distı	4291	10/25/2017	ladder Grease	$ 158.44	
10517212	108278	11/14/2017	Johnson Utilities	13808101 1117	11/5/2017	water at station #2 landscaping	$ 46.67	
10517212	108278	11/14/2017	Johnson Utilities	13808201 1117	11/5/2017	wat4er at station #2	$ 337.61	
10517215	108219	11/7/2017	SOUTHWEST GAS CORPORATIOI	HUNTHWY 1017	10/30/2017	Hunt Hwy-Gas	$ 107.26	
10517215	108308	11/16/2017	ARIZONA PUBLIC SERVICE	17-Oct	11/3/2017	ELECTRIC	$ 1,381.67	
10517315	108231	11/7/2017	WAXIE SANITARY SUPPLY	77045727	10/27/2017	Janitorial Supplies	$ 436.90	
10517316	108259	11/14/2017	ACE Fitness	1286	11/8/2017	preventative maintenance of Physical training equipment at stat	$ 250.00	
10517403	108207	11/7/2017	JAMES WALTER	92717	11/3/2017	tuition for Leadership I & II class for Walter	$ 50.00	
10517403	108207	11/7/2017	JAMES WALTER	927-17	11/3/2017	per diam for Leadership I and II class in Bullhead City, AZ	$ 184.00	
10517403	108207	11/7/2017	JAMES WALTER	REIM927-3017	11/3/2017	Hotel stay during leadership I & II class for Walter	$ 254.31	
10517403	8076358	11/15/2017	INT'L ASSOC. ARSON INVESTIGA	Oct-17 STMT	10/14/2017	1-week Arson training in Flagstaff @ Dbl Tree Hilton.	$ 604.70	
10517403	8076358	11/15/2017	JENSEN HUGHES	Oct-17 STMT	10/10/2017	Arson Investigator class for Bruin	$ 650.00	
							Sub Total-	**$ 4,782.93**
Information Technology:								
10519201	108191	11/7/2017	COX BUSINESS	607998101 1017	10/25/2017	digital adapter-mthly fees	$ 33.54	
10519201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 244.58	
10519207	108313	11/16/2017	HERBERT F. FITZPATRICK	5106	9/6/2017	Svc Call-cabel run at C/D for micro network repair	$ 230.00	
10519207	8076358	11/15/2017	ADOBE SYSTEMS INCORPORATE	Oct-17 STMT	10/29/2017	Adobe Creative Cloud Subscription	$ 54.34	
10519207	8076358	11/15/2017	GOOGLE	Oct-17 STMT	10/17/2017	Cloud Storage for Website Backup	$ 19.99	
10519207	8076358	11/15/2017	RAMNODE.COM	Oct-17 STMT	10/22/2017	Town Website Hosting	$ 83.00	
10519301	8076358	11/15/2017	AMAZON.COM	Oct-17 STMT	10/28/2017	Battery Charger and Rechargeable Batteries	$ 57.99	
10519301	8076358	11/15/2017	AMAZON.COM	Oct-17 STMT	10/28/2017	HDMI Connectors and HP Laptop Charger	$ 31.98	
10519301	8076358	11/15/2017	AMAZON.COM	Oct-17 STMT	10/28/2017	LR44 Batteries	$ 6.83	
10519302	8076358	11/15/2017	AMAZON.COM	Oct-17 STMT	10/4/2017	UVC Dome Security Camera for Development Services lobby (rec	$ 135.40	
10519302	8076358	11/15/2017	AMAZON.COM	Oct-17 STMT	10/20/2017	HID Access Control Badges (50 pack)	$ 199.00	

10519323	8076358	11/15/2017	ENVATO	Oct-17 STMT	10/3/2017	Envato - Wordpress Plugins (town website)	$ 50.00	
10519323	8076358	11/15/2017	Microsoft Corporation	Oct-17 STMT	10/1/2017	Microsoft Office 365	$ 674.48	
10519323	8076358	11/15/2017	SendGrid	Oct-17 STMT	10/1/2017	Website Email Newsletter	$ 9.95	
10519324	108319	11/16/2017	Newegg Business, Inc.	1300659173	9/28/2017	UPS APC Battery backup for Desktop PCs	$ 459.92	
							Sub Total-	**$ 2,291.00**
Fitness Center:								
10520211	108362	11/29/2017	BENSON SYSTEMS	185196	8/17/2017	Alarm System Monitoring for Fitness Center	$ 49.95	
10520215	108308	11/16/2017	ARIZONA PUBLIC SERVICE	17-Oct	11/3/2017	ELECTRIC	$ 540.43	
10520215	108325	11/16/2017	SOUTHWEST GAS CORPORATIOI	VARIOUS 1117	11/6/2017	GAS-Fitness Cener	$ 31.13	
10520403	8076358	11/15/2017	American Senior Fitness Associ	Oct-17 STMT	10/11/2017	Fitness Center Instructor Training for Staff	$ 364.00	
							Sub Total-	**$ 985.51**
Parks & Recreation Admin:								
10521203	108414	11/29/2017	Toshiba Business Solutions,USA	14064792	11/2/2017	Maintenance Agreement, BW and Color copies for Copier at Con	$ 414.61	
10521301	108398	11/29/2017	OFFICE DEPOT INC	9.74E+11	10/26/2017	Office Supplies for Parks and Recreation	$ 87.96	
10521301	108398	11/29/2017	OFFICE DEPOT INC	9.75E+11	10/25/2017	Office Supplies for Parks and Recreation	$ 87.96	
10521301	108398	11/29/2017	OFFICE DEPOT INC	9.79E+11	11/9/2017	Office Supplies for Parks and Recreation	$ 7.23	
10521301	8076358	11/15/2017	AMAZON.COM	Oct-17 STMT	10/13/2017	Halloween Awards - Town Staff Contests	$ 6.24	
10521301	8076358	11/15/2017	AMAZON.COM	Oct-17 STMT	10/13/2017	Halloween Awards - Town Staff Contests	$ 15.89	
10521301	8076358	11/15/2017	PARTY CITY	Oct-17 STMT	10/25/2017	Plastic Table Covers for Employee Halloween Event	$ 6.47	
10521301	8076358	11/15/2017	PARTY CITY	Oct-17 STMT	10/25/2017	Plastic Table Covers for Employee Halloween Event	$ 45.19	
10521304	108372	11/29/2017	David Hills	REIM-UNI111417	11/14/2017	REMAINING PANT ALLOWANCE - DAVID H	$ 15.99	
10521304	8076358	11/15/2017	David Hills	Oct-17 STMT	10/25/2017	Uniform Purchase	$ 2.00	
10521444	108203	11/7/2017	HOME DEPOT CREDIT SERVICES	8793307	10/12/2017	Supplies for Halloween Haunted House	$ 140.65	
							Sub Total-	**$ 830.19**
Parks Maintenance:								
10522201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 146.73	
10522207	108357	11/29/2017	Arizona's Best Choice Pest & Ter	560038	10/23/2017	HERITAGE PARK GOPHER CONTROL SERVICES 10/23/17	$ 185.00	
10522209	108194	11/7/2017	Day Auto Supply, Inc	726787	10/18/2017	Blower motor for PR-9	$ 153.26	
10522215	108308	11/16/2017	ARIZONA PUBLIC SERVICE	17-Oct	11/3/2017	ELECTRIC	$ 1,259.22	
10522222	108371	11/29/2017	Copper Basin Railway Inc	20580	10/23/2017	Lease Agreement, One-Time Fee	$ 10.00	
10522302	108198	11/7/2017	FLORENCE TRUE VALUE HARDW	232406	10/10/2017	NUTS, BOLTS & SCREWS, FIELD MARKING PAINT, IRRIGATION SU	$ 30.94	
10522302	108198	11/7/2017	FLORENCE TRUE VALUE HARDW	232433	10/10/2017	NUTS, BOLTS & SCREWS, FIELD MARKING PAINT, IRRIGATION SU	$ 26.45	
10522302	108198	11/7/2017	FLORENCE TRUE VALUE HARDW	232614	10/20/2017	NUTS, BOLTS & SCREWS, FIELD MARKING PAINT, IRRIGATION SU	$ 25.75	
10522302	108198	11/7/2017	FLORENCE TRUE VALUE HARDW	232695	10/25/2017	NUTS, BOLTS & SCREWS, FIELD MARKING PAINT, IRRIGATION SU	$ 35.88	
10522302	108198	11/7/2017	FLORENCE TRUE VALUE HARDW	232757	10/28/2017	NUTS, BOLTS & SCREWS, FIELD MARKING PAINT, IRRIGATION SU	$ 25.28	
10522302	108198	11/7/2017	FLORENCE TRUE VALUE HARDW	232816	11/1/2017	NUTS, BOLTS & SCREWS, FIELD MARKING PAINT, IRRIGATION SU	$ 13.26	
10522302	108203	11/7/2017	HOME DEPOT CREDIT SERVICES	5011473	10/25/2017	Painting supplies for Make a Difference Day	$ 258.48	
10522302	108419	11/29/2017	WALMART COMMUNITY # 0005	TR08958	11/16/2017	Christmas Decor and Lights	$ 245.29	
10522304	108180	11/7/2017	ARAMARK	20444914	10/18/2017	Park Maintenance Super. Uniform Allowance	$ 293.40	
10522304	108187	11/7/2017	C-A-L STORES COMANIES, INC.	1069198	10/17/2017	Uniform Allowance - Boots	$ 150.00	
10522304	108187	11/7/2017	C-A-L STORES COMANIES, INC.	1070165	10/17/2017	Uniform Allowance - Boots	$ 146.75	
10522304	108187	11/7/2017	C-A-L STORES COMANIES, INC.	1070175	10/17/2017	Uniform Allowance - Boots	$ 150.00	
10522304	108187	11/7/2017	C-A-L STORES COMANIES, INC.	1071901	10/17/2017	Uniform Allowance - Boots	$ 150.00	
10522304	108187	11/7/2017	C-A-L STORES COMANIES, INC.	1072468	10/17/2017	Uniform Allowance - Boots	$ 150.00	
10522317	108182	11/7/2017	ARIZONA STATE PRISON-FLOREN	A04117B20171026	10/31/2017	INMATE LABOR/WORK PROGRAM; TOWN HALL, PD AND COMM	$ 72.00	
10522317	108195	11/7/2017	Dunn-Edwards	2139258186	10/23/2017	Make a Difference Day- Paint	$ 819.20	
10522317	108419	11/29/2017	WALMART COMMUNITY # 0005	TR04738	10/26/2017	Flowers for Make a Difference Day- Boxes	$ 263.88	
10522317	108419	11/29/2017	WALMART COMMUNITY # 0005	TR05570	10/28/2017	ARTIFICIAL FLOWERS FOR MAIN ST. BOXES - MAKE A DIFFERENC	$ 327.90	
10522317	8076358	11/15/2017	MY SAFETY SIGN	Oct-17 STMT	10/25/2017	Signage for Poston Butte Preserve	$ 235.20	

10522317	8076358	11/15/2017	pickleballcentral.com	Oct-17 STMT	10/24/2017	Outdoor Cloth Court Tape - Yellow (5 rolls)	$ 109.95	
							Sub Total-	**$ 5,283.82**
Community Center Facility:								
10523201	108191	11/7/2017	COX BUSINESS	228541501 1017	10/28/2017	Cable Svc for Library/Community Center	$ 128.89	
10523215	108308	11/16/2017	ARIZONA PUBLIC SERVICE	17-Oct	11/3/2017	ELECTRIC	$ 4,510.01	
10523401	8076358	11/15/2017	MOOD MEDIA CORPORATE	Oct-17 STMT	10/11/2017	Pandora Music Subscription - Library and Community Center	$ 29.30	
							Sub Total-	**$ 4,668.20**
Aquatics Programs:								
10524208	108408	11/29/2017	Shasta Pools & Spas	CS8556	10/5/2017	24 Vac Solenoid Valve for Pool	$ 1,750.00	
10524215	108308	11/16/2017	ARIZONA PUBLIC SERVICE	17-Oct	11/3/2017	ELECTRIC	$ 4,693.54	
10524215	108325	11/16/2017	SOUTHWEST GAS CORPORATIOI	VARIOUS 1117	11/6/2017	174 W 1st-Aquatics	$ 2,742.91	
10524401	8076358	11/15/2017	MOOD MEDIA CORPORATE	Oct-17 STMT	10/11/2017	Pandora Music Subscription - Aquatic Center	$ 29.30	
							Sub Total-	**$ 9,215.75**
Recreation Programs:								
10525201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 117.17	
10525217	108210	11/7/2017	KIM A. HUNTER	17-Oct	10/25/2017	Teen Leadership Program Advisor	$ 2,000.00	
10525302	108328	11/16/2017	WALMART COMMUNITY # 0005	TR02178	10/31/2017	Supplies for the Before and Agter the Bell Program	$ 36.18	
10525302	108328	11/16/2017	WALMART COMMUNITY # 0005	TR0472	10/26/2017	Supplies for the Before and Agter the Bell Program	$ 74.13	
10525302	108328	11/16/2017	WALMART COMMUNITY # 0005	TR0473	10/26/2017	Misc. Supplies for Youth Sports	$ 17.03	
10525302	108410	11/29/2017	SURF & SKI ENTERPRISES	151000	11/13/2017	Shirts for Kickball	$ 283.81	
10525302	108410	11/29/2017	SURF & SKI ENTERPRISES	151070	11/13/2017	Shirts for Kickball	$ 33.17	
10525302	108436	11/30/2017	JESSICA N TROTTER MBR	1	11/15/2017	Payment for Goof Booth for 2018 Dances	$ 100.00	
10525302	108436	11/30/2017	JESSICA N TROTTER MBR	2	11/15/2017	Payment for Goof Booth for 2018 Dances	$ 100.00	
10525302	108436	11/30/2017	JESSICA N TROTTER MBR	3	11/15/2017	Payment for Goof Booth for 2018 Dances	$ 100.00	
10525302	108445	11/30/2017	WALMART COMMUNITY # 0005	TR05596	11/16/2017	Supplies for the Before and Agter the Bell Program	$ 13.99	
10525302	108445	11/30/2017	WALMART COMMUNITY # 0005	TR06166	11/17/2017	Supplies for the Before and Agter the Bell Program	$ 22.54	
							Sub Total-	**$ 2,898.02**
Special Events:								
10526302	108198	11/7/2017	FLORENCE TRUE VALUE HARDW	232558	10/17/2017	Special Event Supplies FY 18	$ 0.72	
10526302	108328	11/16/2017	WALMART COMMUNITY # 0005	26718	10/26/2017	Candy for 2017 Fright Fest event	$ 531.42	
10526302	108328	11/16/2017	WALMART COMMUNITY # 0005	26826	10/26/2017	Make a Difference Day Volunteer Appreciation Luncheon	$ 178.00	
10526302	108328	11/16/2017	WALMART COMMUNITY # 0005	TR00474	10/26/2017	Supplies for FY 18 Events	$ 10.71	
10526302	108328	11/16/2017	WALMART COMMUNITY # 0005	TR06892	10/30/2017	Supplies for FY 18 Events	$ 45.21	
10526302	108328	11/16/2017	WALMART COMMUNITY # 0005	TR07159	10/30/2017	Supplies for FY 18 Events-Credit	$ (14.12)	
10526302	108445	11/30/2017	WALMART COMMUNITY # 0005	TR03346	11/17/2017	Supplies for FY 18 Events	$ 84.87	
10526302	8076358	11/15/2017	Az Digital Transfers	Oct-17 STMT	10/5/2017	35mm Negatives to JPEG (lvl 3) - 4th of July	$ 21.75	
10526407	108368	11/29/2017	Casa Grande Valley Newspaper	9966802	10/26/2017	Ads for 2018 events	$ 153.00	
10526407	108368	11/29/2017	Casa Grande Valley Newspaper	99831601	10/8/2017	Special Event Ads-125TH	$ 153.00	
10526407	108368	11/29/2017	Casa Grande Valley Newspaper	99833301	10/8/2017	Ads for 2018 events	$ 153.00	
10526407	108368	11/29/2017	Casa Grande Valley Newspaper	99833302	10/8/2017	Ads for 2018 events	$ 153.00	
10526407	108368	11/29/2017	Casa Grande Valley Newspaper	99966801	10/26/2017	Ads for 2018 events	$ 153.00	
10526407	108368	11/29/2017	Casa Grande Valley Newspaper	99966901	10/26/2017	Ads for 2018 events	$ 153.00	
10526407	108368	11/29/2017	Casa Grande Valley Newspaper	99966902	10/26/2017	Ads for 2018 events	$ 153.00	
							Sub Total-	**$ 1,929.56**
Senior Center:								
10528201	108310	11/16/2017	COX BUSINESS	235531701 1117	11/10/2017	digital adapter-mthly fees	$ 19.91	
10528209	108194	11/7/2017	Day Auto Supply, Inc	728300	11/3/2017	Tire valve extentions for SC-16	$ 23.89	
10528209	108194	11/7/2017	Day Auto Supply, Inc	728310	11/3/2017	wiper blades for SC-16	$ 10.85	
10528209	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 17.98	

10528209	108378	11/29/2017	FLORENCE AUTO TINT	302469	11/27/2017	R & R Window tint for SC-4	$ 70.00	
10528215	108308	11/16/2017	ARIZONA PUBLIC SERVICE	17-Oct	11/3/2017	ELECTRIC	$ 1,116.90	
10528215	108325	11/16/2017	SOUTHWEST GAS CORPORATIOI	VARIOUS 1117	11/6/2017	SR CTR NATURAL GAS	$ 52.74	
10528302	108229	11/7/2017	WALMART COMMUNITY # 0005	RE06748	10/11/2017	Supplies for the center	$ 45.61	
10528302	108229	11/7/2017	WALMART COMMUNITY # 0005	TR00113	10/13/2017	Supplies for the center	$ 220.86	
10528302	108229	11/7/2017	WALMART COMMUNITY # 0005	TR00893	10/15/2017	Supplies for the center	$ 35.38	
10528302	108229	11/7/2017	WALMART COMMUNITY # 0005	TR04046	10/4/2017	Supplies for the center	$ 34.12	
10528302	108229	11/7/2017	WALMART COMMUNITY # 0005	TR04047	10/4/2017	Supplies for the center	$ 9.84	
10528302	108407	11/29/2017	SAFEWAY INC.	7.24E+15	10/23/2017	misc supplies for meals	$ 22.38	
10528302	108407	11/29/2017	SAFEWAY INC.	8.03E+15	10/23/2017	misc supplies for meals	$ 22.54	
10528302	108407	11/29/2017	SAFEWAY INC.	8.23E+15	11/6/2017	misc supplies for meals	$ 28.09	
10528302	108420	11/29/2017	WATER SHED	11994	10/2/2017	Ice for year	$ 13.16	
10528302	108420	11/29/2017	WATER SHED	12079	10/11/2017	Ice for year	$ 4.94	
10528302	108420	11/29/2017	WATER SHED	12154	10/16/2017	Ice for year	$ 18.10	
10528302	108420	11/29/2017	WATER SHED	12202	10/23/2017	Ice for year	$ 18.10	
10528302	108445	11/30/2017	WALMART COMMUNITY # 0005	TR04934	11/16/2017	Misc supplies for the kitchen & center	$ 197.39	
10528302	108445	11/30/2017	WALMART COMMUNITY # 0005	TR04934	11/16/2017	Supplies for the center	$ 154.19	
10528311	108380	11/29/2017	FLORENCE TRUE VALUE HARDW	231995	9/19/2017	Misc supplies	$ 11.91	
10528311	108380	11/29/2017	FLORENCE TRUE VALUE HARDW	232210	9/29/2017	Misc supplies	$ 39.09	
							Sub Total-	**$ 2,187.97**
Library:								
10529202	108297	11/14/2017	U. S. Post Master	985 17/18RENEW	11/9/2017	Post Office Box Renewal	$ 142.00	
10529202	108345	11/17/2017	U. S. Post Master	STAMPS-NOV17	11/14/2017	Postage $0.70 Stamps	$ 70.00	
10529202	108345	11/17/2017	U. S. Post Master	STAMPS-NOV17	11/14/2017	Postage $1.00 Stamps	$ 500.00	
10529308	108236	11/9/2017	BAKER & TAYLOR BOOKS	4012033750	10/11/2017	Fiction Books and Audio	$ 71.38	
10529308	108236	11/9/2017	BAKER & TAYLOR BOOKS	4012043658	10/23/2017	Childrens/YA Books	$ 50.88	
10529308	108236	11/9/2017	BAKER & TAYLOR BOOKS	4012043659	10/23/2017	Fiction Books and Audio	$ 241.48	
10529308	108236	11/9/2017	BAKER & TAYLOR BOOKS	4012043660	10/23/2017	Childrens/YA Books	$ 7.69	
10529308	108236	11/9/2017	BAKER & TAYLOR BOOKS	4012043797	10/24/2017	Children's/YA	$ 640.08	
10529308	108236	11/9/2017	BAKER & TAYLOR BOOKS	4012043798	10/24/2017	Fiction Books/Audio	$ 61.23	
10529308	108236	11/9/2017	BAKER & TAYLOR BOOKS	4012043799	10/24/2017	Non-Fiction Books/DVDS	$ 107.21	
10529308	108236	11/9/2017	BAKER & TAYLOR BOOKS	4012052407	11/2/2017	Fiction Books and Audio	$ 134.57	
10529308	108236	11/9/2017	BAKER & TAYLOR BOOKS	4012052408	11/2/2017	Fiction Books/Audio	$ 189.06	
10529308	108236	11/9/2017	BAKER & TAYLOR BOOKS	4012052409	11/2/2017	Non-Fiction Books/DVDS	$ 60.78	
10529308	108236	11/9/2017	BAKER & TAYLOR BOOKS	T65804560	10/13/2017	Fiction/Non-Fiction Books and DVDS	$ 29.99	
10529308	108236	11/9/2017	BAKER & TAYLOR BOOKS	T66006520	10/17/2017	Fiction/Non-Fiction Books and DVDS	$ 65.21	
10529308	108236	11/9/2017	BAKER & TAYLOR BOOKS	T66202470	10/23/2017	Non-Fiction Books/DVDS	$ 129.70	
10529308	108236	11/9/2017	BAKER & TAYLOR BOOKS	T66374330	10/24/2017	Fiction/Non-Fiction Books and DVDS	$ 71.97	
10529308	108236	11/9/2017	BAKER & TAYLOR BOOKS	T66732420	10/31/2017	Non-Fiction Books/DVDS	$ 154.28	
10529308	108360	11/29/2017	BAKER & TAYLOR BOOKS	4012063824	11/15/2017	Fiction Books and Audio	$ 46.73	
10529308	108360	11/29/2017	BAKER & TAYLOR BOOKS	4012063825	11/15/2017	Fiction/Non-Fiction Books and DVDS	$ 14.82	
10529308	108360	11/29/2017	BAKER & TAYLOR BOOKS	4012063826	11/15/2017	Children's/YA	$ 9.89	
10529308	108360	11/29/2017	BAKER & TAYLOR BOOKS	4012063827	11/15/2017	Fiction Books/Audio	$ 100.08	
10529308	108360	11/29/2017	BAKER & TAYLOR BOOKS	4012072134	11/24/2017	Fiction Books and Audio	$ 37.04	
10529308	108360	11/29/2017	BAKER & TAYLOR BOOKS	4012072135	11/24/2017	Children's/YA	$ 19.68	
10529308	108360	11/29/2017	BAKER & TAYLOR BOOKS	4012072136	11/24/2017	Fiction Books/Audio	$ 135.99	
10529308	108360	11/29/2017	BAKER & TAYLOR BOOKS	4012072137	11/24/2017	Non-Fiction Books/DVDS	$ 23.70	
10529308	108360	11/29/2017	BAKER & TAYLOR BOOKS	4012072138	11/24/2017	Non-Fiction Books DVDs	$ 182.14	
10529308	108360	11/29/2017	BAKER & TAYLOR BOOKS	T67118620	11/7/2017	Non-Fiction Books/DVDS	$ 95.15	

10529308	108360	11/29/2017	BAKER & TAYLOR BOOKS	T67656740	11/14/2017	Non-Fiction Books/DVDS	$ 116.17	
10529308	108360	11/29/2017	BAKER & TAYLOR BOOKS	T68172450	11/21/2017	Non-Fiction Books/DVDS	$ 56.61	
10529308	108360	11/29/2017	BAKER & TAYLOR BOOKS	T68306060	11/24/2017	Non-Fiction Books DVDs	$ 165.67	
10529308	8076358	11/15/2017	AMAZON.COM	Oct-17 STMT	10/30/2017	CD/Audio Books	$ 196.55	
							Sub Total-	**$ 3,927.73**
Engineering:								
10530201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 106.18	
10530207	108341	11/17/2017	Ricoh USA, Inc.	5050789372	10/11/2017	Engineering Copier	$ 120.59	
10530209	108373	11/29/2017	Day Auto Supply, Inc	729661	11/20/2017	brake pads for FM-4	$ 51.72	
10530335	108274	11/14/2017	HOME DEPOT CREDIT SERVICES	5705406	9/25/2017	BLINDS FOR NEW BUILDING	$ 111.12	
							Sub Total-	**$ 389.61**
Facilities Maintenance:								
10531201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 114.19	
10531207	108186	11/7/2017	BENSON SYSTEMS	185187	8/17/2017	Blanket P.O. /Alarm System Monitoring	$ 24.95	
10531207	108186	11/7/2017	BENSON SYSTEMS	185188	8/17/2017	Blanket P.O. /Alarm System Monitoring	$ 74.90	
10531207	108186	11/7/2017	BENSON SYSTEMS	185189	8/17/2017	Blanket P.O. /Alarm System Monitoring	$ 35.95	
10531207	108186	11/7/2017	BENSON SYSTEMS	185190	8/17/2017	Blanket P.O. /Alarm System Monitoring	$ 44.95	
10531207	108186	11/7/2017	BENSON SYSTEMS	185191	8/17/2017	Blanket P.O. /Alarm System Monitoring	$ 39.95	
10531207	108186	11/7/2017	BENSON SYSTEMS	185192	8/17/2017	Blanket P.O. /Alarm System Monitoring	$ 32.95	
10531207	108186	11/7/2017	BENSON SYSTEMS	185193	8/17/2017	Blanket P.O. /Alarm System Monitoring	$ 72.90	
10531207	108186	11/7/2017	BENSON SYSTEMS	185194	8/17/2017	Blanket P.O. /Alarm System Monitoring	$ 72.90	
10531207	108186	11/7/2017	BENSON SYSTEMS	185195	8/17/2017	Blanket P.O. /Alarm System Monitoring	$ 65.90	
10531207	108186	11/7/2017	BENSON SYSTEMS	185197	8/17/2017	Blanket P.O. /Alarm System Monitoring	$ 34.95	
10531207	108186	11/7/2017	BENSON SYSTEMS	186693	9/17/2017	Blanket P.O. /Alarm System Monitoring	$ 24.95	
10531207	108298	11/14/2017	UNITED EXTERMINATING	194501	11/1/2017	Blanket P.O./ Exterminating	$ 45.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	194503	11/1/2017	Blanket P.O./ Exterminating	$ 25.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	194504	11/1/2017	Blanket P.O./ Exterminating	$ 25.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	194505	11/1/2017	Blanket P.O./ Exterminating	$ 10.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	194506	11/1/2017	Blanket P.O./ Exterminating	$ 25.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	194507	11/1/2017	Blanket P.O./ Exterminating	$ 25.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	194508	11/1/2017	Blanket P.O./ Exterminating	$ 25.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	194509	11/1/2017	Blanket P.O./ Exterminating	$ 50.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	194510	11/1/2017	Blanket P.O./ Exterminating	$ 45.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	194511	11/1/2017	Blanket P.O./ Exterminating	$ 50.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	194512	11/1/2017	Blanket P.O./ Exterminating	$ 25.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	196281	11/1/2017	Blanket P.O./ Exterminating	$ 35.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	196282	11/1/2017	Blanket P.O./ Exterminating	$ 10.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	196283	11/1/2017	Blanket P.O./ Exterminating	$ 10.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	196284	11/1/2017	Blanket P.O./ Exterminating	$ 25.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	196285	11/1/2017	Blanket P.O./ Exterminating	$ 35.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	196286	11/1/2017	Blanket P.O./ Exterminating	$ 35.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	196287	11/1/2017	Blanket P.O./ Exterminating	$ 35.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	196288	11/1/2017	Blanket P.O./ Exterminating	$ 80.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	196289	11/1/2017	Blanket P.O./ Exterminating	$ 35.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	196290	11/1/2017	Blanket P.O./ Exterminating	$ 10.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	196291	11/1/2017	Blanket P.O./ Exterminating	$ 10.00	
10531207	108298	11/14/2017	UNITED EXTERMINATING	196292	11/1/2017	Blanket P.O./ Exterminating	$ 25.00	
10531207	108330	11/17/2017	American Fire Equipment	TSM1015	9/25/2017	Fire Alarm Inspection for Fire Panels/Suppression Systems	$ 400.75	
10531207	108424	11/30/2017	BENSON SYSTEMS	188181	10/17/2017	Blanket P.O. /Alarm System Monitoring	$ 24.95	

10531207	108424	11/30/2017	BENSON SYSTEMS	188182	10/17/2017	Blanket P.O. /Alarm System Monitoring	$ 74.90	
10531207	108424	11/30/2017	BENSON SYSTEMS	188183	10/17/2017	Blanket P.O. /Alarm System Monitoring	$ 35.95	
10531207	108424	11/30/2017	BENSON SYSTEMS	188184	10/17/2017	Blanket P.O. /Alarm System Monitoring	$ 44.95	
10531207	108424	11/30/2017	BENSON SYSTEMS	188185	10/17/2017	Blanket P.O. /Alarm System Monitoring	$ 39.95	
10531207	108424	11/30/2017	BENSON SYSTEMS	188186	10/17/2017	Blanket P.O. /Alarm System Monitoring	$ 32.95	
10531207	108424	11/30/2017	BENSON SYSTEMS	188187	10/17/2017	Blanket P.O. /Alarm System Monitoring	$ 72.90	
10531207	108424	11/30/2017	BENSON SYSTEMS	188188	10/17/2017	Blanket P.O. /Alarm System Monitoring	$ 72.90	
10531207	108424	11/30/2017	BENSON SYSTEMS	188189	10/17/2017	Blanket P.O. /Alarm System Monitoring	$ 65.90	
10531207	108424	11/30/2017	BENSON SYSTEMS	188191	10/17/2017	Blanket P.O. /Alarm System Monitoring	$ 34.95	
10531209	108373	11/29/2017	Day Auto Supply, Inc	729231	11/14/2017	shocks for FM-4	$ 59.88	
10531209	108373	11/29/2017	Day Auto Supply, Inc	729648	11/20/2017	control arms &ball joints for FM-4	$ 479.76	
10531209	108391	11/29/2017	Manatee Tire & Auto Inc., dba	173205	11/22/2017	Wheel alignment for FM-004	$ 58.95	
10531302	108248	11/9/2017	HOME DEPOT CREDIT SERVICES	9020330	10/11/2017	BLANKET PO-SUPPLIES-FM	$ 305.63	
10531302	108268	11/14/2017	Crescent Electric Supply Co.	S504290839001	10/31/2017	Late fees applied to invoice S503977493.001	$ 3.77	
10531302	108338	11/17/2017	HOME DEPOT CREDIT SERVICES	1021002	10/19/2017	Primer,tape,plastci wood WO 2397	$ 110.00	
10531302	108380	11/29/2017	FLORENCE TRUE VALUE HARDW	232629	10/20/2017	Blanket P.O. for Facilities Maintenance needs	$ 16.09	
10531302	108380	11/29/2017	FLORENCE TRUE VALUE HARDW	232857	11/2/2017	Blanket P.O. for Facilities Maintenance needs	$ 11.44	
10531302	108380	11/29/2017	FLORENCE TRUE VALUE HARDW	232919	11/7/2017	Blanket P.O. for Facilities Maintenance needs	$ 18.84	
10531302	108380	11/29/2017	FLORENCE TRUE VALUE HARDW	232920	11/7/2017	Blanket P.O. for Facilities Maintenance needs	$ (18.84)	
10531302	108380	11/29/2017	FLORENCE TRUE VALUE HARDW	232967	11/8/2017	Blanket P.O. for Facilities Maintenance needs	$ 3.15	
10531302	108380	11/29/2017	FLORENCE TRUE VALUE HARDW	233042	11/13/2017	Blanket P.O. for Facilities Maintenance needs	$ 15.80	
10531302	108380	11/29/2017	FLORENCE TRUE VALUE HARDW	233071	11/14/2017	Blanket P.O. for Facilities Maintenance needs	$ 43.57	
10531302	108380	11/29/2017	FLORENCE TRUE VALUE HARDW	233073	11/14/2017	Blanket P.O. for Facilities Maintenance needs	$ 14.73	
10531302	108380	11/29/2017	FLORENCE TRUE VALUE HARDW	233076	11/14/2017	Blanket P.O. for Facilities Maintenance needs	$ 7.83	
10531302	108434	11/30/2017	FLORENCE TRUE VALUE HARDW	233095	11/15/2017	Blanket P.O. for Facilities Maintenance needs	$ 22.88	
10531302	108434	11/30/2017	FLORENCE TRUE VALUE HARDW	233107	11/16/2017	Blanket P.O. for Facilities Maintenance needs	$ 17.90	
10531302	108434	11/30/2017	FLORENCE TRUE VALUE HARDW	233194	11/21/2017	Blanket P.O. for Facilities Maintenance needs	$ 13.02	
10531302	108434	11/30/2017	FLORENCE TRUE VALUE HARDW	233230	11/22/2017	Blanket P.O. for Facilities Maintenance needs	$ 76.21	
10531311	108380	11/29/2017	FLORENCE TRUE VALUE HARDW	232921	11/7/2017	BLANKET P.O. SMALL TOOLS - F.M.	$ 18.84	
10531315	108231	11/7/2017	WAXIE SANITARY SUPPLY	77046855	10/27/2017	Green Encapusulating	$ 263.84	
10531315	108348	11/17/2017	WAXIE SANITARY SUPPLY	77061038	11/3/2017	BLANKET P.O. / Janitorial Supplies	$ 113.38	
							Sub Total-	**$ 3,892.16**
General Government:								
10532201	108190	11/7/2017	CENTURYLINK	7347/0236 1017	10/19/2017	Tn Fire Alarm-0236	$ 51.74	
10532201	108266	11/14/2017	CENTURYLINK	0238/0118 1117	11/1/2017	911 locator-0238	$ 78.91	
10532201	108266	11/14/2017	CENTURYLINK	0238/0118 1117	11/1/2017	Trunkline-0118	$ 518.76	
10532206	108262	11/14/2017	AZ MUNICIPAL RISK RETENTION	40001519 1017	11/1/2017	Liability Ins-Excess Policy 2000239-1 1017-10/18	$ 11,481.00	
10532206	108262	11/14/2017	AZ MUNICIPAL RISK RETENTION	40001519 1017	11/1/2017	Liability Insurance-2000238-1	$ 94,310.16	
10532214	108308	11/16/2017	ARIZONA PUBLIC SERVICE	17-Oct	11/3/2017	ELECTRIC	$ 832.48	
10532215	108308	11/16/2017	ARIZONA PUBLIC SERVICE	17-Oct	11/3/2017	ELECTRIC	$ 3,780.57	
10532314	108230	11/7/2017	WATER SHED	12049	10/5/2017	WATER & ICE - NWTP	$ 29.07	
10532314	108230	11/7/2017	WATER SHED	12084	10/11/2017	WATER & ICE - NWTP	$ 13.16	
10532314	108230	11/7/2017	WATER SHED	12137	10/30/2017	WATER & ICE - NWTP	$ 22.49	
10532314	108230	11/7/2017	WATER SHED	12155	10/18/2017	WATER I.T Dept	$ 13.16	
10532314	108230	11/7/2017	WATER SHED	12158	10/18/2017	WATER & ICE - NWTP	$ 22.49	
10532314	8076358	11/15/2017	SAM'S CLUB #4927	Oct-17 STMT	10/6/2017	Coffee and Kitchen restocking	$ 132.33	
							Sub Total-	**$ 111,286.32**
Cemetery:								
10533317	108261	11/14/2017	ARIZONA STATE PRISON-FLOREN	A04117A20171026	10/31/2017	INMATE LABOR/CEMETERY	$ 2.00	

10533317	108285	11/14/2017	PINAL CO AIR QUALITY CONTRO	2017333A	10/24/2017	BURN PERMIT FOR CEMETERY	$ 250.00	
							Sub Total-	**$ 252.00**
Economic Development:								
10551217	108202	11/7/2017	Greater Florence Chamber	2851	10/4/2017	3rd Quarter FY17/18 Report	$ 11,250.00	
10551402	8076358	11/15/2017	PRESCOTT RESORT & CONF CTR	Oct-17 STMT	10/28/2017	2017 AAED Fall Forum lodging for Jennifer Evans	$ 221.46	
							Sub Total-	**$ 11,471.46**
Streets - Parks:								
11518520	108258	11/9/2017	Wilson & Company Inc	71878	7/6/2017	T-60 E. 1st Street Pavement On-Call Engineering Services-	$ 15,388.92	
							Sub Total-	**$ 15,388.92**
Public Works/Streets:								
12518201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 503.25	
12518206	108262	11/14/2017	AZ MUNICIPAL RISK RETENTION	40001519 1017	11/1/2017	Liability Insurance-2000238-1	$ 14,783.36	
12518209	108194	11/7/2017	Day Auto Supply, Inc	726222	10/11/2017	A/C control head for ST-12	$ 510.89	
12518209	108194	11/7/2017	Day Auto Supply, Inc	726914	10/19/2017	Headlight Assy for ST-29	$ 175.53	
12518209	108194	11/7/2017	Day Auto Supply, Inc	727201	10/23/2017	oil & filter for air compressor on ST-12	$ 39.16	
12518209	108194	11/7/2017	Day Auto Supply, Inc	727355	10/24/2017	epoxy for ST-12	$ 8.69	
12518209	108194	11/7/2017	Day Auto Supply, Inc	727428	10/25/2017	Fuse door & ac vent for ST-26	$ 94.24	
12518209	108194	11/7/2017	Day Auto Supply, Inc	727844	10/30/2017	Oil & filter for ST-5	$ 60.10	
12518209	108194	11/7/2017	Day Auto Supply, Inc	728264	11/3/2017	headlight bulb fir ST-80	$ 10.53	
12518209	108194	11/7/2017	Day Auto Supply, Inc	728265	11/3/2017	Lucas trans fix for ST-12	$ 28.24	
12518209	108199	11/7/2017	FREIGHTLINER ARIZONA, LLC	X00236262801	11/1/2017	Engine starter for ST-51	$ 558.63	
12518209	108347	11/17/2017	Verizon Wireless	INV13626596	10/19/2017	Blanket PO for Network Fleet (GPS)	$ 111.60	
12518209	108373	11/29/2017	Day Auto Supply, Inc	728440	11/6/2017	tire patches for Fleet	$ 9.02	
12518209	108373	11/29/2017	Day Auto Supply, Inc	728549	11/7/2017	wiper blades for ST-50	$ 10.85	
12518209	108373	11/29/2017	Day Auto Supply, Inc	729138	11/13/2017	sensor for ST-81	$ 15.30	
12518209	108373	11/29/2017	Day Auto Supply, Inc	729197	11/14/2017	Brakleen for Fleet	$ 21.84	
12518209	108373	11/29/2017	Day Auto Supply, Inc	729406	11/16/2017	Credit	$ (22.48)	
12518209	108373	11/29/2017	Day Auto Supply, Inc	729434	11/16/2017	headlight bulb for ST-81	$ 15.11	
12518209	108373	11/29/2017	Day Auto Supply, Inc	729890	11/22/2017	headlight bulb for ST-81	$ 10.53	
12518209	108373	11/29/2017	Day Auto Supply, Inc	730051	11/24/2017	cabin air filter for ST-61	$ 17.44	
12518209	108376	11/29/2017	DRAKE EQUIPMENT OF ARIZONA	40250	11/7/2017	Additional amount owed on PO#48361	$ 111.84	
12518209	108376	11/29/2017	DRAKE EQUIPMENT OF ARIZONA	40250	11/7/2017	Tension bow set for ST-8	$ 311.68	
12518211	108373	11/29/2017	Day Auto Supply, Inc	729274	11/15/2017	Oil & filters for ST-38	$ 213.31	
12518211	108373	11/29/2017	Day Auto Supply, Inc	729399	11/16/2017	fuel filter for ST-38	$ 28.79	
12518211	108442	11/30/2017	SUPERIOR SUPPLY	16934	11/17/2017	Heat oil expansion tank for ST-39	$ 722.77	
12518211	108442	11/30/2017	SUPERIOR SUPPLY	16942	11/29/2017	Ball valve for ST-39 (crack seal mach)	$ 215.49	
12518215	108183	11/7/2017	AZ PUBLIC SERVICE COMPANY	AR0480005807	10/27/2017	Streetlight Maintenance	$ 3,098.55	
12518215	108263	11/14/2017	BIA	17-Oct	11/1/2017	10522-electric	$ 110.00	
12518215	108263	11/14/2017	BIA	17-Oct	11/1/2017	110033-traffic light	$ 70.00	
12518215	108263	11/14/2017	BIA	17-Oct	11/1/2017	20509-electric	$ 46.20	
12518215	108263	11/14/2017	BIA	17-Oct	11/1/2017	21243-electric	$ 61.60	
12518215	108263	11/14/2017	BIA	17-Oct	11/1/2017	353-electric	$ 233.75	
12518215	108271	11/14/2017	Electrical District No. 2	66606 1117	11/6/2017	Div Dam-Install 11 Street lights & transformers LED	$ 266.40	
12518215	108308	11/16/2017	ARIZONA PUBLIC SERVICE	17-Oct	11/3/2017	ELECTRIC	$ 4,554.68	
12518215	108335	11/17/2017	Electrical District No. 2	66289 1117	11/13/2017	electricity at 7158 Hunt Hwy	$ 42.19	
12518302	108198	11/7/2017	FLORENCE TRUE VALUE HARDW	232729	10/27/2017	2 tires for hand truck	$ 78.22	
12518302	108229	11/7/2017	WALMART COMMUNITY # 0005	27063	10/27/2017	Restock:Trash bags,cups,tissue,plates	$ 129.53	
12518302	108299	11/14/2017	VALUE CRETE,LLC	18394	11/1/2017	BLANKET P.O. / CONCRETE - ST.	$ 205.44	
12518302	108302	11/14/2017	WATER SHED	12157	10/16/2017	WATER & ICE - ST.	$ 39.24	

12518302	108302	11/14/2017	WATER SHED	12172	10/20/2017	WATER & ICE - ST.	$ 59.23	
12518302	108302	11/14/2017	WATER SHED	12201	10/23/2017	WATER & ICE - ST.	$ 101.00	
12518302	108302	11/14/2017	WATER SHED	12230	10/30/2017	WATER & ICE - ST	$ 61.64	
12518302	108302	11/14/2017	WATER SHED	12236	10/30/2017	WATER & ICE - ST.	$ 11.84	
12518302	108346	11/17/2017	VALUE CRETE,LLC	118410	11/9/2017	BLANKET P.O. / CONCRETE - ST.	$ 194.57	
12518302	108373	11/29/2017	Day Auto Supply, Inc	729455	11/16/2017	10qts of pre mix oil	$ 246.62	
12518302	108380	11/29/2017	FLORENCE TRUE VALUE HARDW	232883	11/6/2017	BLANKET P.O. / OPERATING SUPPLIES / ST	$ 65.22	
12518302	108380	11/29/2017	FLORENCE TRUE VALUE HARDW	232965	11/8/2017	BLANKET P.O. / OPERATING SUPPLIES / ST	$ 30.25	
12518302	108446	11/30/2017	WATER SHED	12261	11/5/2017	WATER & ICE - ST	$ 61.45	
12518302	108446	11/30/2017	WATER SHED	12317	11/13/2017	WATER & ICE - ST	$ 26.65	
12518302	108446	11/30/2017	WATER SHED	12384	11/20/2017	WATER & ICE - ST	$ 53.31	
12518302	108446	11/30/2017	WATER SHED	12387	11/20/2017	WATER & ICE - ST	$ 11.84	
12518302	8076358	11/15/2017	WALMART COMMUNITY # 0005	Oct-17 STMT	10/25/2017	Purchase Wal-Mart #2778	$ 415.37	
12518304	108333	11/17/2017	Cintas Corporation Lock 696	696357685	10/18/2017	CONTRACT #7388 UNIFORM RENTAL	$ 38.30	
12518304	108333	11/17/2017	Cintas Corporation Lock 696	696359947	10/25/2017	CONTRACT #7388 UNIFORM RENTAL	$ 39.93	
12518304	108333	11/17/2017	Cintas Corporation Lock 696	696362273	11/1/2017	CONTRACT #7388 UNIFORM RENTAL	$ 38.30	
12518304	108333	11/17/2017	Cintas Corporation Lock 696	696364566	11/8/2017	CONTRACT #7388 UNIFORM RENTAL	$ 38.30	
12518304	108333	11/17/2017	Cintas Corporation Lock 696	696366904	11/15/2017	CONTRACT #7388 UNIFORM RENTAL	$ 58.70	
12518304	108334	11/17/2017	DAVID ORTIZ	REIM-UNI110717	11/7/2017	Uniform Jeans for David Ortiz	$ 107.64	
12518304	108334	11/17/2017	DAVID ORTIZ	REIM-UNI110717	11/7/2017	Uniform Jeans for David Ortiz	$ 172.43	
12518304	108372	11/29/2017	David Hills	REIM-UNI111417	11/14/2017	PANT ALLOWANCE 010-502-304	$ 12.79	
12518304	108372	11/29/2017	David Hills	REIM-UNI111417	11/14/2017	REMAINING PANT ALLOWANCE - DAVID H	$ 71.96	
12518304	108427	11/30/2017	Cintas Corporation Lock 696	696369199	11/22/2017	CONTRACT #7388 UNIFORM RENTAL	$ 71.82	
12518304	8076358	11/15/2017	David Hills	Oct-17 STMT	10/25/2017	Uniform Purchase	$ 8.99	
12518306	108336	11/17/2017	FERRELLGAS	RNT7063985	10/26/2017	Propane tank rental / Maintenance yard	$ 64.02	
12518311	108194	11/7/2017	Day Auto Supply, Inc	726477	10/13/2017	Plazma cutter tip for Shop	$ 55.89	
12518311	108194	11/7/2017	Day Auto Supply, Inc	727041	10/20/2017	Single edge blades for Shop	$ 11.51	
12518311	108194	11/7/2017	Day Auto Supply, Inc	727189	10/23/2017	Pully holder pin set for Shop	$ 18.56	
12518311	108373	11/29/2017	Day Auto Supply, Inc	728269	11/3/2017	Tools for Shop	$ 82.34	
12518312	108355	11/29/2017	ARIZONA GLOVE & SAFETY	7443914	11/17/2017	One stocked first aid kit for D.S.	$ 171.54	
12518312	108355	11/29/2017	ARIZONA GLOVE & SAFETY	7444055	11/20/2017	First Aid Kit Restock	$ 175.93	
12518317	108182	11/7/2017	ARIZONA STATE PRISON-FLOREN	A04116A20171012	9/22/2017	INMATE LABOR/ROW	$ 32.00	
12518317	108182	11/7/2017	ARIZONA STATE PRISON-FLOREN	A04117A20170914	10/26/2017	INMATE LABOR/ ROW	$ 44.00	
12518317	108261	11/14/2017	ARIZONA STATE PRISON-FLOREN	A04117A20171026	10/31/2017	INMATE LABOR/ ROW	$ 46.00	
12518322	108238	11/9/2017	CACTUS TRANSPORT, INC.	7192760	10/13/2017	APPROVED COUNCIL 8/7/2017	$ 10,401.60	
							Sub Total-	**$ 40,603.05**
Utility Deposits:								
51219000	108178	11/7/2017	2nd Temporary	423062	11/2/2017	Water Deposit Refund	$ 150.00	
51219000	108192	11/7/2017	Temporary Vendor	432120	11/1/2017	Water Depoist Refund	$ 74.30	
51219000	108208	11/7/2017	2nd Temporary	10120805	11/2/2017	Water Deposit Refund	$ 150.00	
51219000	108212	11/7/2017	2nd Temporary	509033	11/2/2017	Water Deposit Refund	$ 150.00	
51219000	108214	11/7/2017	2nd Temporary	322004	11/2/2017	Water Deposit Refund	$ 150.00	
51219000	108221	11/7/2017	2nd Temporary	10404212	11/2/2017	Water Deposit Refund	$ 150.00	
51219000	108270	11/14/2017	2nd Temporary	11108910	11/9/2017	Water Deposit Refund	$ 8.54	
51219000	108283	11/14/2017	2nd Temporary	426012	11/9/2017	Water Deposit Refund	$ 59.38	
51219000	108385	11/29/2017	2nd Temporary	414102	11/28/2017	Water Deposit Refund	$ 108.50	
51219000	108386	11/29/2017	2nd Temporary	10703901	11/28/2017	Water Deposit Refund	$ 122.59	
51219000	108395	11/29/2017	2nd Temporary	10214318	11/28/2017	Water Deposit Refund	$ 128.30	
51219000	108425	11/30/2017	2nd Temporary	300606	11/29/2017	Water Deposit Refund	$ 13.33	

51219000	108439	11/30/2017	2nd Temporary	10310504	11/29/2017	Water Deposit Refund	$ 41.50	
51219100	108242	11/9/2017	Temporary Vendor	HYRREF-3095	11/9/2017	HYDRANT DEPOSIT REFUND	$ 388.95	
							Sub Total-	**$ 1,695.39**
Florence Water:								
51574201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 353.06	
51574201	108239	11/9/2017	CENTURYLINK	W/WW1017	10/28/2017	w/ww alarm-8356	$ 53.12	
51574206	108262	11/14/2017	AZ MUNICIPAL RISK RETENTION	40001519 1017	11/1/2017	Liability Insurance-2000238-1	$ 6,974.78	
51574209	108347	11/17/2017	Verizon Wireless	INV13626596	10/19/2017	Blanket PO for Network Fleet (GPS)	$ 55.80	
51574209	108373	11/29/2017	Day Auto Supply, Inc	728421	11/6/2017	Oil & filter for W-29	$ 60.92	
51574209	108373	11/29/2017	Day Auto Supply, Inc	728440	11/6/2017	tire patches for Fleet	$ 9.02	
51574209	108373	11/29/2017	Day Auto Supply, Inc	728540	11/7/2017	Oil & filter for W-5	$ 98.59	
51574209	108373	11/29/2017	Day Auto Supply, Inc	729197	11/14/2017	Brakleen for Fleet	$ 21.83	
51574209	108373	11/29/2017	Day Auto Supply, Inc	729694	11/20/2017	radiator & hoses for W-4	$ 204.27	
51574209	108373	11/29/2017	Day Auto Supply, Inc	729823	11/21/2017	coolant for W-4	$ 19.56	
51574209	108373	11/29/2017	Day Auto Supply, Inc	729877	11/22/2017	Credit	$ (8.70)	
51574209	108373	11/29/2017	Day Auto Supply, Inc	729906	11/22/2017	retainer for W-4	$ 5.75	
51574209	108430	11/30/2017	Earnhardt Service #25440 or 71	570094	8/31/2017	Shift lever W-4	$ 37.99	
51574211	108194	11/7/2017	Day Auto Supply, Inc	727936	10/31/2017	Hyd hose & fittings for W-24 (backhoe)	$ 70.91	
51574211	108194	11/7/2017	Day Auto Supply, Inc	727940	10/31/2017	Hyd oil for W-24 (backhoe)	$ 83.89	
51574211	108223	11/7/2017	Titan Machinery Inc.	10110590GP	10/27/2017	Hyd tube,clamp & spacer for W-24 (backhoe)	$ 420.66	
51574211	108373	11/29/2017	Day Auto Supply, Inc	729351	11/15/2017	tractor fluid for W-24	$ 41.95	
51574211	108437	11/30/2017	NICHOLAS MORE BAGNALL	1	11/13/2017	WATER DEPT BLANKET: BEE REMOVAL	$ 240.00	
51574215	108263	11/14/2017	BIA	17-Oct	11/1/2017	21242-electric	$ 1,546.14	
51574215	108263	11/14/2017	BIA	17-Oct	11/1/2017	21245-electric	$ 2,664.24	
51574215	108308	11/16/2017	ARIZONA PUBLIC SERVICE	17-Oct	11/3/2017	ELECTRIC	$ 15,888.29	
51574217	108188	11/7/2017	CASA GRANDE COURIER, INC.	1260	10/3/2017	Courier Services for September 2017 - Water Division	$ 252.00	
51574217	108329	11/16/2017	WILLDAN	010-36202	11/8/2017	Utility Rate Study for Water Services	$ 3,490.00	
51574217	108342	11/17/2017	Rottweiler Controls LLC	2017-1001	11/3/2017	SCADA Improvements	$ 548.60	
51574217	108366	11/29/2017	CASA GRANDE COURIER, INC.	1261	11/2/2017	Courier fees for Oct 2017 - Water	$ 252.00	
51574217	108406	11/29/2017	SAFE SITE UTILITY SERVICES LLC	710145	11/6/2017	Blanket: Utility Locating Services	$ 490.50	
51574217	108429	11/30/2017	Desert Boring & Excavation, L.L.	7447	11/2/2017	Boring under street	$ 3,500.00	
51574217	108432	11/30/2017	EUSI, LLC	2358	11/9/2017	CONSULTING TASKS - REPLACES PO#46626	$ 1,209.00	
51574302	108229	11/7/2017	WALMART COMMUNITY # 0005	27063	10/27/2017	Restock:Trash bags,cups,tissue,plates	$ 43.18	
51574302	108302	11/14/2017	WATER SHED	12157	10/16/2017	WATER & ICE - W	$ 4.37	
51574302	108302	11/14/2017	WATER SHED	12172	10/20/2017	WATER & ICE - W	$ 6.59	
51574302	108302	11/14/2017	WATER SHED	12201	10/23/2017	WATER & ICE - W	$ 10.89	
51574302	108302	11/14/2017	WATER SHED	12230	10/30/2017	WATER & ICE - W	$ 6.65	
51574302	108302	11/14/2017	WATER SHED	12234	10/30/2017	WATER & ICE - W	$ 23.05	
51574302	108302	11/14/2017	WATER SHED	12236	10/30/2017	WATER & ICE - W	$ 1.32	
51574302	108369	11/29/2017	CEMEX	9436507969	10/12/2017	CARRY OVER FOR PO# 46810	$ 1,608.84	
51574302	108446	11/30/2017	WATER SHED	12261	11/5/2017	WATER & ICE - W	$ 6.83	
51574302	108446	11/30/2017	WATER SHED	12317	11/13/2017	WATER & ICE - W	$ 2.97	
51574302	108446	11/30/2017	WATER SHED	12384	11/20/2017	WATER & ICE - W	$ 5.93	
51574302	108446	11/30/2017	WATER SHED	12386	11/20/2017	WATER & ICE - W	$ 16.45	
51574302	108446	11/30/2017	WATER SHED	12387	11/20/2017	WATER & ICE - W	$ 1.32	
51574302	8076358	11/15/2017	AMERICAN FENCE COMPANY	Oct-17 STMT	10/11/2017	Purchase American Fence Corp	$ 1,066.84	
51574304	108333	11/17/2017	Cintas Corporation Lock 696	696357685	10/18/2017	CONTRACT #7388 UNIFORM RENTAL	$ 12.00	
51574304	108333	11/17/2017	Cintas Corporation Lock 696	696359947	10/25/2017	CONTRACT #7388 UNIFORM RENTAL	$ 11.79	
51574304	108333	11/17/2017	Cintas Corporation Lock 696	696362273	11/1/2017	CONTRACT #7388 UNIFORM RENTAL	$ 12.00	

51574304	108333	11/17/2017	Cintas Corporation Lock 696	696364566	11/8/2017	CONTRACT #7388 UNIFORM RENTAL	$ 12.00	
51574304	108333	11/17/2017	Cintas Corporation Lock 696	696366904	11/15/2017	CONTRACT #7388 UNIFORM RENTAL	$ 12.00	
51574304	108372	11/29/2017	David Hills	REIM-UNI111417	11/14/2017	REMAINING PANT ALLOWANCE - DAVID H	$ 9.60	
51574304	108397	11/29/2017	NICHOLAS BAGNALL	REIMBOOTS112717	11/27/2017	BOOT ALLOWANCE 2017-2018 FY - NICK B	$ 157.50	
51574304	108427	11/30/2017	Cintas Corporation Lock 696	696369199	11/22/2017	CONTRACT #7388 UNIFORM RENTAL	$ 12.00	
51574304	108431	11/30/2017	ENEMUEL MURILLO	REIM-WKBOOTS1117	11/27/2017	BOOT ALLOWANCE 2017-2018 FY - ENEMUEL M	$ 170.72	
51574304	8076358	11/15/2017	David Hills	Oct-17 STMT	10/25/2017	Uniform Purchase	$ 1.20	
51574310	108375	11/29/2017	DPC ENTERPRISES, L.P.	272001102-17	9/14/2017	WATER DEPT BLANKET: CHLORIDE GAS	$ 21.84	
51574310	108375	11/29/2017	DPC ENTERPRISES, L.P.	272001103-17	9/14/2017	WATER DEPT BLANKET: CHLORIDE GAS	$ 894.08	
51574311	108241	11/9/2017	Day Auto Supply, Inc	723857	9/12/2017	WATER DEPT BLANKET: MISC WATER LINE	$ 73.56	
51574311	108241	11/9/2017	Day Auto Supply, Inc	726869	10/18/2017	WATER DEPT BLANKET: MISC WATER LINE	$ 53.61	
51574311	108241	11/9/2017	Day Auto Supply, Inc	726959	10/19/2017	WATER DEPT BLANKET: MISC WATER LINE	$ 10.75	
51574311	108241	11/9/2017	Day Auto Supply, Inc	727645	10/26/2017	WATER DEPT BLANKET: MISC WATER LINE	$ 572.48	
51574311	108343	11/17/2017	SUNSTATE EQUIPMENT CORP	7200312-001	10/3/2017	SMALL TOOL RENTAL	$ 122.09	
51574311	108343	11/17/2017	SUNSTATE EQUIPMENT CORP	7215325-001	10/12/2017	SMALL TOOL RENTAL	$ 121.56	
51574320	108434	11/30/2017	FLORENCE TRUE VALUE HARDW	2322733	10/27/2017	WATER DEPT BLANKET: WATER LINE	$ 6.70	
51574320	108434	11/30/2017	FLORENCE TRUE VALUE HARDW	232611	10/20/2017	WATER DEPT BLANKET: WATER LINE	$ 254.97	
51574320	108434	11/30/2017	FLORENCE TRUE VALUE HARDW	232687	10/25/2017	WATER DEPT BLANKET: WATER LINE	$ 37.43	
51574320	108434	11/30/2017	FLORENCE TRUE VALUE HARDW	232788	10/31/2017	WATER DEPT BLANKET: WATER LINE	$ 12.72	
51574320	108434	11/30/2017	FLORENCE TRUE VALUE HARDW	232925	11/7/2017	WATER DEPT BLANKET: WATER LINE	$ 9.74	
51574320	108434	11/30/2017	FLORENCE TRUE VALUE HARDW	232936	11/7/2017	WATER DEPT BLANKET: WATER LINE	$ 44.25	
51574320	108434	11/30/2017	FLORENCE TRUE VALUE HARDW	232937	11/7/2017	credit	$ (1.96)	
51574320	108434	11/30/2017	FLORENCE TRUE VALUE HARDW	232948	11/7/2017	WATER DEPT BLANKET: WATER LINE	$ 39.48	
51574320	108434	11/30/2017	FLORENCE TRUE VALUE HARDW	232979	11/9/2017	WATER DEPT BLANKET: WATER LINE	$ 69.56	
51574406	108422	11/30/2017	ARIZONA DEPARTMENT OF	0000267647X	10/20/2017	MAP MONITORING 9/21/17-10/20/17	$ 10,614.81	
51574406	108426	11/30/2017	CENTRAL ARIZONA PROJECT	70155	10/15/2017	2018 Semiannual M&I Water Svc Capitlal Charge	$ 46,080.00	
51574507	108383	11/29/2017	HYDRA-STOP LLC	32591	11/1/2017	CARRY OVER FOR PO#45086	$ 6,722.01	
51574507	108421	11/29/2017	WESTLAND RESOURCES INC	48605007	11/9/2017	CIP WU-83 12 WATERLINE AUGMENT."	$ 20,653.50	
							Sub Total-	**$ 128,213.39**
Sewer Operations South Plant:								
52575201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 353.05	
52575206	108262	11/14/2017	AZ MUNICIPAL RISK RETENTION	40001519 1017	11/1/2017	Liability Insurance-2000238-1	$ 887.70	
52575208	108245	11/9/2017	Geuther Electrical, LLC	2457	7/26/2017	Misc. electrical repairs/maint. at WWTP's	$ 843.25	
52575208	108245	11/9/2017	Geuther Electrical, LLC	2479	8/8/2017	Misc. electrical repairs/maint. at WWTP's	$ 400.00	
52575208	108245	11/9/2017	Geuther Electrical, LLC	2506	8/15/2017	Misc. electrical repairs/maint. at WWTP's	$ 320.00	
52575208	108370	11/29/2017	COOLIDGE ENGINE & PUMP, L.L	7500	7/20/2017	Blanket: Misc. Maint./Repair at WWTP's	$ 1,217.88	
52575209	108347	11/17/2017	Verizon Wireless	INV13626596	10/19/2017	Blanket PO for Network Fleet (GPS)	$ 55.80	
52575209	108373	11/29/2017	Day Auto Supply, Inc	728440	11/6/2017	tire patches for Fleet	$ 9.03	
52575209	108373	11/29/2017	Day Auto Supply, Inc	729197	11/14/2017	Brakleen for Fleet	$ 21.83	
52575209	108373	11/29/2017	Day Auto Supply, Inc	729536	11/17/2017	seat covers for WW-3	$ 32.60	
52575211	108317	11/16/2017	KRUGER INC	17000607RI05700	10/19/2017	Filter panels, screens, nozzles and associated parts for filter repa	$ 2,208.55	
52575211	108317	11/16/2017	KRUGER INC	17000612 RI05700	10/19/2017	Filter panels, screens, nozzles and associated parts for filter repa	$ 3,804.94	
52575211	108404	11/29/2017	RIPPLE INDUSTRIES	1836	11/1/2017	Blanket: Misc. Maint/Repairs at WWTP's	$ 350.00	
52575211	108404	11/29/2017	RIPPLE INDUSTRIES	1836	11/1/2017	Blanket: Misc. Maint/Repairs at WWTP's	$ 522.50	
52575211	108404	11/29/2017	RIPPLE INDUSTRIES	1836	11/1/2017	Misc. Maint./Repairs at WWTP's	$ 912.50	
52575211	8076358	11/15/2017	HOME DEPOT CREDIT SERVICES	Oct-17 STMT	10/1/2017	Purchase The Home Depot #0415: Paint for pipes-maint @ SWW	$ 161.36	
52575211	8076358	11/15/2017	Pepperl+Fuchs North America	Oct-17 STMT	10/17/2017	Purchase Pepperl Fuchs: Influent pump relays for SWWTP	$ 704.30	
52575215	108308	11/16/2017	ARIZONA PUBLIC SERVICE	17-Oct	11/3/2017	ELECTRIC	$ 16,978.37	
52575217	108188	11/7/2017	CASA GRANDE COURIER, INC.	1260	10/3/2017	Courier Services for September 2017 - SWWTP	$ 836.00	

52575217	108329	11/16/2017	WILLDAN	010-36202	11/8/2017	Utility Rate Study for Wastewater Services	$	1,745.00
52575217	108340	11/17/2017	Pro-Tec Environmental, Inc.	171024-26	10/31/2017	CIP - SU-90 COUNCIL APPROVED 10/16/17	$	4,545.00
52575217	108340	11/17/2017	Pro-Tec Environmental, Inc.	17103102	11/3/2017	CIP - SU-90 COUNCIL APPROVED 10/16/17	$	1,698.75
52575217	108366	11/29/2017	CASA GRANDE COURIER, INC.	1261	11/2/2017	Courier fees for Oct 2017 - SWWTP	$	836.00
52575217	108402	11/29/2017	Pro-Tec Environmental, Inc.	171003-+06	10/6/2017	CIP - SU-90 COUNCIL APPROVED 10/16/17	$	12,176.25
52575217	108432	11/30/2017	EUSI, LLC	2358	11/9/2017	CONSULTING TASKS - REPLACES PO#46626	$	1,209.00
52575222	108444	11/30/2017	United Rentals	150599006-001	10/3/2017	Forklift needed for installation of Kaeser Blower at SWWTP	$	1,029.11
52575230	108352	11/29/2017	A.C. Sanitation Service, LLC	9407-113	10/18/2017	Landfill fees for September 2017 for Bio-solid waste removal	$	2,840.19
52575230	108352	11/29/2017	A.C. Sanitation Service, LLC	9436-124	11/4/2017	Landfill fees for October 2017 for bio-solid waste removal	$	1,080.63
52575301	108215	11/7/2017	OFFICE DEPOT INC	9.65E+11	9/21/2017	Blanket: Operating Supplies for WWTP's	$	123.79
52575301	108215	11/7/2017	OFFICE DEPOT INC	9.65E+11	9/21/2017	Blanket: Operating Supplies for WWTP's	$	11.44
52575301	108215	11/7/2017	OFFICE DEPOT INC	9.65E+11	9/21/2017	Blanket: Operating Supplies for WWTP's	$	11.39
52575302	108203	11/7/2017	HOME DEPOT CREDIT SERVICES	6880440	9/14/2017	Blanket: Operating Supplies for WWTP's	$	646.58
52575302	108203	11/7/2017	HOME DEPOT CREDIT SERVICES	7903246	9/13/2017	Blanket: Operating Supplies for WWTP's	$	27.12
52575302	108206	11/7/2017	IDEXX Distribution inc	3021580741	9/21/2017	Blanket: Misc. Operating Supplies for WWTP's	$	14.73
52575302	108229	11/7/2017	WALMART COMMUNITY # 0005	27063	10/27/2017	Restock:Trash bags,cups,tissue,plates	$	43.18
52575302	108248	11/9/2017	HOME DEPOT CREDIT SERVICES	8801133	10/2/2017	Blanket: Misc. Operating Supplies for WWTP's	$	465.21
52575302	108302	11/14/2017	WATER SHED	12234	10/30/2017	WATER & ICE - SWWPT	$	11.51
52575302	108361	11/29/2017	BEARING-BELT & CHAIN INC.	1460585	8/21/2017	Blanket: Misc. Op. Supplies for WWTP's	$	37.39
52575302	108361	11/29/2017	BEARING-BELT & CHAIN INC.	1467505	10/23/2017	Blanket: Misc. Op. Supplies for WWTP's	$	57.40
52575302	108361	11/29/2017	BEARING-BELT & CHAIN INC.	1467505	10/23/2017	Blanket: Misc. Operating Supplies for WWTP's	$	1,600.00
52575302	108423	11/30/2017	BEARING-BELT & CHAIN INC.	1470716	11/20/2017	Blanket: Misc. Op. Supplies for WWTP's	$	807.20
52575302	108423	11/30/2017	BEARING-BELT & CHAIN INC.	1470720	11/20/2017	Blanket: Misc. Op. Supplies for WWTP's	$	698.01
52575302	108423	11/30/2017	BEARING-BELT & CHAIN INC.	1470720	11/20/2017	Blanket: Misc. Operating Supplies for WWTP's	$	158.55
52575302	108446	11/30/2017	WATER SHED	12386	11/20/2017	WATER & ICE - SWWTP	$	8.23
52575302	8076358	11/15/2017	AMAZON.COM	Oct-17 STMT	10/26/2017	Purchase Amazon Mktplace Pmts: Gate Keypads for SWWTP	$	337.98
52575302	8076358	11/15/2017	Dollar General	Oct-17 STMT	10/11/2017	Purchase Dollar General #7336: Operating Supplies-Misc	$	8.97
52575302	8076358	11/15/2017	WALMART COMMUNITY # 0005	Oct-17 STMT	10/4/2017	Walmart: Op. Supplies for Super.	$	71.13
52575304	108333	11/17/2017	Cintas Corporation Lock 696	696357685	10/18/2017	CONTRACT #7388 UNIFORM RENTAL	$	2.67
52575304	108333	11/17/2017	Cintas Corporation Lock 696	696359947	10/25/2017	CONTRACT #7388 UNIFORM RENTAL	$	2.47
52575304	108333	11/17/2017	Cintas Corporation Lock 696	696362273	11/1/2017	CONTRACT #7388 UNIFORM RENTAL	$	2.67
52575304	108333	11/17/2017	Cintas Corporation Lock 696	696364566	11/8/2017	CONTRACT #7388 UNIFORM RENTAL	$	2.67
52575304	108333	11/17/2017	Cintas Corporation Lock 696	696366904	11/15/2017	CONTRACT #7388 UNIFORM RENTAL	$	2.67
52575304	108363	11/29/2017	BRETT HILTON	REIM-WKBOOTS1117	11/15/2017	Reimbursement for Uniform Pants/Boots	$	87.50
52575304	108372	11/29/2017	David Hills	REIM-UNI111417	11/14/2017	REMAINING PANT ALLOWANCE - DAVID H	$	9.60
52575304	108397	11/29/2017	NICHOLAS BAGNALL	REIMBOOTS112717	11/27/2017	BOOT ALLOWANCE 2017-2018 FY - NICK B	$	17.50
52575304	108427	11/30/2017	Cintas Corporation Lock 696	696369199	11/22/2017	CONTRACT #7388 UNIFORM RENTAL	$	2.67
52575304	8076358	11/15/2017	David Hills	Oct-17 STMT	10/25/2017	Uniform Purchase	$	1.20
52575310	108247	11/9/2017	HILL BROTHERS CHEMICAL CO,	50907598	8/18/2017	Hypochlorite Liquid Bleach for SWWTP	$	117.93
52575310	108247	11/9/2017	HILL BROTHERS CHEMICAL CO,	50907362	8/8/2017	Hypochlorite Liquid Bleach for SWWTP	$	1,621.50
52575310	108247	11/9/2017	HILL BROTHERS CHEMICAL CO,	50907598	8/18/2017	1200 gallons of Hypochlorite Liquid Bleach for SWWTP	$	1,250.43
52575310	108247	11/9/2017	HILL BROTHERS CHEMICAL CO,	50907743	9/28/2017	Hypochlorite Liquid Bleach for SWWTP	$	260.57
52575310	108247	11/9/2017	HILL BROTHERS CHEMICAL CO,	50907743	9/28/2017	Sodium Hypochlorite 12.5% for WWTP's	$	597.37
52575310	108254	11/9/2017	SOLENIS LLC	131219733	10/29/2017	Blanket: Polymer needed for Belt Presses at WWTP's	$	1,105.76
52575310	108254	11/9/2017	SOLENIS LLC	131219733	10/29/2017	Polymer Drums for WWTP's	$	567.23
52575311	108373	11/29/2017	Day Auto Supply, Inc	725388	10/2/2017	Blanket: Small Tools for WWTP's	$	144.98
52575312	108234	11/9/2017	ARIZONA GLOVE & SAFETY	7440951	10/11/2017	First Aid Kit - Restock Items	$	52.17
52575312	108252	11/9/2017	Pollardwater	84164	10/24/2017	Life Ring Safety Stations (4) for SWRF Basins	$	1,171.94
52575312	8076358	11/15/2017	HOME DEPOT CREDIT SERVICES	Oct-17 STMT	10/14/2017	Home Depot	$	43.86

52575403	108388	11/29/2017	JOY JONAS	102617	11/15/2017	Per diem for meals for Wastewater Treatment	$ 14.00	
52575403	8076358	11/15/2017	Gateway ADEQ Operator Certifc	Oct-17 STMT	10/5/2017	Purchase Purplepass: WW Treatment Operator I Cert. Testing-Gr	$ 58.00	
52575403	8076358	11/15/2017	Rural Water Association of Arizo	Oct-17 STMT	10/18/2017	Rural Water - Grajeda WW Treat. Op. Cert. Training	$ 100.00	
52575507	108312	11/16/2017	HAZEN and SAWYER	2	10/23/2017	SU-88: South WWTP Expansion Headworks - Eng. Serv. for Prelin	$ 8,004.20	
52575507	108314	11/16/2017	James, Cooke & Hobson Inc	355304	10/26/2017	SU-84 Misc. (Sewer Projects): Replacement Kaeser Omega Blowe	$ 33,633.32	
52575507	108356	11/29/2017	Arizona Pneumatic Systems Inc	D2-132723	9/30/2017	Additional amount owed on PO 48089	$ 147.88	
52575507	108356	11/29/2017	Arizona Pneumatic Systems Inc	D2-132723	9/30/2017	SU-13: WWTP Expansion (N. Florence) - GAGMDPA 7MP Sutorbil	$ 8,500.00	
52575507	108421	11/29/2017	WESTLAND RESOURCES INC	48603008	10/12/2017	SU-85: Recharge Permitting & Design for SWWTP	$ 4,074.00	
52575507	108421	11/29/2017	WESTLAND RESOURCES INC	48603009	11/13/2017	SU-85: Recharge Permitting & Design for SWWTP	$ 258.00	
52575507	108433	11/30/2017	Ferguson Waterworks a Wolsele	314099	11/6/2017	Misc. Parts/Materials (pvc, couplings)	$ 2,397.79	
							Sub Total-	**$ 127,171.95**
Sewer Opeations N.F Plant:								
52576201	108239	11/9/2017	CENTURYLINK	W/WW1017	10/28/2017	w/ww alarm-8356	$ 53.12	
52576208	108370	11/29/2017	COOLIDGE ENGINE & PUMP, L.L	7500	7/20/2017	Blanket: Misc. Maint./Repair at WWTP's	$ 1,217.87	
52576211	108203	11/7/2017	HOME DEPOT CREDIT SERVICES	4901570	9/26/2017	Rocks needed for sand filter at NWWTP	$ 941.67	
52576211	108244	11/9/2017	Element Metals, LLC	422235	10/13/2017	Rework and repair rake at NWWTP	$ 1,086.00	
52576211	108249	11/9/2017	KLEEN INDUSTRIAL SERVICES	0034024-IN	10/26/2017	Sand needed for Sand Filter at the NWWTP	$ 1,792.00	
52576211	108250	11/9/2017	MeHALL CONTRACTING LLC	2986	10/19/2017	NWRF - Upper Clarifier Repairs	$ 485.00	
52576211	108250	11/9/2017	MeHALL CONTRACTING LLC	2986	10/19/2017	Repairs to clarifier at NWWTP	$ 1,150.00	
52576211	108365	11/29/2017	Casa Gande Pumping Svc., Inc	10786	10/4/2017	Sludge Hauling from NWWTP to SWWTP	$ 2,300.00	
52576211	108365	11/29/2017	Casa Gande Pumping Svc., Inc	10851	9/27/2017	Sludge hauling from NWWTP to SWWTP	$ 2,300.00	
52576211	108377	11/29/2017	Element Metals, LLC	422213	9/20/2017	Repairs to NWWTP Rake	$ 586.44	
52576215	108263	11/14/2017	BIA	17-Oct	11/1/2017	21241-electric	$ 3,697.10	
52576217	108188	11/7/2017	CASA GRANDE COURIER, INC.	1260	10/3/2017	Courier Services for September 2017 - NWWTP	$ 836.00	
52576217	108329	11/16/2017	WILLDAN	010-36202	11/8/2017	Utility Rate Study for Wastewater Services	$ 1,745.00	
52576217	108366	11/29/2017	CASA GRANDE COURIER, INC.	1261	11/2/2017	Courier fees for Oct 2017 - NWWTP	$ 836.00	
52576217	108432	11/30/2017	EUSI, LLC	2358	11/9/2017	CONSULTING TASKS - REPLACES PO#46626	$ 2,418.00	
52576301	108215	11/7/2017	OFFICE DEPOT INC	9.65E+11	9/21/2017	Blanket: Operating Supplies for WWTP's	$ 123.79	
52576301	108333	11/17/2017	Cintas Corporation Lock 696	696357685	10/18/2017	CONTRACT #7388 UNIFORM RENTAL	$ 1.00	
52576301	108333	11/17/2017	Cintas Corporation Lock 696	696359947	10/25/2017	CONTRACT #7388 UNIFORM RENTAL	$ 3.42	
52576302	108201	11/7/2017	GRAINGER, INC.	9558629854	10/18/2017	Blanket: Misc. Operating Supplies for WWTP's	$ 26.06	
52576302	108201	11/7/2017	GRAINGER, INC.	9558629862	10/18/2017	Blanket: Misc. Operating Supplies for WWTP's	$ 25.82	
52576302	108203	11/7/2017	HOME DEPOT CREDIT SERVICES	4010680	9/26/2017	Blanket: Misc. Operating Supplies for WWTP's	$ 89.93	
52576302	108203	11/7/2017	HOME DEPOT CREDIT SERVICES	4084273	9/26/2017	Blanket: Misc. Operating Supplies for WWTP's	$ 187.22	
52576302	108206	11/7/2017	IDEXX Distribution inc	3021580741	9/21/2017	Blanket: Misc. Operating Supplies for WWTP's	$ 14.72	
52576302	108246	11/9/2017	HACH COMPANY	10641720	9/20/2017	Blanket: Misc. Operating Supplies for WWTP's	$ 269.07	
52576302	108302	11/14/2017	WATER SHED	12234	10/30/2017	WATER & ICE - NWWTP	$ 11.51	
52576302	108361	11/29/2017	BEARING-BELT & CHAIN INC.	1467505	10/23/2017	Blanket: Misc. Operating Supplies for WWTP's	$ 597.86	
52576302	108423	11/30/2017	BEARING-BELT & CHAIN INC.	1470716	11/20/2017	Blanket: Misc. Op. Supplies for WWTP's	$ 201.80	
52576302	108423	11/30/2017	BEARING-BELT & CHAIN INC.	1470720	11/20/2017	Blanket: Misc. Op. Supplies for WWTP's	$ 598.20	
52576302	108423	11/30/2017	BEARING-BELT & CHAIN INC.	1470720	11/20/2017	Blanket: Misc. Operating Supplies for WWTP's	$ 258.35	
52576302	108446	11/30/2017	WATER SHED	12386	11/20/2017	WATER & ICE - NWWTP	$ 8.23	
52576302	8076358	11/15/2017	AMAZON.COM	Oct-17 STMT	10/26/2017	Purchase Amazon Mktplace Pmts: Gate Keypads for NWWTP	$ 337.98	
52576302	8076358	11/15/2017	Dollar General	Oct-17 STMT	10/11/2017	Purchase Dollar General #7336: Operating Supplies-Misc	$ 8.97	
52576302	8076358	11/15/2017	North Shore Commercial Door	Oct-17 STMT	10/6/2017	Credit Voucher Northshoredoorparts: Credit on PO #48299 Keyp	$ (695.20)	
52576302	8076358	11/15/2017	WALMART COMMUNITY # 0005	Oct-17 STMT	10/11/2017	Purchase Wm Supercenter #4451: Misc Op supplies	$ 75.16	
52576304	108333	11/17/2017	Cintas Corporation Lock 696	696362273	11/1/2017	CONTRACT #7388 UNIFORM RENTAL	$ 1.00	
52576304	108333	11/17/2017	Cintas Corporation Lock 696	696364566	11/8/2017	CONTRACT #7388 UNIFORM RENTAL	$ 1.00	
52576304	108333	11/17/2017	Cintas Corporation Lock 696	696366904	11/15/2017	CONTRACT #7388 UNIFORM RENTAL	$ 1.00	

52576304	108363	11/29/2017	BRETT HILTON	REIM-WKBOOTS1117	11/15/2017	Reimbursement for Uniform Pants/Boots	$ 87.50	
52576304	108427	11/30/2017	Cintas Corporation Lock 696	696369199	11/22/2017	CONTRACT #7388 UNIFORM RENTAL	$ 1.00	
52576310	108243	11/9/2017	DPC ENTERPRISES, L.P.	272001170-17	9/28/2017	150 lb. CL2 Cylinders for the NWWTP	$ 457.96	
52576310	108254	11/9/2017	SOLENIS LLC	131219733	10/29/2017	Polymer Drums for WWTP's	$ 141.81	
52576310	108375	11/29/2017	DPC ENTERPRISES, L.P.	272001365-17	11/13/2017	150 lb. CL2 Cylinders for the NWWTP	$ 482.53	
52576311	108373	11/29/2017	Day Auto Supply, Inc	727623	10/26/2017	Blanket: Small Tools for WWTP's	$ 45.62	
52576312	108252	11/9/2017	Pollardwater	84164	10/24/2017	Life Ring Safety Stations (4) for NWRF Basins	$ 1,171.93	
52576403	108388	11/29/2017	JOY JONAS	102617	11/15/2017	Per diem for meals for Wastewater Treatment	$ 14.00	
52576403	8076358	11/15/2017	Gateway ADEQ Operator Certifc	Oct-17 STMT	10/5/2017	Purchase Purplepass: WW Treatment Operator I Cert. Testing-Gr	$ 57.99	
52576507	108358	11/29/2017	ARROWHEAD ENVIRONMENTAL	7301	11/17/2017	SU-13: WWTP Expansion (N. Florence) - Repair	$ 4,787.50	
52576507	108421	11/29/2017	WESTLAND RESOURCES INC	48603008	10/12/2017	SU-85: Recharge Permitting & Design for NWWTP	$ 12,069.25	
52576507	108421	11/29/2017	WESTLAND RESOURCES INC	48603009	11/13/2017	SU-85: Recharge Permitting & Design for NWWTP	$ 10,179.04	
52576507	108423	11/30/2017	BEARING-BELT & CHAIN INC.	1470721	11/20/2017	SU-13 WWTP Expansion (N. Florence) - Bearings needed for reha	$ 2,398.36	
							Sub Total-	**$ 55,485.58**
Customer Sanitaion Fund:								
53219000	108265	11/14/2017	2nd Temporary	711681	11/8/2017	Refund Sanitation Deposit	$ 75.00	
53219000	108269	11/14/2017	2nd Temporary	792470	11/9/2017	Refund Sanitation Deposit	$ 51.00	
53219000	108273	11/14/2017	2nd Temporary	710931	11/9/2017	Refund Sanitation Deposit	$ 51.00	
53219000	108275	11/14/2017	2nd Temporary	713391	11/9/2017	Refund Sanitation Deposit	$ 51.00	
53219000	108276	11/14/2017	2nd Temporary	792640	11/9/2017	Refund Sanitation Deposit	$ 51.00	
53219000	108279	11/14/2017	2nd Temporary	792410	11/9/2017	Refund Sanitation Deposit	$ 51.00	
53219000	108282	11/14/2017	2nd Temporary	702981	11/9/2017	Refund Sanitation Deposit	$ 51.00	
53219000	108289	11/14/2017	2nd Temporary	792610	11/9/2017	Refund Sanitation Deposit	$ 51.00	
53219000	108293	11/14/2017	2nd Temporary	790520	11/9/2017	Refund Sanitation Deposit	$ 51.00	
53219000	108296	11/14/2017	2nd Temporary	790160	11/9/2017	Refund Sanitation Deposit	$ 51.00	
53219000	108300	11/14/2017	2nd Temporary	792430	11/9/2017	Refund Sanitation Deposit	$ 51.00	
53219000	108303	11/14/2017	2nd Temporary	715232	11/9/2017	Refund Sanitation Deposit	$ 51.00	
53219000	108304	11/14/2017	2nd Temporary	792450	11/9/2017	Refund Sanitation Deposit	$ 51.00	
53219000	108306	11/14/2017	2nd Temporary	792510	11/9/2017	Refund Sanitation Deposit	$ 51.00	
53219000	108405	11/29/2017	2nd Temporary	794850	11/29/2017	Refund Sanitation Deposit	$ 17.00	
53219000	108409	11/29/2017	2nd Temporary	733000	11/29/2017	Refund Sanitation Deposit	$ 51.00	
53219000	108428	11/30/2017	2nd Temporary	712692	11/29/2017	Refund Sanitation Deposit	$ 8.50	
53219000	108438	11/30/2017	2nd Temporary	704734	11/29/2017	Refund Sanitation Deposit	$ 51.00	
							Sub Total-	**$ 865.50**
Sanitation Operations:								
53571201	108227	11/7/2017	Verizon Wireless	9794935119	10/21/2017	Cell phones	$ 85.85	
53571209	108373	11/29/2017	Day Auto Supply, Inc	792275	11/15/2017	Oil & filter for ST-37	$ 49.02	
53571217	108288	11/14/2017	RIGHT AWAY DISPOSAL	1698150	11/1/2017	Institutional billing additional	$ 190.13	
53571217	108323	11/16/2017	RIGHT AWAY DISPOSAL	1697861	11/1/2017	RAD Contact Residential	$ 46,944.87	
53571217	108403	11/29/2017	RIGHT AWAY DISPOSAL	1722298	12/1/2017	RAD BILLING INSTITUTIONAL	$ 7,699.16	
							Sub Total-	**$ 54,969.03**
Grants:								
216520217	8076358	11/15/2017	Arizona State Museum	Oct-17 STMT	10/12/2017	FY 2015-17 Records Search Archaeological Summary LetterTown	$ 500.00	
239511314	108320	11/16/2017	PINAL CO HISTORICAL SOCIETY	LIGHTS1017-1018	10/19/2017	GRIC Grant Funds Pass-thru	$ 4,200.00	
250510312	108417	11/29/2017	UNIVERSAL POLICE SUPPLY INC	22004	9/7/2017	Ballistic Vests: Peterson & Phillips-Grant Funded	$ 972.85	
250510312	108417	11/29/2017	UNIVERSAL POLICE SUPPLY INC	22007	9/7/2017	Ballistic Vests: Peterson & Phillips-Grant Funded	$ 972.85	
257506408	108359	11/29/2017	ARROYO FENCE CO.	1743	11/3/2017	6' Chain Link Fence & 14'x16' Concrete Slab (4 thick)"	$ 3,250.00	
257506408	108359	11/29/2017	ARROYO FENCE CO.	1743	11/3/2017	Tax	$ 226.03	
							Sub Total-	**$ 10,121.73**

Anthem Slids 1-3:								
300506215	108235	11/9/2017	Arizona Public Service Company	2976311000 1017	11/2/2017	SLID #1-Merrill Ranch	$ 2,476.66	
301506215	108235	11/9/2017	Arizona Public Service Company	7596020000 1017	11/2/2017	SLID #2 Merrill Ranch	$ 2,489.98	
302506215	108235	11/9/2017	Arizona Public Service Company	2496090000 1017	11/2/2017	SLID #3 Merrill Ranch	$ 2,215.86	
							Sub Total-	**$ 7,182.50**
Community Development:								
501506217	108327	11/16/2017	TischlerBise Inc	2.02E+12	11/1/2017	DIF Rate Study	$ 549.50	
505506217	108327	11/16/2017	TischlerBise Inc	2.02E+12	11/1/2017	DIF Rate Study	$ 549.45	
506506217	108327	11/16/2017	TischlerBise Inc	2.02E+12	11/1/2017	DIF Rate Study	$ 549.45	
508506217	108327	11/16/2017	TischlerBise Inc	2.02E+12	11/1/2017	DIF Rate Study	$ 549.45	
509506217	108327	11/16/2017	TischlerBise Inc	2.02E+12	11/1/2017	DIF Rate Study	$ 549.45	
510506217	108327	11/16/2017	TischlerBise Inc	2.02E+12	11/1/2017	DIF Rate Study	$ 549.45	
511506217	108327	11/16/2017	TischlerBise Inc	2.02E+12	11/1/2017	DIF Rate Study	$ 549.45	
							Sub Total-	**$ 3,846.20**
Expenses-Impound:								
566511408	108204	11/7/2017	HUGHES TOWING	18262	10/14/2017	Impound: Towing	$ 91.00	
566511408	108382	11/29/2017	HUGHES TOWING	17956	11/10/2017	Impound: 2003 Chevy Malibu	$ 225.00	
							Sub Total-	**$ 316.00**
Community Development:								
596506217	108327	11/16/2017	TischlerBise Inc	2.02E+12	11/1/2017	DIF Rate Study	$ 549.45	
597506217	108327	11/16/2017	TischlerBise Inc	2.02E+12	11/1/2017	DIF Rate Study	$ 549.45	
598506217	108327	11/16/2017	TischlerBise Inc	2.02E+12	11/1/2017	DIF Rate Study	$ 549.45	
599506217	108327	11/16/2017	TischlerBise Inc	2.02E+12	11/1/2017	DIF Rate Study	$ 549.45	
							Sub Total-	**$ 2,197.80**
Merrill Ranch CFD's # 1-3								
911160000	108364	11/29/2017	2nd Temporary	115401058-OP	11/28/2017	Overpayment	$ 138.63	
911160000	108394	11/29/2017	Temporary Vendor	100801033-OP	11/28/2017	Overpayment	$ 145.09	
957506205	108309	11/16/2017	Casa Grande Valley Newspaper	SPCE/ASSESS 1117	11/2/2017	CFD 1 P/N Special Asseements	$ 126.23	
957506301	108398	11/29/2017	OFFICE DEPOT INC	9.79E+11	11/10/2017	Date Stamp	$ 8.23	
958506205	108309	11/16/2017	Casa Grande Valley Newspaper	SPCE/ASSESS 1117	11/2/2017	CFD 2 P/N Special Assessments	$ 126.22	
958506301	108398	11/29/2017	OFFICE DEPOT INC	9.79E+11	11/10/2017	Date Stamp	$ 8.24	
							Sub Total-	**$ 552.64**
							Sub Total:	$ 836,795.89
							GRAND TOTAL-	**$ 836,795.89**

	TOWN OF FLORENCE COUNCIL ACTION FORM	**AGENDA ITEM 12a.**

MEETING DATE: January 2, 2018

DEPARTMENT: Administration

STAFF PRESENTER: Brent Billingsley, Town Manager

SUBJECT: Resolution No. 1652-18**:** Town desires to extend the time period for the applicant's compliance with the terms of Incentive Resolution No. 1603-16.

☒ **Action**
☐ **Information Only**
☐ **Public Hearing**
☒ **Resolution**
☐ **Ordinance**
- ☐ **Regulatory**
- ☐ **1st Reading**
- ☐ **2nd Reading**

☐ **Other**

STRATEGIC PLAN REFERENCE: ☒ Community Vitality ☒ Economic Prosperity ☐ Leadership and Governance ☒ Partnership and Relationships ☒ Transportation and Infrastructure ☐ Statutory ☐ None

RECOMMENDED MOTION/ACTION:

Adoption of Resolution No. 1652-18: A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, RATIFYING, REAFFIRMING AND APPROVING THE FINDINGS AND APPROVALS CONTAINED IN RESOLUTION NO. 1603-16 ("INCENTIVE RESOLUTION"), EXTENDING THE TIME PERIOD FOR APPLICANT'S COMPLIANCE WITH THE TERMS OF THE INCENTIVE RESOLUTION, AND DECLARING AN EMERGENCY.

BACKGROUND/DISCUSSION:

Circle K Stores Inc. has assembled three parcels of real property located at 255 South Main Street, on which it intends to construct a new retail development. The development will include a new single-story commercial building consisting of approximately 5,881 square feet on what is currently an occupied lot. The subject lot is currently occupied by the vacant Western Feed and Supply Building. The Project will include a modern design Circle K Store and commensurate fuel island.

On November 7, 2016 the Town Council, by Resolution No. 1603-16, approved a Town Core Infill Incentive request (Case PZ 16-56 INF) to facilitate the removal of all existing nonconforming development on the subject sites and to encourage the redevelopment of a site with retail development of a new Circle K convenience store.

Circle K Stores has requested an extension of time to comply with the terms of the Incentive Resolution and staff supports the findings and approvals contained in the Incentive Resolution adopted by the Town Council. As proposed, the extension time period for Applicant's compliance with the terms would be no later than July 2, 2018.

A VOTE OF NO WOULD MEAN:

A No vote would mean that Circle K Stores Inc. would not be able to realize the benefits of Infill Incentive Resolution No. 1603-16.

A VOTE OF YES WOULD MEAN:

A Yes vote would facilitate the previously approved Infill Incentives included in Resolution No. 1603-16.

FINANCIAL IMPACT:

None

ATTACHMENTS:

Resolution No. 1652-18

RESOLUTION NO. 1652-18

A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, RATIFYING, REAFFIRMING AND APPROVING THE FINDINGS AND APPROVALS CONTAINED IN RESOLUTION NO. 1603-16 ("INCENTIVE RESOLUTION"), EXTENDING THE TIME PERIOD FOR APPLICANT'S COMPLIANCE WITH THE TERMS OF THE INCENTIVE RESOLUTION, AND DECLARING AN EMERGENCY.

WHEREAS, the Town Council, by Resolution No. 1603-16, approved a Town Core Infill Incentive request (Case PZ 16-56 INF) to facilitate the removal of all existing nonconforming development on the subject sites and to encourage the redevelopment of a site with retail development of a new Circle K convenience store by Applicant; and

WHEREAS, Applicant ("Circle K") requested an extension of time to comply with the terms of the Incentive Resolution; and

WHEREAS, the Town desires to ratify, reaffirm and approve the findings and approvals contained in the Incentive Resolution adopted by the Town Council; and

WHEREAS, the Town desires to extend the time period for Applicant's compliance with the terms of the Incentive Resolution to a date no later than July 2, 2018; and

WHEREAS, Applicant's proposal has been considered by the Council and the request has been found to be consistent with the intent of the Town Core Infill Incentive Plan; be supported by findings and the favorable recommendation of the Planning and Zoning Commission; and be favorable to the general welfare, health and safety of the public. Thus, a determination has been made that this Town Core Incentive Plan request (PZ 16-56 INF) should be ratified, reaffirmed and approved.

NOW THEREFORE BE IT RESOLVED by the Mayor and Council of the Town of Florence, Arizona, as follows:

1. The Mayor and Council of the Town of Florence hereby adopts this Resolution for the property described in Exhibit "A" (the "Property").
2. The Mayor and Council of the Town of Florence hereby ratify, reaffirm and approve the findings and adoption of Resolution No. 1603-16 applicable to the Property.
3. The Mayor and Council of the Town of Florence hereby grants an extension for Applicant's compliance with the terms of the Incentive Resolution; and Applicant, through its application submittal and by the acceptance of the Incentive Resolution and this Resolution, acknowledges and agrees that the terms of the Incentive Resolution and this Resolution shall be fully satisfied no later than **July 2, 2018**.
4. All actions of the officials and agents of the Town which conform to the purpose

and intent of the Incentive Resolution and this Resolution and which further the Town's rights with respect to this Resolution, whether heretofore or hereafter taken, are ratified, confirmed and approved.

5. If any section, paragraph, clause or phrase of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or phrase shall not affect any of the remaining provisions of this Resolution. All orders, resolutions and ordinances or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any order, resolution or ordinance, or any part thereof.
6. The immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health and safety, particularly to facilitate the removal of nonconforming development within the Town Core, to ensure upgrading of the Town's critical infrastructure and facilities and to ensure the redevelopment of the sites in the Town Core, and an emergency is hereby declared to exist, and this Resolution shall be in force and effect from and after its passage by the Mayor and Council of the Town and it is herby excepted from the referendum provisions of the Constitution and laws of the State of Arizona.

PASSED AND ADOPTED by the Mayor and Council of the Town of Florence, Arizona, this 2nd day of January 2018.

_____
Tara Walter, Mayor

ATTEST:

_____
Lisa Garcia, Town Clerk

APPROVED AS TO FORM:

_____
Clifford L. Mattice, Town Attorney

	TOWN OF FLORENCE COUNCIL ACTION FORM	**AGENDA ITEM 12b.**

MEETING DATE: January 2, 2018

DEPARTMENT: Administration

STAFF PRESENTER: Brent Billingsley, Town Manager

SUBJECT: Infrastructure Improvement and Contribution Agreement with Circle K Stores Inc.

☒ **Action**
☐ **Information Only**
☐ **Public Hearing**
☒ **Resolution**
☐ **Ordinance**
- ☐ **Regulatory**
- ☐ **1st Reading**
- ☐ **2nd Reading**

☐ **Other**

STRATEGIC PLAN REFERENCE: ☒ Community Vitality ☒ Economic Prosperity ☐ Leadership and Governance ☒ Partnership and Relationships ☒ Transportation and Infrastructure ☐ Statutory ☐ None

RECOMMENDED MOTION/ACTION:

Motion to approve (or disapprove) of an Infrastructure Improvement and Contribution Agreement with Circle K Stores Inc., to construct a commercial project at 255 South Main Street, Florence Arizona.

BACKGROUND/DISCUSSION:

Circle K Stores Inc. has assembled three parcels of real property located at 255 South Main Street, on which it intends to construct a new retail development. The development will include a new single-story commercial building consisting of approximately 5,881 square feet on what is currently an occupied lot. The subject lot is currently occupied by the vacant Western Feed and Supply Building. The project will include a modern design Circle K Store and commensurate fuel island.

The Town's Planning and Zoning Commission approved Case No. PZ 16-55 DR for design approval of the project on October 20, 2016. Condition No. 3 of the DR Case requires the Developer to enter into a development agreement with the Town that addresses the terms for the project's infrastructure improvements and costs and provisions for easements prior to the issuance of a final Certificate of Occupancy for the project. The parties understand, acknowledge and agree that this agreement is the "Development Agreement" as contemplated under condition No. 3 of the DR Case.

Through adoption of Resolution No. 1603-16, on November 7, 2016, the Town Council approved a Town Core Infill Incentive Plan Request for the project. Concurrently with this Agreement the Town Council adopted Resolution No. 1652 -18, the effect of which ratifies, reaffirms, approves and extends the incentives provided.

The Town and Developer have agreed to execute this Agreement, pursuant to which, among other things, the Town is responsible for causing the design and construction of a 12-inch water main line that will connect the property directly to regional storage and distribution infrastructure, which will benefit both the subject property and the Town. The costs of the design and construction of the improvements will be shared by Town and Developer in accordance with the provisions of this Agreement. The project will result in significant benefits to the Town and its residents, including without limitation an approximately $3,000,000 capital investment.

The Developer will reimburse the Town $25,000 for costs related to the design and construction of water infrastructure necessary to serve the project on or before five days after the later of the effective date or approval of this Agreement by the Town Council.

A VOTE OF NO WOULD MEAN:

A No vote would mean that negotiations with Circle K Stores Inc. would cease and the subsequent and the development phase of the project could be compromised.

A VOTE OF YES WOULD MEAN:

A Yes vote would facilitate the development phase of the project in concert with the Town of Florence.

FINANCIAL IMPACT:

Within five days after the later of the effective date or approval of this Agreement by the Town Council, the Developer will reimburse the Town $25,000.00 for costs related to the design and construction of water infrastructure necessary to serve the Project.

ATTACHMENTS:

Infrastructure Improvement and Contribution Agreement

WHEN RECORDED, RETURN TO:

Town of Florence
Attn: Town Clerk
P.O. Box 2670
775 North Main Street
Florence, AZ 85132

TOWN OF FLORENCE INFRASTRUCTURE IMPROVEMENT AND CONTRIBUTION AGREEMENT

THIS INFRASTRUCTURE IMPROVEMENT AND CONTRIBUTION AGREEMENT (this "Agreement") is entered into as of the 2nd day of January 2018 (the "Effective Date"), by and between the TOWN OF FLORENCE, an Arizona Municipal Corporation (the "TOWN"), and CIRCLE K STORES INC., a Texas corporation (the "DEVELOPER"). The Town and the Developer are sometimes referred to herein collectively as the "Parties," or individually as a "Party."

RECITALS

A. Developer has assembled and is the current owner of three parcels of real property located at 255 South Main Street, in the Town of Florence, Arizona, as more particularly described in **Exhibit "A"** attached hereto and incorporated herein by this reference (the "Property"), on which it intends to construct a retail development, as generally depicted on **Exhibit "B"** attached hereto and incorporated herein by this reference (the "Project"). The Property is within the Town designated Infill Incentive District (the "District").

B. The Town's Planning and Zoning Commission approved case No. PZ 16-55 DR (the "DR Case") for design approval of the Project on October 20, 2016. Condition no. 3 of the DR Case requires Developer to enter a development agreement with the Town that addresses the terms for the Project's infrastructure improvements and costs and provisions for easements prior to the issuance of a final Certificate of Occupancy for the Project. The Parties understand, acknowledge and agree that this Agreement is the "Development Agreement" as contemplated under condition no. 3 of the DR Case.

C. Through adoption of Resolution No. 1603-16 on November 7, 2016, the Town Council approved a Town Core Infill Incentive Plan Request for the Project (Case No. PZ 16-56 INF) (the "Incentives") (See **Exhibit "C"** attached hereto and incorporated herein). Concurrently with this Agreement the Town Council approved Resolution No. 1652 -18 the effect of which ratifies, reaffirms, approves and extends the Incentives. The Town acknowledges and agrees that Developer has obtained a building permit (or permits) for construction of the Project in accordance with terms of this Agreement.

D. The Town and Developer have agreed to execute this Agreement, pursuant to which, among other things, the Town is responsible for causing the design and construction of a twelve (12) inch main line that will connect the Property directly to

regional storage and distribution infrastructure (the "Improvements"), which will benefit both the Property and the Town. The costs of the design and construction of the Improvements will be shared by Town and Developer in accordance with the provisions of this Agreement.

E. The Town Council finds, and the Developer acknowledges and agrees, that the Project and Improvements add to the quality of life and the overall social, economic, and general well-begin of the Florence community. The Improvements will not only positively impact the Developer's Property but surrounding properties as well. The Project will result in significant benefits to the Town and its residents, including without limitation an approximately **$3,000,000** capital investment.

AGREEMENTS

NOW THEREFORE, in consideration of the above premises, the promises contained in the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties hereto agree as follows:

ARTICLE I
RECITALS

1.1 **Incorporation of Recitals and Exhibits**. The foregoing Recitals are true and correct and, together with all Exhibits attached hereto and referenced herein, are incorporated by this reference as if fully set forth herein.

ARTICLE II
PROJECT IMPROVEMENTS

2.1 **Project Improvements**.

2.1.1 **Town Core Infill Incentive Plan**. The Developer, is proposing to develop a new single-story commercial building consisting of approximately 5,881 square feet on what is currently an occupied lot. The subject lot is currently occupied by the vacant Western Feed and Supply Building. The Project will include a modern design Circle K Store and commensurate fuel island. It is the intent of the Parties that the Project be constructed in accordance with the Development Code of the Town of Florence (the "Code"), as modified by Resolution No. 1603-16 (the "Incentive Resolution") as ratified, reaffirmed, approved and extended by Resolution No. 1652-18 dated January 2, 2018. Nothing herein shall preclude Town from the reasonable exercise of its normal review processes and other governmental functions within its police powers. Developer additionally agrees and acknowledges that the Town may exercise its discretion in the manner provided by law.

2.1.2 **Dedications**. Developer agrees to dedicate to the Town all necessary easements to facilitate the Town's construction and installation of the upsized water main line pursuant to Section 2.1.3 below.

2.1.3 **Improvements and Contribution**. Developer acknowledges and agrees that in order to satisfy minimum fire flow requirements, as specified in the 2006 International Fire Code ("IFC"), regional utility improvements are required in connection with the development of this Project. Therefore, the Parties agree as follows:

1. The Town will design, construct, and dedicate a twelve (12) inch main line that will connect the Property directly to regional storage and distribution infrastructure (west) to the Property.

2. The Town will acquire the necessary, off-site, rights-of way to serve the Property.

3. The Town will be responsible for obtaining all necessary approvals from the Arizona Department of Transportation to cross State Route 79B with the necessary improvements.

4. The Developer shall pay the Town $25,000.00 ("Developer's Contribution") for costs related to the design and construction of water infrastructure necessary to serve the Project on or before five (5) days after the later of the Effective Date or approval of this Agreement by the Town Council.

5. The Developer shall design and install a commercial fire sprinkler system to the Ordinary Hazard Group 2 standard for the proposed commercial building and shall sprinkle the canopy serving the fuel island (the "System"). System installation may be completed by Developer after issuance of the Certificate of Occupancy, but the System must be installed and accepted by the date the Town connects and activates the twelve (12) inch main line to the Property.

2.1.4 **Existing Facilities**. Developer currently operates two Circle K stores on Main Street (both located near Main Street & Butte) (collectively, the "Original Stores"). Developer intends to cease operations at the Original Stores once Developer opens for business at the Property. It is important to note that the Circle K store located at the southwest corner of Main Street & Butte is currently a leased asset (the "Leased Asset"); however, Developer is negotiating with its landlord to purchase the Leased Asset so that they can have some control over how the property is "re-purposed." Assuming Developer is able to purchase the Leased Asset from its landlord, Developer will work to re-tenant and or sell the Leased Asset as expeditiously as possible. If Developer is able to purchase the Leased Asset and a new tenant or owner is not found within 24 months from Developer acquiring the Leased Asset, Developer shall demolish the building on the Leased Asset and improve the real estate to a "building ready" state. The existing Circle K store located south of the southeast corner of Main Street & Butte is a leased asset and is not eligible for purchase by Developer; however, Developer will attempt to sublet such property through the remaining term of its existing lease. Once the Project is completed, the Developer has agreed to remove the existing fuel delivery systems on the Original Stores as well as all fuel related equipment as soon as possible, but not later than within five (5) months of closing the Original Stores.

2.1.5 **Filing, Inspection, Review and Permit Fees**. In good faith and in the spirit of cooperation regarding the Improvements required for this Project, the Town agrees to waive:

1. The $1,000 Development Agreement Legal Review Fee.

2. The Demolition Plan Review Fee. (estimated at $352.79)

3. The Easement Dedication Fees. (estimated at $400)

4. All water tap fees necessary for the twelve (12) inch water main project. (estimated at $1,295)

5. All water service connection charges including meter installation. (estimated at $1,490.50)

6. Engineering plan review and inspection fees associated with the Project including water and sewer service inspections, water line inspection, and sewer line inspection. (estimated at $592)

7. All plan review and permit fees associated with the design and installation of the Ordinary Hazard Group 2 fire sprinkler and alarm system. (estimated at $450)

8. All plan review and inspection fees associated with the design and installation of the onsite fire line and required hydrants. (estimated at $520)

Subject to the above waivers/reductions, the Developer shall pay all other current applicable filing fees, plan review fees, permit fees and building fees in effect at the time of issuance of any filing, review or permit issuance.

ARTICLE III
DISPUTE RESOLUTION

3.1 **Dispute Resolution**. If the Parties cannot resolve any dispute that arises out of this Agreement between, or among, themselves, the Parties agree that there shall be a forty-five (45) day moratorium on litigation during which time the Parties agree to attempt to settle the dispute by mediation before commencement of litigation. The mediation shall be held in accordance with the commercial Mediation Rules of the American Arbitration Association ("AAA") currently in effect, but not administered or conducted by the AAA. The matter in dispute shall be submitted to a mediator mutually selected by Developer and the Town. If the Parties cannot agree upon the selection of a mediator within seven (7) days, then within three (3) days thereafter, the Town and the Developer shall request the presiding judge of the Superior Court in and for the County of Pinal, State of Arizona, to appoint an independent mediator. The mediator selected shall have at least five (5) years' experience in mediating or arbitrating disputes relating to commercial property development. The costs and fees of any such mediation shall be divided equally between

the Town and Developer. The mediation shall be held in the Town of Florence, unless another location is mutually agreed upon. Agreements reached in mediation shall be specifically enforceable in any court having jurisdiction thereof. A Party shall be free to initiate litigation upon the conclusion of mediation if no mutual agreement between, or among, the Parties is entered as a result of the mediation.

ARTICLE IV
GENERAL PROVISIONS

4.1 **Time of the Essence**. Time is of the essence with regard to performance under the terms and provisions of this Agreement, and any amendment, modification or revision thereof, with respect to the actions and obligations of each person bound by the terms hereof.

4.2 **Nonliability of Town Officials**. No Town Council member, agent, official, representative, attorney or employee of the Town shall be personally liable to Developer, or any successor or assignee, (a) in the event of any default or breach by the Town, or (b) for any amount which may become due to the Developer or its successor or assign, or (c) with respect to any obligation of the Town under the terms of this Agreement.

4.3 **Conflict of Interest**. Pursuant to Arizona law (A.R.S.§ 38-503 and 38-511), rules and regulations, no member, agent, official or employee of the Town shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, agent, official or employee participate in any decision relating to this Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested. This Agreement is subject to cancellation pursuant to the terms of A.R.S. § 38-511.

4.4 **Notices and Requests**. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (A) delivered to the party at the address set forth below, (B) deposited in the U.S. Mail, registered or certified, return receipt requested, to the address set forth below or (C) given to a recognized and reputable overnight delivery services, to the address set forth below:

If to Developer:

Circle K Stores Inc.
Address for delivery:
Warner Crossing Business Park
1130 West Warner Road, Building B
Tempe, AZ 85284

Address for mail:
P.O. Box 52085
Phoenix, AZ 85072-2085
Attention: Real Estate (DC56)
Telephone: (602) 728-8000
Facsimile: (602) 728-5292

with a copy to: Kutak Rock LLP

8601 North Scottsdale Road, Suite 300
Scottsdale, AZ 85253-2742
Attention: Arik J. Michelson, Esq.
Telephone: (480) 429-5000
Facsimile: (480) 429-5001

If to the Town: Town Manager
Town of Florence
P. O. Box 2670
Florence, Arizona 85132

With a copy to: Town Clerk
Town of Florence
P. O. Box 2670
Florence, Arizona 85132

or at such other address, and to the attention of such other person or officer, as any party may designate in writing by notice duly given pursuant to this Section. Notices shall be deemed received: (A) when delivered to the Party; (B) three business days after being placed in the U.S. Mail, properly addressed, with sufficient postage; or (C) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day. If a copy of a notice is also given to a party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a party shall mean and refer to the date on which the party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

4.5 **Disputes, Governing Law**.

This Agreement shall be deemed to be made under, shall be construed in accordance with, and shall be governed by the laws of the State of Arizona, without reference to choice of law or conflicts of laws principles thereof. Any action brought to interpret, enforce, or construe any provision of this Agreement shall be commenced and maintained in the Superior Court of the State of Arizona in and for the County of Pinal (or, as may be appropriate, in the Justice Courts of Pinal County, Arizona or in the United States District Court for the District of Arizona, if but only if, the Superior Court lacks or declines jurisdiction over such action). The Parties irrevocably consent to jurisdiction and venue in such courts for such purposes and agree not to seek transfer or removal of any action commenced in accordance with the terms of this paragraph.

4.6 **Amendment**. No amendment or waiver of any provision in this Agreement will be binding: (A) on the Town unless and until it has been approved by the Town Council and has become effective; or (B) on the Developer unless and until it has been executed by an authorized representative.

4.7 **Waiver**. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver of any breach shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant, or conditions of this Agreement. None of the provisions of this Agreement shall be deemed to have been waived by an act or knowledge of any Party or its agent or employee, but only by a specific written waiver signed by an authorized officer of such Party and delivered to the other Party. One or more waivers by either Party of any provisions, terms, conditions, or covenants of this Agreement, or any breach thereof, shall not be construed as a waiver of a subsequent breach by the other Party.

4.8 **Severability**. Each provision of this Agreement will be valid and will be enforced to the extent permitted by law and the Parties will negotiate in good faith for such amendments of this Agreement as may be necessary to achieve its intent, notwithstanding such invalidity or unenforceability.

4.9 **Covenant of Good Faith**. In exercising their rights and in performing their obligations pursuant to this Agreement, the Parties will cooperate with one another in good faith to ensure the intent of this Agreement can be attained.

4.10 **Headings; References**. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of any provision of this Agreement. Any references in this Agreement to a "section" or a "subsection" shall include all subsections and paragraphs thereof.

4.11 **Binding Nature**. The provisions of this Agreement are binding upon and shall inure to the benefit of the Parties, and all of their permitted successors in interest and assigns.

4.12 **Third Parties**. No term or provisions of this Agreement is intended to, or shall be for the benefit of any person or entity not a Party hereto, and no such other person or entity shall have any right or cause of action hereunder.

4.13 **No Partnership**. None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the Parties hereto in their respective businesses or otherwise, nor shall it cause them to be considered members of a joint venture or joint enterprise. Each Party hereto shall be considered a separate owner, and no Party hereto shall have the right to act as an agent for another Party hereto, unless expressly authorized to do so herein or by separate written instrument signed by the Party to be charged.

4.14 **Business Days**. If the last day of any time period stated in this Agreement or the date on which any obligation to be performed under this Agreement shall fall on a Saturday, Sunday or legal holiday, then the duration of such time period or the date of performance, as applicable, shall be extended so that it shall end on the next succeeding day which is not a Saturday, Sunday or legal holiday.

4.15 **Computation of Time**. In computing any period of time under this Agreement, the date of the act or event from which the designated period of time begins

to run shall not be included. The last date of the period so completed shall be included unless it is a Saturday, Sunday or legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday or legal holiday. The time for performance of any obligation or taking any action under this Agreement shall be deemed to expire at 5:00 p.m. local time, (Florence, Arizona) on the last day of the applicable time period provided herein.

4.16 **Further Documentation**. The Parties agree in good faith to execute such further or additional instruments and documents and to take such further acts as may be necessary or appropriate to fully carry out the intent and purpose of this Agreement.

4.17 **Entire Agreement**. This Agreement constitutes the entire agreement between the Parties hereto pertaining to the subject matter hereof and all prior and contemporaneous agreements, representations, negotiations, and understandings of the Parties hereto, oral or written, are hereby superseded and merged herein. This Agreement may not be modified or amended except by a written document, signed by authorized representatives of each Party.

4.18 **Attorneys' Fees**. In the event either Party brings any action for any relief, declaratory or otherwise, arising out of this Agreement, or on account of any breach or default hereof, the prevailing Party shall be entitled to receive from the other Party reasonable attorneys' fees and reasonable costs and expenses (including expert witness fees), determined by the arbitrator or court sitting without a jury, which fees shall be deemed to have accrued on the commencement of such action and shall be enforced whether or not such action is prosecuted through judgment.

4.19 **Schedules; Exhibits**. All Schedules and Exhibits attached hereto are incorporated herein by this reference as though fully set forth herein.

4.20 **Counterparts**. This Agreement may be executed in one or more counterparts, and each originally executed duplicate counterpart of this Agreement shall be deemed to possess the full force and effect of the original, but all of which together shall constitute one and the same instrument, binding on the Parties. The Parties agree that this Agreement may be transmitted between them via facsimile or so-called "PDF" signature. The Parties intend that faxed or "PDF" signatures constitute original signatures and that a fully collated agreement containing the signatures (original, faxed or PDF) of the Parties is binding upon the Parties.

4.21 **Construction**. The terms and provisions of this Agreement represent the results of negotiations between the Parties, each of which has been or has had the opportunity to be represented by counsel of its own choosing, and neither of which has acted under any duress or compulsion, whether legal, economic or otherwise. Consequently, the terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and the Parties each hereby waive the interpretation and construction of this Agreement that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or

construed against the Party whose attorney prepared the executed Agreement or any earlier draft of the same.

4.22 **Recordation of Agreement**. This Agreement, and any amendment to it or cancellation of it, shall be recorded in its entirety in the Pinal County Recorder's Office, Arizona not later than 10 days after it is fully executed by the Developer and the Town (or, in the case of an amendment or cancellation, any other necessary party), as required by A.R.S.§ 9-500.05(D). The Developer shall reimburse the Town for all recording fees and charges.

4.23 **Town Manager's Power to Consent**. The Town authorizes and empowers the Town Manager to consent to any and all requests of the Developer requiring the consent of the Town hereunder without further action of the Town Council, except for any actions requiring Town Council approval as a matter of law, including, without limitation, any amendment or modification of this Agreement.

4.24 **Land Use Waivers**. Upon approval of this Agreement by the Town, Developer shall execute and deliver to the Town, a so-called "Proposition 207 Waiver" in the form promulgated by the Town from time to time. The Developer on behalf of itself and all other parties having an interest in the Property intends to encumber the Property with the following agreements and waivers. Developer agrees and consents to all conditions imposed by this Agreement, the land uses, densities, permits and other approvals for the Project, and by signing this Agreement waives any and all claims, suits, damages, compensation and causes of action for diminution in value of the Property the owner of the Property may have now or in the future under the provisions of the Private Property Rights Protection Act, A.R.S.§ 12-1131 et seq. (the "Act") resulting from this Agreement, the land uses, densities, permits and other approvals for the Project as enacted and adopted by the Town. Developer acknowledges and agrees the terms and conditions set forth in this Agreement and the land uses, densities, permits and other approvals for the Project cause an increase in the fair market value of the Property and such increase exceeds any possible reduction in the fair market value of the Property caused by any actions permitted by this Agreement as enacted and adopted by the Town. The Developer and the Town understand and agree that the waivers contained in this Section are binding upon Developer's successors in interest and assigns pursuant to the provisions of A.R.S. 9-500.05(D)

4.25. I**ndemnity**. The Developer shall, at is sole cost and expense defend the validity and enforceability of the Agreement and each of its terms in the event of any proceeding or litigation which challenges the authority of the Developer to enter into or preform any provision under this Agreement. The severability and reformation provision of Section 4.8 shall apply in the event of any successful challenge to this Agreement. To the fullest extent permitted by law, the Developer shall protect, pay, defend, indemnify and hold harmless the Town, its Council members, agents, officials, representative and employees from and against all suits, claims, demands, damages, losses, liabilities, fines, charges, penalties, administrative and judicial proceedings and orders, judgments, remedial actions of any kind, and all costs and cleanup actions of any kind, together with expenses (including but not limed to attorneys' fees, court costs, experts' fees, the cost

of appellant proceedings, and all claim adjusting and handling expenses), relating to, arising out of, resulting from or alleged to have resulted from the Developer's acts, errors, mistakes or omissions relating to any action or inaction of the Developer under this Agreement. The foregoing indemnity obligations of the Developer shall survive the expiration or termination of this Agreement for three (3) years and then expire.

[BALANCE OF THIS PAGE LEFT BLANK INTENTIONALLY; SIGNATURES AND ACKNOWLEDGEMENTS APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have executed and caused to be signed by their duly authorized representatives, this Agreement to be effective on or as of the day and year first above written.

ATTEST:

_____
Lisa Garcia
Town Clerk

APPROVED AS TO FORM:

_____
Clifford L. Mattice
Town Attorney

TOWN:

THE TOWN OF FLORENCE, an Arizona municipal corporation

By: _____
Tara Walter
Mayor

DEVELOPER:

CIRCLE K STORES, LLC,
an Arizona limited liability company

By: _____
Name: _____
Title: _____

STATE OF ARIZONA)
) ss
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this ___ day of _____, 2018, by _____, the _____ of Circle K Stores Inc., a Texas corporation, on behalf of the Corporation.

_____
Notary Public

My Commission Expires:

_____

EXHIBIT "A"

CIRCLE K – FLORENCE – BLOCK 12
LEGAL DESCRIPTION

Lots 1 through 10, Block 12, of "THE DOUGLAS ADDITION TO THE TOWN OF FLORENCE," according to the plat of record in the office of the County Recorder of Pinal County, Arizona, recorded in Book 1 of Maps, Page 4, situated in a portion of the Northwest quarter of Section 1, Township 5 South, Range 9 East of the Gila and Salt River Base and Meridian, described as follows:

Commencing at a found aluminum cap in pot hole at the West quarter corner of said Section 1, from which the 1869 position of the Northwest corner of Section 1, as said 1869 corner is shown on the "RECORD OF SURVEY, ALMA GUTIERREZ, BOUNDARY SURVEY," according to Book 12 of surveys, Page 148, Pinal County Records bears North 00°32'42" West (Basis of bearing), a distance of 2628.38 feet;

Thence North 00°32'42" West along the West line of said Northwest quarter, a distance of 2034.90 feet to the intersection of Brady Street with said West line of the Northwest quarter of Section 1, as said intersection is established by single proportionment between Collingwood Street and said Northwest corner of Section 1;

Thence North 89°17'56" East along the monument line of said Brady Street, a distance of 60.00 feet;

Thence South 00°32'42" East along a line parallel with and 60.00 feet East of said West line of the Northwest quarter, a distance of 30.00 feet to the Northwest corner of said Lot 10, and the **TRUE POINT OF BEGINNING;**

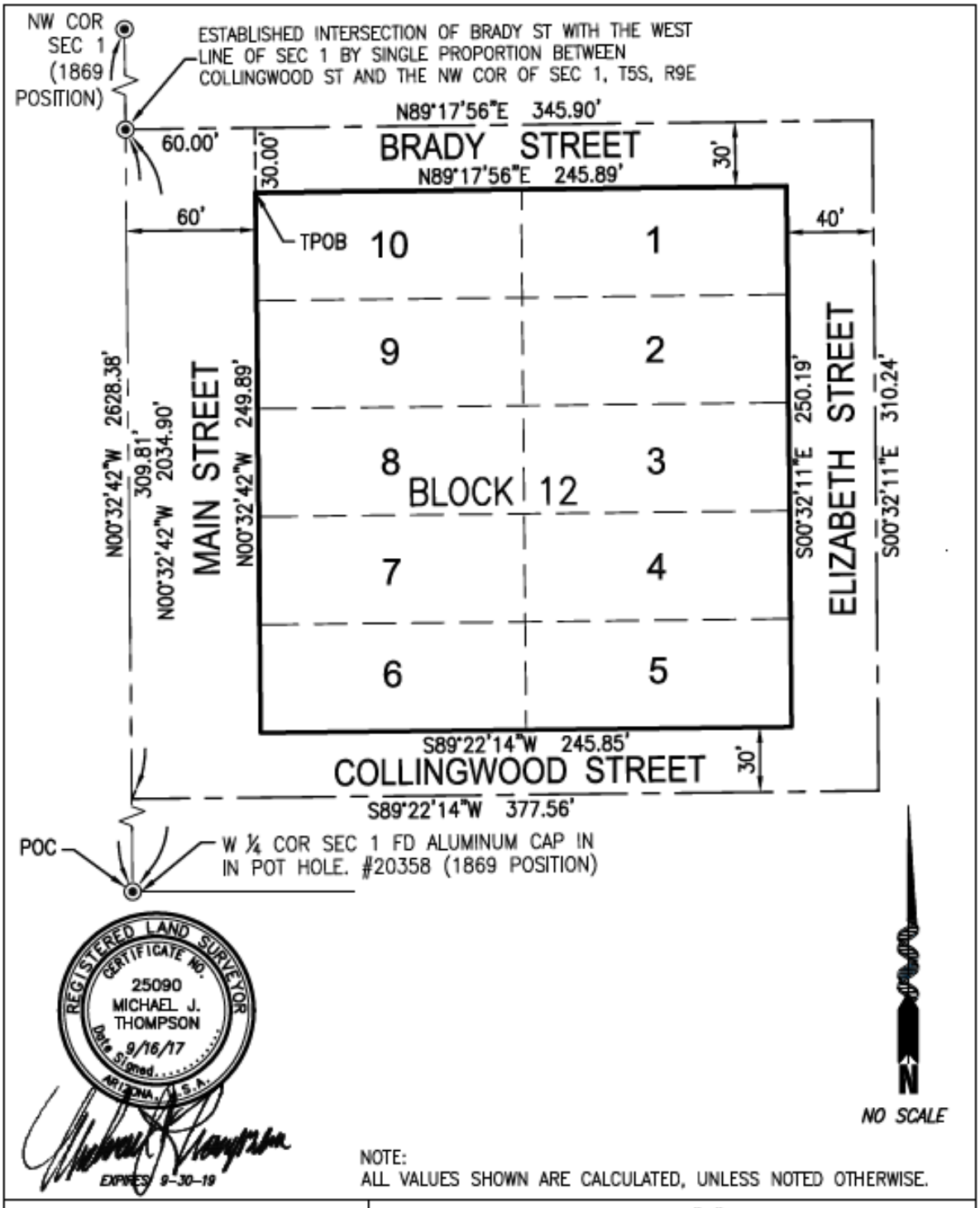
Thence North 89°17'56" East along the North lines of said Lots 10 and 1 respectively, parallel with and 30.00 feet South of said monument line of Brady Street a distance of 245.89 feet to the Northeast corner of said Lot 1;

Thence South 00°32'11" East along the East lines of Lots 1, 2 3, 4 and 5 respectively, parallel with, and 40.00 feet West of the monument line of Elizabeth Street, a distance of 250.19 feet to the Southeast corner of said Lot 5;

Thence South 89°22'14" West along the South lines of Lots 5 and 6 respectively, parallel with, and 40.00 feet North of the monument line of Collingwood Street, a distance of 245.85 feet to the Southwest corner of said Lot 6;

Thence North 00°32'42" West along the West lines of Lots 6, 7, 8, 9 and 10 respectively, parallel with, and 60.00 feet East of said West line of the Northwest quarter of Section 1, said line being the monument line of Main Street, a distance of 249.89 feet to the **TRUE POINT OF BEGINNING.**

Containing 61,477 square feet, or, 1.411 acres of land, more or less.



Helix Engineering, LLC Engineering / Surveying / Consulting 3240 E Union Hills, Suite 112, Phoenix, AZ 85050 602-788-2616, www.hxeng.com	EXHIBIT "C" CIRCLE K FLORENCE – BLOCK 12		
	DRAWN BY: MJT	SEPT 16, 2017	JOB No.: 237
	CHECKED BY: MJT		SHEET 1 OF 1

EXHIBIT "B"

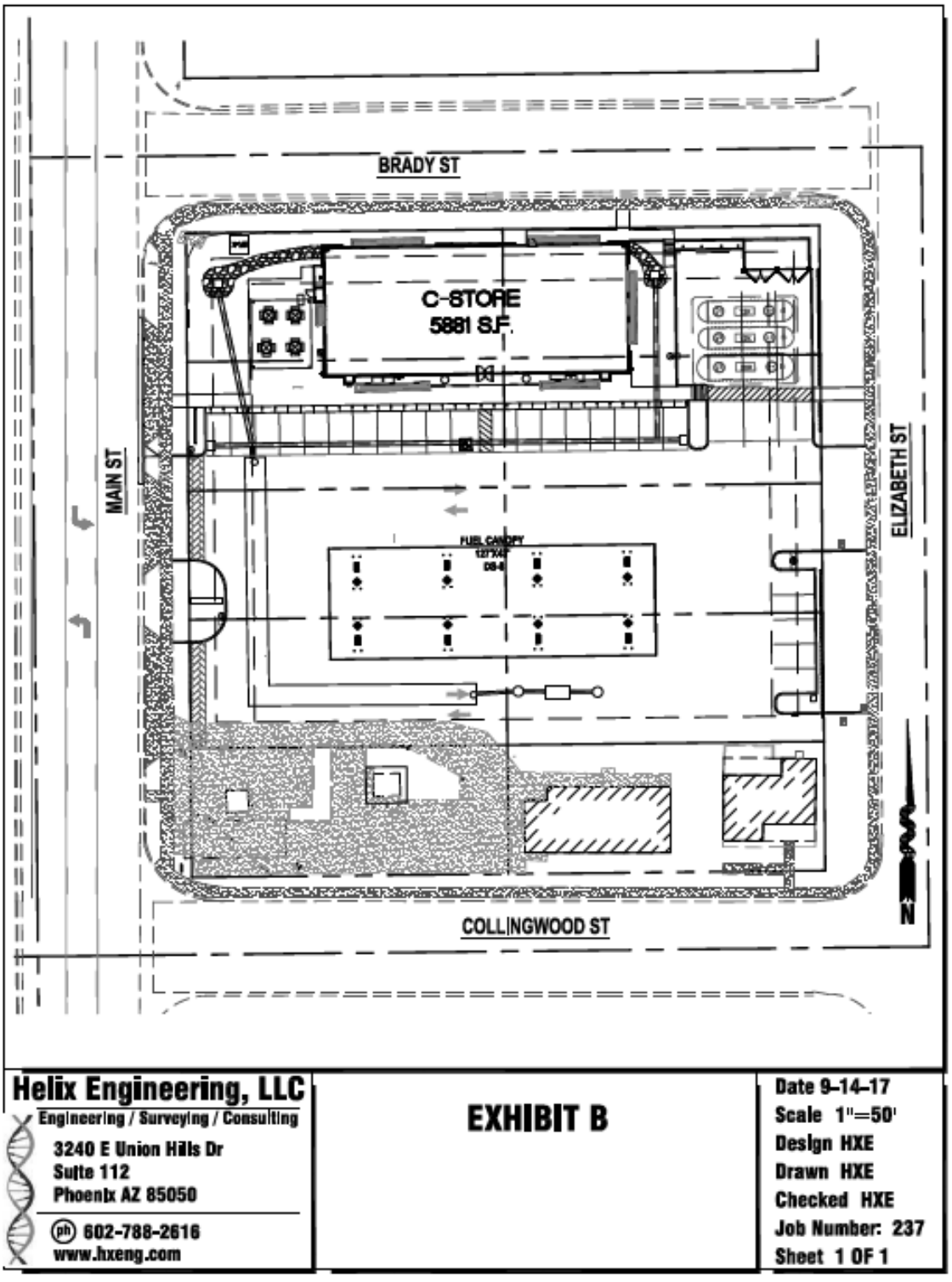

BRADY ST
C-STORE
5881 S.F.
MAIN ST
ELIZABETH ST
FUEL CANOPY
COLLINGWOOD ST
N
Helix Engineering, LLC
Engineering / Surveying / Consulting
3240 E Union Hills Dr
Suite 112
Phoenix AZ 85050
ph 602-788-2616
www.hxeng.com
EXHIBIT B
Date 9-14-17
Scale 1"=50'
Design HXE
Drawn HXE
Checked HXE
Job Number: 237
Sheet 1 OF 1

EXHIBIT “C”

5R

OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
VIRGINIA ROSS

DATE/TIME: 11/17/2016 1347
FEE: $7.00
PAGES: 5
FEE NUMBER: 2016-077618

When recorded mail to:

Florence Town Clerk
Town of Florence
P.O. Box 2670
775 N. Main Street
Florence, Arizona 85132

TOWN OF FLORENCE

Resolution No. 1603-16

RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, APPROVING A TOWN CORE INFILL INCENTIVE PLAN REQUEST RELATED TO THE PROPOSED DEVELOPMENT OF A NEW DOWNTOWN CIRCLE K CONVENIENCE STORE AND GAS STATION TO BE LOCATED ON PINAL COUNTY ASSESSOR PARCEL NUMBER 202-03-0580 (CASE PZ 16-56 INF).

November 16, 2016

RESOLUTION NO. 1603-16

A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, APPROVING A TOWN CORE INFILL INCENTIVE PLAN REQUEST RELATED TO THE PROPOSED DEVELOPMENT OF A NEW DOWNTOWN CIRCLE K CONVENIENCE STORE AND GAS STATION TO BE LOCATED ON PINAL COUNTY ASSESSOR PARCEL NUMBER 202-03-0580 (CASE PZ 16-56 INF).

WHEREAS, a request has been made to use the Town Core Infill Incentive Plan to approve limited deviations from development standards on Pinal County APN 202-03-0580, which parcel currently contains a nonconforming commercial development; and

WHEREAS, approval of this request for the subject Highway Business Commercial (B-2) zoned parcel would facilitate the removal of all existing nonconforming development on the subject site and encourage the redevelopment of the site with a new Circle K convenience store and gas station; and

WHEREAS, approval of this request would allow for some minor site development deviations on the redeveloped site in order to facilitate necessary infill development within the core of Florence; and

WHEREAS, approval of this request does not waive the applicability of adopted codes towards future uses and improvements on the subject parcel, except as expressly permitted by this request; and

WHEREAS, approval of this request is directly correlated with a companion Design Review application that was approved by the Planning and Zoning Commission on October 20, 2016, and all the terms of such application approval, for the new Circle K on the subject site; and

WHEREAS, these deviations are supported, in part, due to Circle K's willingness to address Town concerns with their two existing stores that will be closed upon the completion of the new proposed Circle K; and

WHEREAS, these deviations are supported, in part, due to Circle K's willingness to participate in an infrastructure project with the Town that will improve water flows to the subject property with such terms being defined within a Development Agreement; and

WHEREAS, approval of this request shall be rescinded if Circle K, or their applicable assignees, does/does not enter into a Development Agreement with the Town, which is a requirement of the project's Design Review approval; and

WHEREAS, approval of this request shall be rescinded if Circle K, or their applicable assignees, does/do not enter into an Agreement for the Waiver of Claims for Diminution in Value of Property ("207 Waiver"); and

WHEREAS, any potential reduction or waiving of applicable Town fees on this project shall be addressed in the Development Agreement entered into for the subject project; and

WHEREAS, the Planning and Zoning Commission of the Town of Florence reviewed this case and sent a favorable recommendation to the Town Council on this request; and

WHEREAS, said proposal has been considered by the Council and the request has been found to be consistent with the intent of the Town Core Infill Incentive Plan; be supported by findings and the favorable recommendation of the Planning and Zoning Commission; and be favorable to the general welfare, health and safety of the public. Thus, a determination has been made that this Town Core Incentive Plan request (PZ 16-56 INF) should be approved.

NOW THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Florence, Arizona as follows:

1. The Mayor and Council of the Town of Florence hereby adopt this Resolution for the property described in Exhibit A.

2. The minor deviations approved by this Resolution shall allow for a reduced rear yard (Brady Street) setback of no less than five feet; a minor reduction in landscaping; the utilization of three foot high screen walls in place of six foot high screen walls; and one new monument sign that shall not exceed 15 feet in height and four feet two inches in width.

3. The overall reduction in landscape buffer widths and plant materials is subject to final review of the Community Development Department upon the submittal of final construction plans.

4. Adoption of this resolution is conditioned upon Circle K, or their applicable assignees, entering into a Development Agreement with the Town that addresses, amongst other things, infrastructure plans and the terms for such (specifications, easements, costs, etc.) relative to the development of the subject property.

5. Adoption of this esolution is conditioned upon Circle K, or their applicable assignees, entering into an Agreement for the Waiver of Claims for Diminution in Value of Property ("207 Waiver").

6. Applicant, through this application submittal and by the acceptance of this resolution, acknowledge and agree that the terms of this resolution shall be met within one year from the date this resolution is adopted or the Town of Florence will take action to rescind this resolution and all of the development standard deviations granted herein.

PASSED AND ADOPTED by the Mayor and Council of the Town of Florence, Arizona, this 7th day of November 2016.

Tom J. Rankin, Mayor

ATTEST:

Lisa Garcia, Town Clerk

APPROVED AS TO FORM:

Clifford L. Mattice, Town Attorney

E Brady St
S Main St
S Elizabeth St
E Collingwood St
Town of Florence
0 25 50 75 Feet
N
Exhibit A:
Town Core Infill Incentive Plan Request (PZ 16-56 INF)
APN 202-03-0580
Building Footprints
Site Location
Parcel Lines
This map is created for reference purposes only and is to be used at your own risk. The Town of Florence makes no warranty as to the accuracy or completeness of the information contained in this map and assumes no liability for any errors or omissions contained therein, nor for any direct, indirect, or consequential damages which may be caused by its use. It is the user's responsibility to verify all information conatined herein.
10/14/2016 2016-121

Yourself You Must Correctly Follow Court Procedures.

MINER Legal 12/13/17

1. A robot may not injure a human being or, through inaction, allow a human being to be harmed.
2. A robot must obey orders given to it by human beings, except where such orders would conflict with the First Law.
3. A robot must protect its own existence as long as such protection does not conflict with the First or Second Law.

Author's Note:

I have been given the opportunity to express my opinion and viewpoints

Public Notice

PUBLIC NOTICE OF PROPOSED PERMIT OR PERMIT REVISION NOTICE OF PUBLIC HEARING PINAL COUNTY AIR QUALITY CONTROL DISTRICT
P.O. Box 987
Florence, Arizona 85132

Please note that PUBLIC COMMENT IS REQUESTED and a PUBLIC HEARING will be held, as follows: Purpose of Hearing To allow public comment regarding a pending application for a permit/revision that will authorize changes in emissions to the ambient air from the source described below. PCAQCD FILE # B31219.000 Applicant Florence Copper Inc. 1575 W. Hunt Hwy Florence, AZ 85132 Source Location Florence Copper Project 1575 W. Hunt Hwy Florence, AZ Type of Operations Copper Mining Emission Changes Emissions of Nitrogen Oxides, Carbon Monoxide, Particulate Matter, Volatile Organic Compounds, and Hazardous Air Pollutants (Ethyl Benzene and Xylene) Hearing Date Tuesday, January 16, 2018 Hearing Time 6:00 p.m. Hearing Location Pinal County Emergency Operations Center (EOC) 31 N. Pinal St, Bldg F Florence, AZ Any person who may be adversely affected by the requested permit/revision may offer oral or written objection to the terms or issuance of such permit. Grounds for comment are limited to whether the proposed permit meets the criteria for issuance prescribed in statute or rule. Objections or comments may be mailed to the District, may be hand delivered to the District, or may be expressed at the scheduled hearing. Written comments must identify the person objecting, be signed, and clearly set forth reasons why the permit/revision should be changed or should not be issued. Objections or comments are due during the public comment period, the public comment period ends at the conclusion of the public hearing on Tuesday, January 16, 2018. Send objections/comments to Pinal County Air Quality Control District, P.O. Box 987, Florence, Arizona 85132. The permit application package, including the application, a revised draft permit, and comments and objections received, is available for inspection and/or copying at the offices of the Pinal County Air Quality Control District, 31 N. Pinal Street, Building F, Development Services, Florence, Arizona. Any questions regarding the proposed permit or the hearing may be directed to the District at (520) 866-6929. PINAL COUNTY AIR QUALITY CONTROL DISTRICT MICHAELSUNDBLOM, DIRECTOR Dates Published: December 13, & 20, 2017 End of comment Period: January 16, 2018

Trustee Sale No: 2017-79354
Notice Of Trustee's Sale

Recorded: 11/6/2017 NOTICE! IF YOU BELIEVE THERE IS ADVANTAGE TO THE TRUSTEE SALE OR IF YOU HAVE AN OBJECTION TO THE TRUSTEE SALE, YOU MUST FILE AN ACTION AND OBTAIN A COURT ORDER PURSUANT TO RULE 65, ARIZONA RULES OF CIVIL PROCEDURE, STOPPING THE SALE NO LATER THAN 5:00 P.M. MOUNTAIN STANDARD TIME OF THE LAST BUSINESS DAY BEFORE THE SCHEDULED SALE DATE, OF THE SALE. YOU MUST HAVE GROUNDS AND DEFENSES OR OBJECTIONS TO THE SALE. REFER TO GUARANTEE ORDER. THE SALE WILL BE FINAL The following legally described trust property will be sold, pursuant to the power of sale under that certain Deed of Trust dated 6/30/2017, and recorded on 7/13/2017 as Instrument No. 2017-049739 Records of Pinal County, Arizona at public auction to the highest bidder at the Main entrance to the Superior Court Building., 971 N. Jason Lopez Circle, Building A, Florence, Arizona on 2/6/2018 at 11:00 AM of said day: Legal: See Attached "Exhibit A" for Legal Description The street address is purported to be: Address Unavailable See Legal Description Pinal County, Arizona Tax Parcel Number: 501-10-057B, 50110-057C, 501-10-057D, 501-10-057E, 501-40-006B, 501-40-006C, 501-40006D, 501-40-006E Original Principal Balance: $127,000.00 Name and address of original Trustor: Sugar Creek Homes, LLC, an Arizona limited liability company and Joseph M. Harris, a divorced man 45908 W. Roth Rd. Maricopa, Arizona 85139 Name and address of the Beneficiary: Prestige Capital LLC, an Arizona limited liability company and Pebler Equities LLC, an Arizona limited liability company 25820 S. Arizona Ave. Chandler, Arizona 85248 Name and address of Trustee: Empire West Title Agency, LLC 4808 N. 22nd Street, Suite 100 Phoenix, Arizona 85016 Conveyance of the property shall be without warranty, expressed or implied, and subject to all liens, claims or interest having a priority senior to the Deed of Trust. The Trustee shall not express an opinion as to the condition of title. All persons whose interest in the Trust Property is subordinate in priority to that of the above described Deed of Trust may be subject to having such subordinate interest terminated by this Trustee's Sale. Sale Information: Dated: 11/6/2017 Empire West Title Agency, LLC an Arizona limited liability company /s/ Sheri L. Morris, Trustee Sale Officer 602-749-7000 We are assisting the Beneficiary to collect a debt and any information we obtain will be used for that purpose, Manner of Trustee Qualification: 33-803 A.R.S. (A) (I) Regulator: The Department of Financial Institutions State Of Arizona }} ss. County of Maricopa } On 11/6/2017 before me, the undersigned notary public, personally appeared Sheri L. Morris, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument Witness my hand and official seal. Commission Expires: 1/22/2020 /s/ Antoinette A. Johnson, Notary Public Exhibit A Legal Description Parcel No. 1: The South half of the South half of the North half of the East half of the East half of Lot 11, Section 24, Township 6 South, Range 2 East, of Glia and Salt River Base and Meridian, Pinal County, Arizona. Parcel No. 2: The North half of the South half of the North half of the East half of the East half of Lot 11, Section 24, Township 6 South, Range 2 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona. Parcel No. 3: The South half of the North half of the North half of the East half of the East half of Lot 11, Section 24, Township 6 South, Range 2 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona. Parcel No. 4: The North half of the North half of the North half of the East half of the East half of Lot 11, Section 24, Township 6 South, Range 2 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona. Parcel No. 5: A portion of Lot 3, Hidden Valley Estates Unit 3, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Book 9 of Maps, page 43, described as follows: Commencing at the North quarter corner of Section 31, Township 6 South, Range 3 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona; Thence South 89 degrees 56 minutes 14 seconds West along the North line of said Section 31, a distance of 40.00 feet; Thence South 00 degrees 15 minutes 24 seconds East, a distance of 40.00 feet to a 3/4 inch iron pipe marking the Northeast corner of said Lot 5; Thence continuing South 00 degrees 15 minutes 24 seconds East along the East line of said Lot 5, a distance of 650.57 feet to a 3/4 inch iron pipe marking the Southeast corner of Said Lot 5; Thence South 89 degrees 45 minutes 38 seconds West along the South line of said Lot 5, a distance of 331.75 feet to the Point of Beginning; Thence continuing South 89 degrees 45 minutes 38 seconds West along said South line, a distance of 157.42 feet; Thence North 00 degrees 15 minutes 24 seconds West, a distance of 345.92 feet; Thence North 89 degrees 45 minutes 38 seconds East, a distance of 157.42 feet; Thence South 00 degrees 15 minutes 24 seconds East, a distance of 345.92 feet to the Point of Beginning. Except all gas, oil, metals and minerals rights as reserved in Patent from the State of Arizona recorded in Book 40 of Deeds, page 138. Parcel No. 6: A portion of Lot 5, Hidden Valley Estates Unit 3, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, recorded in Book 9 of Maps, page 43, described as follows: Commencing at the North quarter corner of Section 31, Township 6 South, Range 3 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona; Thence South 89 degrees 56 minutes 14 seconds West along the North line of said Section 31, a distance of 40.00 feet; Thence South 00 degrees 15 minutes 24 seconds East, a distance of 40.00 feet to a 3/4 inch iron pipe marking the Northeast corner of said Lot 5; Thence continuing South 00 degrees 15 minutes 24 seconds East along the East line of said Lot 5, a distance of 650.57 feet to a 3/4 inch iron pipe marking the Southeast corner of Said Lot 5; Thence South 89 degrees 45 minutes 38 seconds West along the South line of said Lot 5, a distance of 489.17 feet to the Point of Beginning; Thence continuing South 89 degrees 45 minutes 38 seconds West along said South line, a distance of 157.42 feet; Thence North 00 degrees 15 minutes 24 seconds West, a distance of 345.92 feet; thence North 89 degrees 456 minutes 38 seconds East, a distance of 157.42 feet; Thence South 00 degrees 15 minutes 24 seconds East, a distance of 345.92 feet to the Point of Beginning. Except all gas, oil, metals and minerals rights as reserved in Patent from the State of Arizona recorded in Book 40 of Deeds, page 138. Parcel No. 7: A portion of Lot 5, of Hidden Valley Estates Unit 3, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, recorded in Book 9 of Maps, page 43, described as follows: Commencing at the North quarter corner of Section 31, Township 6 South, Range 3 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona; Thence South 89 degrees 56 minutes 14 seconds West along the North line of said Section 31, a distance of 40.00 feet; Thence South 00 degrees 15 minutes 24 seconds East, a distance of 40.00 feet to a 3/4 inch iron pipe marking the Northeast corner of said Lot 5; Thence continuing South 00 degrees 15 minutes 24 seconds East along the East line of said Lot 5, a distance of 650.57 feet to a 3/4 inch iron pipe marking the Southeast corner of said Lot 5; Thence South 89 degrees 45 minutes 38 seconds West along the South line of said Lot 5, a distance of 646.59 feet to the Point of Beginning; Thence continuing South 89 degrees 45 minutes 38 seconds West along said South line, a distance of 88.48 feet to a 3/4 inch iron pipe marking the Southwest corner of said Lot 5; Thence North 39 degrees 18 minutes 49 seconds West, a distance of 245.26 feet to the most westerly Northwest corner of said Lot 5; Thence North 50 degrees 41 minutes 11 seconds East along the Northwest line of said Lot 5, a distance of 246.71 feet; Thence North 89 degrees 45 minutes 38 seconds East, a distance of 51.44 feet; thence South 00 degrees 15 minutes 24 seconds East, a distance of 345.92 feet to the Point of Beginning. Except all gas, oil, metals and minerals rights as reserved In Patent from the State of Arizona recorder din Book 40 of Deeds, page 138. Parcel No. 8: A portion of Lot 5, of Hidden Valley Estates Unit 3, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, recorded In Book 9 of Maps, page 43, described as follows: Commencing at the North quarter corner of Section 31, Township 6 South, Range 3 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona; Thence South 89 degrees 56 minutes 14 seconds West along the North line of said Section 31, a distance of 40.00 feet; Thence South 00 degrees 15 minutes 24 seconds East, a distance of 40.00 feet to a 3/4 inch iron pipe marking the Northeast corner of said Lot 5; Thence South 89 degrees 56 minutes 14 seconds West along the North line of said Lot 5, a distance of 321.50 feet to the most Northerly Northwest corner of said Lot 5; Thence South 50 degrees 41 minutes 11 seconds West along the Northwest line of said Lot 5, distance 13.20 feet to the Point of Beginning; Thence South 00 degrees 15 minutes 24 seconds East, a distance of 297.32 feet; Thence South 89 degrees 45 minutes 38 seconds West, a distance of 366.28 feet to a point on the Northwest line of said Lot 5, from which the most Westerly Northwest corner of said Lot 5 bears South 50 degrees 41 minutes 11 seconds West. a distance of 246.71 feet; Thence North 50 degrees 41 minutes 11 seconds East along said Northwest line, a distance of 471.69 feet to the Point of Beginning. Except all gas, oil, metals and minerals rights as reserved in Patent from the State of Arizona recorded In Book 40 of Deeds, page 138.

MINER Legal 12/13/17, 12/20/17, 12/27/17, 1/3/18

Continued from page 10

I HEAT, EARTH

San Manu

DCS'S NOTI MOTION FO PARENT-CH NO. J (Honorable IN THE SUPE STATE IN AND FOR TH In the Matter of: **JUDY DOYLE** d.o.b. 01-24-201 **TO: AMANDA** PAXTON DEAN d.o.b. 02-25-201 Person(s) under TO: AMANDA DEAN TAYLOR, fictitious name, p of the above-nar 1. The Safety, (DCS or through undersig Motion for Term Relationship pur Arizona Revised and 5 of the Procedure; and Procedure for th 2. The Publication hear January, 2018 a County Superio Lopez Circle, Fl before the Hono the purpose of parent or guar contesting the al 3. You entitled to have a hearing. You ma or, if you canno want to be repr one may be appo 4. You as a party in th advised that yo appear in court pretrial conferen dependency adj cause shown, m you have waive have admitted Motion. In additi without good ca forward in your in an adjudic termination of yo establishment guardianship ba the evidence pre 5. If y Notice by public copy of the Mo Parent-Child Re Hearing by subr to: ROBERT A. Attorney Genera Floor, Mesa, assigned case r and may be re (602) 771-3060. 6. Rec accommodation disabilities must parties at least advance of a sch and can be r 8665400. 7. You request or motio the hearing be c DATED this ___ MARK BRNOVIC Attorney Genera ROBERT A. TA Assistant Attorne 12/13, 12/20, 12 CNS-3076307# SAN MANUEL M **MINER Legal 12/27/17, 1/3/18**

on weaponry. uy a lot of ?) These ear, feel no empathy will be earch for iemy y really be ate ny and rporations obot act them ne day umans? ear most, beings? s and safe e put in place to

iac Laws of in 1950:

otice
On Petition f Intestacy, Heirs And Personal an G. Jensen One South 00, Tucson, (520) 6287070 . 002434 E-mail:

In The Superior izona In And For he Matter of the sen, Deceased.).D. 02/09/2017 e Of Hearing On n Of Intestacy, And Appointment ative Brenda E. Given that Alan the abovenamed Adjudication of of Heirs and Representative. to consider the m., on the on 9th before the Pinal 971 Jason Lopez , Arizona 85232, gned. Dated this enfeld P.L.C. /s/ sq. Attorney for onsible For s. This Matter ntly Investigated If You Object To You Must File A th The Court Basis For Your File A Written ze Your Interest. iection, You Requested If You Question e Fiduciary, File etition Or Motion Legal Matter. If ek Legal Advice ave The Right To You Represent

or politics national, state Smile or make you my husband's politicians accumulative I hope and occasionally will use humor, Sometimes nothing some- I read on them and if my order to maintain as as long as I'm clean, entertain you, make you My intention is to hold. for remember and like

Memorandum

To: Brent Billingsley, Town Manager

From: Bryan C. Hughes, Community Services Director

Date: December 14, 2017

Re: December 2017 Department Report

The Christmas on Main event was another huge success. The event was held on Friday, December 1st and included thirty-four parade entries and activity up and down Main Street.

The first ever Breakfast with Santa was held on Saturday, December 2nd at the Library and Community Center. Eighty-two kids and their parents came out for the event, which featured an extended visit with Santa Claus and a pancake breakfast provided by the Pinal County Mounted Posse.

I was invited to be the guest speaker at the Florence Rotary Club's meeting on Thursday, November 30th. I gave an update on the department's activities over the past six months.

The Arts and Culture Commission held a Work Session on Thursday, December 7th to discuss concepts for re-doing the mural on Main Street. The mural is fading, paint is chipping, and the wood is warping creating potential hazards. The Commission hopes to create a new mural with public involvement in the spring. The Commission also held a regular meeting on Thursday, December 14th.

The Arts and Culture Commission's Open Studio is held on the first and third Tuesday of each month from 9 a.m. to 12 p.m. The Drum Circle is held on the fourth Saturday from 1:30 to 3:30 p.m. and both continue to go strong. The programs are part of the Suter House Enrichment Academy.

Community Services hosted the Arizona Parks and Recreation Association's Board of Directors meeting for the South Region on Friday, December 8th at the Library and Community Center. Parks and recreation professionals from all over Arizona attended the meeting. We received many compliments on our facilities from all that attended. Alison Feliz is beginning the second year of a two-year term as the South Region Representative on the Board.

I attended the Transportation Ambassador Program meeting on Monday, December 11th at the Maricopa Association of Governments (MAG) offices in Phoenix. The program is for governmental entities and non-profits that provide transportation for elderly or disabled persons and is a requirement for those funded with ADOT 5310

grants. Updates were provided by Valley Metro, Maricopa County Emergency Preparedness, Horizon Health and Wellness, and the MAG Transportation Planning Committee liaison.

I spoke to the Anthem Hiking Club on Monday, December 11th at the Sun City Anthem Union Center about the proposed development of the Poston Butte Preserve and where the Town is at in the process. Approximately sixty members were in attendance.

The final Munch and Music of 2017 was held on Wednesday, December 13th at Padilla Park. The free lunchtime concert series was held from 11 a.m. to 1 p.m. The next event is scheduled for Wednesday, January 10th.

An Aquatics Job Fair and Open House was held on Wednesday, December 13th at the Library and Community Center. Approximately twenty-four prospective applicants attended the event geared towards high school students. Another Aquatics Job Fair and Open House will be held in the New Year for anyone that may be interested in a summer job at the Aquatic Center in 2018.

The Florence Teen Council (FTC) has been very busy over the last month.

- The FTC participated with the Town Council in both the Jr. Parada and Christmas on Main parades. David Lewis, Rec Leader, took the lead along with members of the FTC to decorate the float for both parades. This was a great opportunity for the teens to see the Mayor and Town Council in a casual setting.
- Several members of the FTC, along with Koko Hunter, DJ'd music and played games with kids and parents at Christmas on Main.
- The FTC held a Holiday Hoedown for seniors on Thursday, December 7th at the Library and Community Center. Over ninety seniors came to the dance, which featured a live band and light hors d'oeuvres. This is the second year the teens have hosted this event for the seniors of Florence. The FTC is currently planning a Valentine's Day dance for February 14th.

Activity at the pickleball courts have picked up in the last month so parks staff will add temporary lines on the west tennis court, creating an additional four courts during the winter season.

Parks and Recreation Department
Divisions Report
November 2017

Recreation/Aquatics/Special Events Programs

Recreation Programs	Participants	Revenue	Notes
Before and After – Anthem	35	$1,530	
Before and After – Florence	28	$1,262	
Jr. NBA	78	$3,720	
Little Tykes Kickball	20	$760	
Pickleball	34	$0	
Los Pequeños	30	$0	
Box Pony/Box Bull	13	$0	Arts & Culture Commission
Open Studio		$0	Arts & Culture Commission
Drum Circle		$0	Arts & Culture Commission
Jr. Parada Parade Entry	1	$25	
Jr. Parada Vendor	6	$150	
Jr. Parada Parade Event	1,500	$0	Free Event
Christmas on Main Entry	5	$125	
Christmas on Main Vendor	9	$450	

Facility Use Permits

Number of Facility Use Permits	Number of Bookings	Estimated Number of Participants	Revenue Generated
46	115	4,424	$730.50

Fitness Center – Membership Package

Fitness Package	Sales	Renewals	Total	Revenue
Adult Annual				$0
Adult 6 Month				$0
Adult Monthly	20	41	61	$1,098
Sr. Annual	1		1	$120
Sr. 6 Month				$
Sr. Monthly	16	16	32	$384
Employee Pass	3	6	9	Free
Green Tree Inn	7		7	Billed thru A/R
Youth Monthly	2	8	10	$120
Youth Six Month				$0
Drop-In Fitness	8		8	$40
Total Memberships	**57**	**71**	**128**	**$1,762**

Fitness Center Classes

Program	Resident	Non-Resident	Revenue	Notes
Silver Sneakers Classic			$0	
Silver Sneakers Classes			$0	
Zumba Class			$	
Circuit Training			$0	
Stretch it Out			$0	
Exercise Class			$0	

- Estimated member sign-ins throughout the month: 1,064
- Total membership packages sold: 57
- Fitness Center revenue for membership package sales: $ 1,762
- Fitness Classes revenue: $0
- Total Revenue: $ 1,762

Miscellaneous Revenue

Product	Total	Revenue	Notes
Paper & Markers		$0	
150th Mug		$	
Replacement Key FC	1	$1	

Dorothy Nolan Senior Center

Activity	Monthly Total
Anthem Pharmacy/Shopping	01
Arts- Rock Painting	08
Angel Care Discussion	10
Back Space 3, Yahtzee, Skip Bo, Dominoes, Cards, Cribbage, Phase 10 ,Wii Bowling, Pool Tournament , Cards with Donna	214
Bingo also Fallingo Bingo 28	162
Birthday Cards	18
Bible Study	23
Breakfast	172
Blood Pressures-Centrix with Diane	15
Blood Pressures – Florence Fire	10
Bunko	13
Building Use	853 Plus
CAHRA	06
Coolidge Shopping	09
County Food Boxes	35
Diabetic Presentation by: Diabetic Academy	0
Dinner Date	04
Dollar Store	06
Dental Clinic	30
Exercise Block Walk	34
Extension Food Program – Isabelle	12
Fitness Center	07
Grief Support	20
Guardian Angel Installation	0
Hair Cuts by Tamara	01
Healthy Eating by Lou	05
Home Delivered meals – participants -on Weekend meals Participants	225
Knit/Crochet Club	04
Lost Meals	24
Medicare Advocate Benefits	08
Movie & Popcorn	04
Music by Rudy	31
Senior Donation Account Meal Participants-Vault	25
Senior Hot Topics	13
Support Group – Hospice Alzheimer's	15
Staff Cooked meals & senior meal	136/25-161
Tech Savvy	03
TRIAD Meeting	05
Volunteer Hours	25 @ 277
Wii bowling /Volleyball	22

Accomplishments: The Center served 342 meals to 74 participants. We had 7 new senior participants this month. Rides were provided for riders, 152 trips to the Center and 34 errands and 31 special events. We traveled 1188 miles.

Special Programming/Events:
Hand Weights - 9
Rhoda Exercise - 39
Music with Hermalene - 50
Life Planning – 25
Veterans Eat Free – 13
Munch & Music – 12
Thanksgiving Luncheon – 83
Rides to Read – 4

Florence Community Library
November 2017

November Statistics

- 11,655 total items were circulated in November
- 104 library cards were issued
- 816 patrons signed up for use of the computer lab computers
- 1,667 wireless sessions were held
- 156 person(s) attended 11 program(s) presented by the library

November Activities

11/1/17	Family Storytime
11/8/17	Family Storytime
11/9/17	Adult Coloring
11/9/17	Tech Class: eBooks and Digital Downloads
11/11/17	*USS Indianapolis: The Legacy* screening + Q & A
11/14/17	Hospice of the Valley Lecture: Dealing with Grief Over the Holidays
11/15/17	Family Storytime
11/16/17	"Get Organized" guest speaker program
11/17/17	Open Mic
11/22/17	Family Storytime
11/29/17	Family Storytime

Library Advisory Board Vacancy

The Florence Community Library is currently seeking a new member to serve on the Library Advisory Board. Qualified members of the public who would like to become more involved with the library are encouraged to apply!

The board meets four times per year, on the third Wednesday of January, April, July, and October. Members of the Library Advisory Board assist library management by helping to develop new library policies and proposals as needed. Members of the board keep current on library activities and events, and help to support the vision and values of the Florence Community Library.

An applicant must be a qualified elector, and must be at least 18 years of age. Applications are available at Florence's Town Hall, located at 775 North Main Street, or at www.florenceaz.gov/boards.

More information about the boards and commissions, including meeting dates and times, are available on the Town's website.

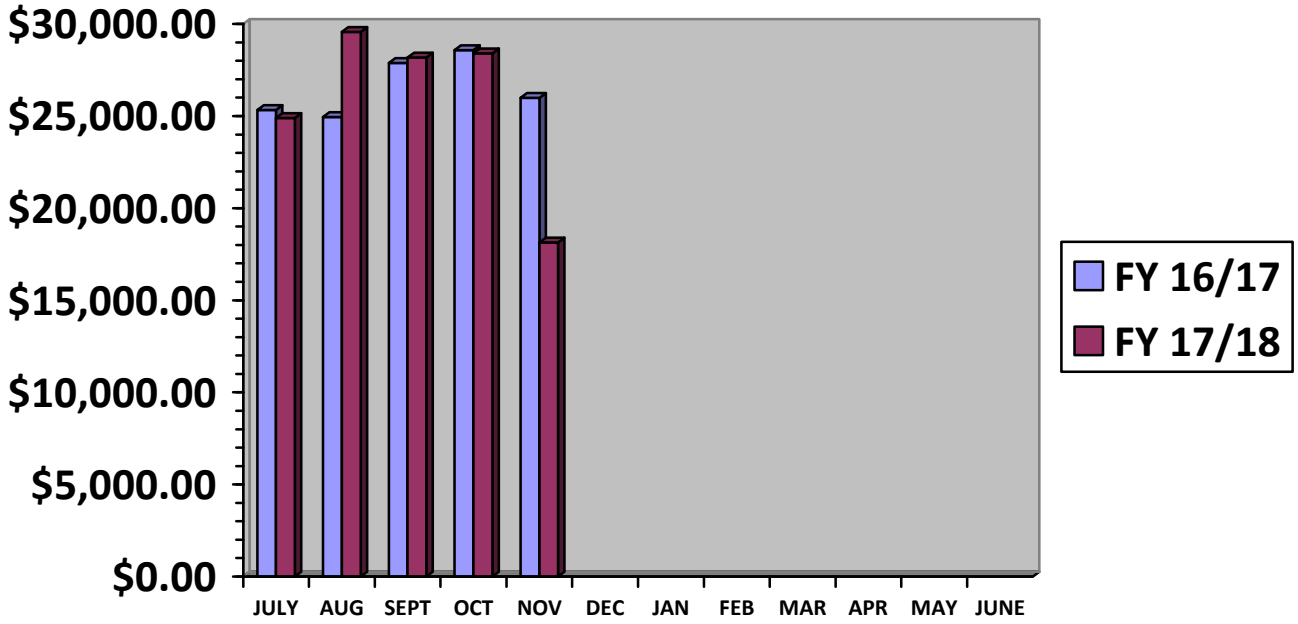
There was a decrease this year in comparison to 2016. They're not many citations coming in but seems to be consistent to last year.

COURT FINANCIAL REPORT

November 2017

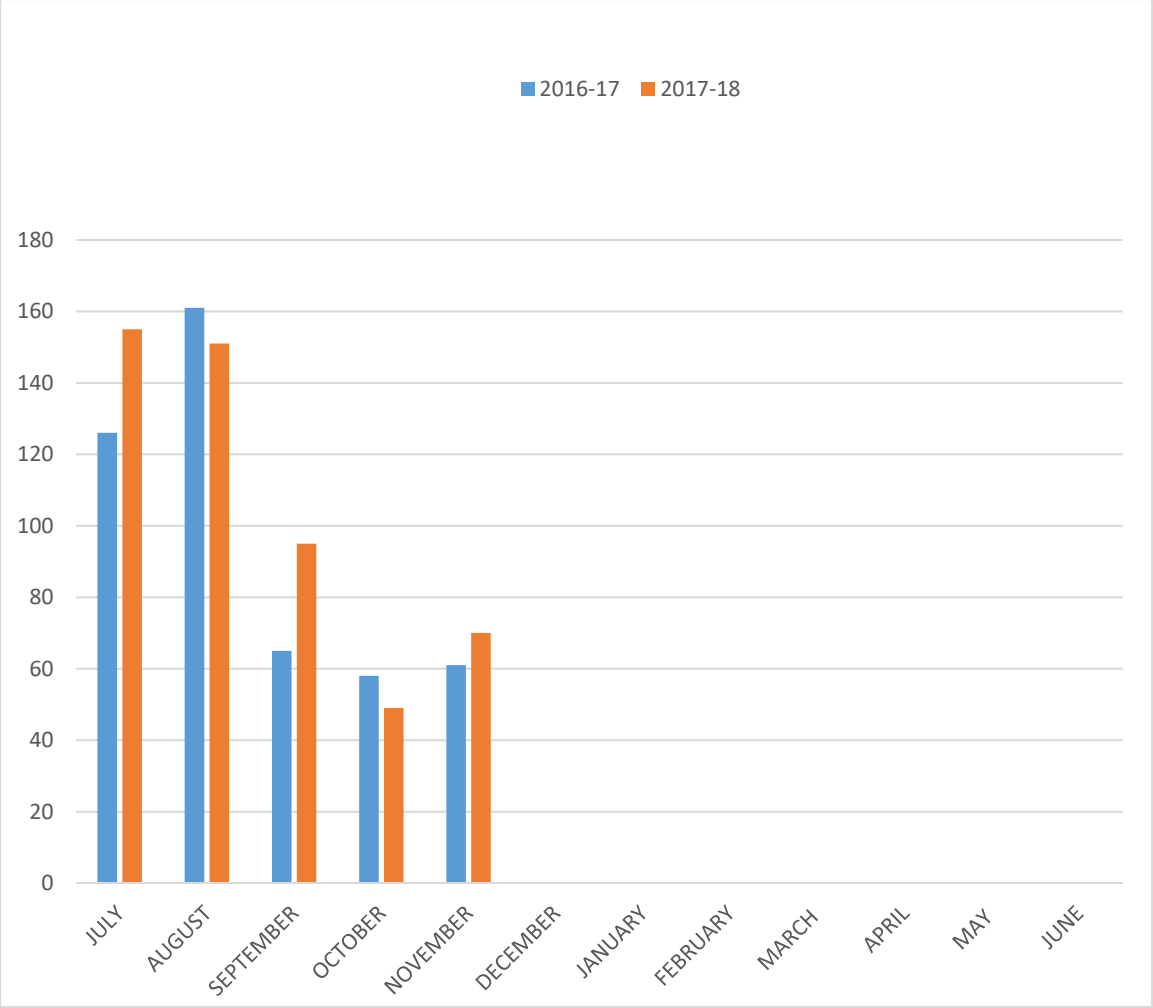
IRENE ENRIQUEZ – Court Administrator

DISTRIBUTION TYPE	NOVEMBER 2017 (CURRENT)	NOVEMBER 2016 (LAST YEAR)
FINE, FEES, & TRAFFIC	8,142.56	11,933.32
STATE SURCHARGES	4,864.38	7,480.75
STATE JCEF	533.00	540.16
LOCAL JCEF	287.00	290.84
STATE FINES	536.47	206.02
FLORENCE POLICE FUND	444.06	727.36
RESTITUTION	70.00	1,206.20
BONDS	1,226.00	544.00
PUBLIC DEFENDER FEE	228.05	177.52
JAIL HOUSING FEES	973.40	921.02
JUSTICE COURT FEES	33.05	45.79
GENERAL FUND	0.01	294.00
FARE SPECIAL COLLECTION FEE	540.08	1,213.23
FARE DELINQUENCY FEE	190.41	307.46
VICTIMS RIGHTS ENFORC.	64.82	74.93
PCSO FUND	0.00	0.00
DPS (Department of Public Safety)	0.69	0.00
OVERPAYMENT REFUND	*0.00*	*25.00*
COUNTY REVENUE	33.05	45.79
STATE REVENUE	6,729.16	9,822.55
DPS	0.69	0.00
TOWN REVENUE	10,075.08	14,369.06
RESTITUTION AND BONDS	1,296.00	1,750.20
TOTAL MONTHLY REVENUE:	**$18,133.98**	**$ 25,987.60**



30% Decrease from 2016

COMPLAINTS AND CITATION FILED



	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
2016/17 – 126	161	65	58	61								
2017/18 – 155	151	95	49	70								

CITATION BREAKDOWN

Below are the types of cases filed for the month of NOVEMBER 2017

CIVIL TRAFFIC VIOLATIONS	-	40
CRIMINAL TRAFFIC	-	8
CRIMINAL	-	18
DUI	-	3
DOMESTIC VIOLENCE	-	1

TOWN OF FLORENCE
DEVELOPMENT SERVICES
224 W. 20th Street
Florence, AZ 85132
Office: 520-868-7542
FAX: 520-868-7546

MEMO

MEETING DATE: January 2, 2018

STAFF PRESENTER: Christopher A. Salas, Development Services Director/Town Engineer

SUBJECT: Development Services Staffing Report

Development Services Projects:

Core Civic
- Review is complete, and comments are going out today 12/18/2017 on this review
- Review will not require a second submittal based on approval

Burger King
- Comments were created on 11/17/2017 and were sent to the applicant
- Waiting on re-submittal from the applicant (Burger King)
- BO will be speaking to Mark Abel Architects P.C. about first submittal comments

Horizon Health Care (Adamsville Hospital)
- Engineering has reviewed water basis of design report & provided comments – waiting on water line plan set submittal
- Waterline needs to be completed before the building can be occupied

Anthem at Merrill Ranch
- Unit 3 – At Risk Grading complete, currently installing electric
- Unit 5 – At Risk Grading
- Unit 7 – At Risk Grading, utilities being installed
- Unit 34 – Preliminary Plat to P & Z 10-11-2017, Council on 12/4/17
- Unit 55 – Preliminary Plat to P & Z 10-11-2017
- Unit 56A – Permits have been pulled
- Unit 60 – Preliminary Plat to P & Z 10-11-2017

Depew Property
- Temp power approved
- Letter regarding securing burnt area on the premises has been sent
- Note – Owner does NOT have legal access to the south side of the property
- Demolition permit is required no more than 30 days after the Fire Investigation is complete
- Future plans will require new permits

Circle K

- Development Agreement being reviewed by staff before being sent to applicant
- Extension of Design Review to P & Z 10-11-2017
- Water Dept started bore across Main Street, this portion of the project is scheduled to be completed in January 2018

Monarch/Aspen Farms

- Applicant must submit revised narrative for review before moving forward
- Applicant has not responded

Small Wireless Facilities

- New antenna laws, code needs to be written
- Planning has coordinated cooperative effort between Florence and four additional communities
- Development Code Amendment – Pursuant to HB 2365, it allows wireless providers to install and operate small cells and related equipment on Town ROW, staff is currently creating a draft amendment. Town is required to establish and make available rates, fees and terms that are consistent with HB2365 by February 9, 2018.

Building Code

- Update on the Development Code Amendment, Technical Codes will be presented to the P&Z 01/16/2017
- Approval will be requested 11/2/17, not sure on date

Code Enforcement Manual

- Update on the Code Enforcement Manual will be presented to the P & Z 10-11-2017

McDonald's

- Initial Plan review complete
- Fire needs to inspect the existing fire protection features

McDonald's Parking Lot

- Held Pre-app meeting
- Application has been submitted and currently being reviewed by staff for an Administrative Design Review
- Review has been stamped by Building Safety and is ready for pick up

Mosaic (Nazarene) Church – 2700 N Anthem Way

- Staff is waiting on a copy of plan set to match existing set by page number
- All permits have expired
- Plans and supporting documentation are out of date and need to be resubmitted
- Staff is working to re-instate the current plans,
- Applicant has supplied the Geotechnical Report
- Engineering is working on obtaining the drainage report from the original engineering firm.
- Traffic impact Report I being deferred until Phase 2 of the project.
- Narrative submitted

- Applicant has submitted the application but has not paid fees or submitted an owner's authorization

Smith Building

- Electrical Permit issued on 8/1/17
- Fist inspection performed on 8/17/17 – utility clearance was sent for Temporary Power
- Owner needs additional permits
- Second electrical inspection scheduled around 1st week in October
- Contractor to make all panels, all wire ruins and everything electrical related to be open and available for Town Inspection
- Architect & Structural Engineer scheduled on-site inspection 9/19 to evaluate past structural concerns
- No date scheduled for 1st Architectural submittal

Florence Artisan Acres (Windmill Winery)

- DA has expired
- 10-5-17 meeting held with Mr. Christ - additional information was supplied
- Impact fees dropped, applicant to start grading process
- Waiting on applicant to submit for grading as requested

Attaway Crossing Annexation

- Additional information needed from Applicant
- Applicant working with private company - cost benefit analysis

Engineering Division:

LED Streetlight Retrofit

- 9/18/17 observed installation w/Steven Turner (Casa Grande Assist. City Manager)
- 10/2/17 met with APS 2 to discuss their new policy of replacing non-op existing HOS street lighting with LED, future rate benefits of migrating to LED etc.
- Follow-up telephone discussion with SunRenu regarding financing options to fund conversion to LED street lights
- Research continues
- No updates

APS Solar Covered Parking

- Awaiting ACC (AZ Corp Commission) approval to offer incentive program.
- Would allow APS to construct a 10 to 40 car covered parking area, roof being made of solar panels
- The solar panels connect directly to the APS grid, no interface with existing services, and APS pays the applicant $250/mo - $3,000/yr – or $60,000 over the 20-year lifespan of the project. Any repairs are at APS expense, and if for any reason the applicant wishes the structure removed, APS will do so at their cost. There is virtually no risk to the applicant in this program.

Facilities Maintenance:

Town Building Signage

- HDAC has approval to begin in the district

Safety Walkthroughs

- Completed by Staff and the Fire Department
- Issues will be presented and addressed by Tenants

Development Services Building Roof Replacement

- Using the Mohave Contract, bid obtained to replace
- RCA to Contract with Centimark to be submitted to Council 12-4-17

Wastewater Roof Replacement

- Using the Mohave Contract, bids obtained to replace
- RCA to Contract with Centimark to be submitted to Council 12-4-17

Fleet Services:

- Preventative Maintenance (PM's) – 11
- Other Services – 20
- Total vehicles serviced – 30

Streets (HURF) Division:

Main Street Sink Hole

- Work Completed

Water Division:

Standpipe

- Valve check to be installed AFTER 12" Waterline Project is completed

Well #2A

- Solicitation documents are in their last draft stage– fitting of well, the bid documents will be posted in January 2018.

Well #2B

- Solicitation documents are in their last draft stage– fitting of well, the bid documents will be posted in January 2018..

Well #4

- Solicitation documents are in their last draft stage– fitting of well, the bid documents will be posted in January 2018.

Well #4

- Solicitation documents are in their last draft stage– fitting of well, the bid documents will be posted in January 2018.

Permits Issued: Total 70

- BLD-COMM - 3
- BLD-RES – 20
- BLD-RES-SFR-NEW – 14
- ELE-COMM – 3
- ELE-RES-SFR – 10
- INSP-ELECTRIC – 4
- PLM-RES-SFR – 7
- PW-UTILITY – 9

Wastewater Division:

North WWRF

- 'Electrical Upgrade to 480/3 phase for new equipment' – Researching vendors
- Screen and Headworks rehab and replacement - In Progress
- Blower Replacement/Repair – In Progress
- Aeration Piping and Diffuser Installation – In Progress
- Belt Filter Press (BFP) Relocation and Installation - In Progress
- Design Phase, Water Works - Belt Press/Sludge Tanks – Waiting authorization to begin
- Basin Concrete Repair- assess when pump tanks down for visual inspection – On Hold
- Safety railing, walkway and access rehab - Waterworks working on design
- SCIPP 'Electrical Upgrade to 480/3 phase for new equipment' – In Progress

Capital Improvement Projects:

CIP GG-25 - Silver King Balcony Repairs

- Scope of Work reviewed, preparing Bid Document, structural issues will have to be addressed before moving forward

CIP GG-26 - Signal Light @ SR79 & Hunt Highway

- ADOT Traffic study is complete
- Meeting to occur with ADOT to discuss project options
- On schedule to be completed January 2018

CIP PSP-18 - HVAC @ Police Department

- Three units replaced after failures in FY16/17, remaining two are newer and are not scheduled for replacement in 17/18

CIP PWM-01 - Street Sweeper (CMAQ Grant)

- Application has been submitted

CIP SU-85 - Recharge Permitting & Design

- Design underway, permit application close to complete

CIP SU-87 - South Waste Water Treatment Plant - Improvement Modifications

- Headworks Screen Rehab and Odor Control Hazen & Sawyer- Preliminary Design
- Sam Unit Rebuild - in process

- SBR Decanter Rebuild- In Process of obtaining parts
- Recharge Project – in process

CIP SU-89 - System Wide Capacity / Condition Analysis

- Submitted application for WIFA Technical Assistance Grant

CIP SU-90 - Annual Sewer Line Maintenance Program

- Contract with Pro-Tec was approved by Council 10/16/17
- Work has started
- Work still in progress

CIP T-08 - Street Improvement Phase IV - Florence Gardens (HURF Bond)

- Bid documents for solicitation were posted 11/1/17
- 12-4-17 Mandatory Pre-Bid Walk1:00pm at Florence Gardens Sales Office
- 12-4-17 Qualified Attendees-Bidders List posted on website
- 12-12-17 Questions data posted on website
- 12-19-17 Opening of bids 2:00pm at Town Hall

CIP T-09 - Street Improvement Phase V - Florence Gardens (HURF Bond)

- Bid documents for solicitation were posted 11/1/17
- 12-4-17 Mandatory Pre-Bid Walk1:00pm at Florence Gardens Sales Office
- 12-4-17 Qualified Attendees-Bidders List posted on website
- 12-12-17 Questions data posted on website
- 12-19-17 Opening of bids 2:00pm at Town Hall

CIP T-60 - E. 1st Street Pavement (HURF Bond)

- 10-4-17 Bid documents published
- 10-18-17 Mandatory Pre-Bid site visit 1:00pm at the TOF Town Hall parking lot
- 10-19-17 Qualified Attendees-Bidders List posted on website
- 10-30-17 Questions data posted on website
- 11-7-17 Opening of bids scheduled for 2:00 at Town Hall
- 12-4-17 RCA to Council – Tabulation Form
- 12-5-17 Sunland Asphalt and Construction Bid Tab Results posted om website

CIP T-69 - Pavement Preservation

- HA5 projects identified, Contractor – Holbrook was approved by Council on October 2, 2017
- Crack sealing started in Anthem in preparation for the HA5

CIP WU-23 - Water Well #1 Chlorine Building

- Work completed on the tank at Well #1, filled and water test complete
- New building to be built – going out to bid in January 2018

CIP WU-26 - Water Storage Tank N. Florence

- Moving overflow pipe to over 30'
- Installing safety ladder
- Installing vent on top of tank

CIP WU-38 - Water Line Replacements

- Job Order Contract identified, Fortiline Contract was approved by Council 11/20/17

CIP WU-80 - Well #3 Noise

- Ongoing, PW has met with customer in person

CIP WU-83 - Downtown 12" Loop (Main St & Collingwood Avenue)

- Install steel sleeve underneath SR79B (Main St)
- Bid Tabulation completed, Desert Boring will bore 70’ and install 24” steel casing under Main Street
- ADOT Permit has been received 11/13/17
- Pre-construction meeting 11/27/17 at SR79B & Collingwood Street

CIP WU-85 - Well #1 and #2B Refitting

- Bid documents for solicitation will be posted the end of November.

CIP WU-87 - WIFA Water Projects

- Working with Piper Jaffrey to ensure projects are located on the priority projects list

CIP WU-88 – Well #4 Pump Inspection and Rebuild

- Solicitation documents are in their last draft stage– fitting of well, the bid documents will be posted the last week in November.

Finance Department Memorandum

To: Brent Billingsley, Town Manager

From: Joe Jarvis, Finance Director

Date: December 22, 2017

Re: Finance Department Report for October 2017

42% of the Fiscal Year has elapsed

The following charts are for preliminary financial activity (cash basis) for November 2017 (unaudited)

A new format for monitoring our investments is being prepared by staff and PFM the Town's asset manager.

Comparison of General Fund Revenue and Expenditures Actual to Budget

	Revenue			Expenditures		
Fund	**Budget**	**Actual**	**% Collected**	**Budget**	**Actual**	**% Expended**
General	$ 14,547,483	$ 5,704,489	39%	$ 14,549,833	$ 5,511,056	38%
Capital Improvement	1,835,591	208,843	11%	417,278	8,286	2%
Highway User Revenue	3,130,006	1,071,308	34%	7,575,949	1,339,671	18%
Construction Tax - 4%	165,457	52,837	32%	-	-	0%
Food Tax - 2%	1,700	50,240	2955%	609,150	-	0%
Town Water	2,814,664	1,128,036	40%	5,123,036	1,093,974	21%
Town Sewer	4,044,834	1,195,621	30%	4,659,499	1,493,540	32%
Sanitation	774,278	331,637	43%	917,633	268,371	29%
Total	**$ 27,314,013**	**$ 9,743,011**	**36%**	**$ 33,852,378**	**$ 9,714,897**	**29%**

General Fund Report
Fiscal Year 2017/2018
As of November 2017

GENERAL FUND	Budget	Actual	Budget to Actual
Revenue by Category			
Taxes	$ 3,992,439	$ 1,494,573	37%
Licenses and Permits	529,500	381,925	72%
Franchise Fees and Taxes	589,000	144,423	25%
Intergovernmental	7,051,095	2,698,527	38%
CE Inspection Fees	79,100	51,331	65%
Civil Engineering Fees	55,000	76,405	139%
Community Development Fees	174,060	91,225	52%
Charges-General Government	139,330	30,165	22%
Cemetery Fees	13,600	5,080	37%
Public Safety-Police	25,950	7,019	27%
Parks and Recreation	128,400	52,206	41%
Fines and Forfeitures	166,100	68,572	41%
Interest Earnings	100,000	19,100	19%
Public Safety-Fire	45,300	11,014	24%
Library	6,000	2,972	50%
Miscellaneous	39,450	34,431	87%
Downtown Redevelopment	1,500	1,258	84%
Government Access Channel	7,000	-	0%
Seniors Fees	20,650	5,230	25%
Operating Transfer	1,384,009	529,035	38%
Total Revenue	**$ 14,547,483**	**$ 5,704,489**	**39%**
Expenditures by Department			
Town Council	$ 95,747	$ 57,032	60%
Administration	637,481	263,901	41%
Courts	198,606	83,000	42%
Legal	473,844	240,558	51%
Finance	676,281	276,028	41%
Human Resources	246,472	104,188	42%
Building Safety/Planning	595,580	187,874	32%
Police Services	3,974,134	1,479,752	37%
Fire Services	3,042,730	1,307,539	43%
Information Technology	391,974	145,917	37%
Community Services	2,275,870	897,040	39%
Town Engineer	140,130	29,550	21%
Facility Maintenance	517,507	161,660	31%
General Government	1,139,582	212,203	19%
Cemetery	9,400	3,316	35%
Economic Development	134,495	59,127	44%
Total Expenditures	**$ 14,549,833**	**$ 5,508,687**	**38%**

- Taxes, franchise fees and intergovernmental revenues reflect a one- to two- month lag in collections

Fire Department

M E M O R A N D U M

DATE: December 7, 2017

TO: Brent Billingsley, Town Manager

FROM: David Strayer, Fire Chief

SUBJ: Summary of November 2017 and Plans for December 2017

The fire responses for 2017-2015 are as follows:

November 2017	Location of Calls					
Type of Calls	*Florence Proper*	***Florence Gardens***	*Anthem*	*Prisons*	*Mutual Aid*	*Totals*
Brush Fires	1	0	0	0	0	1
Structure Fires	1	0	0	1	0	2
Vehicle Fires	0	0	0	0	0	0
Trash Fires	3	0	0	0	0	3
EMS	56	14	25	52	3	150
HazMat	1	0	3	1	0	5
Electrical Arching	0	0	0	0	0	0
Police Asst./Public Asst.	2	4	10	1	0	17
Unauthorized Burning	0	0	0	0	0	0
Good Intent	0	0	0	0	1	1
Controlled Burning	0	0	0	0	0	0
False Alarm/System Malfunction	1	1	1	0	0	3
Emergency Stand by (move up)	2	0	41	0	1	44
Other Calls	2	0	7	1	1	11
TOTALS	69	19	87	56	6	237

Three Year View	2017		2016		2015	
	Nov	YTD	Nov	*YTD*	Nov	*YTD*
EMS	150	1763	146	1877	157	1697
Fire Calls	6	45	7	57	8	70
All other Calls	81	937	72	761	85	738
TOTALS	237	2745	225	2695	250	2505

Summary of November

Fire Chief Report

- Attended October Town Council meetings
- Attended Management Team meetings (every Tuesday)
- Conducted weekly Fire Staff meetings
- Completed work on an applied research project for the Executive Fire Officer Program
- Held a Meeting with the Area Manager for American Medical Response (AMR) November 9th, 2017
- Contest Judge for the Annual Florence Prison Staff BBQ contest November 9th, 2017
- Florence personnel attended a Local Emergency Planning Committee meeting held November 9th, 2017
- Attending a planning meeting for an evacuation drill for the Pinal County Superior Court November 13th, 2017
- Evaluator for an evacuation drill at the Pinal County Superior Court November 17th, 2017
- Florence personnel attended an Job Fair at the Florence High School hosted by Central Arizona College on November 14th, 2017
- Attended a 4-hour Traffic Incident Management (TIM) course November 14th, 2017
- Attended a development impact fee (DIF) meeting with the Town's Consultant November 15th, 2017
- Attended a meeting regarding the fire truck restoration project November 16th, 2017
- Provided input and/or participated in pre-application meetings with Community Development as needed

Division Report – Administration

Inspections

- Banner Anthem Tenant Improvement Site Visit
- Home Day Care final approval - Anthem
- Rail III building wireless alarm signal site visit
- 305 N Main-Pre-Application site visit.
- GEO -East Correctional Facility Annual Fire/ Life safety Inspection.
- ICE Correctional Facility Annual Fire/ Life safety Inspection.
- 1st Baptist Church Fire Life Safety Inspection.
- Silver King- Wireless Alarm Panel installation.

Plan Reviews

- Anthem Mosaic Church-Fire Sprinkler review.
- Anthem Banner Life Safety Plan Review

Permit Reviews

- Florence High School – Bon Fire
- Jr Parada/Parade

Meetings

- CGFD EMS-Mass Casualty Drill meeting
- Development Services Operational Meetings
- Development services/Pre-Application Meetings
- Pinal County Haz-Mat Meeting
- Parks Recs Christmas on Main
- Pinal County Fire Chiefs Meeting
- Coolidge Airport facility meeting EMS Drill logistics
- PW Tool Shop project meeting

Training

- Jenson Hughes Fire Protection Training
- Fire Sprinkler Hydraulics Training
- Gilbert Fire-Active Shooter Training

Projects

- Wireless Fire Alarm Project (on going)
- TLO Updates
- Code Amendment Project updates
- Town Inspection updates Project
- Town FEE Updates

Division Report – Operations

Apparatus

unit #	shop #	Definition of unit	VIN	Plate #	Assignment
Eng 3541	121	1996 ferrarra pumper	4S7DT9K05TC018313	G-280AX	Sta 1
Lad 2542	122	1998 pierce lance 75" ladder truck	4p1CTO251WA000554	G-039BM	Sta 2
Eng 2541	126	2002 pierce contender pumper	4PICTO2M02A002260	G-040DG	Sta 1
Air 129	129	2005 foster air unit/light/power	5FGC6142262024993	G-410EN	Sta 1
Light plant 130	130	2005 magnum light plant			Public works
TRV 541	131	2006 ford F550 rescue truck	1FDAW57P16ED71405	G-346ES	Sta 1
chief	133	2004 Ford F150	1FTPX14524NC20416	G-828FJ	Chief Strayer
ambulance	134	2008 ford ambulance	1GBJG312471176785	G-001FM	Sta 1
tender	135	1984 ford 1800 gal tender	1FDYK80U8HVA15550	G-990GB	Sta 1
BC 542	136	2012 Ford F150	1FTFW1ET9CKD45330	G965GH	BC Sample
Bc 541	137	2012 Ford F150	1FTFH1ET2CKD45329	G-964GH	BC Kemp
Eng 541	138	2012 Pierce Volosity pumper	4P1CV01D6CA012918	G-854GL	Sta 1
Lad 542	139	2014 Pierce Volosity Ladder 100 FT	4P1CV01D0DA013886	G-123EK	Sta 2
Investigation	140	2008 F 150 Ford	1FTRW14W68KD70413	G-425FF	Sta 1

- Pump testing complete on apparatus with pumps.
- Seat Belts replaced and service in December with tires on L542 Shop 139
- 2012 Engine shop 138 service with tires in December
- 1996 Ferrara will be going in to have some valves replaced
- 1998 ladder new flow meter installed

Uniforms/Personal Protective Equipment (PPE)

- Turnouts taken for cleaning after structure fire

Hand Tools/Equipment

- Extrication (jaws of life) annual service complete
- Annual Hose testing complete

Communications Equipment

- In-house portable radio repair and programming on two radios

Emergency Medical Services (EMS)

- Medication/Drug restock

Training

- Captain Bruin National Fire Academy
- Knot of the month Figure eight Crew members
- Great Chicago Fire Crew members
- Forcible entry training on door prop

Light Duty Assignments

- Set up tours of copper crossing
- Cavit oral boards
- Gas line at station 1
- Repaired knox box copper crossing
- Layed out hydrants for new water line
- Worked on pre-plans Main street

Special Projects

- Multiple School visits were conducted in November for fire safety

Town Committees

- HEALTH AND SAFETY
- GRANTS
- TIME KEEPING AND PAPERLESS REVIEW
- INITIATIVES, REWARDS, RECOGNITION
- EMERGENCY COMMUNICATIONS POLICE AND FIRE DEPARTMENT
- PUBLIC SAFETY PLANNING GROUP

Public Education

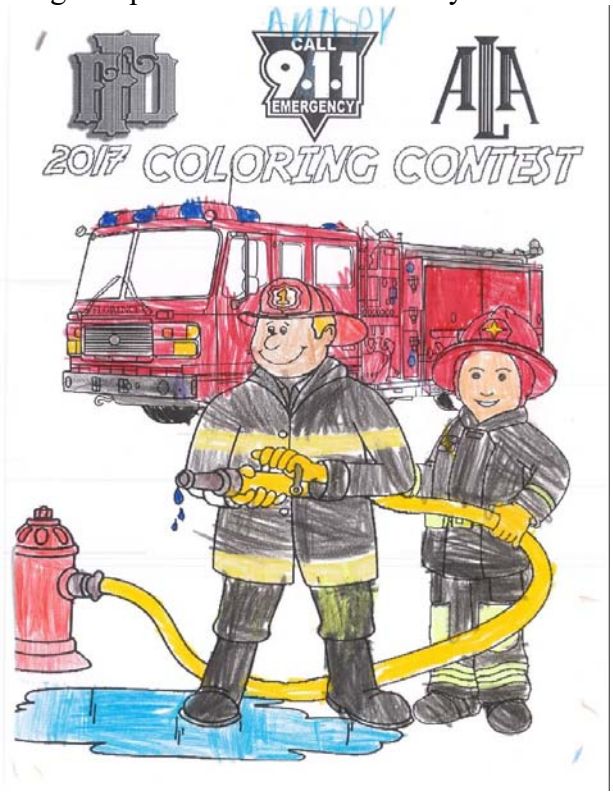
Hello all;

We were excited to receive so many wonderful coloring pages from the students at American Leadership Academy. That excitement quickly turned into anxiety when we realized that we had to narrow all the beautiful artwork down to 1 for each grade group. We toiled over this process for what seemed like hours going back and forth between each other's choices for what we believed represented the best representation of Florence Fire Department. I have included the 3 winning pictures with this email. We look forward to getting contact information for these 3 American Leadership Academy student so that we may invite them and their immediate families to a spaghetti dinner at our firehouse. We would like to extend our gratitude to your students and staff in making this year's Fire Safety presentation such a success.

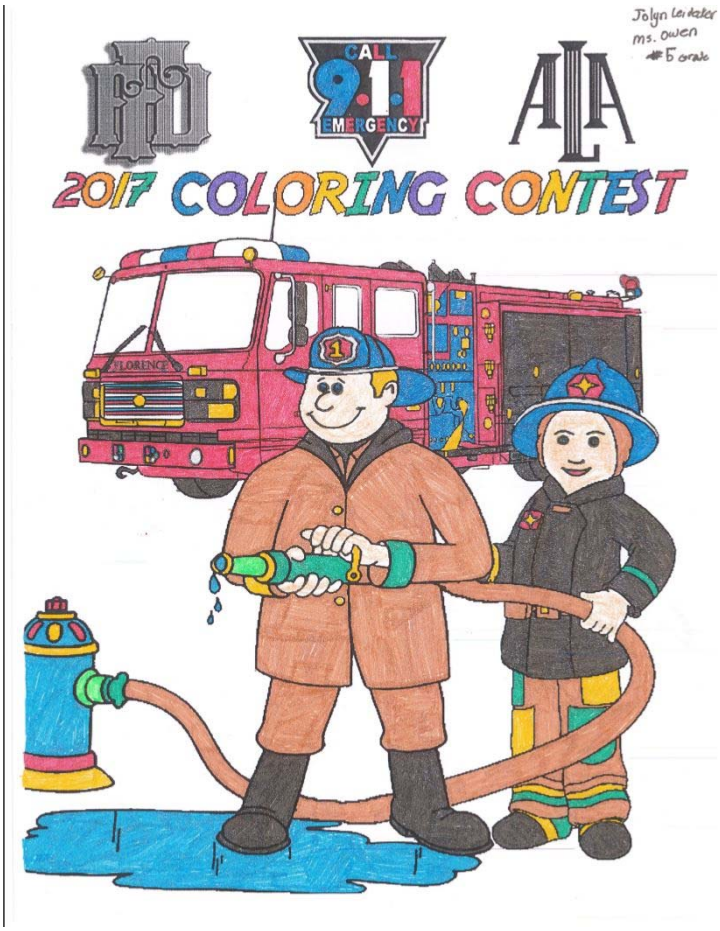
K-1 picture chosen is from AMBER in Mrs. Traynor's class



2-3 grade picture chosen is Anthony from Miss Dewey's class



4-6 grade picture chose is Jolyn Leidecker from Ms. Owens class.



Please let your student know that we appreciate all their hard work in coloring the many pages we received. We will be putting them all up in the fire station for anyone to see.

Michael Scherm
Ladder 542 B-Shift
Work: 520-868-7509
Cell: 480-201-6480
mike.scherm@florenceaz.gov

Plans for December

- Attend the wildland mitigation planning meeting December 5th, 2017
- Attend a meeting on the Heart Fit for Duty program December 5th, 2017
- Attend a meeting with the Department of Corrections Fire and Life Safety Administrator regarding correctional facility emergency responses
- A drill is scheduled at Core Civic December 6th, 2017
- Attend pre-application meetings at Community Development as needed
- Attend the annual employee luncheon December 7th, 2017

- A Florence FD Supervisors meeting is scheduled for December 14th, 2017
- A Public Safety Planning Group meeting is scheduled for December 14th, 2017
- Complete and submit for approval an applied research project for the Executive Fire Officer Program – year one

FLORENCE POLICE

Monthly Report – November 2017

Daniel R. Hughes, Chief of Police

425 N. Pinal St. ▫ P.O. Box 988

Florence, AZ 85132

Phone: 520-868-7681 ▫ Fax: 520-868-0158

"The men and women of the Florence Police Department stand firm in our pursuit for justice and public trust. We will stay true to our mission of providing service and safety to our community with honor, respect, and integrity. We are committed to providing fair and equal treatment to those we encounter."

The information contained in this report outlines significant information and activity within the Florence Police Department (FPD) during the month of November 2017. The monthly report is prepared for the Town Council's review and furthermore for the use by FPD to examine the current activity within the department and community to identify short-term and long-term needs, and develop plans for improvement to provide the highest level of service.

Personnel

Employee	Position	Effective
New Hire		
Reina Pile	Dispatcher	11/1/17
Resignations/Terminations		
Reina Pile	Dispatcher	12/17
Vacancies		
2	1- Officer 1- Supervisor	
2 full-time, 1 part-time	Dispatcher	Open continuous

- Dispatcher and Officer Applications being accepted.
- Dispatcher Reina Pile started employment 11/1/17. We completed 1 oral board for the open dispatcher position.
- Physical assessment and written exam completed on 8 applicants for Police Officer. Background process started on the applicants.
- 3 Officers (Chavez, Kennard, Sanger) continuing the FTO Program as scheduled.

Chief of Police

Chief of Police, Daniel R. Hughes attended the following meetings during the month of November:

- Town Council Meetings
- Management Team Meetings
- Weekly FPD Administrative Meetings
- Purchasing Committee Meeting
- Fire and Police Communication Meeting
- Alliance to Combat Transnational Threat – Field Area 2 (ACTT FA-2) Planning Meeting
- Pinal County Law Enforcement Association (PCLEA) Meeting

Administrative/Support Services

The Support Services area includes the following: Communications Division, Evidence and Property, Crime Scene Investigator, Records Division, and Departmental Budget/Finances.

The Support Services Manager (Deanna Husk) had the following monthly activities:

- PCLEA Meeting preparation
- On-going review of Policy/Procedures for Evidence/Property
- On-going update of Policy/Procedures for Volunteers
- Review of Communications Policy –Committee with Patrol Division
- Review of Superior FD billing
- Budget review
- Review/update of Evidence Procedures: Evidence Packaging/Fentanyl
- Training: AZ Statewide Training for Volunteer Supervisors

Communications

- 3 Dispatchers in training
- 1 Dispatcher resigned
- Completed Superior billing
- Updating policies

Calls for Service

Below is a table that depicts the total calls for service handled by FPD dispatchers during the month of November. The numbers are shown by the incident locations and how the incident was reported.

How Calls Are Received, Totals by How Received				
	Beat 1	Beat 2	Beat 3	TOTAL
911 Line	39	9	36	84
Crime Stop Line	0	0	0	0
Officer Report	174	61	199	434
In Person	119	0	0	119
Radio Transmission	0	0	1	1
State TT/NLETS	0	0	0	0
Telephone	226	49	93	368
TOTAL	**558**	**119**	**329**	**1006**

Average Response Time to Calls for Service

6 Month Reporting Period: June 2017 to November 2017

	Jun	Jul	Aug	Sep	Oct	Nov
Priority 1	4:56	3:18	5:08	3:35	4:36	5:20
Priority 2	5:34	6:40	5:50	6:39	5:34	6:26
Priority 3	19:04	19:47	21:23	21:20	16:41	18:39
Priority 4	37:36	25:22	35:50	44:46	49:18	26:55

Definitions:

Priority 1	These priorities are those in which there is an imminent danger to life or major damage/loss to property or an in progress or just occurred major felony.
Priority 2	These priorities are those in which a crime in progress might result in a threat of injury to a person, or major loss of property or immediate apprehension of a suspect.
Priority 3	These priorities are those in which there is no threat of personal injury or major loss of property.
Priority 4	These priorities are those of a report nature only.

NOVEMBER 2017 – Offense Count Index

Classification of Offense	Offenses	Unfounded	Actual	Offenses	Juvenile
CRIMINAL HOMICIDE	**0**	**0**	**0**	**0**	**0**
a. Murder/Nonneg Manslaughter	0	0	0	0	0
b. Manslaughter by Negligence	0	0	0	0	0
FORCIBLE RAPE	**0**	**0**	**0**	**0**	**0**
a. Rape by Force	0	0	0	0	0
b. Attempt Forcible Rape	0	0	0	0	0
ROBBERY	**0**	**0**	**0**	**0**	**0**
a. Firearm	0	0	0	0	0
b. Knife or Cutting Instrument	0	0	0	0	0
c. Other Dangerous Weapon	0	0	0	0	0
d. Hands, Fist, Feet, etc.	0	0	0	0	0
ASSAULT	**6**	**0**	**6**	**3**	**0**
a. Firearm	0	0	0	0	0
b. Knife or Cutting Instrument	0	0	0	0	0
c. Other Dangerous Weapon	0	0	0	0	0
d. Hands, Fist, Feet, etc.	2	0	2	0	0
e. Other Assaults – Simple	4	0	4	3	0
BURGLARY	**2**	**0**	**2**	**0**	**0**
a. Forcible Entry	0	0	0	0	0
b. Unlawful Entry/No Force	2	0	2	0	0
c. Attempt Forcible Entry	0	0	0	0	0
LARCENY – THEFT	**8**	**0**	**8**	**1**	**0**
MOTOR VEHICLE THEFT	**1**	**0**	**1**	**0**	**0**
a. Autos	1	0	1	0	0
b. Trucks	0	0	0	0	0
c. Other Vehicles	0	0	0	0	0
GRAND TOTAL	**17**	**0**	**17**	**4**	**0**
Clearance(s) by Adult Arrest	1				
Clearance(s) by Juvenile Arrest	0				

**All data presented in this report is tentative until monthly audit is complete

Property & Evidence

During the month of November 2017, there were 91 envelopes/packages involved in 42 incident cases submitted for processing by the Property and Evidence Section. Of the total, envelopes/packages:

- 66 were evidence items of which 4 were sent to the lab, 10 were destroyed and 52 were stored
- 14 were for Safekeeping of which 1 were released and 13 were stored.
- 5 were Found Property of which 0 were released to owner and 5 were stored.
- 6 were Disposal Items of which 0 were destroyed and 6 were stored.

The items of evidence involved the following crimes:

- 10 - Drug Incidents
- 1 - DUI

2017 – Property and Evidence Processing

TOTAL PACKAGES	EVIDENCE STORED	SAFE KEEPING	FOUND PROPERTY	DISPOSAL	RELEASED	OUT TO OFFICER	SENT TO LAB
91	76	14	5	6	1	0	4

Other Considerations

- The status of the Police Evidence Trust Fund bank account, 14 pending items involving $6,549.15. 6 are for safekeeping, 7 are pending RICO forfeiture and 1 is to be returned to owner if located.
- Fingerprints were taken for 124 citizens by the Property and Evidence Section and Police Volunteers this month. The prints included volunteers, employee applicants and private citizens.
- Property/Evidence Tech Sutton observed a trial at the Pinal County Superior Courthouse.
- Property/Evidence Tech Sutton witnessed an autopsy at the Pinal County Medical Examiner's Office.

Operations/Patrol

The Operations/Patrol Division is under the direction of Lt. Terry Tryon, and he has attended the following meetings during the month of November:

- Town Council Meetings
- FPD Management Team Meetings
- Weekly FPD Administrative Meetings
- Workflow Committee Meeting
- Alliance to Combat Transnational Threat – Field Area 2 (ACTT FA-2) Planning Meeting
- Handgun daytime firearms qualifications complete
- Most officers have completed 8 hours of proficiency training for firearms which covered firearms nomenclature, basics of firearms marksmanship and several hours of range time.
- FPD hosted a discretionary shoot, conducted at the National Guard Range, utilizing live ammunition and reactionary targets.
- Sgt. Riccomini working on officers training schedule for 2018.

Professional Standards

There was 1 use of force report for November 2017:

- Officers responded to a physical domestic violence assault. Upon attempting to place the 16-year-old suspect into custody, the suspect began to resist and pull away. Officers had to physically subdue the 16-year-old by placing him on the ground in order to gain control and place restraints on him. No injuries were reported. The juvenile was booked into detention for assaulting his father.

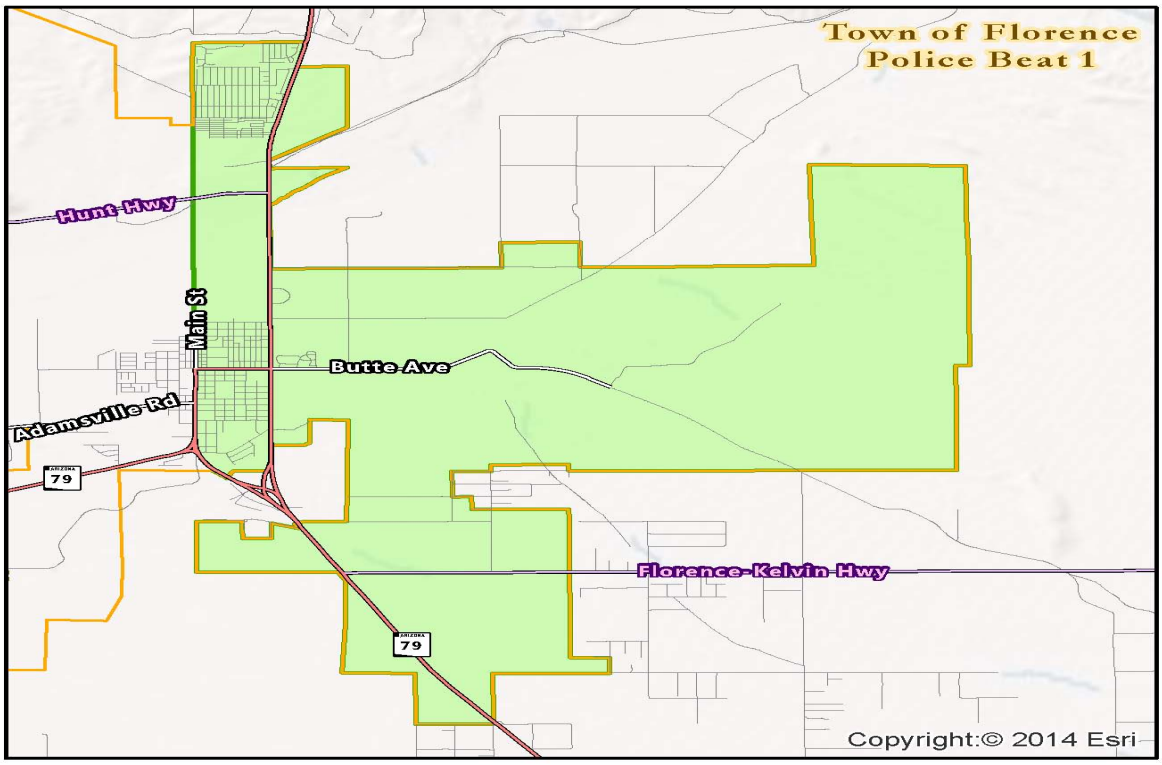
There were 3 citizen complaints received in November:

- 1 complaint alleged an officer used profane language and was un-caring for towing their vehicle which was in violation of the parking ordinance
- 2nd complaint involves allegations that a civilian employee was confrontational and used profanity at a local gas station. The incident was also reported by the civilian employee alleging the complainant was disorderly and confrontational. The civilian employee admonished the complainant's behavior as the complainant was in his ADOC uniform. The complainant was displeased that the civilian employee had contacted his supervisors at ADOC.
- 3rd complaint alleged a female was unlawfully searched by officers. The female later stated she was not searched and a family member who filed the complaint over reacted. The complaint was closed as unfounded.

Criminal Investigations Unit

Number of new cases assigned in November:		7	
Observed Offense	**Assigned Detective**	**Case Status**	**Notes:**
Death Investigation	D. Helsdingen	Closed	Elderly adult male who had fallen in Anthem died in Hospice Care in the Valley
Sex Offender	D. Helsdingen	Closed	Reviewed Sex Offender packet to insure compliance at Halfway House
Identity Theft	D. Helsdingen	Closed	Additional Information on previously closed case
Vehicle Theft	D. Helsdingen	OPEN	Vehicle Recover/suspect arrested by Chandler PD Charges pending in our case
DUI	D. Helsdingen	Closed	Lab results received Charges filed
Burglary & Trafficking in Stolen Property	D. Helsdingen	OPEN	4 suspects identified some property recovered waiting on more property Charges pending
Sex Offense	D. Helsdingen	Closed	Child did not disclose
Number of cases carried over into November:		**6**	
Observed Offense	**Assigned Detective**	**Case Status**	**Notes:**
Fatal Motor Vehicle Accident	D. Helsdingen	OPEN	Charges submitted into Juvenile Court waiting on review
Domestic Violence -Strangulation	D. Helsdingen	Closed	Charges filed/follow up completed
Aggravated Robbery	D. Helsdingen	Closed	Charges filed/ follow up completed
Fatal Motor Vehicle Accident	D. Helsdingen	OPEN	Reports received Charges pending
Sex Offense	D. Helsdingen	Closed/TOT	Suspect Arrested in Texas assisting with investigation
Hit & Run	D. Helsdingen	OPEN	Lab Results received Charges pending
Number of joint cases worked in November:		**2**	
Observed Offense	**Assigned Detective Primary/Secondary**	**Case Status**	**Notes:**
Information Report	L. Gaston/D. Helsdingen	OPEN	Joint Investigation Eloy PD & DPS suspect identified investigation ongoing
Child Abuse/Neglect	L. Gaston/D. Helsdingen	Close	Charges filed/follow up completed
Other Activity:			
D. Helsdingen	Grand Jury x4		
D. Helsdingen	FA2 meeting and Sidewinder II operation		
D. Helsdingen	Forensic Interview		
D. Helsdingen	Training 4th Amendment & Discretionary Shoot		

Beat 1



Beat Statistics:
Beat 1 Supervisor – Sgt. D. Peterson
There are 6 officers assigned to Beat 1
Total number of calls for service (including traffic): 531
Total number of traffic stops: 129
Total number of accident reports taken: 8 total accidents, 4 of which were on private property.
Total number of citations issued: 18 for 24 violations
Total number of DUI: 0

Crimes against Persons
Assault: 2

Property Crimes
Criminal damage: 2
Theft: 4

Monthly Activities
Total calls for service were up from last month (422). Person crimes remained the same from last month (2). Of the 2 reported assaults, both happened in a correctional facility. Property crimes (6) were down from last month (8). Officers in Beat 1 conducted Directed Patrols in the areas of previously reported crimes. Officers also conducted Field Interviews of persons throughout Beat 1 and inquired if there was any knowledge of any crimes being committed. The Directed Patrols and Field Interviews were utilized to gather information / suspects and also to provide a presence

in the community to help deter additional crimes. There were 17 warrant arrests in Beat 1 during the month of November.

Community Involvement and Education
Officers continue to perform directed patrols daily at the school buildings and grounds to prevent and / or detect criminal activity at these locations. Officers monitored the school grounds and vehicle traffic in the surrounding areas.

Special Events
Junior Parada on Thanksgiving weekend. The event went well, and the reported attendance was up from previous years. There were no reported problems.

Upcoming Special Events
Holiday Light Parade on Main Street, December 1, 2017.

Significant Calls for Service
Theft reported on E. Butte Avenue – A female reported that someone stole prescription pills from the home. The daughter's friends are suspected. Investigation is ongoing.

Theft reported on N. Pinal Parkway – A male reported that his bicycle was stolen from his yard. This is an active case.

Theft reported on S. Park Street – A female reported that she cannot find her firearm. She believes it is either lost or stolen. There are no suspects currently.

Theft reported on E. Cholla Lane – A male reported that he sold several wooden pallets to a couple of men. The next day he noticed that other pallets were now missing. Unknown suspects, case closed.

Criminal Damage reported on E. Stewart Street – A male reported that the cinderblock wall outside of his apartment was damaged by some children playing in the area. The children were identified and reported to the property manager.

Criminal Damage reported on N. King Street – A female reported that she had been allowing a homeless female to enter her home to wash up and have a drink of water. When she realized the homeless female was looking around the home and possibly taking things, she asked her to leave. When the reporter tried to close the front door as the homeless female was leaving, the homeless female placed her foot in the way. A verbal argument ensued, and the homeless female began to bang on the door causing minor damage. The reporter requested that the homeless female be trespassed from her property.

Criminal Damage reported on McFarland Blvd. at Indiana Avenue – A mailbox was damaged at this location in an unknown manner. However, a male responded to the police station to report that he had accidentally driven his vehicle into the mailbox. This was then changed to an accident report and the US Post Office was advised of the male's information for restitution.

Accident reported on N. Pinal Parkway – A vehicle drove into the back of a vehicle that was stopped at a red light in front of him. No injuries were reported. The at-fault driver was cited.

Accident reported on Hunt Highway at N. Pinal Parkway – A vehicle travelling southbound went into the northbound lane and sideswiped a vehicle heading northbound. No Injuries were reported. The at-fault driver was cited.

Accident reported on N. Phoenix Street – A mother was giving her son a driving lesson and he lost control and struck a parked vehicle. A citation was issued.

Accident reported on McFarland Blvd- A male was checking his phone and drove into a mailbox.

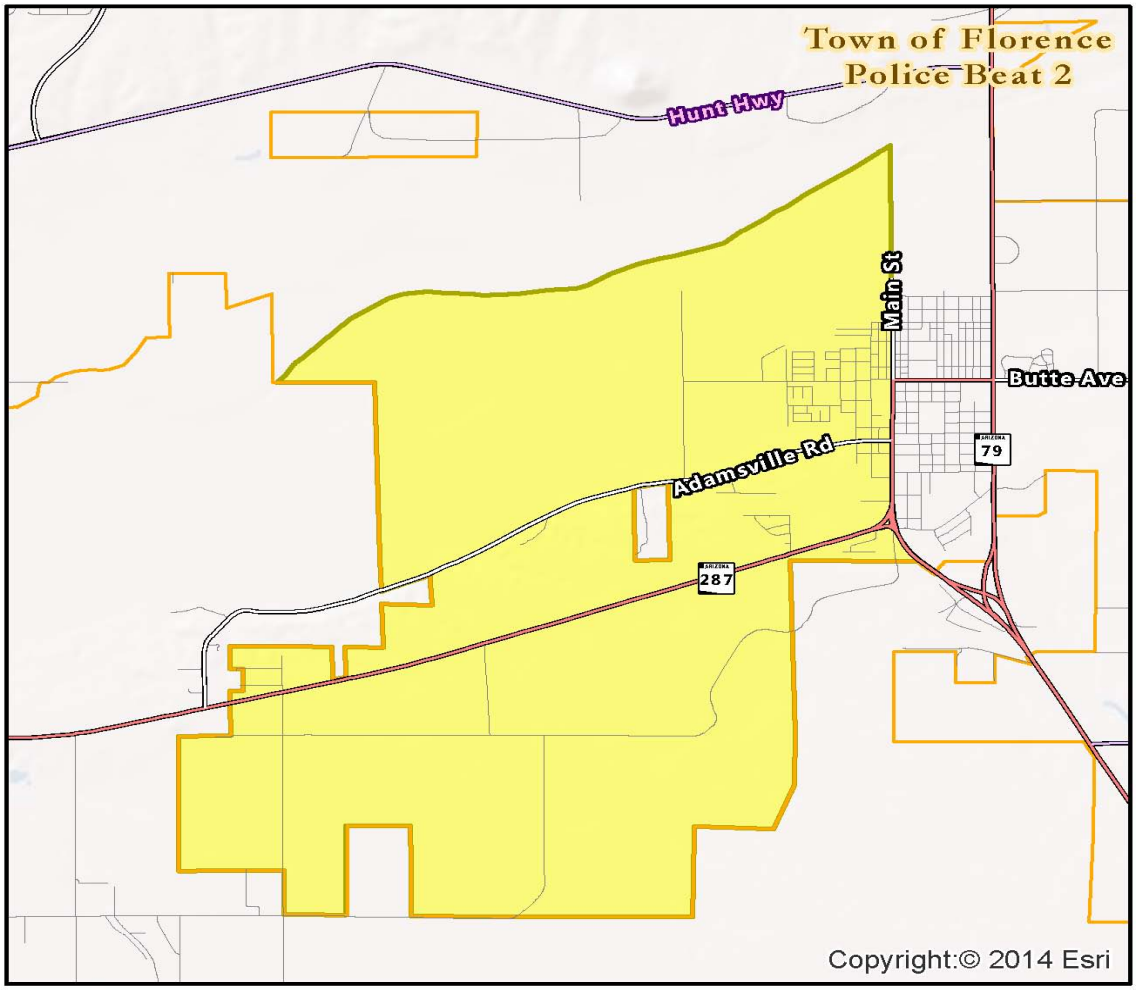
Accident Private Property reported on N. Pinal Parkway – Two vehicles bumped into each other in the restaurant parking lot. The drivers exchanged information.

Accident Private Property reported on S. Main Street – A vehicle backed into another as they were leaving the gas station. The drivers exchanged information.

Accident Private Property reported on E. Florence Heights Drive – A male driving a U-Haul truck struck the fencing at the storage facility. The driver admitted fault and agreed to pay the damages.

Training
Officers were updated on court decisions during the month. Officers attended annual firearms training.

Beat 2



Beat Statistics
Beat 2 Supervisor – Sgt. D. Campbell
There are 6 officers assigned to Beat 2
Total number of calls for service (including traffic): 105
Total number of traffic stops: 27
Total number of accident reports taken: 1
Total number of citations issued: 4 for 5 violations
Total number of DUI: 0

Crimes against Persons:
Sexual assault: 2

Property Crimes:
Theft: 2

Monthly Activities
Citations were issued for speeding, expired registration, vehicles not having mandatory

insurance, passing a stop sign and driving without a license. FPD issued 2 parking citations to various citizens for multiple infractions.

Community Involvement and Education
Officers conducted 28 directed patrols of the local business and issued warning citations for parking violations to include Field Interviews.

Training attended by Officers: Florence Police Department conducted annual firearms qualifications. FPD also provided a discretionary shoot held at the National Guard, in addition to daily briefings on policy and law/legal updates.

Special Events
Florence Police Department participated in traffic oriented grant operations provided by the Governor of Highway Safety. During the event multiple traffic stops were conducted to include the issuance of citations. This event continues throughout the holidays to combat speeders, seat belt violations and DUI's.

Upcoming Special Events
None

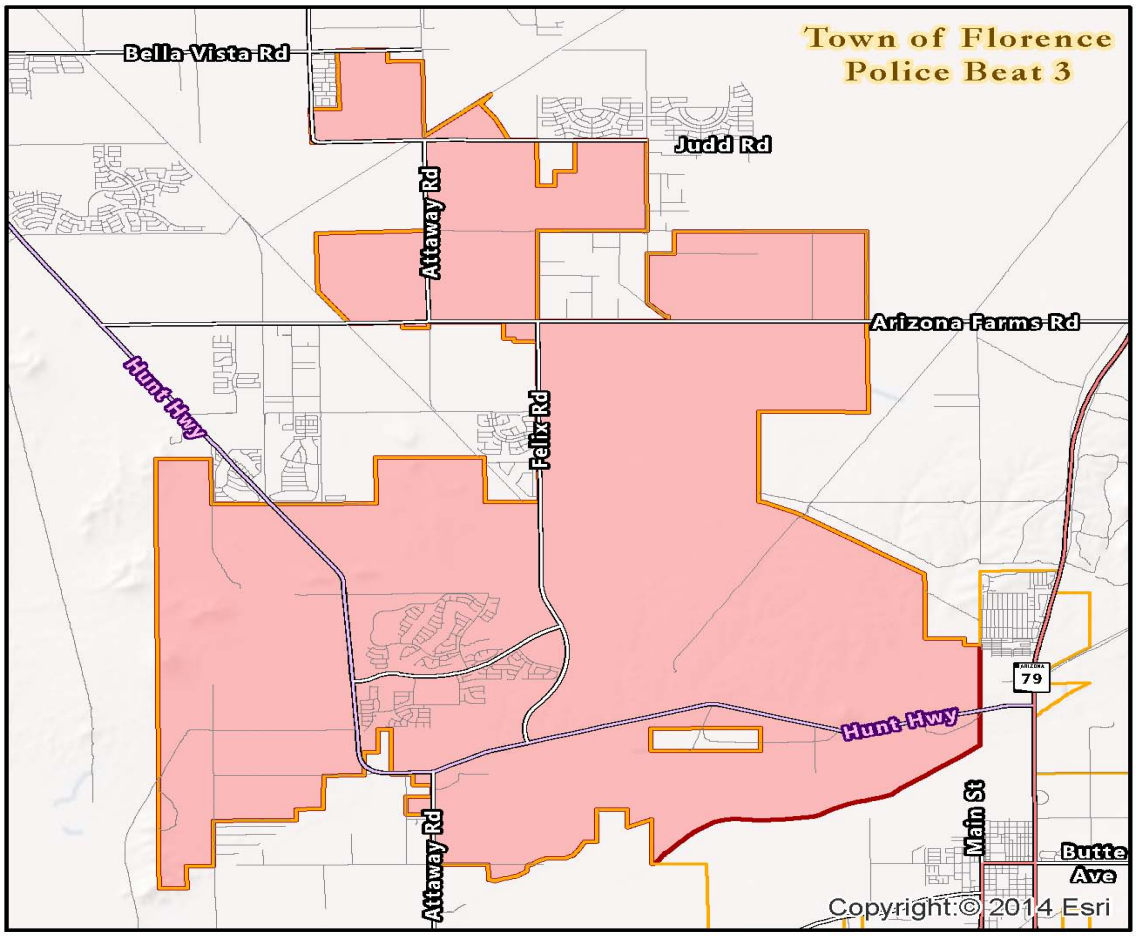
Significant Calls for Service
Assault: Florence Police responded to Florence High School reference a fight not in progress. FPD arrived on scene and school officials already released one of the students to the parents. Both students were disciplined through Florence High School protocol.

Domestic Violence: Florence Police responded to the area of Bunker Hill and West Liberty Street reference domestic violence. FPD arrived on scene and contacted the reporting party. FPD canvassed the area and located the subject matching the description. This subject has been previously trespassed from the residence. The subject was processed and booked into Pinal County Sheriff's Office Adult Detention Center without incident.

Dead Body: Florence Police responded to NTO Village road for a dead body. FPD arrived on scene. The subject had been deceased for an unknown period. Due to the call of service location, the call was turned over to Tohono O'odham Police Department for further investigation.

Training
Florence Police Department conducted annual firearms qualifications. This training was held at the Coolidge Firearms Range.

Beat 3



Beat Statistics:
Beat 3 Supervisor – Sgt. S. Morris
There are 6 officers assigned to Beat 3
Total number of calls for service (including traffic): 299
Total number of traffic stops: 117
Total number of accident reports taken: 7 reported accidents
Total number of citations issued: 25 for 30 violations
Total number of DUI: 0

Crimes against Persons:
Assault: 1
Sexual assault: 1
Other (Domestic): 0

Property Crimes:
Burglary: 1
Criminal damage: 2
Vehicle theft: 1

Monthly Activities

For the month of November, the total calls for service were 299, compared to 229 in October. A 30.57% increase. The increase is due to parking enforcement and traffic details. No influx of major crime. A total of 62 directed patrols were conducted.

The monthly Juvenile Detention Log was completed as required by state law. The Florence Police Department arrested two juveniles during the month of November. They were detained at the police department for processing. One was released to a relative, the other was confined at the Pinal County Juvenile Detention facility.

The speed signs logged the following data:

> Main Street Eastbound: 105,508 vehicles. Average speed was 33 mph. Speed limit is 35 mph. A total of 45,292 vehicles were between 33-38 mph, 7543 were between 39-44 mph, and 48 were logged above 50.
>
> Anthem/ Hunt Highway, west bound. 119,120 vehicles. Average speed was 53 mph. Speed limit is 45mph. 39,163 vehicles were between 45-50 mph, 20,568 were between 51-56 mph, and 75 were above 69 mph.

For the month of November, traffic enforcement in beat three consisted of 117 traffic offenses, with 25 citations, and 30 violations. A total of 7 accidents took place. Only one with slight injuries, the others were minor in nature and not in any one location as to constitute a problem area.

Community Involvement and Education
The Beat 3 officers continue to look for code enforcement violations and have been enforcing parking violations. 54 total parking violations were given, including 29 written parking violations in November.

Special Events
Arts in the Park Festival on November 4th

Upcoming Special Events
Golf Cart Parade December 9th. The town does not require any permits for this event.

Significant Calls for Service
N. Hudson Dr. – Two males jumped another male victim in the street in front of his house. The two males are unknown. Victim sustained minor lacerations and bruising. No witnesses. Case closed with no leads to follow up on.

W. Victory Way – A juvenile at the residence got into a physical fight with his male parents. The juvenile was upset at the rules of the house. The juvenile had to be physically restrained by responding officers. He was taken for an evaluation, and then booked into juvenile detention.

Congressional Way – The victim's daughter was at the house, and let her boyfriend inside. While inside, the boyfriend found the keys to the victims safe, and removed a Taurus .357, a Smith &

Wesson AR-15, and 500 rounds of ammunition. A suspect is known, charges are being pursued for burglary and felony theft, value of $1850.

W. Congressional Way – An unknown subject smashed the front window of the house, also causing the window frame to be bent. There were no witnesses. Damaged value is $200.

N. Anthem Way – An unknown subject smashed the victim's laptop and iPhone. She left it on a bleacher bench as she went to throw something away. No suspects or witnesses. Damaged value is $700.

W. Congressional Way – A female that is a live-in babysitter allowed her ex-boyfriend into the victim's house without permission. A physical fight ensued between the two, and the ex-boyfriend stole the victims unlocked 2013 Dodge Journey from the open garage. The suspect and vehicle were located in Chandler. The suspect was arrested and confined in jail.

Training
Officer uniforms were inspected this month, with no discrepancies noted.

K-9 Unit

Number of officers assigned to K-9 unit: 1, K9 Ofc. Murphy & K9-2 (Russ)
Total number of vehicle stops: 41
Total number of K-9 Utilizations: 11
Total number of vehicle hand searches: 3
Total amount of narcotic seizures (weight): 293.7

Type of Drug	Amount in Weight
Narcotics	293.7
Prescription Drugs	n/a
Paraphernalia	11 individual items
U.S. Currency	$2,595.00

K-9 Activity
K9 Ofc. Murphy attended weekly K9 detection along with the Pinal County Sheriff's Office K9 Unit. During the four-hour block of detection, K9 Ofc. Murphy's service dog detected marijuana, cocaine, methamphetamine and heroin without incident. K9 Ofc. Murphy is certified through the (NCAT) National Canine Audit Tracking Systems.

During the month of October 2017, K9 Ofc. Murphy self-initiated (10) cases which included vehicle stops, field interviews and on-view criminal activity. K9 Ofc. Murphy was responsible for (19) calls of service dispatched by Florence Police Department. Listed below is a synopsis of what transpired. This month report only reflects November 1st thru the 19th as K9 Ofc. Murphy was on annual leave for two weeks.

K9 Ofc. Murphy was participating in Operation Stonegarden a Federal Grant issued to Florence Police Department. This grant combats the human and narcotic trafficking in Pinal County. K9

Ofc. Murphy conducted a traffic stop in the area of 4965 North Sunland Gin Road. K9 Ofc. Murphy approached the vehicle and smelled the odor of raw marijuana coming from the vehicle. With the assistance of K9-2 (Russ), 293.2 grams of high grade marijuana was located. As the search continued, a pistol and $2595.00 dollars in U.S. currency was discovered. All items were seized, and the male subject booked into Pinal County Sheriff's Office Adult Detention Center without incident.

K9 Ofc. Murphy along with Sgt. Campbell and Florence High School Officials conducted a random search at FHS with the assistance of K9-2 (Russ). During the search of 4 rooms and 10 vehicles, 0.8 grams of marijuana and a handmade bong was located. Due to multiple subjects having knowledge of the contraband with no admissions, a vehicle was seized and placed into Florence Police Department Evidence Division.

K9 Ofc. Murphy responded to a traffic stop in the area of Bailey and 8th Street. During the traffic stop the driver was arrested for driving on a suspended license. With the assistance of K9-2 (Russ), 0.2 grams of heroin and 5 individual items of paraphernalia were located. The driver was processed and booked into Pinal County Sheriff's Office Adult Detention Center without incident.

K9-2 Russ is currently 9 years old and is approaching his service life as a K9. Florence Police Department has started the process to obtain monies to purchase another single purpose K9. The amount of a new K9 is approximately $10,000 dollars with additional monies for training.

Volunteers

The Florence Volunteers put in a total of 66.25 hours for the month of November. There was a total of 8 volunteers that donated their time this month. The Victim Services Unit was not utilized this month. The volunteers continue to assist the police department with fingerprinting, funeral escorts, and any special events hosted by the Town of Florence. The volunteer program is actively involved in house watches, school zones and business checks. There were seven 3511 (vehicle impound) hearings this month, conducted by a volunteer. The vehicles were released to their respective owners, and a total of $1050.00 was collected for fees.

Grants

Officers worked special details for the Thanksgiving week 11/22 through 11/25. GOHS provided stats for the details and mandatory reporting period.
Receiving Quotes for equipment (Radar Trailer) from GOHS funds provided in the 2018 grant cycle.

Traffic Reporting Activities

The following are statistics reported to GOHS for both special events and sustained (regular) activity:

Total citations for the month of 2017- 63
Total traffic contacts for the month of September 2017-281

Type of Citation	Total Number

Civil Speed	22
Criminal Speed	1
DUI	0
DUI Drugs	0
Other (registration, Ins., etc.)	40

Training

Efforts are continually made by the training staff to incorporate and provide quality training to all FPD (Florence Police Department) officers. FPD staff has worked diligently to reduce training costs by providing required internal training.

Traffic

Total number of Citations issued for the department: 47 for 59 violations.

Directed Patrols
The Police Department conducted 283 Directed Patrols during November. Directed Patrols are a proactive, police-initiated, approach which focuses patrol resources on the places with highest risks of serious crime to increase crime prevention. Statistics have proven that an increased pro-active patrol in high crime areas has decreased crimes.