

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

Monday, March 19, 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, March 19, 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 FACILITIES DISTRICT 1.

- a. **Public Hearing on Feasibility** Report for Projects (Assessment Area Nine). (Joe Jarvis)
- b. **RESOLUTION NO. MRCFD1** 137-18: Consideration and possible adoption of A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A NINTH AMENDMENT AND WAIVERS (ASSESSMENT AREA NINE) 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; AND APPROVING SUCH FEASIBILITY REPORT AND ORDERING THE WORK WITH RESPECT THERETO. (Joe Jarvis)

- c. **RESOLUTION NO. MRCFD1** 138-18: Consideration and possible adoption of A RESOLUTION APPROVING THE ASSESSMENT DIAGRAM AND METHOD OF ASSESSMENT WITH RESPECT TO ASSESSMENT AREA NINE AND PROVIDING FOR THE LEVY OF THE RELATED ASSESSMENT AND AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$1,477,000 AGGREGATE PRINCIPAL AMOUNT OF SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA NINE) 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** February 5, 2018 Merrill Ranch Community Facilities District No. 1 Special Meeting minutes.

7. ADJOURN FROM MERRILL RANCH COMMUNITY FACILITIES DISTRICT 1.

8. ADJOURN TO MERRILL RANCH COMMUNITY FACILITIES DISTRICT 2.

- a. **Approval of the** February 5, 2018 Merrill Ranch Community Facilities District No. 2 Special Meeting minutes.

9. ADJOURN FROM MERRILL RANCH COMMUNITY FACILITIES DISTRICT 2.

10. PRESENTATIONS

- a. **Acceptance of a \$4,500** donation to assist in the purchase and training of a new dog for the Florence Police Department Canine program. (Dan Hughes)
- b. Retirement presentation celebrating David Elliott's March 30, 2018 retirement after 35 years of service to the Town of Florence. (Chris Salas)
- c. Update on operations and services offered by the Horizon Health and Wellness by Norman E. Mudd and team.

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. **Approval of the upfitting** of two new Police Interceptors by Creative Communications, in an amount not to exceed \$27,422.22. (Joe Jarvis)
- b. Approval of the **February 5, February 20** and **February 28**, 2018 Town Council Meeting minutes.
- c. Receive and file the following board and commission minutes:
 - i. **February 8, 2018** Arts and Culture Commission meeting minutes.

12.UNFINISHED BUSINESS

- a. **Resolution No. 1657-18:** Discussion/Approval/Disapproval of A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, PROPOSING A PERMANENT ADJUSTMENT TO THE 1979-1980 BASE EXPENDITURE LIMITATION OF THE TOWN OF FLORENCE. (Lisa Garcia)

13.NEW BUSINESS

- a. **Discussion/Approval/Disapproval** of accepting the resignation of Carl Bell from the Planning and Zoning Commission. (Lisa Garcia)
- b. **Discussion/Approval/Disapproval** of entering into a Memorandum of Understanding for the Florence Science, Technology, Entrepreneurship, and Mastery Academy (Florence STEM School) with Pinal County, Florence Unified School District and Startup Pavilion Inc., dba Innovation Pavilion Inc. (Brent Billingsley)
- c. **Discussion/Approval/Disapproval** of a Notice of Intent to discuss the potential to adjust utility rates for the Town of Florence and set a public hearing for May 21, 2018. (Joe Jarvis)

14.MANAGER'S REPORT

15.CALL TO THE PUBLIC

16.CALL TO THE COUNCIL – CURRENT EVENTS ONLY

17.ADJOURN TO EXECUTIVE SESSION

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. Possible contract negotiations related to garbage service provided by Right Away Disposal.
- b. 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.
- c. 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.
- d. Town's position and instruct its attorneys regarding pending litigation in Maricopa County Superior Court: Town of Florence v. Florence Copper, Inc. CV2015 -000325.
- e. Pinal County Air Quality Control District Permit Class II Renewal, Permit No. B31219.000, Florence Copper, Inc. Update.
- 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. Possible contract negotiations related to the proposed Project Radius development project.

18. ADJOURN FROM EXECUTIVE 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 MARCH 15, 2018, BY LISA GARCIA, 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 AGENDA

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the Merrill Ranch Community Facility District No. 1 Members and to the general public that a Special Meeting of the District Board will be held on Monday, March 19, 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. NEW BUSINESS

- a. **Public Hearing on** Feasibility Report for Projects (Assessment Area Nine). (Joe Jarvis)
- b. **RESOLUTION NO. MRCFD1** 137-18: Consideration and possible adoption of A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A NINTH AMENDMENT AND WAIVERS (ASSESSMENT AREA NINE) 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; AND APPROVING SUCH FEASIBILITY REPORT AND ORDERING THE WORK WITH RESPECT THERETO. (Joe Jarvis)
- c. **RESOLUTION NO. MRCFD1** 138-18: Consideration and possible adoption of A RESOLUTION APPROVING THE ASSESSMENT DIAGRAM AND METHOD OF ASSESSMENT WITH RESPECT TO ASSESSMENT AREA NINE AND PROVIDING FOR THE LEVY OF THE RELATED ASSESSMENT AND AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$1,477,000 AGGREGATE PRINCIPAL AMOUNT OF SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA NINE) 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 February** 5, 2018 Merrill Ranch Community Facilities District No. 1 Special Meeting minutes.

4. ADJOURMENT

POSTED MARCH 15, 2018, BY LISA GARCIA, DISTRICT CLERK, AT 775 N. MAIN STREET, ARIZONA AND WWW.FLORENCEAZ.GOV.

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MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 AGENDA

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the Merrill Ranch Community Facility District No. 2 Members and to the general public that a Special Meeting of the District Board will be held on Monday, March 19, 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. NEW BUSINESS

- a. **Approval of the** February 5, 2018 Merrill Ranch Community Facilities District No. 2 Special Meeting minutes.

4. ADJOURMENT

POSTED MARCH 15, 2018, BY LISA GARCIA, DISTRICT CLERK, AT 775 N. MAIN STREET, ARIZONA AND 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 ACTION FORM	<u>AGENDA ITEM</u> 6a, b, and c.
MEETING DATE: March 19, 2018 DEPARTMENT: Finance/Administration STAFF PRESENTER: Joe Jarvis, District Treasurer SUBJECT: Public Hearing on Feasibility Report followed by Resolution to consider (1) approving Development Agreement Amendment and Feasibility Report and (2) Sale and issuance of Special Assessment Lien Bonds (Assessment Area 9) and related matters in the amount not to exceed \$1,477,000 for Merrill Ranch Community Facilities District 1 - Units 3, 5, 7, 52, 56A.		<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information Only <input checked="" type="checkbox"/> Public Hearing <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <div style="margin-left: 20px;"> <input type="checkbox"/> Regulatory <input type="checkbox"/> 1st Reading <input type="checkbox"/> 2nd Reading </div> <input type="checkbox"/> Other
STRATEGIC PLAN REFERENCE: <input type="checkbox"/> Community Vitality <input type="checkbox"/> Economic Prosperity <input type="checkbox"/> Leadership and Governance <input type="checkbox"/> Partnership and Relationships <input type="checkbox"/> Transportation and Infrastructure <input type="checkbox"/> Statutory <input checked="" type="checkbox"/> None		

RECOMMENDED MOTION/ACTION:

Staff recommends the following motion/actions:

1. Hold a Public Hearing on the Feasibility Report of the feasibility and benefits of certain projects to be financed with the proceeds of the sale of Special Assessment Lien Bonds (Assessment Area Nine) of Merrill Ranch Community Facilities District No. 1 (MRCFD1) ("SA Bonds").
2. Motion to adopt Resolution No. MRCFD1 137-18 which approves Development Agreement Amendment and Feasibility Report and other matters.
3. Motion to adopt Resolution No. MRCFD1 138-18, which in part authorizes the sale and issuance of not to exceed \$1,477,000 aggregate principal amount SA Bonds and related matters.

BACKGROUND/DISCUSSION:

Pursuant to the Merrill Ranch Community Facilities District No. 1 Development Agreement, dated December 1, 2005, as amended, Pulte Home Company, LLC (Pulte) has requested the issuance of Special Assessment (SA) Bonds in an amount not to exceed \$1,477,000.

The bond proceeds will be used to acquire from Pulte at cost completed public infrastructure (including street improvements, storm drain and engineering) for Assessment Area Nine – Units 3, 5, 7, 52, 56A.

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

Adopting the resolutions will approve an amendment to the Development Agreement and the Feasibility Report, authorize the sale and issuance of SA Bonds in an amount not to exceed \$1,477,000 aggregate principal amount, approve the Preliminary Official Statement, authorize the preparation of the final Official Statement, authorize the subsequent levying of assessments to pay debt service on the bonds and the execution of delivery of the various documents relating to the SA Bonds.

A VOTE OF NO WOULD MEAN:

Resolution Nos. MRCFD1 137-18 and MRCFD1 138-18 would not be approved, and the District would not issue bonds for Assessment Area Nine, Units 3, 5, 7, 52, 56A.

A VOTE OF YES WOULD MEAN:

Resolution Nos. MRCFD1 137-18 and MRCFD1 138-18 are approved, and the District would issue bonds for Assessment Area Nine, Units 3, 5, 7, 52, 56A.

FINANCIAL IMPACT:

Consistent with the Development Agreement and all prior phases of the development, each residential lot in Assessment Area Nine, Units 3, 5, 7, 52, 56A will have a special assessment of \$3,500 based on the benefit to be received by such lots from public infrastructure described in the Feasibility Report. Bonds are secured by liens on the lots, each lot which 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 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. MRCFD1 137-18
Resolution No. MRCFD1 138-18
Feasibility Report
Draft Ninth Amendment and Waivers
Draft Indenture of Trust and Security Agreement
Draft Assessment Methodology Report/Assessment Diagram
Draft Preliminary Official Statement
Draft Bond Purchase Contract

RESOLUTION NO. MRCFD1 137-18

(MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1)

A RESOLUTION OF THE DISTRICT BOARD OF MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A NINTH AMENDMENT AND WAIVERS (ASSESSMENT AREA NINE - UNITS 3, 5, 7, 52 AND 56A) FOR DISTRICT DEVELOPMENT, FINANCING PARTICIPATION, WAIVER AND INTERGOVERNMENTAL AGREEMENT (MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1); 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. 1 as follows:

1. Findings.

a. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "Act"), and Section 9-500.05, Arizona Revised Statutes, the Town of Florence, Arizona (the "Municipality"), Merrill Ranch Community Facilities District No. 1 (the "District") and the owner of the portions of the real property included within the District affected hereby (the "Owner"), among other parties entered into a District Development, Financing Participation, Waiver and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 1), dated as of December 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 (Assessment Area Two - Unit 54), dated as of November 1, 2008, a Third Amendment and Waivers (Assessment Area Three - Unit 17A), dated as of September 1, 2010, a Fourth Amendment and Waivers (Assessment Area Four - Unit 18), dated as of January 1, 2012, a Fifth Amendment and Waivers (Assessment Area Five - Unit 17B), dated as of July 1, 2012, a Sixth Amendment and Waivers (Assessment Area Six - Units 2 and 9A), dated as of July 1, 2013, a Seventh Amendment and Waivers (Assessment Area Seven - Units 9B 16 and 17C), dated as of October 1, 2014, and an Eighth Amendment and Waivers (Assessment Area Eight - Units 50 and 53), dated as of April 1, 2016 (as so amended, the "Original Development Agreement"), to specify, among other things, conditions, terms, restrictions and requirements for public infra-

structure (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 (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 "District Board") has determined to enter into a Ninth Amendment and Waivers (Assessment Area Nine - Units 3, 5, 7, 52 and 56A) for District Development, Financing Participation, Waiver and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 1), to be dated as of April 1, 2018 (the "Ninth 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 (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 Ninth Amendment (as so amended, 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 (the "Area Nine Work") resolved in this Resolution on the area of the Property to be assessed for the costs and expenses thereof (the "Area Nine Assessed Property") based on the benefit determined by the District Board to be received by the Area Nine Assessed Property, in each case as more fully described herein.

e. The District Board has determined special assessment lien bonds of the District (the "Bonds") should be issued if certain conditions are met to provide moneys for the Area Nine 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 Nine Work (the "Area Nine Assessment") on the Area Nine 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 Nine Assessment is to be allocated as the Area Nine 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 (i) resolves its intent with respect to and orders the Area Nine Work, (ii) determines that the Bonds should be issued to represent the costs and expenses thereof, (iii) declares the Area Nine Work to be of more than local or ordinary public benefit and that the costs and expenses thereof be assessed upon the Area Nine Property and (iv) provides that the Area Nine Work be performed under the provisions of the Act, the Development Agreement and the Report, the Area Nine Assessed Property to be assessed and the Bonds to be issued being more fully described in the Development Agreement, the Report and this Resolution (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 Nine Work and orders that the Area Nine Work be done as described in the Resolution of Intention Documents and in accordance with the “Area Nine 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 Intention Documents.

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

2. a. Approval of Ninth Amendment. The Ninth 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 Ninth 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 Ninth Amendment. The District Manager or his designee is hereby authorized to complete the Ninth Amendment by including the appropriate materials as necessary therein.

c. Execution of Ninth 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 Ninth 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 (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 and for purposes of Section 48-721(A), Arizona Revised Statutes 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 Nine Work shall result in proportionate, beneficial use, principally to the land with the geographical limits of the Area Nine Assessed Property.

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 Nine Work described in substantial form in the Report including the “Area Nine Work Plans and Specifications” which are included in the Report (collectively, the “Area Nine Work Plans and Specifications”).

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

(3) The estimate of the cost and expense of the Area Nine Work included in the Report (the “Area Nine Estimate”) is hereby approved, and the Area Nine Estimate is hereby adopted by the District Board.

e. Assessment Area.

(1) The Area Nine 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 Nine Assessed Property, and the District Board hereby makes and orders the cost and expense of the Area Nine Work chargeable upon the Area Nine Assessed Property and hereby declares that the Area Nine Assessed Property benefitted by the Area Nine 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 Nine Work which are for the general public benefit against the respective lots, pieces and parcels of land located within the boundaries of the Area Nine Assessed Property and if a portion of the costs and expenses of the Area Nine 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 Nine 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 Nine 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 Nine Assessed Property shall be omitted from the assessment hereafter to be made, and the total expense of the Area Nine Work shall be assessed on the remaining lots lying within the boundaries of the Area Nine 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 Nine 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 Nine 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 Nine Work or (2) objections to the extent of the Area Nine 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 Nine Work is hereby ordered in accordance with the Area Nine Work Plans and Specifications and the Development Agreement.

5. a. Repeal of Resolution. After any of the Bonds are delivered by the hereinafter defined Trustee to the underwriter of the Bonds upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the unpaid principal amounts due thereunder 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 of Trust and Security Agreement, to be dated as of April 1, 2018 (the "Indenture"), from the District to ZB, National Association, d/b/a Zions Bank (the "Trustee").

(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 Nine Assessments, the Warrant (as defined in the Indenture) and this Resolution are hereby ratified and confirmed.

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

[Remainder of page left blank intentionally.]

PASSED by the District Board of Merrill Ranch Community Facilities District No. 1 this 19th day of March, 2018.

.....
Chairperson, District Board, Merrill Ranch
Community Facilities District No. 1

ATTEST:

.....
District Clerk, Merrill Ranch Community
Facilities District No. 1

APPROVED AS TO FORM:

.....
District Counsel, Merrill Ranch Community
Facilities District No. 1

ATTACHMENT:

EXHIBIT – Form of Notice of Hearing on Report

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 SPECIAL ASSESSMENTS LEVIED AND COLLECTED WITHIN AN AREA OF MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 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 special assessments levied and collected within an area of Merrill Ranch Community Facilities District No. 1 shall be held by the District Board on March 19, 2018, at approximately 6:00 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 85132. 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. 1, 775 North Main Street, Florence, Arizona 85132, telephone number: (520) 868-7552. **THE MATTERS IN THE REPORT 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 REPORT OF FEASIBILITY AND BENEFITS AFTER SUCH HEARING, SUCH RESOLUTION DECLARING THAT SUCH DISTRICT WILL PROVIDE THE WORK, ISSUE BONDS OR INCUR OTHER OBLIGATIONS FOR SUCH PURPOSE AND ASSESS THE COSTS AND EXPENSES THEREOF AGAINST THE AREA IN SUCH DISTRICT DESCRIBED IN SUCH REPORT 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 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.

Dated this 8th day of March, 2018.

/s/ Brent Billingsley
.....
District Manager, Merrill Ranch Community
Facilities District No. 1

RESOLUTION NO. MRCFD1 138-18

(MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1)

A RESOLUTION OF THE DISTRICT BOARD OF MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 APPROVING THE ASSESSMENT DIAGRAM AND METHOD OF ASSESSMENT WITH RESPECT TO ASSESSMENT AREA NINE AND PROVIDING FOR THE LEVY OF THE RELATED ASSESSMENT AND AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$1,477,000 AGGREGATE PRINCIPAL AMOUNT OF SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA NINE) AND APPROVING THE FORM THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A BOND PURCHASE CONTRACT, A CONTINUING DISCLOSURE UNDERTAKING AND CERTAIN OTHER DOCUMENTS WITH RESPECT TO THE BONDS; APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT RELATING TO THE BONDS AND ADOPTING POST-ISSUANCE CONTINUING DISCLOSURE COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE DISTRICT

BE IT RESOLVED BY THE DISTRICT BOARD OF MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 as follows:

1. Findings.

a. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "Act") and Section 9-500.05, Arizona Revised Statutes, the Town of Florence, Arizona (the "Municipality"), Merrill Ranch Community Facilities District No. 1 (the "District") and the owner of the portion of the real property included within the District affected thereby (the "Owner"), among other parties entered into a District Development, Financing Participation and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 1), dated as of December 1, 2005 (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. The district board of the District (the “District Board”) 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 entered into a Ninth Amendment and Waivers (Assessment Area Nine - Units 3, 5, 7, 52 and 56A) for District Development, Financing Participation and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 1), to be dated as of the first day of the month of the date of issuance of the herein-described Bonds (the “Ninth 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 (the “Report”). A public hearing on the Report was held on the date of, but before, adoption hereof, after provision for publication and mailing to the governing board of the Municipality of notice thereof as provided by law (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 the Resolution numbered one prior to this Resolution adopted by us on March 19, 2018 (the “Report Resolution”), the Report was approved in the form submitted to the District Board its 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 Ninth Amendment (as so amended, 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 Nine Work” described in substantial form in the Report, including the “Area Nine Work Plans and Specifications” which are included in the Report, be ordered.

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

(3) The “Area Nine Estimate” included in the Report was approved and adopted by the District Board.

(4) The Area Nine Work, in the opinion of the District Board, was of more than local or ordinary public benefit and was of special benefit to the respective lots, pieces and parcels of land comprising the “Area Nine Assessed Property” described in the Report, and the cost and expense of the Area Nine Work was made and ordered chargeable upon the Area Nine Assessed Property and was declared to be benefitted by the Area Nine Work and was 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 Nine Work which are for the general public benefit against the respective lots, pieces and parcels of land located within the boundaries of the Area Nine Assessed Property and if a portion of the costs and expenses of the Area Nine Work is for the general public benefit, the District should assess the respective lots, pieces and parcels of land located within the boundaries of the Area Nine 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 Nine 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 Nine Assessed Property should be omitted from the assessment hereafter to be made, and the total expense of the Area Nine Work should be assessed on the remaining lots lying within the boundaries of the Area Nine 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 Nine 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 special assessments levied upon the lots, tracts, pieces and parcels of land included within the Area Nine 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 eight percent (8%) 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 assessments 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 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.

(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 Nine Work or (2) objections to the extent of the Area Nine 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 Nine Work was ordered in accordance with the Area Nine Work Plans and Specifications and the Development Agreement.

f. EPS Group, Inc. (the “Assessment Engineers”) have prepared and presented to the District Board (i) duplicate diagrams of the Area Nine Assessed Property (the “Diagram”), forms of such diagrams being attached hereto and marked as Exhibit “A” and (ii) the method by which the Assessment Engineers have allocated the assessments which are the subject of the Diagram, such methodology being attached hereto and marked as Exhibit “B” (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 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 the Area Nine Work with respect thereto resolved in the Report Resolution on the Area Nine Assessed Property based on the benefit determined by the District Board to be received by the Area Nine Assessed Property, in each case as more fully described herein.

h. The District Board hereby determines that special assessment lien bonds of the District (the “Bonds”) should be issued if certain conditions are met to provide moneys for the Area Nine 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 Area Nine Work (the “Area Nine Assessment”) on the Area Nine Assessed 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 Nine Assessment is to be allocated as the Area Nine Assessed Property 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 Area Nine Assessment will be ordered. No direction will be given that demand be made on the owners of the Area Nine

Assessed Property so assessed for payment of the Area Nine Assessment as such owners waived such right pursuant to the Development Agreement. The District Manager will levy and record the Area Nine Assessment for the District and execute a warrant to the District Treasurer to collect the amounts with respect to the Area Nine Assessment (the "Area Nine Warrant") at least twenty-four (24) hours before the date of the issuance and delivery of the Bonds. Thereafter, the Area Nine Warrant and the Area Nine Assessment will be returned by the District Manager and the District Treasurer as prescribed by law. The certified list of unpaid amounts with respect to the Area Nine Assessment will be filed with the District Clerk by the District Manager.

j. Pursuant to the Act, the District Board hereby determines 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 (the "Indenture"), from the District to ZB, National Association, d/b/a Zions Bank, as trustee, to secure, and process the issuance, registration, transfer and payment, and the disbursement and investment of proceeds of, the Bonds. (Capitalized terms 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. Pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), Participating Underwriters (as defined in the Rule) are required to reasonably determine that issuers have entered into written undertakings to make ongoing disclosure in connection with offerings of obligations to investors subject to the Rule.

l. The District Board hereby determines that procedures should be adopted in order to document practices and describe various procedures for preparing and disseminating such ongoing disclosure for the benefit of the holders of the District's obligations and to assist the Participating Underwriters in complying with the Rule and such written undertakings (the "Procedures").

m. There have been placed on file with the District Clerk and presented in connection herewith (1) the proposed form of the Indenture; (2) the proposed form of the Purchase Contract relating to the Bonds, to be dated the date of the sale of the Bonds (the "Purchase Contract"), by and between the District and Stifel, Nicolaus & Company, Incorporated (the "Underwriter"); (3) the proposed form of a Continuing Disclosure Undertaking, to be dated even date with the delivery of the Bonds, from the District relating to the Bonds; (4) the proposed form of the Preliminary Official Statement relating to the Bonds, to be dated the date of the distribution thereof (the "Preliminary Official Statement"), and which, as revised after the sale of the Bonds, will constitute the form of the Final Official Statement for the Bonds (the "Final Official Statement"); and (5) the proposed form of the Procedures. (The documents described in Clauses (1) through and including (5) are hereinafter referred to, collectively, as the "Bond Documents.")

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 Area Nine 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 Area Nine Assessment being hereby declared to be based on the benefit to be received by the Area Nine Assessed Property as so assessed.

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 Nine Assessed 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 Area Nine 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 Nine)" for the purposes set forth in the Report Resolution. The Bonds shall be issued in the aggregate principal amount of not to exceed \$1,477,000 which shall be equal to or less than the amount certified to the District Clerk as the amount of the Area Nine Assessment remaining unpaid, shall be in fully registered form only and denominations, shall as indicated hereinabove bear interest at rates not to exceed eight (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. The Bonds shall be sold to the Underwriter in accordance with the terms of the Purchase Contract and at a price specified therein with original issue discount and premium and underwriter's compensation in an amount approximately equal to the amount presented in the Report.

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 Bond Documents. The forms, terms and provisions of the Bond Documents in substantially the forms of such documents (including the exhibits thereto) presented at the meeting at which this Resolution is adopted, are hereby approved, with such insertions, deletions and changes as are not inconsistent herewith and as are approved by the officers authorized to execute the documents including for the purposes described in 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 Bond Documents.

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 retain consultants and counsel necessary to carry out the purposes of this Resolution and shall take all other action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by the Bond Documents, including, without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the sale and issuance of the Bonds. (The employment of Burke Hansen, LLC, Real Estate Appraisers, pursuant to the letter to such entity, dated January 31, 2018, is hereby authorized, ratified, confirmed and approved.)

f. Distribution of Official Statements. The Preliminary Official Statement in substantially the form presented at the meeting at which this Resolution was adopted is hereby approved; the distribution by the Underwriter of the Preliminary Official Statement, with such changes as may be acceptable to the District Manager, is also hereby approved; the Chairperson or any other member of the District Board or the District Manager is hereby authorized and directed to execute and deliver the Final Official Statement in substantially the form of the Preliminary Official Statement, with such changes as may be acceptable to the District Manager and the distribution of the Final Official Statement by the Underwriter is hereby approved.

g. Assessment. The Bonds shall be payable from installments paid or amounts otherwise collected from the Area Nine Assessment and from amounts available from time to time in the Reserve Fund. The amounts due pursuant to the Area Nine Assessment and unpaid are and shall be a first lien on the Area Nine 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 Area Nine 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.

h. Obligations of Municipality. Nothing contained in this Resolution, the Bond Documents 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 Bond Documents or any other instrument or documents executed in connection therewith impose any charge upon the general credit of the Municipality.

i. Appointment of Trustee. ZB, National Association, d/b/a Zions Bank is hereby confirmed as Trustee, Registrar and Paying Agent for the purposes of the Indenture unless the District appoints another entity to act in such capacities.

4. Adoption of Procedures; Reservation of Rights. The Procedures are hereby adopted to establish policies and procedures related to the purposes set forth in the Section 1 hereof. The right to use discretion as necessary and appropriate to make exceptions or request additional provisions with respect to the Procedures as may be determined is hereby reserved. The right to change the Procedures from time to time, without notice, is also reserved.

5. 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 Report Resolution, the Development Agreement, the Report, the Area Nine Assessment, the Area Nine Warrant and this Resolution are hereby ratified and confirmed.

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

[Remainder of page left blank intentionally.]

PASSED by the District Board of Merrill Ranch Community Facilities District No. 1 this 19th day of March, 2018.

.....
Chairperson, District Board, Merrill Ranch
Community Facilities District No. 1

ATTEST:

.....
District Clerk, Merrill Ranch Community
Facilities District No. 1

APPROVED AS TO FORM:

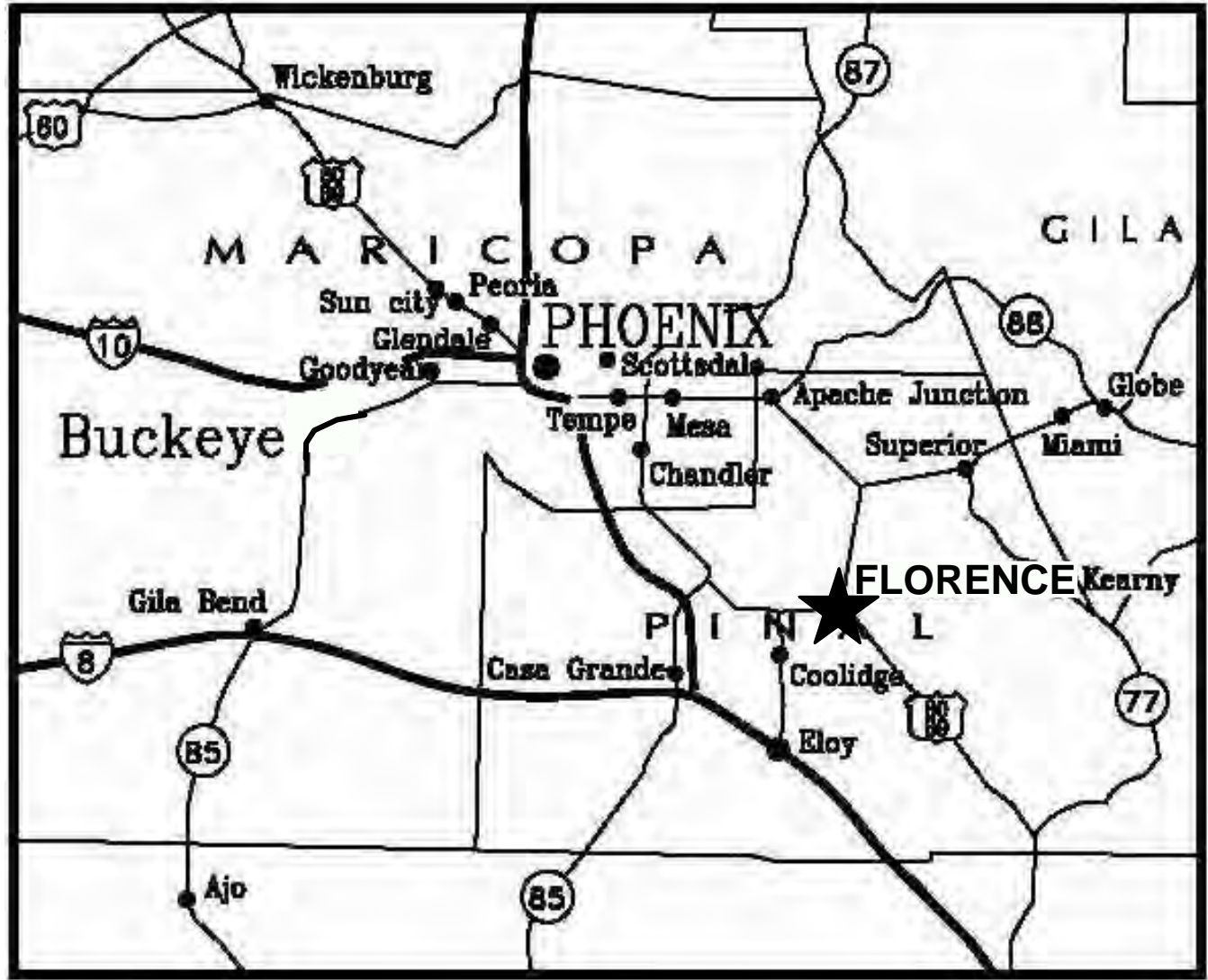
.....
District Counsel, Merrill Ranch Community
Facilities District No. 1

ATTACHMENTS:

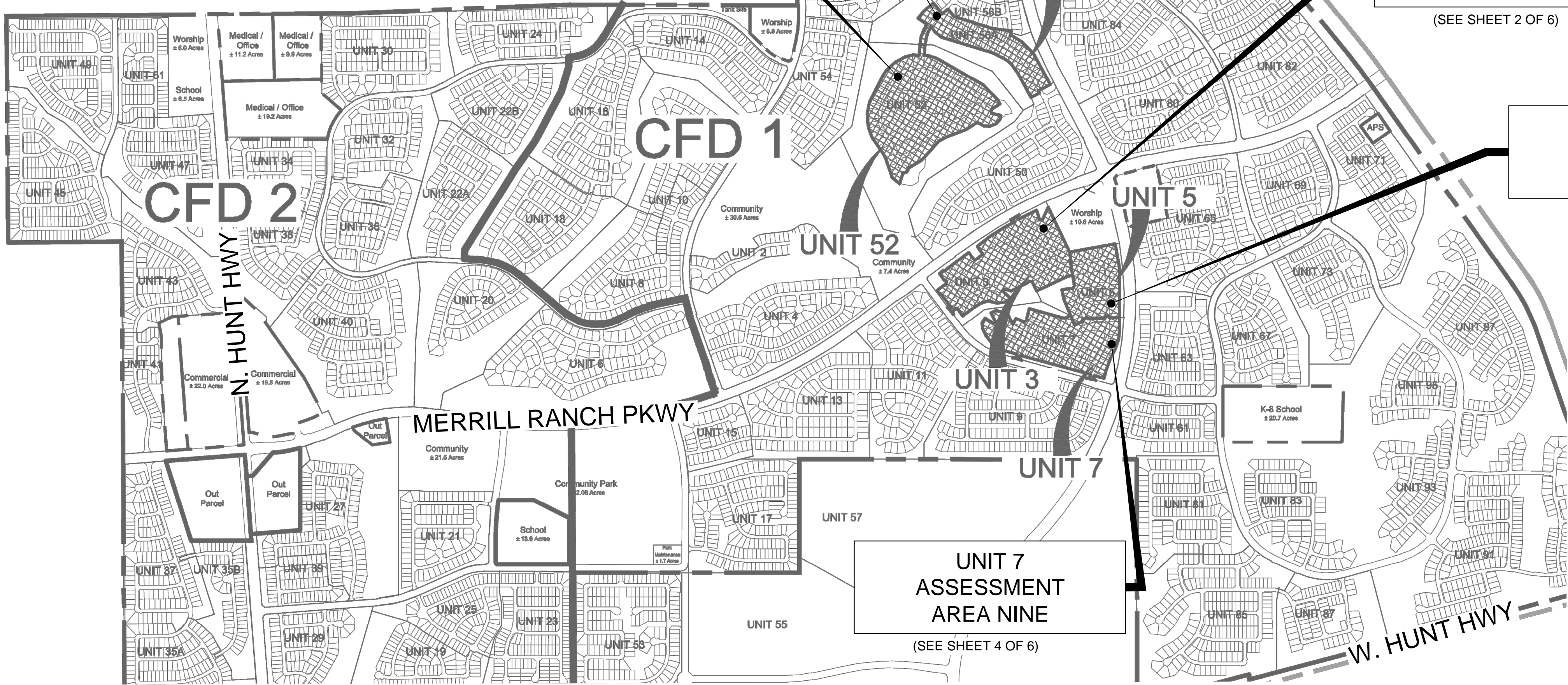
EXHIBIT "A" - Assessment Diagram
EXHIBIT "B" - Method of Assessment

EXHIBIT “A”

ASSESSMENT DIAGRAM



LOCATION MAP



MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1

UNIT 3, 5, 7, 52, AND 56A-ASSESSMENT AREA NINE

UNIT	ASSESSMENT MODIFICATION NO.	LOTS	DATE
3	01	107	03/06/2018
5	01	57	03/06/2018
7	01	85	03/06/2018
52	01	124	03/06/2018
56A	01	49	03/06/2018

NOTE: LOT LAYOUT SHOWN ON SHEETS 2-6

(TOWN OF FLORENCE, ARIZONA)

MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 1
ASSESSMENT AREA NINE

LEGEND

- MERRILL RANCH ASSESSMENT AREA NINE
- ASSESSMENT NO.
- LOT NO.
- ASSESSMENT MODIFICATION 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

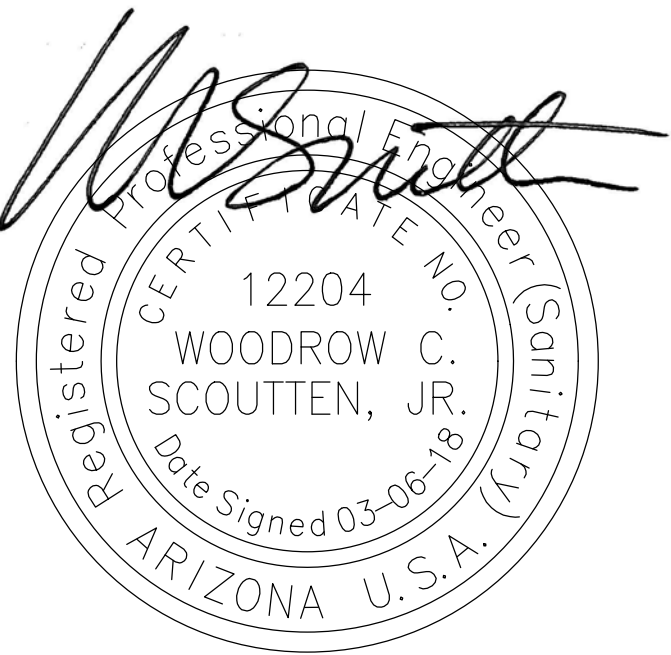
03/06/2018
DATE

APPROVED BY RESOLUTION NO. _____ AT A MEETING OF THE BOARD OF DIRECTORS OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 OF THE TOWN OF FLORENCE, ARIZONA ON THE _____ DAY OF _____, 2018

DISTRICT CLERK _____ DATE _____

SIGNED THIS _____ DAY OF _____, 2018

SUBMITTED: _____ SUPERINTENDENT OF STREETS _____ DATE _____



EXPIRES 06/30/2019

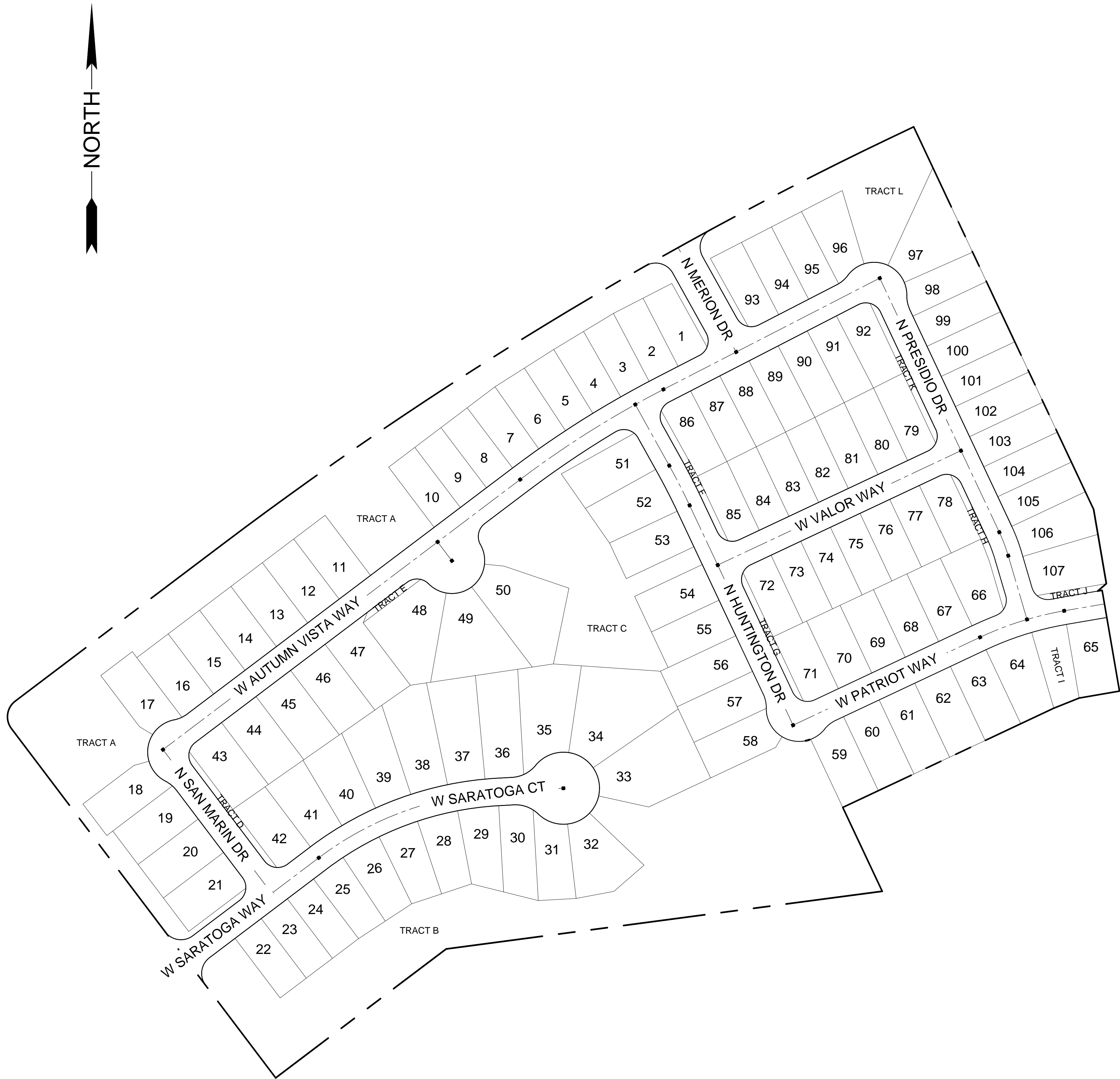


125 S. Avondale Blvd., Suite 115
Avondale, AZ 85323
T: 623.547.4461 | F: 623.547.4662
www.epsgroupinc.com

DATE: 03-06-2018

SHEET NO.
1 OF 6

Mar 06, 2018 4:55pm V:\CAD\Florence\16-417 MR CFD\Production Drawings\16-417 MR-FIG SH12.dwg



(TOWN OF FLORENCE, ARIZONA)
MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 1
ASSESSMENT AREA NINE

LOT NO.	ASMT. NO.	ASSESSMENT
1	003-01-001	\$ 3,500.00
2	003-01-002	\$ 3,500.00
3	003-01-003	\$ 3,500.00
4	003-01-004	\$ 3,500.00
5	003-01-005	\$ 3,500.00
6	003-01-006	\$ 3,500.00
7	003-01-007	\$ 3,500.00
8	003-01-008	\$ 3,500.00
9	003-01-009	\$ 3,500.00
10	003-01-010	\$ 3,500.00
11	003-01-011	\$ 3,500.00
12	003-01-012	\$ 3,500.00
13	003-01-013	\$ 3,500.00
14	003-01-014	\$ 3,500.00
15	003-01-015	\$ 3,500.00
16	003-01-016	\$ 3,500.00
17	003-01-017	\$ 3,500.00
18	003-01-018	\$ 3,500.00
19	003-01-019	\$ 3,500.00
20	003-01-020	\$ 3,500.00
21	003-01-021	\$ 3,500.00
22	003-01-022	\$ 3,500.00
23	003-01-023	\$ 3,500.00
24	003-01-024	\$ 3,500.00
25	003-01-025	\$ 3,500.00
26	003-01-026	\$ 3,500.00
27	003-01-027	\$ 3,500.00
28	003-01-028	\$ 3,500.00
29	003-01-029	\$ 3,500.00
30	003-01-030	\$ 3,500.00
31	003-01-031	\$ 3,500.00
32	003-01-032	\$ 3,500.00
33	003-01-033	\$ 3,500.00
34	003-01-034	\$ 3,500.00
35	003-01-035	\$ 3,500.00
36	003-01-036	\$ 3,500.00
37	003-01-037	\$ 3,500.00
38	003-01-038	\$ 3,500.00

LOT NO.	ASMT. NO.	ASSESSMENT
39	003-01-039	\$ 3,500.00
40	003-01-040	\$ 3,500.00
41	003-01-041	\$ 3,500.00
42	003-01-042	\$ 3,500.00
43	003-01-043	\$ 3,500.00
44	003-01-044	\$ 3,500.00
45	003-01-045	\$ 3,500.00
46	003-01-046	\$ 3,500.00
47	003-01-047	\$ 3,500.00
48	003-01-048	\$ 3,500.00
49	003-01-049	\$ 3,500.00
50	003-01-050	\$ 3,500.00
51	003-01-051	\$ 3,500.00
52	003-01-052	\$ 3,500.00
53	003-01-053	\$ 3,500.00
54	003-01-054	\$ 3,500.00
55	003-01-055	\$ 3,500.00
56	003-01-056	\$ 3,500.00
57	003-01-057	\$ 3,500.00
58	003-01-058	\$ 3,500.00
59	003-01-059	\$ 3,500.00
60	003-01-060	\$ 3,500.00
61	003-01-061	\$ 3,500.00
62	003-01-062	\$ 3,500.00
63	003-01-063	\$ 3,500.00
64	003-01-064	\$ 3,500.00
65	003-01-065	\$ 3,500.00
66	003-01-066	\$ 3,500.00
67	003-01-067	\$ 3,500.00
68	003-01-068	\$ 3,500.00
69	003-01-069	\$ 3,500.00
70	003-01-070	\$ 3,500.00
71	003-01-071	\$ 3,500.00
72	003-01-072	\$ 3,500.00
73	003-01-073	\$ 3,500.00
74	003-01-074	\$ 3,500.00
75	003-01-075	\$ 3,500.00
76	003-01-076	\$ 3,500.00

LOT NO.	ASMT. NO.	ASSESSMENT
77	003-01-077	\$ 3,500.00
78	003-01-078	\$ 3,500.00
79	003-01-079	\$ 3,500.00
80	003-01-080	\$ 3,500.00
81	003-01-081	\$ 3,500.00
82	003-01-082	\$ 3,500.00
83	003-01-083	\$ 3,500.00
84	003-01-084	\$ 3,500.00
85	003-01-085	\$ 3,500.00
86	003-01-086	\$ 3,500.00
87	003-01-087	\$ 3,500.00
88	003-01-088	\$ 3,500.00
89	003-01-089	\$ 3,500.00
90	003-01-090	\$ 3,500.00
91	003-01-091	\$ 3,500.00
92	003-01-092	\$ 3,500.00
93	003-01-093	\$ 3,500.00
94	003-01-094	\$ 3,500.00
95	003-01-095	\$ 3,500.00
96	003-01-096	\$ 3,500.00
97	003-01-097	\$ 3,500.00
98	003-01-098	\$ 3,500.00
99	003-01-099	\$ 3,500.00
100	003-01-100	\$ 3,500.00
101	003-01-101	\$ 3,500.00
102	003-01-102	\$ 3,500.00
103	003-01-103	\$ 3,500.00
104	003-01-104	\$ 3,500.00
105	003-01-105	\$ 3,500.00
106	003-01-106	\$ 3,500.00
107	003-01-107	\$ 3,500.00

UNIT 3

ASSESSMENT NO.
003-01-001 THROUGH 003-01-107

NOTE:
IMPROVEMENTS CONSIST OF ROADWAY PAVING, CURB
& GUTTER AND DRAINAGE FACILITIES AS DESCRIBED IN
THE FEASIBILITY REPORT ON FILE WITH THE DISTRICT
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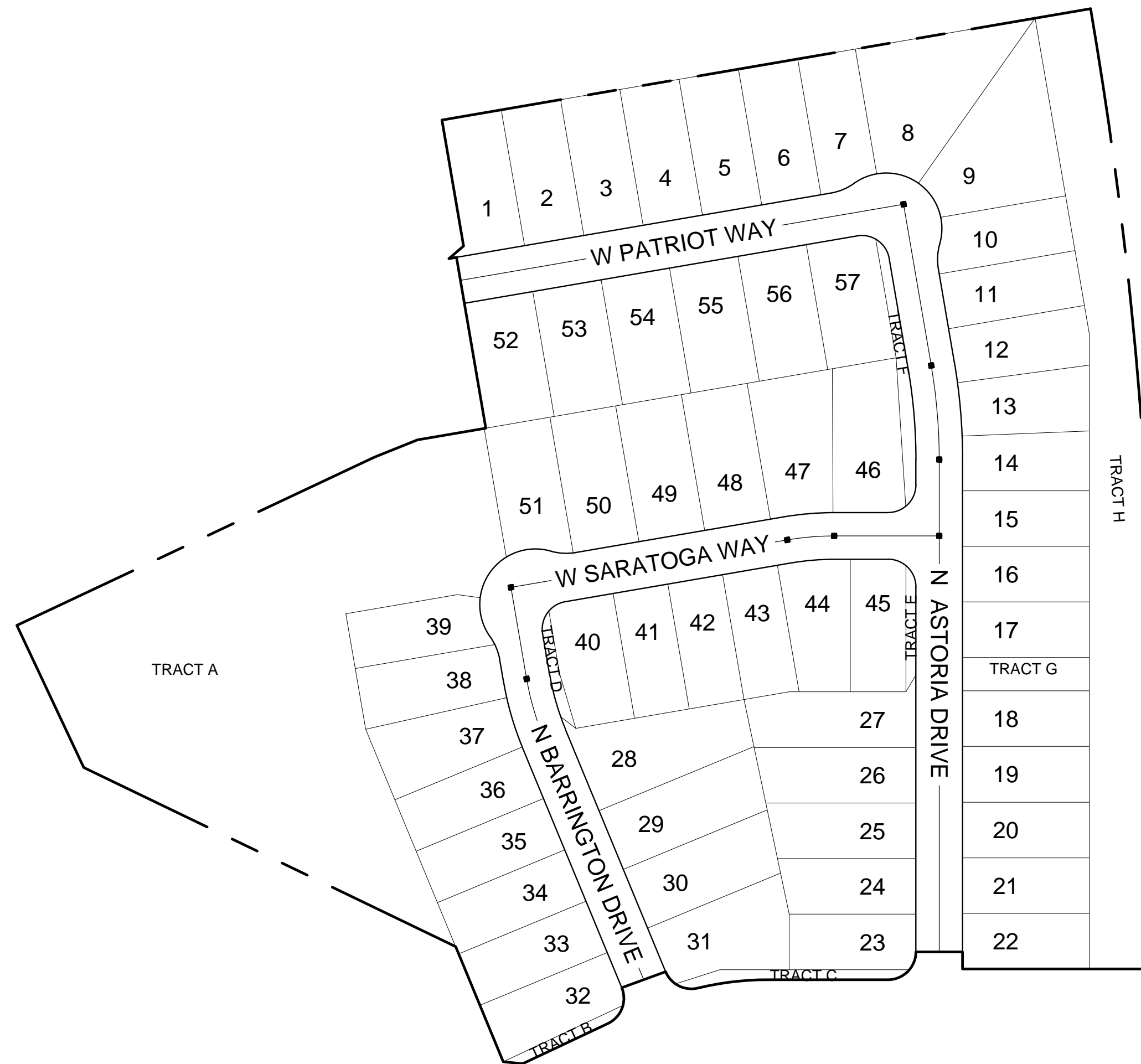


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(TOWN OF FLORENCE, ARIZONA)
MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 1
ASSESSMENT AREA NINE

LOT NO.	ASMT. NO.	ASSESSMENT
1	005-01-001	\$ 3,500.00
2	005-01-002	\$ 3,500.00
3	005-01-003	\$ 3,500.00
4	005-01-004	\$ 3,500.00
5	005-01-005	\$ 3,500.00
6	005-01-006	\$ 3,500.00
7	005-01-007	\$ 3,500.00
8	005-01-008	\$ 3,500.00
9	005-01-009	\$ 3,500.00
10	005-01-010	\$ 3,500.00
11	005-01-011	\$ 3,500.00
12	005-01-012	\$ 3,500.00
13	005-01-013	\$ 3,500.00
14	005-01-014	\$ 3,500.00
15	005-01-015	\$ 3,500.00
16	005-01-016	\$ 3,500.00
17	005-01-017	\$ 3,500.00
18	005-01-018	\$ 3,500.00
19	005-01-019	\$ 3,500.00
20	005-01-020	\$ 3,500.00
21	005-01-021	\$ 3,500.00
22	005-01-022	\$ 3,500.00
23	005-01-023	\$ 3,500.00
24	005-01-024	\$ 3,500.00
25	005-01-025	\$ 3,500.00
26	005-01-026	\$ 3,500.00
27	005-01-027	\$ 3,500.00
28	005-01-028	\$ 3,500.00
29	005-01-029	\$ 3,500.00
30	005-01-030	\$ 3,500.00
31	005-01-031	\$ 3,500.00
32	005-01-032	\$ 3,500.00
33	005-01-033	\$ 3,500.00
34	005-01-034	\$ 3,500.00
35	005-01-035	\$ 3,500.00
36	005-01-036	\$ 3,500.00
37	005-01-037	\$ 3,500.00
38	005-01-038	\$ 3,500.00

LOT NO.	ASMT. NO.	ASSESSMENT
39	005-01-039	\$ 3,500.00
40	005-01-040	\$ 3,500.00
41	005-01-041	\$ 3,500.00
42	005-01-042	\$ 3,500.00
43	005-01-043	\$ 3,500.00
44	005-01-044	\$ 3,500.00
45	005-01-045	\$ 3,500.00
46	005-01-046	\$ 3,500.00
47	005-01-047	\$ 3,500.00
48	005-01-048	\$ 3,500.00
49	005-01-049	\$ 3,500.00
50	005-01-050	\$ 3,500.00
51	005-01-051	\$ 3,500.00
52	005-01-052	\$ 3,500.00
53	005-01-053	\$ 3,500.00
54	005-01-054	\$ 3,500.00
55	005-01-055	\$ 3,500.00
56	005-01-056	\$ 3,500.00
57	005-01-057	\$ 3,500.00

UNIT 5

ASSESSMENT NO.
005-01-001 THROUGH 005-01-57

NOTE:
IMPROVEMENTS CONSIST OF ROADWAY PAVING, CURB
& GUTTER AND DRAINAGE FACILITIES AS DESCRIBED IN
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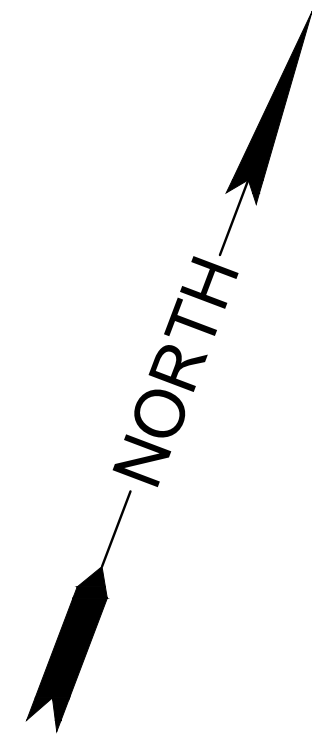


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(TOWN OF FLORENCE, ARIZONA)

MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 1
ASSESSMENT AREA NINE

LOT NO.	ASM'T. NO.	ASSESSMENT
1	007-01-001	\$ 3,500.00
2	007-01-002	\$ 3,500.00
3	007-01-003	\$ 3,500.00
4	007-01-004	\$ 3,500.00
5	007-01-005	\$ 3,500.00
6	007-01-006	\$ 3,500.00
7	007-01-007	\$ 3,500.00
8	007-01-008	\$ 3,500.00
9	007-01-009	\$ 3,500.00
10	007-01-010	\$ 3,500.00
11	007-01-011	\$ 3,500.00
12	007-01-012	\$ 3,500.00
13	007-01-013	\$ 3,500.00
14	007-01-014	\$ 3,500.00
15	007-01-015	\$ 3,500.00
16	007-01-016	\$ 3,500.00
17	007-01-017	\$ 3,500.00
18	007-01-018	\$ 3,500.00
19	007-01-019	\$ 3,500.00
20	007-01-020	\$ 3,500.00
21	007-01-021	\$ 3,500.00
22	007-01-022	\$ 3,500.00
23	007-01-023	\$ 3,500.00
24	007-01-024	\$ 3,500.00
25	007-01-025	\$ 3,500.00
26	007-01-026	\$ 3,500.00
27	007-01-027	\$ 3,500.00
28	007-01-028	\$ 3,500.00
29	007-01-029	\$ 3,500.00
30	007-01-030	\$ 3,500.00
31	007-01-031	\$ 3,500.00
32	007-01-032	\$ 3,500.00
33	007-01-033	\$ 3,500.00
34	007-01-034	\$ 3,500.00
35	007-01-035	\$ 3,500.00
36	007-01-036	\$ 3,500.00
37	007-01-037	\$ 3,500.00
38	007-01-038	\$ 3,500.00

LOT NO.	ASM'T. NO.	ASSESSMENT
39	007-01-039	\$ 3,500.00
40	007-01-040	\$ 3,500.00
41	007-01-041	\$ 3,500.00
42	007-01-042	\$ 3,500.00
43	007-01-043	\$ 3,500.00
44	007-01-044	\$ 3,500.00
45	007-01-045	\$ 3,500.00
46	007-01-046	\$ 3,500.00
47	007-01-047	\$ 3,500.00
48	007-01-048	\$ 3,500.00
49	007-01-049	\$ 3,500.00
50	007-01-050	\$ 3,500.00
51	007-01-051	\$ 3,500.00
52	007-01-052	\$ 3,500.00
53	007-01-053	\$ 3,500.00
54	007-01-054	\$ 3,500.00
55	007-01-055	\$ 3,500.00
56	007-01-056	\$ 3,500.00
57	007-01-057	\$ 3,500.00
58	007-01-058	\$ 3,500.00
59	007-01-059	\$ 3,500.00
60	007-01-060	\$ 3,500.00
61	007-01-061	\$ 3,500.00
62	007-01-062	\$ 3,500.00
63	007-01-063	\$ 3,500.00
64	007-01-064	\$ 3,500.00
65	007-01-065	\$ 3,500.00
66	007-01-066	\$ 3,500.00
67	007-01-067	\$ 3,500.00
68	007-01-068	\$ 3,500.00
69	007-01-069	\$ 3,500.00
70	007-01-070	\$ 3,500.00
71	007-01-071	\$ 3,500.00
72	007-01-072	\$ 3,500.00
73	007-01-073	\$ 3,500.00
74	007-01-074	\$ 3,500.00
75	007-01-075	\$ 3,500.00
76	007-01-076	\$ 3,500.00

LOT NO.	ASM'T. NO.	ASSESSMENT
77	007-01-077	\$ 3,500.00
78	007-01-078	\$ 3,500.00
79	007-01-079	\$ 3,500.00
80	007-01-080	\$ 3,500.00
81	007-01-081	\$ 3,500.00
82	007-01-082	\$ 3,500.00
83	007-01-083	\$ 3,500.00
84	007-01-084	\$ 3,500.00
85	007-01-085	\$ 3,500.00

UNIT 7

ASSESSMENT NO.
007-01-001 THROUGH 007-01-85

NOTE:
IMPROVEMENTS CONSIST OF ROADWAY PAVING, CURB
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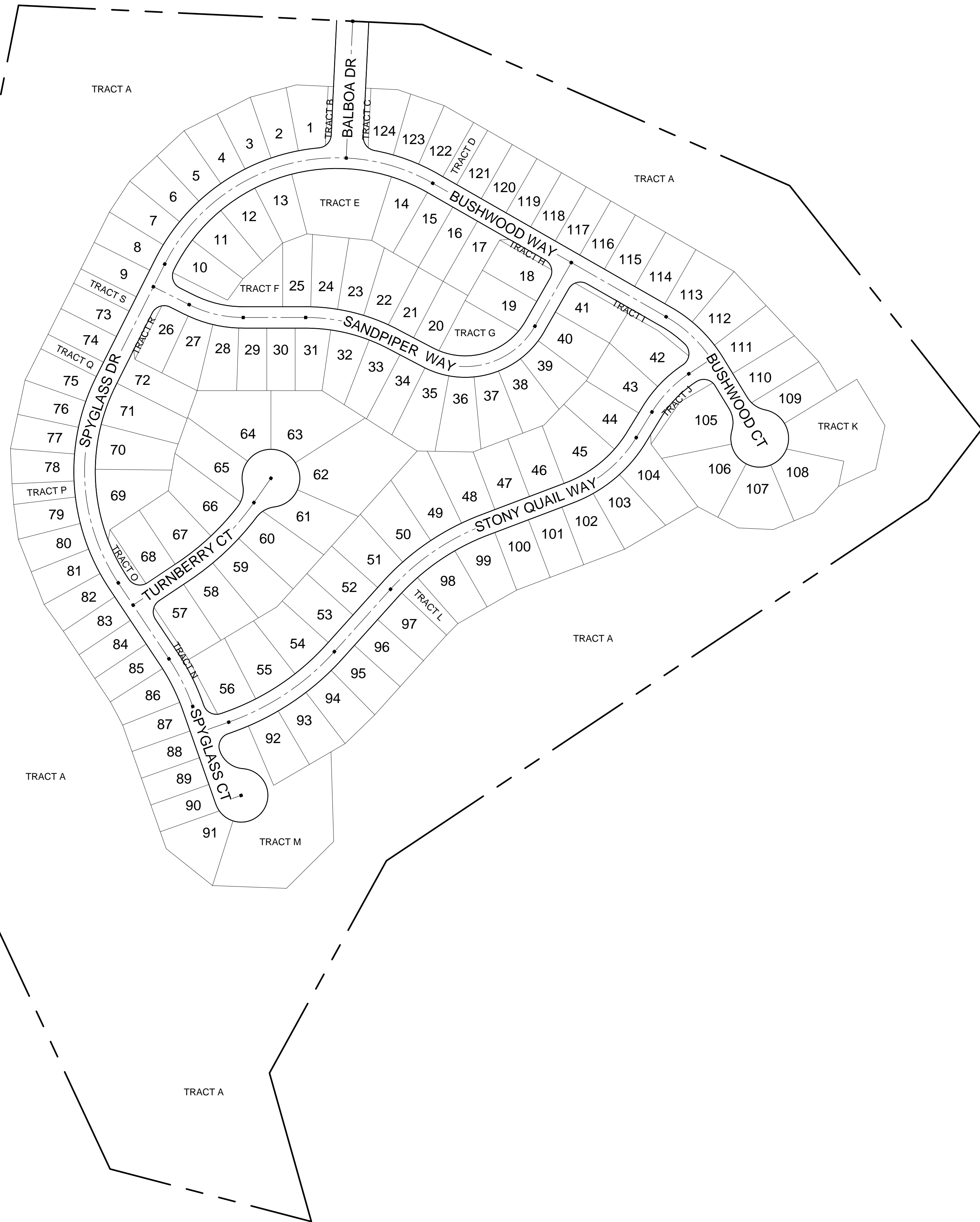


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(TOWN OF FLORENCE, ARIZONA)

MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 1
ASSESSMENT AREA NINE

LOT NO.	ASMT. NO.	ASSESSMENT
1	052-01-001	\$ 3,500.00
2	052-01-002	\$ 3,500.00
3	052-01-003	\$ 3,500.00
4	052-01-004	\$ 3,500.00
5	052-01-005	\$ 3,500.00
6	052-01-006	\$ 3,500.00
7	052-01-007	\$ 3,500.00
8	052-01-008	\$ 3,500.00
9	052-01-009	\$ 3,500.00
10	052-01-010	\$ 3,500.00
11	052-01-011	\$ 3,500.00
12	052-01-012	\$ 3,500.00
13	052-01-013	\$ 3,500.00
14	052-01-014	\$ 3,500.00
15	052-01-015	\$ 3,500.00
16	052-01-016	\$ 3,500.00
17	052-01-017	\$ 3,500.00
18	052-01-018	\$ 3,500.00
19	052-01-019	\$ 3,500.00
20	052-01-020	\$ 3,500.00
21	052-01-021	\$ 3,500.00
22	052-01-022	\$ 3,500.00
23	052-01-023	\$ 3,500.00
24	052-01-024	\$ 3,500.00
25	052-01-025	\$ 3,500.00
26	052-01-026	\$ 3,500.00
27	052-01-027	\$ 3,500.00
28	052-01-028	\$ 3,500.00
29	052-01-029	\$ 3,500.00
30	052-01-030	\$ 3,500.00
31	052-01-031	\$ 3,500.00
32	052-01-032	\$ 3,500.00
33	052-01-033	\$ 3,500.00
34	052-01-034	\$ 3,500.00
35	052-01-035	\$ 3,500.00
36	052-01-036	\$ 3,500.00
37	052-01-037	\$ 3,500.00
38	052-01-038	\$ 3,500.00
39	052-01-039	\$ 3,500.00
40	052-01-040	\$ 3,500.00
41	052-01-041	\$ 3,500.00
42	052-01-042	\$ 3,500.00

LOT NO.	ASMT. NO.	ASSESSMENT
43	052-01-043	\$ 3,500.00
44	052-01-044	\$ 3,500.00
45	052-01-045	\$ 3,500.00
46	052-01-046	\$ 3,500.00
47	052-01-047	\$ 3,500.00
48	052-01-048	\$ 3,500.00
49	052-01-049	\$ 3,500.00
50	052-01-050	\$ 3,500.00
51	052-01-051	\$ 3,500.00
52	052-01-052	\$ 3,500.00
53	052-01-053	\$ 3,500.00
54	052-01-054	\$ 3,500.00
55	052-01-055	\$ 3,500.00
56	052-01-056	\$ 3,500.00
57	052-01-057	\$ 3,500.00
58	052-01-058	\$ 3,500.00
59	052-01-059	\$ 3,500.00
60	052-01-060	\$ 3,500.00
61	052-01-061	\$ 3,500.00
62	052-01-062	\$ 3,500.00
63	052-01-063	\$ 3,500.00
64	052-01-064	\$ 3,500.00
65	052-01-065	\$ 3,500.00
66	052-01-066	\$ 3,500.00
67	052-01-067	\$ 3,500.00
68	052-01-068	\$ 3,500.00
69	052-01-069	\$ 3,500.00
70	052-01-070	\$ 3,500.00
71	052-01-071	\$ 3,500.00
72	052-01-072	\$ 3,500.00
73	052-01-073	\$ 3,500.00
74	052-01-074	\$ 3,500.00
75	052-01-075	\$ 3,500.00
76	052-01-076	\$ 3,500.00
77	052-01-077	\$ 3,500.00
78	052-01-078	\$ 3,500.00
79	052-01-079	\$ 3,500.00
80	052-01-080	\$ 3,500.00
81	052-01-081	\$ 3,500.00
82	052-01-082	\$ 3,500.00
83	052-01-083	\$ 3,500.00
84	052-01-084	\$ 3,500.00

LOT NO.	ASMT. NO.	ASSESSMENT
85	052-01-085	\$ 3,500.00
86	052-01-086	\$ 3,500.00
87	052-01-087	\$ 3,500.00
88	052-01-088	\$ 3,500.00
89	052-01-089	\$ 3,500.00
90	052-01-090	\$ 3,500.00
91	052-01-091	\$ 3,500.00
92	052-01-092	\$ 3,500.00
93	052-01-093	\$ 3,500.00
94	052-01-094	\$ 3,500.00
95	052-01-095	\$ 3,500.00
96	052-01-096	\$ 3,500.00
97	052-01-097	\$ 3,500.00
98	052-01-098	\$ 3,500.00
99	052-01-099	\$ 3,500.00
100	052-01-100	\$ 3,500.00
101	052-01-101	\$ 3,500.00
102	052-01-102	\$ 3,500.00
103	052-01-103	\$ 3,500.00
104	052-01-104	\$ 3,500.00
105	052-01-105	\$ 3,500.00
106	052-01-106	\$ 3,500.00
107	052-01-107	\$ 3,500.00
108	052-01-108	\$ 3,500.00
109	052-01-109	\$ 3,500.00
110	052-01-110	\$ 3,500.00
111	052-01-111	\$ 3,500.00
112	052-01-112	\$ 3,500.00
113	052-01-113	\$ 3,500.00
114	052-01-114	\$ 3,500.00
115	052-01-115	\$ 3,500.00
116	052-01-116	\$ 3,500.00
117	052-01-117	\$ 3,500.00
118	052-01-118	\$ 3,500.00
119	052-01-119	\$ 3,500.00
120	052-01-120	\$ 3,500.00
121	052-01-121	\$ 3,500.00
122	052-01-122	\$ 3,500.00
123	052-01-123	\$ 3,500.00
124	052-01-124	\$ 3,500.00

UNIT 52

ASSESSMENT NO.
052-01-001 THROUGH 052-01-124

NOTE:
IMPROVEMENTS CONSIST OF ROADWAY PAVING, CURB
& GUTTER AND DRAINAGE FACILITIES AS DESCRIBED IN
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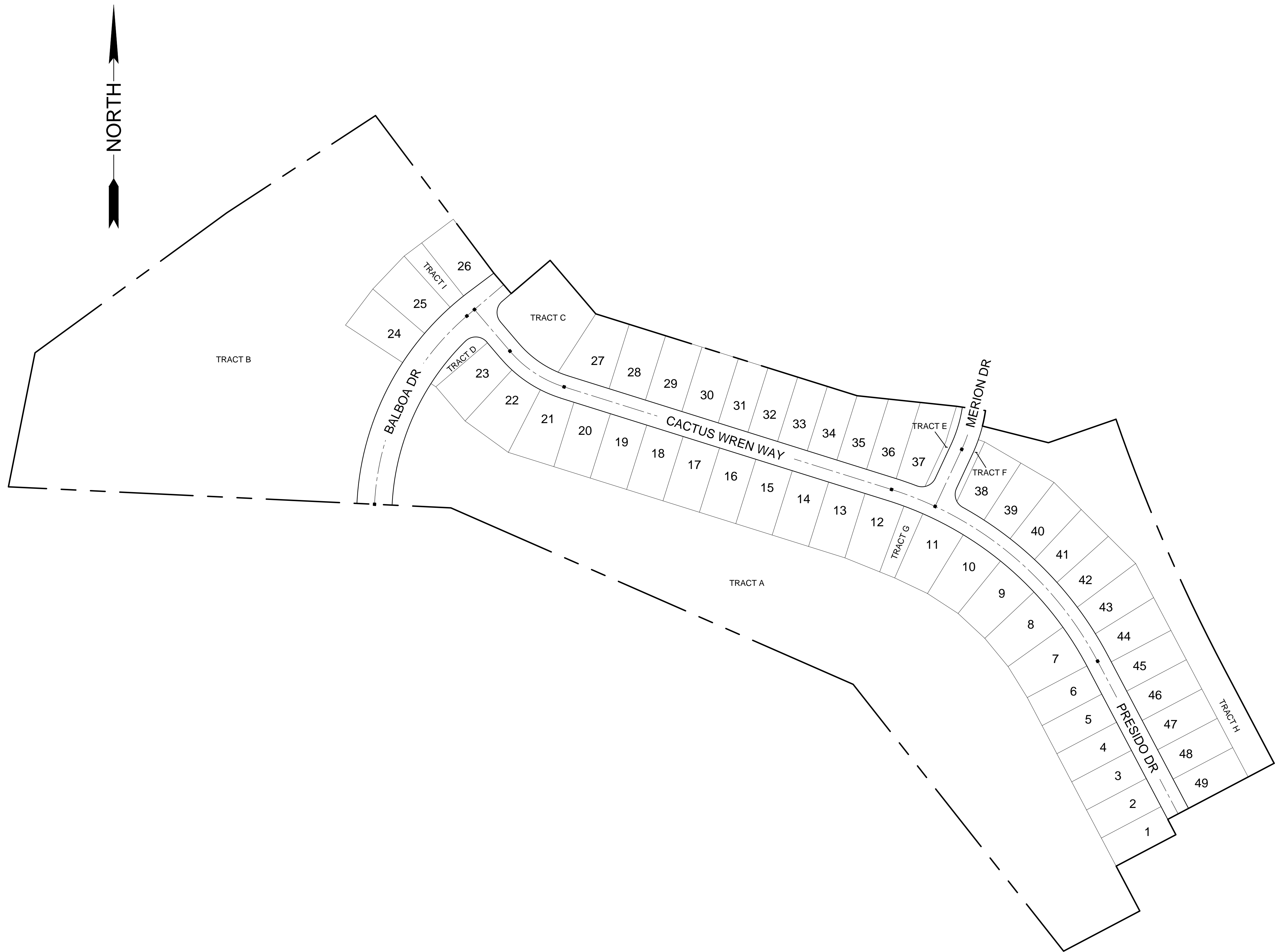


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(TOWN OF FLORENCE, ARIZONA)

MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 1
ASSESSMENT AREA NINE

LOT NO.	ASMT. NO.	ASSESSMENT
1	056A-01-001	\$ 3,500.00
2	056A-01-002	\$ 3,500.00
3	056A-01-003	\$ 3,500.00
4	056A-01-004	\$ 3,500.00
5	056A-01-005	\$ 3,500.00
6	056A-01-006	\$ 3,500.00
7	056A-01-007	\$ 3,500.00
8	056A-01-008	\$ 3,500.00
9	056A-01-009	\$ 3,500.00
10	056A-01-010	\$ 3,500.00
11	056A-01-011	\$ 3,500.00
12	056A-01-012	\$ 3,500.00
13	056A-01-013	\$ 3,500.00
14	056A-01-014	\$ 3,500.00
15	056A-01-015	\$ 3,500.00
16	056A-01-016	\$ 3,500.00
17	056A-01-017	\$ 3,500.00
18	056A-01-018	\$ 3,500.00
19	056A-01-019	\$ 3,500.00
20	056A-01-020	\$ 3,500.00
21	056A-01-021	\$ 3,500.00
22	056A-01-022	\$ 3,500.00
23	056A-01-023	\$ 3,500.00
24	056A-01-024	\$ 3,500.00
25	056A-01-025	\$ 3,500.00
26	056A-01-026	\$ 3,500.00
27	056A-01-027	\$ 3,500.00
28	056A-01-028	\$ 3,500.00
29	056A-01-029	\$ 3,500.00
30	056A-01-030	\$ 3,500.00
31	056A-01-031	\$ 3,500.00
32	056A-01-032	\$ 3,500.00
33	056A-01-033	\$ 3,500.00
34	056A-01-034	\$ 3,500.00
35	056A-01-035	\$ 3,500.00
36	056A-01-036	\$ 3,500.00
37	056A-01-037	\$ 3,500.00
38	056A-01-038	\$ 3,500.00

LOT NO.	ASMT. NO.	ASSESSMENT
39	056A-01-039	\$ 3,500.00
40	056A-01-040	\$ 3,500.00
41	056A-01-041	\$ 3,500.00
42	056A-01-042	\$ 3,500.00
43	056A-01-043	\$ 3,500.00
44	056A-01-044	\$ 3,500.00
45	056A-01-045	\$ 3,500.00
46	056A-01-046	\$ 3,500.00
47	056A-01-047	\$ 3,500.00
48	056A-01-048	\$ 3,500.00
49	056A-01-049	\$ 3,500.00

UNIT 56A

ASSESSMENT NO.

056A-01-001 THROUGH 056A-01-049

NOTE:
IMPROVEMENTS CONSIST OF ROADWAY PAVING, CURB
& GUTTER AND DRAINAGE FACILITIES AS DESCRIBED IN
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6 OF 6

EXHIBIT “B”

METHOD OF ASSESSMENT

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1

Florence, Arizona

**ASSESSMENT METHODOLOGY
ASSESSMENT AREA NINE**

Units 3, 5, 7, 52, and 56A

Prepared by:

EPS Group, Inc.

**125 South Avondale Boulevard, Suite 115
Avondale, Arizona 85323
623.547.4661**

March 7, 2018

MERRILL RANCH COMMUNITY FACILITIES DISTRICT No. 1

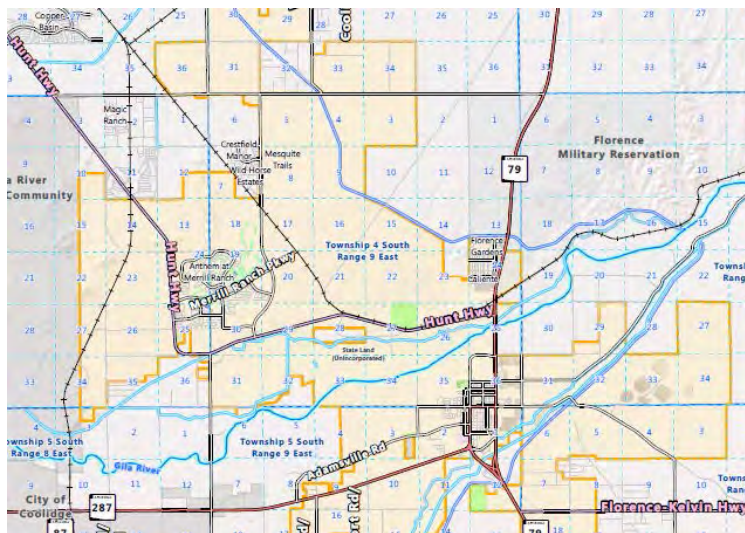
ASSESSMENT AREA NINE — UNITS 3, 5, 7, 52, AND 56A

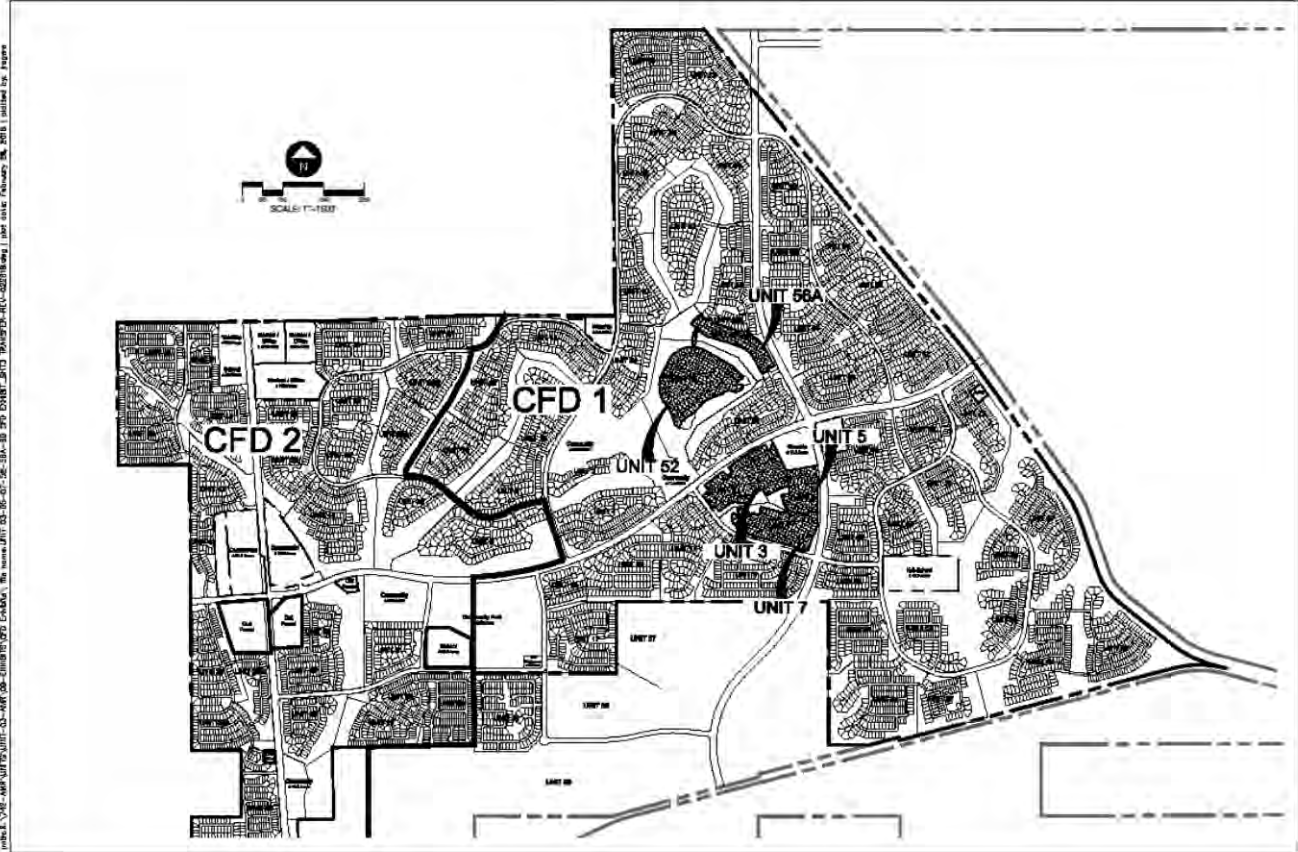
EPS Group, Inc., the District Engineer for the Merrill Ranch Community Facilities District No. 1, makes this report of benefit as directed by District staff in support of the *Feasibility Report for the Issuance of Not to Exceed \$1,477,000 Special Assessment Lien Bonds (Assessment Area Nine)* dated March 19, 2018 ("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. 1 ("District") was formed on December 19, 2005 to finance the costs of certain public infrastructure. All of the land within the boundaries of the District 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 Nine of such district ("Assessment Area Nine") consists of 422 residential lots within 94.51 acres. Special Assessment bonds (Assessment Area Nine) ("Bond Issue") relates to the acquisition of public infrastructure that will benefit development of Assessment Area Nine. 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 diameters will be between 15 inches and 30 inches of concrete pipe.

Street Improvements

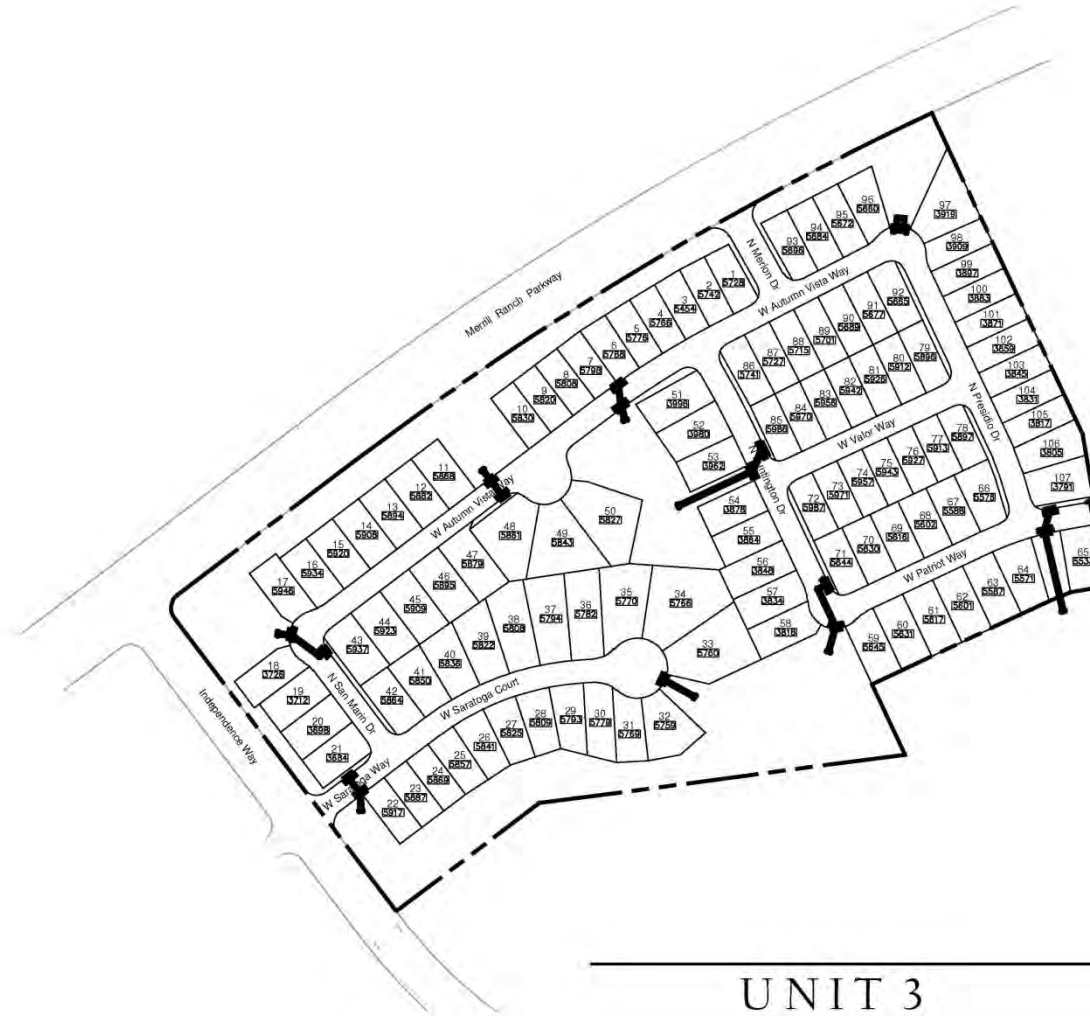
Street improvements consist of the design and construction of certain grading, trenching, staking, asphalt paving, base, concrete curb/gutter and sidewalk, signing, permits and fees, contingency, and appurtenant work within public right-of-ways adjacent to the benefitting parcels. The Improvements consist 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 7 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 Units 3, 5, 7, 52, and 56A are shown on the following diagrams:



anthem
BY DEL WEBB



UNIT 3

Storm Drain

Scale: 1" = 200'
Version I
Jan. 9, 2018



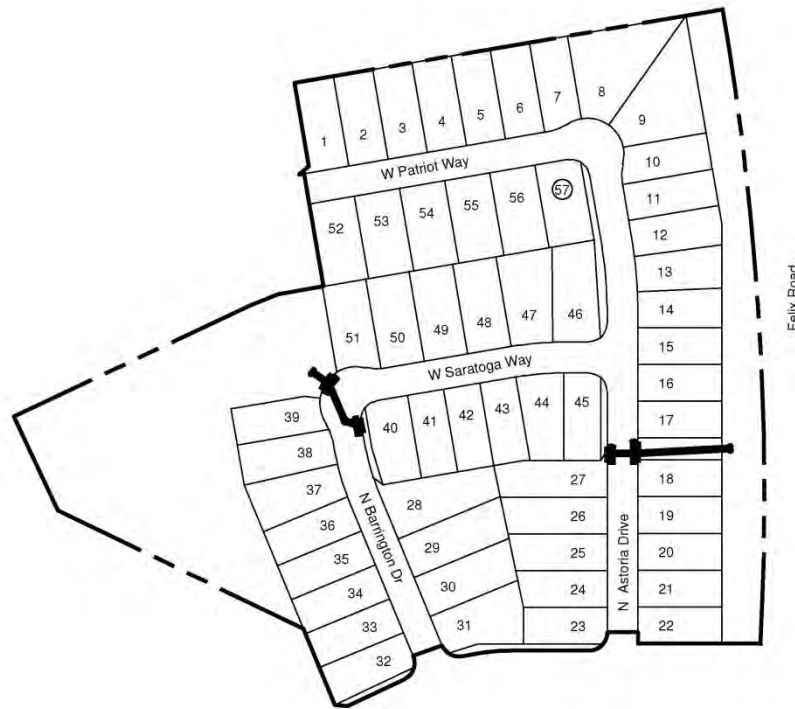
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file name: UNIT 03 CFD EXHIBIT-For_Conc_Shm-010918.dwg | plot date: January 09, 2018 | plotted by: jrogers



anthem
BY DEL WEBB



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



UNIT 5

Storm Drain

Scale: 1" = 150'
Version 1
Feb. 8, 2018

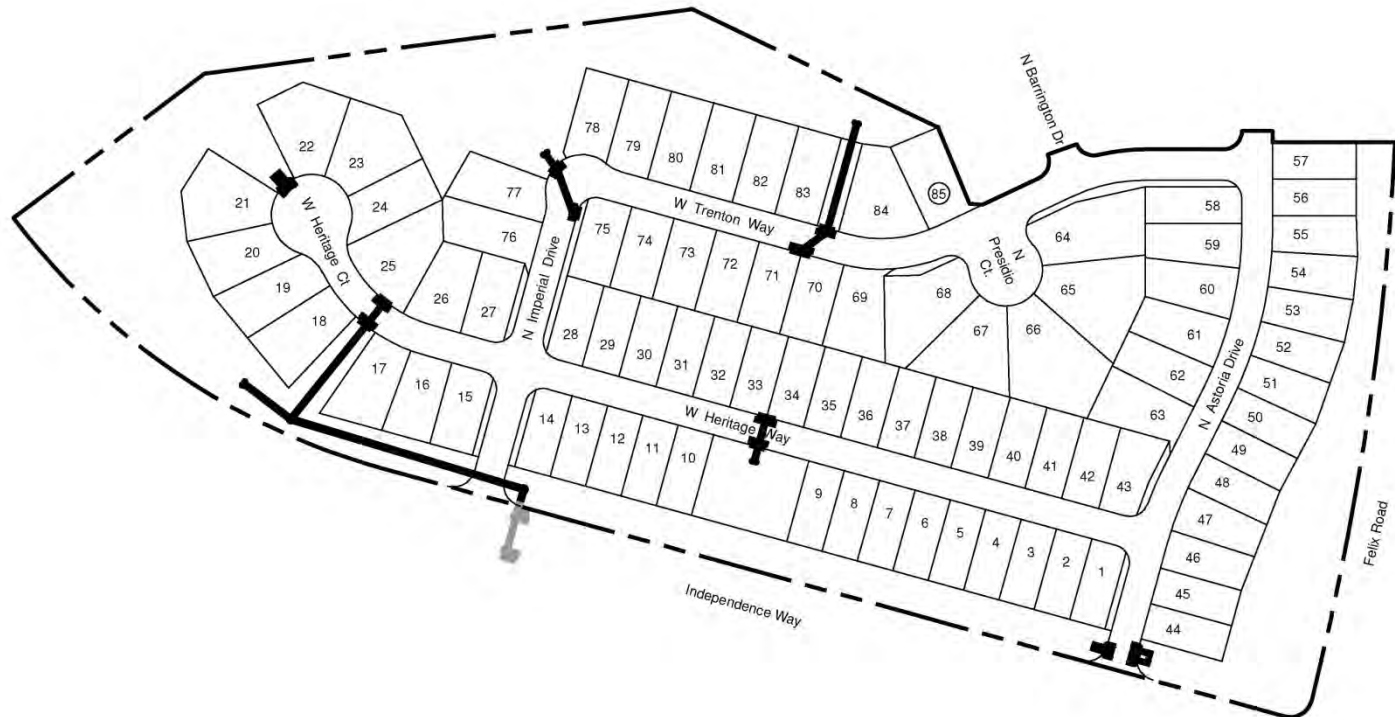


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file name: UNIT 05 CFD EXHIBIT-Pre_Conc_Slrm-020818.dwg | plot date: February 08, 2018 | plotted by: jprogers



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BY DEL WEBB

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



UNIT 7

Storm Drain

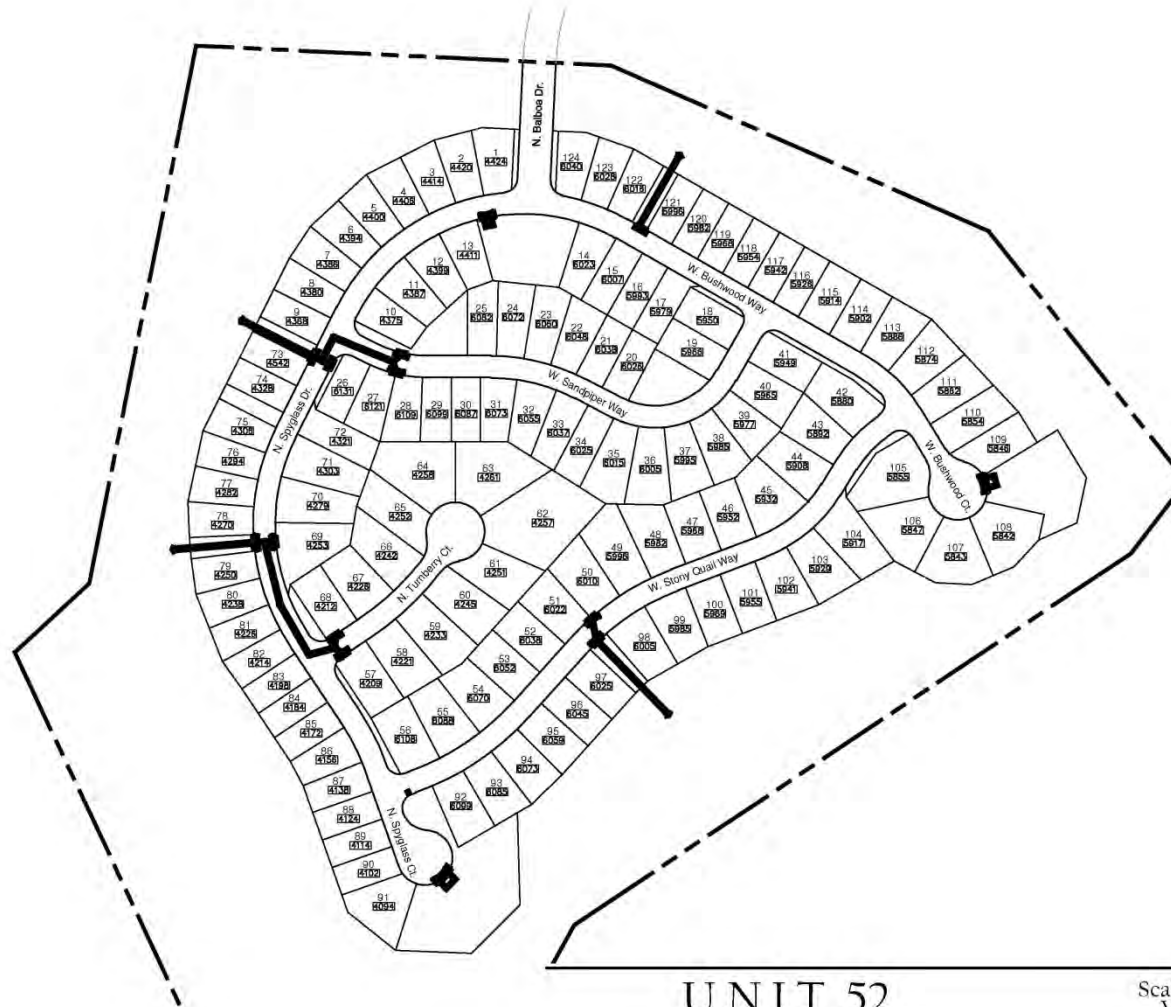
Scale: 1" = 150'
Version 1
Feb. 8, 2018



path: R:\742-AMK\UNITS\UNIT-07-AMK\DP-EXHIBITS\CFD Exhibits\
file name: UNIT 07 CFD EXHIBIT-Pay_Conc_Slrm-020818.dwg | plot date: February 08, 2018 | plotted by: jrogers



anthem
BY DEL WEBB



UNIT 52

Storm Drain

Scale: 1" = 200'
Version 1
Jan. 9, 2018



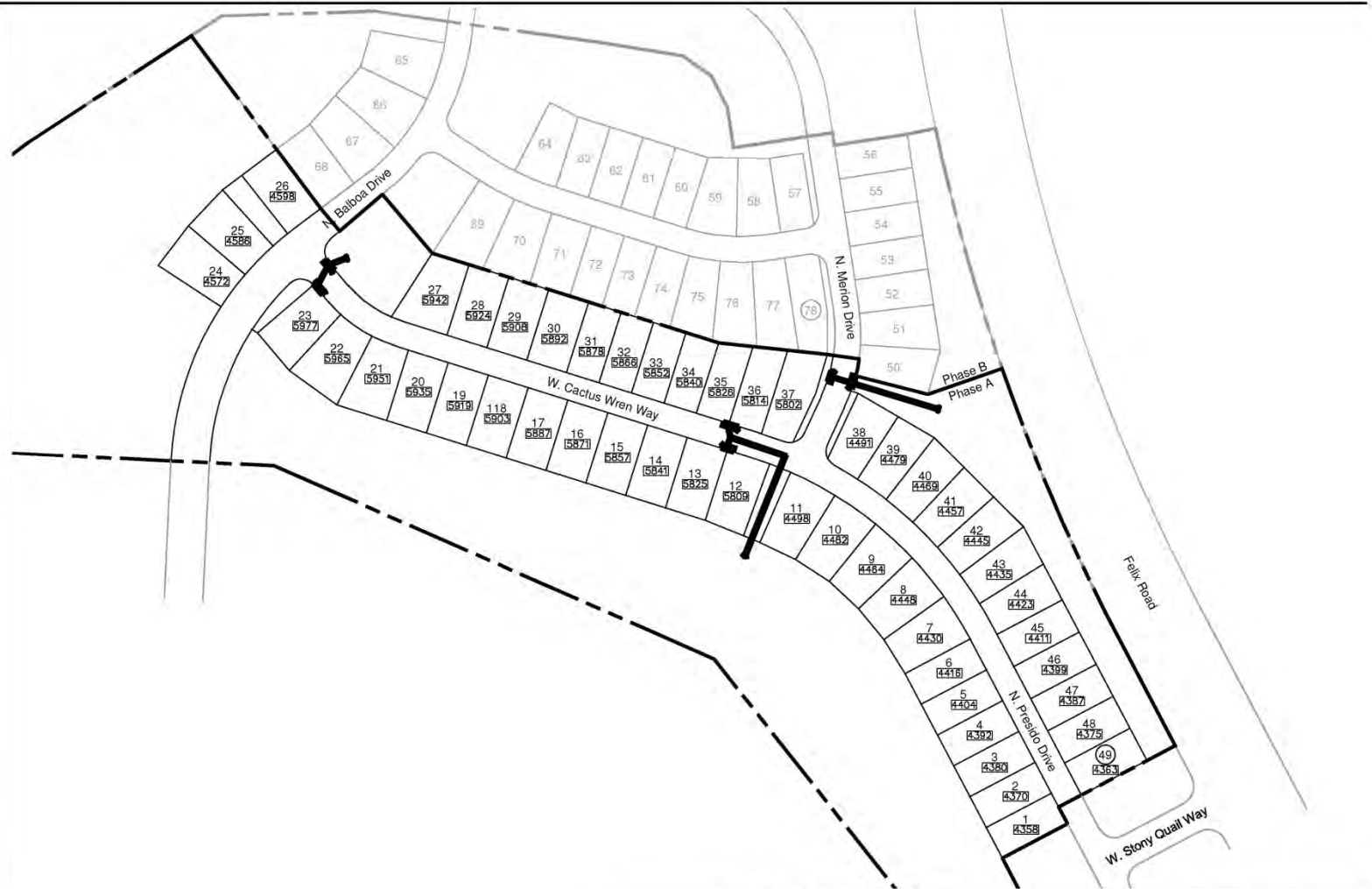
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file name: UNIT 52 CFD EXHIBIT-Fwd_Conc_Stm-010718.dwg | plot date: January 09, 2018 | plotted by: jprogers



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BY DEL WEBB



BAXTER DESIGN GROUP
7580 N. Dobson Rd., Suite 200
Scottsdale, AZ 85256
(480) 518-9001



UNIT 56A

Storm Drain

Scale: 1" = 150'
Version 1
Jan. 9, 2018



path: R:\V42-AMR\UNITS\UNIT-56-AMR\OP-EXHIBITS\CFD Exhibit
file name: UNIT 56A CFD EXHIBIT-Pay_Conc_Storm-010918.dwg | plot date: January 09, 2018 | plotted by: jrgers



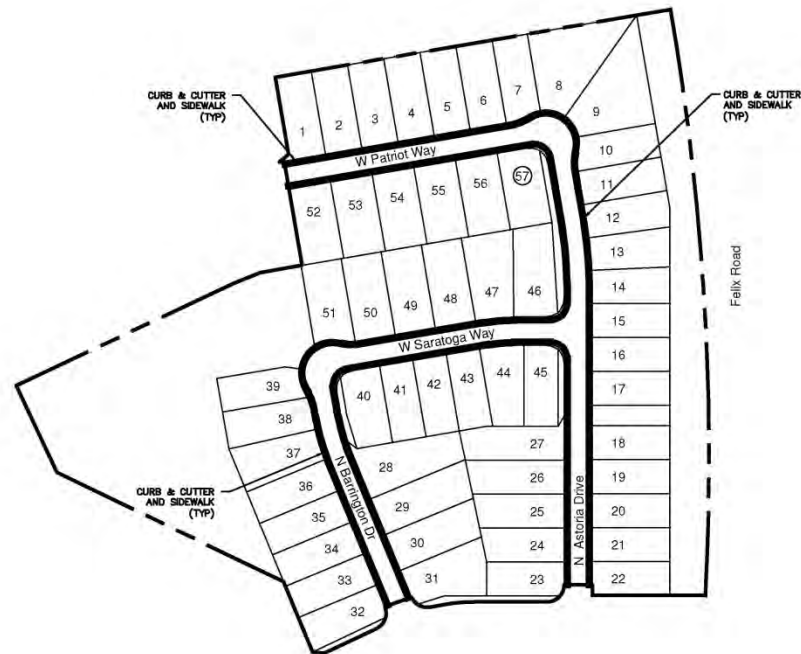
UNIT 3

Concrete

Scale: 1" = 200'
Version 1
Jan. 9, 2018



petio: R:742-AMK-UNIT5-UNIT-03-AMK-09-EXHIBITS-CFD Exhibits
file name: UNIT 03 CFD EXHIBIT-Pwr Crm. Strm-010918.jpg | plot date: January 09, 2018 | plotted by: jmgars



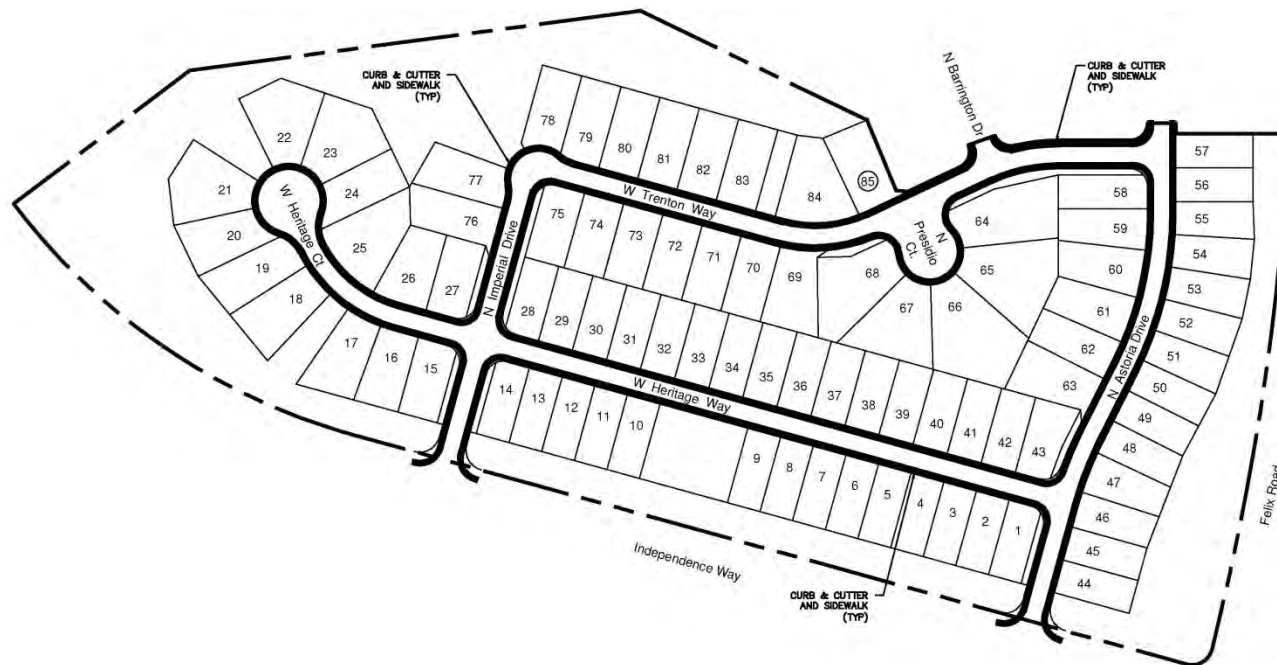
UNIT 5

Concrete

Scale: 1" = 150'
Version I
Feb. 8, 2018



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file name: UNIT 05 CFD EXHIBIT-For_Conc_Sm-010918.dwg | plot date: February 08, 2018 | plotted by: jmgus



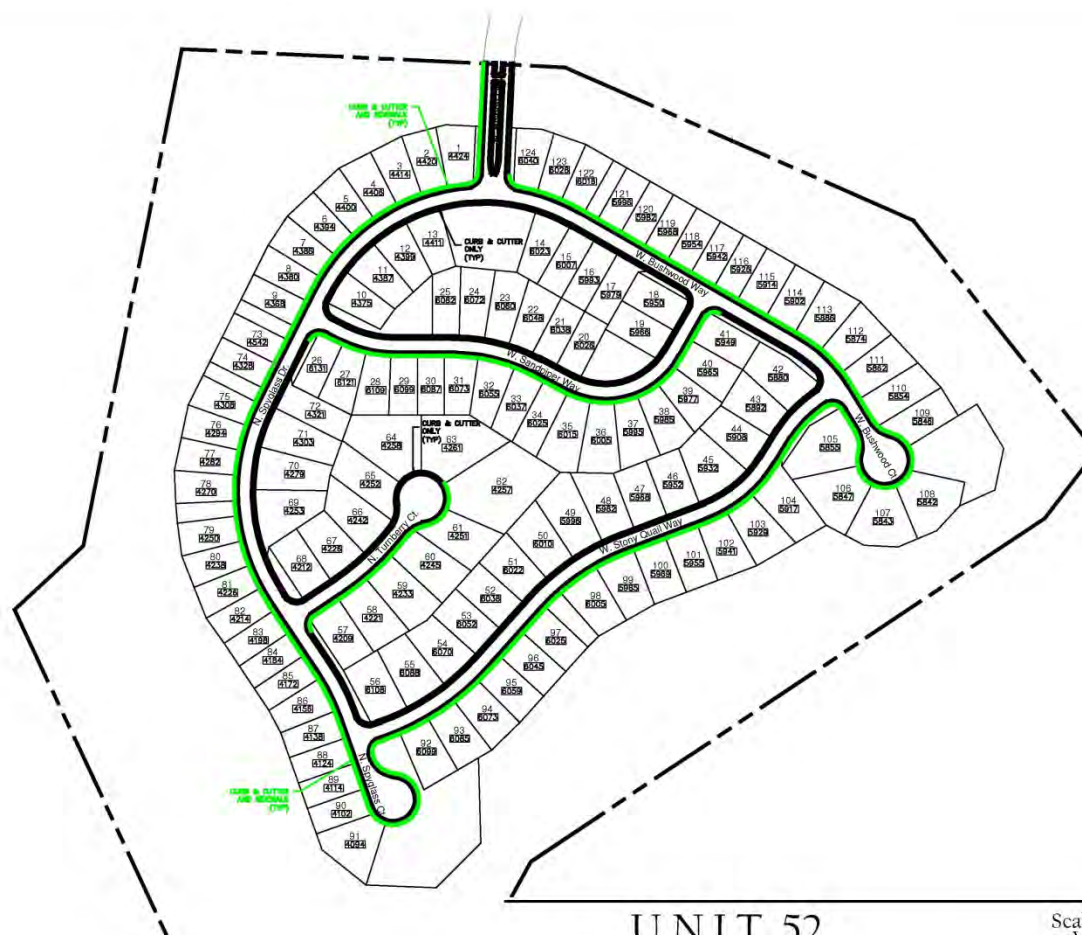
UNIT 7

Concrete

Scale: 1" = 150'
Version I
Feb. 8, 2018



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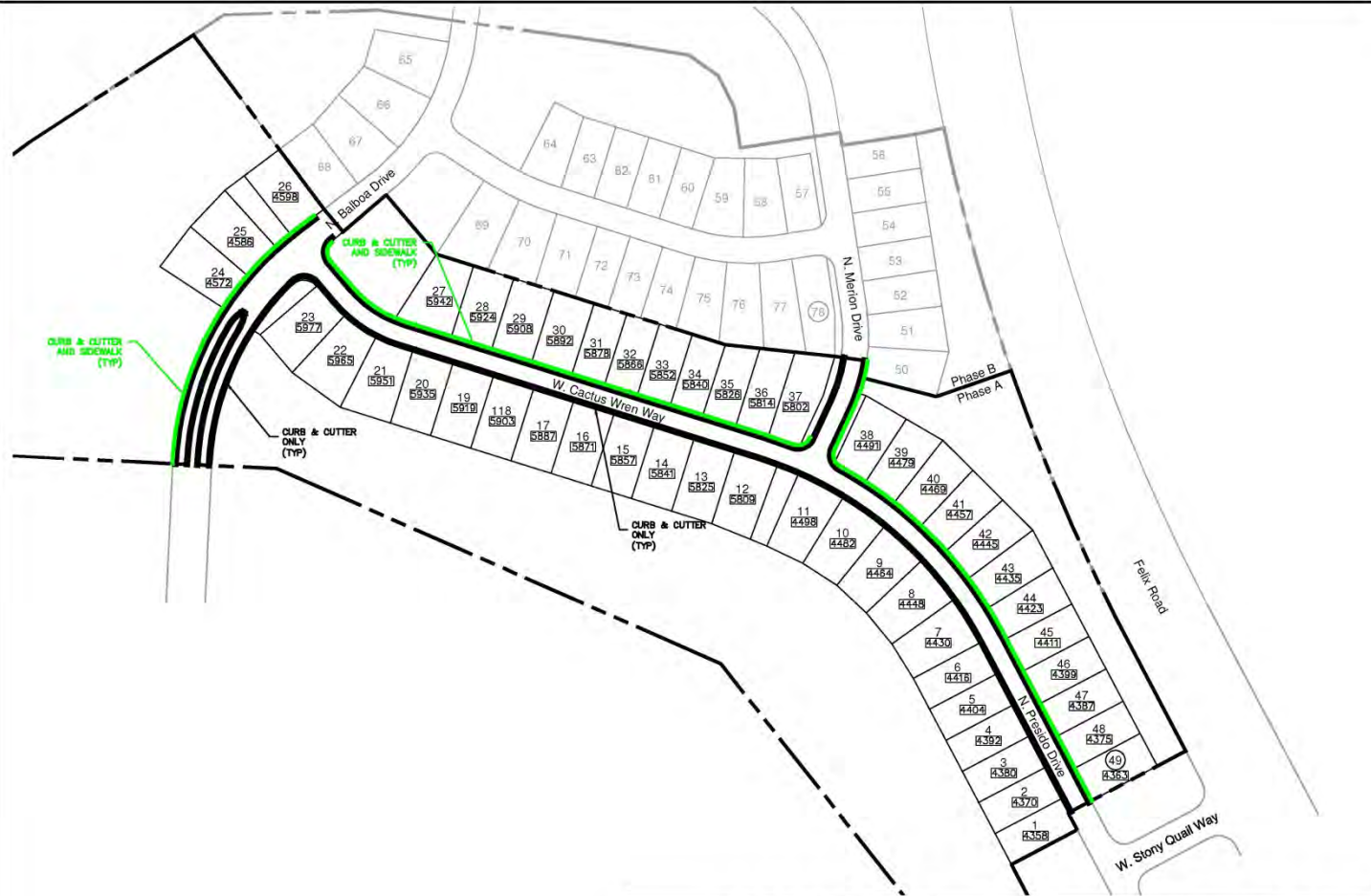
UNIT 52

Concrete

Scale: 1" = 200'
Version 1
Jan. 9, 2018



path: R:\742-AMR\UNITS\UNIT-52-AMR\09-EXHIBITS\CFD Exhibits\



UNIT 56A

Concrete

Scale: 1" = 150'
Version 1
Jan. 9, 2018



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UNIT 3

Paving

Scale: 1" = 200'
Version 1
Jan. 9, 2018



path: E:\742-AMR\UNIT3\UNIT-03-AMR\03-03\030103\030103.dwg
file name: UNIT 03 CFD EXHIBIT-Pav_Cover_Schem-010918.dwg | plot date: January 09, 2018 | plotted by: jmg





UNIT 5

Paving

Scale: 1" = 150'
Version 1
Feb. 8, 2018



path: R:\742-AMR\UNIT5\UNIT-05-AMR\05-EXHIBITS\CFD ExhibitA
file name: UNIT 05 CFD EXHIBIT-Pav_Case_Sim-01/07/18.dwg | plot date: February 08, 2018 | plotted by: jasper





UNIT 7

Paving

Scale: 1" = 150'
Version 1
Feb. 8, 2018



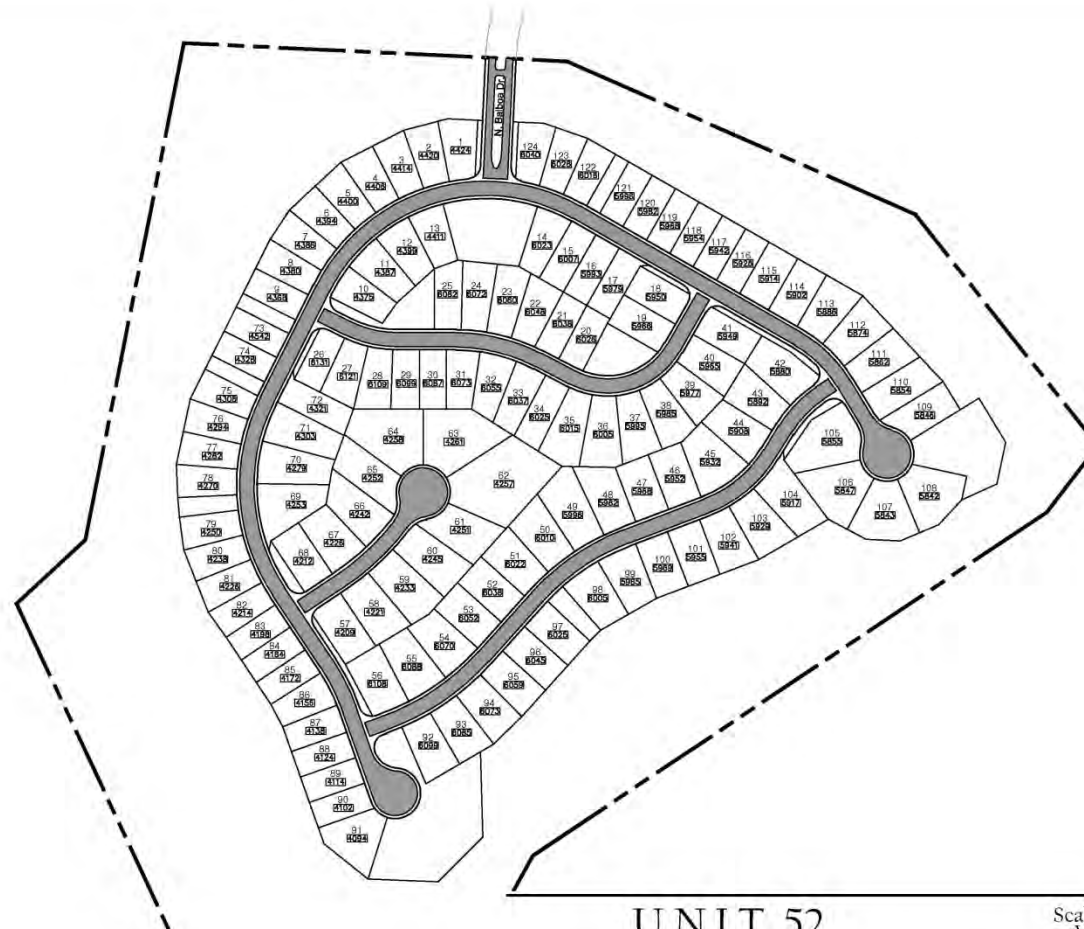
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file name: UNIT 07 CFD EXHIBIT-Pav_Case_Sim-020818.dwg | plot date: February 08, 2018 | plotted by: jrogers



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BY DEL WEBB



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Scottsdale, AZ 85256
(480) 818-6001



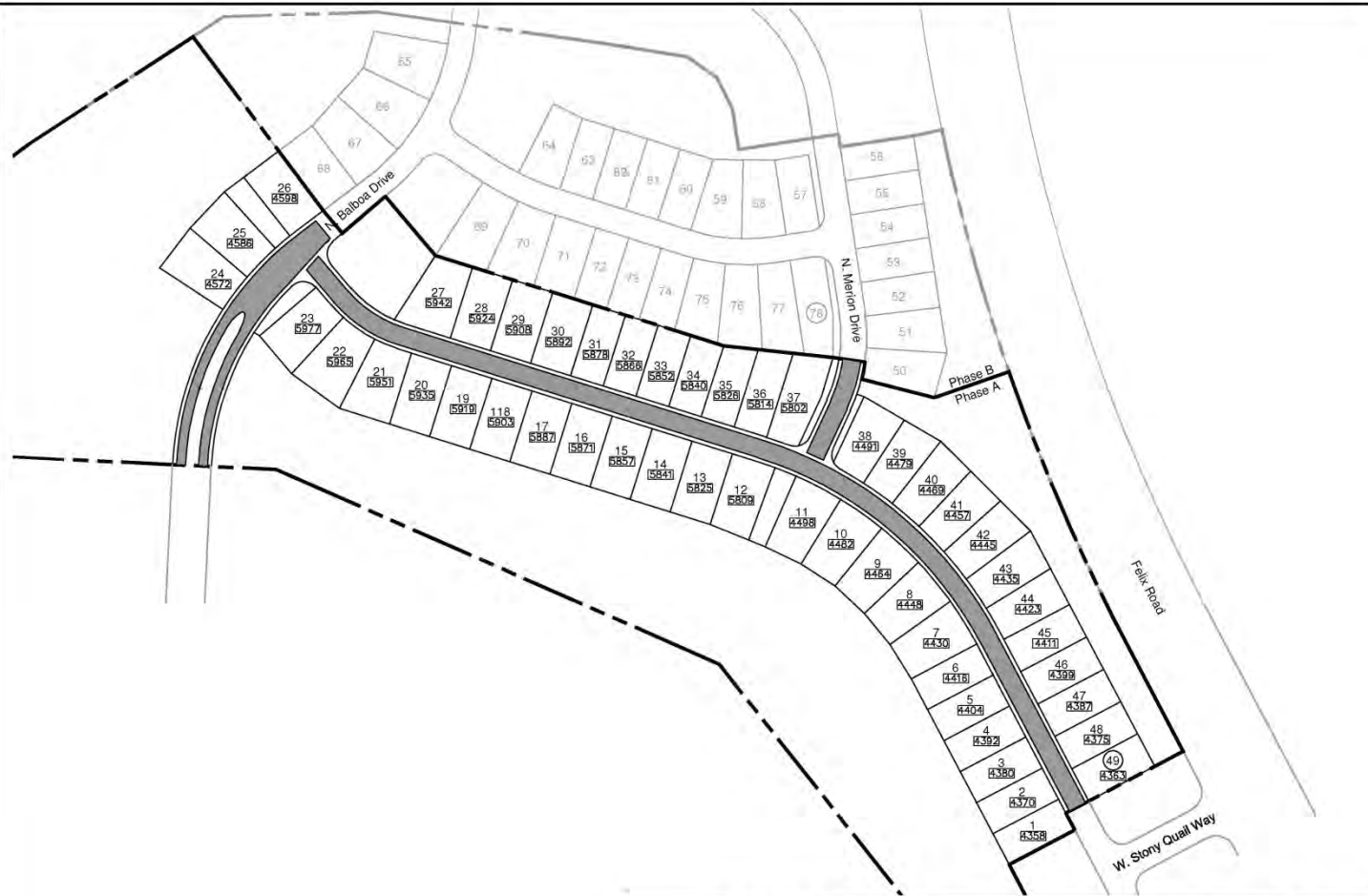
UNIT 52

Paving

Scale: 1" = 200'
Version 1
Jan. 9, 2018



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file name: UNIT 52 EXHIBIT-Pav_Conc_Shm-010918.dwg | plot date: January 09, 2018



UNIT 56A

Paving

Scale: 1" = 150'
Version 1
Jan. 9, 2018



path: R:\VIZ-ARCH\UNITS\UNIT 56-ARCH\DWG-EXHIBITS\56A.dwg
file name: UNIT 56A CTD EXHIBIT-For_Conc_Site-010918.dwg | plot date: January 09, 2018 | plotted by: jrgers

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. 1 (Merrill Ranch Community Facilities District No. 1) 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. 1
ASSESSMENT AREA NINE (UNIT 3, 5, 7, 52, AND 56A)**

COST ESTIMATE

<u>Improvement Project</u>	<u>Estimated Costs Funded Through Bond Issue</u>
UNIT 3 IMPROVEMENTS	
Engineering	\$276,900
Storm Drain	24,538
Streets	<u>673,193</u>
Total Improvements – Unit 3	\$974,631
UNIT 5 IMPROVEMENTS	
Engineering	\$227,300
Storm Drain	8,424
Streets	<u>247,324</u>
Total Improvements – Unit 5	\$483,048
UNIT 7 IMPROVEMENTS	
Engineering	\$253,160
Storm Drain	20,684
Streets	<u>471,651</u>
Total Improvements – Unit 7	\$745,495
UNIT 52 IMPROVEMENTS	
Engineering	\$197,926
Storm Drain	55,427
Streets	<u>644,328</u>
Total Improvements – Unit 52	\$897,681
UNIT 56A IMPROVEMENTS	
Engineering	\$137,200
Storm Drain	13,058
Streets	<u>424,743</u>
Total Improvements – Unit 56A	\$575,001
Total Improvements All Units	\$3,675,856
BOND AMOUNT NOT TO EXCEED	\$1,477,000

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 \$1,477,000 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 422 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 Nine 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

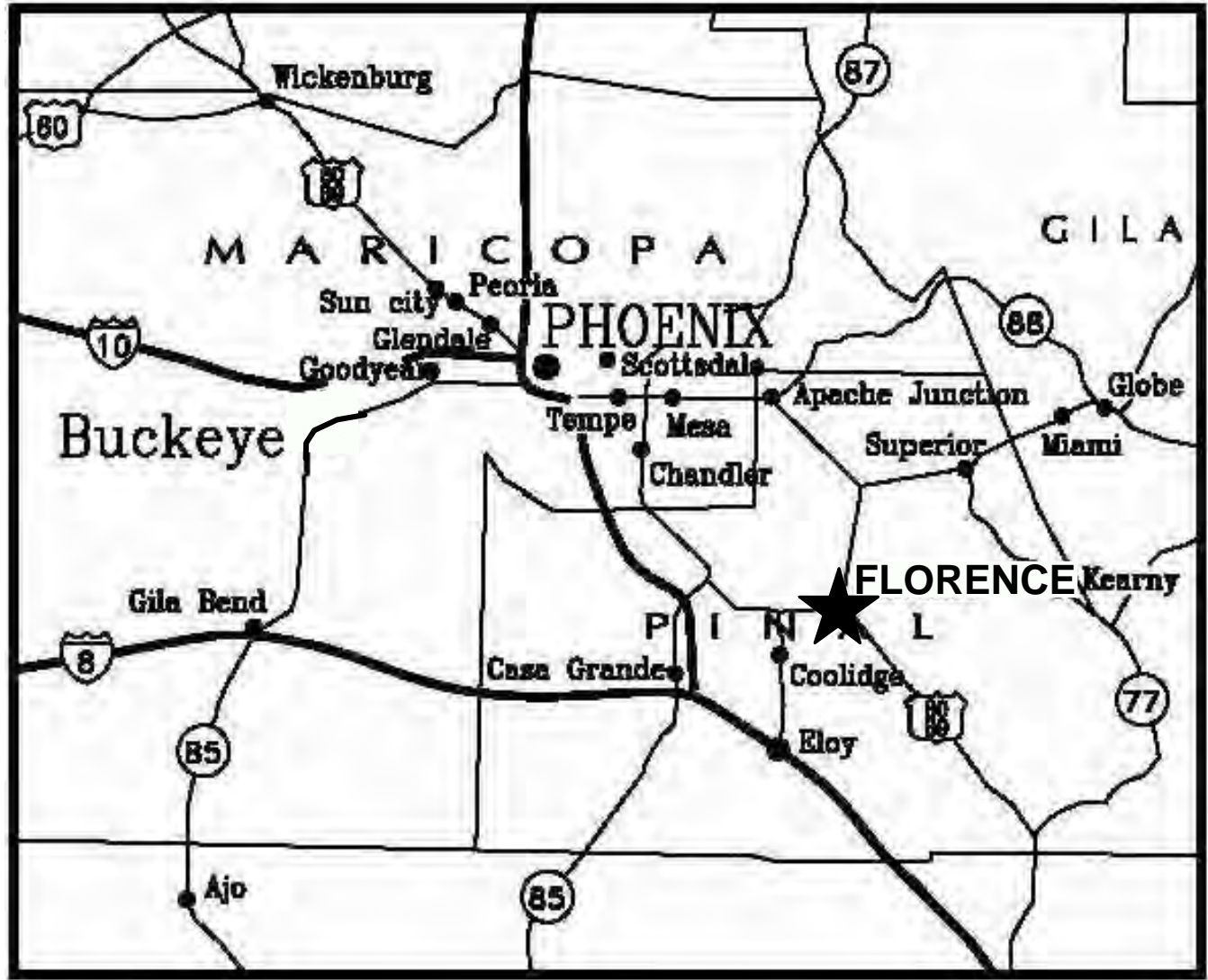
Each lot within the parcel drains to the street in front of the lot. The local storm drain improvements will intercept runoff from local residential streets by either catch basins or scuppers. The runoff will be conveyed to retention facilities by underground pipe systems or above-ground channels. These improvements provide a direct and special benefit equally on a per-lot basis.

Estimated Special Assessment Lien Per Lot

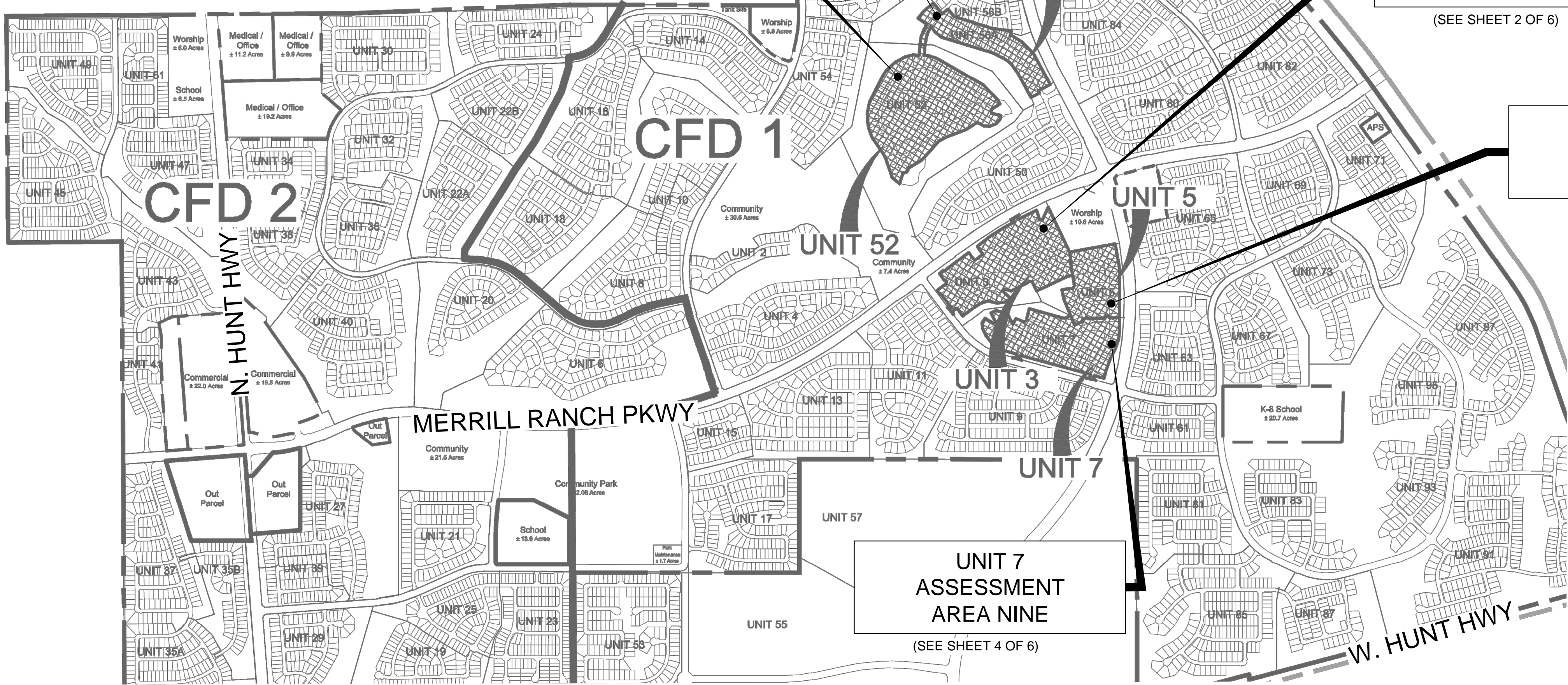
Based upon the information presented above, the assessment to be placed upon each of the lots located within Assessment Area Nine are as follows:

Assessment Number	Unit/Parcel Number	Use	No. of Lots	Net Acres	Assessment Lien	Assessment Lien Per Lot
03	3	Res	107	23.81	\$374,500.00	\$3,500.00
05	5	Res	57	11.00	\$199,500.00	\$3,500.00
07	7	Res	85	18.42	\$297,500.00	\$3,500.00
52	52	Res	124	30.29	\$434,000.00	\$3,500.00
56A	56A	Res	49	10.99	\$171,500.00	\$3,500.00
Totals			422	94.51	\$1,477,000.00	

Assessment Diagram (following pages)



LOCATION MAP



MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1

UNIT 3, 5, 7, 52, AND 56A-ASSESSMENT AREA NINE

UNIT	ASSESSMENT MODIFICATION NO.	LOTS	DATE
3	01	107	03/06/2018
5	01	57	03/06/2018
7	01	85	03/06/2018
52	01	124	03/06/2018
56A	01	49	03/06/2018

NOTE: LOT LAYOUT SHOWN ON SHEETS 2-6

(TOWN OF FLORENCE, ARIZONA)

MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 1
ASSESSMENT AREA NINE

LEGEND

- MERRILL RANCH ASSESSMENT AREA NINE
- ASSESSMENT NO. 060/01/001
- LOT NO. ASSESSMENT MODIFICATION 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

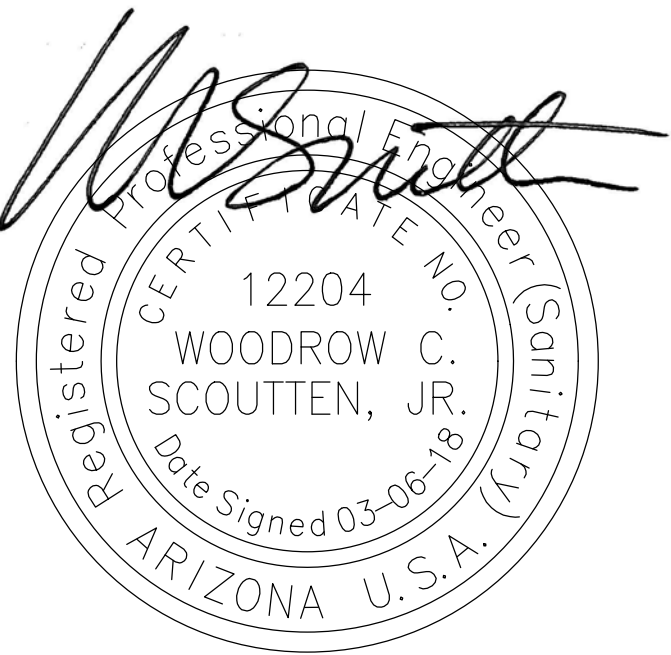
03/06/2018
DATE

APPROVED BY RESOLUTION NO. _____ AT A MEETING OF THE BOARD OF DIRECTORS OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 OF THE TOWN OF FLORENCE, ARIZONA ON THE _____ DAY OF _____, 2018

DISTRICT CLERK _____ DATE _____

SIGNED THIS _____ DAY OF _____, 2018

SUBMITTED: _____ SUPERINTENDENT OF STREETS _____ DATE _____



EXPIRES 06/30/2019



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

DATE: 03-06-2018

SHEET NO.
1 OF 6

Mar 06, 2018 4:55pm V:\CAD\Florence\16-417 MR CFD\Production Drawings\16-417 MR-FIG SH12.dwg



(TOWN OF FLORENCE, ARIZONA)
MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 1
ASSESSMENT AREA NINE

LOT NO.	ASMT. NO.	ASSESSMENT
1	003-01-001	\$ 3,500.00
2	003-01-002	\$ 3,500.00
3	003-01-003	\$ 3,500.00
4	003-01-004	\$ 3,500.00
5	003-01-005	\$ 3,500.00
6	003-01-006	\$ 3,500.00
7	003-01-007	\$ 3,500.00
8	003-01-008	\$ 3,500.00
9	003-01-009	\$ 3,500.00
10	003-01-010	\$ 3,500.00
11	003-01-011	\$ 3,500.00
12	003-01-012	\$ 3,500.00
13	003-01-013	\$ 3,500.00
14	003-01-014	\$ 3,500.00
15	003-01-015	\$ 3,500.00
16	003-01-016	\$ 3,500.00
17	003-01-017	\$ 3,500.00
18	003-01-018	\$ 3,500.00
19	003-01-019	\$ 3,500.00
20	003-01-020	\$ 3,500.00
21	003-01-021	\$ 3,500.00
22	003-01-022	\$ 3,500.00
23	003-01-023	\$ 3,500.00
24	003-01-024	\$ 3,500.00
25	003-01-025	\$ 3,500.00
26	003-01-026	\$ 3,500.00
27	003-01-027	\$ 3,500.00
28	003-01-028	\$ 3,500.00
29	003-01-029	\$ 3,500.00
30	003-01-030	\$ 3,500.00
31	003-01-031	\$ 3,500.00
32	003-01-032	\$ 3,500.00
33	003-01-033	\$ 3,500.00
34	003-01-034	\$ 3,500.00
35	003-01-035	\$ 3,500.00
36	003-01-036	\$ 3,500.00
37	003-01-037	\$ 3,500.00
38	003-01-038	\$ 3,500.00

LOT NO.	ASMT. NO.	ASSESSMENT
39	003-01-039	\$ 3,500.00
40	003-01-040	\$ 3,500.00
41	003-01-041	\$ 3,500.00
42	003-01-042	\$ 3,500.00
43	003-01-043	\$ 3,500.00
44	003-01-044	\$ 3,500.00
45	003-01-045	\$ 3,500.00
46	003-01-046	\$ 3,500.00
47	003-01-047	\$ 3,500.00
48	003-01-048	\$ 3,500.00
49	003-01-049	\$ 3,500.00
50	003-01-050	\$ 3,500.00
51	003-01-051	\$ 3,500.00
52	003-01-052	\$ 3,500.00
53	003-01-053	\$ 3,500.00
54	003-01-054	\$ 3,500.00
55	003-01-055	\$ 3,500.00
56	003-01-056	\$ 3,500.00
57	003-01-057	\$ 3,500.00
58	003-01-058	\$ 3,500.00
59	003-01-059	\$ 3,500.00
60	003-01-060	\$ 3,500.00
61	003-01-061	\$ 3,500.00
62	003-01-062	\$ 3,500.00
63	003-01-063	\$ 3,500.00
64	003-01-064	\$ 3,500.00
65	003-01-065	\$ 3,500.00
66	003-01-066	\$ 3,500.00
67	003-01-067	\$ 3,500.00
68	003-01-068	\$ 3,500.00
69	003-01-069	\$ 3,500.00
70	003-01-070	\$ 3,500.00
71	003-01-071	\$ 3,500.00
72	003-01-072	\$ 3,500.00
73	003-01-073	\$ 3,500.00
74	003-01-074	\$ 3,500.00
75	003-01-075	\$ 3,500.00
76	003-01-076	\$ 3,500.00

LOT NO.	ASMT. NO.	ASSESSMENT
77	003-01-077	\$ 3,500.00
78	003-01-078	\$ 3,500.00
79	003-01-079	\$ 3,500.00
80	003-01-080	\$ 3,500.00
81	003-01-081	\$ 3,500.00
82	003-01-082	\$ 3,500.00
83	003-01-083	\$ 3,500.00
84	003-01-084	\$ 3,500.00
85	003-01-085	\$ 3,500.00
86	003-01-086	\$ 3,500.00
87	003-01-087	\$ 3,500.00
88	003-01-088	\$ 3,500.00
89	003-01-089	\$ 3,500.00
90	003-01-090	\$ 3,500.00
91	003-01-091	\$ 3,500.00
92	003-01-092	\$ 3,500.00
93	003-01-093	\$ 3,500.00
94	003-01-094	\$ 3,500.00
95	003-01-095	\$ 3,500.00
96	003-01-096	\$ 3,500.00
97	003-01-097	\$ 3,500.00
98	003-01-098	\$ 3,500.00
99	003-01-099	\$ 3,500.00
100	003-01-100	\$ 3,500.00
101	003-01-101	\$ 3,500.00
102	003-01-102	\$ 3,500.00
103	003-01-103	\$ 3,500.00
104	003-01-104	\$ 3,500.00
105	003-01-105	\$ 3,500.00
106	003-01-106	\$ 3,500.00
107	003-01-107	\$ 3,500.00

UNIT 3

ASSESSMENT NO.
003-01-001 THROUGH 003-01-107

NOTE:
IMPROVEMENTS CONSIST OF ROADWAY PAVING, CURB
& GUTTER AND DRAINAGE FACILITIES AS DESCRIBED IN
THE FEASIBILITY REPORT ON FILE WITH THE DISTRICT
CLERK.

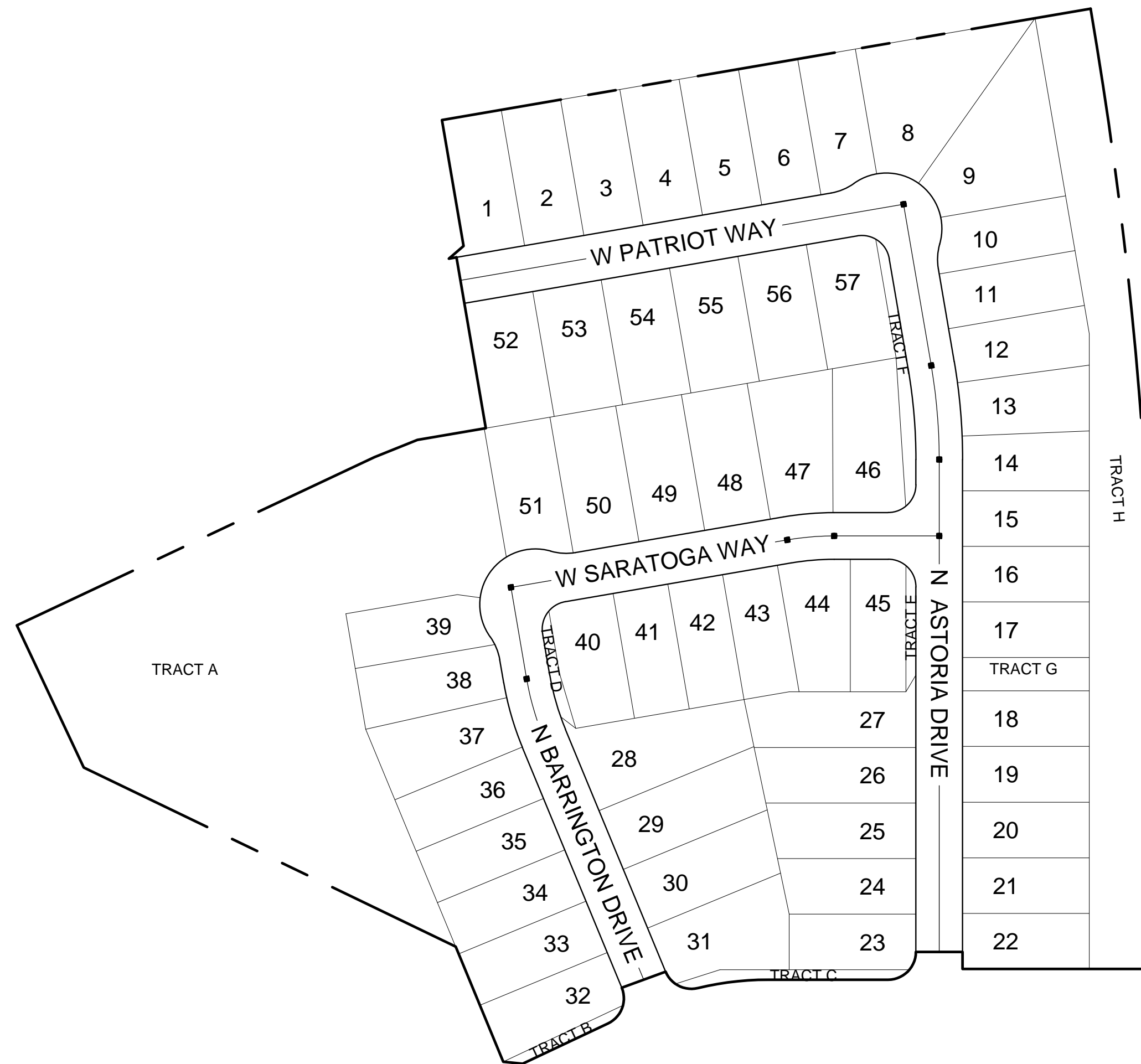


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DATE: 03-06-2018

SHEET NO.
2 OF 6

Mar 06, 2018 4:56pm V:\CAD\Florence\16-417 MR CFD\Production Drawings\Exhibits\16-417 MR-FIG SHT6-convertedstyles.dwg



(TOWN OF FLORENCE, ARIZONA)
MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 1
ASSESSMENT AREA NINE

LOT NO.	ASMT. NO.	ASSESSMENT
1	005-01-001	\$ 3,500.00
2	005-01-002	\$ 3,500.00
3	005-01-003	\$ 3,500.00
4	005-01-004	\$ 3,500.00
5	005-01-005	\$ 3,500.00
6	005-01-006	\$ 3,500.00
7	005-01-007	\$ 3,500.00
8	005-01-008	\$ 3,500.00
9	005-01-009	\$ 3,500.00
10	005-01-010	\$ 3,500.00
11	005-01-011	\$ 3,500.00
12	005-01-012	\$ 3,500.00
13	005-01-013	\$ 3,500.00
14	005-01-014	\$ 3,500.00
15	005-01-015	\$ 3,500.00
16	005-01-016	\$ 3,500.00
17	005-01-017	\$ 3,500.00
18	005-01-018	\$ 3,500.00
19	005-01-019	\$ 3,500.00
20	005-01-020	\$ 3,500.00
21	005-01-021	\$ 3,500.00
22	005-01-022	\$ 3,500.00
23	005-01-023	\$ 3,500.00
24	005-01-024	\$ 3,500.00
25	005-01-025	\$ 3,500.00
26	005-01-026	\$ 3,500.00
27	005-01-027	\$ 3,500.00
28	005-01-028	\$ 3,500.00
29	005-01-029	\$ 3,500.00
30	005-01-030	\$ 3,500.00
31	005-01-031	\$ 3,500.00
32	005-01-032	\$ 3,500.00
33	005-01-033	\$ 3,500.00
34	005-01-034	\$ 3,500.00
35	005-01-035	\$ 3,500.00
36	005-01-036	\$ 3,500.00
37	005-01-037	\$ 3,500.00
38	005-01-038	\$ 3,500.00

LOT NO.	ASMT. NO.	ASSESSMENT
39	005-01-039	\$ 3,500.00
40	005-01-040	\$ 3,500.00
41	005-01-041	\$ 3,500.00
42	005-01-042	\$ 3,500.00
43	005-01-043	\$ 3,500.00
44	005-01-044	\$ 3,500.00
45	005-01-045	\$ 3,500.00
46	005-01-046	\$ 3,500.00
47	005-01-047	\$ 3,500.00
48	005-01-048	\$ 3,500.00
49	005-01-049	\$ 3,500.00
50	005-01-050	\$ 3,500.00
51	005-01-051	\$ 3,500.00
52	005-01-052	\$ 3,500.00
53	005-01-053	\$ 3,500.00
54	005-01-054	\$ 3,500.00
55	005-01-055	\$ 3,500.00
56	005-01-056	\$ 3,500.00
57	005-01-057	\$ 3,500.00

UNIT 5

ASSESSMENT NO.
005-01-001 THROUGH 005-01-57

NOTE:
IMPROVEMENTS CONSIST OF ROADWAY PAVING, CURB
& GUTTER AND DRAINAGE FACILITIES AS DESCRIBED IN
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CLERK.

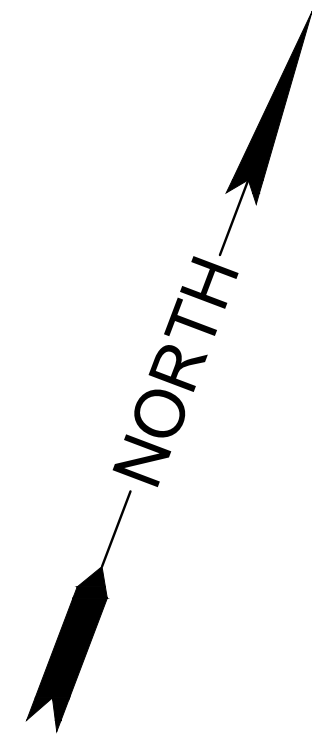


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3 OF 6

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(TOWN OF FLORENCE, ARIZONA)

MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 1
ASSESSMENT AREA NINE

LOT NO.	ASM'T. NO.	ASSESSMENT
1	007-01-001	\$ 3,500.00
2	007-01-002	\$ 3,500.00
3	007-01-003	\$ 3,500.00
4	007-01-004	\$ 3,500.00
5	007-01-005	\$ 3,500.00
6	007-01-006	\$ 3,500.00
7	007-01-007	\$ 3,500.00
8	007-01-008	\$ 3,500.00
9	007-01-009	\$ 3,500.00
10	007-01-010	\$ 3,500.00
11	007-01-011	\$ 3,500.00
12	007-01-012	\$ 3,500.00
13	007-01-013	\$ 3,500.00
14	007-01-014	\$ 3,500.00
15	007-01-015	\$ 3,500.00
16	007-01-016	\$ 3,500.00
17	007-01-017	\$ 3,500.00
18	007-01-018	\$ 3,500.00
19	007-01-019	\$ 3,500.00
20	007-01-020	\$ 3,500.00
21	007-01-021	\$ 3,500.00
22	007-01-022	\$ 3,500.00
23	007-01-023	\$ 3,500.00
24	007-01-024	\$ 3,500.00
25	007-01-025	\$ 3,500.00
26	007-01-026	\$ 3,500.00
27	007-01-027	\$ 3,500.00
28	007-01-028	\$ 3,500.00
29	007-01-029	\$ 3,500.00
30	007-01-030	\$ 3,500.00
31	007-01-031	\$ 3,500.00
32	007-01-032	\$ 3,500.00
33	007-01-033	\$ 3,500.00
34	007-01-034	\$ 3,500.00
35	007-01-035	\$ 3,500.00
36	007-01-036	\$ 3,500.00
37	007-01-037	\$ 3,500.00
38	007-01-038	\$ 3,500.00

LOT NO.	ASM'T. NO.	ASSESSMENT
39	007-01-039	\$ 3,500.00
40	007-01-040	\$ 3,500.00
41	007-01-041	\$ 3,500.00
42	007-01-042	\$ 3,500.00
43	007-01-043	\$ 3,500.00
44	007-01-044	\$ 3,500.00
45	007-01-045	\$ 3,500.00
46	007-01-046	\$ 3,500.00
47	007-01-047	\$ 3,500.00
48	007-01-048	\$ 3,500.00
49	007-01-049	\$ 3,500.00
50	007-01-050	\$ 3,500.00
51	007-01-051	\$ 3,500.00
52	007-01-052	\$ 3,500.00
53	007-01-053	\$ 3,500.00
54	007-01-054	\$ 3,500.00
55	007-01-055	\$ 3,500.00
56	007-01-056	\$ 3,500.00
57	007-01-057	\$ 3,500.00
58	007-01-058	\$ 3,500.00
59	007-01-059	\$ 3,500.00
60	007-01-060	\$ 3,500.00
61	007-01-061	\$ 3,500.00
62	007-01-062	\$ 3,500.00
63	007-01-063	\$ 3,500.00
64	007-01-064	\$ 3,500.00
65	007-01-065	\$ 3,500.00
66	007-01-066	\$ 3,500.00
67	007-01-067	\$ 3,500.00
68	007-01-068	\$ 3,500.00
69	007-01-069	\$ 3,500.00
70	007-01-070	\$ 3,500.00
71	007-01-071	\$ 3,500.00
72	007-01-072	\$ 3,500.00
73	007-01-073	\$ 3,500.00
74	007-01-074	\$ 3,500.00
75	007-01-075	\$ 3,500.00
76	007-01-076	\$ 3,500.00

LOT NO.	ASM'T. NO.	ASSESSMENT
77	007-01-077	\$ 3,500.00
78	007-01-078	\$ 3,500.00
79	007-01-079	\$ 3,500.00
80	007-01-080	\$ 3,500.00
81	007-01-081	\$ 3,500.00
82	007-01-082	\$ 3,500.00
83	007-01-083	\$ 3,500.00
84	007-01-084	\$ 3,500.00
85	007-01-085	\$ 3,500.00

UNIT 7

ASSESSMENT NO.
007-01-001 THROUGH 007-01-85

NOTE:
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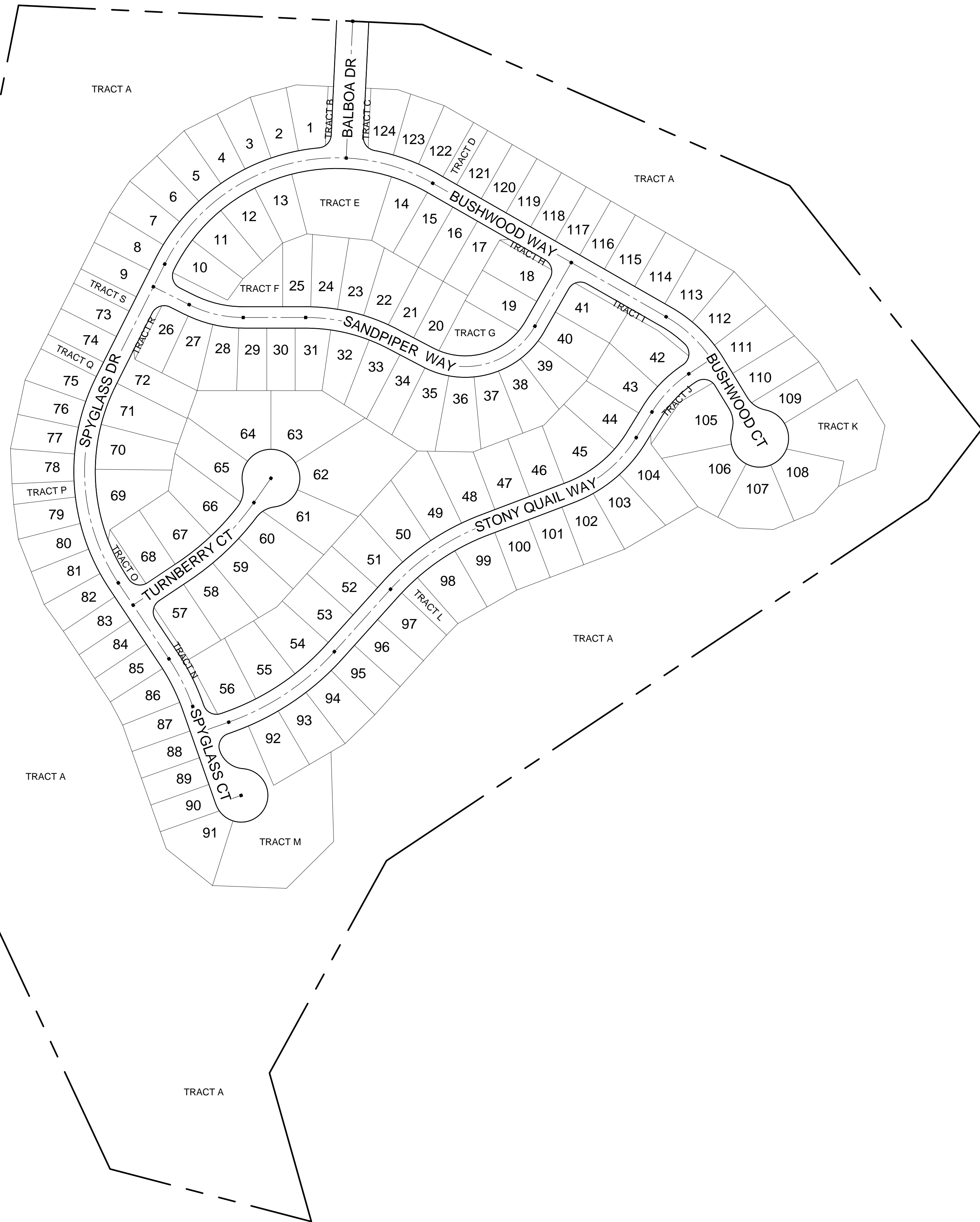


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(TOWN OF FLORENCE, ARIZONA)

MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 1
ASSESSMENT AREA NINE

LOT NO.	ASMT. NO.	ASSESSMENT
1	052-01-001	\$ 3,500.00
2	052-01-002	\$ 3,500.00
3	052-01-003	\$ 3,500.00
4	052-01-004	\$ 3,500.00
5	052-01-005	\$ 3,500.00
6	052-01-006	\$ 3,500.00
7	052-01-007	\$ 3,500.00
8	052-01-008	\$ 3,500.00
9	052-01-009	\$ 3,500.00
10	052-01-010	\$ 3,500.00
11	052-01-011	\$ 3,500.00
12	052-01-012	\$ 3,500.00
13	052-01-013	\$ 3,500.00
14	052-01-014	\$ 3,500.00
15	052-01-015	\$ 3,500.00
16	052-01-016	\$ 3,500.00
17	052-01-017	\$ 3,500.00
18	052-01-018	\$ 3,500.00
19	052-01-019	\$ 3,500.00
20	052-01-020	\$ 3,500.00
21	052-01-021	\$ 3,500.00
22	052-01-022	\$ 3,500.00
23	052-01-023	\$ 3,500.00
24	052-01-024	\$ 3,500.00
25	052-01-025	\$ 3,500.00
26	052-01-026	\$ 3,500.00
27	052-01-027	\$ 3,500.00
28	052-01-028	\$ 3,500.00
29	052-01-029	\$ 3,500.00
30	052-01-030	\$ 3,500.00
31	052-01-031	\$ 3,500.00
32	052-01-032	\$ 3,500.00
33	052-01-033	\$ 3,500.00
34	052-01-034	\$ 3,500.00
35	052-01-035	\$ 3,500.00
36	052-01-036	\$ 3,500.00
37	052-01-037	\$ 3,500.00
38	052-01-038	\$ 3,500.00
39	052-01-039	\$ 3,500.00
40	052-01-040	\$ 3,500.00
41	052-01-041	\$ 3,500.00
42	052-01-042	\$ 3,500.00

LOT NO.	ASMT. NO.	ASSESSMENT
43	052-01-043	\$ 3,500.00
44	052-01-044	\$ 3,500.00
45	052-01-045	\$ 3,500.00
46	052-01-046	\$ 3,500.00
47	052-01-047	\$ 3,500.00
48	052-01-048	\$ 3,500.00
49	052-01-049	\$ 3,500.00
50	052-01-050	\$ 3,500.00
51	052-01-051	\$ 3,500.00
52	052-01-052	\$ 3,500.00
53	052-01-053	\$ 3,500.00
54	052-01-054	\$ 3,500.00
55	052-01-055	\$ 3,500.00
56	052-01-056	\$ 3,500.00
57	052-01-057	\$ 3,500.00
58	052-01-058	\$ 3,500.00
59	052-01-059	\$ 3,500.00
60	052-01-060	\$ 3,500.00
61	052-01-061	\$ 3,500.00
62	052-01-062	\$ 3,500.00
63	052-01-063	\$ 3,500.00
64	052-01-064	\$ 3,500.00
65	052-01-065	\$ 3,500.00
66	052-01-066	\$ 3,500.00
67	052-01-067	\$ 3,500.00
68	052-01-068	\$ 3,500.00
69	052-01-069	\$ 3,500.00
70	052-01-070	\$ 3,500.00
71	052-01-071	\$ 3,500.00
72	052-01-072	\$ 3,500.00
73	052-01-073	\$ 3,500.00
74	052-01-074	\$ 3,500.00
75	052-01-075	\$ 3,500.00
76	052-01-076	\$ 3,500.00
77	052-01-077	\$ 3,500.00
78	052-01-078	\$ 3,500.00
79	052-01-079	\$ 3,500.00
80	052-01-080	\$ 3,500.00
81	052-01-081	\$ 3,500.00
82	052-01-082	\$ 3,500.00
83	052-01-083	\$ 3,500.00
84	052-01-084	\$ 3,500.00

LOT NO.	ASMT. NO.	ASSESSMENT
85	052-01-085	\$ 3,500.00
86	052-01-086	\$ 3,500.00
87	052-01-087	\$ 3,500.00
88	052-01-088	\$ 3,500.00
89	052-01-089	\$ 3,500.00
90	052-01-090	\$ 3,500.00
91	052-01-091	\$ 3,500.00
92	052-01-092	\$ 3,500.00
93	052-01-093	\$ 3,500.00
94	052-01-094	\$ 3,500.00
95	052-01-095	\$ 3,500.00
96	052-01-096	\$ 3,500.00
97	052-01-097	\$ 3,500.00
98	052-01-098	\$ 3,500.00
99	052-01-099	\$ 3,500.00
100	052-01-100	\$ 3,500.00
101	052-01-101	\$ 3,500.00
102	052-01-102	\$ 3,500.00
103	052-01-103	\$ 3,500.00
104	052-01-104	\$ 3,500.00
105	052-01-105	\$ 3,500.00
106	052-01-106	\$ 3,500.00
107	052-01-107	\$ 3,500.00
108	052-01-108	\$ 3,500.00
109	052-01-109	\$ 3,500.00
110	052-01-110	\$ 3,500.00
111	052-01-111	\$ 3,500.00
112	052-01-112	\$ 3,500.00
113	052-01-113	\$ 3,500.00
114	052-01-114	\$ 3,500.00
115	052-01-115	\$ 3,500.00
116	052-01-116	\$ 3,500.00
117	052-01-117	\$ 3,500.00
118	052-01-118	\$ 3,500.00
119	052-01-119	\$ 3,500.00
120	052-01-120	\$ 3,500.00
121	052-01-121	\$ 3,500.00
122	052-01-122	\$ 3,500.00
123	052-01-123	\$ 3,500.00
124	052-01-124	\$ 3,500.00

UNIT 52

ASSESSMENT NO.
052-01-001 THROUGH 052-01-124

NOTE:
IMPROVEMENTS CONSIST OF ROADWAY PAVING, CURB
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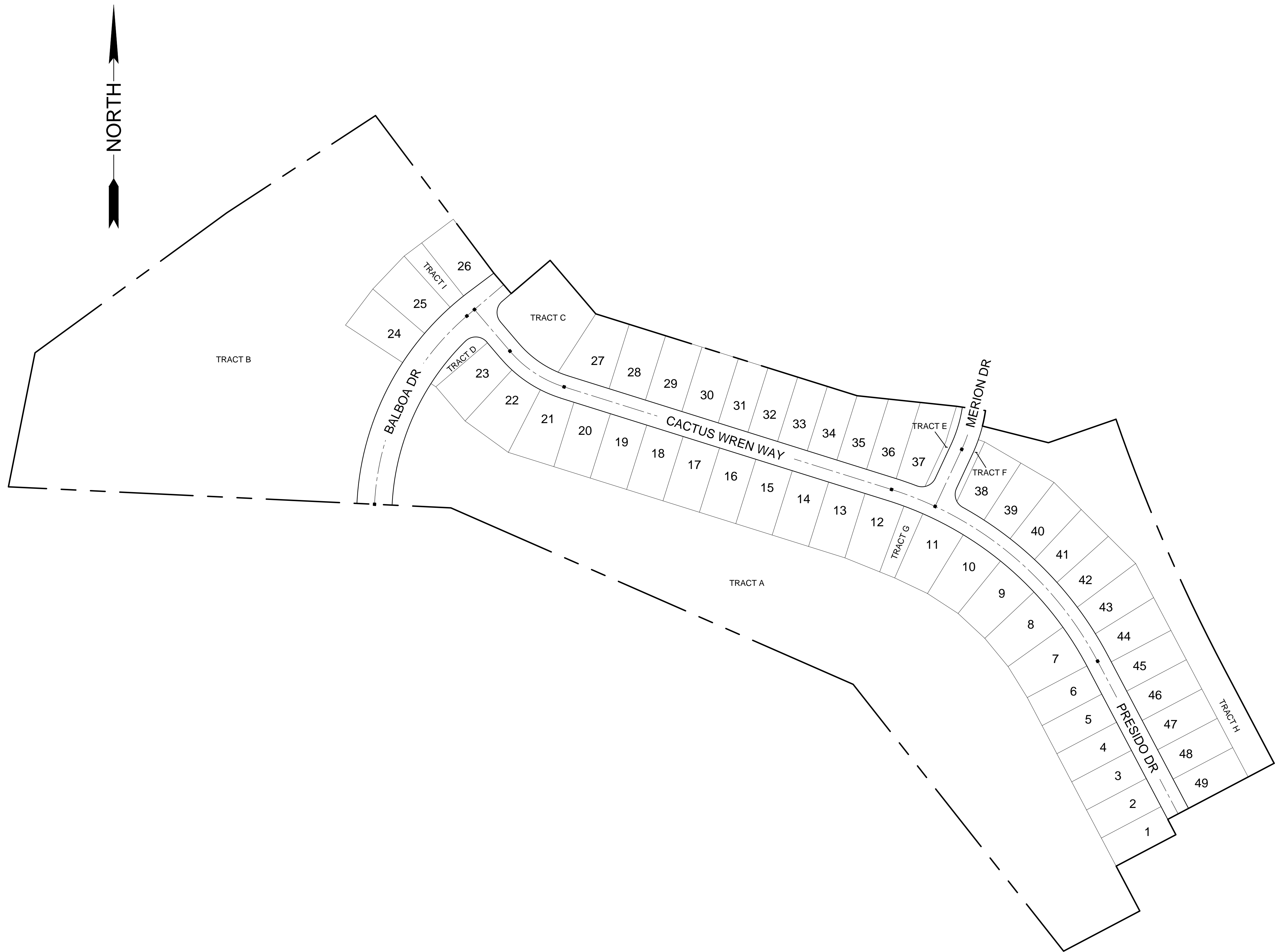


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(TOWN OF FLORENCE, ARIZONA)

MERRILL RANCH

COMMUNITY FACILITIES DISTRICT NO. 1
ASSESSMENT AREA NINE

LOT NO.	ASMT. NO.	ASSESSMENT
1	056A-01-001	\$ 3,500.00
2	056A-01-002	\$ 3,500.00
3	056A-01-003	\$ 3,500.00
4	056A-01-004	\$ 3,500.00
5	056A-01-005	\$ 3,500.00
6	056A-01-006	\$ 3,500.00
7	056A-01-007	\$ 3,500.00
8	056A-01-008	\$ 3,500.00
9	056A-01-009	\$ 3,500.00
10	056A-01-010	\$ 3,500.00
11	056A-01-011	\$ 3,500.00
12	056A-01-012	\$ 3,500.00
13	056A-01-013	\$ 3,500.00
14	056A-01-014	\$ 3,500.00
15	056A-01-015	\$ 3,500.00
16	056A-01-016	\$ 3,500.00
17	056A-01-017	\$ 3,500.00
18	056A-01-018	\$ 3,500.00
19	056A-01-019	\$ 3,500.00
20	056A-01-020	\$ 3,500.00
21	056A-01-021	\$ 3,500.00
22	056A-01-022	\$ 3,500.00
23	056A-01-023	\$ 3,500.00
24	056A-01-024	\$ 3,500.00
25	056A-01-025	\$ 3,500.00
26	056A-01-026	\$ 3,500.00
27	056A-01-027	\$ 3,500.00
28	056A-01-028	\$ 3,500.00
29	056A-01-029	\$ 3,500.00
30	056A-01-030	\$ 3,500.00
31	056A-01-031	\$ 3,500.00
32	056A-01-032	\$ 3,500.00
33	056A-01-033	\$ 3,500.00
34	056A-01-034	\$ 3,500.00
35	056A-01-035	\$ 3,500.00
36	056A-01-036	\$ 3,500.00
37	056A-01-037	\$ 3,500.00
38	056A-01-038	\$ 3,500.00

LOT NO.	ASMT. NO.	ASSESSMENT
39	056A-01-039	\$ 3,500.00
40	056A-01-040	\$ 3,500.00
41	056A-01-041	\$ 3,500.00
42	056A-01-042	\$ 3,500.00
43	056A-01-043	\$ 3,500.00
44	056A-01-044	\$ 3,500.00
45	056A-01-045	\$ 3,500.00
46	056A-01-046	\$ 3,500.00
47	056A-01-047	\$ 3,500.00
48	056A-01-048	\$ 3,500.00
49	056A-01-049	\$ 3,500.00

UNIT 56A

ASSESSMENT NO.

056A-01-001 THROUGH 056A-01-049

NOTE:
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DATE: 03-06-2018

SHEET NO.
6 OF 6

Legal Description of Assessment Area

LEGAL DESCRIPTION FOR
MERRILL RANCH
ASSESSMENT AREA NINE – UNIT 3

Lots 1 through 107, inclusive, of Anthem at Merrill Ranch Unit 3 as recorded in Document 2017-077518, Records of Pinal County, Arizona.

LEGAL DESCRIPTION FOR
MERRILL RANCH
ASSESSMENT AREA NINE – UNIT 5

Lots 1 through 57, inclusive, of Anthem at Merrill Ranch Unit 5 as recorded in Document 2018-010003, Records of Pinal County, Arizona.

LEGAL DESCRIPTION FOR
MERRILL RANCH
ASSESSMENT AREA NINE – UNIT 7

Lots 1 through 85, inclusive, of Anthem at Merrill Ranch Unit 7 as recorded in Document 2017-077519, Records of Pinal County, Arizona.

LEGAL DESCRIPTION FOR
MERRILL RANCH
ASSESSMENT AREA NINE – UNIT 52

Lots 1 through 124, inclusive, of Anthem at Merrill Ranch Unit 52 as recorded in Document 2017-069421, Records of Pinal County, Arizona.

LEGAL DESCRIPTION FOR
MERRILL RANCH
ASSESSMENT AREA NINE – UNIT 56A

Lots 1 through 49, inclusive, of Anthem at Merrill Ranch Unit 56A as recorded in Document 2017-069422, Records of Pinal County, Arizona.

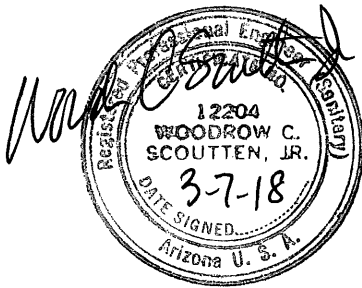
Conclusion

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.



3-7-18

EPS Group, Inc.
Woodrow C. Scoutten, PE
District Engineer



EXPIRES 6-30-19

**MERRILL RANCH
COMMUNITY FACILITIES DISTRICT NO. 1
(Florence, Arizona)**

FEASIBILITY REPORT

**For the Issuance of Not to Exceed \$1,477,000
Special Assessment Lien Bonds
(*Assessment Area Nine*)**

March 19, 2018

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Maps of the Area to be Benefited	SIX
Plan of Finance	SEVEN
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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 by engineers and other qualified persons for presentation to the District Board (the "Board") of Merrill Ranch Community Facilities District No. 1 (the "District") in connection with the proposed issuance by the District of a Special Assessment Lien Bonds (the "Bonds") with respect to certain public infrastructure (as defined in Arizona Revised Statutes ("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 District Act of 1988, A.R.S. Title 48, Chapter 4, Article 6 of Arizona Revised Statutes, as amended, (the "Act").

PURPOSE OF FEASIBILITY REPORT

Pursuant to A.R.S. §48-715, this Report includes (i) a description of the Projects which are to be acquired (Section Two); (ii) a map showing, in general, the location of the Projects (Section Three), (iii) an estimate of the cost to acquire, operate, and maintain the Projects (Section Four); (iv) an estimated schedule for completion of the Projects (Section Five); (v) a map or description of the area to be benefited by the Projects (Section Six); and (vi) a plan for financing the Projects (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 DISTRICT DEVELOPMENT FINANCING PARTICIPATION, WAIVER AND INTERGOVERNMENTAL AGREEMENT, DATED AS OF DECEMBER 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 54) DATED AS OF NOVEMBER 1, 2008, THE THIRD AMENDMENT AND WAIVERS (ASSESSMENT AREA THREE-UNIT 17A), DATED AS OF SEPTEMBER 1, 2010, THE FOURTH AMENDMENT AND WAIVERS (ASSESSMENT AREA FOUR-UNIT 18), DATED AS OF JANUARY 1, 2012 , THE FIFTH AMENDMENT AND WAIVERS (ASSESSMENT AREA FIVE-UNITS 17B, 22A & 22B), DATED AS OF JULY 1, 2012, THE SIXTH AMENDMENT AND WAIVERS (ASSESSMENT AREA SIX-UNITS 2 & 9A), DATED AS OF JULY 1, 2013, THE SEVENTH AMENDMENT AND WAIVERS (ASSESSMENT AREA SEVEN-UNITS 9B, 16, AND 17C), DATED AS OF OCTOBER 1, 2014, THE EIGHTH AMENDEMENT AND WAIVERS (ASSESSMENT AREA EIGHT – UNITS 50 & 53), DATED AS OF APRIL 1, 2016, AND THE NINTH AMENDEMENT AND WAIVERS (ASSESSMENT AREA NINE – UNITS 3, 5, 7, 56A AND 52), TO BE DATED AS OF APRIL 1, 2018 (AS SO AMENDED, THE "DEVELOPMENT AGREEMENT") 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 the Act, the Development Agreement, 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 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 the Appendix hereto (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; (v) the public convenience

requires that the Bonds described in this Report and the Development Agreement shall be issued under the provisions of the Act to represent the costs and expenses of the Projects, in the name of the District, but payable only out of 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 (vi) the Bonds shall bear interest at the rate of not to exceed eight percent (8%) 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 repayments of the Bonds. In preparing this Report, engineers, staff of Pulte (as defined herein), 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 AREA

Formation of the District was approved on December 19, 2005 by the Town upon the request of CMR/CASA GRANDE LLC., an Arizona limited liability company, ROADRUNNER RESORTS, LLC., an Arizona limited liability company and FELIX HUNT HIGHWAY, LLC., an Arizona limited liability company, and PULTE HOME COMPANY LLC, a Michigan corporation ("Pulte"), as the owners of all of the land within the District upon formation. The District is located within the municipal boundaries of the Town. (See the maps in Sections Three and Six and Appendix A for a legal description of the Assessment Area.)

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, in connection with the development of a project known as "Merrill Ranch", an 8,970 acre residential, commercial and golf course master planned community (the "Development") approximately 7,900 acres of which are included within the boundaries of the District. A portion of the land within the boundaries of the District 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 Merrill Ranch. Simultaneously with the formation of the District, Merrill Ranch Community Facilities District No. 2 ("District No. 2") was formed over 1,060 acres of Merrill Ranch to finance the cost of certain infrastructure improvements within District No. 2. 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. 2 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 94.5 acres and upon build out will comprise approximately 422 single family lots. Pulte owns all of the property in the Assessment Area. Although the number of acres devoted to each particular type of land use may ultimately vary from those presented, the build-out of the Development and the Assessment Area is currently expected to include the following land uses:

**Merrill Ranch Community Facilities District No. 1
Anticipated Land Use Plan**

Description	District		Assessment Area Nine		
	Acres	Number of Units	Planning Area	Estimated Lots	Estimated Acres
Residential – Low Density	3,021	22,075	Unit 52	124	30.30
			Unit 56A	49	10.99
			Unit 3	107	23.81
			Unit 5	57	11.00
			Unit 7	85	18.42
Residential – Medium Density	1,190	8,696		-	-
Residential – High Density	654	4,779		-	-
Golf Courses	385	-		-	-
Worship Sites	18	-		-	-
Commercial / Light Industrial	1,176	-		-	-
Roadways / ROW	402	-		-	-
Schools	137	-		-	-
Open Space/Parks	917	-		-	-
Total:	7,900	35,550		422	94.52

The Single-family residences to be constructed by Pulte within Anthem currently range in size from 1,400 to 4,100 square feet and are currently base priced from \$143,000 to \$386,000.

The following table represents the single family residential closings from January 1, 2006 through February 1, 2018:

	CFD 1	CFD 2	CFD 1	CFD 2	TOTAL
	Sun City		Parkside		
2006	92	30	25	41	188
2007	91	43	98	237	469
2008	176	38	68	171	453
2009	136	2	34	98	270
2010	38	59	22	68	187
2011	2	68	17	45	132
2012	16	48	51	14	129
2013	78	32	60	13	183
2014	17	15	13	1	46
2015	37	65	57	0	159
2016	47	38	78	0	163
2017	66	29	90	0	185
2018	4	3	13	0	20
	800	470	626	688	2,584

Source: Pulte Group

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) Engineering, (2) Storm Drain, and (3) Street Improvements. See the 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) Engineering

The Projects include engineering plans for grading and drainage, utilities, and paving relating to storm drain and curb, gutter and sidewalk. The plans have been reviewed and approved by representatives of the Town in accordance with the Town's guidelines and standards.

<u>Description</u>	<u>Unit of Measure</u>	<u>Quantity</u>
Engineering plans	LS*	N/A

* LS = lump sum

(2) Storm Drain

The Projects further include 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 pipe will be sized between 15 inches and 30 inches of concrete pipe, or approved alternate.

<u>Description</u>	<u>Unit of Measure</u>	<u>Unit</u>	<u>Quantity</u>
Storm Drain Pipe	LF*	3	337.5
		5	101.3
		7	269.9
		56A	182.6
		52	577.7
Total:			1,469.0

* LF = lineal feet

(3) Street Improvements

The Projects also will further include asphaltic paving and 4 inch roll and vertical curb, 6 foot valley gutter, and 5 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. The curb and gutter will comply with the Maricopa Association of Governments standard details and sidewalk within the public roadways of the Assessment Area.

Description	Unit of Measure	Unit	Quantity
Paving	SY*	3	15,792
		5	5,933
		7	12,271
		56A	11,199
		52	17,808
Total:			63,003
Curb and Gutter	LF*	3	7,243
		5	3,376
		7	5,880
		56A	3,815
		52	9,479
Total:			29,793
Sidewalk	SF*	3	38,115
		5	16,880
		7	31,762
		56A	7,400
		52	25,810
Total:			119,967

*SY= Square Yard

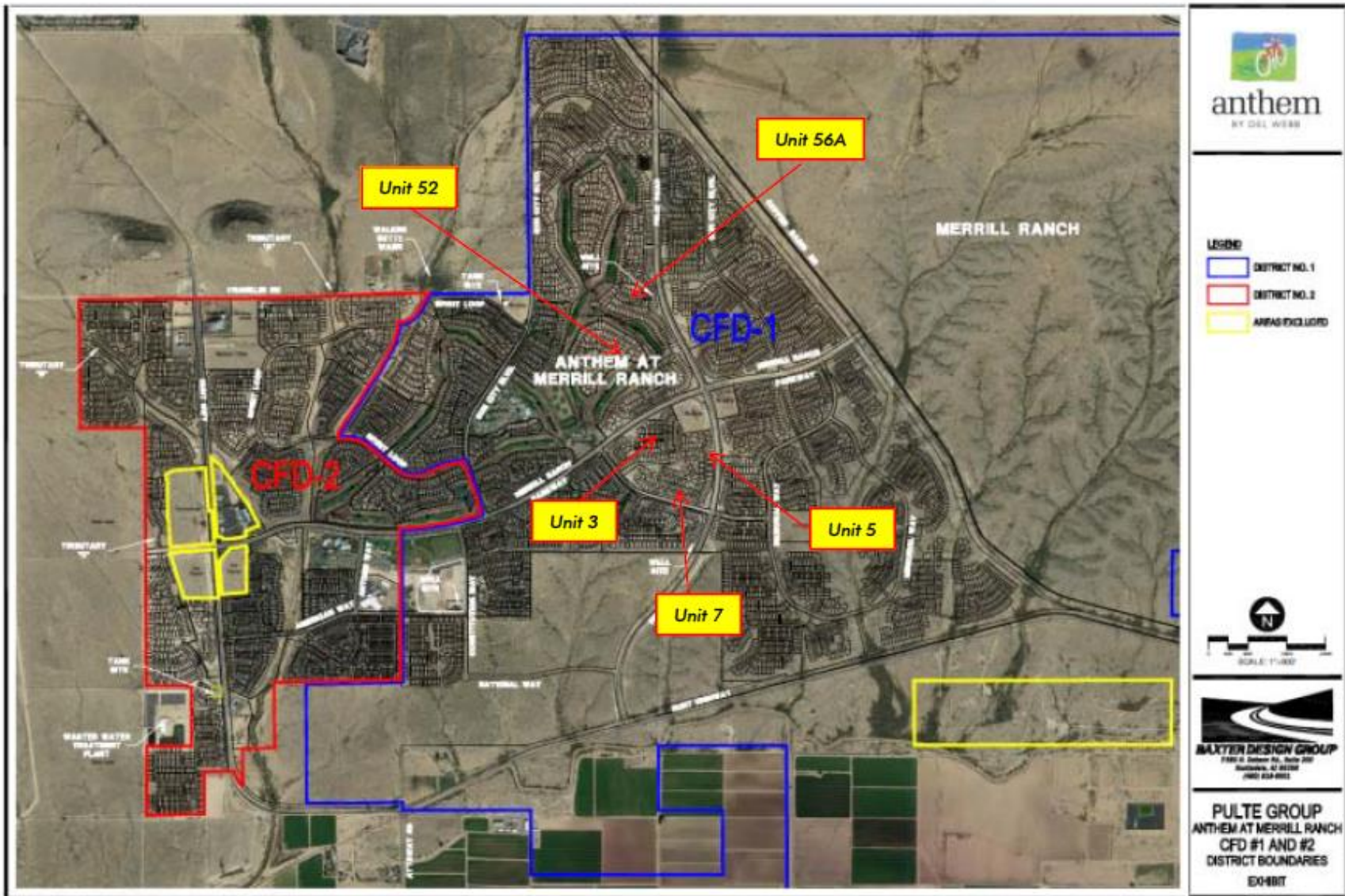
*LF= Lineal Foot

*SF= Square Foot

SECTION THREE

MAPS OF LOCATION OF THE PROJECTS





SECTION FOUR

ESTIMATED COSTS OF THE PROJECTS

ESTIMATED COSTS OF THE PROJECTS

Shown below is a summary of the estimated acquisition costs of the Projects. These amounts are the result of public bidding to be, in aggregate decreased, but not increased. The actual acquisition costs of the Projects will be determined as prescribed in the Development Agreement, but will not collectively be more than those shown below.

Upon completion of the Projects, 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 Nine Four Projects	Estimated Costs
Unit 3	
1. Engineering	\$276,900
2. Storm Drain*	24,538
3. Street Improvements	673,193
Total Assessment Area Projects – Unit 3	\$974,631
Unit 5	
1. Engineering	\$227,300
2. Storm Drain*	8,424
3. Street Improvements	247,324
Total Assessment Area Projects – Unit 5	\$483,048
Unit 7	
1. Engineering	\$253,160
2. Storm Drain*	20,684
3. Street Improvements	471,651
Total Assessment Area Projects – Unit 7	\$745,495
Unit 56A	
1. Engineering	\$137,200
2. Storm Drain*	13,058
3. Street Improvements	424,743
Total Assessment Area Projects-Unit 56A	\$575,001
Unit 52	
1. Engineering	\$197,926
2. Storm Drain*	55,427
3. Street Improvements	644,328
Total Assessment Area Projects - Unit 52	\$897,681
Total	\$3,675,856

*Includes storm drain pipe and man holes in the right of way only.

SECTION FIVE

TIMETABLE FOR COMPLETION OF THE PROJECTS

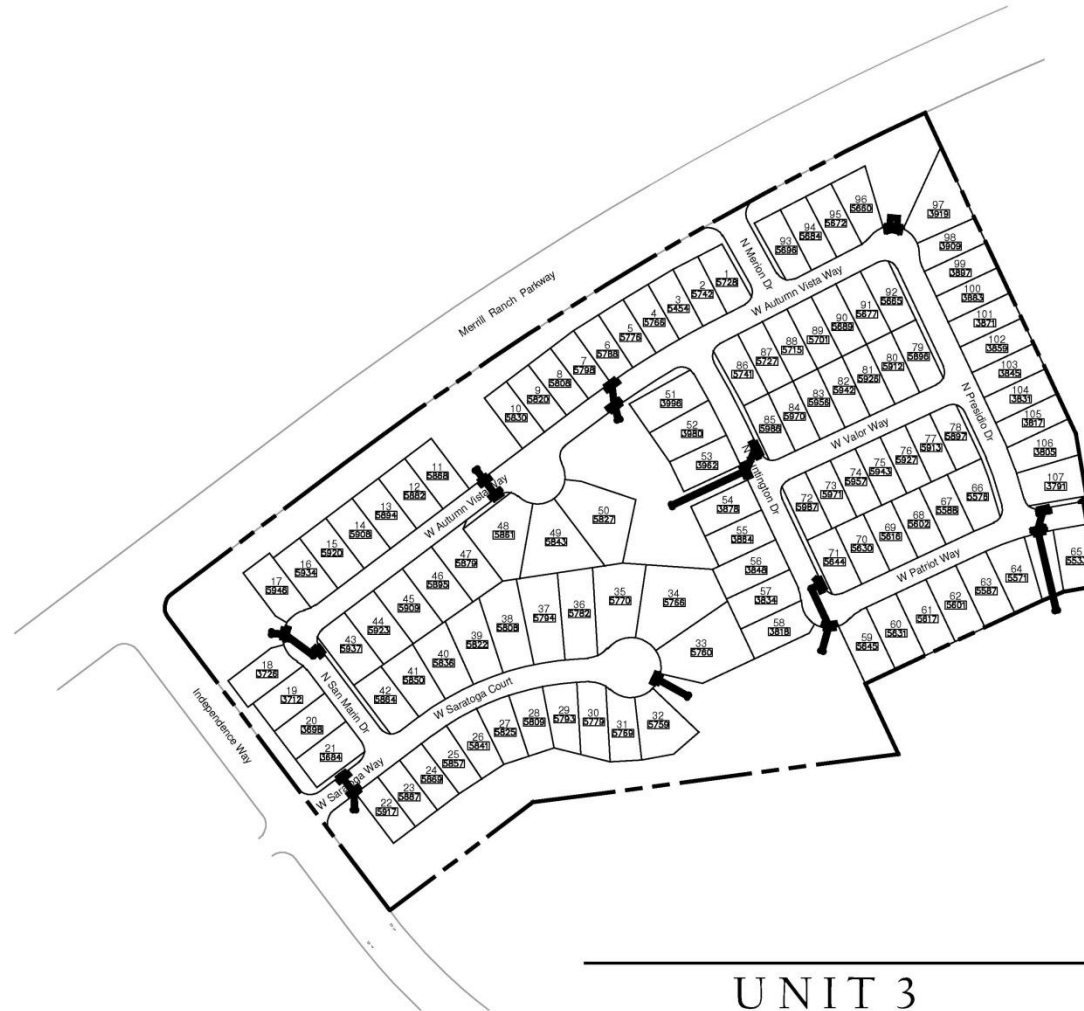
TIMETABLE FOR COMPLETION OF THE PROJECTS

Project – Unit 3	Estimated Completion Date
1. Engineering	Completed
2. Storm Drain	Completed
3. Street Improvements	April 2018
Project – Unit 5	Estimated Completion Date
1. Engineering	Completed
2. Storm Drain	November 2018
3. Street Improvements	January 2019
Project – Unit 7	Estimated Completion Date
1. Engineering	Completed
2. Storm Drain	November 2018
3. Street Improvements	January 2019
Project – Unit 56A	Estimated Completion Date
1. Engineering	Completed
2. Storm Drain	Completed
3. Street Improvements	April 2018
Project – Unit 52	Estimated Completion Date
1. Engineering	Completed
2. Storm Drain	March 2018
3. Street Improvements	September 2018

SECTION SIX

MAPS OF THE AREA TO BE BENEFITED

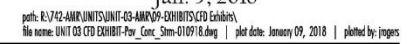
STORM DRAIN



UNIT 3

Storm Drain

Scale: 1" = 200'
Version 1
Jan. 9, 2018

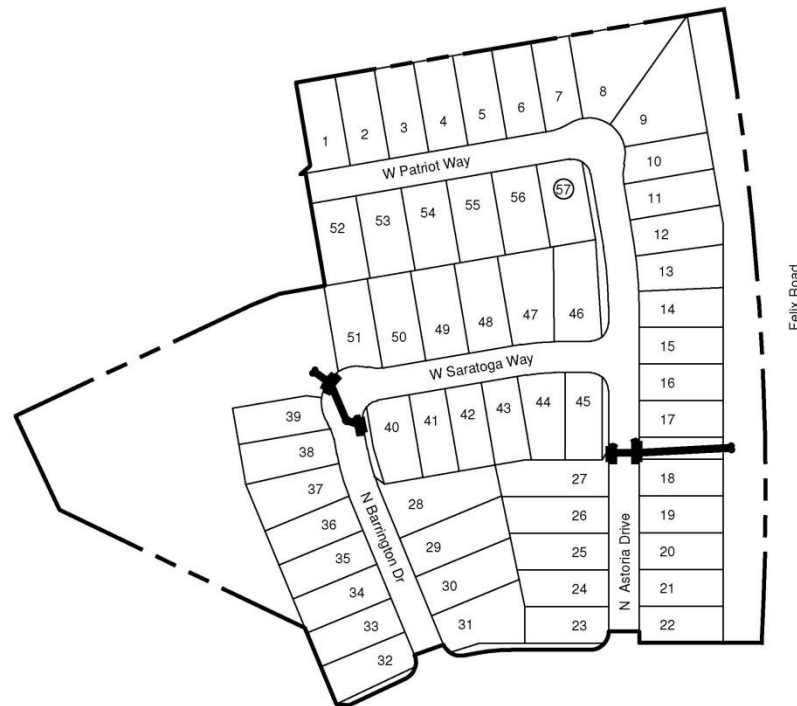




anthem
BY DEL WEBB



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Scottsdale, AZ 85256
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UNIT 5

Storm Drain

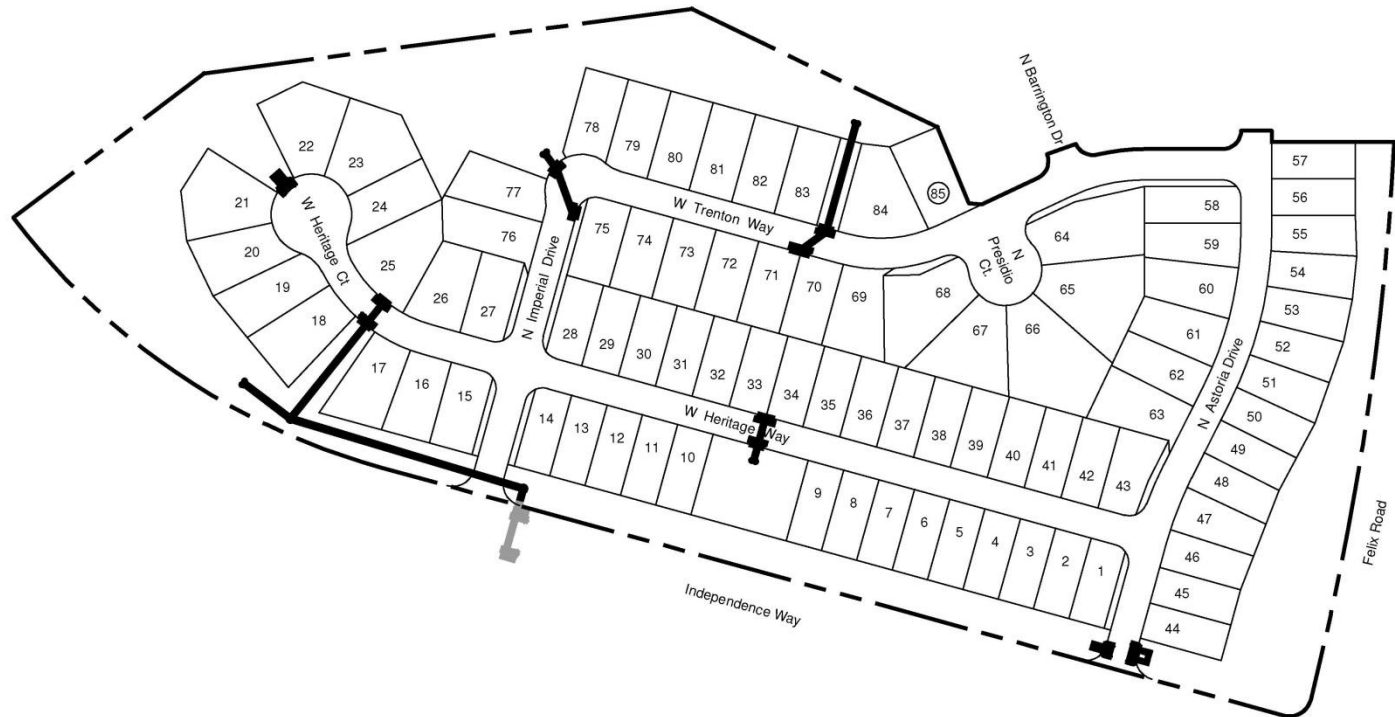
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Version 1
Feb. 8, 2018



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BY DEL WEBB



UNIT 7

Storm Drain

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Version 1
Feb. 8, 2018



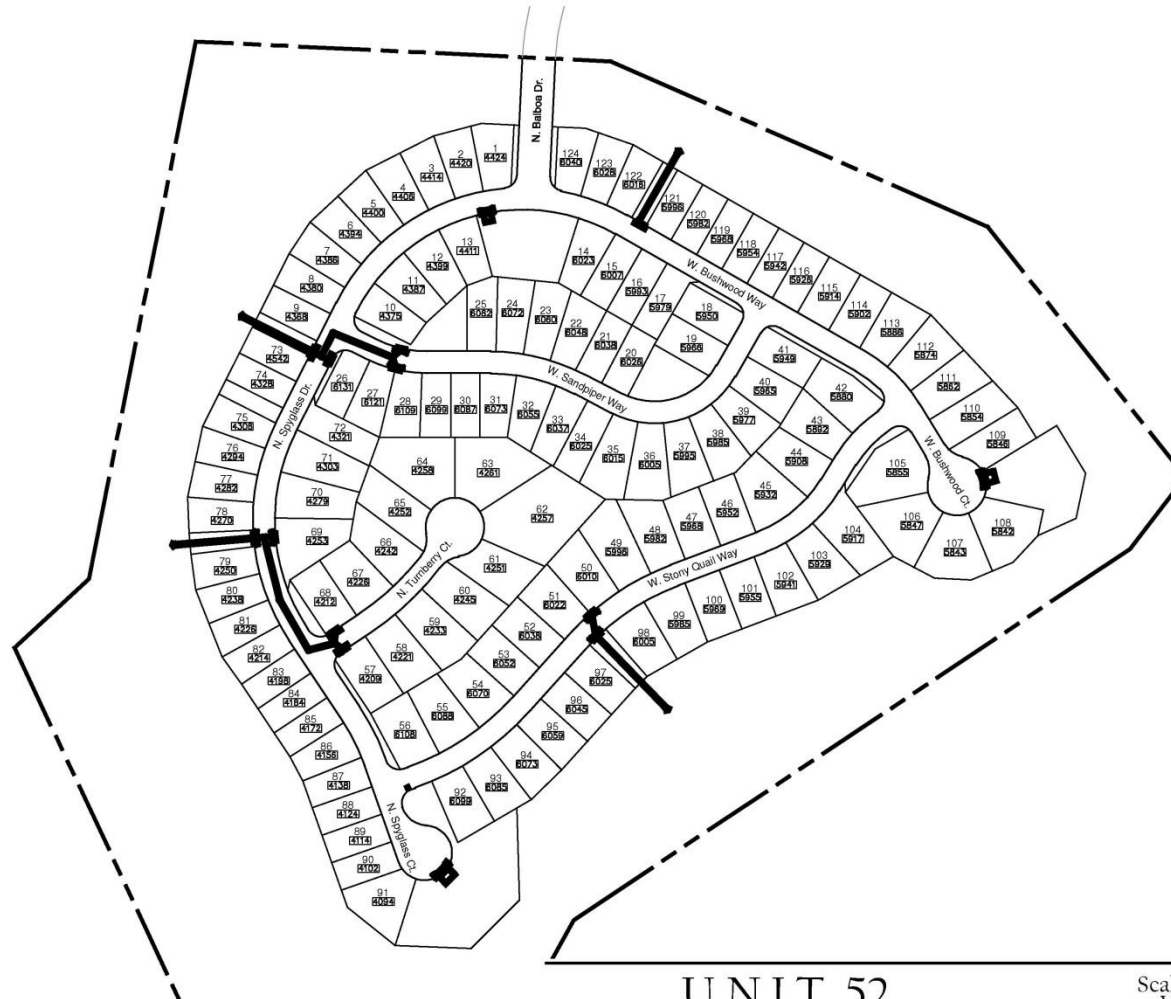
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Scottsdale, AZ 85256
(480) 818-6001



UNIT 52

Storm Drain

Scale: 1" = 200'
Version 1
Jan. 9, 2018



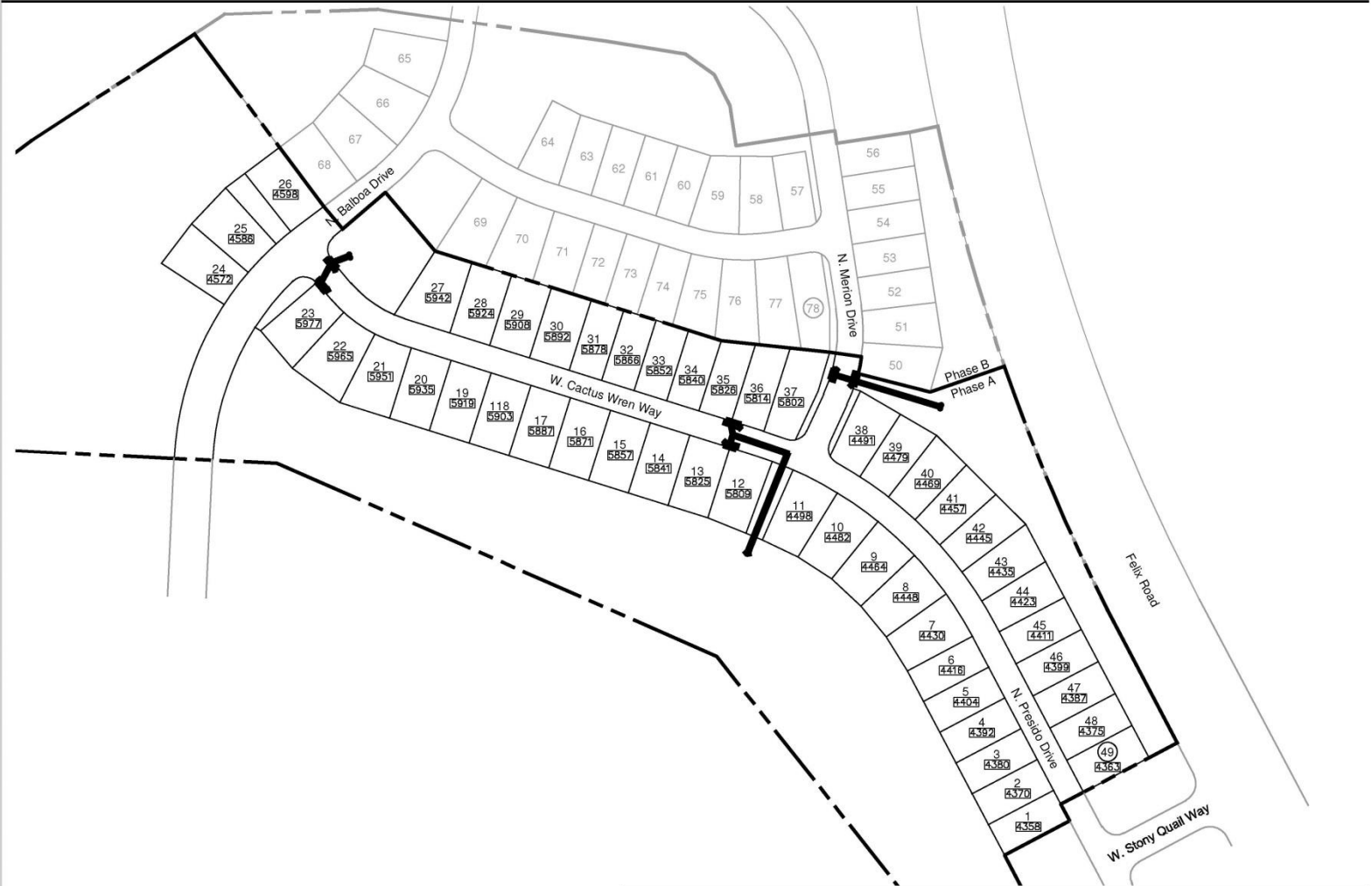
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Scottsdale, AZ 85256
(480) 519-0001



UNIT 56A

Storm Drain

Scale: 1" = 150'
Version I
Jan. 9, 2018



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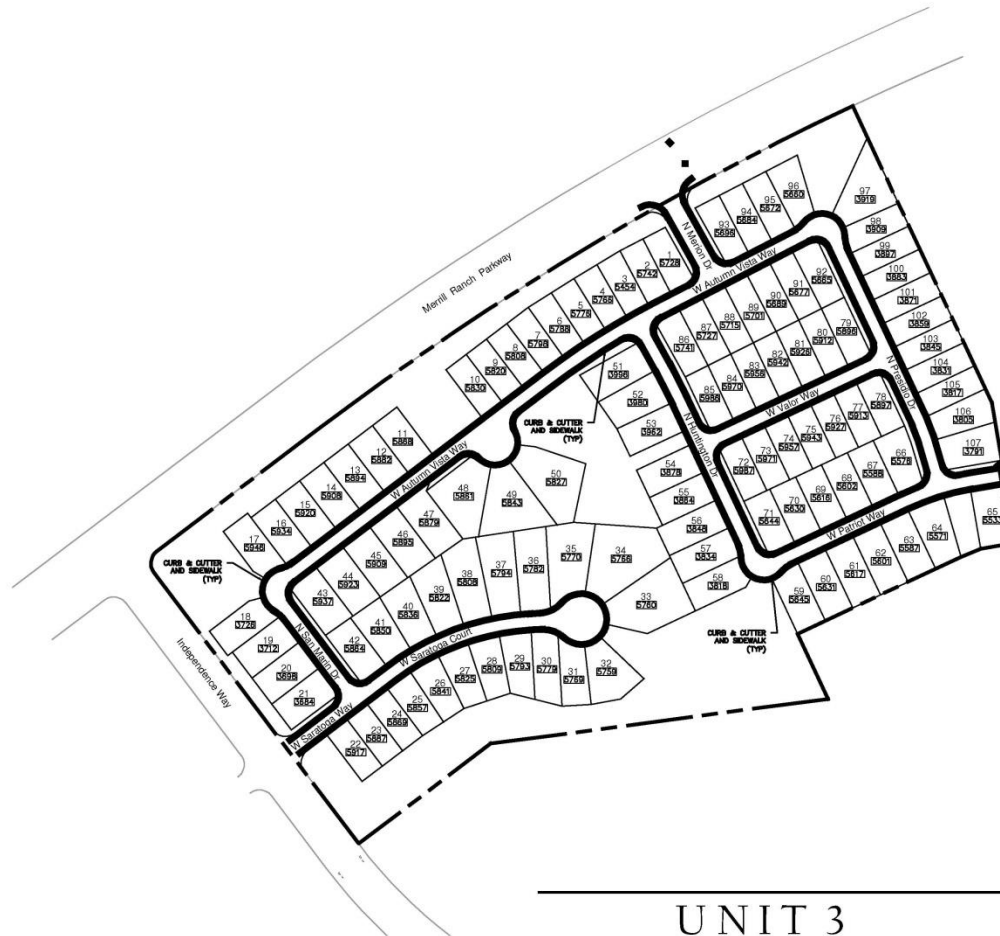
CONCRETE



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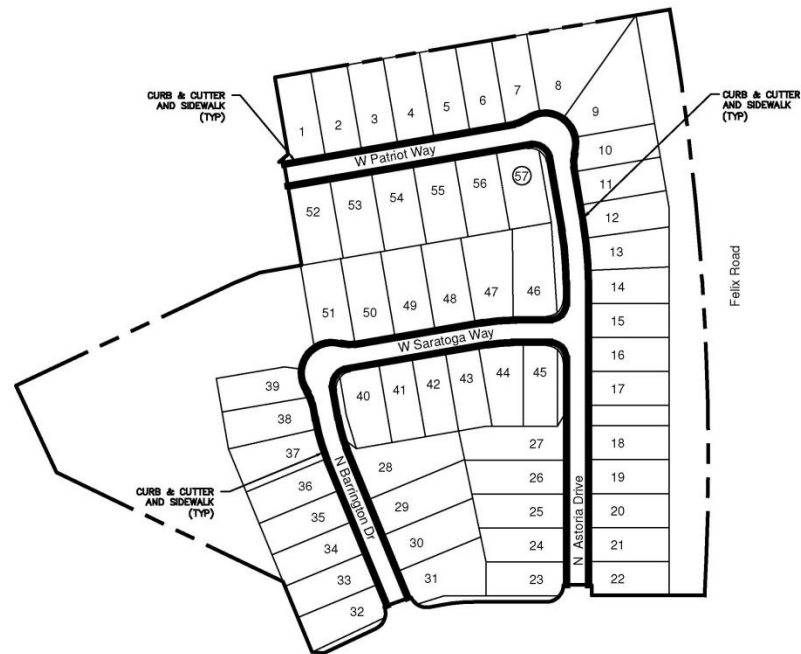
UNIT 3

Concrete

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Version 1
Jan. 9, 2018



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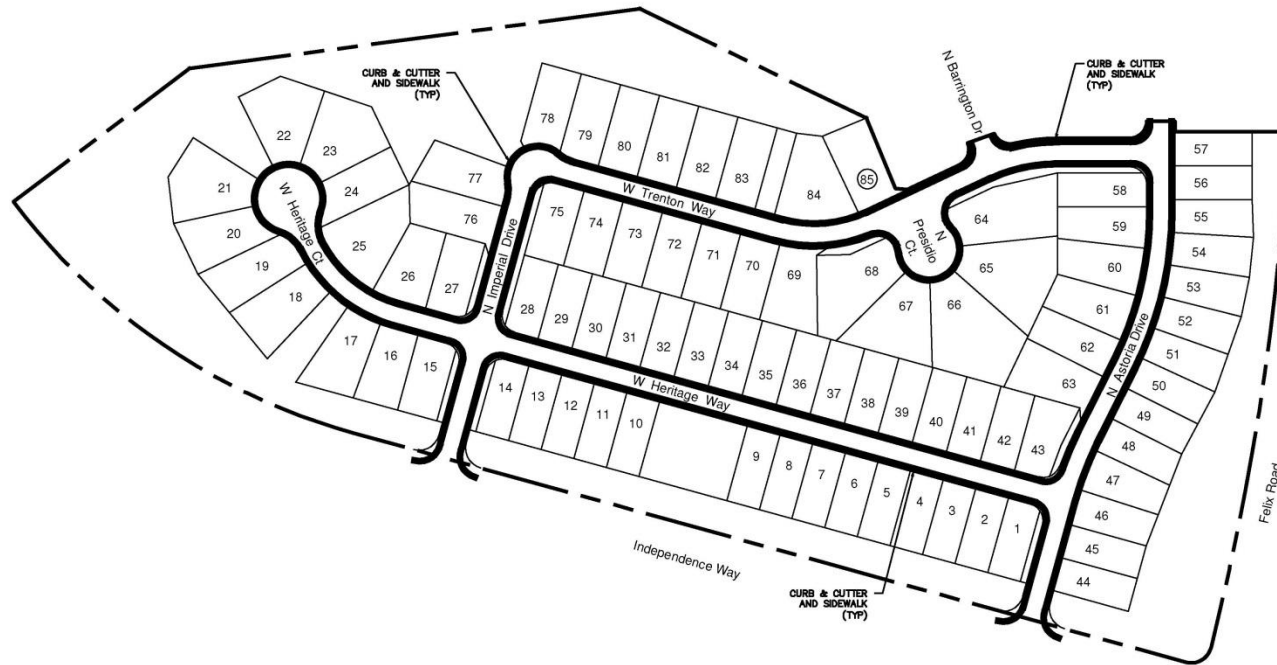
UNIT 5

Concrete

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Version 1
Feb. 8, 2018



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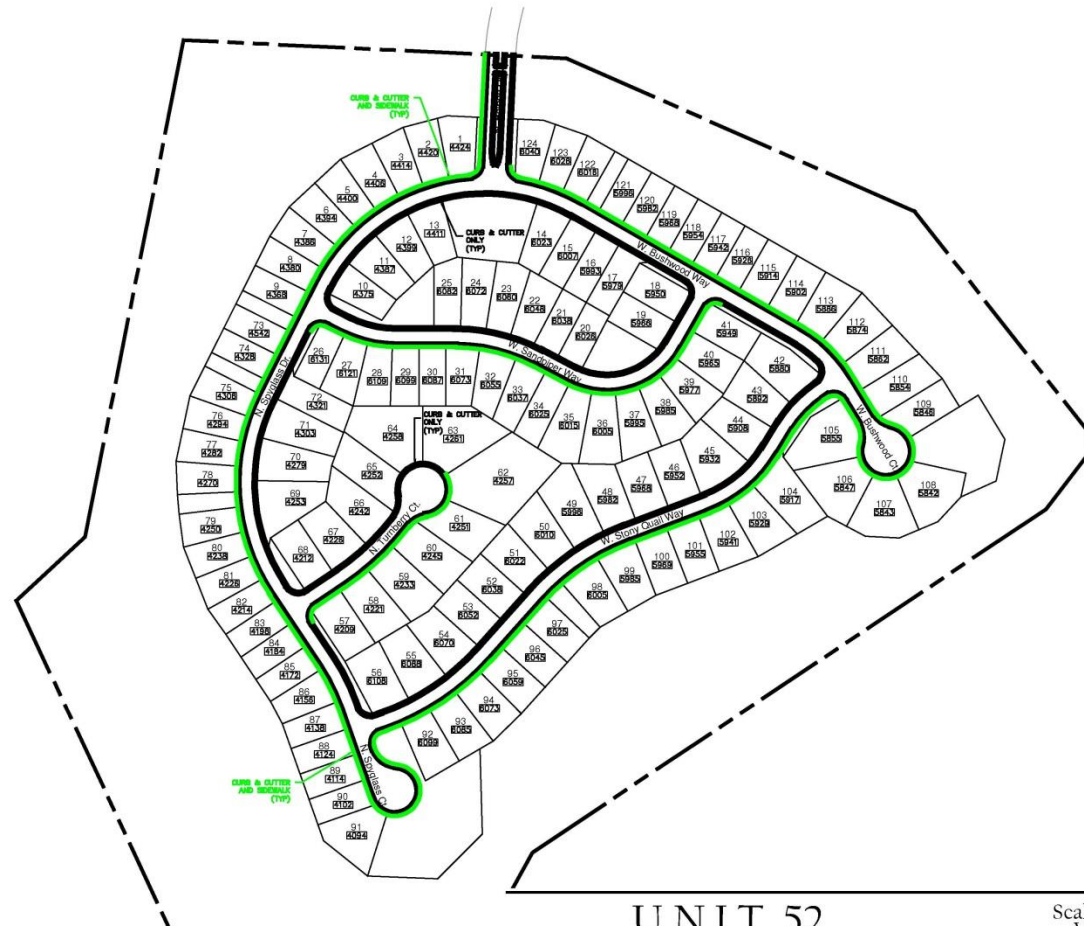
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Feb. 8, 2018



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UNIT 52

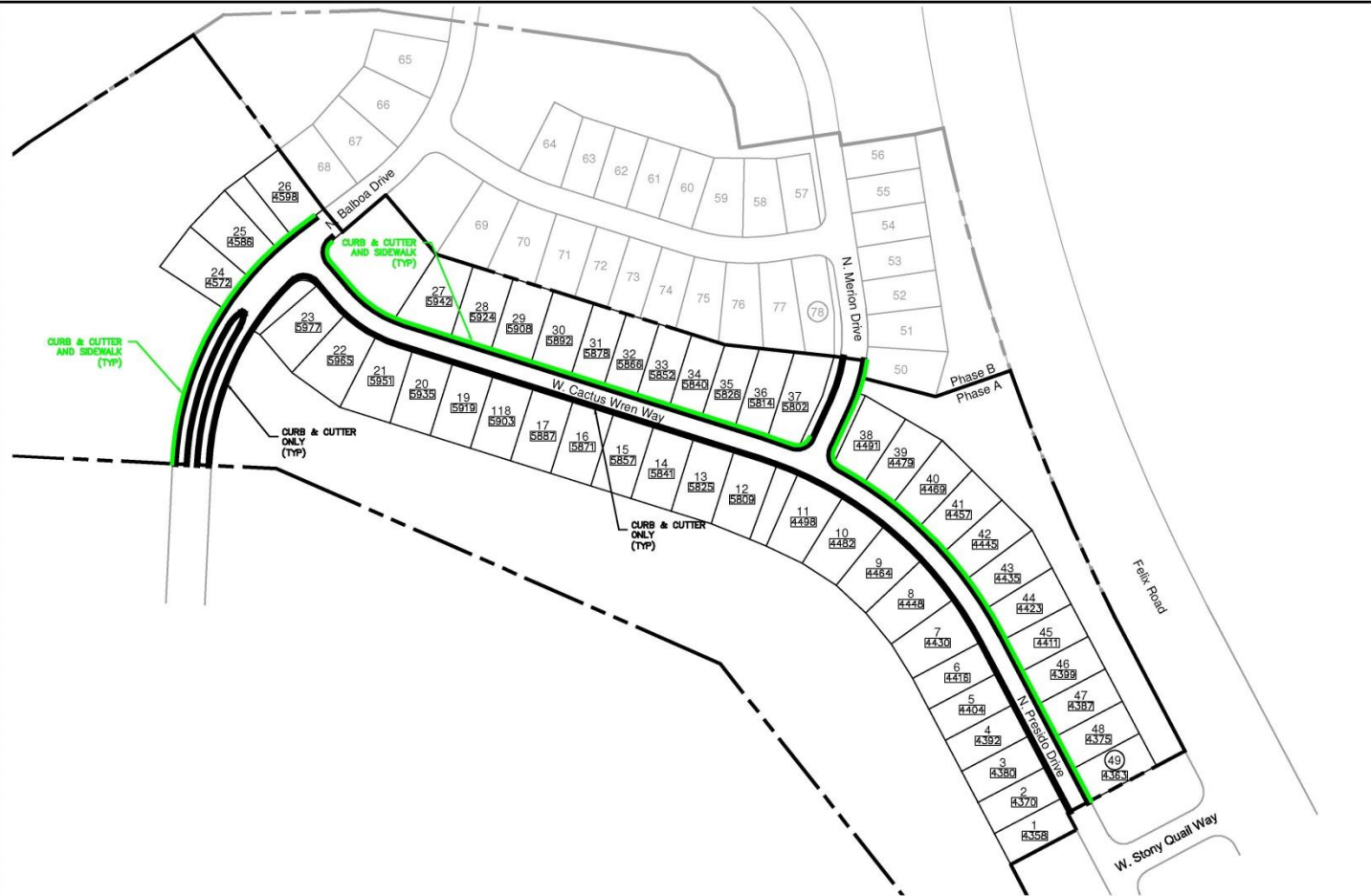
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Version 1
Jan. 9, 2018



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UNIT 56A

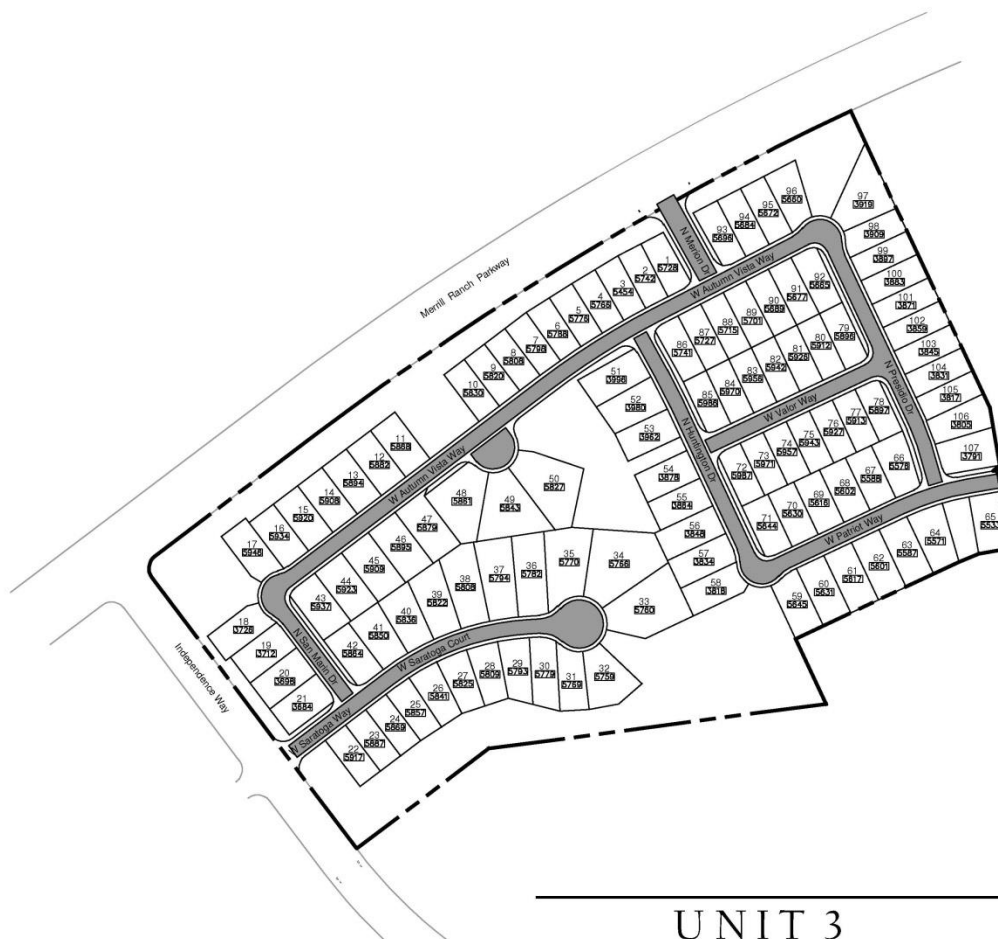
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Version 1
Jan. 9, 2018



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PAVING



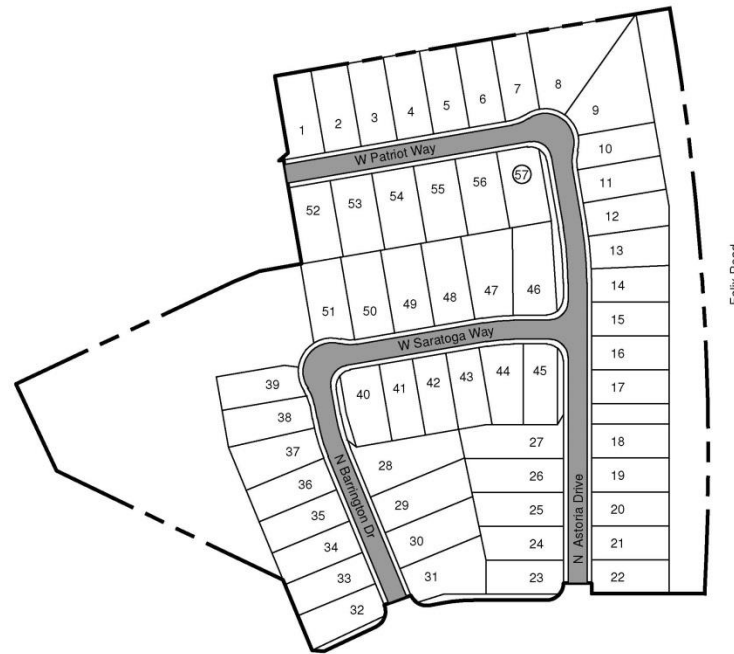
UNIT 3

Paving

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Version 1
Jan. 9, 2018



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UNIT 5

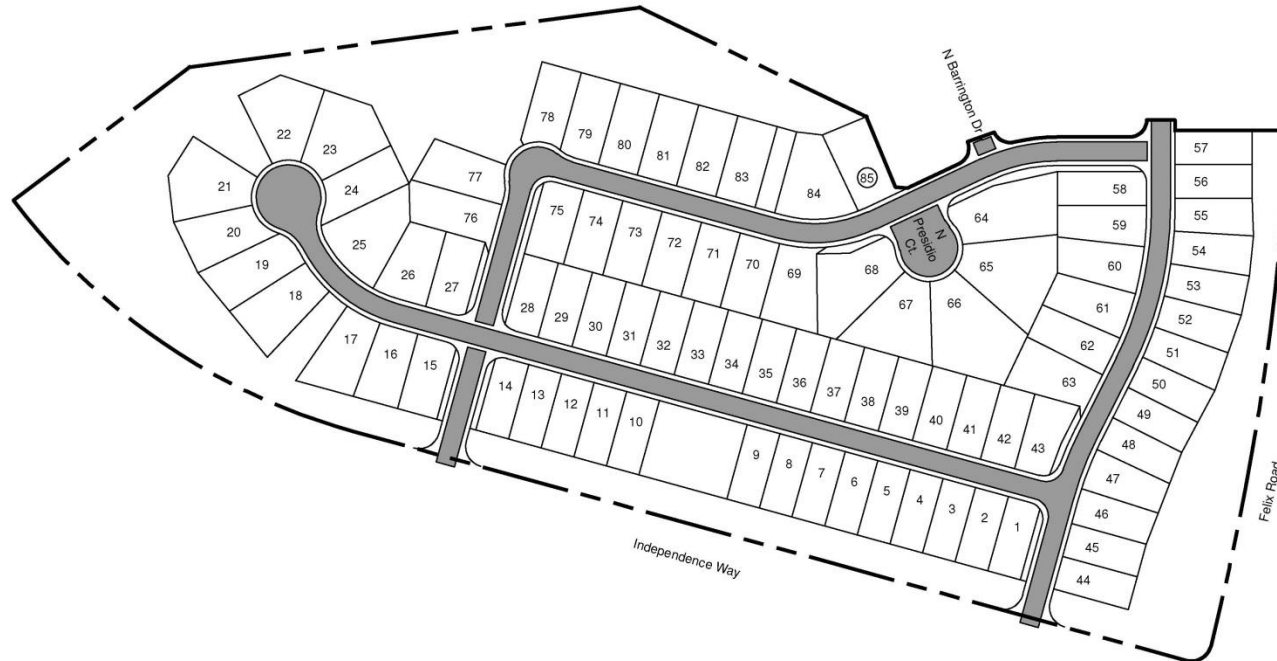
Paving

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Version 1
Feb. 8, 2018



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UNIT 7

Paving

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Version 1
Feb. 8, 2018

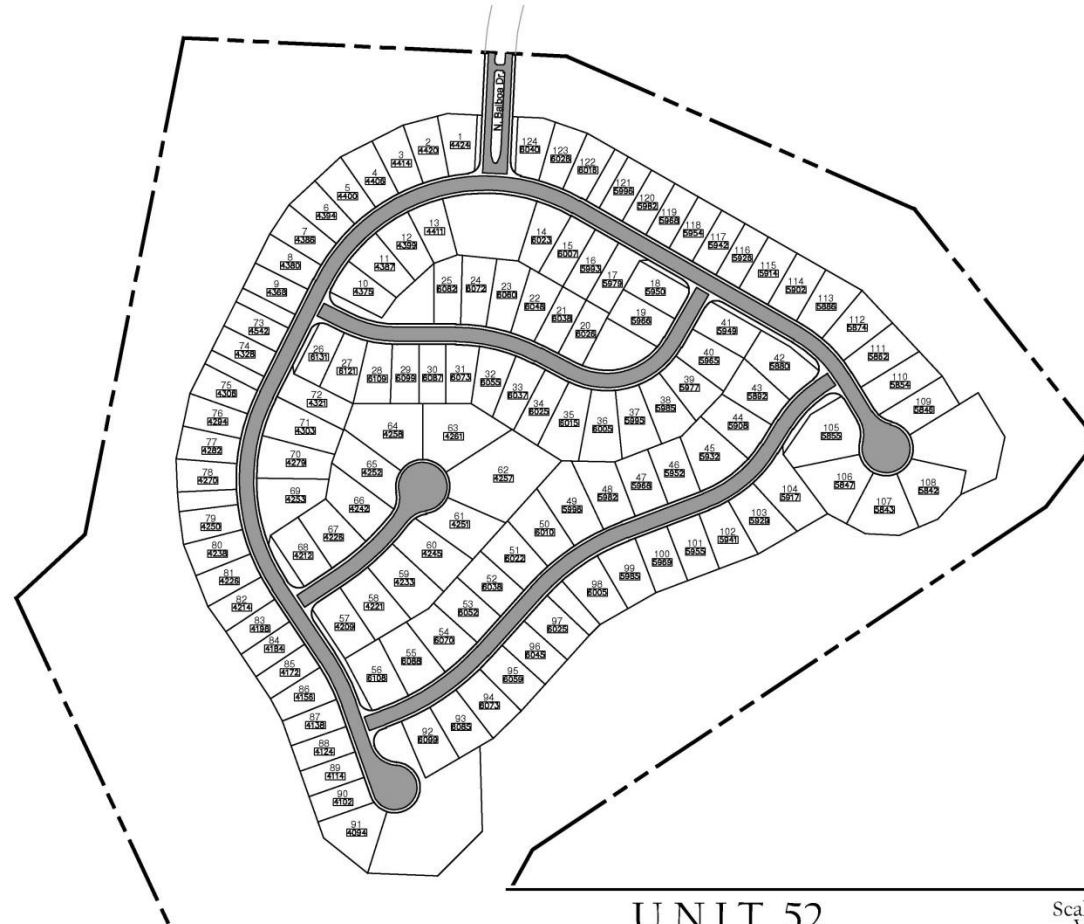


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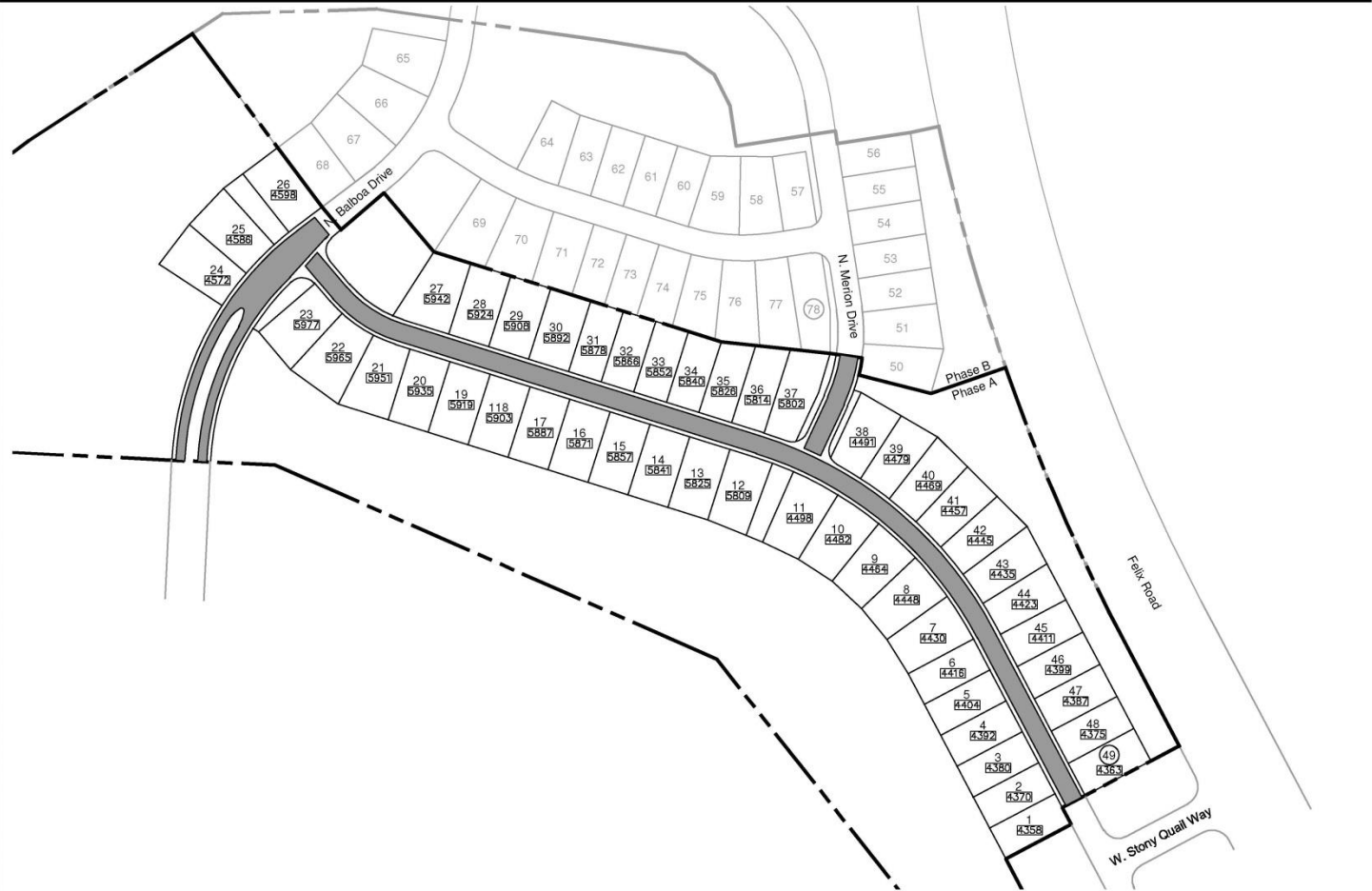


UNIT 52
Paving

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Version 1
Jan. 9, 2018



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UNIT 56A

Paving

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Version 1
Jan. 9, 2018



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SECTION SEVEN

PLAN OF FINANCE

PLAN OF FINANCE

The following describes the process for financing the Projects. This Plan of Finance is subject to modification to accommodate market conditions at the time of issuance by the District of the Bonds and to the extent necessary to comply with federal and State Law.

(1) Costs of the acquisition of the Projects as described in Section Four – “ESTIMATED COSTS OF THE PROJECTS” will be provided for by the District by the issuance of the Bonds pursuant to the Act and the Development Agreement.

(2) Principal and interest due with respect to the Bonds shall be payable from amounts collected by the District from the hereinafter described special assessment (the “Assessment”).

The Assessment shall be based on the estimate levied pursuant to the procedures prescribed by A.R.S. §§ 48-576 through 48-589, 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 parcel assessment amount is expected to be no more than \$3,500. Average annual payments with respect to such portion will be approximately \$265. 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 annual payments made over time.

The estimated uses of the proceeds of the Bonds are as follows:

Assessment Area Nine – Units 3, 5, 7, 52 & 56A	
Costs of Public Infrastructure	\$1,208,030
Costs of Issuance	94,575
Underwriting Fee	51,925
Debt Service Reserve Fund	122,470
Total	<u>\$1,477,000</u>

NOTE: All figures have been rounded. Individual categories are estimates. The total of Bonds to be issued will not exceed \$1,477,000 in principal amount and as such, certain of these amounts may change when the final terms of the transaction are determined.

(3) The Bonds are expected to have approximately 25 year maturity with the first year being interest only and the principal amount amortized over the remaining 24 years. The Bonds will not be rated or credit-enhanced in any form and are expected to be sold via a “public sale”. See the “Estimated Debt Service Schedule” in this Section.

(4) 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.

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

Estimated Debt Service Schedule
Merrill Ranch Community Facilities District No. 1 (Florence, Arizona)
Special Assessment Lien Bonds (Assessment Area Nine)

Period Ending	Principal	Interest (1)	Debt Service
7/1/2019		104,620.84	104,620.84
7/1/2020	32,000	88,620.00	120,620.00
7/1/2021	33,000	86,700.00	119,700.00
7/1/2022	35,000	84,720.00	119,720.00
7/1/2023	38,000	82,620.00	120,620.00
7/1/2024	40,000	80,340.00	120,340.00
7/1/2025	42,000	77,940.00	119,940.00
7/1/2026	44,000	75,420.00	119,420.00
7/1/2027	48,000	72,780.00	120,780.00
7/1/2028	51,000	69,900.00	120,900.00
7/1/2029	53,000	66,840.00	119,840.00
7/1/2030	57,000	63,660.00	120,660.00
7/1/2031	59,000	60,240.00	119,240.00
7/1/2032	64,000	56,700.00	120,700.00
7/1/2033	68,000	52,860.00	120,860.00
7/1/2034	71,000	48,780.00	119,780.00
7/1/2035	75,000	44,520.00	119,520.00
7/1/2036	79,000	40,020.00	119,020.00
7/1/2037	84,000	35,280.00	119,280.00
7/1/2038	89,000	30,240.00	119,240.00
7/1/2039	95,000	24,900.00	119,900.00
7/1/2040	102,000	19,200.00	121,200.00
7/1/2041	105,000	13,080.00	118,080.00
7/1/2042	113,000	6,780.00	119,780.00
	<u>1,477,000</u>	<u>1,386,760.84</u>	<u>2,863,760.84</u>

(1) Interest estimated at 6.00% per annum. Subject to change based on credit rating and market conditions at time of sale.

Assumes an April 26, 2018 closing with a first interest payment date of January 1, 2019.

APPENDIX A

LEGAL DESCRIPTION OF ASSESSMENT AREA



Community Facilities District
Legal Description
Anthem at Merrill Ranch, Unit 3

A parcel of land lying within the East Half Section 19 and the West Half of Section 20, Township 4 South, Range 9 East of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

Commencing at the Northwest Corner of said Section 20 (3" Aluminum Cap, No ID, found) from which the North Quarter Corner of Section 20 (1-1/2" Aluminum Cap, No ID, found) bears North 89 degrees 57 minutes 31 seconds East (Basis of Bearing), a distance of 2634.19 feet and the West Quarter Corner of Section 20 (1/2" Rebar, No ID, found) bears South 00 degrees 15 minutes 55 seconds East, a distance of 2466.14;

Thence, South 00 degrees 15 minutes 55 seconds East along the West line of the Northwest Quarter of Section 20, a distance of 2381.83 feet;

Thence, North 89 degrees 44 minutes 05 seconds East, a distance of 151.10 feet to the **POINT OF BEGINNING**.

Thence, South 16 degrees 35 minutes 33 seconds East, a distance of 116.72 feet;

Thence, Easterly an arc distance of 37.06 feet along a non-tangent curve to the right from which the radius point bears South 17 degrees 32 minutes 53 seconds East, a distance of 50.00 feet and having a central angle of 42 degrees 28 minutes 22 seconds;

Thence, North 24 degrees 45 minutes 12 seconds East, a distance of 164.14 feet;

Thence, South 25 degrees 11 minutes 26 seconds East, a distance of 575.99 feet;

Thence, South 09 degrees 44 minutes 23 seconds East, a distance of 115.00 feet;

Thence, South 49 degrees 17 minutes 47 seconds West, a distance of 17.49 feet;

Thence, North 80 degrees 15 minutes 37 seconds East, a distance of 6.96 feet;

Thence, South 09 degrees 44 minutes 23 seconds East, a distance of 156.00 feet;

Thence, South 80 degrees 15 minutes 37 seconds West, a distance of 62.43 feet;

Thence, South 68 degrees 08 minutes 18 seconds West, a distance of 41.64 feet;

Thence, South 64 degrees 48 minutes 34 seconds West, a distance of 355.67 feet;

Thence, North 25 degrees 11 minutes 26 seconds West, a distance of 114.91 feet;



Thence, Westerly an arc distance of 43.35 feet along a non-tangent curve to the right, the radius point bears North 20 degrees 52 minutes 51 seconds West, a distance of 50.00 feet and having a central angle of 51 degrees 58 minutes 22 seconds;

Thence, South 31 degrees 05 minutes 31 seconds West, a distance of 19.00 feet;

Thence, South 64 degrees 48 minutes 34 seconds West, a distance of 213.79 feet;

Thence, North 77 degrees 35 minutes 58 seconds West, a distance of 78.38 feet;

Thence, Southerly an arc distance of 30.00 feet along a non-tangent curve to the right, the radius point bears North 77 degrees 35 minutes 58 seconds West, a distance of 55.00 feet and having a central angle of 31 degrees 15 minutes 08 seconds;

Thence, South 46 degrees 20 minutes 50 seconds East, a distance of 115.00 feet;

Thence, South 49 degrees 01 minutes 01 seconds West, a distance of 60.85 feet;

Thence, South 79 degrees 17 minutes 56 seconds West, a distance of 58.69 feet;

Thence, South 86 degrees 45 minutes 22 seconds West, a distance of 57.85 feet;

Thence, North 75 degrees 57 minutes 42 seconds West, a distance of 104.88 feet;

Thence, South 71 degrees 36 minutes 45 seconds West, a distance of 96.29 feet;

Thence, South 56 degrees 45 minutes 40 seconds West, a distance of 96.84 feet;

Thence, South 52 degrees 53 minutes 47 seconds West, a distance of 150.00 feet;

Thence, North 37 degrees 06 minutes 13 seconds West, a distance of 114.00 feet;

Thence, South 52 degrees 53 minutes 47 seconds West, a distance of 49.00 feet;

Thence, Southerly and arc distance of 47.12 feet along a curve to the left having a radius of 30.00 feet and a central angle of 90 degrees 00 minutes 00 seconds;

Thence, North 37 degrees 06 minutes 13 seconds West, a distance of 102.00 feet;

Thence, Easterly an arc distance of 46.12 feet along a non-tangent curve to the left, the radius point bears North 52 degrees 53 minutes 47 seconds East, a distance of 30.00 feet and having a central angle of 88 degrees 05 minutes 23 seconds;

Thence, North 37 degrees 06 minutes 13 seconds West, a distance of 201.11 feet;

Thence, South 52 degrees 53 minutes 47 seconds West, a distance of 11.43 feet;



Thence, North 37 degrees 06 minutes 13 seconds West, a distance of 60.29 feet;

Thence, North 52 degrees 53 minutes 47 seconds East, a distance of 97.64 feet;

Thence, North 74 degrees 23 minutes 08 seconds East, a distance of 23.71 feet;

Thence, Northerly an arc distance of 42.16 feet along a non-tangent curve to the right, the radius point bears North 73 degrees 44 minutes 21 seconds East, a distance of 50.00 feet and having a central angle of 48 degrees 18 minutes 53 seconds;

Thence, North 58 degrees 35 minutes 34 seconds West, a distance of 23.71 feet;

Thence, North 37 degrees 06 minutes 13 seconds West, a distance of 97.64 feet;

Thence, North 52 degrees 53 minutes 47 seconds East, a distance of 60.33 feet;

Thence, South 37 degrees 06 minutes 13 seconds East, a distance of 11.43 feet;

Thence, North 52 degrees 53 minutes 47 seconds East, a distance of 360.00 feet;

Thence, South 37 degrees 06 minutes 13 seconds East, a distance of 115.00 feet;

Thence, North 52 degrees 53 minutes 47 seconds East, a distance of 121.69 feet;

Thence, North 37 degrees 06 minutes 13 seconds West, a distance of 115.00 feet;

Thence, North 52 degrees 53 minutes 47 seconds East, a distance of 203.22 feet;

Thence, North 57 degrees 34 minutes 27 seconds East, a distance of 106.23 feet;

Thence, North 58 degrees 51 minutes 56 seconds East, a distance of 106.29 feet;

Thence, North 62 degrees 46 minutes 15 seconds East, a distance of 109.15 feet;

Thence, North 29 degrees 05 minutes 04 seconds West, a distance of 13.11 feet;

Thence, Westerly an arc distance of 47.41 feet along a curve to the left having a radius of 30.00 feet and a central angle of 90 degrees 32 minutes 34 seconds;

Thence, Easterly an arc distance of 112.57 along a reverse curve to the right, the radius point bears South 29 degrees 37 minutes 37 seconds East, a distance of 5942.50 feet and having a central angle of 01 degrees 05 minutes 07 seconds;

Thence, Southerly an arc distance of 47.41 feet along a reverse curve to the left, the radius point bears South 28 degrees 32 minutes 30 seconds East, a distance of 30.00 feet and having a central angle of 90 degrees 32 minutes 34 seconds;



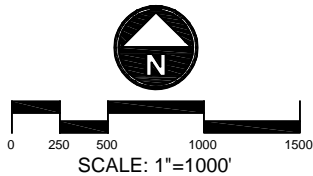
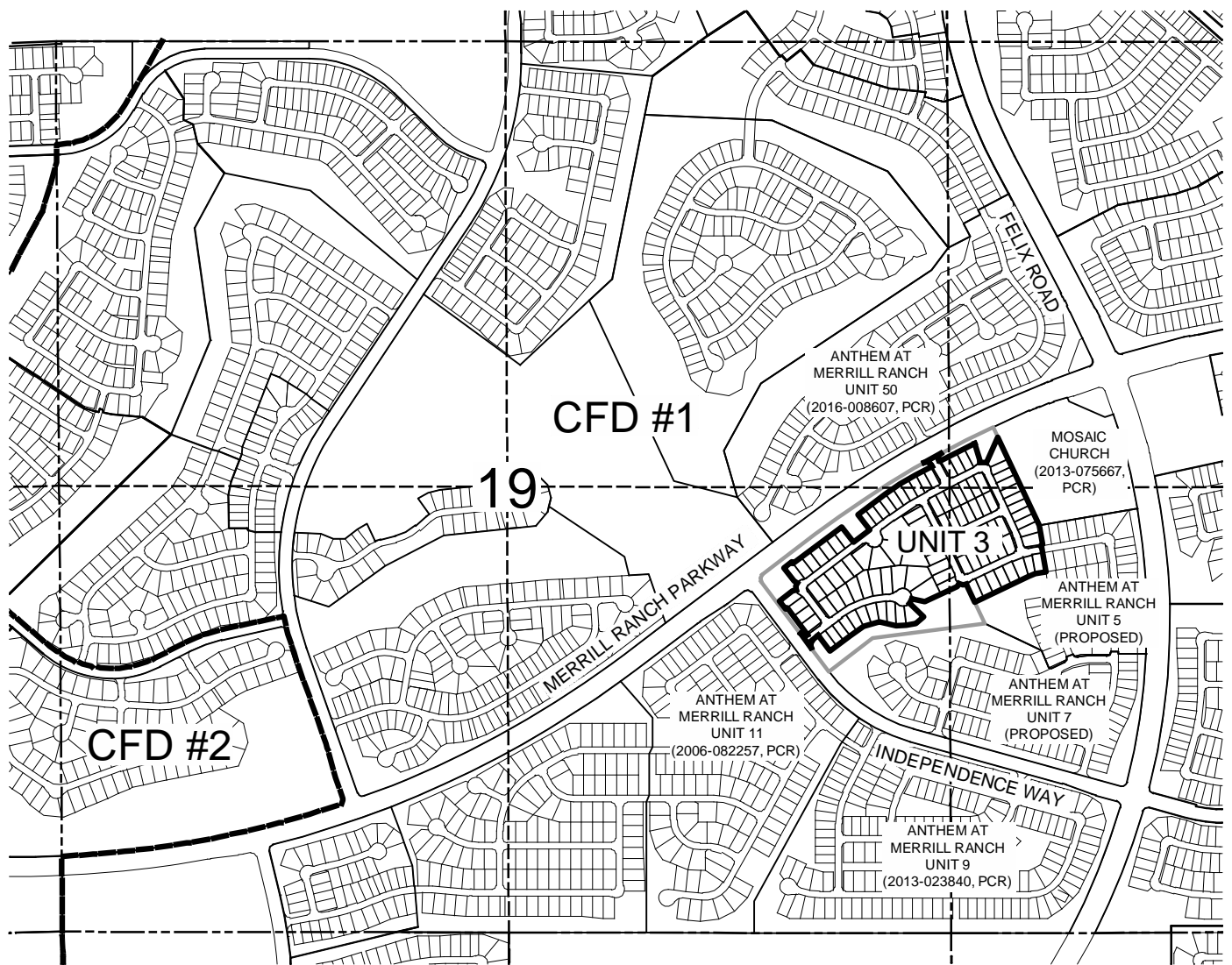
Thence, South 29 degrees 05 minutes 04 seconds East, a distance of 7.79 feet;

Thence, North 62 degrees 46 minutes 15 seconds East, a distance of 235.27 fee to the **POINT OF BEGINNING**.

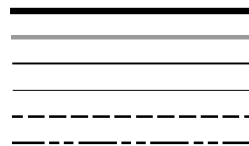
Containing 23.8079 acres, more or less.

See Exhibit "A", attached.

path: R:\742-AMR\UNIT-03-AMR\09-EXHIBITS\CFD Exhibits\ file name: UNIT 03 CFD LEGAL EXHIB_BNDY.dwg | plot date: January 11, 2018 | plotted by: ssanders



VICINITY MAP



LINE LEGEND

BOUNDARY LINE (CFD LIMITS)
PARCEL BOUNDARY LINE
UNIT 3 LOT LINE
ADJACENT PARCEL LOT LINE
MID-SECTION LINE
SECTION LINE

ABBREVIATIONS

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

LINE TABLE		
LINE	BEARING	DISTANCE
L1	S16°35'33"E	116.72'
L2	N24°45'12"E	164.14'
L3	S49°17'47"W	17.49'
L4	N80°15'37"E	6.96'
L5	S80°15'37"W	62.43'
L6	S68°08'18"W	41.64'
L7	N25°11'26"W	114.91'
L8	S31°05'31"W	19.00'
L9	N77°35'58"W	78.38'
L10	S46°20'50"E	115.00'
L11	S49°01'01"W	60.85'
L12	S79°17'56"W	58.69'
L13	S86°45'22"W	57.85'

LINE TABLE		
LINE	BEARING	DISTANCE
L14	N75°57'42"W	104.88'
L15	S52°53'47"W	49.00'
L16	S52°53'47"W	11.43'
L17	N37°06'13"W	60.29'
L18	N74°23'08"E	23.71'
L19	N58°35'34"W	23.71'
L20	S37°06'13"E	11.43'
L21	S37°06'13"E	115.00'
L22	N52°53'47"E	121.69'
L23	N37°06'13"W	115.00'
L24	N29°05'04"W	13.11'
L25	S29°05'04"E	7.79'



EXHIBIT "A"

**ANTHEM AT MERRILL RANCH
UNIT 3 CFD BOUNDARY**

SHEET 1 OF 3



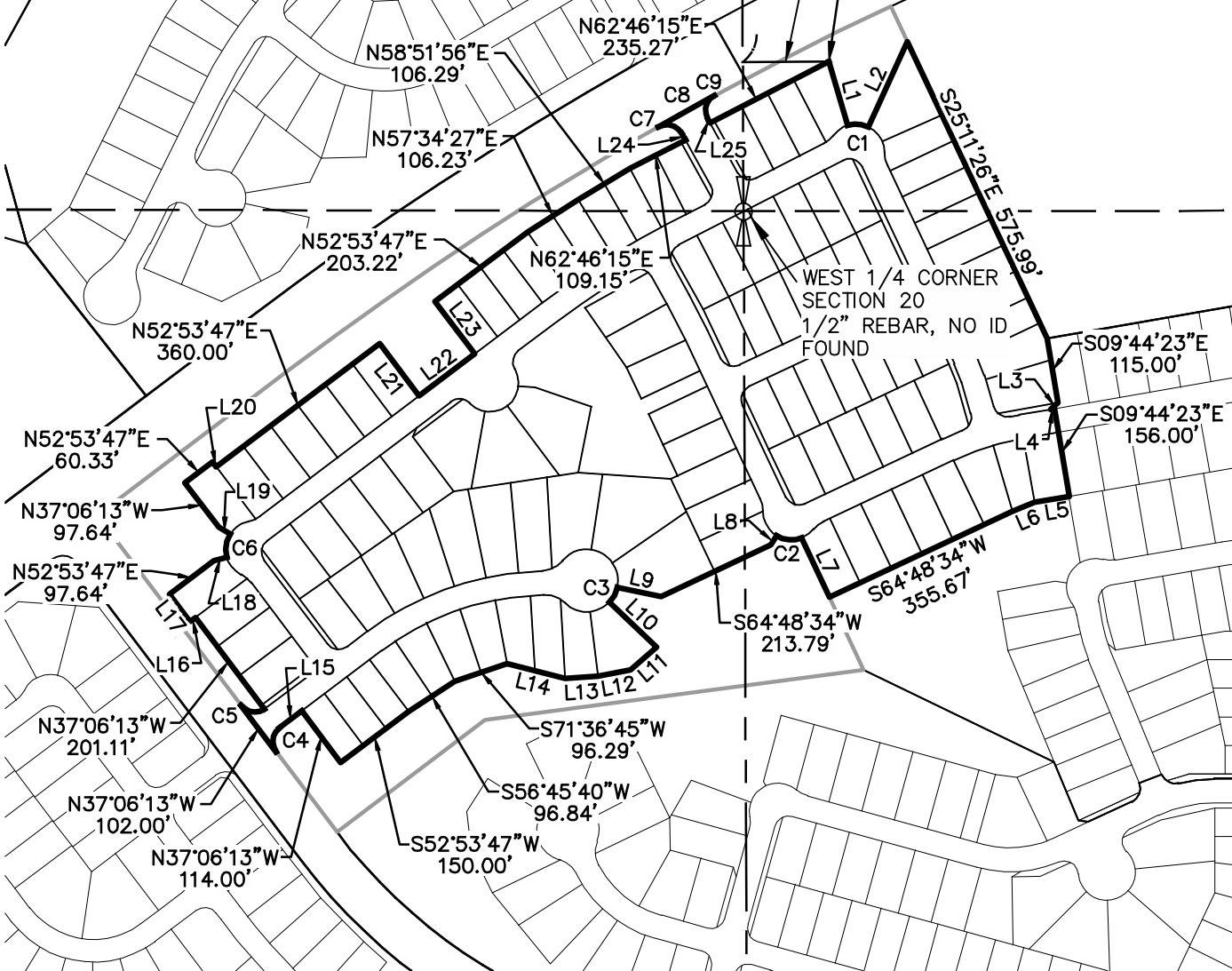
SCALE 1"=300'

NORTHWEST CORNER
SECTION 20
3" ALUMINUM CAP, NO ID
FOUND

N89°57'31"E (BOB) 2634.19'
NW 1/4 COR SEC 20
TO N 1/4 COR SEC 20

NORTH 1/4 CORNER
SECTION 20
1-1/2" ALUM CAP, NO ID
FOUND

CFD #1



CURVE TABLE				
CURVE	LENGTH	RADIUS	DELTA	TANGENT
C1	37.06'	50.00'	42°28'22"	19.43'
C2	45.35'	50.00'	51°58'22"	24.37'
C3	30.00'	55.00'	31°15'08"	15.38'
C4	47.12'	30.00'	90°00'00"	30.00'
C5	46.12'	30.00'	88°05'23"	29.02'
C6	42.16'	50.00'	48°18'53"	22.43'
C7	47.41'	30.00'	90°32'34"	30.29'
C8	112.57'	5942.50'	1°05'07"	56.29'
C9	47.41'	30.00'	90°32'34"	30.29'



EXHIBIT "A"
ANTHEM AT MERRILL RANCH
UNIT 3 CFD BOUNDARY
SHEET 2 OF 3

path: R:\742-AMR\UNITS\UNIT-03-AMR\09-EXHIBITS\CFD Exhibits\ file name: UNIT 03 CFD LEGAL EXHIB_BNDY.dwg | plot date: January 11, 2018 | plotted by: ssanders

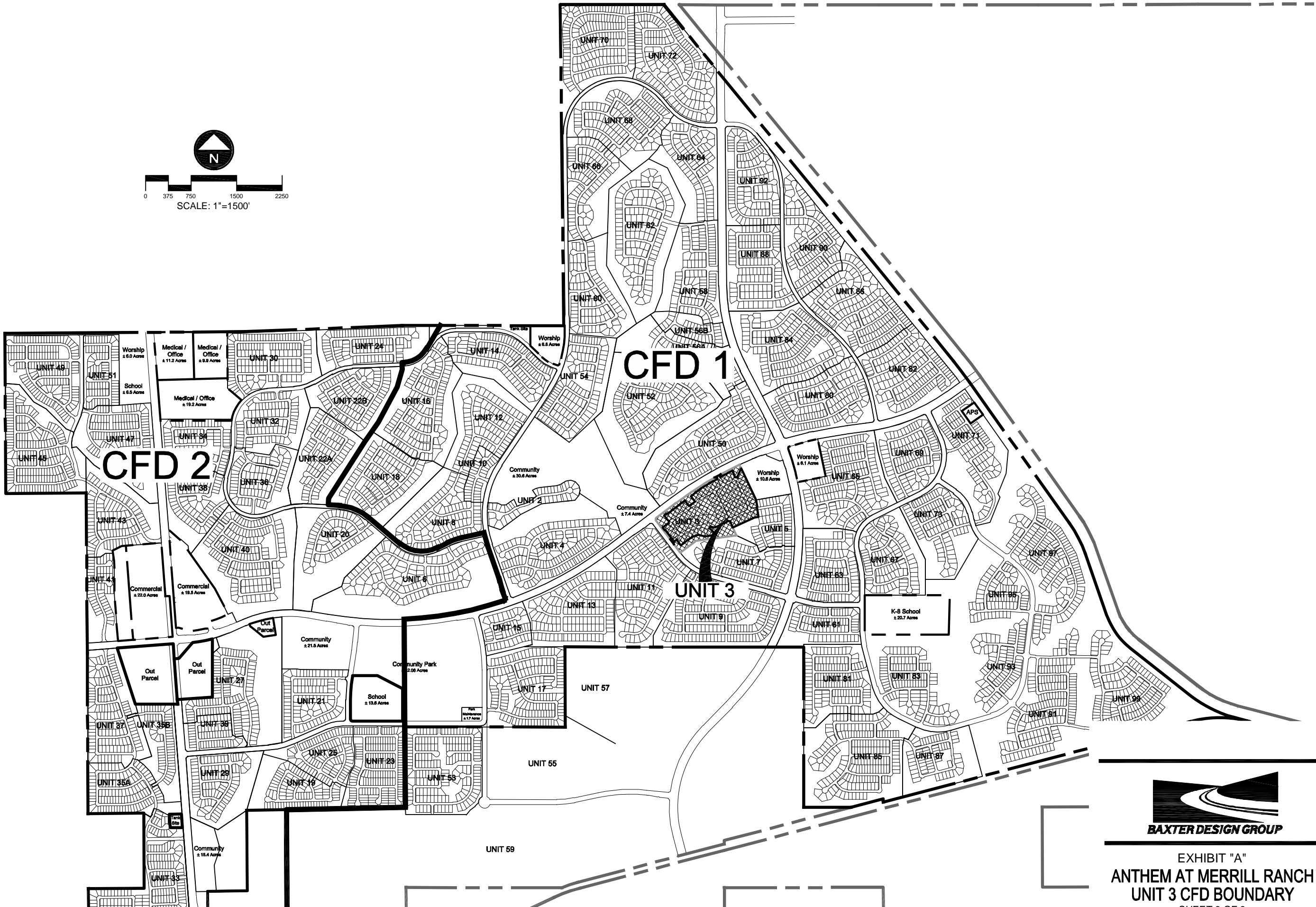


EXHIBIT "A"
ANTHEM AT MERRILL RANCH
UNIT 3 CFD BOUNDARY
 SHEET 3 OF 3



Community Facilities District
Legal Description
Anthem at Merrill Ranch, Unit 5

A parcel of land lying within the Southwest Quarter Section 20, Township 4 South, Range 9 East of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

Commencing at the West Quarter Corner of said Section 20 (1/2" Rebar, No ID, found) from which the Northwest Corner of Section 20 (3" Aluminum Cap, No ID, found) bears North 00 degrees 15 minutes 55 seconds West (Basis of Bearing), a distance of 2644.14 feet and the Center Quarter Corner of Section 20 (1/2" Rebar, illegible cap, found) bears North 89 degrees 56 minutes 33 seconds East, a distance of 2621.62;

Thence, North 89 degrees 56 minutes 33 seconds East along the North line of the Southwest Quarter of Section 20, a distance of 533.02 feet, to a point from which the Center Quarter Corner of Section 20 bears North 89 degrees 56 minutes 33 seconds East, a distance of 2088.60 feet;

Thence, South 00 degrees 03 minutes 27 seconds East, a distance of 223.88 feet to the **POINT OF BEGINNING**.

Thence, North 80 degrees 15 minutes 37 seconds East, a distance of 541.55 feet;

Thence, South 09 degrees 44 minutes 23 seconds East, a distance of 288.08 feet;

Thence, South 00 degrees 00 minutes 00 seconds East, a distance of 571.68 feet;

Thence, North 90 degrees 00 minutes 00 seconds West, a distance of 114.00 feet;

Thence, North 00 degrees 00 minutes 00 seconds West, a distance of 15.32 feet;

Thence, North 00 degrees 00 minutes 00 seconds West, a distance of 42.00 feet;

Thence, Southwesterly an arc distance of 39.27 feet along a non-tangent curve to right the radius point bears North 00 degrees 00 minutes 00 seconds West, a distance of 25.00 feet and having a central angle of 90 degrees 00 minutes 00 seconds;

Thence, North 00 degrees 00 minutes 00 seconds West, a distance of 107.81 feet;

Thence, Westerly an arc distance of 64.02 feet along a curve to the left, having a radius of 271.00 feet and a central angle of 13 degrees 32 minutes 08 seconds;

Thence, Northwesterly an arc distance of 35.37 feet along a reverse curve to the right, having a radius of 25.00 feet and a central angle of 81 degrees 03 minutes 35 seconds;

Thence, South 69 degrees 52 minutes 31 seconds West, a distance of 42.04 feet;



Thence, Southerly an arc distance of 38.07 feet along a non-tangent curve to the right, the radius point bears South 67 degrees 31 minutes 27 seconds West, a distance of 25.00 feet and having a central angle of 87 degrees 14 minutes 37 seconds;

Thence, South 64 degrees 46 minutes 04 seconds West, a distance of 84.89 feet;

Thence, North 84 degrees 16 minutes 07 seconds West, a distance of 17.49 feet;

Thence, North 22 degrees 28 minutes 33 seconds West, a distance of 323.87 feet;

Thence, North 09 degrees 44 minutes 23 seconds West, a distance of 105.46 feet;

Thence, North 80 degrees 15 minutes 37 seconds East, a distance of 101.81 feet;

Thence, South 82 degrees 10 minutes 30 seconds East, a distance of 20.72 feet;

Thence, Northeasterly an arc distance of 44.92 feet along a non-tangent curve to the right, the radius point bears South 82 degrees 55 minutes 18 seconds East, a distance of 50.00 feet and having a central angle of 51 degrees 28 minutes 29 seconds;

Thence, North 09 degrees 44 minutes 23 seconds West, a distance of 117.55 feet;

Thence, North 80 degrees 15 minutes 37 seconds East, a distance of 1.42 feet;

Thence, North 09 degrees 44 minutes 23 seconds West, a distance of 156.00 feet;

Thence, South 80 degrees 15 minutes 37 seconds West, a distance of 6.96 feet;

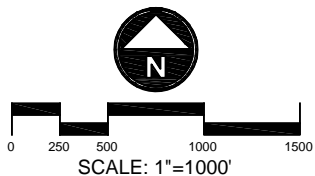
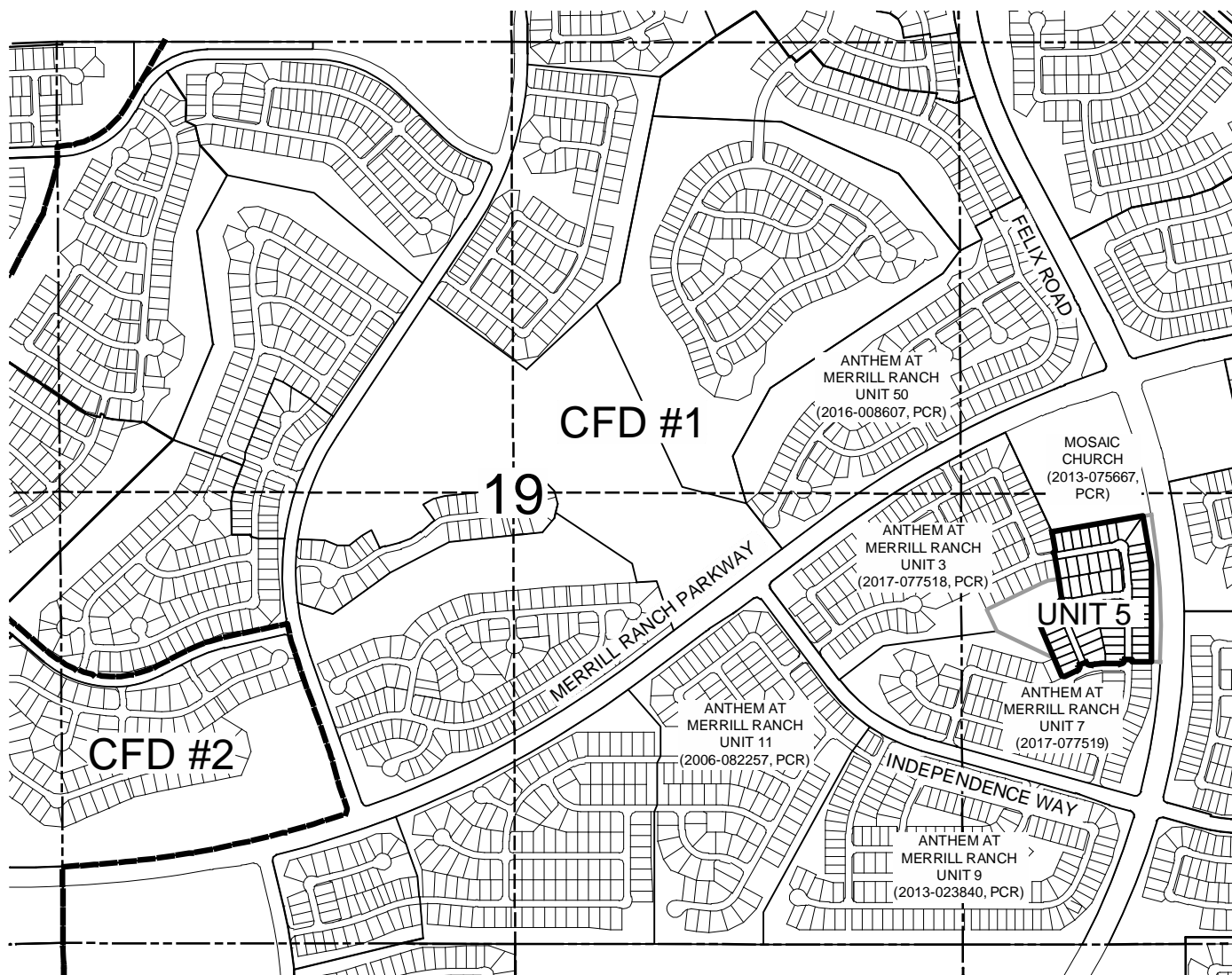
Thence, North 49 degrees 17 minutes 47 seconds East, a distance of 17.49 feet;

Thence, North 09 degrees 44 minutes 23 seconds West, a distance of 115.00 feet to the **POINT OF BEGINNING**.

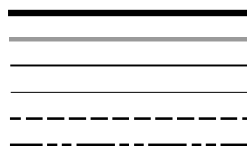
Containing 11.0028 acres, more or less.

See Exhibit "A", attached.

path: R:\742-AMR\UNITS\UNIT-05-AMR\09-EXHIBITS\CFD Exhibits\ file name: UNIT 05 CFD LEGAL EXHB_BNDY.dwg | plot date: February 08, 2018 | plotted by: ssanders



VICINITY MAP



LINE LEGEND

BOUNDARY LINE (CFD LIMITS)
PARCEL BOUNDARY LINE
UNIT 5 LOT LINE
ADJACENT PARCEL LOT LINE
MID-SECTION LINE
SECTION LINE

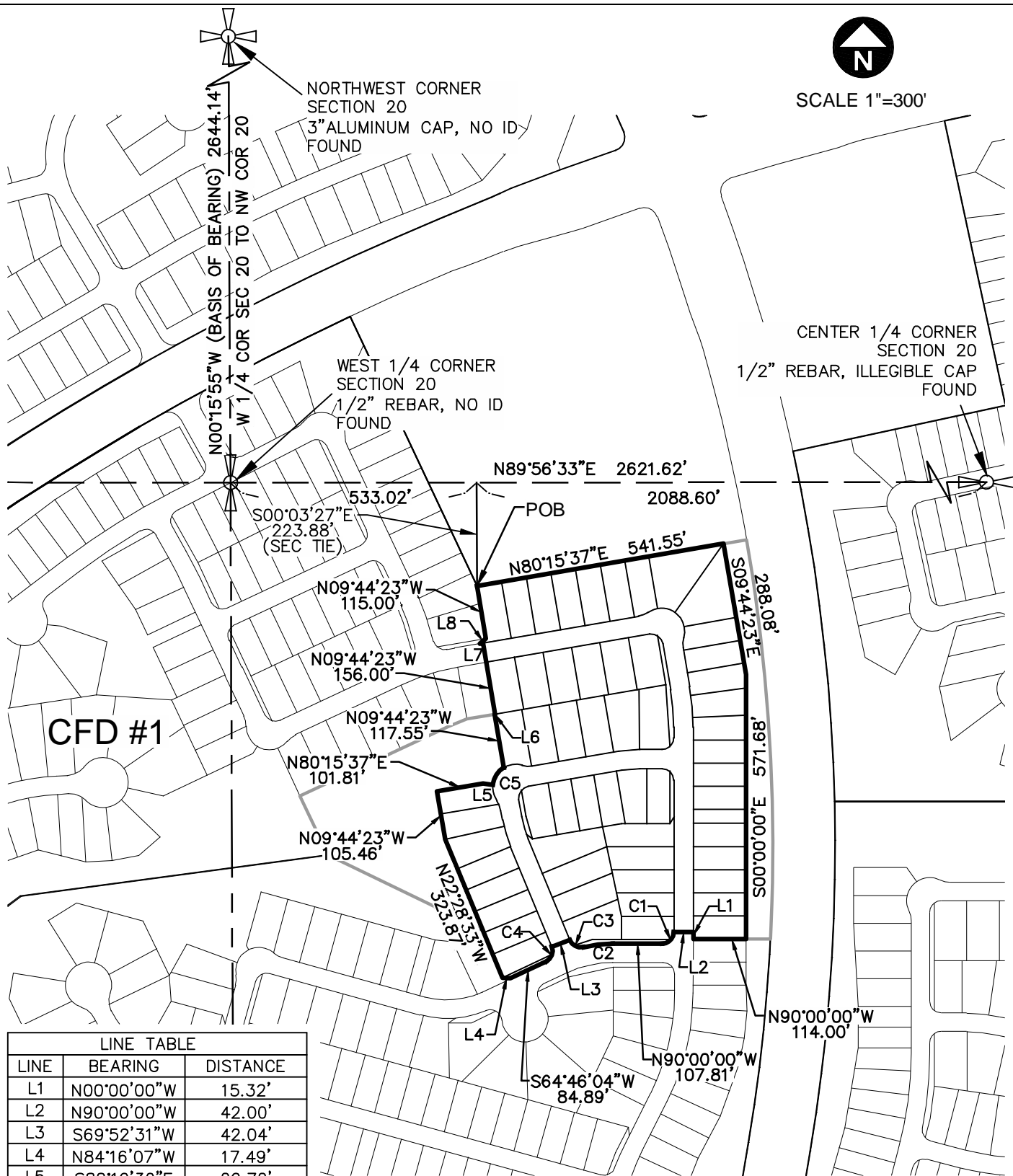
ABBREVIATIONS

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



EXHIBIT "A"
**ANTHEM AT MERRILL RANCH
UNIT 5 CFD BOUNDARY**
SHEET 1 OF 3

path: R:\742-AMR\UNITS\UNIT-05-AMR\09-EXHIBITS\CFD Exhibits\ file name: UNIT 05 CFD LEGAL EXHB_BNDY.dwg | plot date: February 09, 2018 | plotted by: ssanders



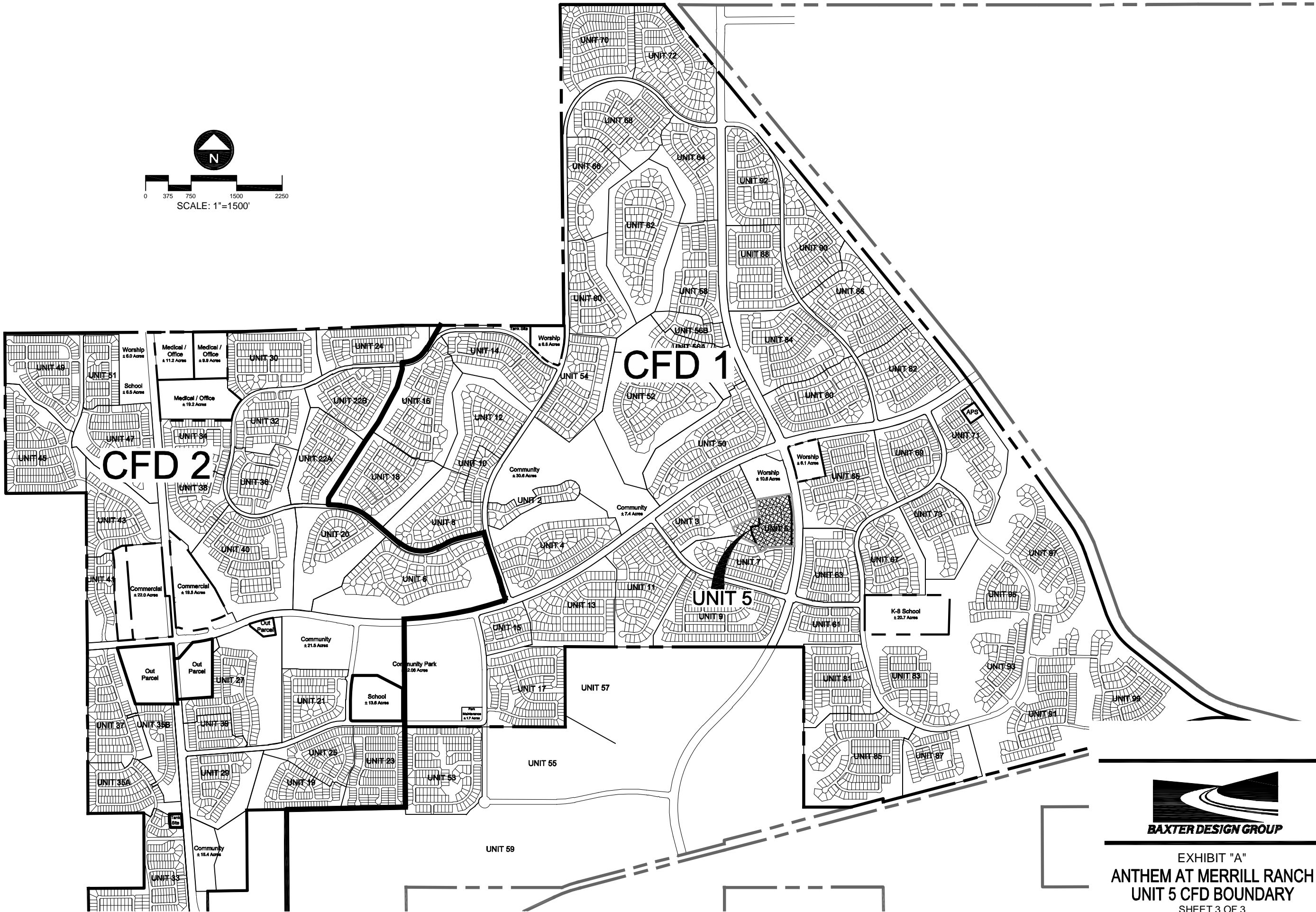
LINE TABLE		
LINE	BEARING	DISTANCE
L1	N00°00'00"W	15.32'
L2	N90°00'00"W	42.00'
L3	S69°52'31"W	42.04'
L4	N84°16'07"W	17.49'
L5	S82°10'30"E	20.72'
L6	N80°15'37"E	1.42'
L7	S80°15'37"W	6.96'
L8	N49°17'47"E	17.49'

CURVE TABLE				
CURVE	LENGTH	RADIUS	DELTA	TANGENT
C1	39.27'	25.00'	90°00'00"	25.00'
C2	64.02'	271.00'	13°32'08"	32.16'
C3	35.37'	25.00'	81°03'35"	21.37'
C4	38.07'	25.00'	87°14'37"	23.83'
C5	44.92'	50.00'	51°28'29"	24.10'



EXHIBIT "A"
ANTHEM AT MERRILL RANCH
UNIT 5 CFD BOUNDARY
SHEET 2 OF 3

path: R:\742-AMR\UNITS\UNIT-05-AMR\09-EXHIBITS\CFD Exhibits\ file name: UNIT 05 CFD EXHIBIT_SHT3.dwg | plot date: February 08, 2018 | plotted by: ssanders





Community Facilities District
Legal Description
Anthem at Merrill Ranch, Unit 7

A parcel of land lying within the Southeast Quarter Section 19 and the Southwest Quarter of Section 20, Township 4 South, Range 9 East of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

Commencing at the West Quarter Corner of said Section 20 (1/2" Rebar, No ID, found) from which the Center Quarter of Section 20 (1/2" Rebar, illegible Cap, found) bears North 89 degrees 56 minutes 33 seconds East (Basis of Bearing), a distance of 2621.62 feet and the Southwest Corner of Section 20 (3" PCHD Aluminum Cap, found) bears South 00 degrees 13 minutes 50 seconds East, a distance of 2643.34;

Thence, South 00 degrees 13 minutes 50 seconds East along the West line of the Southwest Quarter of Section 20, a distance 886.22 feet, to a point from which the Southwest Corner of Section 20 bears South 00 degrees 13 minutes 50 seconds East, a distance of 1757.12 feet;

Thence, North 89 degrees 46 minutes 10 seconds East, a distance of 63.09 feet to the **POINT OF BEGINNING**.

Thence, South 74 degrees 37 minutes 37 seconds East, a distance of 390.00 feet;

Thence, South 83 degrees 03 minutes 56 seconds East, a distance of 38.41 feet;

Thence, North 67 degrees 31 minutes 27 seconds East, a distance of 70.03 feet;

Thence, South 22 degrees 28 minutes 33 seconds East, a distance of 112.17 feet;

Thence, South 84 degrees 16 minutes 07 seconds East, a distance of 17.49 feet;

Thence, North 64 degrees 46 minutes 04 seconds East, a distance of 84.89 feet;

Thence, Northeasterly an arc distance of 38.07 feet along a curve to the left having a radius of 25.00 feet and a central angle of 87 degrees 14 minutes 37 seconds;

Thence, North 69 degrees 52 minutes 31 seconds East, a distance of 42.04 feet;

Thence, Southeasterly and arc distance of 35.37 feet along a non-tangent curve to the left, the radius point bears North 67 degrees 31 minutes 27 seconds East, a distance of 25.00 feet and having a central angle of 81 degrees 03 minutes 35 seconds;

Thence, Easterly an arc distance of 64.02 feet along a reverse curve to the right, having a radius of 271.00 feet and a central angle of 13 degrees 32 minutes 08 seconds;

Thence, South 90 degrees 00 minutes 00 seconds East, a distance of 107.81 feet;



Thence, Northeasterly a an arc distance of 39.27 feet along a curve to the left, having a radius of 25.00 feet and a central angle of 90 degrees 00 minutes 00 seconds;

Thence, North 90 degrees 00 minutes 00 seconds East, a distance of 42.00 feet;

Thence, South 00 degrees 00 minutes 00 seconds East, a distance of 15.32 feet;

Thence, North 90 degrees 00 minutes 00 seconds East, a distance of 114.00 feet;

Thence, South 00 degrees 00 minutes 00 seconds East, a distance of 100.00 feet;

Thence, South 01 degrees 43 minutes 31 seconds East, a distance of 55.93 feet;

Thence, South 05 degrees 39 minutes 52 seconds West, a distance of 59.04 feet;

Thence, South 11 degrees 47 minutes 09 seconds West, a distance of 59.04 feet;

Thence, South 19 degrees 23 minutes 40 seconds West, a distance of 117.92 feet;

Thence, South 28 degrees 09 minutes 57 seconds West, a distance of 103.50 feet;

Thence, South 21 degrees 11 minutes 42 seconds West, a distance of 145.56 feet;

Thence, South 15 degrees 22 minutes 23 seconds West, a distance of 100.00 feet;

Thence, North 74 degrees 37 minutes 37 seconds West, a distance of 114.00 feet;

Thence, South 15 degrees 22 minutes 23 seconds West, a distance of 20.00 feet;

Thence, Southeasterly an arc distance of 47.12 feet along a curve to the left, having a radius of 30.00 feet and a central angle of 90 degrees 00 minutes 00 seconds;

Thence, North 74 degrees 37 minutes 37 seconds West, a distance of 102.00 feet;

Thence, Northeasterly and arc distance of 47.12 feet along a non-tangent curve to the left, the radius point bears North 15 degrees 22 minutes 23 seconds East, a distance of 30.00 feet and having a central angle of 90 degrees 00 minutes 00 seconds;

Thence, North 15 degrees 22 minutes 23 seconds East, a distance of 20.00 feet;

Thence, North 74 degrees 37 minutes 37 seconds West, a distance of 852.50 feet;

Thence, South 15 degrees 22 minutes 23 seconds West, a distance of 20.00 feet;

Thence, Southeasterly an arc distance of 47.12 feet along a curve to the left, having a radius of 30.00 feet and a central angle of 90 degrees 00 minutes 00 seconds;



Thence, North 74 degrees 37 minutes 37 seconds West, a distance of 102.00 feet;

Thence, Northeasterly a an arc distance of 47.12 feet along a non-tangent curve to the left the radius point bears North 15 degrees 22 minutes 23 seconds East, a distance of 30.00 feet and having a central angle of 90 degrees 00 minutes 00 seconds;

Thence, North 15 degrees 22 minutes 23 seconds East, a distance of 20.00 feet;

Thence, North 74 degrees 37 minutes 37 seconds West, a distance of 224.82 feet;

Thence, North 34 degrees 30 minutes 32 seconds East, a distance of 133.59 feet;

Thence, Westerly an arc distance of 33.89 feet along a non-tangent curve to the right the radius point bears North 34 degrees 30 minutes 32 seconds East, a distance of 221.00 feet and having a central angle of 08 degrees 47 minutes 08 seconds;

Thence, South 43 degrees 17 minutes 40 seconds West, a distance of 133.59 feet;

Thence, North 39 degrees 19 minutes 02 seconds West, a distance of 161.30 feet;

Thence, North 25 degrees 42 minutes 40 seconds West, a distance of 83.09 feet;

Thence, North 06 degrees 41 minutes 44 seconds West, a distance of 69.06 feet;

Thence, North 32 degrees 32 minutes 40 seconds East, a distance of 68.75 feet;

Thence, South 57 degrees 27 minutes 20 seconds East, a distance of 112.32 feet;

Thence, Northeasterly an arc distance of 30.00 feet along a non-tangent curve to the right the radius point bears South 57 degrees 27 minutes 20 seconds East, a distance of 55.00 feet and having a central angle of 31 degrees 15 minutes 08 seconds;

Thence, North 26 degrees 12 minutes 12 seconds West, a distance of 112.32 feet;

Thence, North 63 degrees 47 minutes 48 seconds East, a distance of 68.75 feet;

Thence, South 71 degrees 31 minutes 45 seconds East, a distance of 141.68 feet;

Thence, South 25 degrees 42 minutes 40 seconds East, a distance of 127.69 feet;

Thence, North 30 degrees 13 minutes 20 seconds East, a distance of 76.18 feet;

Thence, South 69 degrees 55 minutes 17 seconds East, a distance of 111.82 feet;



Thence, Northeasterly an arc distance of 39.73 feet along a non-tangent curve to the right, the radius point bears South 70 degrees 58 minutes 10 seconds East, a distance of 50.00 feet and having a central angle of 45 degrees 31 minutes 37 seconds;

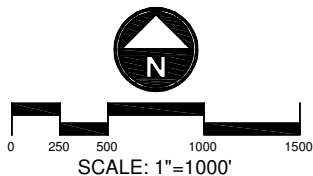
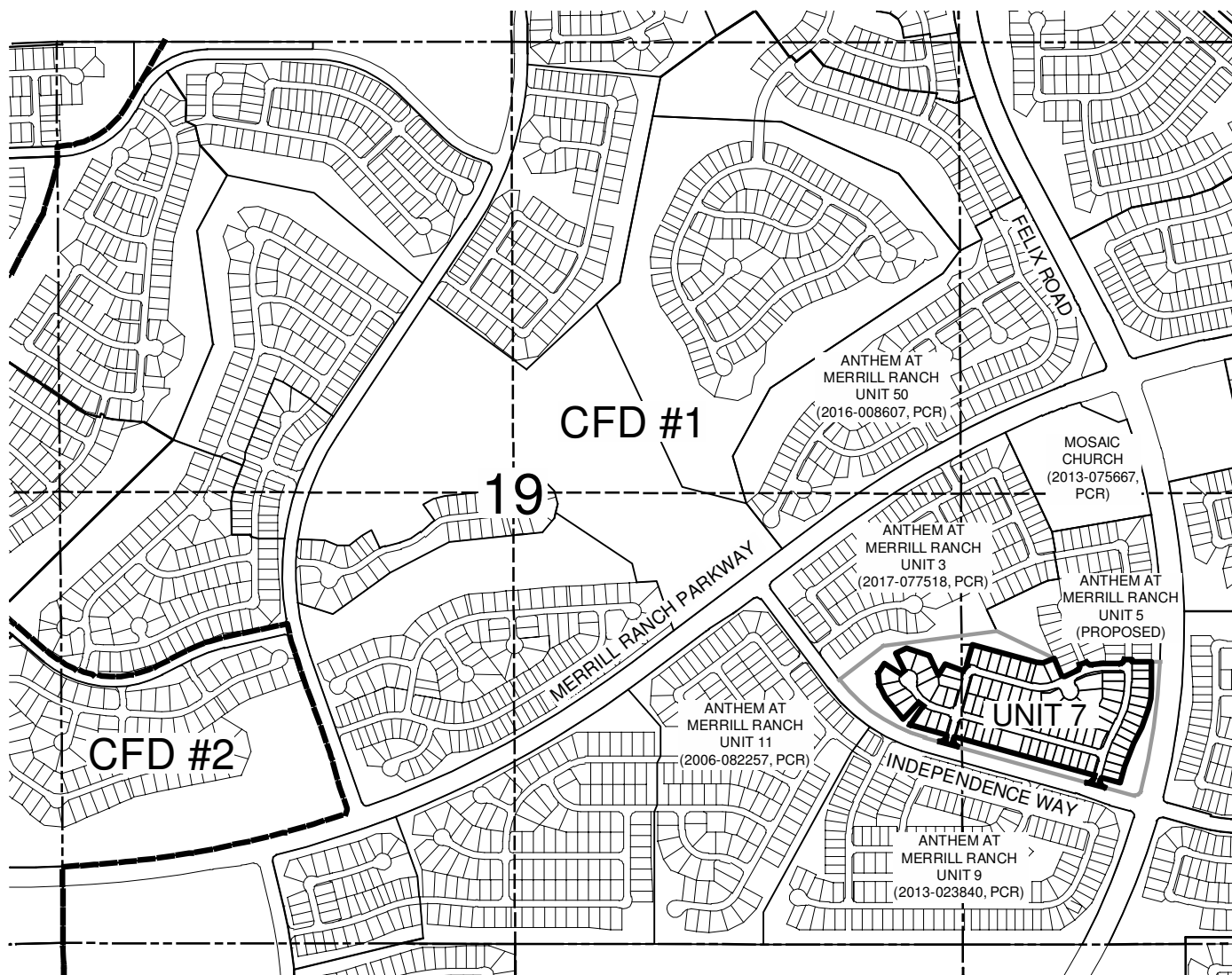
Thence, North 25 degrees 26 minutes 33 seconds West, a distance of 9.00 feet;

Thence, North 15 degrees 22 minutes 23 seconds East, a distance of 119.35 feet to the **POINT OF BEGINNING**.

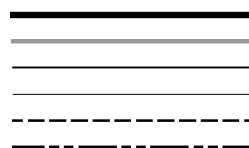
Containing 18.4242 acres, more or less.

See Exhibit "A", attached.

path: R:\742-AMR\UNITS\UNIT-07-AMR\09-EXHIBITS\CFD Exhibits\ file name: UNIT 07 CFD LEGAL EXHB_BNDY.dwg | plot date: February 09, 2018 | plotted by: ssanders



VICINITY MAP



LINE LEGEND

- BOUNDARY LINE (CFD LIMITS)
- PARCEL BOUNDARY LINE
- UNIT 7 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	38.07'	25.00'	87°14'37"	23.83'
C2	35.37'	25.00'	81°03'35"	21.37'
C3	64.02'	271.00'	13°32'08"	32.16'
C4	39.27'	25.00'	90°00'00"	25.00'
C5	47.12'	30.00'	90°00'00"	30.00'
C6	47.12'	30.00'	90°00'00"	30.00'
C7	47.12'	30.00'	90°00'00"	30.00'
C8	47.12'	30.00'	90°00'00"	30.00'
C9	33.89'	221.00'	8°47'08"	16.98'
C10	30.00'	55.00'	31°15'08"	15.38'
C11	39.73'	50.00'	45°31'37"	20.98'



EXHIBIT "A"

**ANTHEM AT MERRILL RANCH
UNIT 7 CFD BOUNDARY**

SHEET 1 OF 3

WEST 1/4 CORNER
SECTION 20
1/2" REBAR, NO ID
FOUND

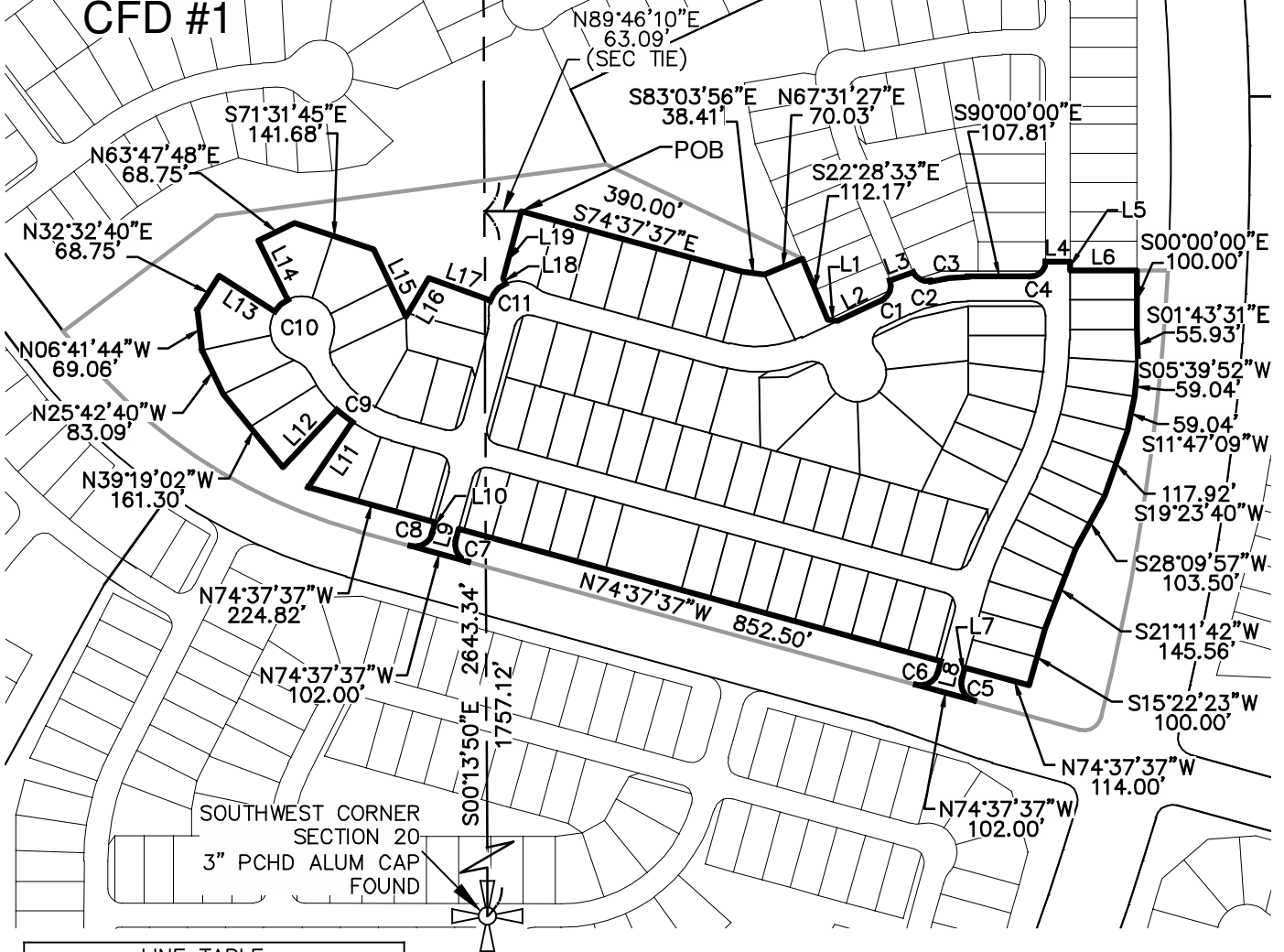


SCALE 1"=300'

N89°56'33"E BASIS OF BEARING) 2621.62'
W 1/4 COR SEC 20 TO C 1/4 COR SEC 20

CENTER 1/4 CORNER
SECTION 20
1/2" REBAR, ILLEGIBLE CAP
FOUND

CFD #1



LINE TABLE		
LINE	BEARING	DISTANCE
L1	S84°16'07"E	17.49'
L2	N64°46'04"E	84.89'
L3	N69°52'31"E	42.04'
L4	N90°00'00"E	42.00'
L5	S00°00'00"E	15.32'
L6	N90°00'00"E	114.00'
L7	S15°22'23"W	20.00'
L8	N15°22'23"E	20.00'
L9	S15°22'23"W	20.00'
L10	N15°22'23"E	20.00'

LINE TABLE		
LINE	BEARING	DISTANCE
L11	N34°30'32"E	133.59'
L12	S43°17'40"W	133.59'
L13	S57°27'20"E	112.32'
L14	N26°12'12"W	112.32'
L15	S25°42'40"E	127.69'
L16	N30°13'20"E	76.18'
L17	S69°55'17"E	111.82'
L18	N25°26'33"W	9.00'
L19	N15°22'23"E	119.35'



EXHIBIT "A"
ANTHEM AT MERRILL RANCH
UNIT 7 CFD BOUNDARY
SHEET 2 OF 3

path: R:\742-AMR\UNITS\UNIT-07-AMR\09-EXHIBITS\CFD Exhibits\ file name: UNIT 07 CFD LEGAL EXHIB_BNDY.dwg | plot date: February 09, 2018 | plotted by: ssanders

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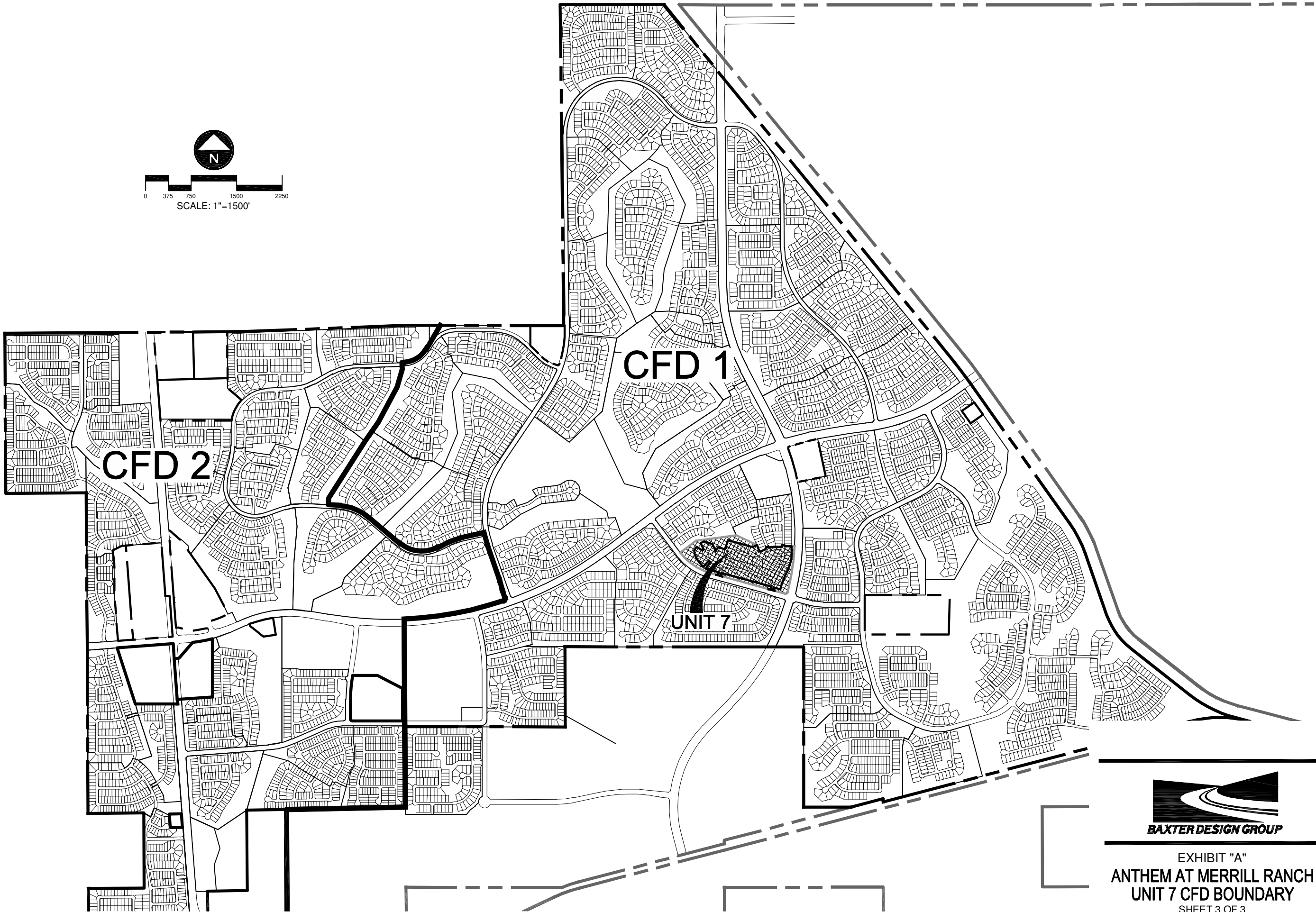


EXHIBIT "A"
ANTHEM AT MERRILL RANCH
UNIT 7 CFD BOUNDARY
SHEET 3 OF 3



Community Facilities District
Legal Description
Anthem at Merrill Ranch, Unit 52

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

Commencing at the Northwest Corner of said Section 20 (3" Aluminum Cap, No ID, found) from the West Quarter Corner of Section 20 (1/2" Rebar, No ID, found) bears South 00 degrees 15 minutes 55 seconds East, a distance of 2644.14;

Thence, South 00 degrees 15 minutes 55 seconds East along the West line of the Northwest Quarter of Section 20, a distance of 1149.81 feet;

Thence, South 89 degrees 44 minutes 05 seconds West, a distance of 270.09 feet to the **POINT OF BEGINNING**.

Thence, South 58 degrees 37 minutes 09 seconds West, a distance of 114.85 feet;

Thence, Southerly an arc distance of 49.69 feet along a non-tangent curve to the right, the radius point bears South 58 degrees 56 minutes 48 seconds West, a distance of 54.00 feet having a central angle of 52 degrees 43 minutes 04 seconds;

Thence, South 77 degrees 58 minutes 15 seconds East, a distance of 109.46 feet;

Thence, South 12 degrees 01 minutes 45 seconds West, a distance of 48.31 feet;

Thence, South 43 degrees 01 minutes 01 seconds West, a distance of 66.42 feet;

Thence, South 67 degrees 23 minutes 36 seconds West, a distance of 82.73 feet;

Thence, North 87 degrees 20 minutes 49 seconds West, a distance of 66.22 feet;

Thence, North 62 degrees 05 minutes 14 seconds West, a distance of 84.76 feet;

Thence, South 59 degrees 49 minutes 35 seconds West, a distance of 158.20 feet;

Thence, South 69 degrees 15 minutes 24 seconds West, a distance of 215.56 feet;

Thence, South 60 degrees 18 minutes 28 seconds West, a distance of 126.17 feet;

Thence, South 44 degrees 50 minutes 11 seconds West, a distance of 30.13 feet;

Thence, South 41 degrees 58 minutes 59 seconds West, a distance of 200.37feet;



Thence, South 45 degrees 51 minutes 07 seconds West, a distance of 77.27 feet;

Thence, South 59 degrees 44 minutes 43 seconds West, a distance of 168.62 feet;

Thence, Southwesterly an arc distance of 105.72 feet along a non-tangent curve to the right, the radius point bears South 76 degrees 26 minutes 22 seconds West, a distance of 50.00 feet and having a central angle of 121 degrees 09 minutes 02 seconds;

Thence, South 17 degrees 35 minutes 24 seconds West, a distance of 126.73 feet;

Thence, North 51 degrees 25 minutes 15 seconds West, a distance of 110.62 feet;

Thence, North 19 degrees 24 minutes 58 seconds West, a distance of 244.65 feet;

Thence, North 27 degrees 48 minutes 19 seconds West, a distance of 49.20 feet;

Thence, North 33 degrees 41 minutes 35 seconds West, a distance of 158.53 feet;

Thence, North 35 degrees 46 minutes 12 seconds West, a distance of 61.41 feet;

Thence, North 21 degrees 33 minutes 09 seconds West, a distance of 130.95 feet;

Thence, North 07 degrees 28 minutes 48 seconds West, a distance of 65.48 feet;

Thence, North 04 degrees 45 minutes 21 seconds West, a distance of 38.81 feet;

Thence, North 02 degrees 34 minutes 46 seconds West, a distance of 65.55 feet;

Thence, North 12 degrees 02 minutes 27 seconds East, a distance of 131.11 feet;

Thence, North 26 degrees 39 minutes 40 seconds East, a distance of 351.13 feet;

Thence, North 33 degrees 14 minutes 46 seconds East, a distance of 69.22 feet;

Thence, North 47 degrees 14 minutes 10 seconds East, a distance of 138.36 feet;

Thence, North 63 degrees 08 minutes 12 seconds East, a distance of 139.36 feet;

Thence, North 75 degrees 03 minutes 43 seconds East, a distance of 89.32 feet;

Thence, South 87 degrees 16 minutes 24 seconds East, a distance of 69.34 feet;

Thence, North 02 degrees 43 minutes 36 seconds East, a distance of 123.70 feet;

Thence, South 87 degrees 16 minutes 24 seconds East, a distance of 60.00 feet;

Thence, South 02 degrees 43 minutes 36 seconds West, a distance of 123.70 feet;



Thence, South 87 degrees 16 minutes 24 seconds East, a distance of 60.22 feet;

Thence, South 71 degrees 06 minutes 17 seconds East, a distance of 91.57 feet;

Thence, South 60 degrees 13 minutes 21 seconds East, a distance of 623.84 feet;

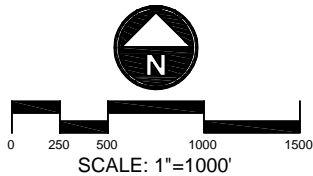
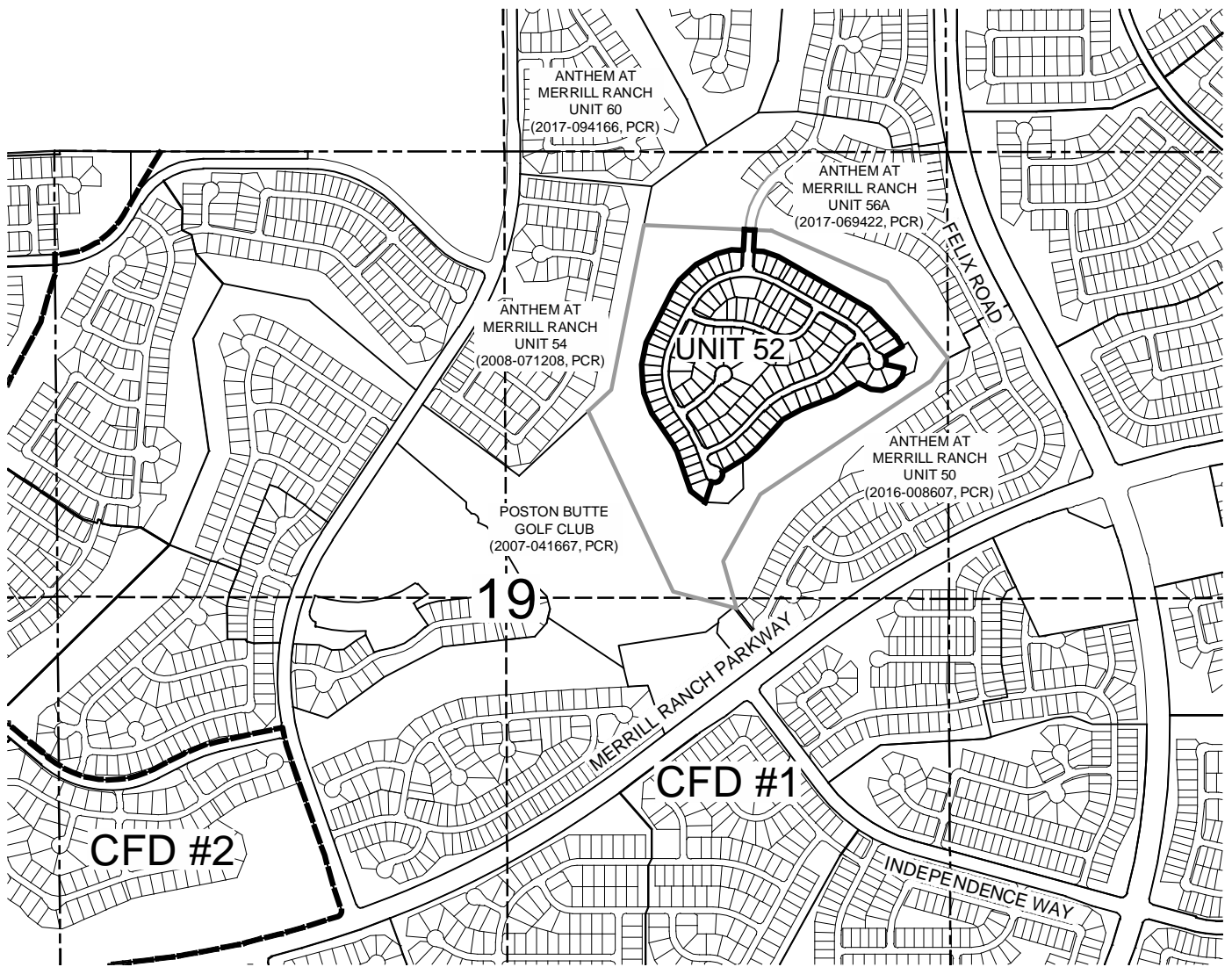
Thence, South 43 degrees 13 minutes 03 seconds East, a distance of 230.99 feet;

Thence, South 31 degrees 22 minutes 51 seconds East, a distance of 65.00 feet to the **POINT OF BEGINNING**.

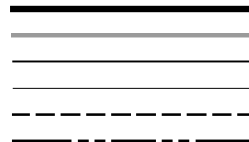
Containing 30.2971 acres, more or less.

See Exhibit "A", attached.

path: R:\742-AMR\UNITS\UNIT-52-AMR\09-EXHIBITS\CFD Exhibits\ file name: UNIT 52 CFD LEGAL EXHIB_BNDY.dwg | plot date: January 12, 2018 | plotted by: ssanders



VICINITY MAP



LINE LEGEND

BOUNDARY LINE (CFD LIMITS)
PARCEL BOUNDARY LINE
UNIT 3 LOT LINE
ADJACENT PARCEL LOT LINE
MID-SECTION LINE
SECTION LINE

CURVE TABLE				
CURVE	LENGTH	RADIUS	DELTA	TANGENT
C1	49.69'	54.00'	52°43'04"	26.76'
C2	105.72'	50.00'	121°09'02"	88.65'

ABBREVIATIONS

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

LINE TABLE		
LINE	BEARING	DISTANCE
L1	S58°37'09"W	114.85'
L2	S77°58'15"E	109.46'
L3	S12°01'45"W	48.31'
L4	S43°01'01"W	66.42'
L5	S67°23'36"W	82.73'
L6	N87°20'49"W	66.22'
L7	N62°05'14"W	84.76'
L8	S44°50'11"W	30.13'
L9	S45°51'07"W	77.27'
L10	S17°35'24"W	126.73'
L11	N51°25'15"W	110.62'
L12	N27°48'19"W	49.20'
L13	N35°46'12"W	61.41'

LINE TABLE		
LINE	BEARING	DISTANCE
L14	N07°28'48"W	65.48'
L15	N04°45'21"W	38.81'
L16	N02°34'46"W	65.55'
L17	N33°14'46"E	69.22'
L18	N75°03'43"E	89.32'
L19	S87°16'24"E	69.34'
L20	N02°43'36"E	123.70'
L21	S87°16'24"E	60.00'
L22	S02°43'36"W	123.70'
L23	S87°16'24"E	60.22'
L24	S71°06'17"E	91.57'
L25	S31°22'51"E	65.00'



EXHIBIT "A"

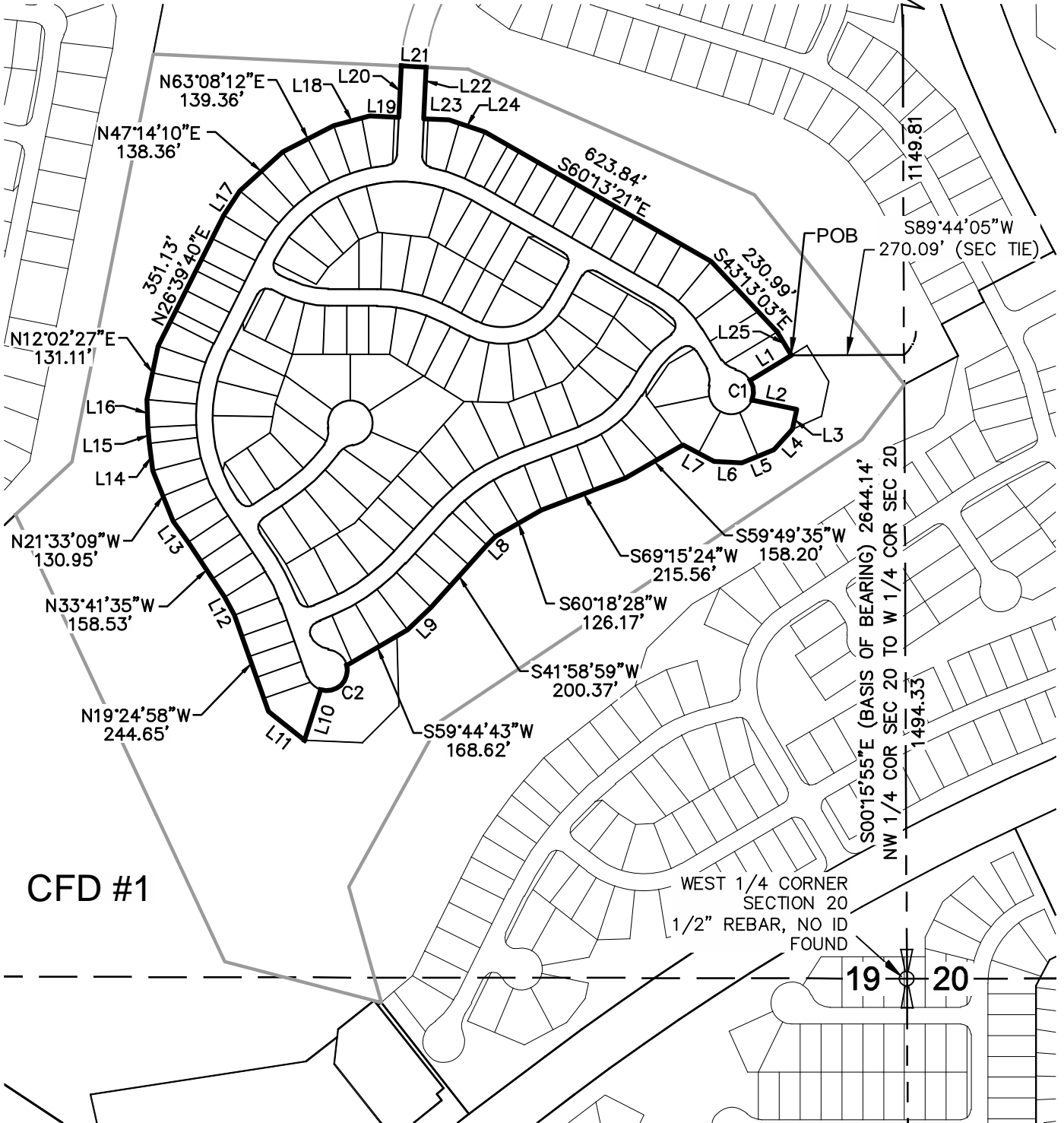
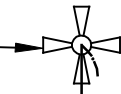
**ANTHEM AT MERRILL RANCH
UNIT 52 CFD BOUNDARY**

SHEET 1 OF 3



SCALE 1"=350'

NORTHWEST CORNER
SECTION 20
3" ALUMINUM CAP, NO ID
FOUND



CFD #1

WEST 1/4 CORNER
SECTION 20
1/2" REBAR, NO ID
FOUND

19 20



EXHIBIT "A"
ANTHEM AT MERRILL RANCH
UNIT 52 CFD BOUNDARY
SHEET 2 OF 3

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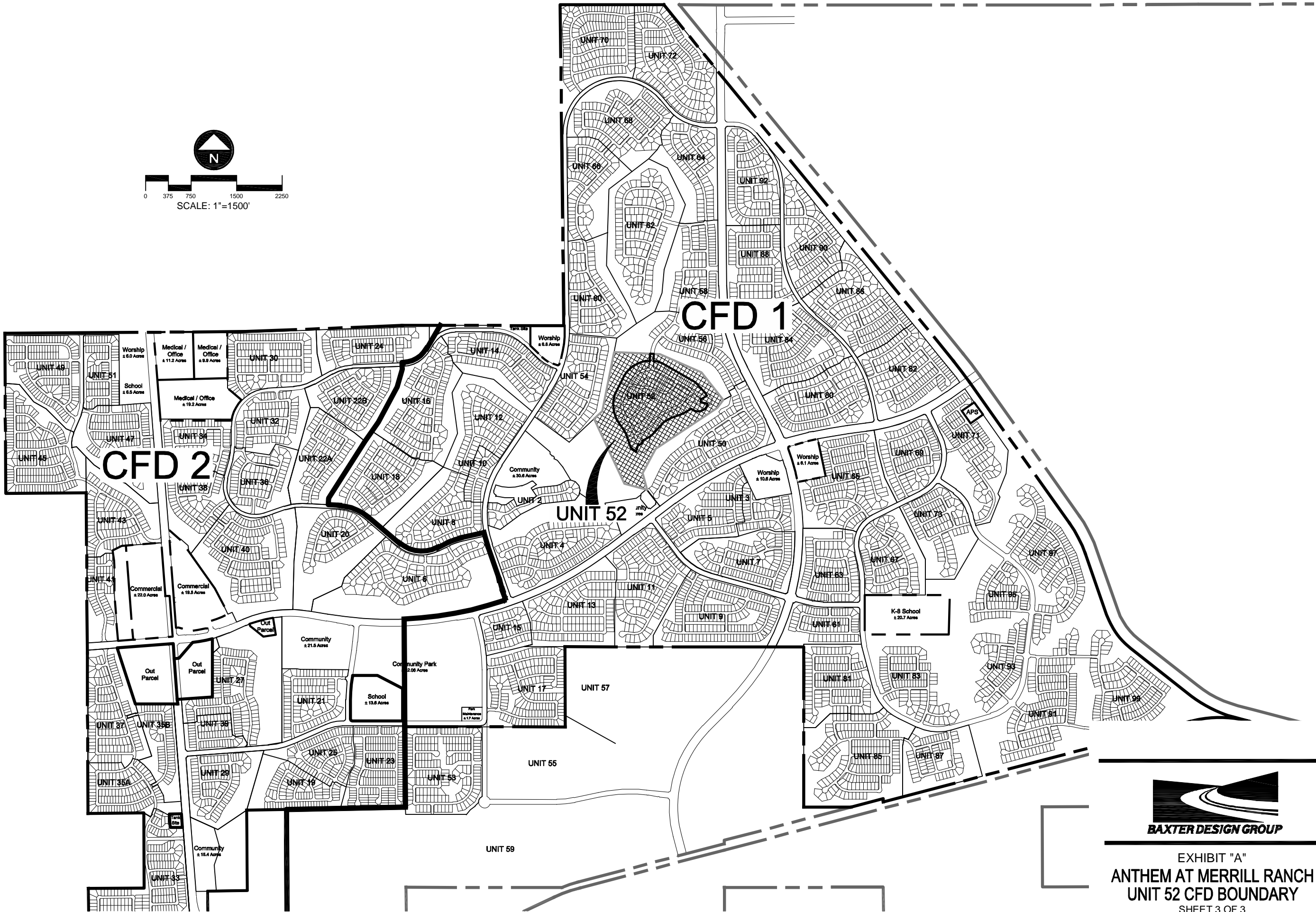


EXHIBIT "A"
ANTHEM AT MERRILL RANCH
UNIT 52 CFD BOUNDARY
SHEET 3 OF 3



Community Facilities District
Legal Description
Anthem at Merrill Ranch, Unit 56A

A parcel of land lying within the Southeast Quarter of Section 18, the Northeast Quarter of Section 19 and the Northwest Quarter of Section 20, Township 4 South, Range 9 East of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

Commencing at the Northwest Corner of said Section 20 (3" Aluminum Cap, No ID, found) from the West Quarter Corner of Section 20 (1/2" Rebar, No ID, found) bears South 00 degrees 15 minutes 55 seconds East, a distance of 2644.14;

Thence, South 00 degrees 15 minutes 55 seconds East along the West line of the Northwest Quarter of Section 20, a distance of 1077.37 feet;

Thence, North 89 degrees 44 minutes 05 seconds East, a distance of 90.30 feet to the **POINT OF BEGINNING**.

Thence, North 27 degrees 47 minutes 53 seconds West, a distance of 324.95 feet;

Thence, North 31 degrees 46 minutes 15 seconds West, a distance of 62.29 feet;

Thence, North 39 degrees 27 minutes 02 seconds West, a distance of 62.29 feet;

Thence, North 47 degrees 07 minutes 52 seconds West, a distance of 62.29 feet;

Thence, North 56 degrees 52 minutes 51 seconds West, a distance of 62.18 feet;

Thence, North 64 degrees 34 minutes 18 seconds West, a distance of 61.88 feet;

Thence, North 68 degrees 02 minutes 57 seconds West, a distance of 27.59 feet;

Thence, North 68 degrees 03 minutes 38 seconds West, a distance of 63.97 feet;

Thence, North 72 degrees 36 minutes 04 seconds West, a distance of 601.34 feet;

Thence, North 54 degrees 00 minutes 43 seconds West, a distance of 91.11 feet;

Thence, North 40 degrees 28 minutes 17 seconds West, a distance of 76.71 feet;

Thence, North 57 degrees 15 minutes 51 seconds West, a distance of 10.00 feet;

Thence, Southerly an arc distance of 219.98 feet along a non-tangent curve to the left, the radius point bears South 57 degrees 15 minutes 51 seconds East, a distance of 420.00 feet and having a central angle of 30 degrees 00 minutes 33 seconds;



Thence, North 87 degrees 16 minutes 24 seconds West, a distance of 60.00 feet;

Thence, Northerly an arc distance of 255.45 feet along a non-tangent curve to the right, the radius point bears South 87 degrees 16 minutes 24 seconds East, a distance of 480.00 feet and having a central angle of 30 degrees 29 minutes 30 seconds;

Thence, North 56 degrees 46 minutes 54 seconds West, a distance of 116.50 feet;

Thence, North 37 degrees 08 minutes 55 seconds East, a distance of 77.39 feet;

Thence, North 43 degrees 35 minutes 23 seconds East, a distance of 77.45 feet;

Thence, North 53 degrees 06 minutes 42 seconds East, a distance of 104.70 feet;

Thence, South 36 degrees 53 minutes 18 seconds East, a distance of 115.00 feet;

Thence, South 40 degrees 28 minutes 17 seconds East, a distance of 45.78 feet;

Thence, North 49 degrees 31 minutes 43 seconds East, a distance of 87.21 feet;

Thence, South 40 degrees 28 minutes 17 seconds East, a distance of 119.84 feet;

Thence, South 72 degrees 36 minutes 04 seconds East, a distance of 466.80 feet;

Thence, South 83 degrees 55 minutes 57 seconds East, a distance of 170.51 feet;

Thence, South 81 degrees 33 minutes 00 seconds East, a distance of 50.00 feet;

Thence, Southerly an arc distance of 51.17 feet along a non-tangent curve to the right, the radius point bears North 81 degrees 33 minutes 00 seconds West, a distance of 270.00 feet and having a central angle of 10 degrees 51 minutes 29 seconds;

Thence, South 70 degrees 41 minutes 31 seconds East, a distance of 11.40 feet;

Thence, South 59 degrees 41 minutes 09 seconds East, a distance of 136.99 feet;

Thence, South 45 degrees 11 minutes 52 seconds East, a distance of 196.13 feet;

Thence, South 27 degrees 47 minutes 53 seconds East, a distance of 411.41 feet;

Thence, South 62 degrees 12 minutes 07 seconds West, a distance of 155.00 feet;

Thence, South 27 degrees 47 minutes 53 seconds East, a distance of 29.57 feet;

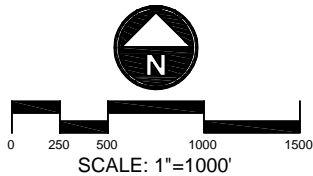
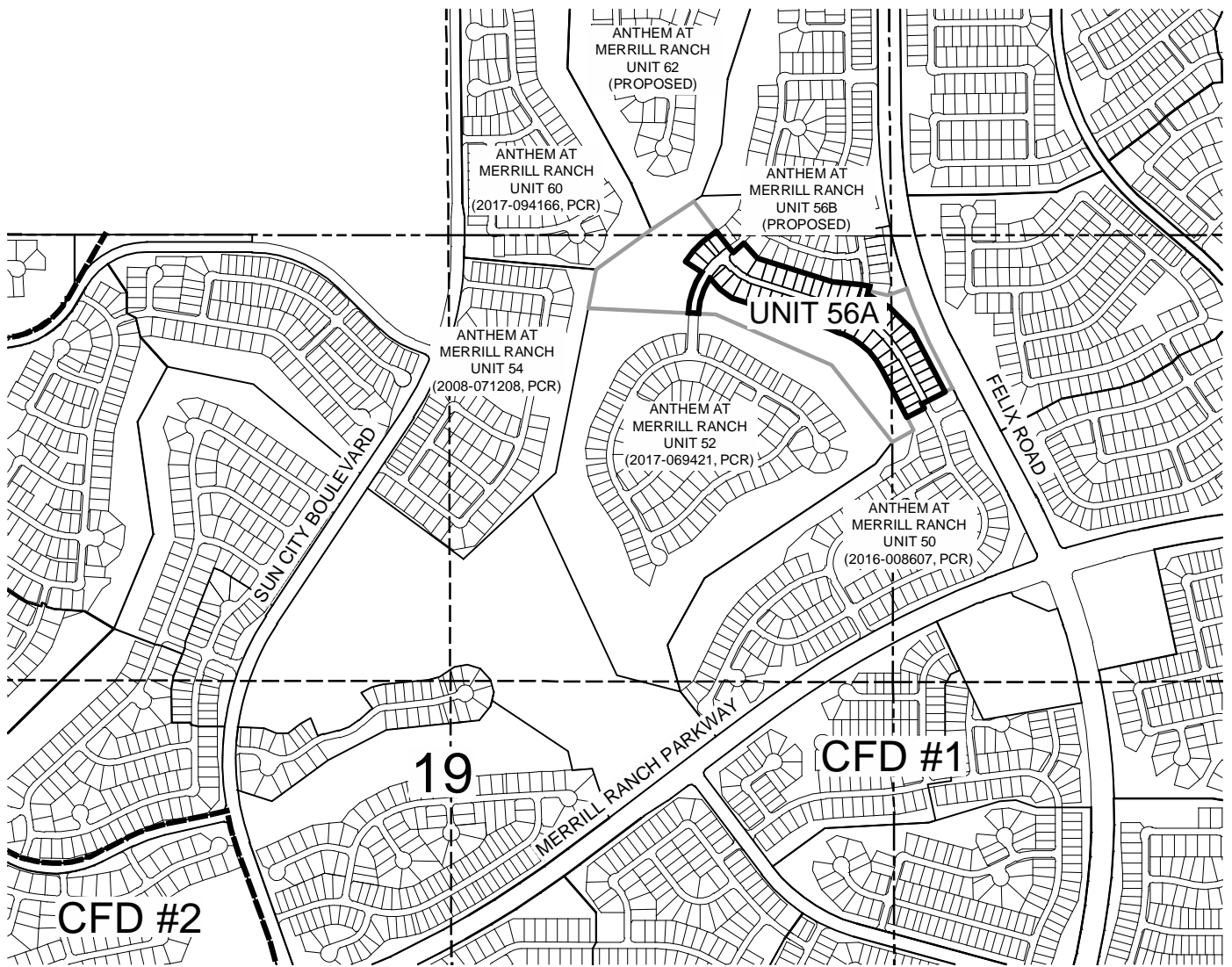
Thence, South 62 degrees 12 minutes 07 seconds West, a distance of 115.00 feet to the **POINT OF BEGINNING**.



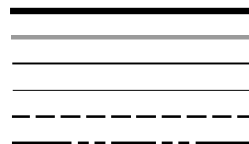
Containing 10.9900 acres, more or less.

See Exhibit "A", attached.

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VICINITY MAP



LINE LEGEND

BOUNDARY LINE (CFD LIMITS)
PARCEL BOUNDARY LINE
UNIT 3 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	219.98'	420.00'	30°00'33"	112.58'
C2	255.45'	480.00'	30°29'30"	130.83'
C3	51.17'	270.00'	10°51'29"	25.66'

LINE TABLE		
LINE	BEARING	DISTANCE
L1	N31°46'15"W	62.29'
L2	N39°27'02"W	62.29'
L3	N47°07'52"W	62.29'
L4	N56°52'51"W	62.18'
L5	N64°34'18"W	61.88'
L6	N68°02'57"W	27.59'
L7	N68°03'38"W	63.97'
L8	N54°00'43"W	91.11'
L9	N40°28'17"W	76.71'
L10	N57°15'51"W	10.00'

LINE TABLE		
LINE	BEARING	DISTANCE
L11	N87°16'24"W	60.00'
L12	S40°28'17"E	45.78'
L13	N49°31'43"E	87.21'
L14	S40°28'17"E	119.84'
L15	S81°33'00"E	50.00'
L16	S70°41'31"E	11.40'
L17	S59°41'09"E	136.99'
L18	S27°47'53"E	29.57'
L19	S62°12'07"W	115.00'



EXHIBIT "A"

**ANTHEM AT MERRILL RANCH
UNIT 56A CFD BOUNDARY**

SHEET 1 OF 3



SCALE 1"=350'

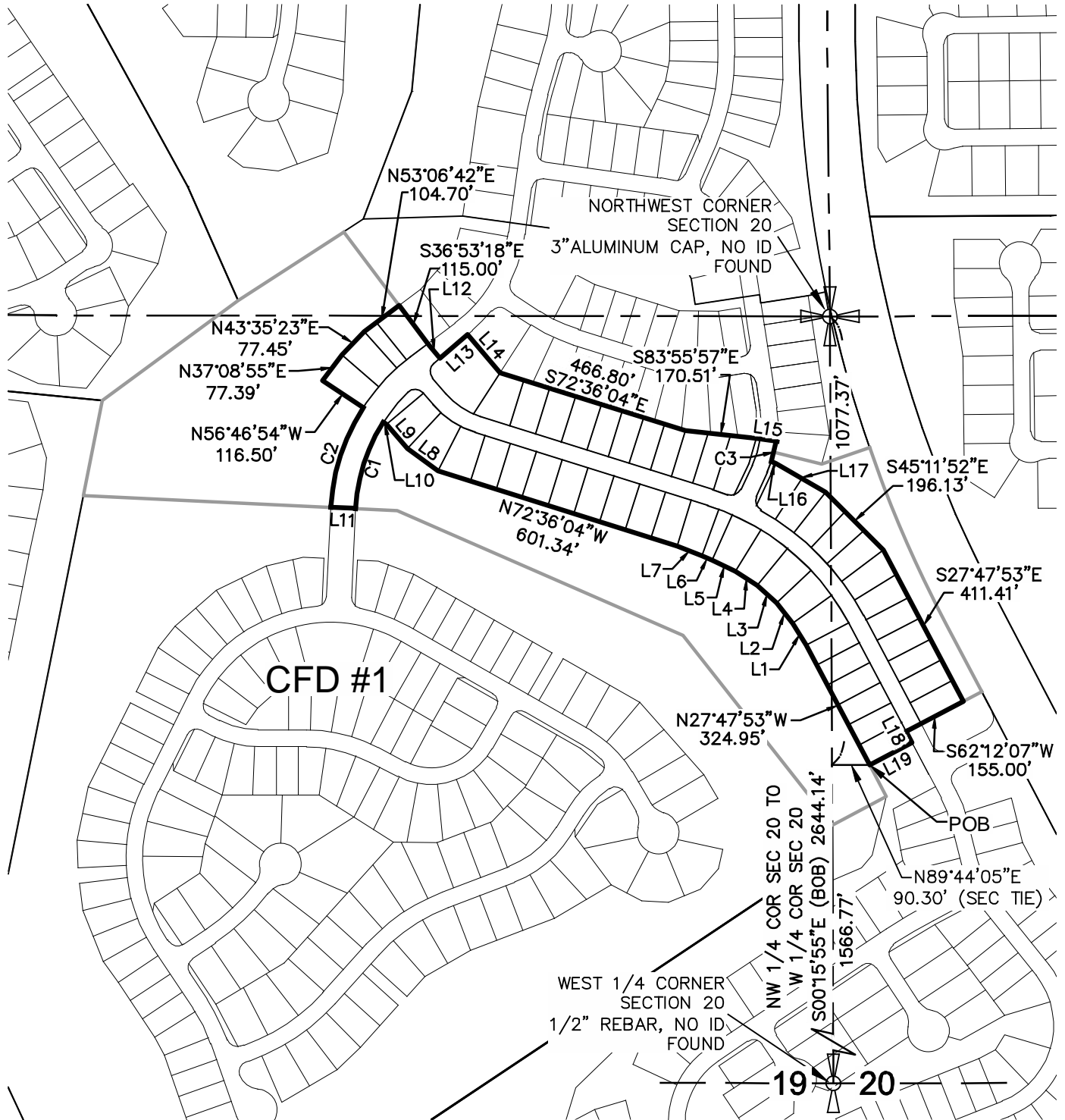


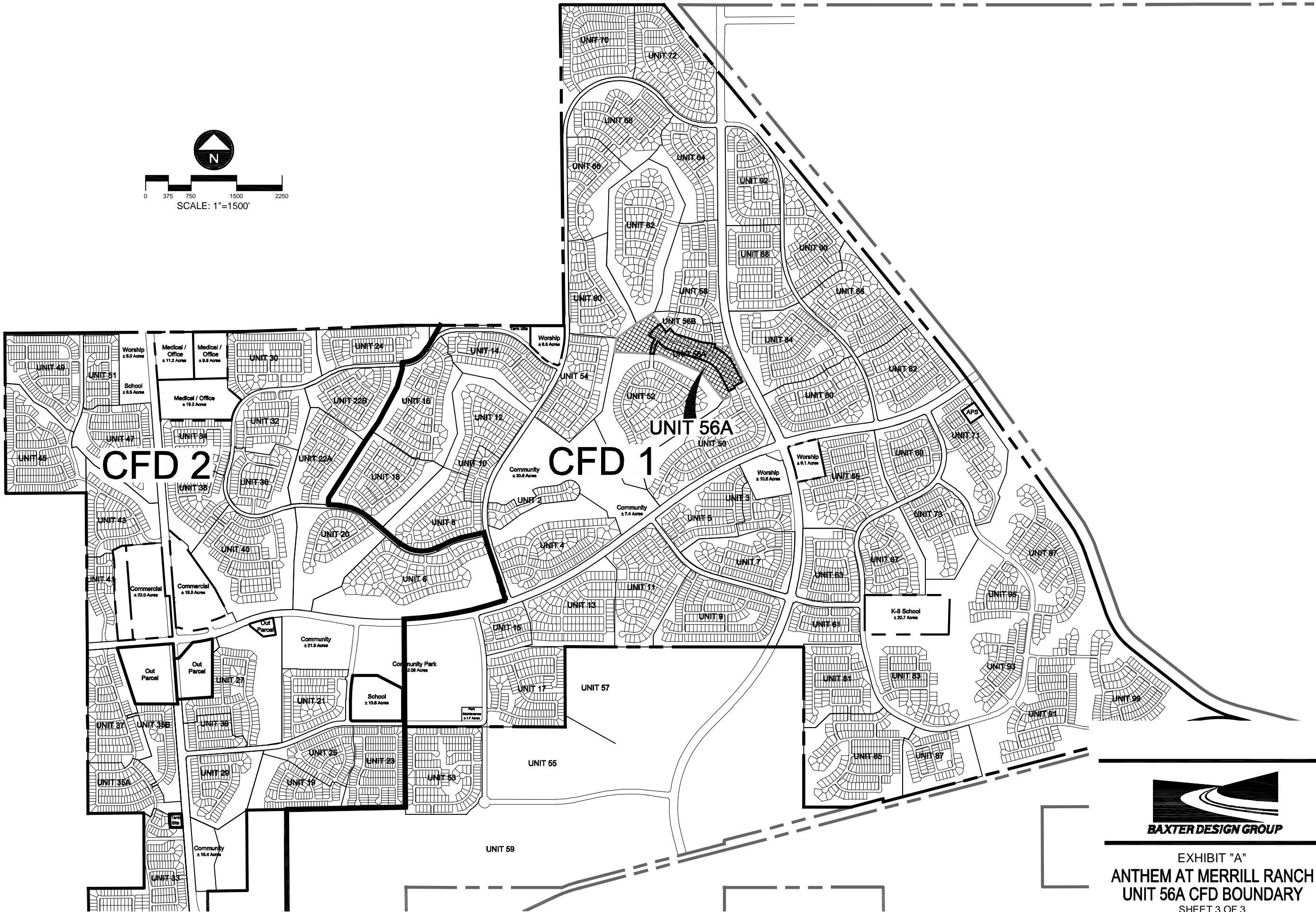
EXHIBIT "A"

ANTHEM AT MERRILL RANCH
UNIT 56A CFD BOUNDARY

SHEET 2 OF 3

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When recorded, please return to:

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

NINTH AMENDMENT AND WAIVERS
(ASSESSMENT AREA NINE – UNITS 3, 5, 7, 52 AND 56A),
FOR DISTRICT DEVELOPMENT, FINANCING PARTICIPATION,
WAIVER AND INTERGOVERNMENTAL AGREEMENT
(MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1)

THIS NINTH AMENDMENT AND WAIVERS (ASSESSMENT AREA NINE - UNITS 3, 5, 7, 52 AND 56A), dated as of April 1, 2018 (this “Amendment”), for DISTRICT DEVELOPMENT, FINANCING PARTICIPATION, WAIVER AND INTERGOVERNMENTAL AGREEMENT (MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1), dated as of December 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 54), dated as of November 1, 2008, the Third Amendment and Waivers (Assessment Area Three - Unit 17A), dated as of September 1, 2010, the Fourth Amendment and Waivers (Assessment Area Four - Unit 18), dated as of January 1, 2012, the Fifth Amendment and Waivers (Assessment Area Five - Unit 17B), dated as of July 1, 2012, the Sixth Amendment and Waivers (Assessment Area Six - Units 2 and 9A), dated as of July 1, 2013, the Seventh Amendment and Waivers (Assessment Area Seven - Units 9B, 16 and 17C), dated as of October 1, 2014, and the Eighth Amendment and Waivers (Assessment Area Eight - Units 50 and 53) (as so amended, the “Agreement”), by and between Merrill Ranch Community Facilities District No. 1, a community facilities district formed by the Municipality (as such term is hereinafter defined), and duly organized and validly existing, pursuant to the laws of the State of Arizona (the “District”), and Pulte Home Company, LLC, a limited liability company and having an interest in certain property within the boundaries of the District (the “Owner”);

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (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 “Municipality”); the District; the Owner; CMR/Casa Grande, LLC, a limited liability

company duly organized and validly existing pursuant to the laws of the State of Arizona and having an interest in certain property within the boundaries of the District; Roadrunner Resorts, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of Arizona and having an interest in certain property within the boundaries of the District, and WHM Merrill Ranch SPE, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of Delaware, entered into the 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 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 if the amendment is solely for the purpose of designating certain parcels of “Property” and portions of “Infrastructure” (as contemplated by the definitions of “Assessed Property” and “Work” in connection with “Assessment”) and accepting, allocating and recording Assessment against such parcels (as contemplated by Section 6.2(c)(2) of the Agreement) and waivers related thereto and need be signed only by (and shall be effective against only) the District and the owner of such parcels, as all such terms are defined in the Development Agreement; 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, applicable to the Property on the date this Agreement is executed; and

WHEREAS, the Owner is the current fee owner of the Area Nine Assessed Property (as such term is hereinafter defined), and there are no holders of any other interests, legal or equitable, in the Area Nine 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 Nine 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 Nine Assessed Property as well as the Area Nine Estimate, the Area Nine Work Plans and Specifications and the Area Nine 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 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 Nine Assessed Property*” means the parcels of the Property described in the Exhibit to this Amendment.

“*Area Nine Assessment Bonds*” means the bonds entitled “Special Assessment Lien Bonds (Assessment Area Nine)” 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 Nine Assessment.

“*Area Nine 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 Nine Work for each parcel of the Area Nine Assessed Property and assessing against each such parcel the maximum proportionate share of costs and expenses of the Area Nine Work, the contents of which are hereby incorporated herein by this reference.

“*Area Nine Assessment*” means, as to be originally levied and as thereafter reallocated as described herein, the proportionate share of costs and expenses of Area Nine Work levied against each parcel of the Area Nine Assessed Property pursuant to Title 48, Chapter 4, Article 2, Arizona Revised Statutes.

“*Area Nine Estimate*” means the estimate included in the Area Nine 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 Nine Work not otherwise paid from cash collections of the Area Nine Assessment and (2)(i) all other amounts indicated in this Amendment, (ii) all relevant issuance costs related to the Area Nine 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 \$1,477,000.00.

“*Area Nine Report*” means the Report applicable to the Area Nine Work on file with the District Clerk.

“*Area Nine Work*” means the portions of the Infrastructure described in the Area Nine 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 Nine Assessment Bonds.

“*Area Nine 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 Nine 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. 1), 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 unless otherwise indicated.

(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 this Amendment and the Area Nine Assessment Bonds to the exclusion of any conflicting provision therein:

(1) (A) The Area Nine Assessment shall be levied based on the Area Nine Estimate upon all of the Area Nine Assessed Property based on the benefits received by and as allocated to the parcels into which the Area Nine 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 Nine Assessment Bonds according to their terms, the amount allocated per lot shall never be in total less than the principal amount of the Area Nine 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 Nine Assessment Bonds, in each case as applicable, evidencing such values on a lot by lot basis, if necessary.

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

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

(2) (A) The Owner approves the boundaries of the Area Nine Assessed Property as well as the Area Nine Estimate, the Area Nine Work Plans and Specifications and the Area Nine 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 Nine Assessed Property, incur costs and expenses necessary to complete the Area Nine Work and (II) the District may levy and collect or cause to be collected the Area Nine Assessment in amounts sufficient to pay the amounts indicated in the Area Nine Estimate, including for the Area Nine Work, but not in excess of the total amount of the Area Nine Estimate.

(C) The mailing to the governing body of the Municipality of the Area Nine Estimate and the Area Nine Work Plans and Specifications in the form of the Area Nine 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 Nine 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, 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 Nine Assessment, the Owner instead hereby requests that the District Board hold hearings on any protests with respect to the Area Nine Work and objections to the extent of the Area Nine Assessed Property (all of which is to be assessed) pursuant to Sections 48-579 and 580, Arizona Revised Statutes, any objections to award of applicable contracts with respect to the Area Nine Work pursuant to Section 48-584,

Arizona Revised Statutes, and any objections with respect to the Area Nine Assessment or to any previous proceedings connected therewith or claim that the Area Nine Work has not been performed according to any applicable contract or the Area Nine Work Plans and Specifications pursuant to Section 48-590, Arizona Revised Statutes, should any protests or objections or any requests for hearings with respect thereto be made prior to the confirmation of the Area Nine 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 Nine 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 Nine Work, the noticing of proposed improvements with respect to the Area Nine Work, the adoption of the resolution ordering the improvements with respect to the Area Nine Work, the noticing of ordering of the improvements with respect to the Area Nine Work, the noticing of award of applicable contracts with respect to the Area Nine Work, the Area Nine Assessment and any other procedural steps and related proceedings necessary in connection with the Area Nine Work;

(III) any and all protests with respect to the Area Nine Work and objections to the extent of the Area Nine 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 Nine Assessed Property (all of which is to be assessed), the Area Nine Work Plans and Specifications, the Area Nine Estimate and the Area Nine Assessment Diagram, all of which provide for and effectuate the completion of the Area Nine 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 Nine Work, including, but not limited to, any right to claim that any of the acts or proceedings relating to the Area Nine Work are irregular, illegal or faulty pursuant to Section 48-584(E), Arizona Revised Statutes, 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 Nine Assessment, this Amendment or any of the Area Nine Assessment Bonds, including, but not limited to, the judicial review granted by Section 48-721(A), Arizona Revised Statutes, as to

whether the Area Nine Property (all of which is to be assessed) is benefited by the Area Nine Work;

(VII) any right to object to the legality of any of the Area Nine Assessment or to any of the previous proceedings connected therewith or claim that the Area Nine Work has not been performed according to any applicable contract or the Area Nine Work Plans and Specifications in each case as permitted pursuant to Section 48-590(G), Arizona Revised Statutes, 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 Nine Assessment pursuant to Section 48-590, Arizona Revised Statutes, 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 Nine Assessed Property (all of which is to be assessed) which prohibit the establishment of the Area Nine Assessed Property, designation of the boundaries of the Area Nine Assessed Property (all of which is to be assessed), completion of the Area Nine Work and levying and recording of the Area Nine Assessment.

(5) The Area Nine Work is of more than local or ordinary public benefit, and the Area Nine Assessed Property receives a benefit from the Area Nine Work in an amount not less than shown in the Area Nine 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 with respect to the Area Nine 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 Nine 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 Nine 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 Nine 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 Nine Assessment, after same is levied, remain unpaid, the Area Nine Assessment shall constitute a lien against the Area Nine Assessed Property in the amounts indicated in the Area Nine 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) Notwithstanding any provision of the Agreement to the contrary, the parties hereto consent to the “public sale” (as such term is defined in the Act) of the Area Nine Assessment Bonds. The Area Nine Assessment Bonds were issued at the request and for the benefit of the Owner to finance the amount of the Area Nine Estimate. The Area Nine Assessment shall be collected pursuant to the Assessment Collection Agreement.

(2) The “sale proceeds” of the sale of the Area Nine 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 Nine 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 Nine Assessment, and any amount collected with respect to the Area Nine Assessment thereafter shall be deposited to such reserve to the extent the Area Nine 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 Nine Assessment as to any Area Nine Assessed Property then owned by Owner, 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 Nine 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), (c) and (d) 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. 1

By
Tara Walter, Chairperson, District Board

ATTEST:

.....
Lisa Garcia, District Clerk

STATE OF ARIZONA)
) ss.
COUNTY OF PINAL)

The foregoing instrument was acknowledged before me this day of
....., 2018, by Tara Walter, as Chairperson of the District Board of Merrill Ranch
Community Facilities District No. 1, an Arizona community facilities district.

.....
Notary Public

My commission expires:

.....

PULTE HOME COMPANY, LLC, a limited liability company

By.....

Printed Name:

Title:

STATE OF)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this of, 2018, by, the of Pulte Home Company, LLC, a limited liability company.

Notary Public

My commission expires:

.....

ATTACHMENT:

EXHIBIT - Legal Description of the Area Nine Assessed Property

[Signature page to Ninth Amendment and Waivers]

EXHIBIT

LEGAL DESCRIPTION OF THE AREA NINE ASSESSED PROPERTY

332622529

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1

and

ZB, NATIONAL ASSOCIATION, D/B/A ZIONS BANK,
as Trustee

INDENTURE OF TRUST

AND

SECURITY AGREEMENT

Dated as of April 1, 2018

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1
(FLORENCE, ARIZONA)
SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA NINE)

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* * *

THIS INDENTURE OF TRUST AND SECURITY AGREEMENT, dated as of April 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, this "Indenture"), from Merrill Ranch Community Facilities District No. 1, 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 (together with its successors, the "Issuer"), to ZB, National Association, d/b/a Zions Bank, a national banking association authorized to perform trust services in the State of Arizona, as trustee (together with any successor to the trust herein granted, 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 (the "Enabling Act"), (2) Section 9-500.05, Arizona Revised Statutes, (3) Resolution No. 978-05, adopted on December 19, 2005, 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 (the "Municipality"), (4) Resolution No. 201-05, adopted on December 19, 2005 (the "District Resolution"), by the district board of the Issuer (the "Board") and (5) Resolution No. MRCFD1 137-18, adopted on March 19, 2018 (the "Resolution of Intention"), by the Board, (A) the Municipality, (B) the Issuer and (C) the owners of the real property within the boundaries of the Issuer (the "Property Owners"), entered into a District Development, Financing Participation, Waiver and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 1), dated as of December 1, 2005, as amended by, among others, a Ninth Amendment and Waivers (Assessment Area Nine - Units 3, 5, 7, 52 and 56A), dated as of April 1, 2018, for District Development, Financing Participation, Waiver and Intergovernmental Agreement, dated as of December 1, 2005 (as so amended, the "Development Agreement"), as a "development agreement" to specify, among other things, (i) conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Enabling Act) and the financing of public infrastructure and (ii) with regard to the property which makes up the real property included within the boundaries of the Issuer (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 a study 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 Issuer, 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 (the "Report"); and

WHEREAS, a public hearing on the Report was held on March 19, 2018, 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. MRCFD1 138-18, adopted on March 19, 2018 (the “Bond Resolution”), by the Board, the Board determined that special assessment lien bonds of the Issuer (being all bonds authenticated and delivered hereunder, 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 (collectively, including incidental expenses with respect thereto, 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 assessments of the costs of the Work (the “Assessment”) on the portion of the Property (the “Area Nine Assessed Property”) as provided in each case 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 Owner owning the Area Nine Assessed Property (the “Affected Owner”) has 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 Area Nine Assessed Property is to be divided into more than one parcel and (ii) to 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 Area Nine Assessed Property and (4) provided that the Work be performed under the provisions of the Enabling Act, the Development Agreement and the Report, the Area Nine Assessed Property to be assessed being more fully described in the Development Agreement, the Report and the Resolution of Intention (collectively, the “Resolution of Intention Documents”) to which reference is hereby made for such description, and pursuant to the Development Agreement, the Affected Owner has 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 Owner has 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 Area Nine Assessed Property 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 (the "Warrant") on _____, 2018, and (3) thereafter, the Warrant and the Assessment were returned by the District Manager and the District Treasurer as prescribed by law on _____, 2018, 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 (as such term is 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 \$1,000 of principal amount and integral multiples of \$1,000 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 Issuer.

“*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, the District Treasurer or 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 Investors Service, Inc. or any entity succeeding to the duties and obligations thereof.

“*Officer’s 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 bankruptcy, 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 S&P (as such term is hereinafter defined) 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 collateral 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.

“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 Financial Services LLC, 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.

“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 85132, 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 41-4401, 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

REGISTERED

NO.

\$.....

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.*

United States of America
State of Arizona

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1
(FLORENCE, ARIZONA)
SPECIAL ASSESSMENT LIEN BOND (ASSESSMENT AREA NINE)

<u>Interest Rate:</u>	<u>Maturity Date:</u>	<u>Original Issue Date:</u>	<u>CUSIP No.:</u>
.....%	July 1, 20...	April __, 2018	590209

REGISTERED OWNER: CEDE & CO.*

PRINCIPAL AMOUNT DOLLARS

Merrill Ranch Community Facilities District No. 1, 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 (the “Issuer”), for value received, hereby promises to pay to the “Registered Owner” specified above or registered assigns (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 “Original 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.

* Insert if DTC is the Securities Depository.

As provided in the Indenture, 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 (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 (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 April 1, 2018 (together with all indentures supplemental thereto, the “Indenture”), from the Issuer to, as trustee (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 March 19, 2018 (the “Bond Resolution”), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 6, Arizona Revised Statutes (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 a 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 infrastructure 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 \$1,000 and any integral multiple of \$1,000 of principal amount in excess thereof unless necessary to accommodate redemption of the Bonds.

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 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 maturing on July 1 20__, 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)

20__

Principal Amount

\$____,000

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 \$1,000 of principal amount may be redeemed in part (\$1,000 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 \$1,000 of principal amount or a multiple thereof) of the principal of Bonds of a denomination larger than \$1,000 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, 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. 1

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 sells, assigns and transfers unto

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

Dated:
Signature

Signature Guaranteed:

.....
[Insert proper legend] Signature

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

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

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

UNIF GIFT MIN ACT -	Custodian
(Cust)	(Minor)

under Uniform Gifts to Minors Act
(State)

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

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

* * *

ARTICLE THREE

TERMS AND ISSUANCE OF THE BONDS

SECTION 3.01. *Title and Terms.*

A. There shall be one series of bonds, dated April __, 2018, issued and secured hereunder entitled

“MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1
(FLORENCE, ARIZONA)
SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA NINE)”.

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 \$1,477,000, 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:

<u>Year</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
20__	\$ ____,000	____%

D. The Bonds shall bear interest from and including April __, 2018, 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__ (each 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, 20__, 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.

B. 1. 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	
<u> (July 1) </u>	<u>Principal Amount</u>
20__	\$____,000

2. 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 Chairperson or Vice Chairperson 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 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 2.02, 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 (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. Upon surrender for transfer of any Bond to a Paying Agent therefor at the designated corporate trust office 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.

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 (“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 or provided by acceptable electronic means, 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 provided 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 \$1,000 of principal amount or an integral multiple of principal amount of \$1,000 thereof, but in no case less than the minimum of the allowable Authorized Denomination unless necessary to redeem the Bonds) 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 and be posted electronically to the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board ("MSRB") or such other information repository designated by the MSRB or the Securities and Exchange Commission.

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 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 Nine) Bond Fund” (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 Section 5.04(A)(2) and amounts transferred from the Costs of Issuance Fund to the extent provided in Section 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 Nine) Acquisition and Construction Fund” (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 Nine) Costs of Issuance Fund” (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 _____ 1, 20__, 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 Nine) Reserve Fund” (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 July 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 July 1, 20__, 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 and B 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 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 Issuer 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 Nine 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 Officer's 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 Officer's 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 the Issuer by Board Resolution if no event of default by the Issuer hereunder has occurred or, with the passage of time or the giving of notice, or both, shall occur.

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 7.11, 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, based upon an Opinion of Counsel, 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 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 Relating 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 such 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 2018 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. 1

By.....
District Manager

ATTEST:

.....
District Clerk

ZB, NATIONAL ASSOCIATION, D/B/A ZIONS
BANK, as Trustee

By.....
Authorized Representative

332622687

[Signature page to Indenture of Trust and Security Agreement]

PROCEDURES FOR COMPLIANCE WITH OBLIGATIONS UNDER CONTINUING DISCLOSURE UNDERTAKINGS

These Procedures for Compliance with Obligations under Continuing Disclosure Undertakings (these “Procedures”) are established as of March 19, 2018, and set forth specific procedures of Merrill Ranch Community Facilities District No. 1 (the “Issuer”), designed to assist in compliance with applicable requirements set forth in undertakings (“Continuing Disclosure Undertakings”) providing for ongoing disclosure in connection with the offering of obligations to investors for obligations (whether or not tax-exempt/tax-advantaged) subject to the continuing disclosure requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

These Procedures document practices and describe various procedures for preparing and disseminating related reports and information and reporting “listed events” for the benefit of the holders of the Issuer’s obligations and to assist the Participating Underwriters (within the meaning of the Rule) in complying with the Rule and the Continuing Disclosure Undertaking.

The Issuer recognizes that compliance with pertinent law is an ongoing process; necessary during the entire term of any obligations issued by the Issuer, and is an integral component of the Issuer’s debt management. Accordingly, implementation of these Procedures will require ongoing monitoring and consultation with bond counsel and the Issuer’s accountants and advisors.

General Policies and Procedures

The following policies relate to procedures and systems for monitoring post-issuance compliance generally.

1. The District Treasurer (the “Compliance Officer”) shall be responsible for monitoring post-issuance compliance issues.
2. The Compliance Officer will coordinate procedures for record retention and review of such records.
3. All documents and other records relating to obligations issued by the Issuer shall be maintained by or at the direction of the Compliance Officer.
4. The Compliance Officer will review post-issuance compliance procedures and systems on a periodic basis, but not less than annually.
5. The Compliance Officer will review the annual information required to be filed pursuant to each Continuing Disclosure Undertaking.

Continuing Disclosure

Under the provisions of the Rule, Participating Underwriters are required to reasonably determine that issuers (such as the Issuer) have entered into written Continuing Disclosure Undertakings to make ongoing disclosure in connection with offerings of obligations to investors subject to the Rule. Unless the Issuer is exempt from compliance with the Rule or the continuing disclosure provisions of the Rule as a result of certain permitted exemptions, a Continuing Disclosure Undertaking executed by the Issuer will be required.

In order to monitor compliance by the Issuer with its Continuing Disclosure Undertakings, the Compliance Officer will take the actions listed below, if and as required by such Continuing Disclosure Undertakings. The Compliance Officer may coordinate with staff, and may engage a dissemination agent, counsel, and/or other professionals to assist in discharging the Compliance Officer's duties under these Procedures as the Compliance Officer deems necessary.

A. Compilation of Currently Effective Continuing Disclosure Undertakings

The Compliance Officer shall compile and maintain a set of all currently effective Continuing Disclosure Undertakings of the Issuer. Such agreements are included in the transcript of proceedings for the Issuer's respective obligation issue. Continuing Disclosure Undertakings are "Currently Effective" for purposes of these Procedures (and hence shall be included in the set of Currently Effective Continuing Disclosure Undertakings) for so long as the obligations to which they relate are outstanding. As obligations are completely repaid or redeemed, the Compliance Officer shall remove the related Continuing Disclosure Undertakings from the set of Currently Effective Continuing Disclosure Undertakings.

B. Annual Review and Annual Reporting Requirements

The Compliance Officer shall ensure that all necessary financial statements, financial information and operating data is filed in the manner and by the filing dates set forth in the Currently Effective Continuing Disclosure Undertakings. The Compliance Officer shall review the set of Currently Effective Continuing Disclosure Undertakings annually, prior to each annual filing, keeping in mind:

- The financial information and operating data required to be reported under a particular Continuing Disclosure Undertaking may differ from the financial information and operating data required to be reported under another Continuing Disclosure Undertaking; and
- The timing requirements for reporting under a particular Continuing Disclosure Undertaking may differ from the timing requirements for filing under another Continuing Disclosure Undertaking.

C. Calendar; EMMA Notification System

The Compliance Officer shall keep a calendar of all pertinent filing dates required under the Issuer's Currently Effective Continuing Disclosure Undertakings. The Compliance Officer shall also subscribe to notification services made available through the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

D. Annual Review of Prior Filings

As part of the annual review process, the Compliance Officer shall also review prior filings made within the past five years subsequent to the last such review of prior filings. If the Compliance Officer discovers any late or missing filings, the Compliance Officer (after discussing the circumstances with the Issuer's dissemination agent, counsel or other agents as necessary) shall file the missing information.

E. Monitoring of Listed events

The Compliance Officer shall monitor the occurrence of any of the following events and/or other events set forth in the Currently Effective Continuing Disclosure Undertakings and shall provide notice of the same in the required manner and by the relevant reporting deadline (generally within 10 days of the occurrence):

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Issuer's obligations, or other material events affecting the tax status of the Issuer's obligations;
- Modification to rights of holders of the Issuer's obligations, if material;
- Calls of the Issuer's obligations, if material, and tender offers;
- Defeasances of the Issuer's obligations;
- Release, substitution or sale of property securing repayment of the Issuer's obligations, if material;
- Rating changes;

- Bankruptcy, insolvency, receivership or similar event of the Issuer;
- The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

F. Review of Official Statements

The Compliance Officer shall review drafts of any offering document for a new offering of obligations, with assistance from its dissemination agent, counsel or other agents of the Issuer as necessary, and shall determine that the offering document accurately and completely describes the Issuer's continuing disclosure compliance history within the five years prior to the date of the respective Official Statement. This compliance review is not meant to limit the Issuer's other reviews of or diligence procedures relating to its offering documents.

G. Record Retention

The Compliance Officer shall retain documentation evidencing the Issuer's annual reviews and its reviews of offering documents in connection with new offerings as set forth above. This Issuer shall retain this documentation, for each Continuing Disclosure Undertaking, for the period that the related obligations are outstanding.

H. Annual Review Checklist

The Compliance Officer may (or may not) choose to use and retain the attached Annual Review Checklist to assist in implementing these Procedures.

CONTINUING DISCLOSURE ANNUAL REVIEW CHECKLIST

- 1. Fiscal Year Ending:** _____
- 2. Compliance Officer:** _____
- 3. Checklist Completion Date:** _____

4. Obligations for which there are Currently Effective Continuing Disclosure Undertakings - Attach Agreements:

\$ _____, _____, dated _____, 20__

\$ _____, _____, dated _____, 20__

\$ _____, _____, dated _____, 20__

\$ _____, _____, dated _____, 20__

\$ _____, _____, dated _____, 20__

\$ _____, _____, dated _____, 20__

\$ _____, _____, dated _____, 20__

5. Have any new Obligations subject to Continuing Disclosure Been Issued this Year?

_____ No

_____ Yes (Add Agreement to Currently Effective Continuing Disclosure Undertakings) If Yes, did the Compliance Officer review the Offering Document's Description of the Issuer's Continuing Disclosure Compliance History within the Prior 5 Years?

Circle: Y/ N (If N, review and discuss any issues with counsel.)

6. Have any Obligations subject to Continuing Disclosure Been Completely Paid or Redeemed this Year?

_____ No

_____ Yes (Remove Agreement from Currently Effective Continuing Disclosure Undertakings)

7. (a) Has the Compliance Officer Reviewed the Annual Continuing Disclosure Filing to Ensure that all Necessary Financial Statements, Financial Information and Operating Data is Included?

_____ Yes

_____ No (Compliance Officer must review the Annual Continuing Disclosure Filing)

(b) For purposes of this review, please keep in mind:

	Checked?
Different Continuing Disclosure Undertakings may require different information to be file (so check each one)	Y / N
Different Continuing Disclosure Undertakings may have different filing timing requirements (so check each one).	Y / N

Have any of the Following Events Occurred this Year?

Event	Circle
1. Principal and interest payment delinquencies	Y / N
2. Non-payment related defaults, if material	Y / N
3. Unscheduled draws on debt service reserves reflecting financial difficulties	Y / N
4. Unscheduled draws on credit enhancements reflecting financial difficulties	Y / N
5. Substitution of credit or liquidity providers, or their failure to perform	Y / N
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Issuer's obligations, or other material events affecting the tax status of the Issuer's obligations	Y / N
7. Modification to rights of holders of the Issuer's obligations, if material	Y / N
8. Calls of the Issuer's obligations, if material, and tender offers	Y / N
9. Defeasances of the Issuer's obligations	Y / N
10. Release, substitution or sale of property securing repayment of the Issuer's obligations, if material	Y / N
11. Rating changes	Y / N
12. Bankruptcy, insolvency, receivership or similar event of the Issuer	Y / N
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material	Y / N
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material	Y / N

If any such Event Occurred, was Proper Notice Provided?

_____ Yes

_____ No (Call your dissemination agent or counsel immediately to discuss)

_____ N/A

Has the Issuer Retained a Dissemination Agent? (i.e., a Paid Third Party that Assists with Filings)

_____ Yes: Name/Contact: _____

_____ No

PRELIMINARY OFFICIAL STATEMENT DATED MARCH __, 2017

NEW ISSUE – BOOK-ENTRY-ONLY

NOT RATED

In the opinion of Bond Counsel, assuming continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, interest on the Bonds (i) is excludable from gross income for federal income tax purposes and (ii) exempt from income taxation under the laws of the State of Arizona. Further, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. See "TAX EXEMPTION" herein for a description of the federal alternative minimum tax, including the federal alternative minimum tax on corporations for taxable years beginning before January 1, 2018, and certain other federal tax consequences of ownership of the Bonds.

The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

\$1,477,000*

**MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1
(FLORENCE, ARIZONA)
SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA NINE)
(BANK QUALIFIED)**

**DRAFT V
3-7-18**

Dated: Date of Delivery

Due: July 1 as shown on inside front cover page.

The Merrill Ranch Community Facilities District No. 1 (Florence, Arizona) Special Assessment Lien Bonds (Assessment Area Nine) (the "Bonds") are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes and will be issued pursuant to a resolution of the District Board of Merrill Ranch Community Facilities District No. 1 (the "District"), a community facilities district formed within the boundaries of the Town of Florence, Arizona (the "Town") and an Indenture of Trust and Security Agreement, to be dated as of __, 2018 (the "Indenture"), from the District to ZB, National Association, d/b/a Zions Bank (the "Trustee"). The Bonds will be payable solely from and secured by a special, separate fund maintained by the District, which fund will contain installments due with respect to a certain special assessment levied and assessed by the District (the "Assessment") on certain parcels of land (each, an "Assessed Parcel" and, collectively, the "Assessed Parcels"), within a portion of the District designated Assessment Area Nine (the "Assessment Area"), amounts held in a reserve fund with respect to the Bonds (the "Reserve Fund") and other amounts held under the Indenture. The Assessment will be levied and assessed in accordance with a method of apportionment based on the benefit received by the Assessed Parcels from public infrastructure acquired with the proceeds of the sale of the Bonds and agreed to by the owners of the Assessed Parcels, which Assessment constitutes a first lien on the Assessed Parcels, subject only to general property taxes and prior special assessments. **(THERE ARE SUCH GENERAL PROPERTY TAXES (BUT NOT PRIOR SPECIAL ASSESSMENTS) IN THE CASE OF THE BONDS. See "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS" HEREIN.)** The lien for the Assessment will not be extinguished as a result of enforcement of the lien for general property taxes. Any Assessed Parcel will be offered for sale for nonpayment of the Assessment levied and assessed by the District on such Assessed Parcel and, if sold, the proceeds thereof will be deposited in such special fund. The rights and obligations of the District relating to collection and payment of Assessments and the enforcement of remedies against delinquent Assessments may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" AND "SPECIAL RISK FACTORS" herein. Interest will accrue from the date of delivery and be payable on January 1, 2019*, and on each July 1 and January 1 thereafter, until maturity or prior redemption.

Unpaid portions of the Assessment on an Assessed Parcel constitute fixed liens on that Assessed Parcel and do not constitute a personal indebtedness of the respective owners of such land. None of the District, the Town, the Trustee, nor the Assessment Area Developer nor the District Property Owners (each as defined herein) have any obligation to cure any delinquency or to purchase the delinquent lien at the assessment sale or provide funds for such purchase. Thus, the value of the land within the Assessment Area is a critical factor in determining the investment quality of the Bonds. The executive summary of the appraisal of land values within the Assessment Area is set forth in APPENDIX C hereto. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "SPECIAL RISK FACTORS" herein.

A portion of the proceeds of the Bonds in an amount equal to the Reserve Requirement (as defined herein) will be deposited into the Reserve Fund and used to pay principal of and interest on the Bonds to the extent Assessment collections are insufficient for such purpose. The Reserve Fund will be replenished solely from subsequent collections, if any, of the delinquent installments. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein.

The Bonds will be registered only in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), for purposes of the book-entry only system described herein. Utilization of the book-entry-only system will affect the method and timing of payment of principal of and interest on the Bonds and the method of transfer of the Bonds. DTC will be responsible for distributing the principal and interest payments to the DTC Participants (defined herein) which will, in turn, be responsible for distribution of such amounts to the beneficial owners of the Bonds (the "Beneficial Owners"). As they will be in book-entry-only form, purchasers will not receive definitive certificates with respect to the Bonds. Beneficial ownership interests in the Bonds may be purchased through the facilities of DTC in amounts of \$1,000 of principal due on a specific maturity date and integral multiples thereof. So long as any purchaser is the Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or a dealer which is, or acts through, a DTC Participant to receive payment of principal of and interest on such Bond. See APPENDIX F – "BOOK-ENTRY-ONLY SYSTEM."

SEE BOND MATURITY PAYMENT SCHEDULE ON INSIDE FRONT COVER PAGE

The Bonds will be subject to optional, special and mandatory redemption by the District prior to maturity as described under "THE BONDS – Redemption Provisions" herein.*

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

PLEASE BE ADVISED THAT AN INVESTMENT IN THE BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK AND IS SPECULATIVE IN NATURE AS DESCRIBED UNDER "RISK FACTORS" AND UNDER OTHER SECTIONS IN THE OFFICIAL STATEMENT. THIS ISSUE IS NON-RATED AND SHOULD NOT BE DEEMED TO BE INVESTMENT GRADE. THE "RISK FACTORS" SECTION OF THIS OFFICIAL STATEMENT SHOULD BE REVIEWED PRIOR TO MAKING ANY INVESTMENT DECISION IN THE BONDS.

* Subject to change.

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

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE TOWN, NOR THE STATE OF ARIZONA, NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL NOT BE GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE ABOVE-DESCRIBED ASSESSMENTS WITHOUT RECOURSE TO THE ASSETS (OTHER THAN THE ASSESSED PARCEL) NOR THE CREDIT OF THE ASSESSMENT AREA DEVELOPER NOR ANY OTHER OWNER OF AN ASSESSED PARCEL.

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

The Bonds are offered to investors when, as and if issued by the District and subject to the approval of Greenberg Traurig, LLP, Bond Counsel for the District. Certain matters will be passed upon for the Underwriter identified below by its counsel, Squire Patton Boggs (US) LLP and for the Assessment Area Developer (as defined herein) by Berens Blonstein PLC. It is expected that delivery of the Bonds in book-entry-only form will be made through the facilities of DTC on or about April __, 2018.*

* Subject to change.

\$1,477,000*
MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1
(FLORENCE, ARIZONA)
SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA NINE)
(BANK QUALIFIED)

Base CUSIP®⁽¹⁾ No. 590209

MATURITY SCHEDULE*

<u>Maturity Date (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP®⁽¹⁾ No. 590209</u>
2020	\$ 32,000	%	%	
2021	33,000			
2022	35,000			
2023	38,000			
2024	40,000			
2025	42,000			
2026	44,000			
2027	48,000			
2028	51,000			
2029	53,000			
2030	57,000			
2031	59,000			
2032	64,000			
2033	68,000			
2034	71,000			
2035	75,000			
2036	79,000			
2037	84,000			
2038	89,000			
2039	95,000			
2040	102,000			
2041	105,000			
2042	113,000			

* *Subject to change.*

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2018 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, Bond Counsel, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1

DISTRICT BOARD

Tara Walter, *Chairperson*

Vallarie Woolridge, *Vice Chairperson*

William Hawkins, *Member*

John Anderson, *Member*

Kristen Larsen, *Member*

Rebecca Guilin, *Member*

Karen Wall, *Member*

DISTRICT ADMINISTRATIVE STAFF

Brent Billingsley
District Manager

Joe Jarvis
District Treasurer

Clifford Mattice, Esq.
District Counsel

Lisa Garcia
District Clerk

BOND COUNSEL
Greenberg Traurig, LLP
Phoenix, Arizona

TRUSTEE
ZB, National Association, d/b/a Zions Bank
Phoenix, Arizona

APPRAISER

Burke Hansen, LLC
Phoenix, Arizona

DISTRICT ENGINEER

EPS Group, Inc.
Avondale, Arizona

REGARDING THIS OFFICIAL STATEMENT

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

The information set forth herein has been obtained from the District, the Assessment Area Developer and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the Underwriter, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.”

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

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

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE UNDERWRITER MAY OVERALLOT OR ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET IN ORDER TO FACILITATE THEIR DISTRIBUTION. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

A wide variety of information, including financial information, concerning the District is available from publications and websites of the District and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of, or incorporated into, this Official Statement, except as expressly noted herein.

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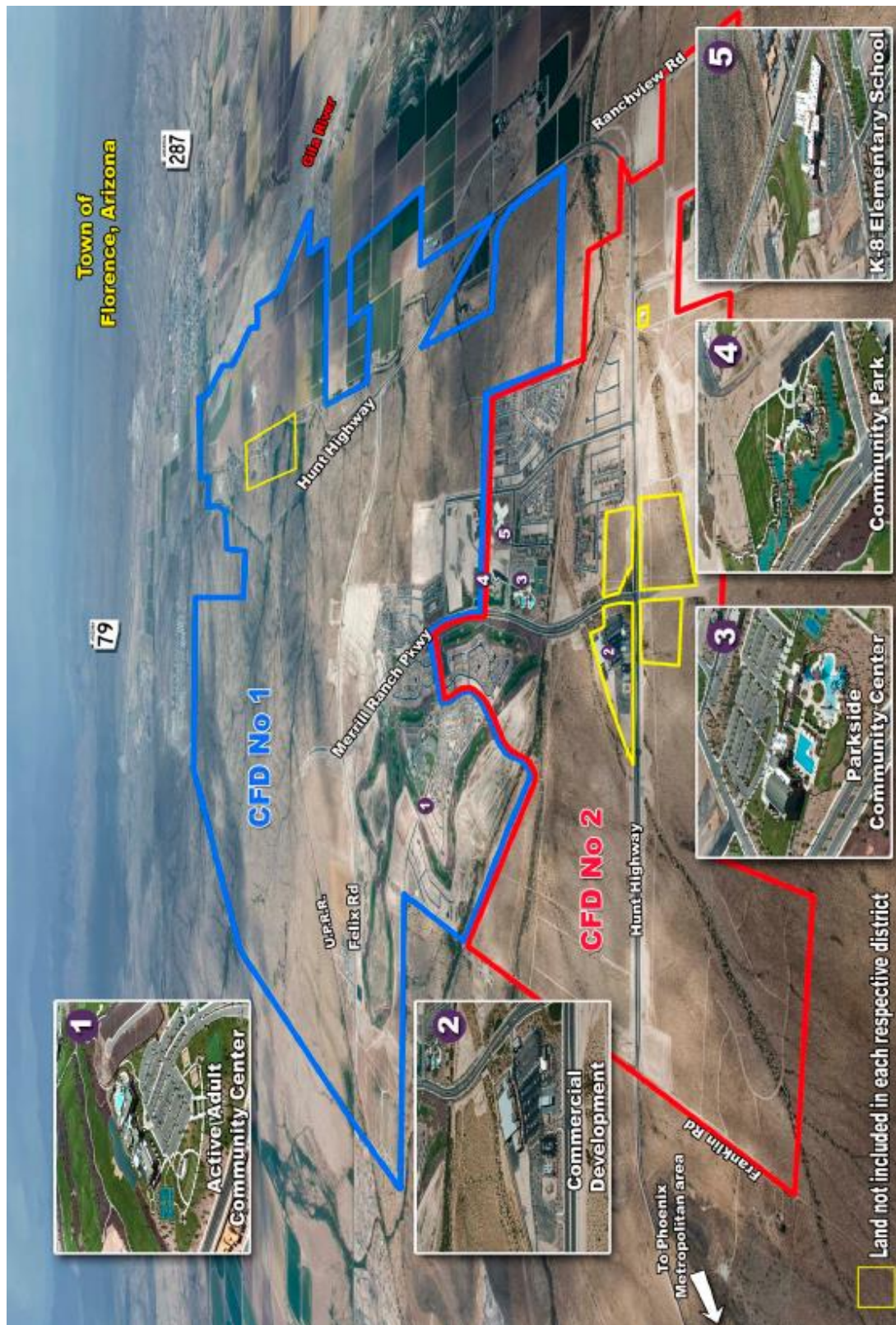
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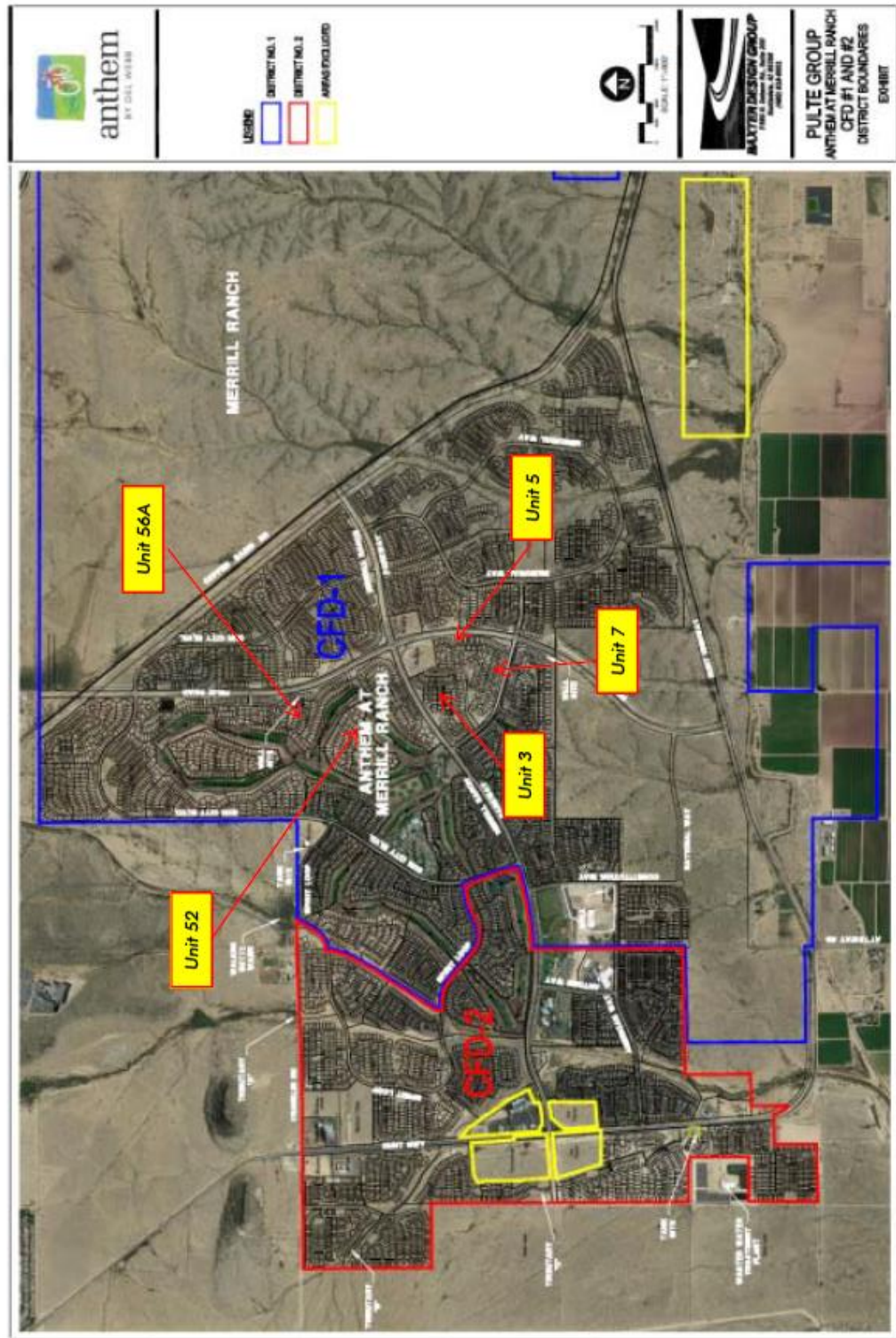
LOCATION MAP – STATE



LOCATION OF MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 AND DISTRICT NO. 2



MAP SHOWING LOCATION OF DISTRICT IN CONTEXT OF SURROUNDING AREA



OFFICIAL STATEMENT

\$1,477,000*

**MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1
(FLORENCE, ARIZONA)
SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA NINE)
(BANK QUALIFIED)**

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto (this "Official Statement"), provides certain information concerning the issuance of Merrill Ranch Community Facilities District No. 1 (Florence, Arizona) Special Assessment Lien Bonds (Assessment Area Nine) (the "Bonds") in the aggregate principal amount of \$1,477,000*. **Certain capitalized terms not defined in the text of this Official Statement are defined in APPENDIX E - "EXCERPTS OF THE INDENTURE."** Copies of any of the documents referenced herein are available upon request to the Underwriter (as defined herein) at: Stifel, Nicolaus & Company, Incorporated, 2325 East Camelback Road, Suite 750, Phoenix, Arizona 85016.

The Community Facilities District Act of 1988, as amended, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "Act") was enacted to provide a method of financing certain "public infrastructure purposes" (as such term is defined in the Act) in the State of Arizona (the "State" or "Arizona"). The governing board of a community facilities district may issue bonds for a community facilities district and levy special assessments upon the property within such district to repay such indebtedness.

Pursuant to the Act, the Town of Florence, Arizona (the "Town") formed Merrill Ranch Community Facilities District No. 1 (the "District"). See "THE DISTRICT" herein. The District is issuing the Bonds to finance a portion of the costs of certain public infrastructure (collectively, the "Public Infrastructure" or "Work") that benefits an approximately 155.49 acre area within the District known as Assessment Area Nine (the "Assessment Area"). The payment of principal and interest on the Bonds will be secured by a special assessment (the "Assessment") on certain parcels of land and lots (each, an "Assessed Parcel" and collectively, the "Assessed Parcels") located within the Assessment Area. The portion of the District within the Assessed Area is being developed as single-family owner-occupied residential property by Pulte Home Company, LLC (the "Assessment Area Developer" and, as such ownership may change from time to time, the "Assessed Parcel Owner" or "Assessed Parcel Owners").

The District is a special purpose, tax levying public improvement district for purposes of the Constitution of the State and a municipal corporation for certain purposes of the laws of the State. Except as otherwise provided in the Act, the District is considered to be a municipal corporation and political subdivision of the State, separate and apart from the Town. Among other things, the District is intended, pursuant to a series of development agreements among the Town, certain of the District property owners and certain related entities and the District, to provide a vehicle for financing certain public infrastructure necessary for development of the land within the boundaries of the District. The property within the District is divided into several parcels and is owned by several different owners (the "Current District Property Owners", and as such owners may change from time to time, the "District Property Owners"). See "OTHER PROPERTY OWNERS IN THE DISTRICT."

The District consists of approximately 7,900 acres of partially improved land within the Town. The District is located approximately 63 miles southeast of Phoenix, Arizona in the central portion of the State. The property within the District is proposed to be developed as part of an approximately 8,970 acre residential, commercial and golf course master planned community known as "Merrill Ranch". Improvements to Merrill Ranch are partially complete. See "LAND DEVELOPMENT" and "THE DISTRICT" for more information or the status of such improvements.

The Assessment Area consists of approximately 155.49 acres within the District. The Assessed Parcels comprise substantially all of the land within the Assessment Area, excluding road and utility rights-of-way and easements.

The Assessed Parcels are comprised of 5 separately platted areas totaling approximately 422 single family residential lots. Approximately 41% (173 Lots) of the residential lots within the District are included as part of the Sun City Anthem Community (age restricted) with the remaining 59% (249 are Lots) included in the Parkside Anthem. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Assessment – TABLE 2." The Assessed Parcels are all owned by the Assessment Area Developer. All of the Assessed Parcels are zoned by the Town for residential purposes. The Assessment Area Developer has certain rights pursuant to a development agreement dated November 19, 2004 (the "Town Development Agreement") with the Town which addresses the rights of the Assessment Area Developer to develop the Assessed Parcels.

The Town has a land area of approximately 62 square miles and has a current population of approximately 25,866 (which population count includes approximately 16,500 inmates housed in State prisons located in the Town). The Town is the county seat of Pinal County, Arizona (the "County"). See APPENDIX A for more information about the Town.

Neither the full faith and credit nor the general taxing power of the District, the Town, the State, or any political subdivision thereof is pledged to the payment of the Bonds. The Bonds are not obligations of the Town. The Bonds are not general obligations of the District but are limited obligations of the District payable solely from amounts collected pursuant to the Assessments and certain other sources described in the Indenture. None of the District, the Town, the Assessment Area Developer, the District Property Owners, any Assessed Parcels Owners or the Trustee have any obligation to cure any delinquency or to purchase the delinquent property at the assessment sale or provide funds for such purchase.

Unpaid portions of the Assessments constitute fixed liens on the Assessed Parcels and do not constitute a personal indebtedness of the Assessment Area Developer or the respective Assessed Parcels Owners.

See "THE DISTRICT" – General Description of the District" and "LAND DEVELOPMENT" for a description of development in the District and "ASSESSMENT AREA DEVELOPER" for certain information about the Assessment Area Developer. See the maps on pages (vi) and (vii) with respect to the location of the District.

The District was formed pursuant to a District Development, Financing Participation Waiver and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 1), dated as of December 1, 2005, among the Town, the District and the District Property Owners, as amended by a First Amendment and Waivers (Assessment Area One), dated as of February 1, 2006, a Second Amendment and Waivers (Assessment Area Two – Unit 54) dated as of April 1, 2008, a Third Amendment and Waivers (Assessment Area Three – Unit 17A) dated as of September 1, 2010, a Fourth Amendment and Waivers (Assessment Area Four – Unit 18) dated as of January 1, 2012, a Fifth Amendment and Waivers (Assessment Area Five – Unit 17B) dated as of July 1, 2012, a Sixth Amendment and Waivers (Assessment Area Six – Units 2 and 9A) dated as of July 1, 2013, a Seventh Amendment and Waivers (Assessment Area Seven – Units 9B, 16 and 17C), dated as of October 1, 2014, an Eighth Amendment and Waivers (Assessment Area Eight – Units 50 and 53), dated as of April 1, 2016, and a Ninth Amendment and Waivers (Assessment Area Nine – Units 3, 5, 7, 52 and 56A), to be dated as of _____ 1, 2018 (as so amended, the "Development Agreement") all by and between the District and the Assessment Area Developer. Provisions for acquiring certain public infrastructure (including the Public Infrastructure) necessary for development of the land within the boundaries of the District are set forth herein. See "THE DISTRICT."

THE BONDS

The Bonds are being issued pursuant to a resolution adopted by the District Board of the District (the "Board") on March 19, 2018 (the "Bond Resolution"), and the Indenture of Trust and Security Agreement, to be dated as of _____ 1, 2018 (the "Indenture"), from the District to ZB, National Association, d/b/a/ Zions Bank, as trustee (the "Trustee"). (See APPENDIX E - "EXCERPTS OF THE INDENTURE".) The Bonds will be payable from the payments of, and secured solely by, the Assessment and certain amounts held in certain funds established under the Indenture and investment earnings in such funds, subject to the provisions of the Indenture. The Assessment constitutes a first lien on the respective Assessed Parcels, subject only to general property taxes and prior special assessments. For a description of the existing general property taxes imposed on land in the District, see "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS" herein. As used in this Official Statement, the term "Assessment Payment" means each installment payment of the Assessment.

The rights and obligations of the District relating to collection and payment of the Assessment and the enforcement of remedies against delinquent amounts of the Assessment may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "SPECIAL RISK FACTORS" herein.

Burke Hansen, LLC (the "Appraiser") prepared an appraisal of the Assessed Parcels dated February 10, 2018 (the "Appraisal"). The Appraisal estimates of value for the Assessed Parcels (assuming completion of the construction of the Public Infrastructure), and the resulting value-to-lien ratio for each Assessed Parcel is set forth in TABLE 3 herein. The Appraisal sets forth the assumptions and limiting conditions with respect to each value and the related methodology. Bondholders should carefully review "SECURITY FOR AND SOURCES OF THE BONDS — Appraised Value of Land" and APPENDIX C - "EXECUTIVE SUMMARY OF APPRAISAL" herein.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE TOWN, THE STATE OF ARIZONA, NOR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT OBLIGATIONS OF THE TOWN. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM AMOUNTS COLLECTED PURSUANT TO THE ASSESSMENT AND CERTAIN OTHER SOURCES DESCRIBED IN THE INDENTURE. NONE OF THE DISTRICT, THE TOWN, THE ASSESSMENT AREA DEVELOPER, ANY DISTRICT PROPERTY OWNER, ANY ASSESSED PARCEL OWNER, OR THE TRUSTEE HAVE ANY OBLIGATION TO CURE ANY DELINQUENCY OR TO PURCHASE THE DELINQUENT PROPERTY AT THE ASSESSMENT SALE OR TO PROVIDE FUNDS FOR SUCH PURCHASE.

The Assessment is not a personal obligation the Assessment Area Developer nor of any Assessed Parcel Owner. An Assessed Parcel Owner's liability with respect to the payment of the Assessment is limited solely to such Assessed Parcel Owner's interest in the corresponding Assessed Parcel.

Authorization and Purpose

Pursuant to a resolution of the Board adopted on March 19, 2018 (the "Resolution of Intention"), the Board (i) resolved its intent with respect to and ordered the Public Infrastructure, (ii) determined that the Bonds should be issued to represent the costs and expenses thereof, (iii) declared the Public Infrastructure to be of more than local or ordinary public benefit and that the costs and expenses thereof be assessed within the Assessment Area, and (iv) provided that the Public Infrastructure be performed under the provisions of the Act and the Development Agreement, the area to be assessed and the Bonds to be issued being more fully described in the Development Agreement and the Resolution of Intention (collectively, the "*Resolution of Intention Documents*") to which reference is hereby made for such description. Pursuant to the Development Agreement, the Assessment Area Developer, as the Current Assessed Parcel Owner, has 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.

Pursuant to the Resolution of Intention, the Board also found and determined that it had jurisdiction to order the Public Infrastructure and ordered that the Public Infrastructure 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.

EPS Group, Inc., Avondale (the "*District Engineers*") have prepared and presented to the Board duplicate diagrams (the "*Diagram*") of the Assessed Parcels and the method by which the District Engineers have allocated the Assessments among the Assessed Parcels (the "*Method of Assessment*").

On March 19, 2018, the Board adopted the Bond Resolution relating to the financing of a portion of the costs of the Public Infrastructure to be acquired by the District and thereafter fully transferred to the Town by the sale and issuance of the Bonds.

Pursuant to the Bond Resolution, the Board also approved the Diagram and the Method of Assessment and adopted and ordered the levy of the Assessment. No direction was given that demand be made on the Assessment Area Developer, as the Current Assessed Parcel Owner, for payment of the Assessment as the Assessment Area Developer waived such right pursuant to the Development Agreement. Thereafter, the District Manager levied and recorded the Assessment for the District and executed a warrant to the District Treasurer to collect the amounts with respect to the Assessment (the "*Warrant*"). The Warrant and the Assessment were returned by the District Manager and the District Treasurer as prescribed by law. A certified list of unpaid amounts with respect to the Assessment was filed with the District Clerk by the District Treasurer.

The Bonds are authorized pursuant to the Act and are issued pursuant to the Bond Resolution and the Indenture. The Bonds are being issued to provide funds to pay a portion of the costs of the acquisition of the Public Infrastructure by the District and certain related "public infrastructure purposes" as such term is defined in the Act, costs relating to the issuance of the Bonds and to fund the Reserve Fund for payment of the Bonds.

General

The Bonds will be registered in the name of Cede & Co., as the nominee of The Depository Trust Company, New York, New York ("DTC"), for purposes of the book-entry only system described in APPENDIX F – "BOOK-ENTRY-ONLY SYSTEM." Beneficial ownership interests with respect to the Bonds may be purchased in amounts of \$1,000 of principal due on a specified maturity date or integral multiples thereof. The stated maturities, the principal amounts thereof maturing thereon and the rates of interest the Bonds so maturing will bear are indicated on the inside front cover page of this Official Statement.

The Bonds will be dated as of the date of delivery and will bear interest from and including the date of delivery 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 January 1, 2019 (each an "Interest Payment Date").

Redemption Provisions*

Special Redemption from Excess Proceeds. The Bonds will be subject to redemption at the option of the District, in whole or in part on any Interest Payment Date, upon not more than sixty (60) nor less than thirty (30) days' prior notice, 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, if and to the extent on or after the completion of the Work, but in no event later than ____ 1, 20__, amounts are transferred from the Acquisition and Construction Fund to the Prepayment Account plus any amounts in the Reserve Fund in excess of the Reserve Fund Requirement as a result of such transfer and which are transferred to the Prepayment Account pursuant to the terms of the Indenture.

* *Subject to change.*

Special Optional Redemption from Assessment Prepayments. The Bonds will also be subject to redemption, at the option of the District, in whole or in part on any date, upon not more than sixty (60) nor less than thirty (30) days' prior notice, upon payment of the Redemption Price which will 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 District which are prepaid with respect to the Assessment and are deposited in the Prepayment Account plus amounts in the Reserve Fund in excess of the Reserve Fund Requirement as a result of prepayment and which are transferred to the Prepayment Account pursuant to the terms of the Indenture.

Optional Redemption. The Bonds maturing before or on July 1, 20__, will not be subject to optional redemption prior to their stated maturity dates. The Bonds maturing on or after July 1, 20__, will be subject to optional redemption prior to their stated maturity dates, at the option of the District, in whole or in part from maturities selected by the District on July 1, 20__, or on any date thereafter, by the payment of a redemption price equal to the principal amount of each Bond called for redemption, plus interest accrued to the date fixed for redemption but without a premium.

Mandatory Redemption. The Bonds maturing on July 1 of the following years (the "Term Bonds") will be subject to mandatory redemption and will be redeemed on July 1 of the respective years set forth below and in the principal amounts set forth below, by payment of a redemption price of the principal amount of such Bonds called for redemption plus the interest accrued to the date fixed for redemption, but without premium, as follows:

Term Bond Maturing July 1, 20__

REDEMPTION DATE (JULY 1)	PRINCIPAL AMOUNT
20__	\$
20__	
20__	
20__ (Maturity)	

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

Notice of Redemption. Notice of redemption will be given by the Trustee in the name and at the expense of the District, not less than thirty (30) nor more than sixty (60) days prior to the Redemption Date to DTC. The Trustee and DTC will provide procedures for partial redemption consistent with the rules of DTC. See APPENDIX F – "BOOK-ENTRY-ONLY SYSTEM."

Effect of Redemption. If on the date of redemption of Bonds sufficient moneys for payment of the redemption price and accrued interest are held under the Indenture, interest on the Bonds to be redeemed will cease to accrue and such Bonds will cease to be entitled to any benefit or security under the Indenture except the right to receive payment from the moneys held for such Bonds under the Indenture.

SOURCES AND USES OF FUNDS

Sources

Principal Amount	<u>\$1,477,000.00*</u>
Total Sources of Funds	<u>\$</u>

Uses

Deposit to Construction and Acquisition Fund	\$
Deposit to Reserve Fund	
Payment of Costs of Issuance (a)	<u></u>
Total Uses of Funds	<u>\$</u>

* *Subject to change.*

- (a) *Will include compensation and costs of the Underwriter and Bond Counsel's fees and costs with respect to the Bonds.*

ESTIMATED DEBT SERVICE

The table below sets forth the annual debt service on the Bonds based upon the maturity schedule and interest rates set forth herein.

TABLE 1

Schedule of Estimated Annual Debt Service Requirements (a)

Year Ending	The Bonds*		Total Estimated Annual Debt Service Requirements*
	Principal	Interest (b)	
7/1/2019		\$ 104,621(c)	104,621
7/1/2020	\$ 32,000	88,620	120,620
7/1/2021	33,000	86,700	119,700
7/1/2022	35,000	84,720	119,720
7/1/2023	38,000	82,620	120,620
7/1/2024	40,000	80,340	120,340
7/1/2025	42,000	77,940	119,940
7/1/2026	44,000	75,420	119,420
7/1/2027	48,000	72,780	120,780
7/1/2028	51,000	69,900	120,900
7/1/2029	53,000	66,840	119,840
7/1/2030	57,000	63,660	120,660
7/1/2031	59,000	60,240	119,240
7/1/2032	64,000	56,700	120,700
7/1/2033	68,000	52,860	120,860
7/1/2034	71,000	48,780	119,780
7/1/2035	75,000	44,520	119,520
7/1/2036	79,000	40,020	119,020
7/1/2037	84,000	35,280	119,280
7/1/2038	89,000	30,240	119,240
7/1/2039	95,000	24,900	119,900
7/1/2040	102,000	19,200	121,200
7/1/2041	105,000	13,080	118,080
7/1/2042	113,000	6,780	119,780
	<u>\$ 1,477,000</u>		

* Subject to change.

(a) Prepared by Stifel, Nicolaus & Company, Incorporated (the "Underwriter").

(b) Interest on the Bonds is estimated at 6.0%.

(c) The first interest payment on the Bonds will be due on January 1, 2019*. Thereafter, interest payments will be made semiannually on each July 1 and January 1 until maturity or prior redemption.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

Certain of the following information is from Articles Five and Ten of the Indenture, excerpts of which are included in APPENDIX E – “EXCERPTS OF THE INDENTURE” to this Official Statement. Reference is made thereto for the complete text of such provisions of the Indenture.

Introduction

As described hereinabove under "INTRODUCTORY STATEMENT," the Board may levy assessments (such as the Assessment) of the costs of any public infrastructure purposes (such as the Public Infrastructure) on any land in the District based on the benefit determined by the Board to be received by such land. Prior to the issuance of special assessment lien bonds, the District may enter into a written agreement (such as the Development Agreement) with a landowner as to the manner in which the assessment is to be allocated if the land is to be divided into more than one parcel.

The Board may issue and sell special assessment lien bonds (such as the Bonds) payable from amounts collected from such assessment and from amounts available from time to time in any reserve fund established for those bonds. Such assessment will be a first lien on the property assessed, subject only to general property taxes and prior special assessments.

Generally, in the event of nonpayment of any installment with respect to the assessment, the procedures for sale of delinquent property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes apply, as nearly as practicable, *except that none of the District, the Town, the Assessment Area Developer, the District Property Owners (including the Assessed Parcels Owners), nor the Trustee is required to advance or otherwise provide amounts to pay the Assessment or to purchase the delinquent land at the sale even if there is no other purchaser.* See "Foreclosure Process" below. The District may adopt procedures for prepayment and provisions for payment and reallocation of assessments.

The Assessment

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

The District Engineers have apportioned the Assessment to five units in the District as follows:

TABLE 2

THE ASSESSMENT

ASSESSED PARCEL	ANTHEM COMMUNITY	ESTIMATED LOTS	PARCEL SIZE (PLATTED ACRES)	NET LOT ACREAGE	ASSESSED AMOUNT*
Unit 52	Sun City	124	61.1	30.30	\$434,000
Unit 56A	Sun City	49	24.83	10.99	171,500
Unit 3	Parkside	107	29.9	23.81	374,500
Unit 5	Parkside	57	14.25	11.00	199,500
Unit 7	Parkside	<u>85</u>	<u>25.41</u>	<u>18.42</u>	<u>297,500</u>
		<u>422</u>	<u>155.49</u>	<u>94.52</u>	<u>\$1,477,000</u>

* Estimate, subject to change

Although the assessed amount to be allocated to each lot is currently anticipated to be \$3,500, such amount is based on the number of Estimated Lots indicated above, which may change based on the results of the final plat approval process of the Town. If the number of Estimated Lots changes after the Bonds are issued, the District Manager may,

but is not required to, re-allocate the Assessment on a pro-rata basis to all of the lots which would result in a special assessment per lot other than \$3,500.

The Assessment will be enforced pursuant to the provisions of the Act (including particularly the foreclosure process described under "Foreclosure Process" below), the Resolution of Intention Documents and the Bond Resolution, including but not limited to declaring the entire unpaid balance of the Assessment with respect to any related Assessed Parcel to be in default and causing the lien with respect to the Assessment on such delinquent Assessed Parcel to be sold pursuant to the Act, the Resolution of Intention Documents and the Bond Resolution.

Unpaid portions of the Assessment with respect to each Assessed Parcel constitute a fixed lien on such Assessed Parcel and do not constitute a personal indebtedness or obligation of the Assessment Area Developer or the respective Assessed Parcel Owner. The willingness and ability of any Assessed Parcel Owner with respect to any Assessed Parcel, to make payments with respect to the Assessment corresponding to such Assessed Parcel is largely dependent upon the market value of the applicable Assessed Parcel and the financial capacity and resources of the Assessed Parcel Owner. These, in turn, may be dependent in part upon the successful development and sale of the applicable Assessed Parcel and many other factors. An Assessed Parcel Owner may at any time sell all or any part of any Assessed Parcel owned by such Assessed Parcel Owner. Investors should carefully review "LAND DEVELOPMENT" and "SPECIAL RISK FACTORS" herein.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE TOWN, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT OBLIGATIONS OF THE TOWN. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE ASSESSMENTS WITHOUT RECOURSE TO THE ASSET (OTHER THAN THE ASSESSED PARCEL) NOR THE CREDIT OF THE ASSESSMENT AREA DEVELOPER NOR ANY OTHER ASSESSED PARCEL OWNER.

The Indenture – Bond Fund

The amounts available because of the Assessment (calculated after being reduced by any amounts available in the Bond Fund for, and whether in the form of, regularly payable installments with respect thereto, prepayments thereof, proceeds of the sale of Assessed Parcels related to delinquent installments thereof or otherwise) will be collected and applied, and pledged pursuant to the Indenture, to pay principal of and interest on ("Debt Service") when due and as such will 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) of the Indenture required to be deposited to the Reserve Fund) and the Expenses Account and applied, in each case as described in Section 5.02 of the Indenture. Such amounts when collected constitute funds to pay Debt Service and will be kept separately from other funds of the District by depositing them in the accounts and amounts provided in Section 5.02(A) of the Indenture.

Pursuant to the Bond Resolution, the principal amounts payable pursuant to the Assessment will be paid in equal annual installments on June 1, in each year preceding July 1 on which the Bonds become due at maturity or mandatory redemption. The number of installments in which the Assessment is payable will correspond to the number of years in which there are Bonds to be paid. Such amounts will bear interest from the date the Assessment is levied at the same rate as that specified for the Bonds. The interest will be payable on June 1 and December 1 of each year, immediately before the interest becomes due on the Bonds on July 1 and January 1, respectively.

The Indenture – Reserve Fund

\$_____ of the proceeds of the sale of the Bonds (representing maximum annual debt service on the Bonds) will be deposited to the credit of the Reserve Fund. The money deposited to the Reserve Fund, together with all investments thereof and investment income therefrom, will be held in trust by the Trustee and applied solely as provided in Section 5.06 of the Indenture to pay Debt Service on the Bonds. The "Reserve Fund Requirement" means, at any applicable time, the least of (i) ten percent (10%) of the Outstanding principal amount of the Bonds, (ii) the maximum annual principal and interest requirements with respect to the Outstanding Bonds and (iii) 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 permitted by the Trustee pursuant to an Opinion of Counsel.

On, or, if either day is not a Business Day, before June 15 and December 15 of each year, the Trustee will, 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 deficiency, if any, 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.

With respect to any redemption of the Bonds, the Trustee will examine the Reserve Fund in relation to the Reserve Fund Requirement to determine if the redemption of Bonds allows the Reserve Fund Requirement to be reduced and will transfer the amount of any such excess over the Reserve Fund Requirement from the Reserve Fund to the Prepayment Account to be applied to such redemption.

On April 15 of each year thereafter, the Trustee will 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 will transfer the amount of any excess over the Reserve Fund Requirement from the Reserve Fund to the Acquisition and Contribution Fund until _____ 1, 20__, to finance the Public Infrastructure until the Public Infrastructure is complete and thereafter to the Interest Account to be applied to pay interest on the Bonds.

If, after a withdrawal from the Reserve Fund for any reason, the Reserve Fund is less than the Reserve Fund Requirement, the District will reimburse the Reserve Fund to the extent of proceeds from any assessment sale of any Assessed Parcel due to a failure to pay an installment of the Assessment as described in Section 10.01(A) of the Indenture.

Foreclosure Process

The Superintendent of Streets of the District (the "Superintendent") is required, within twenty (20) days from the date any installment is due on any Assessment, to begin publication of the list of the amounts due with respect to such Assessment on which any installment is delinquent. The Superintendent also is required to append to and publish with the list a notice that unless each delinquent installment, together with the penalty and costs thereon, is paid, the whole amount of such Assessment will be declared due by him, and the property upon which the amounts due with respect to the Assessment are a lien will be sold at public auction at a time and place to be specified in the notice. The list of delinquent amounts due with respect to the Assessment is required to be published and circulated in the District for a period of ten (10) days in a daily newspaper, or for two weeks in a weekly newspaper so published and circulated. If published in a daily newspaper, such publication is required to be made in two issues of the paper, and eight days shall intervene between the first and last publication. Before the date fixed for the sale or the date to which the sale has been postponed, the Superintendent is required to obtain a record search that shows the names and addresses of all lien claimants on, and other persons with an interest in, all lots or parcels on which an installment of the Assessment is delinquent. At least ten days before the sale date or the date to which the sale has been postponed, the Superintendent is required to mail notice of the sale to the owner and to each of the lien claimants and other interested persons. A final sale may not be held unless the Superintendent has mailed such notice. The time of sale shall not be less than five days nor more than 10 days after the last publication, and the place of sale shall be in or in front of the office of the Superintendent, or in front of the usual place of meeting of the Board.

To comply with certain notice requirements, it may be necessary to postpone or continue such sales from time to time until such requirements are satisfied.

On the day fixed for the sale, the representative of the District will, at 10 o'clock a.m., or at a time thereafter to which the sale may be adjourned, begin the sale of the property advertised, commencing at the head of the list and continuing in the numerical order of lots, until all are sold. He may postpone or continue the sale from day to day until all the property is sold. Each lot separately assessed shall be offered for sale separately. The sale shall be for the entire amounts due with respect to the Assessment including the delinquent installments, and the person who

will take the least quantity of land and then and there pay the amounts due with respect to the Assessment and penalty and costs due, including 50 cents to the representative of the District for a certificate of sale, will become the purchaser.

None of the District, the Town, the Assessment Area Developer, the District Property Owners (including the Assessed Parcel Owners) nor the Trustee is required to purchase delinquent land at any sale whether or not there is any other purchaser.

The following constitutes a summary of the Foreclosure Process, being portions of certain sections of the General Public Improvements and Improvement Bonds Law, Title 48, Chapter 4, Article 2, Arizona Revised Statutes, as amended, deemed applicable to the Bonds pursuant to the Bond Resolution and the Indenture. The summaries do not purport to be complete and reference is hereby made to the full text of each section and the Bond Resolution and the Indenture.

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

The Superintendent of Streets of the District will, within 20 days from the date of the delinquency, begin the publication of the list of the assessments on which any installment is delinquent. The Superintendent shall append to and publish with the list, a notice that unless each delinquent installment, together with the penalty and cost thereon, is paid, the whole amount of the assessment will be declared due by him, and the property upon which the assessment is a lien will be sold at public auction at a time and place to be specified in the notice. The publication shall be published and circulated in the District for a period of 10 days in a daily newspaper, or for two weeks in a weekly newspaper so published and circulated.

Before the date fixed for the sale or before the date to which the sale has been postponed, the Superintendent shall obtain a record search that shows the names and addresses of record of all lien claimants on, or other persons with an interest in, all lots or parcels on which an installment of the assessment is delinquent. The cost of the search may be added to the assessment and is deemed to be a portion of the delinquent installment.

At least 10 days before the sale date, the Superintendent shall serve by first class mail a notice of the date and place of the sale to the owner and to each of the lien claimants and other persons with an interest. The notice shall state the date of the sale, the amount of the delinquent installments, including penalties and costs, and shall state either that the whole amount of the assessment and costs and penalties, or, if the District has provided for the sale of the amount of the delinquent assessment, the amount delinquent and costs and penalties are due at the time of the sale. The notice also shall state that unless redeemed in the time allowed by law, a deed will be delivered to the purchaser and the deed shall convey title to the lands free and clear of all interests and liens, except for general property taxes and prior special assessments.

The final sale may not be held unless such mailed notice has been provided to all lien claimants.

The time of sale shall not be less than five days after the last publication, and the place of the sale shall be in or in front of the office of the Superintendent, or in front of the usual place of meeting of the Board of the District.

Section 48-602. Payment after delinquency and before sale

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

Section 48-603. Sale procedure

On the day fixed for the sale, the Superintendent will, at 10 o'clock a.m., or at any time thereafter to which the sale may be adjourned, begin the sale of the property advertised, commencing at the head of the list and

continuing in the numerical order of lots, until all are sold. He may postpone or continue the sale from day to day until all the property is sold. Each lot separately assessed shall be offered for sale separately. The sale shall be for the entire assessment including the delinquent installments, and the person who will take the least quantity of land and then and there pay the amount of the assessment, penalty and costs due, including 50 cents to the Superintendent for a certificate of sale, shall become the purchaser.

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

Section 48-604. Certificate of sale; lien

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

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

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

Section 48-605. Redemption

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

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

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

The purchaser shall, at least 30 days before he applies for a deed, serve by first class mail to the owner, all lien claimants of record, all persons of record with an interest in the property, and if occupied, upon the occupant of the property, a written notice that the property, giving the description, has been sold for a delinquent assessment, specifying the improvement for which the assessment was made, the amount for which it was sold, the amount necessary to redeem at the time of giving notice, the time when the purchaser or assignee will apply to the Superintendent for a deed, and that, on issuance of the deed, all interest in the property, whether of record before or after the assessment lien, will be extinguished, except for the lien for general property taxes and prior special assessments. If the owner cannot be found after due diligence, the

notice shall be posted in a conspicuous place upon the property at least 30 days before the time stated therein of the application for a deed.

The applicant shall file with the Superintendent an affidavit showing that notice of the application has been given, and if the owner could not be found, that due diligence was used to find the owner. If redemption of the property is made after the affidavit is filed, and more than 11 months from the date of sale, the person making redemption shall pay, in addition, for payment to the purchaser, \$3.00 for the service of notice and the making of the affidavit.

The deed of the Superintendent will be prima facie evidence of the truth of all matters recited therein, and of the regularity of all proceedings prior to the execution thereof, and of title in the grantee. The deed of the Superintendent shall convey to the purchaser fee title to the lands described therein, free and clear of all interests, liens, claims, and encumbrances whether of record before or after the assessment lien, except for the lien for general property taxes and prior special assessments.

Section 48-607. Disposition of sale proceeds

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

Appraised Value of Land

Assessment Amounts. The Assessment has been levied based on the benefit to be received by the Assessed Parcels from the Public Infrastructure. See TABLE 3. The amounts of the Assessment have been agreed to pursuant to the Development Agreement recorded in the real property records against the Assessed Parcels.

Appraisal Values. An appraisal, dated February 19, 2018 (the “Appraisal”), was performed by Burke Hansen, LLC, Phoenix, Arizona (the “Appraiser”), at the request of the District for the purpose of determining, subject to the limitations, terms and conditions thereof, the “market value” of the Assessed Parcels as security for the Assessments as of the valuation date of February 10, 2018. The Executive Summary of Appraisal is included as APPENDIX C – “EXECUTIVE SUMMARY OF APPRAISAL.” **THE FULL TEXT OF THE APPRAISAL IS AVAILABLE FROM THE UNDERWRITER AND SHOULD BE REVIEWED IN ITS ENTIRETY.**

The Appraisal provides an “as is” market value and an “as if complete” market value of the Assessed Parcels. The “as is” value premise, as used in the Appraisal, is defined as “an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared. The hypothetical “as if complete” value premise, as used in the Appraisal, is defined as “an opinion of the market value of the proposed development, as if all lot construction were completed and product was available for retail sale, as of the current date of value. The “as is” and “as if complete” value estimates for each parcel reflect a wholesale (bulk) value of final platted residential lots within each planning. See TABLE 3. The wholesale value assumes the following:

- (1) A sale to a single purchaser; or
- (2) The discounted net present value reflecting the sale of various lots over a projected absorption period, taking into account the cost involved in marketing the respective lots.

The modified cost approach or residual analysis was utilized to value the Assessed Parcels. The basis of the modified cost approach involves an opinion of the hypothetical “as if complete” market value of the Assessed Parcels. The hypothetical “as if complete” market value is the value of the Assessed Parcels upon completion of the proposed residential lots – a subdivision of finished residential lots. The “as if complete” value is estimated using the income approach, more specifically static analysis and yield analysis (discounted cash flow). Neither the sales comparison nor traditional cost approach were utilized to form opinions of the “as if complete” values of the Assessed Parcels due to the lack of bulk lot or raw land sales which have similar location and physical characteristics as the Assessed Parcels. While there are sales of bulk finished lots in the marketplace, there are no

sales of bulk lots within an age-restricted master planned community (which typically have very significant front-loaded infrastructure costs to accommodate this particular segment of the population).

The starting point for the modified cost approach, which is utilized to form opinions of the Assessed Parcels' "as is" values, is the "as if complete" values. The next step is to subtract all on and off-site development costs and market based profit. The final step is to add back any expended development cost and incurred profit.

"Market value" is defined in the Appraisal as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market ("exposure time");
- (4) payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The sale of a property such as each of the Assessed Parcels, sold "as is", would on average require an exposure time of 12 months or less, if adequately marketed at prices at or near the opinions of value presented in the Appraisal.

Value is as the value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.

As indicated in TABLE 3 herein, each of the Assessed Parcels has an overall as is lot value to assessment lien ratio of not less than 4.03 to 1 as of the valuation date of the Appraisal. **See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development" and "- Completion of the Public Infrastructure and Other Infrastructure."**

The Appraisal assumes the existence of certain completed infrastructure improvements as described in the Appraisal. Chief among these are the "availability of utilities" and the quality of access to the Assessed Parcels. All of the Assessed Parcels were treated for purposes of the Appraisal as having utilities available and good access. This is a subjective valuation; the status of, particularly, the availability of utilities with regard to the Assessed Parcels is discussed further herein. **See "SPECIAL RISK FACTORS" particularly "- Failure or Inability to Complete Proposed Development," "- Availability of Utilities" and "- Completion of the Public Infrastructure and Other Infrastructure."** Unless otherwise indicated herein, it should be assumed that completion of utilities for any Assessed Parcel, in particular, that for water and sewer utilities, could require significant time and expense and, if beyond what is commercially reasonable for completion of such utilities, could have a negative effect on the value shown in the Appraisal for the applicable Assessed Parcel as costs to develop such Assessed Parcel will increase accordingly.

There can be no assurance that the values described in the Executive Summary of Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the values determined in the Appraisal are related in any way to future value or the value as of the date of any default under the Bonds. See "SPECIAL RISK FACTORS - Appraised Value."

Full Cash Values. It is estimated that the “full cash value” for tax year 2018 as determined by the Assessor of the County (the “Assessor”), for the Assessed Parcels is much less than the total of the values shown in the Appraisal. Estimated “full cash value” is the total market value as determined by the Assessor; in determining full cash value of the Assessment Parcels, the property was valued as “Vacant and Agricultural Land” by the Assessor. See “OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS – Introduction” for general information about this value.

Based on the same assumptions, the allocation of the estimated value in the Appraisal to each Assessed Parcel is shown on the following page, together with the amount of the corresponding assessment lien.

TABLE 3

Owner of Assessed Parcels (a)	Assessed Parcel (b)	Projected Number of Assessed Parcels	Typical Lot Size(s)	Assessment Per Assessed Parcel	Estimated Appraised Value Per Assessed Parcel – As If Complete (c)	Estimated Appraised Value Per Assessed Parcel – As Is (c)	Per Lot Value to Assessment Lien – As If Complete	Estimated Appraised Value Per Assessed Parcel – As Is (c)	Per Lot Value to Assessment Lien – As If Complete	Per Lot Value to Assessment Lien – As Is
Assessment Area Developer	Unit 52	124	52/64 x 115	\$3,500	\$7,700,000	\$5,200,000	\$62,096	\$41,935	17.74x	11.98x
Assessment Area Developer	Unit 56A	49	52/64 x 115	3,500	3,300,000	2,500,000	67,346	51,020	19.24x	14.58x
Assessment Area Developer	Unit 3	107	50/60 x 115	3,500	4,300,000	2,700,000	40,186	25,234	11.48x	7.21x
Assessment Area Developer	Unit 5	57	50/60 x 115	3,500	2,400,000	900,000	42,105	15,789	12.03x	4.51x
Assessment Area Developer	Unit 7	85	50/60 x 115	3,500	3,500,000	1,200,000	41,176	14,118	11.76x	4.03x
TOTAL		<u>422</u>								

(a) See, “The Assessment Area.”

None of the District, the Underwriter, Bond Counsel or counsel to the Underwriter have examined the information set forth in the Filings for accuracy or completeness, or examined similar information for entities or the parent company that are not subject to same or similar informational reporting requirements.

(b) The estimated appraised values per Assessed Parcel or planned lot are based on the parcel values determined in the Appraisal divided by the applicable number of Assessed Parcels. See APPENDIX C - “EXECUTIVE SUMMARY OF APPRAISAL.”

(c) See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – Appraised Value of Land” and, particularly, APPENDIX C - “EXECUTIVE SUMMARY OF APPRAISAL.”

OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS

Introduction

The District has no control over the amount of additional indebtedness or other amounts payable from taxes or assessments on all or a portion of the property within the District or the Assessment Area which may be issued or levied in the future by other governmental entities or political subdivisions, including but not limited to the Town, the County, school districts, certain other special districts or other entities having jurisdiction over all or a portion of the land within the District or such area. To the extent such indebtedness is payable from general property taxes or taxes are levied for other purposes, such taxes will have a lien on the property within the District paramount and superior to the lien of the Assessment. Under current law, any special assessment lien securing indebtedness issued after the Bonds by any such entity would be subordinate and subject to the lien of the Assessment. See “Other Debt of the District” in this section. Currently, there are no prior special assessment liens in the Assessment Area. **SEE ALSO, “SPECIAL RISK FACTORS - Direct and Overlapping Indebtedness and Taxes” FOR A DISCUSSION ABOUT THE IMPACT OF SUCH LIENS, EVEN IF SUCH LIENS ARE SUBORDINATE LIENS.**

For tax purposes in Arizona, real property is either valued by the assessors of the counties or the Arizona Department of Revenue. Property valued by the Arizona Department of Revenue is referred to as “centrally valued” property and is generally owned by large mine and utility entities. Property valued by the assessors of the counties is referred to as “locally assessed” property and generally encompasses residential, agricultural and traditional commercial and industrial property.

While locally assessed property in the State has two different values, “limited property value” and “full cash value,” only the limited property value is used as the basis for taxation. The full cash value is maintained and used as the benchmark for determining the taxable value. For tax year 2015 and subsequent tax years, the limited property value of real property and improvements, including mobile homes, used for all *ad valorem* property tax purposes (both primary and secondary as hereinafter described) is limited by the Arizona Constitution to the lesser of the full cash value of the property or an amount five percent greater than the limited property value of the property determined for the prior year. Such limitation on increase in value does not apply to certain types of property set forth in the Arizona Constitution and the Arizona Revised Statutes. For centrally valued property and personal property (except mobile homes), the full cash value of the property is used as the basis for taxation.

Prior to tax year 2015, the value of real property and improvements, including mobile homes, used for primary *ad valorem* property tax purposes was limited property value and for secondary *ad valorem* tax purposes was full cash value. Limited property value for property in existence in the prior year that did not undergo modification through construction, destruction, split or change in use increased by the greater of either 10% of the prior year’s limited property value or 25% of the difference between the prior year’s limited property value and the current year’s full cash value. Increases in full cash value were not limited.

Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are primary taxes. These taxes are levied against the net limited assessed valuation of the property (taxable value multiplied by the appropriate assessment ratio).

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the prior year’s levy plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts. Primary taxes on residential property only are constitutionally limited to 1% of the limited value of such property.

Taxes levied for debt retirement, voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts are secondary taxes. These taxes are also levied against the net limited assessed valuation of the property as described above. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness or special district assessments.

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

If the *ad valorem* property taxes are not paid when due, the Treasurer is required to secure a payment through the sale of the tax lien. Not later than December 31 of each year, the Treasurer must prepare a list of all real property upon which the *ad valorem* property taxes for prior years were unpaid and delinquent. The property so listed is advertised for sale, and the sale of the tax lien for delinquent *ad valorem* property taxes must be held by the Treasurer in February of the calendar year immediately following the publication of notice of the tax lien sale. The Treasurer will offer at the sale a tax lien on each delinquent property at a price equal to the amount of taxes, interest and penalties due on the property to the bidder willing to accept the lowest rate of interest on the amount paid by the bidder for the tax lien. If no bidder is willing to accept 16 percent per annum or less, the lien is assigned to the State and held for subsequent resale. If a tax lien is sold, the bidder is required to pay in cash at the time of sale a purchase price equal to the amount of taxes, interest and penalties due on the property. If the lien is assigned to the State, the *ad valorem* property taxes due will remain unpaid until subsequent resale or redemption of the property. Accordingly, delinquent *ad valorem* property taxes should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered within 15 months after the end of the calendar year in which such taxes were levied and assessed.

The holder of a tax lien is entitled to foreclose the right to redeem the tax lien by judicial sale after the third anniversary of the tax lien sale.

Existing Overlapping, Superior, General Obligation Bonded Indebtedness and Taxes

Overlapping, general obligation, bonded indebtedness and tax levies for other purposes with respect to land in the District, the lien for which is paramount and superior to that of the Bonds is shown in TABLE 4 including a breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, net assessed valuation and combined tax rate per \$100 assessed valuation. The applicable percentage of each jurisdiction's assessed valuation which lies within the District was derived from information obtained from the Assessor.

No additional bonds secured by the Assessment securing the Bonds can be issued. The District retains the right to issue, in accordance with the procedures set forth in the Act, District bonds payable from other special assessments, ad valorem taxes or revenues. The District has \$1,294,516,000 in authorized but unissued general obligation bonds secured by ad valorem taxes all taxable property within the District. The District has issued \$5,484,000 of such general obligation bonds (the "General Obligation Bonds"). The General Obligation Bonds paid by ad valorem taxes have a lien senior to the lien of the Assessments. To the extent that a subsequent special assessment is levied by the District against any of the Assessed Parcels, such subsequent special assessment would be junior to the lien of the Assessment.

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, net limited assessed property value and combined tax rate per \$100 net limited assessed property value. The applicable percentage of each jurisdiction's net limited assessed property value which lies within the District's boundaries was derived from information obtained from the Assessor. See **"SPECIAL RISK FACTORS - Direct and Overlapping Indebtedness and Taxes."**

TABLE 4

Overlapping Jurisdiction	2017/18 Net Limited Assessed Property Value	Net General Obligation Outstanding Bonded Debt (a)	Proportion Applicable to the District Based on 2017/18 Net Limited Assessed Property Value		2017/18 Combined Primary and Secondary Tax Rates per \$100 Net Limited Assessed Property Value
			Approximate Percent	Net Amount	
State of Arizona	\$59,404,007,785	None	0.04%	None	None
Pinal County	2,239,027,256	None	1.01	None	\$ 4.3544(b)
Pinal County Community College District	2,239,027,256	\$79,820,000	1.01	\$807,743	2.6269
Pinal County Fire District Assistance Tax	2,239,027,256	None	1.01	None	0.0644
Pinal County Library District	2,239,027,256	None	1.01	None	0.0965
Pinal County Flood Control District	1,919,757,710	None	1.18	None	0.1693
Central Arizona Water Conservation District	2,239,027,256	None	1.01	None	0.1400
Town of Florence	89,681,719	None	25.26	None	1.1345
Central Arizona Valley Institute of Technology	1,404,793,546	None	1.61	None	0.0500
Florence Unified School District No. 1	396,041,195	50,358,460	5.72	2,881,063	5.3561
Merrill Ranch Community Facilities District No. 1	22,657,957	3,575,000	100.00	3,575,000	3.5500
Total Net Direct and Overlapping General Obligation Bonded Debt and Tax Rate				\$7,263,806	\$17.5421

(a) Includes total stated principal amount of general obligation bonds outstanding. Does not include outstanding principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Does not include outstanding principal amounts of various County improvement districts, as the obligations of these districts are presently being paid from special assessments against property within the various improvement districts.

Does not include presently authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future as indicated in the following table. Additional bonds may also be authorized by voters within overlapping jurisdictions pursuant to future elections.

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States Department of the Interior (the "Department of the Interior"), for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at \$1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the \$1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50-year repayment period, which commenced October

1, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to 14 cents per \$100 of net assessed full cash value, of which 14 cents is being levied. (See Sections 48-3715 and 48-3715.02, Arizona Revised Statutes.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

- (b) Includes the "State Equalization Assistance Property Tax" which is levied by the County and has been set at \$0.4875 per \$100 net assessed limited property value or net assessed full cash value, as applicable, for fiscal year 2017/18. Such amount is adjusted annually pursuant to Section 41-1276, Arizona Revised Statutes.

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

Additional General Obligation Bonded Indebtedness of the District

As indicated in TABLE 4, the District has outstanding currently \$3,575,000 aggregate principal amount of general obligation bonds. The District retains the right to issue additional series of bonds payable from *ad valorem* taxes. See "SPECIAL RISK FACTORS - Direct and Overlapping Indebtedness and Taxes."

The total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged may not exceed 60 percent of the aggregate of the estimated market value of the real property and improvements in the District.

The District is authorized to incur general obligation bonded indebtedness in an amount not to exceed \$1,300,000,000 and has \$1,294,516,000 of such amount remaining in order to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs. Additional indebtedness could be authorized for the District in the future.

Additional Overlapping General Obligation Bonded Indebtedness

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

TABLE 5
REMAINING AUTHORIZATIONS

<i>Overlapping Jurisdiction</i>	<i>General Obligation Bonds Authorized but Unissued</i>
<i>Pinal County Community College District</i>	<i>None</i>
<i>Florence Unified School District No. 1</i>	<i>None</i>
<i>Merrill Ranch Community Facilities District No. 1</i>	<i>\$1,294,516,000</i>

Other Debt of the District

The District has outstanding the following obligations secured by special assessments on certain lots within the District but none of such lots is within the Assessment Area:

TABLE 6

				<u>Original Amount</u>	<u>Dated Date</u>	<u>Final Maturity Date (July 1)</u>	<u>Amount Outstanding</u>
Special Assessment	Lien	Bonds		\$2,464,000	6/15/06	2030	\$1,053,000
(Assessment Area 1)							
Special Assessment	Lien	Bonds		353,500	9/16/09	2034	248,150
(Assessment Areas 2)							
Special Assessment	Lien	Bonds		290,000	10/19/10	2035	245,730
(Assessment Area 3)							
Special Assessment	Lien	Installment		318,500	1/25/12	2036	286,875
Purchase Agreement (Assessment Area 4)							
Special Assessment	Lien	Bonds		189,000	7/18/12	2037	161,000
(Assessment Area 5)							
Special Assessment	Lien	Installment		413,000	6/17/13	2038	390,900
Purchase Agreement (Assessment Area 6)							
Special Assessment	Lien	Installment		728,000	10/2/14	2039	701,680
Purchase Agreement (Assessment Area 7)							
Special Assessment	Lien	Bonds		987,000	7/7/16	2040	967,000
(Assessment Area 8)							

Assessment Area 1 is a 192 acre portion of the District planned for approximately 704 single family residential lots. Assessment Area 2 is a 27 acre portion of the District planned for approximately 101 single family residential lots. Assessment Area 3 is a 19.45 acre portion of the District planned for approximately 83 single family residential lots. Assessment Area 4 is a 12 acre portion of the District planned for approximately 54 residential lots. Assessment Area 5 is a 23.2 acre portion of the District planned for approximately 91 residential lots. Assessment Area 6 is a 26.68 acre portion of the District planned for approximately 118 residential lots. Assessment Area 7 is a 52.88 acre portion of the District planned for approximately 208 residential lots. Assessment Area 8 is a 64.33 acre portion of the District planned for approximately 282 residential lots. The term “special assessments” as used above refers to the assessments which would be levied and assessed by the District in the related assessment area which would encompass portions of the District, each of which would constitute a first lien on the parcel so levied and assessed, subordinate and subject only to general property taxes and prior special assessments. The per lot assessment associated with the obligations listed above is approximately \$3,500 payable with interest in installments. If a lot owner fails to pay an assessment installment when due, the lot can be offered for sale by the District for the amount of the assessment together with interest, costs and penalties. Neither the District nor the Town is legally permitted or otherwise obligated to bid at the sale.

The District anticipates issuance of additional special assessment bonds over time in various assessment areas to be established within the District. Such bonds will be payable solely from and secured by special, separate funds established and maintained by the District from installments due with respect to certain other special assessments levied by the District in the future. See **“SPECIAL RISK FACTORS - Direct and Overlapping Indebtedness and Taxes.”**

LAND DEVELOPMENT

The Assessment Area Developer has provided some of the following information relevant to an informed evaluation and analysis of the Bonds, the District and the Assessment Area. No assurance can be given that all information is complete or that the proposed development will occur as described herein. Although the Assessment Area Developer currently owns all of the Assessed Parcels, the Assessment Area Developer intends to sell all or any portion of such owner's Assessed Parcels to any commercial or non-commercial entity or private individual. If such sales occur, the ownership of the land within the Assessment Area will change and the effect of such change cannot be determined. No assurance can be given that the Assessment Area Developer, or following any such sales, that any of the Assessed Parcel Owners will continue development of the Assessed Parcels, that development of the Assessed Parcels will be completed, or that it will be completed in a timely manner. Since the ownership of the Assessed Parcels is subject to change, the development plans outlined below may not be continued by the subsequent Assessed Parcel Owner if an Assessed Parcel is sold, however development by any subsequent Assessed Parcel Owner will be subject to the development policies and requirements of the Town and subject to the Town Development Agreement. The amounts due with respect to the Assessments are not personal obligations of the Assessment Area Developer or any subsequent Assessed Parcels Owners; the Bonds are secured solely by the Assessments and other amounts on deposit with the Trustee. The information included under the heading "SPECIAL RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "SPECIAL RISK FACTORS" herein.

Merrill Ranch

The land within the boundaries of the District (approximately 7,900 acres) was originally planned as a mixed use, master planned community known as Merrill Ranch located as set forth in the maps included as exhibits at pages v and vi of this Official Statement. As originally conceived, Merrill Ranch was to be primarily a residential master planned community featuring golf courses, parks and other open space amenities, with a commercial/light industrial component encompassing approximately 1,200 acres. Assessment Area Developer acquired a portion (approximately 2,121 acres) of Merrill Ranch with the intent of developing such land as a master planned community within Merrill Ranch known as Anthem at Merrill Ranch ("Anthem"). As discussed below, the District was formed as Merrill Ranch Community Facilities District No. 1 (the "District") covering the entire 7,900 acre area that was originally part of Merrill Ranch. At approximately the same time the District was formed, Assessment Area Developer acquired 1,071 acres of real property to the west of the original Merrill Ranch. This new area is generally considered part of Merrill Ranch, though it was never formally included in the original Merrill Ranch land plan. This additional area was intended to be (and is) part of Anthem at Merrill Ranch and has its own land plan that is similar and compatible with the plan for Merrill Ranch. The new area was included in a separate community facilities district known as Merrill Ranch Community Facilities District No. 2 ("District No. 2") which is adjacent to, but not a part of, the District. While the District and District No. 2 do not overlap, Anthem encompasses land both within the District and within District No. 2.

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

TABLE 7
PROPOSED LAND USES WITHIN MERRILL RANCH

<u>Type of Development</u>	<u>Approximate Acres of Merrill Ranch</u>	<u>Approximate Acres of District Land</u>	<u>Approximate Acres of Anthem Within District No. 1</u>	<u>Approximate Acres of Anthem in District No. 2 (a)</u>
Residential	5,647	4,923	1,431	722
Commercial/Light Industrial	1,199	1,118	0	81
Open Space/Parks	1,060	917	375	143
Schools	150	137	23	13
Golf Courses	430	385	170	45
Worship Sites	30	18	13	12
Police/Fire	0	0	0	0
Roadways/Right of Way	457	402	109	55
Medical	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>8,970</u>	<u>7,900</u>	<u>2,121</u>	<u>1,071</u>

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

Anthem at Merrill Ranch

Anthem at Merrill Ranch is a 3,192 acre master planned community featuring a range of low to medium-high density neighborhood housing, with 81 acres reserved for neighborhood business, commercial, and medical uses. The development includes a 59-acre community park, an 11-acre active adult community center, an 18-hole golf course, and a 17-acre community center. An extensive trail network connecting the lineal park system to open spaces and community parks are part of the Open Space System within Anthem at Merrill Ranch. Approximately 749 acres has been set aside for open space purposes. Future marketing studies shall determine the targeted demographic population for specific neighborhoods, but Anthem at Merrill Ranch is anticipated to be a diverse residential community to serve both families and active adults. As of December 31st, 2017 Pulte has closed 1,337 residential homes at Sun City (age restricted) and 1,337 residential homes at Parkside (non-age restricted) for a total of 2,674 homes.

As of December 31st 2017, Assessment Area Developer has spent approximately \$175,000,000 to provide water, sewer, streets, curbs, gutters, and other public facilities at Anthem at Merrill Ranch. This investment has built approximately 10 miles of Infrastructure roads and spent an additional approximate \$ 95,000,000 to build approximately 150,000 linear feet of local residential streets (28 miles) with all utilities installed. In addition to the development costs Assessment Area Developer has spent approximately \$62,000,000 on numerous community amenities constructed over the last decade. These include an 18-hole golf course, cart barn, restaurant, dog park, community park, tennis/pickleball courts, 2 recreation centers, 2 outdoor pools, softball complex and baseball fields.

Anthem is being developed with both an active adult community (Sun City) and a family oriented community (Parkside). Sun City Anthem at Merrill Ranch is an age-restricted community. The Community includes (i) a recreation center with resort-style pool and spa, putting green, bocce ball courts, Revere Plaza amphitheater, horseshoe pits and pickleball courts, (ii) a community garden, and (iii) landscaped open areas within completed subdivisions. Sun City Anthem at Merrill Ranch Community Association (the “Association”) is responsible for the continued maintenance of the community facilities, which are complete, and costs for continued maintenance are included in Association assessments. The Association may charge use and consumption fees for services and facilities provided by or through the Association.

Parkside is the non-age restricted portion of Anthem. Parkside amenities include (i) a recreation center with resort-style pool and spa, splash pad, water slide, tennis courts, volley ball courts, pickleball courts, and (ii) landscaped open areas within completed subdivisions. The Parkside Community Association is responsible for the continued maintenance of the Parkside community facilities, which are complete, and costs for continued maintenance are included in Parkside Community Association assessments. The Parkside Community Association may charge use and consumption fees for services and facilities provided by or through the Parkside Community Association.

Sales of homes within Parkside and Sun City, by year, are set forth in Table 8 below:

TABLE 8
SINGLE-FAMILY HOME CLOSINGS

Calendar Year	The District (a)			District No. 2 (b)			Total
	Sun City (Senior)	Parkside (Family)	Subtotal	Sun City (Senior)	Parkside (Family)	Subtotal	
2006	92	25	117	30	41	71	188
2007	91	98	189	43	237	280	469
2008	176	68	244	38	171	209	453
2009	136	34	170	2	98	100	270
2010	38	22	60	59	68	127	187
2011	2	17	19	68	45	113	132
2012	16	51	67	48	14	62	129
2013	78	60	138	32	13	45	183
2014	17	13	30	15	1	16	46
2015	37	57	94	65	0	65	159
2016	47	78	125	38	0	38	163
2017	66	90	156	29	0	29	185
2018	4	13	17	3	0	3	20
Total	800	626	1,426	470	688	1,158	2,584

(a) Within the District, the earliest close date shown is August 14, 2006 and the latest is February 1, 2018.

(b) Within District No. 2, the earliest close date shown is July 12, 2006 and the latest is February 1, 2018.

SINGLE-FAMILY HOMES UNDER CONSTRUCTION (a)

	Sun City (Senior)	Parkside (Family)	Total
District No. 1	41	38	79
District No. 2	20	0	20
Total	61	38	99

Source: The Assessment Area Developer.

(a) Homes under construction as of February 28, 2018.

The educational needs of the children living in Anthem are served by Florence Unified School District No. 1 of Pinal County, Arizona. An elementary school serving the Merrill Ranch opened in 2007. A charter school offering grades K through 6, American Leadership Academy, has been completed and has commenced operations.

Completed commercial development within Anthem, but outside the District and District No. 2, consists of the following retail establishments: Safeway (grocery store), McDonalds (restaurant), Wells Fargo Bank and various smaller businesses. Florence Hospital at Anthem opened March 8, 2012 and is operating as an acute care hospital following approval of a plan of reorganization by the Bankruptcy Court in February, 2016. Except for the establishments referenced above, and until additional commercial development is completed within Anthem, residents of Anthem must access other retail services from the variety of existing retail/commercial development located within the Town approximately eight miles from Anthem or from areas northwest of Anthem.

Development within Anthem is subject to certain agreements with the Town and certain master plan and zoning approvals. Such agreements provide, among other things, the Town's contributions to, and reimbursements for, infrastructure, the processing of permits, payment for Town services and other matters generally provided for in similar agreements within the State. The Assessment Area Developer and the Town are currently negotiating an extension of certain of the provisions of the agreements that expire at the end of 2018 and/or 2020. Failure to extend the agreements would cause increases in the cost and complexity of development within Anthem at Merrill Ranch, which in turn could have a significant impact on the overall pace of development. The parties expect to conclude such extensions within the next few months, however, there can be no assurance the extensions will be finalized.

THE DISTRICT

Formation

Formation of the District was approved on December 19, 2005 by the Town upon the request of CMR/CASA GRANDE LLC., an Arizona limited liability company, ROADRUNNER RESORTS, LLC., an Arizona limited liability company and FELIX HUNT HIGHWAY, LLC., an Arizona limited liability company, and the Assessment Area Developer as the owners of all of the land within the District upon formation as provide in the Development, as set forth in the Development Agreement. The portion of Merrill Ranch within the District is subject to the Development Agreement. The District is located within the municipal boundaries of the Town. (The Development Agreement is available for review at the Office of the Clerk of the Town.)

General Description

The District was formed to finance the costs of certain public infrastructure (as such term is defined in the Act), including particularly with respect to the development of a project known as "Merrill Ranch", an 8,970 acre residential, commercial and golf course master planned community approximately 7,900 acres of which are included within the boundaries of the District. As previously set forth, a portion of the land within the boundaries of the District is being developed as part of an approximately 3,192 acre master-planned development known as Anthem at Merrill Ranch. Simultaneously with the formation of the District, Merrill Ranch Community Facilities District No. 2 ("District No. 2") was formed over 1,070 acres of Anthem to finance the cost of certain infrastructure improvements within District No. 2. 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. 2 do not overlap, however Anthem encompasses land within both districts.

The Development Agreement generally provides that the Town will assist in the formation and execution of the District. Upon completion of the Public Infrastructure, and other significant improvements, the Town will provide or cause to be provided fire, refuse collection and police services. Water and sewer service will be provided in part by a private company and as to certain undeveloped areas of the District, by the Town. SEE "THE DISTRICT - Utilities". The Town has approved the residential zoning for each of the Assessed Parcels and has approved final plats for each Assessed Parcel as contained in Units 52, 56A, 3, 5 and 7 of Anthem. The approved final plats include the right-of-way dedication and the location of the Public Infrastructure to be constructed. Currently construction of improvements and infrastructure, including the Public Infrastructure, has commenced for all of the Assessed Parcels. See "THE ASSESSMENT AREA".

TABLE 9

**Merrill Ranch Community Facilities District No. 1
Anticipated Land Use Plan**

Description	District		Assessment Area Nine		
	Acres	Number of Units	Planning Area	Estimated Lots	Estimated Acres
Residential – Low Density	3,021	22,075	Unit 52	124	30.30
			Unit 56A	49	10.99
			Unit 3	107	23.81
			Unit 5	57	11.00
			Unit 7	85	18.42
Residential – Medium Density	1,190	8,696		-	-
Residential – High Density	654	4,779		-	-
Golf Courses	385	-		-	-
Worship Sites	18	-		-	-
Commercial / Light Industrial	1,176	-		-	-
Roadways / ROW	402	-		-	-
Schools	137	-		-	-
Open Space/Parks	917	-		-	-
Total:	<u>7,900</u>	<u>35,550</u>		<u>422</u>	<u>94.52</u>

Utilities

A portion of Anthem within the District, along with certain other portions of the District, are within the service area of the Certificate of Convenience and Necessity (“CCN”) granted by the Arizona Corporation Commission (the “ACC”) to Johnson Utilities. The Assessment Area is in the service area of the CCN and receives water and wastewater service from Johnson Utilities. To provide for such utility services, Assessment Area Developer and Johnson Utilities entered into a Master Utility Agreement for Water and Wastewater Facilities. Under the Master Utility Agreement, the portion of Merrill Ranch comprising Anthem must pay hook-up fees for each residential unit serviced by Johnson Utilities and Assessment Area Developer has advanced certain hook-up fees to Johnson Utilities on this basis. The Master Utility Agreement provides that Johnson Utilities will provide the above-referenced utility service and will repay Assessment Area Developer for the construction of certain “backbone” infrastructure necessary to serve those portions of Merrill Ranch in the District. Assessment Area Developer plans to construct such infrastructure according to a schedule that will allow homes constructed by Assessment Area Developer in the District to receive sewer and water service as and when required.

Johnson Utilities has completed construction of a wastewater treatment plant and Assessment Area Developer has completed a portion of the backbone infrastructure, which will serve future expansion within the District. Several additional sewer lines are required to complete the collection system within Anthem but construction of same is not required to service existing development. A water storage tank and supply well to serve the District have been constructed, tested and are in service. Associated water transmission lines and distribution mains as well as a second water storage tank and a related second well which will in part serve the District have also been completed.

With respect to water supply, Johnson Utilities previously had been designated by the Arizona Department of Water Resources (“ADWR”) as having an assured water supply for the service area. An assured water supply means that sufficient water of adequate quality will be continuously available to satisfy the water needs of the proposed use for at least 100 years, that any projected groundwater use is consistent with the water management plan approved by the ADWR and that the utility provider or others have demonstrated to ADWR that they have the financial ability to construct the delivery system and any necessary treatment works. Johnson Utilities has filed an application to renew its description of assured water supply with ADWR at the end of 2017. To date, ADWR has not ruled on the application which allows Johnson Utilities to keep providing water service to newly platted areas. However, there can be no assurance that the application will be granted.

If the application is denied, Johnson Utilities can still legally provide water to all areas that have a final plat, which includes the existing Assessment Area and all Assessed Parcels. Under the Master Utility Agreement, Johnson Utilities agrees to reserve available water capacity for the development of existing platted lots intended for residential units within the District. Toward that end, Assessment Area Developer has platted 1,050 residential lots (an approximately 5 year supply at current sales levels) to lock in Johnson Utilities' obligation to serve same using the existing available water allocation. The Town has agreed to take all reasonable steps to assist Assessment Area Developer in connection with any applications for parcel related certificates of assured water supply for those areas and to enter into contracts as reasonably required with the Central Arizona Groundwater Replenishment District in order for the area to qualify as "member land" under applicable Arizona law in the event Johnson Utilities' designation of assured water supply is not renewed and/or no other area resolution is available.

Johnson Utilities is also currently facing other regulatory actions before the ACC which may result in changes in the rates charged to customers. In addition, certain principals of Johnson Utilities are currently being prosecuted under criminal bribery statutes. While there can be no assurance that such matters will not impact the operations of Johnson Utilities, to date, water and sewer service in the District continues to be provided in the normal course subject to the information set forth above.

The portion of the District east of Felix Road is in the service area of the Town, which will provide water and sewer service to these areas in the future. The Town currently has no facilities in the area of the District and any future development in such areas will require significant capital improvements.

The District, including the Assessment Area, receives primary vehicular access from Arizona Highway 79, Hunt Highway and Merrill Ranch Parkway. Electrical service for the District is provided by Arizona Public Service. Telephone service is provided by Qwest Communications. Cable service is provided by Central Arizona Cable.

Development of the property within the District and construction of homes and other infrastructure is subject to obtaining various development and construction approvals and permits. As a condition to the sale of homes in the Assessment Area and as described more fully below, the homebuilders will be required to obtain building and any additional permits required for the construction and completion of all such homes and other infrastructure.

In connection with the acquisition and preparation for the development of Anthem Merrill Ranch, certain third parties have performed various inspections and evaluations of the property contained in the District for potential archaeological impediments or biological impediments to the development of the property within the District. Specifically, in November 2004, a cultural resource inventory of certain property, including the Assessment Area was completed. This inventory identified several small areas of interest and additional isolated occurrences of artifacts. Each of the areas of interest has been reviewed, mitigated and closed as required by law and in accordance with the recommendations of the cultural resource inventory. Such cultural resource inventory indicated that the isolated occurrences of artifacts did not require any further work. The Assessment Area Developer has not encountered any such buried cultural resources during the development of land within the District to date and has no knowledge of the existence of any such buried cultural resources in the District; however, the Assessment Area Developer can provide no assurances that buried cultural resources will not be discovered within the District. Additionally, the Assessment Area Developer can provide no assurances that such inventory and the conclusions therein are accurate and complete.

With respect to biological impediments, a biological evaluation of certain property, including the Assessment Area, was performed in June 2004. Such evaluation found that there were no endangered, threatened, proposed endangered or proposed threatened plants or animals known to occur regularly within the District, and the Assessment Area Developer has not encountered any such plants or animals known to it to be endangered, threatened, proposed endangered or proposed threatened; however, the Assessment Area Developer can provide no assurances that an endangered, threatened, proposed endangered or proposed threatened plant or animal will not be discovered within the District or that such biological evaluation and the conclusions therein are accurate and complete.

Additionally, a Phase I environmental site assessment of certain property, including the Assessment Area, was performed. Such environmental report did not identify any concerns directly affecting the Assessment Area other than surface trash and certain abandoned water wells. Each of these identified issues have been remediated or closed

in accordance with the assessment's recommendation and applicable laws. The Assessment Area Developer can provide no assurances that other environmental concerns will not be discovered within the District or the Assessment Area or that such environmental reports and all conclusions therein are accurate and complete.

The portion of the public roadways and storm drainage improvements and other public infrastructure to be completed by the Assessment Area Developer that is not financed with bond proceeds will be completed in phases over the next several years. *Completion dates are estimated and, once contracted for, subject to change orders and unforeseen events and other potential delays.* The total estimated cost of the Public Infrastructure is greater than the amount to be available from proceeds of the sale of the Bonds; the balance of the cost of the public infrastructure will be paid by the Assessment Area Developer.

On the date of valuation by the Appraiser (February 10, 2018) all five Assessed Parcels had been cleared and mass graded. Each of the seven Assessed Parcels had been engineered. Each Assessed Parcel has received a final plat. On the date of valuation, the supporting infrastructure was in the process of being completed for the first phase of development for several Assessed Parcels. See "THE ASSESSMENT AREA".

Planned Future Development

Financing for development of the remaining off-site and on-site improvements within the portion of Anthem in the District not financed with the bonds may be provided through third party loans and/or the financial resources of the Assessment Area Developer. Neither the District, the Underwriter nor the Town has reviewed the financial resources or development capabilities of the Assessment Area Developer to develop its property, nor the capability of the Assessment Area Developer to pay the Assessment Payments as they come due. No assurances can be given that the Assessment Area Developer or any subsequent Assessed Parcels Owners will have the necessary financial resources to pay the Assessment payments as they come due. The security for the Bonds relies on the market value of the Assessed Parcels, which value is affected by the ability of the Assessment Area Developer or subsequent District Property Owners to develop the property within the District (including the ability of the Assessed Parcel Owners to develop the Assessed Parcels). See "THE ASSESSMENT AREA DEVELOPER - Project Financing and Encumbrances" below.

Additional off-site and on-site improvements planned for the future within the portion of Anthem within the District which are not funded or acquired with proceeds of the Bonds may be funded through cash flow from land and home sales, third party loans and/or the financial resources of Assessment Area Developer.

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

Other Land Owners within the District Land

SWVP Merrill Ranch, LLC

SWVP Merrill Ranch, LLC purchased approximately 6,700 acres from Merrill Ranch Investments, LLC. It is anticipated that SWVP Merrill Ranch will hold such property for future sale. SWVP Merrill Ranch, LLC also owns certain property in Anthem in District No. 2. SWVP Merrill Ranch, LLC has recently sold certain parcels within the District which are in the plotting process with the Town.

Florence Copper, Inc.

Florence Copper, Inc., a subsidiary of a Canadian mining company known as Hunter-Dickinson, Inc., which has been purchased by another Hunter-Dickinson entity known as Taseko Mines, Limited. Florence Copper, Inc. has purchased approximately 1,182 acres and has received the governmental and regulatory approvals necessary to undertake pilot test programs of injection mining on a portion of the property it owns and/or leases that is located in the District southeast of Anthem. While the Town continues litigating the right of Florence Copper, Inc. to

undertake the test program and any commercial operation, Florence Copper, Inc. has undertaken construction of the necessary facilities and structures for the pilot program and for accessing the facility at a rapid pace. The operation is located on land partly within the District and is in relatively close proximity to portions of Anthem. While the Town is still opposing the pilot operation and the expansion of the pilot program to commercial operation, there can be no assurance the Town's opposition will stop the mine from proceeding. There is no way to determine, at this time, what impact such mining operations will have on sales in the Anthem area or with respect to the Assessed Parcels. There can be no assurance that the mining activities will not have a significantly negative impact on residential sales in Anthem, slowing growth and/or reducing land values, which in turn may impact payment of the Assessments. In addition, the Town, SWVP Merrill Ranch, LLC and Assessment Area Developer all have opposed such mining operations. See **"SPECIAL RISK FACTORS-Florence Copper, Inc. Mine Operations."**

THE ASSESSMENT AREA

Assessment Area Nine was established to finance the costs of a portion of the Public Infrastructure for the Assessed Parcels. It is anticipated that the completion of the Public Infrastructure, together with other significant improvements, will allow the Assessed Parcels to be developed into single-family residential lots. No assurances can be given that such development will occur or be completed. See "SPECIAL RISK FACTORS" herein.

The Assessment Area is shown on the map on page (vi) hereof and includes approximately 155.49 acres. Final zoning for all lands within the Assessment Area has been obtained and is consistent with the Assessment Area Developer's current development plans for such lands. All such lands have subdivision preliminary and/or final plats. While the lot sizes vary within each parcel in the Assessment Area, there are several sizes/types of lots ranging in width from 53 feet to 65 feet and 115 feet in depth. Completion of all improvements required to allow home sales for each of the Assessed Parcels is anticipated on a varying schedule for each Assessment Parcel or discussed in the following paragraphs.

Specifically, Assessed Parcel Unit 3, consisting of 107 lots, has received zoning, preliminary plat and final plat approval for its intended development. Grading, sewer, water, storm drain and dry utilities have been installed with concrete curb, gutter and sidewalk construction having started the week of January 22, 2018. Paving has commenced and completion is scheduled for the end of March 2018 at an approximate cost of \$2.6 million.

Assessed Parcel Unit 5, consisting of 57 lots, is engineered and approved with the Town, and has received zoning, preliminary plat and final plat approval for its intended development. Grading of the parcel has been completed construction will start in the second quarter of 2018 at an approximate cost of \$1.6 million.

Assessed Parcel Unit 7, consisting of 85 lots, is engineered and approved with the Town, and has received zoning, preliminary plat and final plat approval for its intended development. Grading of the parcel has been completed construction will start in the second quarter of 2018 at an approximate cost of \$2.5 million.

Assessed Parcel Unit 52, consisting of 126 lots, has received zoning, preliminary plat and final plat approval for its intended development. Grading and sewer has been completed. Water has begun installment and the subdivision will be asphalt paved on or before September 28, 2018.

Assessment Parcel Unit 56A, consisting of 49 lots, has received zoning, preliminary plat and final plat approval for its intended development. Grading, sewer, water, and storm drains have been installed with dry utilities currently in process. Concrete curb, gutter and sidewalk construction started in mid-February 2018 and the subdivision will be paved in April 2018 at an approximate cost of \$1.2 million.

The foregoing information on the status of construction in the Assessment Parcels is subject to change as the construction is ongoing. In addition, there can be no assurance that the Assessment Area Developer will achieve its construction deadlines, or that there will not be delays achieving the same. Delays in achieving construction deadlines will affect the time at which the sale of residential units with third party homebuyers can close escrow.

Table 11 reflects the projected 2018 through 2020 sale of residences by the Assessment Area Developer in the Assessment Area. There can be no assurance that such sales will occur at such levels or at any level or that

development delays and/or other factors will not cause the number to be reduced, or that sales in areas outside of the Assessment Area will not negatively impact sales within the Assessment Area.

TABLE 10

<u>Calendar Year</u>	<u>Estimated Single-Family Lot Closings*</u>
2018	218
2019	225
2020	231

*Estimated by the Assessment Area Developer.

The Assessment Area Developer may sell parcels (or portions thereof) to other subsequent owners. There can also be no assurance that build-out will occur at the rates indicated hereinabove or if in fact any such sales will be consummated. Moreover, as the ownership of the Assessed Parcels is subject to change, the development plans may not be continued by the subsequent owner if the Assessed Parcels are sold; however development by any subsequent owner will be subject to the policies and requirements of the Town. The projections above are also subject to the timely completion of the Public Infrastructure and other public infrastructure within the boundaries of the District. The amounts due with respect to the Assessment are not personal obligations of the owners of the Assessed Parcels; the Bonds will be secured solely by the Assessment. See “SPECIAL RISK FACTORS - General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences,” “- Failure or Inability to Complete Proposed Development” and “- Completion of the Public Infrastructure and Other Infrastructure.”

THE PUBLIC INFRASTRUCTURE

Proceeds of the sale of the Bonds, along with interest earned on such proceeds, will be used to acquire from the Assessment Area Developer the Public Infrastructure described in the next paragraph and to pay certain costs related thereto.

The Projects to be acquired by the District pursuant to the Development Agreement are composed of: (1) Engineering, (2) Storm Drains, and (3) Street Improvements. See the maps on page (vi) for detail about location of the Projects. As described hereinabove, the Plans and Specifications are on file herewith and are incorporated herein by reference. The Projects include engineering plans for grading and drainage, utilities, and paving relating to storm drain and curb, gutter and sidewalk. The plans have been reviewed and approved by the Town in accordance with their guidelines and standards. The Projects further include 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 pipe will be sized between 15 inches and 30 inches of concrete pipe, or approved alternate. The Projects also will further include asphaltic paving and 4 inch roll and vertical curb, 6 foot valley gutter, and 5 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. The curb and gutter will comply with the Maricopa Association of Governments standard details and sidewalk within the public roadways of the Assessment Area. For a more complete discussion of the public improvements and other development in the District, See "LAND DEVELOPMENT" herein.

The Public Infrastructure has been or will be publicly bid in compliance with the process required by State law and the District. The Public Infrastructure will be constructed and completed by the Current Assessment Parcel Owner and then acquired by the District and transferred to the Town upon completion. Proceeds of the sale of the Bonds will be used by the District to acquire a portion of the Public Infrastructure.

ASSESSMENT AREA DEVELOPER

The information contained in this section relates to and has been obtained from the Assessment Area Developer and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "SPECIAL RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference. See "SPECIAL RISK FACTORS" herein.

The Assessment Area Developer is a wholly-owned subsidiary of PulteGroup, Inc., (www.pultegroup.com). PulteGroup, Inc. is a publicly traded company listed on the New York Stock Exchange (NYSE). PulteGroup, Inc., is subject to the informational requirements of the Securities Exchange Act of 1934, and in accordance therewith files the Filings with the Commission, which may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington D.C. 20549 and Northwestern Atrium Center, 400 W. Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the NYSE at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at <http://www.sec.gov>.

Project Financing and Encumbrances

Other than the items described in "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS", there are no monetary encumbrances on the Assessed Parcels. The Assessment Area Developer and any subsequent Assessed Parcels Owners may encumber the Assessed Parcels for any purpose, including acquisition and development financing. These encumbrances are not subject to control or approval by the District or the Town and are subject to change at any time. The liens of such encumbrances (other than general property taxes and prior special assessment) are subordinate to the lien of the Assessment.

SPECIAL RISK FACTORS

[to be updated]

Investment in the Bonds involves a significant degree of risk and is speculative in nature. The relatively high interest rates borne by the Bonds (as compared to prevailing interest rates on bonds that have an investment grade rating) is intended to compensate the investor for such risks. INVESTMENT IN THE BONDS SHOULD BE UNDERTAKEN ONLY BY PERSONS WHOSE FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE THEM TO ASSUME SUCH RISK. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS OFFICIAL STATEMENT, BEFORE MAKING AN INVESTMENT DECISION.

This discussion of risk factors is not, and is not intended to be, exhaustive, and such risk factors are not necessarily presented in the order of their magnitude.

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

Investments in developing real estate such as undeveloped areas in the District are generally considered to be speculative in nature and to involve a high degree of risk. Owners of land in the District (currently concentrated 26.8% in the Assessment Area Developer) will be subject to the risks generally incident to real estate investments and development including those described hereinbelow. In addition, Assessment Area Developer is the only party currently constructing homes in the District.

Construction of houses on the lots within the District may be affected by changes in the income tax treatment of real property ownership (including certain recently adopted limits on the deductibility of interest on home loans); changes in national, regional and local market and economic conditions; changes in long and short term interest

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

Decreased absorption rates associated with future slowdown could adversely affect land values and reduce the ability or desire of the property owners to pay ad valorem property taxes and assessments. In that event, there could be a default in the payment of principal of and interest on the Bonds.

THE TIMELY PAYMENT OF THE BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF OWNER OF THE ASSESSED LOTS AND ANY SUBSEQUENT OWNERS TO PAY THE ASSESSMENT WHEN DUE. AS NOTED IN TABLE 3, OWNERSHIP OF THE ASSESSED PARCELS IS CURRENTLY CONCENTRATED IN THE DEVELOPER. ANY OR ALL OF THE FOREGOING FACTORS COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE ASSESSMENT ON ANY ONE OR ALL OF THE ASSESSED PARCELS THEY OWN AND COULD GREATLY REDUCE THE VALUE OF THE ASSESSED PARCELS IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. IN THAT EVENT, THERE COULD BE A DEFAULT IN THE PAYMENT OF THE BONDS.

The Assessment Area is partially developed and, if any or all of the foregoing occurs, the undeveloped portion could continue as such. Vacant land provides less security to the holders of the Bonds should it be necessary for the District to foreclose due to nonpayment of the Assessment. An inability to develop the remaining land within such area will likely reduce the potential future diversity of ownership of the Assessed Parcels.

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

Competition From Other Developments

The residential development business, particularly with respect to communities such as Anthem, is highly competitive in the County area. The business of merchant builders building in the District will face competition from a number of competitors in the Town and other developments throughout the surrounding area, many of which offer or intend to offer lots and parcels to a similar target market. In addition, if SWVP Merrill Ranch sells its remaining Property, the Assessment Area Developer could face competition from other builders within Anthem or within Merrill Ranch. In fact, SWVP Merrill Ranch, LLC sold certain units in Anthem within the District to another developer/investor that may be proceeding to start development as soon as plats for such units are finalized.

Florence Copper, Inc. Mine Operations

At the present time, Florence Copper, Inc., has obtained the permits necessary to commence a pilot program for the underground mining of copper. Construction of the necessary facilities and structures for the pilot program and for accessing the facility are proceeding at a rapid pace. The operation is located on land within the District and is in relatively close proximity to portions of Anthem. While the Town is still opposing the pilot operation and the expansion of the pilot program to commercial operation, there can be no assurance the Town's opposition will stop the mine from proceeding. There is no way to determine, at this time, what impact such mining operations will have

on sales in the Anthem area or with respect to the Assessed Parcels. There can be no assurance that the mining activities will not have a significantly negative impact on residential sales in Anthem, slowing growth and/or reducing land values, which in turn may impact payment of the Assessments. See "THE DISTRICT -Other Landowners in the District".

Concentration of Ownership; Subsequent Transfers

Assessment Area Developer currently owns all of the taxable property within the Assessment Area. There can be no assurance that Assessment Area Developer or future developers or homebuilders will have the financial capability to continue and complete development of Anthem or Merrill Ranch. None of the District, the Underwriter nor the Town has reviewed the financial resources or development capabilities of Assessment Area Developer to develop its property or sell it to others for development, or the capability of Assessment Area Developer to pay ad valorem property taxes or the Assessments as they come due. No assurances can be given that Assessment Area Developer or any subsequent District property owner will have the necessary financial resources to pay ad valorem property taxes or amounts due with respect to special assessment (like the Assessment) as they come due.

Failure or Inability to Complete Proposed Development

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

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

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

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

Availability of Utilities

Development and subdivision of the real property in the portion of the District served by Johnson Utilities is dependent upon either the utility provider or the owner having an assured water supply approved by ADWR under applicable law. Water and wastewater service to the western portion of the District encompassing most of Anthem is provided by Johnson Utilities, which has not received renewal of its designation of assured water supply from ADWR. While Johnson Utilities has agreed and is allowed to reserve water supplies for platted residential lots, the failure to receive an approval of its application for renewal of its designation of assured water supply by ADWR with respect to any portion of the District could slow the subdivision and sale of current unsubdivided land in the District until the situation was resolved. There also can be no assurance that there will not be a significant impact or future development because of the lack of assured water supply for the Project if alternatives are not available. In addition, Johnson Utilities is currently facing certain proceeding and its owner is facing certain criminal proceeding. There can be no assurance that such proceedings will not have a significant negative impact on the provision of water and sewer service in the portions of the District, served by John Utilities, which includes the entire Assessment Area.

Direct and Overlapping Indebtedness and Taxes

The willingness or ability of owners of land in the Assessment Area to pay the Assessment could be affected by the existence of other taxes and assessments imposed upon the property. The District and other political subdivisions, such as the State, the County, the Town, the local community college and Florence Unified School District No. 1 of Pinal County, Arizona, etc., whose boundaries overlap those of the District could, without the consent of the District and, in certain cases, without the consent of the owners of the land within the District, impose additional ad valorem taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. (The existing public debt relating to the District is set forth in "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS" above). The lien created on the property within the District by the levy of additional ad valorem taxes would be superior to the lien for the Assessment.

The imposition of additional liens may reduce the ability or willingness of the landowners to pay the Assessment securing the Bonds as well as, in the case of failure of payment thereof, the existence of buyers of such property at any foreclosure sale for purposes of paying such taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Assessment."

Appraised Value

The Appraisal was prepared for the purpose of providing the opinion of the Appraiser of the market value of the Assessed Parcels with the assumptions stated in the Appraisal. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – Appraised Value of Land."

Subject to the limitations, terms and conditions thereof, the Appraisal provides the opinion of the Appraiser of "market value" with the assumptions as described therein and summarized in the Executive Summary of Appraisal. Each of the Assessed Parcels has an overall as is lot value to assessment lien ratio of not less than 4.03 to 1 as of the valuation date described in the Appraisal and an overall liquidation lot value to assessment lien ratio of not less than 8.46 to 1 as of the valuation date described in the Appraisal. The lot value to assessment lien ratio of each individual lot is different though. See "SPECIAL RISK FACTORS Failure or Inability to Complete Proposed Development" and "- Completion of the Public Infrastructure and Other Infrastructure."

There can be no assurance that the values described in the Executive Summary of Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the values determined in the Appraisal are related in any way to future value or the value as of the date of any default under the Bonds. No assurance can be given that should any Assessed Parcel become delinquent due to unpaid amounts with respect to the Assessment, and be foreclosed upon and sold for the amount of such delinquency, that any bid would be received or, if a bid is received, that such bid would be sufficient to pay delinquent amounts with respect to the Assessment or would approximate the appraised value.

Non-payment of Assessments

As discussed below, payments with respect to the Assessment could be insufficient to pay the Bonds due to nonpayment of the amounts levied.

In order to pay debt service on the Bonds, it is necessary that the Assessment be paid in a timely manner. Should amounts with respect to the Assessment not be paid on time, the District has established a Reserve Fund in the amount of the Reserve Fund Requirement to pay debt service on the Bonds to the extent other funds are not available therefor.

Foreclosure proceedings will be instituted against any property with a delinquent Assessment in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Assessment to protect its security interest. See "SECURITY FOR AND SOURCES OF PAYMENTS OF THE BONDS Foreclosure Process" for provisions which apply if foreclosure is required and which the District is required to follow in the event of delinquency in the payment of amounts due with respect to the Assessment.

If amounts are withdrawn from the Reserve Fund to make payments on the Bonds on account of a default in payments with respect to the Assessment, the amount received by the District from the corresponding Assessed Parcel, after the deduction of the expenses of sale, will be paid over and credited to the Reserve Fund.

Bankruptcy and Foreclosure Sale Delays

The payment of the Assessment and the ability of the District to foreclose the lien of delinquent, unpaid Assessment may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of Arizona relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Assessment to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the Bonds when due.

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

Although bankruptcy proceedings would not cause the Assessment to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings and could result in the possibility of a delinquent Assessment not being paid in full. Such a delay would increase the likelihood of a delay or default in payment of the principal and interest on the Bonds.

Depletion of Reserve Fund

Failure of the owners of the Assessed Parcels to pay the Assessment when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resales of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of, and interest on, the Bonds if sufficient amounts are not available in the Reserve Fund.

Completion of the Public Infrastructure and the Other Infrastructure

The construction of infrastructure (including the Public Infrastructure) for development of the land in the District (including in the Assessed Lot) is not yet complete. See "DESCRIPTION OF LAND DEVELOPMENT; PROPERTY OWNERS." The cost and time for completion of all of such improvements is uncertain and may be affected by changes like those described herein. If cost overruns result in delay of construction, or if other delays are experienced, the sale of lots and construction of homes may be delayed. Failure or inability to complete proposed development, including development of necessary utilities, could affect adversely development of the land in the District.

Loss of Tax Exemption

As discussed under "TAX MATTERS" herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants in the Bond Resolution and the Indenture. Should such an event of taxability occur, the Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under redemption provisions contained in the Indenture.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default under the terms of the Bonds, the Bond Resolution, or the Indenture.

Disclosures to Future Land Purchasers

The District has established an assessment roll to record the Assessment. Prospective land purchasers or lenders may consider such Assessment in the purchase of land or the lending of money thereon.

Effect of Development Delays

The schedule for completion of development of any of the Assessed Parcels is uncertain. The cost of construction may be affected by factors beyond the Assessment Area Developer's control including strikes, labor shortages, energy shortages, material shortages, inflation, adverse weather conditions, subcontractor defaults, and other unknown contingencies. If cost overruns result in delay of construction, or if other delays are experienced, the Property Owners may be unable to complete timely development within the District.

Environmental Matters

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

Growing Smarter

During 1998, the Arizona Legislature promulgated the Growing Smarter Act of 1998 ("Growing Smarter") which created new planning requirements throughout the State and provided stronger tools for local governments in their efforts to manage rapid development. Growing Smarter also created the "Growing Smarter Commission" which conducted hearings throughout the State on ways to enhance the law and to address certain other issues. During 2000, the Arizona Legislature adopted additional legislation known as "Growing Smarter Plus" which significantly expands Growing Smarter particularly the planning requirements passed in 1998. Fast-growing communities must now plan for growth areas and identify the means to provide necessary public services in the future. In addition to environmental and infrastructure elements, an analysis of available water is now required. To pay for growth, communities are permitted to establish service area limits, beyond which new growth pays the full cost for services. Growing Smarter allowed citizens to refer general plans passed by local government to the ballot for voter

approval. It is unclear at this time how Growing Smarter and Growing Smarter Plus will affect development activity in the State and particularly the Town and the District in the future.

Amendment of Documents Referenced

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

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

Cancellation of Contracts

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

No Credit Rating

No credit rating for the Bonds has been sought, nor is it anticipated that any such rating will be applied for. There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Projections and Appraisal

Included in this Official Statement are various projections for lot closings, completion dates, completion costs and other items. In addition, Exhibit C contains the Executive Survey of an appraisal of the Assessed Parcels. The projections and the appraisal are based on assumptions concerning future events and should be viewed with an abundance of caution. Circumstances that may not yet be ascertainable, which the Assessment Area Developer believes to be significant and which the Assessment Area Developer cannot control may also exist. There are usually differences between projections and results because events frequently do not occur as expected, and those differences may be material. There can be no assurances that the various projections set forth in this Official Statement can be achieved.

No Review of Filings

As described on page 1 and in footnote (a) to TABLE 3, none of the District, the Underwriter, Bond Counsel or counsel to the Underwriter have examined the information set forth in the Filings for accuracy or completeness, or

examined similar information for entities or their parent companies that are not subject to same or similar informational requirements.

LITIGATION

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

Authorized representatives of the District will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Code, and, in that regard, will represent and warrant that they do not anticipate that the aggregate amount of qualified tax-exempt bonds (as defined in Section 265(b)(3)(b) of the Code) which will be issued by or on behalf of the District in calendar year 2017 will exceed \$10,000,000.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the “Code”), includes requirements which the District must continue to meet after the issuance of the Bonds in order that the interest on the Bonds be and remain excludable from gross income for federal income tax purposes. The District’s failure to meet these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The District has covenanted in the Bond Resolution to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds.

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of the District and continuing compliance by the District with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excludable from gross income of the holders thereof for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Federal legislation enacted in 2017 eliminates the federal alternative minimum tax for corporations for taxable years beginning after December 31, 2017. For taxable years beginning before January 1, 2018, corporations should consult their tax advisors regarding the federal alternative minimum tax implications of owning the Bonds. Bond Counsel is further of the opinion that the interest on the Bonds is exempt from income taxation under the laws of the State. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any state other than the State.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the Bonds, or the ownership or disposition of the Bonds. Prospective purchasers of Bonds should be aware that the ownership of Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness

incurred or continued to purchase or carry the Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the interest on the Bonds, (iii) the inclusion of the interest on the Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the interest on the Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (v) the inclusion of interest on the Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the impact of these other tax consequences.

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

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond.

Certain of the Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Bonds callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond.

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

Changes in Federal and State Tax Law

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

Information Reporting and Backup Withholding

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

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the legal opinion of Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel, a form of which is included herein as APPENDIX B – “FORM OF LEGAL OPINION OF BOND COUNSEL.” See “TAX EXEMPTION.” Signed copies of the opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, Squire Patton Boggs (US) LLP; and for the Assessment Area Developer by Berens Blonstein PLC, Scottsdale, Arizona.

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

NO CREDIT RATING

The District has not made, and does not contemplate making, application to any rating agency for the assignment of a rating to the Bonds. See “RISK FACTORS - No Credit Rating.”

NO AUDITED FINANCIAL STATEMENTS

Audited financial statements are not, by State law or otherwise, required to be prepared of the activities or funds of the District. The Board has not, in past, on its own accord, caused such statements to be prepared.

As indicated in footnote 1A of the comprehensive annual financial report of the Town for the most recent fiscal year (the “CAFR”), the District is considered a “component unit” of the Town. Although a legally separate entity, the District is, in substance, part of the operations of the Town, and the Town is considered to be financially accountable for it.

The CAFR presents the Town and all its component units as the “reporting entity”. Included within the reporting entity are the District and other community facilities districts created by the Town. For financial reporting purposes, transactions of all such districts are combined together and blended as if they were part of the operations of the Town; the Districts are not separate from the other districts. The CAFR is publicly available and is also available directly upon request from the District Treasurer.

Should the Board, in the future, cause financial statements that are separately audited to be prepared, the continuing disclosure undertaking of the District described under the heading “CONTINUING DISCLOSURE” requires such audited financial statements to be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the Electronic Municipal Market Access system (“EMMA”).

UNDERWRITING

The Bonds will be purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) at an aggregate purchase price of \$_____, pursuant to a purchase contract (the “Purchase Contract”) entered into by and between the District and the Underwriter. If the Bonds are sold to produce the prices or yields shown on the inside front cover page hereof, the Underwriter’s compensation will be \$_____. The Purchase Contract provides that the Underwriter will purchase all of the Bonds so offered if any are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at prices higher or yields lower than the public offering prices or yields stated on the inside front cover page hereof. The initial offering prices or yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter.

CONTINUING DISCLOSURE

The District will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data not later than February 1 of each year (the “District Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “District Notices of Listed Events”). The District Annual Reports, the District Notices of Listed Events and any other document or information required to be filed by the District will be filed with the MSRB through, EMMA, as described in APPENDIX D – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” The specific nature of the information to be contained in the District Annual Reports and the District Notices of Listed Events is also set forth in APPENDIX D - “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” These covenants will be made in order to assist the Underwriter in complying with the Securities and Exchange Commission’s Rule 15c2-12(b)(5) (the “Rule”). A failure by the District to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. *Pursuant to Arizona Law, the ability of the District to comply with such covenants will be subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants.* Should the District not comply with such covenants due to a failure to appropriate for such purpose, the District has covenanted to provide notice of such fact to the MSRB. Absence of continuing disclosure, due to non-appropriation or otherwise, could adversely affect the Bonds, specifically their market price and transferability.

[to be reviewed/updated]

RELATIONSHIP AMONG PARTIES

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

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All financial and other information in this Official Statement has been derived by the District from official records and other sources and is believed by the District to be accurate and reliable. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District and its accuracy is not guaranteed. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1

By _____
Chairperson, District Board

APPENDIX A

INFORMATION REGARDING THE TOWN OF FLORENCE, ARIZONA

The following information regarding the Town is provided for reference only. No attempt has been made to determine what part, if any, of the data presented is applicable to the District, and consequently no representation is made as to the relevance of the data to the District or to the repayment of the Bonds. THE BONDS ARE NOT OBLIGATIONS OF THE TOWN. The Bonds are not general obligations of the District but are limited special obligations of the District, payable solely from amounts collected pursuant to the Assessment and certain other sources described herein, as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" in this Official Statement.

General

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

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

POPULATION STATISTICS

	<u>Town of Florence</u>	<u>Pinal County</u>	<u>State of Arizona</u>
2017 Estimate (a)	25,866	427,603	6,965,897
2010 Census	25,536	375,770	6,392,017
2000 Census	14,466	179,727	5,130,632
1990 Census	7,321	116,397	3,665,339
1980 Census	3,391	90,918	2,716,546
1970 Census	2,173	68,579	1,775,399

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

(a) Estimate as of July 1, 2017.

Municipal Government and Organization

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

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

Employment

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

MAJOR EMPLOYERS Town of Florence, Arizona

Employer	Description	Approximate Number of Employees
State of Arizona	Government	2,395
Pinal County	Government	1,855
Correctional Corporation of America	Detention centers	875
DHS/ICE/DOJ – Federal Government	Federal government	570
Florence Schools	Education	260
GEO – Private Prison System	Detention centers	310
Town of Florence	Government	195

Source: The Town Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017.

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

UNEMPLOYMENT RATE AVERAGES (a)

Calendar Year	Town of Florence	Pinal County	State of Arizona	United States of America
2017	5.0%	5.0%	4.8%	4.4%
2016	6.2	5.5	5.4	4.9
2015	6.6	6.2	6.1	5.3
2014	7.5	7.0	6.4	6.2
2013	9.1	8.1	7.9	7.4

- (a) Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Sub-state area data subsequently are revised to incorporate updated inputs, re-estimation, and controlling to new statewide totals.

Source: Arizona Office of Unemployment and Population Statistics, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Commerce

The following table illustrates the past five years of municipal privilege tax collections for the Town.

MUNICIPAL PRIVILEGE TAX COLLECTIONS
Town of Florence, Arizona
(\$000s omitted)

Fiscal Year	Amount
2016/17	\$4,420
2015/16	4,280
2014/15	3,597
2013/14	4,084
2012/13	3,613

Source: Arizona Department of Revenue.

Education

Florence Unified School District No. 1 of Pinal County, Arizona provides the Town with regular and special education in grades K – 12. Post-secondary education is provided by the three campuses of the two-year community college, Central Arizona College. Signal Peak Campus is located 18 miles west of the Town and offers student housing and day care services. Aravaipa Campus, near Winkelman, Arizona, and Superstition Mountain Campus, near Apache Junction, Arizona, serve as commuter campuses.

Transportation

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

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

APPENDIX B

FORM OF LEGAL OPINON OF BOND COUNSEL

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[Closing Date]

District Board
Merrill Ranch Community Facilities District No. 1
c/o Town of Florence, Arizona
775 North Main Street
Florence, Arizona 85232

Re: Merrill Ranch Community Facilities District No. 1 (Florence, Arizona) Special Assessment Lien Bonds (Assessment Area Nine)

We have acted as Bond Counsel in connection with the issuance by Merrill Ranch Community Facilities District No. 1 (hereinafter referred to as the "Issuer") of bonds designated "Special Assessment Lien Bonds (Assessment Area Nine)" (hereinafter referred to as the "Bonds"). The Bonds are dated the date hereof, mature on July 1 of the following years in the following respective principal amounts, bear interest from the date hereof, or from the most recent interest payment date to which interest has been paid or duly provided for, until maturity or prior redemption, at the following respective interest rates, payable on January 1, 2019*, and each July 1 and January 1 thereafter and are subject to redemption as described therein:

Year of <u>Maturity</u>	Principal <u>Amount Due</u>	Interest <u>Rate</u>
2018	\$_____,000	_____%
2042	_____,000	_____

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

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

* *Subject to change.*

1. The Bonds are valid and legally binding limited obligations of the Issuer, payable from the sources, and enforceable in accordance with the terms and conditions, described therein and are secured by an Indenture of Trust and Security Agreement, dated as of ____ 1, 2018 (hereinafter referred to as the "Indenture"), from the Issuer to ZB, National Association, d/b/a Zions Bank, as trustee (hereinafter referred to as the "Trustee"), except to the extent that the enforceability thereof and such provision of the security therefor may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

2. The Bonds are payable only out of a special fund (the "Special Fund") held by the Trustee, collected from unpaid installments of a special assessment imposed on certain land benefitted by certain "public infrastructure purposes" (as such term is defined in Title 48, Chapter 4, Article 6, Arizona Revised Statutes) and included within the boundaries of the Issuer, which assessment (a) is subject to waiver of certain rights with respect thereto as provided in a District Development, Financing Participation, Waiver and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 1), dated as of December 1, 2005, as amended, including by a Ninth Amendment and Waivers (Assessment Area Nine – Units 3, 5, 7, 52 and 56A), dated as of ____1, 2018 (as so amended, hereinafter referred to as the "Development Agreement"), by and among the Town of Florence, Arizona (hereinafter referred to as the "Town"), the Issuer and certain of the owners of real property within the boundaries of the Issuer, including the Assessment Area Developer, which are assumed to be enforceable against such owners and (b) may be subject to reduction to the extent that such public infrastructure purposes are not completed or such land does not actually receive such benefits. The rights and obligations of the Issuer relating to collection of, and payment from, amounts due with respect to such assessment and the enforcement of remedies with regard to delinquent payments of installments of amounts due with respect to such assessment may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity. If any land included within the boundaries of the Issuer is sold for nonpayment of the amounts due with respect to the assessment levied and assessed by the Issuer thereon, and if there is no purchaser for any such land offered for sale, neither the Issuer nor the Town (which is the municipality which provided for the formation of the Issuer and within the boundaries of which the Issuer lies) are required to purchase such land, nor shall either under any circumstances do so.

3. Under existing statutes, regulations, rulings and court decisions, subject to the reliance and assumption stated in the last sentence of this paragraph, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. For corporations, tax legislation enacted in 2017 eliminated the federal alternative minimum tax for taxable years beginning after December 31, 2017; no opinion is being provided with respect to the federal alternative minimum tax imposed on corporations for taxable years beginning before January 1, 2018. (We express no opinion regarding other federal tax consequences resulting from the receipt or accrual of interest on, or ownership or disposition of, the Bonds.) The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the Issuer and the Assessment Area Developer must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the Issuer or the Assessment Area Developer to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. Officers of the Issuer and the Assessment Area Developer have either indicated their compliance with, or covenanted to take the actions required by, applicable provisions of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. In rendering the opinion expressed hereinabove, we have relied on certifications of officers of the Issuer and the Assessment Area Developer with respect to certain matters necessary for, and have assumed continuing compliance with certain covenants by the Issuer and the Assessment Area Developer included in, respectively, the Indenture and the Development Agreement (which are, as to their enforceability, subject to the same exceptions described in paragraph 1 hereinabove) that must be met after the issuance of the Bonds in order that, interest on the Bonds not be included in gross income for federal tax purposes.

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

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

Respectfully submitted,

EXECUTIVE SUMMARY OF APPRAISAL

EXECUTIVE SUMMARY

PROJECT NAME : *Anthem At Merrill Ranch* is an approximate 3,192 acre master-plan development which consists of two communities known as Sun City Anthem and Parkside Anthem. The five subject planning units are included within the proposed Special Assessment Area #9 and encompass 422 proposed single-family residential lots.

PROJECT LOCATION : Along the east and west sides of Hunt Highway, south of Arizona Farms Road in Florence, Arizona.

UNIT IDENTIFICATION :

UNITS INCLUDED IN SPECIAL ASSESSMENT AREA #9					
Unit	Net Acres	No. of Lots	Typical Lot Sizes		Units Per Net Acre
Sun City Anthem Unit 52	30.30	124	53 x 115	65 x 115	4.09
Sun City Anthem Unit 56A	10.99	49	53 x 115	65 x 115	4.46
Parkside Anthem Unit 3	23.81	107	50 x 115	60 x 115	4.49
Parkside Anthem Unit 5	11.00	57	50 x 115	60 x 115	5.18
Parkside Anthem Unit 7	18.42	85	50 x 115	60 x 115	4.61
Total	94.52	422			4.46

LEGAL DESCRIPTION : The subject legal descriptions are lengthy and included in the Addendum.

OWNERSHIP : All of the subject units are held under the ownership of Pulte Home Corporation.

PURPOSE OF ANALYSIS : To form an opinion of: **(1)** the "as is" market values of the fee simple interest in each of the five planning units; and **(2)** the "as if complete" market values of the fee simple interest in each of the five planning units.

INTENDED USE(S) OF ANALYSIS : The intended use is for internal analysis and compliance, to be used for establishing a special assessment district and related assessment fees applicable to the real property. The intended users are Merrill Ranch Community Facilities District #1, Pulte Group and other entities and parties relying or using same in connection with the creation of the Special Assessment Revenue Bonds (Assessment Area #9); no other parties may rely upon the findings of this report other than those identified as intended user(s).

PROPERTY RIGHTS APPRAISED : Fee Simple Interest

DATE OF REPORT : This report was prepared on March 5, 2018.

DATES OF VALUE

"As Is" Market Value : February 10, 2018
"As If Complete" Market Value : February 10, 2018

ZONING

: Each of the five subject planning units has been designated for residential development as part of the larger Anthem At Merrill Ranch master-plan community, which has a Planned Unit Development (PUD) classification by the Town of Florence. The five planning units are to be developed with 422 single-family residential lots. Two of the planning units (173 lots) are located within the age-restricted community of Sun City Anthem. The remaining three planning units (249 lots) is located in the non-age-restricted community of Parkside Anthem.

DEVELOPMENT STATUS

: As of February 10, 2018, Final Plats have been approved and recorded for all 422 lots within planning Units 3, 5, 7, 52 and 56A. All of the planning units are partially developed with supporting infrastructure consisting of sewer, water, utilities, roads, etc., with stages ranging from preliminary site work (Units 5 and 7) to installation of concrete curb, gutter and sidewalks (Unit 3).

EASEMENTS

: This appraisal assumes that the subject property is free of all defects, liens, encumbrances, adverse claims or other matters undisclosed to the appraisers. It also assumes that there are no clouded title issues that would delay the sale or ultimately the development of the subject property.

NUISANCES AND HAZARDS

: No recent environmental site assessment report specific to the subject property was provided to the appraisers for review. During our recent site inspection, we did not observe any adverse environmental or hazardous conditions on the subject property.

FLOOD HAZARD INFORMATION

: According to the most recent FEMA Flood Insurance Rate Map 04021C0875E, the subject planning units are located in Zone X. This is not a special flood hazard area.

HIGHEST AND BEST USE

: Development of single-family residential homes in accordance with the approved development plan for Anthem At Merrill Ranch.

VALUE CONCLUSIONS

:

UNIT	MARKET VALUES	
	"AS IS"	"AS IF COMPLETE"
Sun City Anthem Unit 52	\$5,200,000	\$7,700,000
Sun City Anthem Unit 56A	\$2,500,000	\$3,300,000
Parkside Anthem Unit 3	\$2,700,000	\$4,300,000
Parkside Anthem Unit 5	\$900,000	\$2,400,000
Parkside Anthem Unit 7	\$1,200,000	\$3,500,000
TOTAL	\$12,500,000	\$21,200,000

VALUE TO LOAN CONCLUSIONS :

UNIT	MARKET VALUE	LOTS	MARKET VALUE	ASSESSMENT	PER LOT
	"AS IS"		PER LOT	PER LOT	VTL
52	\$5,200,000	124	\$41,935	\$3,500	11.98
56A	\$2,500,000	49	\$51,020	\$3,500	14.58
3	\$2,700,000	107	\$25,234	\$3,500	7.21
5	\$900,000	57	\$15,789	\$3,500	4.51
7	\$1,200,000	85	\$14,118	\$3,500	4.03
TOTAL/AVG.	\$12,500,000	422	\$148,097	\$17,500	8.46

FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$1,477,000*

**MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1
(FLORENCE, ARIZONA)
SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA NINE)**

CONTINUING DISCLOSURE UNDERTAKING

This Undertaking is executed and delivered by Merrill Ranch Community Facilities District No. 1 (hereinafter referred to as the “Issuer”), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the “Securities”) for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

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

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

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

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

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

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

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

Section 2. Contents and Provision of Annual Reports.

(a) (i) Subject to annual appropriation of funds sufficient to provide for the costs thereof, the Issuer shall, or shall cause the Dissemination Agent to, not later than February 1 of each year, commencing February 1, 2019, provide through EMMA an Annual Report which is consistent with the requirements of subsection (b) of this Section.

* *Subject to change.*

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

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

(A) Information of the type contained in TABLES 2 and 3 of the Official Statement

(B) Information with respect to status of amounts of delinquencies and parcels delinquent (including amount of penalties and interest) and status of foreclosure sales by tax parcel identification number as such matters relate to the "Special Assessments" which are the subject of TABLE 3 of the Official Statement, dated _____, 2017, with respect to the Bonds.

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

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

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

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

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

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults, if material;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
(v) Substitution of credit or liquidity providers, or their failure to perform;
(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;

(vii) Modifications to rights of Bondholders, if material;
(viii) Bond calls, if material, and tender offers;
(ix) Defeasances;
(x) Release, substitution or sale of property securing repayment of Securities, if material;

- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of Issuer;

Note: for the purposes of the event identified in paragraph (xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

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

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

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

- (i) notice of the occurrence of any Listed Events with respect to the Securities; and
- (ii) notice of its failure to provide or cause to be provided the Annual Report on or before the applicable filing date.

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

Section 4. Termination of Reporting Obligation.

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

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

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

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

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

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

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

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

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

MERRILL RANCH COMMUNITY FACILITIES
DISTRICT NO. 1

By _____
Chairperson, District Board

Closing Date: _____, 2017

EXCERPTS OF THE 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 [and hereinabove in the text of this Official Statement], 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).

"Assessment" as used in these excerpts means, collectively, the Assessments.

"Authorized Denomination" means \$1,000 of principal amount and integral multiples of \$1,000 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.

"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).

"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.

"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 January 1, 2019.

"*Issuer Request*" means a written request signed in the name of the Issuer by the District Manager, the District Treasurer 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.

"*Officer's 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 bankruptcy, 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 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 collateral 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.

"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.

"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.

"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.

"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 1.10. *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.

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 FOUR

REDEMPTION OF BONDS

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 \$1,000 of principal amount or an integral multiple of principal amount of \$1,000 thereof, but in no case less than the minimum of the allowable Authorized Denomination unless necessary to redeem the Bonds) 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 and be posted electronically to the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board ("MSRB") or such other information repository designated by the MSRB or the Securities and Exchange Commission.

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 Nine) Bond Fund" (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) 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 Section 5.04(A)(2) and amounts transferred from the Cost of Issuance Fund to the extent provided in section 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 the Development Agreement and (b) upon an Issuer Request, be paid to the Issuer for the purposes described in 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 Nine) Acquisition and Construction Fund" (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 Nine) Costs of Issuance Fund" (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; (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, 2019, 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 July 1, 2007, 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 Nine) 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 any redemption of the Bonds, the Trustee shall examine the Reserve Fund in relation to the Reserve Fund Requirement to determine if 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 Prepayment Account to be applied to such redemption.

(2) On April July 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 July 1, 20__, 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 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. A portion 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 and B 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 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 7.8. *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 appropriate 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 Nine 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 Officer's 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 of Bondowners, Board Resolutions, Issuer Requests and Officer's 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 the Issuer by Board Resolution if no event of default by the Issuer hereunder has occurred or, with the passage of time or the giving of notice, or both, shall occur.

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 7.11, 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 appropriate 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 appropriate 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, based on an Opinion of Counsel 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 appropriate 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 appropriate 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 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 amended, 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 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 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 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 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 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.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Registrar and Paying Agent for DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the Direct Participants, the “Participants”). DTC has Standard & Poor’s rating of: “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the

Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds and the redemption price of any Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar and Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but none the District, the Assessment Area Developer, Bond Counsel, the Underwriter or counsel to any of them takes no responsibility for the accuracy thereof.

\$ _____
**MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1
(FLORENCE, ARIZONA)
SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA NINE)**

PURCHASE CONTRACT

_____, 2018

District Board
Merrill Ranch Community Facilities District No. 1
c/o Town of Florence, Arizona
775 N. Main Street
Florence, Arizona 85132

Attention: District Manager

Ladies and Gentlemen:

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), offers to enter into the following agreement (this “Purchase Contract”) with Merrill Ranch Community Facilities District No. 1 (the “Issuer”), which, upon the Issuer’s written acceptance of such offer, will be binding upon the Issuer and upon the Underwriter. Such offer is made subject to the Issuer’s written acceptance hereof on or before 5:00 p.m., Mountain Standard Time, on the date indicated above, and, if not so accepted, shall be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Purchase Contract shall have the same meanings set forth in the Official Statement, the Indenture and the Bond Resolution (as such terms are hereinafter defined).

In addition to acceptance of this Purchase Contract by the Issuer as provided hereinabove, the obligations of the Underwriter under this Purchase Contract shall be conditioned on the execution and delivery of the Indemnity Letter, dated the date hereof (the

“Indemnity Letter”), by Pulte Home Company, LLC (the “Owner”) attached as the Attachment hereto.

The purchase and sale of the hereinafter defined Bonds pursuant to this Purchase Contract is an “arm’s-length,” commercial transaction between the Issuer and the Underwriter. In connection therewith and with the discussions, undertakings and proceedings leading up to the consummation of such transaction, the Underwriter is and has been acting for and on behalf of itself, solely as a principal for its own account and is not acting as the agent or fiduciary of the Issuer or as a municipal advisor (with the meaning of Section 15B of the Securities Exchange Act of 1934, as amended). The Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Issuer with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters). The Underwriter has no obligation to the Issuer with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract and Rule G-17 of the Municipal Securities Rulemaking Board (the “MSRB”). The Underwriter has financial and other interests that differ from those of the Issuer. The Underwriter has provided to the Issuer prior disclosures under MSRB Rule G-17, which have been received by the Issuer. The Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

1. Purchase and Sale of the Bonds. (a) Subject to the terms and conditions and in reliance upon the representations, warranties, covenants and agreements set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter, all, but not less than all, of the Issuer’s Special Assessment Lien Bonds (Assessment Area Nine) (the “Bonds”).

(b) The principal amount, maturities, redemption provisions and interest rates per annum effecting yields with respect to the Bonds are set forth in the Schedule hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of, the resolution adopted by the Board of the Issuer on March 19, 2018 (the “Bond Resolution”), and the Indenture of Trust and Security Agreement, to be dated as of _____ 1, 2018 (the “Indenture”), from the Issuer to ZB, National Association, d/b/a Zions Bank, as trustee (the “Trustee”).

(c) The purchase price for the Bonds shall be \$_____, representing the principal amount of the Bonds, less underwriting compensation of \$_____.

2. Public Offering.

(a) The Underwriter intends to make an initial bona fide public offering of all of the Bonds at not in excess of the public offering prices (or not less than the yields) set forth on Schedule I hereto and on the inside front cover page of the Official Statement of the Issuer relating to the Bonds, dated even date herewith (including all appendices thereto, the “Official Statement”) and may subsequently change such offering prices (or yields). The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices (or higher than

the yields) set forth on Schedule I hereto and on the inside front cover page of the Official Statement. The Underwriter also reserves the right (i) to over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and (ii) to discontinue such stabilizing, if commenced, at any time.

(b) *Establishment of Issue Price.* (i) The Underwriter agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer on the Closing Date (as such term is hereinafter defined) an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(ii) [Except as otherwise set forth in Schedule II attached hereto,] the Issuer will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Contract, the Underwriter shall report to the Issuer the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Issuer the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

(iii) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule II attached hereto, except as otherwise set forth therein. Schedule II also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Issuer and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(A) the close of the fifth (5th) business day after the sale date; or

(B) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Issuer when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(iv) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The Issuer acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The Issuer further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(v) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(A) “public” means any person other than an underwriter or a related party,

(B) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(C) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the

voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(D) “sale date” means the date of execution of this Purchase Contract by all parties.

3. The Official Statement.

(a) The Issuer has caused the Preliminary Official Statement, dated _____, 2018 (the “Preliminary Official Statement”), relating to the Bonds to be prepared for use in connection with the public offering, sale and distribution of the Bonds by the Underwriter. An authorized officer of the Issuer, acting for and on behalf of the Issuer, deemed the Preliminary Official Statement to be “final” as of its date for all purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”), by execution of the Certificate Deeming the Preliminary Official Statement Final, dated _____, 2018, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion as permitted to be excluded by Section (b)(1) of the Rule.

(b) The Issuer hereby authorizes the preparation of the Official Statement, to be dated even date herewith (the “Official Statement”), of the Issuer relating to the Bonds and the use of the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Bonds. WHILE THE UNDERWRITER HAS PARTICIPATED AND WILL PARTICIPATE WITH THE ISSUER IN THE PREPARATION AND ASSEMBLAGE OF THE PRELIMINARY OFFICIAL STATEMENT AND THE OFFICIAL STATEMENT, RESPECTIVELY, THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CONTENT OF THE PRELIMINARY OFFICIAL STATEMENT AND THE OFFICIAL STATEMENT. The Issuer consents to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Issuer’s acceptance of this Purchase Contract (but, in any event, not later than within seven business days after the Issuer’s acceptance of this Purchase Contract and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the MSRB.

(c) If, after the date of this Purchase Contract to and including the date the Underwriter is no longer required to provide the Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the

underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the “end of the underwriting period” for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer shall notify the Underwriter (and provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer shall forthwith prepare and furnish, at the Issuer’s own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement, as so amended and supplemented, shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement shall comply with law. If such notification shall be subsequent to the Closing Date, the Issuer shall furnish such legal opinions, certificates, instruments and other documents, as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(d) Unless otherwise notified in writing by the Underwriter, the Issuer can assume that the “end of the underwriting period” for purposes of the Rule is the Closing Date.

4. Representations, Warranties, and Covenants of the Issuer. The undersigned, on behalf of the Issuer, hereby represents and warrants to, and the Issuer hereby covenants with, as applicable, the Underwriter that:

(a) The Issuer is a community facilities district of the State of Arizona (the “State”), duly created, organized and existing under the laws of the State, specifically Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the “Act”) and has full legal right, power and authority under the Act, and at the Closing Date shall have full legal right, power and authority under the Act and the Bond Resolution (i) to adopt, enter into, execute and deliver, as applicable, this Purchase Contract, the Bond Resolution, the Indenture, a written undertaking by the Issuer to provide certain continuing disclosure for the benefit of certain beneficial owners of the Bonds as required under paragraph (b)(5) of the Rule in form and substance satisfactory to the Underwriter which shall be substantially in the form set forth in the Official Statement with such changes as may be agreed in writing by the Underwriter (the “Undertaking”), the District Development, Financing Participation, Waiver and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 1), dated as of December 1, 2005, by and among the Issuer, the Town of Florence, Arizona and the owners of real property within the boundaries of the Issuer, as amended, including by a Ninth Amendment and Waivers, to be dated as of _____, 1, 2018 (as so amended, the “Development agreement”), by and between the Issuer and the Owner, the Letter of Representations (the “Letter”), by and between the Issuer and The

Depository Trust Company (“DTC”) and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Purchase Contract, the Bond Resolution, the Indenture, the Undertaking, Development Agreement, the Letter and the other documents referred to in this clause (i) being hereinafter referred to as the “Issuer Documents”); (ii) to sell, issue and deliver the Bonds to the Underwriter as provided herein; (iii) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement and (iv) to approve, execute and authorize the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement), and the Issuer has complied, and shall on the Closing Date be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Resolution and the sale and issuance of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Preliminary Official Statement and the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

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

(d) The Issuer Documents shall constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors’ rights; the Bonds, when issued, delivered and paid for, in accordance with the Bond Resolution and this Purchase Contract, shall constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Resolution and the Indenture and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors’ rights and upon the issuance, authentication and delivery of the Bonds as aforesaid and the Indenture shall provide, for the benefit of the registered owners, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth therein;

(e) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, statute or administrative rule or regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the Issuer under any of the foregoing and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Bond Resolution and compliance with the provisions on the Issuer's part contained therein shall not conflict with or constitute a material breach of or material default under any constitutional provision, statute, administrative rule or regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor shall any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such statute, rule or regulation or instrument, except as provided by the Bond Resolution;

(f) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the "blue sky" or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(g) The Bonds and the Issuer Documents conform to the descriptions thereof contained in the Official Statement, and the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement;

(h) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the levy or collection of the Assessment from which principal of and interest on the Bonds are to be paid pursuant to the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or, when

finalized, the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of the Issuer Documents, nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially, adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(i) The Preliminary Official Statement did not and, as of the date hereof, does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (c) of Section 3 of this Purchase Contract) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) If the Official Statement is supplemented or amended pursuant to paragraph (c) of Section 3 of this Purchase Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement, as so supplemented or amended, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(l) The Issuer shall apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Resolution and the Indenture and shall not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal or State income tax purposes of the interest on the Bonds;

(m) The Issuer shall furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (i) to (A) qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (B) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer shall not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any

jurisdiction) and shall advise the Underwriter immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(n) The financial information regarding the Issuer in the Preliminary Official Statement fairly presents, and in the Official Statement shall fairly present, the financial position and results of the Issuer as of the dates and for the periods therein set forth, and, prior to the Closing Date, there shall be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer;

(o) The Issuer is not a party to any litigation or other proceeding pending or threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer, and except as disclosed in the Official Statement, the Issuer is not a party to any contract or agreement or subject to any restriction, the performance of or compliance with which may have a material adverse effect on the financial condition, operations or prospects of the Issuer or ability of the Issuer to comply with all the requirements set forth in the Official Statement, the Issuer Documents and the Bonds;

(p) Prior to the Closing Date, and to the extent this covenant is enforceable pursuant to applicable law, the Issuer shall not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds without the prior approval of the Underwriter;

(q) The Issuer has fully submitted the information required with respect to previous issuances of bonds, securities and lease-purchase agreements of the Issuer pursuant to Section 35-501(B), Arizona Revised Statutes, and will file the information relating to the Bonds required to be submitted pursuant thereto within 60 days of the Closing Date and, except as otherwise indicated in the Official Statement, the Issuer has been and is in material compliance with the terms of all continuing disclosure undertakings previously executed by the Issuer pursuant to the Rule and

(r) The officers and officials of the Issuer executing the Official Statement, the Issuer Documents and the Bonds and the officers and officials of the Issuer listed on the certificate of the Issuer to be delivered on the Closing Date have been or will have been duly appointed and are or will be qualified to serve as such officers and officials of the Issuer, and any certificate signed by any officer or official of the Issuer authorized to do so in connection with the transactions contemplated by this Purchase Contract shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein.

5. Closing. (a) At 9:00 a.m., Mountain Standard Time, on _____, 2018, or at such other time or on such other date as shall have been mutually agreed upon by the

Issuer and the Underwriter (the “Closing Date”), the Issuer shall, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter shall, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Contract by a certified or bank cashier’s check or checks or wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of Bond Counsel or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

(b) Delivery of the Bonds shall be made through the facilities of DTC in New York City, New York, or, if by the means of a “Fast Automated Securities Transfer,” with the Trustee. The Bonds shall be printed or lithographed, shall be prepared and delivered as fully registered bonds, one Bond for the full amount maturing on each maturity date, and shall be registered in the name of “Cede & Co.” and shall be made available to the Underwriter at least one (1) business day before the Closing Date for purpose of inspection.

6. Closing Conditions. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties, covenants and agreements of the Issuer contained herein and of the Owner contained in the Indemnity Letter and to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the Issuer of its obligations hereunder and by the Owner of its obligations pursuant to the Indemnity Letter, both as of the date hereof and on the Closing Date. Accordingly, the Underwriter’s obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and by the Owner of its obligations pursuant to the Indemnity Letter and under such documents and instruments on or prior to the Closing Date and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Issuer contained herein and of the Owner contained in the Indemnity Letter shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) The Issuer shall have performed and complied with all covenants and agreements required by this Purchase Contract to be performed or complied with by it prior to or on the Closing Date;

(c) On the Closing Date, (i) the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and Counsel to the Underwriter to deliver their respective opinions referred to hereinafter;

(d) On the Closing Date, all official action of the Issuer relating to the Issuer Documents and the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) Prior to or on the Closing Date, the Bond Resolution shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered, and the Trustee shall have duly authenticated, the Bonds;

(f) Prior to or on the Closing Date, no “event of default” shall have occurred or be existing under this Purchase Contract nor shall any event have occurred which, with the passage of time or the giving of notice, or both, shall constitute an event of default under this Purchase Contract;

(g) Prior to or on the Closing Date, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer or the Owner, from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(h) Prior to or on the Closing Date, the Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(i) Prior to or on the Closing Date, all steps to be taken and all instruments and other documents to be executed and all other legal matters in connection with the transactions contemplated by this Purchase Contract shall be reasonably satisfactory in legal form and effect to the Underwriter;

(j) Prior to or on the Closing Date, the Underwriter shall have received two copies of the transcript of all proceedings of the Issuer relating to the authorization and issuance of the Bonds, certified, as necessary, by appropriate officials of the Issuer, including, but not limited to, the following documents:

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

(2) The supplemental opinion of such counsel, as Bond Counsel, dated the Closing Date, addressed to the Underwriter and substantially in the form hereto as Exhibit B;

(3) The opinion of Berens Blonstein PLC, Counsel to the Owner, dated the Closing Date, addressed to the Underwriter and substantially in the form hereto as Exhibit C;

(4) The opinion of Squire Patton Boggs (US) LLP, Counsel to the Underwriter, dated the Closing Date, addressed to the Underwriter and substantially in the form hereto as Exhibit D;

(5) A consent of Burke Hansen, LLC, dated the Closing Date, addressed to the Underwriter and substantially in the form hereto as Exhibit E;

(6) A certificate from the Owner, dated the Closing Date, signed by an authorized official of the Owner and in form and substance satisfactory to the Issuer and the Underwriter, to the effect that the representations and warranties contained in the Indemnity Letter and in the documents executed by the Owner in connection with the issuance of the Bonds are true and correct in all material respects as of the Closing Date;

(7) A certificate or certificates of the Issuer, dated the Closing Date, signed by an authorized official or officials of the Issuer and in form and substance satisfactory to the Underwriter, in which such official states:

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

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

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

(iv) That the Issuer has complied with all the agreements and covenants and satisfied all the conditions on its part to be performed or satisfied prior to or on the Closing Date and

(v) That the Official Statement was, as of its date, and will be, as of the Closing Date, true, correct and complete in all material respects and did not, as of its date, and does not, as of the

Closing Date, include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading and no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect;

(8) A specimen of the Bonds;

(9) A certified copy of the Bond Resolution;

(10) A counterpart original of the Official Statement manually executed on behalf of the Issuer by the Chairman of the District Board;

(11) A non-arbitrage certificate of the Issuer, in form and substance satisfactory to Bond Counsel;

(12) The filing copy of the Information Return Form 8038-G (IRS) and of the Report of Bond and Security Issuance Pursuant To A.R.S. § 35-501(B) (Arizona Department of Administration) for the Bonds;

(13) An executed copy of each of the Issuer Documents; and

(14) Such additional opinions, letters, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to satisfy conditions to the issuance of the Bonds required by the Bond Resolution, to evidence the truth and accuracy on the Closing Date, or prior to such date, of the representations and warranties of the Issuer and the Owner and the due performance or satisfaction by the Issuer and the Owner of all agreements and covenants then to be performed and all conditions then to be satisfied by the Issuer and the Owner.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Issuer and the Owner shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriter set forth in Section 8(c) hereof shall continue in full force and effect.

7. Termination. The Underwriter shall have the right to cancel its obligation to purchase the Bonds if, between the date of this Purchase Contract and the Closing Date, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon interest received on obligations of the general character of the Bonds as described in the Official Statement, or other actions or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress, an order, decree or injunction issued by any court of competent jurisdiction or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, or that the Bond Resolution is not exempt from qualification under or exempt from other requirements of the Trust Indenture Act of 1939, or that the offering, sale or issuance of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state “blue sky” or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereon) upon trading securities generally by any governmental

authority or any national securities exchange or a general banking moratorium declared by federal, State of New York or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force or increase materially those now in force with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(f) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon), or the validity or enforceability of the Special Assessments to pay principal of and interest on the Bonds;

(g) any event occurring or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Purchase Contract any materially adverse change in the affairs or financial condition of the Issuer or the Owner;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(j) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement; and

(k) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

8. Expenses. (a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay or cause to be paid from the proceeds of the sale of the Bonds or monies contributed by the Owner for such purpose, the expenses incident to the performance of the Issuer's obligations hereunder, including but not limited to (1) the cost of printing, engraving or typewriting and mailing or delivering the definitive Bonds, the Preliminary Official Statement, the Official Statement and the Issuer Documents in reasonable quantities and all other documents

(other than as set forth in the next succeeding paragraph) prepared in connection with the transactions contemplated hereby; (2) the fees and disbursements of the Trustee in connection with the issuance of the Bonds; (3) the fees and disbursements of Bond Counsel and Counsel to the Underwriter in connection with the issuance of the Bonds; (4) the fees and disbursements of any other experts or consultants retained by the Issuer in connection with the transactions contemplated hereby and (5) reasonable miscellaneous, normally occurring, “out-of-pocket” expenses (including, but not limited to, meals, transportation and lodging) incurred by the Underwriter in connection with the sale and issuance of the Bonds. The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

(b) The Underwriter shall pay (i) the cost of preparation and printing of this Purchase Contract; (ii) all advertising expenses in connection with the public offering of the Bonds and (iii) all other expenses incurred by the Underwriter in connection with the public offering of the Bonds.

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

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

(b) Parties in Interest. This Purchase Contract as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter), and no other person shall acquire or have any right hereunder or by virtue hereof. This Purchase Contract may not be assigned by the Issuer. All of the Issuer’s representations, warranties, covenants and agreements contained in this Purchase Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Purchase Contract and (iii) any termination of this Purchase Contract.

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

(d) Choice of Law. This Purchase Contract shall be governed by and construed in accordance with the law of the State.

(e) Severability. If any provision of this Purchase Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

(f) Business Day. For purposes of this Purchase Contract, “business day” means any day on which the New York Stock Exchange is open for trading.

(g) Section Headings. Section headings have been inserted in this Purchase Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Contract and will not be used in the interpretation of any provisions of this Purchase Contract.

(h) Counterparts. This Purchase Contract may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

10. Notice Concerning Cancellation of Contracts. As required by the provisions of Section 38-511, Arizona Revised Statutes, as amended, notice is hereby given that the State, its political subdivisions (including the Issuer) or any department or agency of either may, within three (3) years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This section is not intended to expand or enlarge the rights of the Issuer hereunder except as required by such Section. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section which would adversely affect the enforceability of this Purchase Contract and covenants that it shall take no action which would result in a violation of such Section.

11. Electronic Signature. The electronic signature of a party to this Purchase Contract shall be as valid as an original signature of such party and shall be effective to bind such party to this Purchase Contract. For purposes hereof: (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message.

[Remainder of page left blank intentionally.]

If you agree with the foregoing, please sign the enclosed counterpart of this Purchase Contract and return it to the Underwriter. This Purchase Contract shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By _____
B. Mark Reader, Managing Director

ACCEPTED AT _____ M., M.S.T. ON
_____, 2018

MERRILL RANCH COMMUNITY FACILITIES
DISTRICT NO. 1

By _____

Printed Name: _____

Title: _____

ATTEST:

By: _____
District Clerk

APPROVED AS TO FORM:

By _____
District Counsel

SCHEDULE I

Aggregate Principal Amount: \$ _____

Interest Payment Dates: January 1, 2019, and each July 1 and January 1 thereafter

Maturity Schedule:

Maturity Date <u>(July 1)</u>	Principal <u>Amount</u>	Per Annum <u>Interest Rate</u>	<u>Yield</u>
----------------------------------	----------------------------	-----------------------------------	--------------

Redemption Provisions

Special Redemption from Excess Proceeds. The Bonds will be subject to redemption at the option of the District, in whole or in part on any Interest Payment Date, upon not more than sixty (60) nor less than thirty (30) days' prior notice, 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, if and to the extent on or after the completion of the Work, but in no event later than _____ 1, 20__ amounts are transferred from the Acquisition and Construction Fund to the Prepayment Account plus any amounts in the Reserve Fund in excess of the Reserve Fund Requirement as a result of such transfer and which are transferred to the Prepayment Account pursuant to the terms of the Indenture.

Special Optional Redemption from Assessment Prepayments. The Bonds will also be subject to redemption, at the option of the District, in whole or in part on any date, upon not more than sixty (60) nor less than thirty (30) days' prior notice, upon payment of the Redemption Price which will 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 District which are prepaid with respect to the Assessment and are deposited in the Prepayment Account plus amounts in the Reserve Fund in excess of the Reserve Fund Requirement as a result of prepayment and which are transferred to the Prepayment Account pursuant to the terms of the Indenture.

Optional Redemption. The Bonds maturing before or on July 1, 20__, will not be subject to redemption prior to their stated maturity dates. The Bonds maturing on or after July 1,

20__, will be subject to redemption prior to their stated maturity dates, at the option of the District, in whole or in part from maturities selected by the District on July 1, 20__, or on any date thereafter, by the payment of a redemption price equal to the principal amount of each Bond called for redemption, plus interest accrued to the date fixed for redemption but without a premium.

Mandatory Redemption. The Bonds maturing on July 1 of the following years (the “Term Bonds”) will be subject to mandatory redemption and will be redeemed on July 1 of the respective years set forth below and in the principal amounts set forth below, by payment of a redemption price of the principal amount of such Bonds called for redemption plus the interest accrued to the date fixed for redemption, but without premium, as follows:

Redemption Date <u>(July 1)</u>	Principal <u>Amount</u>
------------------------------------	----------------------------

Bonds Maturing in 20__

* Maturity

Bonds Maturing in 20__

*Maturity

Bonds Maturing in 20__

*Maturity

Whenever Bonds of such 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 such maturity.

SCHEDULE II

EXHIBIT A

\$ _____
MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1
(FLORENCE, ARIZONA)
SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA NINE)

UNDERWRITER'S CERTIFICATE

The undersigned, Stifel, Nicolaus & Company, Incorporated ("Stifel"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. Purchase Contract. On _____ (the "Sale Date"), Stifel and Merrill Ranch Community Facilities District No. 1 (the "Issuer") executed a Purchase Contract (the "Purchase Contract") in connection with the sale of the Bonds. Stifel has not modified the Purchase Contract since its execution on the Sale Date.

2. Price.

(a) As of the date of this Certificate, for each [Maturity] [of the _____ Maturities] of the Bonds, the first price or prices at which at least 10% of [each] such Maturity of the Bonds was sold to the Public (the "10% Test") are the respective prices listed in Schedule A attached hereto.

(b) **[To be used if not using Hold-the-Offering-Price Rule and 10% was not sold for all Maturities]** **[**** With respect to each of the _____ Maturities of the Bonds:

(i) As of the date of this Certificate, Stifel has not sold at least 10% of the Bonds of these Maturities at any price or prices.

(ii) As of the date of this Certificate, Stifel reasonably expects that the first sale to the Public of Bonds of these Maturities will be at or below the respective price or prices listed on the attached Schedule A as the "Reasonably Expected Sale Prices for Undersold Maturities."

(iii) Stifel will provide actual sales information (substantially similar to the information contained on Schedule B) as to the price or prices at which the first 10% of each such Maturity (i.e., the Undersold Maturity or Maturities) is sold to the Public.

(iv) On the date the 10% Test is satisfied with respect to all Maturities of the Bonds, Stifel will execute a supplemental certificate substantially in the form attached hereto as Schedule C with respect to any remaining Maturities for which the 10% Test has not been satisfied as of the Closing Date.**]

(b) [To be used if using Hold-the-Offering-Price Rule] [Alternative 1 - All Maturities Use Hold-the-Offering-Price Rule: Stifel offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.] [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: Stifel offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

[Alternative 1 - All Maturities use Hold-the-Offering-Price Rule: As set forth in the Purchase Contract, Stifel has agreed in writing that, (i) for each Maturity of the Bonds, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the Purchase Contract, Stifel has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

3. Defined Terms.

- (a) [*Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."]
- (b) [*Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]
- (c) *Issuer* means Catalina Foothills Unified School District No. 16 of Pima County, Arizona.

- (d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].
- (g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate of the Issuer dated [closing date] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: [Closing Date]

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as underwriter

By: _____
B. Mark Reader, Managing Director

By: _____
[underwriter]

SCHEDULE A

Actual Sales Information as of Closing Date

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Date Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
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[Reasonably Expected Sales Prices for Undersold Maturities as of Closing Date**

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Par Amount</u>	<u>Offering Prices</u>
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**]

SCHEDULE B

[Actual Sales for Undersold Maturities as of the Closing Date]

<u>Maturity/CUSIP</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
-----------------------	------------------	------------------	-------------------	-------------------

**]

[PRICING WIRE OR EQUIVALENT COMMUNICATION]

(Attached)

Schedule B-1

[SCHEDULE C

SUPPLEMENTAL ISSUE PRICE CERTIFICATE OF UNDERWRITER

\$ _____
MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1
(FLORENCE, ARIZONA)
SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA NINE)

The undersigned, Stifel, Nicolaus & Company, Incorporated (“Stifel”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. *Issue Price.*

(a) Stifel sold at least 10% of the _____ Maturities of the Bonds to the Public at the price or prices shown on the Issue Price Certificate dated as of the Closing Date (the “10% Test”). With respect to each of the _____ Maturities of the Bonds, Stifel had not satisfied the 10% Test as of the Closing Date (the “Undersold Maturities”).

(b) As of the date of this Supplemental Certificate, Stifel has satisfied the 10% Test with respect to the Undersold Maturities. The first price or prices at which at least 10% of each such Undersold Maturity was sold to the Public are the respective prices listed on Exhibit A attached hereto.

2. *Defined Terms.*

(a) “Issuer” means Merrill Ranch Community Facilities District No. 1.

(b) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling

group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate of the Issuer dated [closing date] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as underwriter

By: _____

B. Mark Reader, Managing Director

By: _____

[underwriter]

Dated: _____

EXHIBIT A
TO
SUPPLEMENTAL ISSUE PRICE CERTIFICATE**]

Exhibit A-1

EXHIBIT B

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[Closing Date]

Stifel, Nicolaus & Company, Incorporated
Suite 750
2325 East Camelback Road
Phoenix, Arizona 85016

Re: Merrill Ranch Community Facilities District No. 1 (Florence, Arizona)
Special Assessment Lien Bonds (Assessment Area Nine)

We have acted as Bond Counsel to Merrill Ranch Community Facilities District No. 1 (the “Issuer”) in connection with the issuance by the Issuer this date of bonds designated “Special Assessment Lien Bonds (Assessment Area One),” in the aggregate principal amount of \$____,000 (the “Bonds”) and otherwise as special counsel to the Issuer for certain matters relating to the execution and delivery of a District Development, Financing Participation, Waiver and Intergovernmental Agreement (Merrill Ranch Community Facilities District No. 1), dated as of December 1, 2005, by and among the Issuer, the Town of Florence, Arizona (the “Municipality”) and the owners of real property within the boundaries of the Issuer, as amended, including by a Ninth Amendment and Waivers, dated as of _____ 1, 2018 (the “Amendment and Waivers”), by and between the Issuer and Pulte Home Company, LLC (the “Company”). The Bonds (i) are issued pursuant to and secured by an Indenture of Trust and Security Agreement, dated as of _____ 1, 2018 (the “Indenture”), from the Issuer to ZB, National Association, d/b/a Zions Bank, as trustee (the “Trustee”), (ii) are the subject of an Official Statement, dated _____, 2018 (the “Official Statement”), and (iii) were sold pursuant to a Purchase Contract, dated _____, 2018 (the “Purchase Contract”), by and between the Issuer and Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), in accordance with a resolution authorizing issuance of, and certain other matters related to, the Bonds adopted by the District Board of the Issuer on March 19, 2018, being Resolution No. _____ (the “Bond Resolution”). In connection with the issuance of the Bonds, the Issuer has entered into a Continuing Disclosure Undertaking, dated even date herewith (the “Undertaking” and, together with the Amendment and Waivers, the Indenture and the Purchase Contract, the “Issuer Documents”). (You may rely on our opinion as Bond Counsel, dated of even date herewith, with regard to the Bonds as if addressed to you.)

In our capacity as Bond Counsel, and as special counsel as described above, to the Issuer, we have examined and, and in rendering the opinions herein have relied upon:

- (i) Executed copies of each of the Issuer Documents;
- (ii) An executed copy of the Official Statement;

Exhibit B-1

(iii) A certified copy of the Bond Resolution (which authorized, among other matters, execution and delivery of the Issuer Documents);

(iv) Such other agreements, certificates (including particularly, but not by way of limitation, certificates of the Issuer, the Underwriter and the Company, dated as of even date herewith), opinions (including particularly, but not by way of limitation, opinions of Counsel to the Company and Counsel to the Underwriter, each dated of even date herewith), letters and other documents, including documents delivered or distributed with respect to the original issuance and delivery of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein; and

(v) Such provisions of the Constitution and laws of the State of Arizona and the United States of America as we deemed necessary to enable us to render the opinions set forth herein.

In such examination, we have assumed the authenticity of documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and the accuracy of the statements contained in such certificates. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid documents and other matters. In connection with our representation of the Issuer in the capacities described above, we have also participated in conferences from time to time with representatives of (and in certain cases, counsel to) the Issuer, the Municipality, the Company, the Trustee and the Underwriter relating to the Issuer Documents and the Official Statement.

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

1. The Issuer is duly organized and validly existing as a community facilities district pursuant to the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder (a) to adopt the Bond Resolution and to execute, deliver and perform its obligations pursuant to the Issuer Documents (b) to approve, execute and authorize the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement, dated _____, 2018 (the "Preliminary Official Statement"), with respect to the Bonds) and (c) to carry out and consummate the transactions contemplated by the Bond Resolution, the Issuer Documents and the Official Statement (including with respect to the Official Statement, the approval, execution and authorization of the use and distribution thereof).

2. Adoption of the Bond Resolution; authorization, execution and delivery of the Issuer Documents; approval and execution, use and distribution of the Preliminary Official Statement Official Statement and compliance with the provisions of the Bond Resolution, and performance by the Issuer of the

obligations created by the Issuer Documents, in each case by the Issuer under the circumstances contemplated thereby, do not and will not, in any material respects conflict with, or constitute on the part of the Issuer a material breach of, or default under, any existing law, ordinance, administration regulation, court order or consent decree to which the Issuer is subject.

3. No consent of any other party, and no consent, license, approval or authorization of, exemption by or registration with any governmental body, authority, bureau or agency (other than those that have been obtained or will be obtained prior to the delivery of the Bonds), is required in connection with the adoption by the Issuer of the Bond Resolution or the execution, delivery and performance by the Issuer of the obligations of the Issuer created by the Issuer Documents.

4. The Issuer has duly (a) adopted the Bond Resolution, (b) authorized (i) the execution and delivery of, and the performance of the obligations of the Issuer created by the Issuer Documents and (ii) the taking of the actions required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by the Issuer Documents and the Official Statement and (c) levied the special assessments from which the Bonds are payable. The liens with respect to such special assessments have been perfected pursuant to applicable law. The Issuer has, to the date hereof, complied with all applicable provisions of law and has taken all actions required to be taken by it, in connection with, or necessary or appropriate to consummate, the transactions contemplated by or described in the aforesaid documents.

5. The Issuer Documents have been duly authorized, executed and delivered by the Issuer and, assuming due and valid authorization, execution and delivery by, and enforceability against, the other party or parties thereto, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

6. Based solely upon a search of the computerized docket records available for review on _____, 2018, in the office of the Pinal County Superior Court and U.S. District Court, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, agency, public board or body, pending or overtly threatened against or affecting the Issuer, and there is no basis therefor, (i) which in any way questions the powers of the Issuer referred hereinabove or the validity of the proceedings by the Issuer in connection with the sale and issuance of the Bonds, (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transaction contemplated by the Issuer Documents, the Official Statement, the Bond Resolution or the Bonds or would in any way adversely affect the validity or enforceability of the Issuer Documents, the Bond Resolution or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or by the Official Statement), (iii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or

(iv) which questions the right of the Issuer to levy, receive and pledge special assessments or taxes, nor lawsuits pending or overtly threatened against the Issuer which, if decided adversely to the Issuer, would, individually or in the aggregate, have a material adverse effect on the financial condition of the Issuer or impair the ability of the Issuer to comply with all the requirements set forth in the Issuer Documents, the Official Statement, the Bond Resolution or the Bonds.

7. The statements contained in the Preliminary Official Statement and the Official Statement in the tax caption paragraph on the cover page thereof, under the headings “THE BONDS” (except the information incorporated by reference and not otherwise included hereinbelow and the information contained under the subheading “Annual Debt Service” thereunder as to which we express no opinion), “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” (except the information incorporated by reference and the information contained under the subheadings “The Assessment,” and “Appraised Value of Land” thereunder as to which we express no opinion), “TAX EXEMPTION,” “CONTINUING DISCLOSURE” (except with respect to the Issuer’s compliance with previous undertakings, as to which we express no opinion) and “RELATIONSHIPS AMONG PARTIES” (solely as it relates to us) therein and in Appendices B, D and E thereto, insofar as such statements purport to summarize certain provisions of federal or State law or of the Bonds, fairly summarizes the information which it purports to summarize. Furthermore, based solely on our participation in the transaction as Bond Counsel, nothing has come to our attention that would lead us to believe that the information and statements in the Preliminary Official Statement, as of its date and as of the date of sale of the Bonds, and the Official Statement, as of its date and as of the date hereof, contained or contain any untrue statement of a material fact or omitted or omit, respectively, to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, no view is expressed as to the financial statements of the Issuer, any other financial, forecast, technical or statistical data, and any information in the Preliminary Official Statement or the Official Statement respecting The Depository Trust Company.

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

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the Issuer Documents is dependent upon the due authorization, execution and delivery of (and authority to perform lawfully) the Issuer Documents by the other party or parties thereto and to the extent that the enforceability of the Issuer Documents may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights and the exercise of judicial discretion in accordance with general principles of equity, including possible refusal by a particular court to grant certain equitable remedies such as

specific performance with respect to the enforcement of any provision of such documents and, in the case of the Undertaking, to annual appropriation with respect to the purposes thereof. We express no opinion as to the enforceability of any provisions of the Issuer Documents (i) restricting access to legal or equitable remedies, (ii) purporting to establish evidentiary standards or waiving or otherwise affecting any rights to notice, demand or exhaustion of collateral, (iii) relating to self-help, subrogation, indemnification, delay or omission to enforce rights or remedies, severability or marshalling of assets or (iv) purporting to grant to the owners of the Bonds or to any party to the Issuer Documents (other than the Issuer) any rights or remedies not specifically set forth therein.

This opinion is provided pursuant to the Purchase Contract and is being given solely for the information of and assistance to the addressee of this letter in its capacity as the underwriter of the Bonds. In giving this opinion to such underwriter, it is expressly understood that no attorney-client relationship is being created thereby. Without our express prior written permission, this opinion may not be relied upon by any person other than such underwriter and is not to be used, circulated, quoted, or otherwise referred to in connection with the offering of the Bonds, except that reference may be made to this opinion in any list of closing documents pertaining to the issuance of the Bonds.

Respectfully submitted,

,

EXHIBIT C

[LETTERHEAD OF BERENS BLONSTEIN PLC]

[Closing Date]

Stifel, Nicolaus & Company, Incorporated
Suite 750
2325 East Camelback Road
Phoenix, Arizona 85016

District Board
Merrill Ranch Community Facilities District No. 1
c/o Town of Florence, Arizona
775 N. Main Street
Florence, Arizona 85232

Re: Merrill Ranch Community Facilities District No. 1 (Florence, Arizona)
Special Assessment Lien Bonds (Assessment Area Nine)

We have acted as special counsel to Pulte Home Company, LLC, a Michigan limited liability company (the “Owner”), in connection with the establishment of Assessment District No. 9 (“SAD 9”) and levy of assessments (the “Assessment”) against the assessed parcels in SAD 9, and the sale and issuance of the captioned Bonds sold pursuant to the Purchase Contract, dated _____, 2018 (hereinafter referred to as the “Purchase Contract”), by and between Stifel, Nicolaus & Company, Incorporated, as underwriter (hereinafter referred to as the “Underwriter”) and the Merrill Ranch Community Facilities District No. 1 (hereinafter referred to as the “District”). Any capitalized term used herein and not defined shall have the meaning assigned to it in the Purchase Contract.

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

1. Official Statement issued by the District dated _____, 2018;
2. Purchase Contract dated _____, 2018;
3. Merrill Ranch Community Facilities District No. 1 Waiver and Development Agreement Pertaining To The To Be Formed Assessment District No. 9, recorded on _____, 20__, as Instrument No. _____ in the Official Records of the Pinal County Recorder, by and among the District and the Company (the “Waiver and Development Agreement”);
4. Indemnity Letter of the Company dated _____, 2018 (the “Developer Indemnity Letter”);
5. Closing Certificate of the Company dated _____, 2018 (the “Developer Closing Certificate”);

Exhibit C-1

6. [insert description of current forms of organizational documents of the Owner];

7. [insert authorizing resolution of the Owner];

8. [insert good standing certificates of the Owner];

_____; and

_____. Such other documents and instruments as we have considered necessary or appropriate for the purposes of this opinion;

and received such other information from representatives of the Owner as we have deemed necessary for the purposes of this opinion (hereinafter referred to, collectively, as “due inquiry”). (The documents listed in paragraphs (3), (4) and (5) above are hereinafter referred to collectively as the “the Owner Documents.” The documents listed in paragraphs () through () above are hereinafter referred to as the “Organizational Documents.”).

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures to the Owner Documents, except for the signatures of the Owner on the Owner Documents, and the legal capacity of each natural person executing the Owner Documents;

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

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

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

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

(f) After due inquiry, the parties’ representations and warranties contained in the Owner Documents are truthful and accurate and all reports and other documents prepared by third party consultants, relating to the transactions contemplated by the Owner Documents or any of the property within the District are truthful and accurate.

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

1. The Owner is a limited liability company duly formed and validly existing under the laws and Constitution of the State of Michigan.

2. The Owner is qualified to transact business under the laws of the State of Arizona.

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

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

5. The Owner Documents are in full force and effect as of the date hereof and constitutes a legal, valid and binding obligation of the Owner, enforceable in accordance with its terms.

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

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

8. To our actual knowledge, no consent, approval, authorization or other action by, or filing with, any federal, State or local governmental authority is required in connection with the execution and delivery by the Owner of the Owner Documents which consent, approval, authorization or other action has not already been obtained.

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

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

11. To our knowledge, the information contained in the Official Statement pertaining to the Owner and the planned community (referred to therein as the “Development”) under the headings “INTRODUCTORY STATEMENT,” “SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS – The Assessment”, “THE PUBLIC INFRASTRUCTURE,” “THE OTHER INFRASTRUCTURE,” “DESCRIPTION OF LAND DEVELOPMENT,” “THE ASSESSED PARCEL OWNER” and “SPECIAL RISK FACTORS” and as to the factual information supplied by the Owner in Appendix C – EXECUTIVE SUMMARY OF THE APPRAISAL (but not including the conclusions, methodology of other information contained therein, as to which we express no opinion), respectively, does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. In connection with our review, we have not undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement except as and to the extent otherwise provided in this paragraph and the knowledge available to us is such that we are unable to assume, and do not assume, any responsibility for the accuracy, completeness or fairness of such information. However, we have not acquired any knowledge that the Official Statement (except for the financial information and notes thereto and schedules and other financial or statistical data included therein, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which the statements are made, not misleading.

The opinions set forth above are subject to the following qualifications and limitations: (i) enforceability of the Owner Documents may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, arrangement or laws or court decisions affecting the enforcement of creditors’ rights generally; (ii) enforceability of the Owner Documents is subject to general principles of equity, whether remedies are sought in equity or at law; (iii) enforceability of the Owner Documents is further subject to the qualification that certain waivers, procedures, remedies, indemnities and other provisions of the Owner Documents may be unenforceable under or limited by Arizona law; however, such law does not, in our opinion, substantially prevent the practical realization of the benefits intended by the Owner Documents; (iv) we are expressing no opinion as to the enforceability of any indemnity provision with respect to any claims or other matters that result from the negligence or misconduct of any indemnitee or the failure of any indemnitee to act in a commercially reasonable manner and (v) we are expressing no opinion as to the compliance of the Owner Documents or the offer and sale of the Bonds with any securities law or regulation except as provided in paragraph 11 hereof.

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

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

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

Respectfully submitted,

EXHIBIT D

[LETTERHEAD OF SQUIRE PATTON BOGGS (US) LLP]

[Closing Date]

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

We have served as counsel to you (the “Underwriter”) in connection with your purchase from Merrill Ranch Community Facilities District No. 1 (the “Issuer”) of its \$ _____ Special Assessment Lien Bonds (Assessment Area Nine) (the “Bonds”), dated the date of this letter, pursuant to the Purchase Contract, dated _____, 2018 (the “Purchase Contract”), between you and the Issuer. This letter is provided pursuant to Section 6(h)(iv) of the Purchase Contract. Capitalized terms not otherwise defined in this letter are used as defined in the Purchase Contract.

In accordance with the terms of our engagement, certain of our lawyers reviewed (a) the Preliminary Official Statement dated _____, 2018 (the “Preliminary Official Statement”), and (b) the Official Statement dated _____, 2018 (the “Official Statement”), in each case relating to the Bonds, and participated in discussions with representatives of the Issuer, bond counsel, and others, regarding those documents, the information contained therein, and related matters.

The purpose of our professional engagement in that regard was not to establish or to confirm factual matters set forth in the Preliminary Official Statement or the Official Statement, and we have not undertaken to verify independently any of those factual matters. Many of the determinations required to be made in the preparation of the Preliminary Official Statement and the Official Statement involve matters of a non-legal nature.

Subject to the foregoing, on the basis of the information gained by our lawyers involved in the review and discussions referred to above, we confirm to you that nothing came to the attention of those lawyers that caused them to believe that (1) the Preliminary Official Statement, as of its date and as of _____, 2018, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (2) the Official Statement, as of its date and as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, and we do not express any belief with respect to any financial, technical, statistical, accounting or demographic data or forecasts, or any information about the book-entry system and The Depository Trust Company, the information under the heading “TAX MATTERS” and in Appendix B – “FORM OF LEGAL OPINION OF BOND COUNSEL” contained in the Preliminary Official Statement or the Official Statement.

Exhibit D-1

In addition to the review and discussions referred to above, we have also examined an executed counterpart of the Purchase Contract and such other proceedings, documents, matters and law as we deem necessary to render the opinions set forth below.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Bond Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended.
2. The Continuing Disclosure Agreement satisfies the requirement of paragraph (b)(5) of Rule 15c2-12 prescribed under the Securities Exchange Act of 1934, as amended (the "Rule"), that you obtain an undertaking for the benefit of the holders, including beneficial owners, of the Bonds to provide certain annual financial information and event notices at the time and in the manner required by the Rule.

The legal opinions stated immediately above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by and the valid, binding and enforceable nature of those documents upon the parties thereto.

This letter is being furnished only to you for your use solely in connection with the transaction described herein and may not be relied upon by anyone else or for any other purpose without our prior written consent. No statements of belief or opinions other than those expressly stated herein shall be implied or inferred as a result of anything contained in or omitted from this letter. The statements of belief and opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement in connection with the original issuance and delivery of the Bonds is concluded upon delivery of this letter.

Respectfully submitted,

EXHIBIT E

CONSENT OF BURKE HANSEN, LLC

Burke Hansen, LLC hereby consents to the inclusion in the Official Statement related to the sale of Merrill Ranch Community Facilities District No. 1 (Florence, Arizona) Special Assessment Lien Bonds (Assessment Area Nine) of the executive summary relating to the Appraisal prepared by Burke Hansen, LLC and addressed to Town of Florence, Arizona/Merrill Ranch Community Facilities District No. 1, dated _____, 2018, and letter of transmittal related thereto, and further represents and warrants that such executive summary and letter of transmittal are true and correct in all respects and do not include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading, and, to the best of our knowledge, no event affecting such Appraisal or letter of transmittal has occurred since the date of such Official Statement which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect.

BURKE HANSEN, LLC

By _____

Dated: [Closing Date]

ATTACHMENT

**INDEMNITY LETTER
FOR
NOT TO EXCEED \$ _____
MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO.1
(FLORENCE, ARIZONA)
SPECIAL ASSESSMENT LIEN BONDS (ASSESSMENT AREA NINE)**

_____, 2018

Stifel, Nicolaus & Company, Incorporated
Suite 750
2325 East Camelback Road
Phoenix, Arizona 85016

District Board
Merrill Ranch Community Facilities District No. 1
c/o Town of Florence, Arizona
775 N. Main Street
Florence, Arizona 85232

Attention: District Manager

Re: Merrill Ranch Community Facilities District No. 1 (Florence, Arizona)
Special Assessment Lien Bonds (Assessment Area Nine)

Ladies and Gentlemen:

This Indemnity Letter is delivered by Pulte Home Company, LLC, a limited liability company organized and existing pursuant to the laws of the State of Michigan (hereinafter referred to as the "Owner"), in order to induce Stifel, Nicolaus & Company, Incorporated (hereinafter referred to as the "Underwriter") and Merrill Ranch Community Facilities District No. 1 (hereinafter referred to as the "District"), to enter into the Purchase Contract, dated even date herewith (hereinafter referred to as the "Purchase Contract"), related to the sale and purchase by the Underwriter and District of the captioned Bonds (hereinafter referred to as the "Bonds"). Terms which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

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

Attachment-1

(a) The Owner is a limited liability company, duly formed, validly existing and in good standing under the laws of the State of Michigan and is qualified to transact business in Arizona.

(b) As of the date of the Preliminary Official Statement, the information in the Preliminary Official Statement pertaining to the Owner and the planned community (referred to therein as the “Development”) under the headings “INTRODUCTORY STATEMENT,” “SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS – The Assessment”, “THE PUBLIC INFRASTRUCTURE,” “THE OTHER INFRASTRUCTURE,” “DESCRIPTION OF LAND DEVELOPMENT,” “THE ASSESSED PARCEL OWNER” and “SPECIAL RISK FACTORS” and as to the factual information supplied by the Owner in Appendix C – EXECUTIVE SUMMARY OF THE APPRAISAL (but not including the conclusions, methodology of other information contained therein, as to which no view is expressed), respectively, does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading.

(c) Neither the execution or delivery of this Indemnity Letter or the Waiver Agreement (hereinafter referred to, together, as the “Owner Documents”) nor the consummation of any of the transactions herein and therein contemplated, nor the fulfillment of, or compliance with, the terms hereof or thereof, contravenes the organizational documents of the Owner or conflicts with or results in a breach by the Owner of any of the terms, conditions or provisions of, or constitute a default by the Owner under, any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Owner is a party or by which it is bound or to which any of the property or assets of the Owner is subject, or any law or any order, rule or regulation applicable to the Owner of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over the Owner or any of its properties or operations, or will result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Owner under the terms of any such restriction, bond, debenture, note, mortgage, indenture, agreement, instrument, law, order, rule or regulation, in each case which would materially affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Owner.

(d) There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or, to the best knowledge of the Owner, threatened against the Owner wherein an adverse decision, ruling or finding would (i) result in any material adverse change in the condition (financial or otherwise), results of operations, business or prospects of the Owner, or which would materially and adversely affect the properties (taken as a whole) of Owner, and which has not been disclosed in the Preliminary Official Statement as of its date, (ii) materially adversely affect the transactions contemplated by the Purchase Contract or the Owner Documents or (iii) adversely affect the validity or enforceability of the Owner Documents against the Owner.

(e) The Owner has the full power and authority to execute and deliver the Owner Documents and perform its obligations hereunder and thereunder and engage in the transactions contemplated by the Owner in this Indemnity Letter and the Owner Documents, and the Owner Documents have been duly authorized by the Owner and, when executed will constitute a valid, binding and enforceable obligation of the Owner except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and general principles of equity and except as the indemnification provisions hereof may be limited by applicable securities laws or public policy.

(f) No consent, approval, authorization or other action by any governmental or regulatory authority that has not been obtained is or will be required for the consummation by the Owner of the transactions contemplated by the Owner in this Indemnity Letter and the Owner Documents; provided that no representation is made as to the compliance of the offer and sale of the Bonds with any securities law or regulation or any consents, approvals, authorizations or other action by the City or the District.

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

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

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

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

5. The Owner shall pay all costs with respect to the issuance and delivery of the Bonds, which are expected to be paid from Bond proceeds.

6. The Owner consents to the references to the Owner in the Official Statement.

7. The letter shall be governed by, and construed in accordance with, the laws of the State of Arizona.

Respectfully submitted,

PULTE HOME COMPANY, a Michigan
limited liability company

By _____

Printed Name: _____

Title: _____

MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 1

MINUTES OF THE MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 1 SPECIAL MEETING OF THE DISTRICT BOARD HELD ON MONDAY, FEBRUARY 5, 2018, AT 6:00 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.

1. CALL TO ORDER

Chairman Walter called the meeting to order at 6:04 pm.

2. ROLL CALL:

Present: Walter, Hawkins, Guilin, Anderson, Wall, Larsen

Absent: Woolridge

3. NEW BUSINESS

- a. **Discussion and possible authorization to enter into an Intergovernmental Agreement with Pinal County, and the Town of Florence, for billing and collection services for the special assessments within Anthem at Merrill Ranch Community Facility District No. 1. (Joe Jarvis)**

Mr. Joe Jarvis, District Treasurer, stated that property owners within the Merrill Ranch Community Facilities Districts (MRCFD) are assessed a secondary property tax of \$3,500 per parcel (special assessment). The owner may choose to pay their assessment in full to the District at any time. If an owner chooses to pay their assessment off over the term of the bond, then they receive an annual secondary property tax bill. Currently, 811 customers are billed by the District and 1,228 customers are billed by Pinal County (County).

Mr. Jarvis explained that the laws pertaining to districts have changed. In the past, the District was required to send out the invoices for the special assessments. The law has since changed and the counties can now assume those responsibilities. It is staff's recommendation to have all special assessments invoiced by Pinal County.

Mr. Jarvis stated that the District requested an Intergovernmental Agreement (IGA) to create a consistent method for all secondary property taxes for the Community Facility Districts to be collected in the same manner and at the same time as the primary property tax. Pinal County is authorized to collect the assessments in the same manner as primary property taxes under an agreement with the Districts by A.R.S. §48-721B. If approved, the agreement shall terminate in 10 years or upon 30 days written notice between the parties. The District will make additional efforts to communicate the change to the impacted owners.

Mr. Jarvis stated that it is anticipated this will also improve the efficiency of the Finance Department.

Mayor Walter inquired if all billings would come from Pinal County, per the IGA.

Mr. Jarvis stated that Anthem at Merrill Ranch Community residents are part of three different secondary property taxing districts: Streetlight Improvement District, General Obligation Bonds, and special assessments. He explained what each of the districts entail.

Mr. Jarvis explained when the interest is calculated and how the assessments can be paid off. He explained that each individual pays \$34.00 per year and the amount will remain the same. The Town will pay Pinal County \$6.00 per year per individual to handle the processing.

Councilmember Guilin inquired if this has been addressed with the Town's Bond Counsel. She did not understand the law to be applied to the first levy.

Mr. Jarvis stated that the Bond Counsel was apprised of what was being considered and provided the State Statute which allows for the County to do the billing; however, he will contact Bond Counsel again and ask for written confirmation to provide to Council.

Councilmember Guilin defined the difference between an ad valorem tax (for regional improvements) and secondary property tax (local improvements in each unit).

Councilmember Larsen inquired if the due date will change.

Mr. Jarvis explained that Pinal County will bill once per year and the customers can choose to pay when the invoice is received on in two incremental parts.

Councilmember Wall stated that a letter will be sent to each person who will be affected and will indicate how the property tax bill will appear and what the payoff amount is should they wish to pay off the assessment.

On motion of Boardmember Hawkins, seconded by Boardmember Larsen, and carried to approve the authorization to enter into an Intergovernmental Agreement with Pinal County, and the Town of Florence, for billing and collection services for the special assessments within Anthem at Merrill Ranch Community Facility District No. 1.

b. Approval of the January 2, 2018 Merrill Ranch Community Facility District No. 1 Special Meeting minutes.

On motion of Boardmember Wall, seconded by Boardmember Guilin, and carried to approve the January 2, 2018 Merrill Ranch Community Facility District No. 1 Special Meeting minutes.

4. ADJOURMENT

On motion of Councilmember Guilin, seconded by Councilmember Hawkins 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 Joint Merrill Ranch Community Facilities District No. 1 Special Meeting held on February 5, 2018, 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 OF THE MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 2 SPECIAL MEETING HELD ON MONDAY, FEBRUARY 5, 2018, AT 6:00 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.

1. CALL TO ORDER

Boardmember Walter called the meeting to order at 6:04 pm.

2. ROLL CALL:

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

3. NEW BUSINESS

- a. **Discussion and possible authorization to enter into an Intergovernmental Agreement with Pinal County, and the Town of Florence, for billing and collection services for the special assessments within Anthem at Merrill Ranch Community Facility District No. 2. (Joe Jarvis)**

On motion of Boardmember Anderson, seconded by Boardmember Guilin, and carried to approve the authorization to enter into an Intergovernmental Agreement with Pinal County, and the Town of Florence, for billing and collection services for the special assessments within Anthem at Merrill Ranch Community Facility District No. 2.

- b. **Approval of the January 2, 2018 MRCFD2 Special Meeting minutes.**

On motion of Boardmember Wall, seconded by Boardmember Larsen, and carried to approve the January 2, 2018 Merrill Ranch Community Facility District No. 2 Special Meeting minutes.

4. ADJOURMENT

On motion of Boardmember Larsen, seconded by Boardmember Hawkins, and carried to adjourn from the Merrill Ranch Community Facility District No. 2 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 Joint Merrill Ranch Community Facilities District No. 2 Special Meeting held on February 5, 2018, 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	<u>AGENDA ITEM</u> 10a.
MEETING DATE: March 19, 2018 DEPARTMENT: Police STAFF PRESENTER: Dan Hughes, Chief of Police SUBJECT: Donation for purchase of K9 and recognition for those who helped raise funds		<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information Only <input type="checkbox"/> Public Hearing <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Regulatory <input type="checkbox"/> 1st Reading <input type="checkbox"/> 2nd Reading <input type="checkbox"/> Other
STRATEGIC PLAN REFERENCE: <input type="checkbox"/> Community Vitality <input type="checkbox"/> Economic Prosperity <input type="checkbox"/> Leadership and Governance <input checked="" type="checkbox"/> Partnership and Relationships <input type="checkbox"/> Transportation and Infrastructure <input type="checkbox"/> Statutory <input type="checkbox"/> None		

RECOMMENDED MOTION/ACTION:

Accept the \$4,500 donation for the purchase and training of a new dog for the Police Department Canine Program and to recognize the following:

- Theresa Van Cleave and Susan Weber for organizing a fund raiser to assist with this expense.
- Susan Else and Debbie Gill also assisted in the project. These ladies put together a night of food, fun, games and entertainment for the residents of the Coventry neighborhood that resulted in raising nearly \$4,500.
- The residents who made the evening of February 28, 2018 a success.

BACKGROUND/DISCUSSION:

The Florence Police Department K-9 Russ is approximately 9 years old and while he is very active, he also is nearing retirement. The cost to replace K-9 Russ is \$10,000 to \$12,000, which includes purchasing a new dog, transportation, delivery, and training. This was not a budgeted item and the department had been looking for grants and other ways to offset the costs.

Ms. Theresa Van Cleave, over the last several years, has contacted Chief Hughes asking how she and the residents of her neighborhood could assist in the mission of the Police Department. They have donated palates of bottled water to give out during the summer months and have supported the Police Department in several projects. This year Ms. Van Cleave, and others went all out to help defray the cost for a replacement K-9 by holding a fund-raising event.

A VOTE OF NO WOULD MEAN:

The Council would accept the generous donation.

A VOTE OF YES WOULD MEAN:


The donation would not be accepted.

FINANCIAL IMPACT:

Accepting the donation will help to offset the cost of a new K-9.

ATTACHMENTS:

None

	TOWN OF FLORENCE COUNCIL ACTION FORM	<u>AGENDA ITEM</u> 11a.
MEETING DATE: March 19, 2018 DEPARTMENT: Finance/Police/Fleet STAFF PRESENTER: Joe Jarvis, Finance Director SUBJECT: Bids for upfitting two new Police Interceptors		<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information Only <input type="checkbox"/> Public Hearing <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Regulatory <input type="checkbox"/> 1st Reading <input type="checkbox"/> 2nd Reading <input type="checkbox"/> Other
STRATEGIC PLAN REFERENCE: <input type="checkbox"/> Community Vitality <input type="checkbox"/> Economic Prosperity <input checked="" type="checkbox"/> Leadership and Governance <input type="checkbox"/> Partnership and Relationships <input type="checkbox"/> Transportation and Infrastructure <input type="checkbox"/> Statutory <input type="checkbox"/> None		

RECOMMENDED MOTION/ACTION:

Approve the upfitting of two new Police Interceptors by Creative Communications in an amount not to exceed \$27,422.22.

BACKGROUND/DISCUSSION:

The Fiscal Year 2017-2018 Capital Improvement Plan budget included funding to purchase and upfit two new Police Department vehicles.

The Town received two bids and one company declined to submit a bid. Both bids met the specifications and the lowest bid was for \$27,422.22 for two vehicles.

A VOTE OF NO WOULD MEAN:

The Town of Florence will not select a bidder.

A VOTE OF YES WOULD MEAN:

The Town of Florence will contract with Creative Communications for upfitting the vehicles.

FINANCIAL IMPACT:

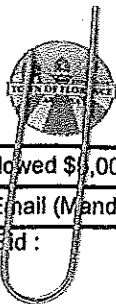
The total cost for upfitting both vehicles will be \$27,422.22. The cost for the computers and related equipment for both vehicles is estimated to be \$7,809. The total cost for the

decals for both vehicles is estimated to be \$1,027. These expenses will be paid with General Capital Funds.

ATTACHMENTS:

Bid Tabulation Sheet
Received Bids

51428



Town of Florence Bid Tabulation Sheet

		General Ledger Account Number: 010-514-505	
Verbal (Only allowed \$5,000 or less)		Date Prepared: 2/26/2018	
Written / Fax / Email (Mandatory over \$5,000 bids attached)		Prepared By: DHILLS	
Formal Sealed Bid :	Title of Bid: Patrol Communications and Equipment for 2 new 2018 Vehicles		Open Date:
			Close Date:

Item(s) (Include quality, Brand, Model & Color):

VENDORS		Payment Terms (Discount)	Availability	Who Pays Shipping?	Unit Price	Extended Price	Comments
1	Name:	Creative Communications			\$13,711.11	\$27,422.22	2 Vehicles being upfitted, Includes installation & taxes
	Address:	3332 E Broadway Road Suite 101		Tax:			
		Phoenix, Az 85040		Freight:			
	Contact:			Labor			
	Phone:	602-955-8405	Fax:	602-955-1049			
	Email:		Date Notified of Decision:				
	Quote #:		REQ #:		PO #:		
	Received:		Expires:				
2	Name:	Arizona Emergency Products			\$14,245.24	\$28,490.48	2 Vehicles being upfitted, Includes installation & taxes
	Address:	3433 E Woods ST		Tax:			
		Phoenix, AZ 85040		Freight:			
	Contact:						
	Phone:	602-453-9111	Fax:				
	Email:		Date Notified of Decision:				
	Quote #:		REQ #:		PO #:		
	Received:		Expires:				
3	Name:	MHQ			No bid		No bid
	Address:			Tax:			
				Freight:			
	Contact:						
	Phone:		Fax:				
	Email:		Date Notified of Decision:				
	Quote #:		REQ #:		PO #:		
	Received:		Expires:				

Attach additional page(s), if necessary.

Creative Communications	
Justification (if not lowest bid.):	

Department Head Approval:		Date:	2/26/18
Finance Director Approval:		Date:	2/26/18
Town Manager Approval:		Date:	2/26/18

Exhibits Attached:	

If over \$24,999, must go to Town Council for approval.

Attach this approved form to purchase request with written quotes, if applicable.



3332 E. Broadway Road, Suite 101
Phoenix, AZ 85040
Phone: 602-955-8405
Fax: 602-955-1049

QUOTE 0020068598

DATE: 01/31/18

EXPIRES 30 DAYS FROM ABOVE DATE

CUSTOMER NUMBER: 13583

Bill To: TOWN OF FLORENCE
775 N. MAIN STREET
P.O.BOX 2670
FLORENCE AZ 85232

Ship To: TOWN OF FLORENCE
775 N. MAIN STREET
P.O.BOX 2670
FLORENCE AZ 85232

Page: 1

SLS	JOB	SHIPPING METHOD	CONTACT	DELIVERY	PAYMENT TERMS
TJV		MAKE READY	PHIL RICCOMINI 602-510-2154	00/00/00	PREPAID

QTY	ITEM	DESCRIPTION	UNIT PRICE	AMOUNT
2.00	EMPS2ST54J	2018 FORD PI UTILITY TOUGHBOOK CF-33 MPOWER 4" FASCIA LIGHT STD MNT 18" HARD WIRE SNYC 12 LED 9-32 VDC RED/BLUE FLUSH MOUNT LICENSE PLATE LIGHTS	95.46	190.92
1.00	ETFBSSN-P	FLASHBACK REAR FLASHER ALTERNATING, 2.4FPS	38.00	38.00
2.00	ELUC2S010B	UNIVERSAL UNDERCOVER LED INSERT (BLUE) MOUNT IN REVERSE LIGHT HOUSING, ALTERNATE FLASH W/ BACKFLASH	66.00	132.00
1.00	ECVDMLTAL00	UNIVERSAL LED DOME LIGHT 6" ROUND, w/ RED NIGHT LIGHT 10/30 VOLT, WHITE LENS / WHITE	41.80	41.80

(Continued on Page 2)



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Page: 2

SLS	JOB	SHIPPING METHOD	CONTACT	DELIVERY	PAYMENT TERMS
TJV		MAKE READY	PHIL RICCOMINI 602-510-2154	00/00/00	PREPAID

QTY	ITEM	DESCRIPTION	UNIT PRICE	AMOUNT
1.00	ECVDMLTST4	MOUNT IN DRIVERS COMPARTMENT INTERIOR CARGO / DOME LIGHT FLUSH SURFACE MOUNT 5" X 3" - WHITE	17.70	17.70
2.00	EMPS2STS4J	MOUNT IN PRISONER AREA MPOWER 4" FASCIA LIGHT STD MNT 18" HARD WIRE SNYC 12 LED 9-32 VDC RED/BLUE MOUNT TO B-PILLAR IN REAR PASSENGER WINDOWS	95.46	190.92
2.00	EMPS2STS4J	MPOWER 4" FASCIA LIGHT STD MNT 18" HARD WIRE SNYC 12 LED 9-32 VDC RED/BLUE MOUNT TO BOTTOM OF REAR HATCH PANEL	95.46	190.92
2.00	PMP2BKDG AJ	MPOWER MOUNTING BRACKET STUD MNT LIGHT	7.00	14.00
1.00	GK10342UHKSVSCA	D T-RAIL MOUNT 2 UNIV HK	337.00	337.00
1.00	ENFLBS1248	NFORCE LIGHTBAR	1,600.00	1,600.00

(Continued on Page 3)



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Page: 3

SLS	JOB	SHIPPING METHOD	CONTACT	DELIVERY	PAYMENT TERMS
TJV		MAKE READY	PHIL RICCOMINI 602-510-2154	00/00/00	PREPAID

QTY	ITEM	DESCRIPTION	UNIT PRICE	AMOUNT
		(MUST SUBMIT DRAWING/ORDER QE006545		
1.00	WG-FDUV-DS	DRIVER SIDE WINDOW BARS	92.40	92.40
1.00	WG-FDUV-PS	PASSENGER SIDE WINDOW BARS	92.40	92.40
1.00	DP-FDUV-DS-PS	DOOR PANELS, STEEL (SET)	182.20	182.20
2.00	EMPS1STS3J	MPOWER 3" FASCIA LIGHT STUD MN 18 WIRE SAE CLS 1 9-32 VDC BLK 8 LED RED/BLUE	86.53	173.06
1.00	ETHFSS-FV	HEADLIGHT FLASHER	53.00	53.00
1.00	PS-FDUV-OS-R	REAR PARTITION, PLASTIC SEAT SEAT MOUNT/PANELS, OS BELT SYSTEM FOR FORD UTILITY	1,200.00	1,200.00
1.00	CP-UV-CARGO-XL	CARGO MOUNT - TILT-UP FULL LENGTH 40" X43". USE W/TROY REAR CAGE+PLASTIC SEAT	355.00	355.00
1.00	AC-UV-TRAY-H	FORD PI UV 28"W X 22"L ELECTRONICS TRAY (TIPS DOWN)	175.00	175.00
1.00	TP-E-SL6-US-SS	UNIVERSAL STASH-N-STOW SLIDING WINDOW, SQUARE HOLE	589.00	589.00

(Continued on Page 4)



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Page: 4

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TJV		MAKE READY	PHIL RICCOMINI 602-510-2154	00/00/00	PREPAID

QTY	ITEM	DESCRIPTION	UNIT PRICE	AMOUNT
1.00	KP-UV-DAP-SS	PUNCHED MUST INCLUDE 2-SAB-FDUV-BB BIG-BOY/DAP MOUNT 3-PC KICK PANEL W/ BIG-FOOT POCKETS	108.30	108.30
1.00	CC-G-OH-UV	OVERHEAD CONSOLE FORD UTILITY REPL DOME LIGHT STD FACEPLATE FOR FORD 2016 UTILITY	195.00	195.00
1.00	FP-SO380R	4" FACEPLATE FOR SOUNDOFF 380R SIREN	.00	.00
1.00	CC-FDUV-14-HC	14" FORD PI UV SLOPED CONSOLE W/DECK & WIRE HOLES (7"S/7"L) *SPECIFY FACEPLATES	288.00	288.00
1.00	FP-MXTL2500	7.03 x 2.03 x 1 3" FP XTL2500 & 5000 REMOTE	.00	.00
2.00	FP-BLNK2	2" BLANK FACEPLATE	.00	.00
1.00	FP-BLNK1	1" BLANK FACEPLATE	.00	.00
1.00	FP-USB-2DC	2" FP WITH 2-DC & 1 USB PORT	45.80	45.80
1.00	AC-INBHG	4" INTERNAL DUAL BEVERAGE HOLDER W/ RUBBER FINGERS	35.00	35.00

(Continued on Page 5)



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Page: 5

SLS	JOB	SHIPPING METHOD	CONTACT	DELIVERY	PAYMENT TERMS
TJV		MAKE READY	PHIL RICCOMINI 602-510-2154	00/00/00	PREPAID

QTY	ITEM	DESCRIPTION	UNIT PRICE	AMOUNT
2.00	425-1912	MIC CLIP - MAGNETIC	9.00	18.00
1.00	AC-SIDEARM-6	6" LONG PAD ARM REST ON SIDE MOUNT L-BRACKET HEIGHT ADJUSTABLE	62.80	62.80
1.00	ETSS100N	100N SERIES COMPOSITE SPEAKER W/ UNIV BAIL BRACKET, 100W 3 YEAR WARRANTY MOUNT BEHIND GRILL	152.66	152.66
1.00	ENGCC01241	SOS BLUEPRINT SYSTEM STD 100 AMP CENTRAL CONTROLLER	320.00	320.00
1.00	ENGHNK01	SOS BLUEPRINT SYSTEM CENTRAL HARNESS KIT	37.00	37.00
1.00	ENGCP18001	SOS BLUEPRINT SYSTEM CONTROL PANEL (SIREN REMOTE)	143.00	143.00
1.00	ENGSA07141	NERGY BLUEPRINT 400 SERIES REMOTE SIREN/SWITCH MODULE 16V, 100W SPEAKER	270.66	270.66
1.00	PSRN4MCEXT	12' EXTENSION CABLE FOR USE W/ ETSA481RSP & ETSA482RSP	19.66	19.66

(Continued on Page 6)



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Bill To: TOWN OF FLORENCE
 775 N. MAIN STREET
 P.O.BOX 2670
 FLORENCE AZ 85232

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Page: 6

SLS	JOB	SHIPPING METHOD	CONTACT	DELIVERY	PAYMENT TERMS
TJV		MAKE READY	PHIL RICCOMINI 602-510-2154	00/00/00	PREPAID

QTY	ITEM	DESCRIPTION	UNIT PRICE	AMOUNT
1.00	V23132A2001B200	V23132A2001B200, SUPER RELAY KIT, 130A 12V RELAY, 1PC282080-1	49.40	49.40
1.00	46989	2PC 281934-2 & 2PC 183025-1		
1.00	46989	150A RESET CIRCUIT BREAKER (REPLACED PN - MRCB150)	29.00	29.00
1.00	AFB400	6-OUTPUT ATC FUSE BLOCK	14.00	14.00
1.00	GPSB	W/ 24" 10AWG & COVER		
1.00	C23F-5F	MULTI-BAND GPS 2G/3G/4G/WLAN ANTENNA	145.00	145.00
1.00	C23F-5F	CABLE, WHIP, 16', FME(F)-FME (F)	14.26	14.26
2.00	C23F-1MP	FME(F) MPL(M) 1M CS23 CABLE	14.26	28.52
1.00	DPX-210-270	DIPLEXER, 5-210MHZ/270-1000MHZ	189.00	189.00
1.00	C74-FP-6-TNCP	FME(M), BLACK		
1.00	C29T-5SJ	FME(m)-TNC(m) RG174 6m CABLE	13.76	13.76
1.00	ASFC-155-U2-821	TNC(M)-SMA(F) 5M CS29 CABLE	17.80	17.80
1.00	CM-UMNT-SL-LED	ASSY		
1.00	ASFC-155-U2-821	TRIBAND WHIP, VHF/UHF/7/800MHz	55.40	55.40
1.00	CM-UMNT-SL-LED	U-BRACKET CMP MNT, SLIDING	323.00	323.00

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3332 E. Broadway Road, Suite 101
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Page: 7

SLS	JOB	SHIPPING METHOD	CONTACT	DELIVERY	PAYMENT TERMS
TJV		MAKE READY	PHIL RICCOMINI 602-510-2154	00/00/00	PREPAID

QTY	ITEM	DESCRIPTION	UNIT PRICE	AMOUNT
1.00	DS-PAN-1102-2	SWING ARM FOR LEDCO/HAVIS, KODIAK/JOTTO DOCKING STATION DOCKING STATION DUAL PASS ANT FOR PAN TOUGHBOOK 33 WITH POWER SUPPLY	1,142.36	1,142.36
50.00	MRINSTUC	TUCSON UPFITTING LABOR	65.00	3,250.00
50.00	INSFSS	INSTALLER SHOP SUPPLIES	5.00	250.00

SUBTOTAL 12,882.70

Quotation prepared by:

SALES TAX 828.41

SP Name: THOMAS VANNESS
Phone#: Mobile #: 602-663-4345
Email: Tom.Vanness@Creativecom.com

TOTAL 13,711.11

This is a quotation on the goods named, subject to the conditions noted below. (Describe any conditions pertaining to these prices and any additional terms of the agreement. You may want to include contingencies that will affect the quotation.)

To accept this quotation, sign here and return: _____

PHOENIX
3332 E. Broadway Rd.
Phoenix, AZ 85040
p. 602-955-8405
f. 602-955-1049

TUCSON
3600 S. Palo Verde Rd. Suite 105
Tucson, AZ 85713
p. 520-747-1516
f. 520-747-1517

FLAGSTAFF
4025 E. Huntington Dr. Suite 100
Flagstaff, AZ 86004
p. 928-779-2929
f. 928-779-2930

LAKE HAVASU CITY
2100 College Dr. Unit 118
Lake Havasu City, AZ 86403
p. 928-680-4333
f. 928-680-4334

SHOW LOW
501 N. 9th Place
Show Low, AZ 85901
p. 928-537-7459
f. 928-537-7460



Quotation

Date Feb 23, 2018	Page 1
Order Number QTE0020863	

Arizona Emergency Products

3433 E Wood St
Phoenix, AZ 85040
Phone: (602) 453-9111
Fax: (602) 453-3743

Sold To:

Florence Police Department, Town of
P O Box 988
Florence, AZ 85232-0988

Ship To:

AEP - Installation
3433 E Wood Street
Phoenix, AZ, 85040

Reference Florence PD / 2018 Ford PI-SUV Up	PO Number	Customer No. FLO10601	Salesperson TIM	Order Date Feb 23, 2018	Ship Via	Terms NET30
Year 2018	Make Ford	Model Interceptor Utility	Color Black / White	State Contract # Yavapai County #111201		

Qty. Ord.	Item / Vendor Part Number	Description	Unit Price	Tax	Extended Price
		POC: Sgt. Philip Riccomini 520-868-7663 Email: philip.riccomini@florenceaz.gov < Florence PD / 2018 Ford PI-SUV Up-fit > ** Motorola XTL2500 radio power & connection cables **			
1.00	MISC90000 / MISC	HKN419B / 20' Low / Mid Power cable Creative Communications	34.5000	Y	34.50
1.00	MISC90000 / MISC	HKN6169B / Cable Remote Mount 5M CF Creative Communications	53.1000	Y	53.10
2.00	LEDS03388 / EMPS2STS4J	mPower Fascia LED, Stud Mount, 12-LED, Red/Blue List Price \$179.00 / Less 50% = \$89.50	89.5000	Y	179.00
1.00	FLAS00022 / ETFBSSN-P	Sound Off backflash module. Ford List Price \$74.00 / Less 50% = \$37.00	37.0000	Y	37.00
2.00	LEDS01565 / ELUC2S010B	BLUE UNIVERSAL SCREW-IN LED INSERT W/10' WIRE	64.0000	Y	128.00
Quotation continued on next page ...					
Florence PD / 2018 Ford PI-SUV Up-fit					



Quotation

Date Feb 23, 2018	Page 2
Order Number QTE0020863	

Arizona Emergency Products

3433 E Wood St
Phoenix, AZ 85040
Phone: (602) 453-9111
Fax: (602) 453-3743

Sold To:

Florence Police Department, Town of
P O Box 988
Florence, AZ 85232-0988

Ship To:

AEP - Installation
3433 E Wood Street
Phoenix, AZ, 85040

Reference	PO Number	Customer No.	Salesperson	Order Date	Ship Via	Terms
Florence PD / 2018 Ford PI-SUV Up		FLO10601	TIM	Feb 23, 2018		NET30

Year	Make	Model	Color	State Contract #
2018	Ford	Interceptor Utility	Black / White	Yavapai County #111201

Qty. Ord.	Item / Vendor Part Number	Description	Unit Price	Tax	Extended Price
		List Price \$128.00 / Less 50% = \$64.00			
1.00	DOME00005 / ECVDMLTAL00	SOUND OFF WHITE/RED ALL LED DOMELIGHT-UNIVERSAL	40.5000	Y	40.50
		List Price \$81.00 / Less 50% = \$40.50			
1.00	DOME00023 / ECVDMLTST4	Universal LED Interior Dome Light, (24) Bright White LED's,	17.1900	Y	17.19
		List Price \$34.38 / Less 50% = \$17.19			
2.00	LEDS03388 / EMPS2STS4J	mPOwer Fascia LED, Stud Mount, 12-LED, Red/Blue	89.5000	Y	179.00
		List Price \$179.00 / Less 50% = \$89.50			
2.00	LEDS03388 / EMPS2STS4J	mPOwer Fascia LED, Stud Mount, 12-LED, Red/Blue	89.5000	Y	179.00
		List Price \$179.00 / Less 50% = \$89.50			
2.00	LEDS03364 / PMP2BKDG AJ	90 deg Adjustable Mounting Bracket for mPower LED	6.0000	Y	12.00
		List Price \$12.00 / Less 50% = \$6.00			
1.00	GUNM00448 / GK10342UHKSVS	Dual gun rack with 2 universal locks	351.2000	Y	351.20

Quotation continued on next page ...

Florence PD / 2018 Ford PI-SUV Up-fit



Quotation

Date Feb 23, 2018	Page 3
Order Number QTE0020863	

Arizona Emergency Products

3433 E Wood St
Phoenix, AZ 85040
Phone: (602) 453-9111
Fax: (602) 453-3743

Sold To:

Florence Police Department, Town of
P O Box 988
Florence, AZ 85232-0988

Ship To:

AEP - Installation
3433 E Wood Street
Phoenix, AZ, 85040

Reference	PO Number	Customer No.	Salesperson	Order Date	Ship Via	Terms
Florence PD / 2018 Ford PI-SUV Up		FLO10601	TIM	Feb 23, 2018		NET30

Year	Make	Model	Color	State Contract #
2018	Ford	Interceptor Utility	Black / White	Yavapai County #111201

Qty. Ord.	Item / Vendor Part Number	Description	Unit Price	Tax	Extended Price
1.00	LBAR02678 / ENFLB	List Price \$439.00 / Less 20% = \$351.20 Soundoff Signal nForce LED Lightbar	1,529.0000	Y	1,529.00
1.00	PRIS01301 / WG-FDUV-DS/PS	List Price \$3,058.00 / Less 50% = \$1,529.00 WINDOW BARS FOR 12-* PI UTILITY	217.5000	Y	217.50
1.00	PRIS01302 / DP-FDUV-DS/PS	List Price \$290.00 / Less 25% = \$217.50 DOOR PANELS FOR 13-* PI UTILITY	204.7500	Y	204.75
2.00	LEDS03457 / EMPS1STS3J	List Price \$273.00 / Less 25% = \$204.75 mPower 3" Fascia LED, Stud Mount, 8-LED, Red/ Blue	80.0000	Y	160.00
1.00	FLAS00095 / ETHFSS-SP	List Price \$160.00 / Less 50% = \$80.00 100% SS multi pattern headlight flasher no	33.5000	Y	33.50
1.00	PRIS01284 / PS-FDUV-OS-R	List Price \$67.00 / Less 50% = \$33.50 Plastic Seat & Belt System with rear cargo screen and moutni Includes with Seat sytem	1,338.7500	Y	1,338.75

Quotation continued on next page ...

Florence PD / 2018 Ford PI-SUV Up-fit



Quotation

Date Feb 23, 2018	Page 4
Order Number QTE0020863	

Arizona Emergency Products

3433 E Wood St
Phoenix, AZ 85040
Phone: (602) 453-9111
Fax: (602) 453-3743

Sold To:

Florence Police Department, Town of
P O Box 988
Florence, AZ 85232-0988

Ship To:

AEP - Installation
3433 E Wood Street
Phoenix, AZ, 85040

Reference	PO Number	Customer No.	Salesperson	Order Date	Ship Via	Terms
Florence PD / 2018 Ford PI-SUV Up		FLO10601	TIM	Feb 23, 2018		NET30

Year	Make	Model	Color	State Contract #
2018	Ford	Interceptor Utility	Black / White	Yavapai County #111201

Qty. Ord.	Item / Vendor Part Number		Description	Unit Price	Tax	Extended Price
			PS-FDUV-MNT PS-UV-OS-BKT TP-FDUV-R List Price \$1,785.00 / Less 25% = \$1,338.75			
1.00	STOR00589	/ CP-UV-CARGO-XL	Troy tilt-up mount 40"x43" for rear cargo area List Price \$437.00 / Less 25% = \$327.75	327.7500	Y	327.75
1.00	VACC01465	/ AC-UV-TRAY-H	Electronics Tray, 28"x32", Under "Cargo Mount", Ford Utility List Price \$250.00 / Less 25% = \$187.50	187.5000	Y	187.50
1.00	PRIS01631	/ TP-E-SL6-US-SS	Partillon, Recessed, Sliding Window, Square Hole Screen List Price \$866.25 / Less 25% = \$649.68	649.6800	Y	649.68
1.00	PRIS01492	/ KP-UV-DAP-SS	KICK PANEL (3 PC.) List Price \$165.00 / Less 25% = \$123.75	123.7500	Y	123.75
1.00	CONS01451	/ CC-G-OH-UV	2016 Ford Utility Overhead Console List Price \$275.00 / Less 25% = \$206.26	206.2500	Y	206.25

Quotation continued on next page ...

Florence PD / 2018 Ford PI-SUV Up-fit



Quotation

Date Feb 23, 2018	Page 5
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Florence PD / 2018 Ford PI-SUV Up		FLO10601	TIM	Feb 23, 2018		NET30

Year	Make	Model	Color	State Contract #
2018	Ford	Interceptor Utility	Black / White	Yavapai County #111201

Qty. Ord.	Item / Vendor Part Number	Description	Unit Price	Tax	Extended Price
1.00	MISC90000 / MISC	FP-S0380R / Face plate for Soundoff Controller Included with console	0.0000	N	0.00
1.00	MISC90000 / MISC	CC-FDUV-14-HC / Troy center Console w/ computer deck List Price \$420.00 / Less 25% = \$315.00	315.0000	Y	315.00
1.00	MISC90000 / MISC	CM-UMNT-SL-LED - Troy U-bracket CMP MNT, SLIDING List Price \$480.00 / Less 25% = \$360.00	360.0000	Y	360.00
1.00	FACE00439 / FP-MXTL2500	3" Face Plate for a remote Motorola XTL2500 Included with console	0.0000	N	0.00
1.00	FACE00386 / FP-BLNK1	One (1) Inch Blank Faceplate Included with console	0.0000	N	0.00
2.00	FACE00388 / FP-BLNK2	Two (2) Inch Blank Face Plate. Included with console	0.0000	N	0.00

Quotation continued on next page ...

Florence PD / 2018 Ford PI-SUV Up-fit



Quotation

Date Feb 23, 2018	Page 6
Order Number QTE0020863	

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Reference	PO Number	Customer No.	Salesperson	Order Date	Ship Via	Terms
Florence PD / 2018 Ford PI-SUV Up		FLO10601	TIM	Feb 23, 2018		NET30

Year	Make	Model	Color	State Contract #
2018	Ford	Interceptor Utility	Black / White	Yavapai County #111201

Qty. Ord.	Item / Vendor Part Number	Description	Unit Price	Tax	Extended Price
1.00	FACE00376 / FP-AP12-3	2" plate w/ 3 DC outlet holes. Included with console	0.0000	N	0.00
2.00	FACE00472 / L3-AP1SET	DC outlet plug with black captured cap. PL 2012-01-01 List Price \$12.60 / Less 25% = \$9.45	9.4500	Y	18.90
1.00	BATT00456 / USBR12V	ROUND FLUSH MOUNT 2 PORT USB 1.14" (2.1A/1A) Open market	10.0000	Y	10.00
1.00	CONS00720 / AC-INBHG	Internal Beverage Holder w/Rubber Pieces Priced with List Price \$52.50 / Less 25% = \$39.37	39.3700	Y	39.37
2.00	CONS00444 / MH1X	Magnetic mic clip. Open market	4.0000	Y	8.00
1.00	CONS01148 / AC-SIDEARM-6	6" long pad on side-mount L-Bracket, ht. adjustable PL 2012-01-01 List Price \$94.50 / Less 25% = \$70.87	70.8700	Y	70.87

<p>Quotation continued on next page ...</p> <p>Florence PD / 2018 Ford PI-SUV Up-fit</p>				



Quotation

Date Feb 23, 2018	Page 7
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Reference	PO Number	Customer No.	Salesperson	Order Date	Ship Via	Terms
Florence PD / 2018 Ford PI-SUV Up		FLO10601	TIM	Feb 23, 2018		NET30

Year	Make	Model	Color	State Contract #
2018	Ford	Interceptor Utility	Black / White	Yavapai County #111201

Qty. Ord.	Item / Vendor Part Number	Description	Unit Price	Tax	Extended Price
1.00	SIRE00475 / ETSS100N	100N SERIES PROFESSIONAL COMPOSITE SPEAKER List Price \$290.00 / Less 50% = \$145.00	145.0000	Y	145.00
1.00	SPEA00215 / ETSS100BKFV-FR	SPEAKER MOUNTING BRACKET FOR 13-* PI SUV DRIVER SIDE FRAME M List Price \$36.00 / Less 50% = \$18.00	18.0000	Y	18.00
1.00	SIRE00458 / ENGCC01241	BLUEPRINT 0124 100AMP CENTRAL CONTROLLER List Price \$615.00 / Less 50% = \$307.50	307.5000	Y	307.50
1.00	VACC01872 / ENGLNK002	Soundoff Blueprint 3.0 Ford Interceptor Utility OBD2 cable List Price \$475.00 / Less 50% = \$237.50	237.5000	Y	237.50
1.00	VACC01402 / ENGHNK02	bluePrint Remote Node Harness Kit, 16-pin List Price \$65.00 / Less 50% = \$32.50	32.5000	Y	32.50
1.00	SIRE00459 / ENGCP18001	BLUEPRINT REMOTE CONTROL PANEL W/PA MIC List Price \$275.00 / Less 50% = \$137.50	137.5000	Y	137.50

Quotation continued on next page ...

Florence PD / 2018 Ford PI-SUV Up-fit



Quotation

Date Feb 23, 2018	Page 8
Order Number QTE0020863	

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Reference	PO Number	Customer No.	Salesperson	Order Date	Ship Via	Terms
Florence PD / 2018 Ford PI-SUV Up		FLO10601	TIM	Feb 23, 2018		NET30

Year	Make	Model	Color	State Contract #
2018	Ford	Interceptor Utility	Black / White	Yavapai County #111201

Qty. Ord.	Item / Vendor Part Number	Description	Unit Price	Tax	Extended Price
1.00	SIRE00485 / ENGSA07141	bluePRINT 480 Series Siren Module, 100 Watt List Price \$515.00 / Less 50% = \$257.50	257.5000	Y	257.50
1.00	SIRE00465 / PSRN4MCEXT	Mic Extension Cable for Sound Off Nergy siren List Price \$28.00 / Less 50% = \$14.00	14.0000	Y	14.00
1.00	PATC00168 / 03-0212-BP	Patrol Power Harness, BluePrint Layout, Ford Utility, Pocket List Price \$775.00 / Less 25% = \$ 581.25	581.2500	Y	581.25
1.00	ANTE00779 / GPSB	Sharkee Multi-Function Antenna, Cell/ WIFI/ GPS + Whip Open market	115.0000	Y	115.00
2.00	ANTE00780 / C23F-5F	Radio Antenna Extension Cable, 16', FME (F) Open market	13.0000	Y	26.00
1.00	MISC90000 / MISC	C23F-1MP / FME(f)MPL(m) 1m CS23 Cable Open market	13.0000	Y	13.00

Quotation continued on next page ...

Florence PD / 2018 Ford PI-SUV Up-fit



Quotation

Date Feb 23, 2018	Page 9
Order Number QTE0020863	

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Phoenix, AZ, 85040

Reference Florence PD / 2018 Ford PI-SUV Up	PO Number	Customer No. FLO10601	Salesperson TIM	Order Date Feb 23, 2018	Ship Via	Terms NET30
Year 2018	Make Ford	Model Interceptor Utility	Color Black / White	State Contract # Yavapai County #11201		

Qty. Ord.	Item / Vendor Part Number	Description	Unit Price	Tax	Extended Price
1.00	MISC90000 / MISC	DPX-210-270 / Diplexer, 5-210MHz/270-1000MHz FME(M) Open market	170.0000	Y	170.00
1.00	ANTE00783 / C74-FP-6-TNCP	GPS Antenna Extension Cable, 20', TNC Open market	13.0000	Y	13.00
1.00	ANTE00786 / C29T-5SJ	Cellular Antenna Extension Cable, 16', TNC Open market	18.5000	Y	18.50
1.00	RADI00742 / ASFC-155-U2-B1(Tri-Band Antenna Mast, 7/800MHZ, UHF, VHF Open market	48.7500	Y	48.75
1.00	MISC90000 / MISC	DS-PAN-1102-2 / Havis CF33 dual pass, power dock station List Price \$1,523.15 / Less 20% = \$1,218.52	1,218.5200	Y	1,218.52
43.50	LABO90060 / LABOR	AEP EVT Certified Installation - Lifetime Craftmanship Shop Supplies	60.0000	N Y	2,610.00 50.00
Quotation continued on next page ...					
Florence PD / 2018 Ford PI-SUV Up-fit					



Date Feb 23, 2018	Page 10
Order Number QTE0020863	

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Reference	PO Number	Customer No.	Salesperson	Order Date	Ship Via	Terms
Florence PD / 2018 Ford PI-SUV Up		FLO10601	TIM	Feb 23, 2018		NET30

Year	Make	Model	Color	State Contract #
2018	Ford	Interceptor Utility	Black / White	Yavapai County #111201

Qty. Ord.	Item / Vendor Part Number	Description	Unit Price	Tax	Extended Price
		Shipping		N	325.00
Thank you for the opportunity to earn your business			Parts		10,364.58
Terms & Conditions:			Labor / Services		2,610.00
• Estimates valid for 60 days			Trans / Trip / Fee		50.00
• Our installations are backed by a 5-year quality warranty			Shipping		325.00
• Orders will be invoiced upon notification of completion			Order Discount		0.00
• Returns subject to 25% restocking fee. No returns on special order items.			Subtotal		13,349.58
SIGNATURE (not required if PO/contract is issued) _____			Total sales tax		895.66
Florence PD / 2018 Ford PI-SUV Up-fit			Total order		14,245.24

**MINUTES OF THE TOWN OF FLORENCE COUNCIL MEETING HELD ON MONDAY
FEBRUARY 5, 2018, AT 6:00 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS,
LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.**

CALL TO ORDER

Mayor Walter called the meeting to order at 6:04 pm.

ROLL CALL:

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

Absent: Woolridge

MOMENT OF SILENCE

Mayor Walter called for a moment of silence.

PLEDGE OF ALLEGIANCE

Mayor Walter led the Pledge of Allegiance.

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

There were no public comments.

ADJOURNMENT TO MERRILL RANCH COMMUNITY FACILITY DISTRICT NO 1.

On motion of Councilmember Wall, seconded by Councilmember Larsen, and carried to adjourn to the Merrill Ranch Community Facility District No. 1.

Discussion and possible authorization to enter into an Intergovernmental Agreement with Pinal County, and the Town of Florence, for billing and collection services for the special assessments within Anthem at Merrill Ranch Community Facility District No. 1.

Mr. Joe Jarvis, District Treasurer, stated that property owners within the Merrill Ranch Community Facilities Districts (MRCFD) are assessed a secondary property tax of \$3,500 per parcel (special assessment). The owner may choose to pay their assessment in full to the District at any time. If an owner chooses to pay their assessment off over the term of the bond, then they receive an annual secondary property tax bill. Currently, 811 customers are billed by the District and 1,228 customers are billed by Pinal County (County).

Mr. Jarvis explained that the laws pertaining to districts have changed. In the past, the District was required to send out the invoices for the special assessments. The law has since changed and the counties can now assume those responsibilities. It is staff's recommendation to have all special assessments invoiced by Pinal County.

Mr. Jarvis stated that the District requested an Intergovernmental Agreement (IGA) to create a consistent method for all secondary property taxes for the Community Facility Districts to be collected in the same manner and at the same time as the primary property tax. Pinal County is authorized to collect the assessments in the same manner as primary property taxes under an agreement with the Districts by A.R.S. §48-721B. If approved, the agreement shall terminate in 10 years or upon 30 days written notice between the parties. The District will make additional efforts to communicate the change to the impacted owners.

Mr. Jarvis stated that it is anticipated this will also improve the efficiency of the Finance Department.

Mayor Walter inquired if all billings would come from Pinal County, per the IGA.

Mr. Jarvis stated that Anthem at Merrill Ranch Community residents are part of three different secondary property taxing districts: Streetlight Improvement District, General Obligation Bonds, and special assessments. He explained what each of the districts entail.

Mr. Jarvis explained when the interest is calculated and how the assessments can be paid off. He explained that each individual pays \$34.00 per year and the amount will remain the same. The Town will pay Pinal County \$6.00 per year per individual to handle the processing.

Councilmember Guilin inquired if this has been addressed with the Town's Bond Counsel. She did not understand the law to be applied to the first levy.

Mr. Jarvis stated that the Bond Counsel was apprised of what was being considered and provided the State Statute which allows for the County to do the billing; however, he will contact Bond Counsel again and ask for written confirmation to provide to Council.

Councilmember Guilin defined the difference between an ad valorem tax (for regional improvements) and secondary property tax (local improvements in each unit).

Councilmember Larsen inquired if the due date will change.

Mr. Jarvis explained that Pinal County will bill once per year and the customers can choose to pay when the invoice is received on in two incremental parts.

Councilmember Wall stated that a letter will be sent to each person who will be affected and will indicate how the property tax bill will appear and what the payoff amount is should they wish to pay off the assessment.

On motion of Boardmember Hawkins, seconded by Boardmember Larsen, and carried to approve the authorization to enter into an Intergovernmental Agreement with Pinal County, and

the Town of Florence, for billing and collection services for the special assessments within Anthem at Merrill Ranch Community Facility District No. 1.

Approval of the January 2, 2018 Merrill Ranch Community Facility District No. 1 Special Meeting minutes.

On motion of Boardmember Wall, seconded by Boardmember Guilin, and carried to approve the January 2, 2018 Merrill Ranch Community Facility District No. 1 Special Meeting minutes.

ADJOURNMENT FROM MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 1.

On motion of Boardmember Guilin, seconded by Boardmember Hawkins, and carried to adjourn from Merrill Ranch Community Facility District No. 1.

ADJOURNMENT TO MERRILL RANCH COMMUNITY FACILITY DISTRICT NO 2.

On motion of Councilmember Larsen, seconded by Councilmember Guilin, and carried to adjourn to the Merrill Ranch Community Facility District No. 2.

Discussion and possible authorization to enter into an Intergovernmental Agreement with Pinal County, and the Town of Florence, for billing and collection services for the special assessments within Anthem at Merrill Ranch Community Facility District No. 2.

On motion of Boardmember Anderson, seconded by Boardmember Guilin, and carried to approve the authorization to enter into an Intergovernmental Agreement with Pinal County, and the Town of Florence, for billing and collection services for the special assessments within Anthem at Merrill Ranch Community Facility District No. 2.

Approval of the January 2, 2018 Merrill Ranch Community Facility District No. 2 Special Meeting minutes.

On motion of Boardmember Wall, seconded by Boardmember Larsen, and carried to approve the January 2, 2018 Merrill Ranch Community Facility District No. 2 Special Meeting minutes.

ADJOURNMENT FROM MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 2.

On motion of Boardmember Larsen, seconded by Boardmember Hawkins, and carried to adjourn from the Merrill Ranch Community Facility District No. 2 meeting.

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 Mayor Tara Walter and Vice-Mayor Vallarie Woolridge to attend the Nation League of Cities and Town's Annual Conference in an amount not to exceed \$5,400.**

b. Approval of accepting the register of demands ending December 31, 2017, in the amount of \$1,867,515.83.

On motion of Councilmember Anderson, seconded by Councilmember Larsen, and carried to approve the Consent Agenda, as written, with the exception of Item a.

a. Authorization for Mayor Tara Walter and Vice-Mayor Vallarie Woolridge to attend the National League of Cities and Town's Annual Conference in an amount not to exceed \$5,400.

Mayor Walter stated that the request to attend the conference ties in with the Strategic Plan. She stated that Council wanted to be involved in the governmental process not only locally, but statewide, regionally and nationally. The National League of Cities and Town's Annual Conference will be held March 8 – 14, 2018 and will have an array of workshops that are beneficial to community leaders. The topics will vary from leadership, finance and budgeting, community and economic development, diversity in the community, management and public administration and much more. It will also provide networking opportunities for council members and staff so that they may share ideas and solutions with other council members from around the country.

Mayor Walter stated that she, along with Vice-Mayor Woolridge and Mr. Billingsley, or his designee, will attend. They will do a presentation to Council upon their return to share what they have learned. She stated that funding is available in the current budget. She would like to budget for three members to attend in future years so that all Councilmembers may attend.

Councilmember Hawkins stated that he does not see a benefit for representatives to attend a national conference. The Town does not have a legislative agenda that the Town is trying to push forward. He stated that money can be better spent promoting Florence.

Mayor Walter stated there are advantages to attending. Some of the seminars are not available locally or statewide. She stated if a delegate is not sent to the conference, the Town may want to reconsider its membership with the organization since the Town will not participate in its events.

Councilmember Hawkins stated that he is not suggesting that the Town not participate in any of the events, but spoke in regard to the national conference only. He would prefer the money be spent on promoting or enhancing Florence's events. This would have a bigger impact on the local businesses more so than attendance to the conference.

Councilmember Wall stated that she has a concern as it conflicts with the Town's current policy with regards to conferences within our area. It is her understanding that it is limited to in-state and one conference per year per Councilmember. She also inquired why two members would need to attend.

Mayor Walter stated Councilmember Wall is correct unless permission is granted, which is why it is on the agenda. Two members would attend to maximize attendance to the various seminars, which many take place at the same time. Each member would attend different seminars and bring that information back and determine how it can be applied.

Councilmember Wall inquired if there is an additional expense for a third member to attend.

Mayor Walter stated that the expense for the staff member will be funded through the Administrative budget.

Mr. Billingsley stated that the staff member would take notes in the various sections, understand the information being provided and bring the information back to the Council. Staff would provide support and documentation, similar to what is done at the League Conference held in Arizona.

Mayor Walter stated that per the Strategic Plan, she was under the impression that Council was moving in the direction of being more engaged with federal, state and regional government and regulatory agencies and the continually changing requirements.

Mayor Walter stated that one of the benefits of attending the conference is the opportunity to sit down with our congressman, senator, and/or national leaders. The Town has been unsuccessful in obtaining a meeting with Governor Ducey.

Ms. Garcia stated that there is an invitation to Capitol Hill Advocacy Day in which an opportunity will be available to meet with your congressional delegation to discuss the issues important to cities.

Councilmember Wall inquired if the National League of Cities and Towns offer regional events.

Mr. Billingsley stated that regional events are offered from time to time. They also have different committees on various topics and have meetings on those specific topics.

On motion of Mayor Walter, seconded by Councilmember Larsen, to table the authorization for Mayor Tara Walter and Vice-Mayor Vallarie Woolridge to attend the Nation League of Cities and Town's Annual Conference in an amount not to exceed \$5,400 to the February 20, 2018 Town Council meeting.

Roll Call Vote:

Mayor Walter: Yes

Councilmember Larsen: Yes

Councilmember Wall: Yes

Councilmember Anderson: Yes

Councilmember Guilin: Yes

Councilmember Hawkins: Yes

Motion Passed: Yes: 6; No: 0

NEW BUSINESS

Resolution No. 1653-18:

Florence Town Council Meeting Minutes

February 5, 2018

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Mayor Walter read Resolution No. 1653-18 by title only.

A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, APPROVING THE FINAL PLAT FOR ANTHEM AT MERRILL RANCH UNIT 41; AND AUTHORIZING EXECUTION BY THE TOWN MANAGER OF SUPPORTING DOCUMENTS.

Mr. Christian Collins, Engineering Technician, stated that Franklin 643, LLC requests approval of the Final Plat Anthem at Merrill Ranch (AMR) Unit 41, a proposed subdivision located within the AMR Planned Unit Development (PUD). This area will be part of Parkside of the AMR community.

Mr. Collins stated that there are 55 single-family residential lots proposed for this 15.25 +/- acre subdivision. The resultant density for this particular unit will be 3.60 dwelling units per acre. Should the Town Council approve the three AMR Final Plats on this agenda (AMR Units 41, 43, and 45), the resultant overall density for AMR based on Final Plat approvals will be 3.118 dwelling units per acre. The PUD zoning permits an overall single-family residential density of 3.5 dwelling units per acre for the overall AMR development. Neighborhood streets in this unit are designed and constructed with a 42-foot-wide right-of-way (ROW). The 42-foot ROW will be utilized for this subdivision to ensure ADA compliance.

Mr. Billingsley stated that Units 41, 43, and 45 are the first of the units with the larger accommodation. They will also have ADA standard five-foot sidewalks.

Mr. Collins stated that Unit 41 is located on the west side of Hunt Highway, from Franklin Road to the sewer treatment plant. Initially, the units were designed with four-foot sidewalks and 40-foot ROW. Mr. Baxter, 643, LLC, has redesigned the entire subdivision and brought it up to ADA standards.

Mr. Billingsley stated that this is one of the parcels that was part of the trade between Southwest Value Partners and Pulte. Southwest Value Partners subsequently sold this portion of the development (on the west side of Hunt Highway) specifically for development.

Mr. Collins stated that a no vote would mean that the Council has rejected the final plat and a yes vote would mean that the Final Plat AMR, Unit 41 is approved and will be recorded with the office of the Pinal County Recorder.

Councilmember Wall inquired if construction will begin immediately.

Mr. Collins stated that there is basic infrastructure in the ground; however, it has been there for a while and will need to be revisited. Grading and drainage will be done. He stated that there are no FEMA floodplain issues in Unit 41. In Units 43 and 45, there are some lots that cannot be built upon until certain grading measures have been taken and submitted to Federal Emergency Management Agency (FEMA) for a revised Letter of Map Revision (LOMR).

Mr. Billingsley stated there is the intent to do grading and to do testing on the utilities that were already installed and make them ready for development. There will be a lot hold agreement placed on those lots cannot be sold until the LOMR is approved. The general notes stipulate each of those lot numbers that are under that agreement.

Councilmember Larsen inquired if the homes will be consistent with the other existing homes in Anthem and if they will be part of the Homeowner's Association (HOA).

Mr. Billingsley stated that they will be part of the HOA and will be served by the amenities that exist. They may have a smaller density than some units that exist in AMR, but this is how it was set up in the master agreement.

Mr. Collins stated that the homes will be consistent.

On motion of Councilmember Guilin, seconded by Councilmember Larsen, and carried to adopt Resolution No. 1653-18.

Resolution No. 1654-18:

Mayor Walter read Resolution No. 1654-18 by title only.

A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, APPROVING THE FINAL PLAT FOR ANTHEM AT MERRILL RANCH UNIT 43; AND AUTHORIZING EXECUTION BY THE TOWN MANAGER OF SUPPORTING DOCUMENTS. (Chris Salas)

Mr. Billingsley stated that not only will a design review be done by the Town for consistency with AMR but also a design review will be done by the Design Review Committee at Anthem as part of the design and construction of the development.

On motion of Councilmember Guilin, seconded by Councilmember Larsen, and carried to adopt Resolution No. 1654-18.

Resolution No. 1655-18:

Mayor Walter read Resolution No. 1653-18 by title only.

A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, APPROVING THE FINAL PLAT FOR ANTHEM AT MERRILL RANCH UNIT 45; AND AUTHORIZING EXECUTION BY THE TOWN MANAGER OF SUPPORTING DOCUMENTS.

On motion of Councilmember Anderson, seconded by Councilmember Guilin, and carried to adopt Resolution No. 1655-18.

Discussion/Approval/Disapproval to authorize the Town Manager to negotiate and execute a paving contract with ViaSun Corporation, for Florence Gardens Phase IV & V Paving and Improvements Project T-08/T-09, in an amount not to exceed \$1,947,138.71.

Mayor Walter stated that she informed the residents that this item is on the agenda. She stated that the Council has listened to the residents and have brought forward the project to be completed this fiscal year. She stated that the residents are very excited to see this project move forward.

Mr. Billingsley stated that the Town is very excited to move forward with Phases IV and V in Florence Gardens. A full design was done on the drainage and the roadway. The project went out to bid and staff is ready to move forward.

Mayor Walter inquired as to how the Town is going to communicate with the residents with regards to parking, access, etc.

Mr. Billingsley state that it is likely that Mr. Salas will have a community meeting prior to the project starting as well as door hangers being placed on the residents' doors.

Mayor Walter suggested that staff attend the Saturday morning coffee and communicate with the residents.

Mr. Collins stated that staff will attend the Saturday morning coffee and that the contractor is very proactive in community outreach. The project will be done in phases so that accessibility to properties will always be available with minimal periods of blockage when placing concrete and asphalt.

Councilmember Anderson inquired if multiple bids were received.

Mr. Joe Jarvis, Finance Director, stated that the Town did a formal bid process, per the Procurement Policy, and received 11 bids.

Mr. Billingsley stated that the Town moved Phase V up by one year. The project was earmarked for the upcoming fiscal year.

On motion of Mayor Walter, seconded by Councilmember Larsen, and carried to authorize the Town Manager to negotiate and execute a paving contract with ViaSun Corporation, for Florence Gardens Phase IV & V Paving and Improvements Project T-08/T-09, in an amount not to exceed \$1,947,138.71.

Discussion/Approval/Disapproval to enter into an Intergovernmental Agreement between Pinal County, and the Town of Florence, for sharing of the regional mass notification system.

Mr. Billingsley stated that it is very difficult to get emergency information to the public. There are not very many options in which to notify the public of emergencies, such as water breaks, etc. When emergencies happen, such as water breaks, it is important to get information out to the public immediately. The Town currently puts emergency information on its website, posts on Facebook and sends out tweets on Twitter; however, there are some residents who do not use these medias.

Mr. Billingsley stated that Pinal County has purchased a product called Everbridge for their emergency notification system. Pinal County is very excited to have Florence join as a partner and hope to gain more subscribers to the service.

Mr. Billingsley stated that there are variety of options that Everbridge can do; however, Pinal County is not currently utilizing all of the options. He stated that the Town will be gathering

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phone numbers and emails of residents and businesses to send out notifications when something occurs. There is no cost to the Town; however, there may be a cost in the future. Pinal County is paying for the service and maintenance costs as well as administration of the service.

On motion of Councilmember Wall, seconded by Councilmember Hawkins, and carried to enter into an Intergovernmental Agreement between Pinal County, and the Town of Florence, for sharing of the regional mass notification system.

MANAGER'S REPORT

Mr. Billingsley introduced Larry Harmer, Planning Manager, and provided a brief overview of his professional experience.

Mr. Harmer stated that he is pleased to work in Florence. He stated that he has experience with historic preservation and outlined some of the projects he has worked on within communities throughout Arizona.

Mr. Billingsley stated that Ms. Deanna Husk received the Jane L. Morris Women Leading Government Scholarship and was able to attend the Arizona Cities and County Managers Conference last week in Sedona, Arizona.

Ms. Husk stated that she was honored to be a recipient of the Jane L. Morris Women Leading Government Scholarship. The scholarship recognizes women in local government and honors Jane L. Morris, former Executive Director of the Phoenix-Mesa Gateway Airport. The scholarship provided registration to the conference in Sedona along with an AMCA membership for one year.

Ms. Husk thanked Ms. Garcia for informing her of the scholarship and encouraging her to apply. She also thanked Police Chief Daniel Hughes and Lieutenant Terry Tryon for writing letters of recommendation as part of the scholarship package.

Ms. Husk stated that by attending the conference, it has peaked her interest in public administration and has lent itself to an educational interest that she is pursuing. She often wondered what she was going to do her doctorate degree in and has now chosen public administration.

Ms. Husk stated that she is grateful to work for the Town and as she continues her employment, she will have the opportunity to grow professionally and personally from the expertise that exists within the organization.

Mayor Walter inquired what knowledge Ms. Lisa Garcia gained from attending the AMCA Conference.

Ms. Garcia stated that the conference is a wonderful experience in which you are able to interact with other managers and discuss a variety of issues such as economic development. She stated that she will provide a list of tools to Ms. Jennifer Evans, Management Analyst, and Mr. Billingsley for a variety of economic development options. She also learned that Town of

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Jerome purchased all of the buildings and leases them back out. The Town also owns and leases out their event center. She stated that Jerome has taken a different approach to economic development from a small scale on how to create tourism in your community.

Mr. Billingsley stated that Florence has been recognized as the Safest City in Arizona by another group. This is the second time that Florence has been recognized as such this year.

Mr. Billingsley stated that Florence was awarded a Community Development Block Grant for \$270,000 which will be used for Phase II of the water main loop from Ruggles Street north for fire suppression reasons as well as economic development. Phase I is currently occurring, which is the bore under State Route 79B as well as extending the line from water storage tanks to the new Circle K location.

Mr. Billingsley stated that the water loop that was done in cooperation with Sun Life Family Health Center, has increased fire flows for the Florence High School. The Town has made some significant upgrades with regards to fire protection and water system pressure.

Mr. Billingsley stated the Town installed approximately 300 smoke detectors in the Five Parks area as well as conducted over 100 fire inspections. We hope to enhance this in the Florence Gardens area and have visited 20 homes and installed 29 smoke detectors in January.

Florence has received a grant from APS Corporate Giving for \$3,500 to assist with the Boards and Commissions Appreciation Dinner and Christmas on Main event.

DEPARTMENT REPORTS

Community Services

Courts

Development Services

Finance

Fire

Police

Councilmember Hawkins stated that the Courts Report listed that 11 criminal traffic citations last month. There are several people speeding and they need to slow down.

The reports were received and filed.

CALL TO THE PUBLIC

There were no public comments.

CALL TO THE COUNCIL – CURRENT EVENTS ONLY

Councilmember Hawkins complimented the staff for the work they have been doing. He has received positive comments from the public. The Town is making progress on forming positive relationships with the public.

The weather should be great for the Home Tour on February 10, 2018.

Councilmember Anderson stated that he attended the IDA meeting and it was brought to his attention that people join the IDA with the impression that they will be doing industrial development, and learn that this is not the case. He inquired if a Commerce Development Committee could be formed to sit with the IDA members and come up with ideas for commercial development in town. The retired community in Anthem is a great resource of knowledge.

Councilmember Anderson inquired if code enforcement could be centralized. He also inquired if the Town would do active or passive code enforcement. He is requesting that the Town do active code enforcement.

Mayor Walter stated that there is a lot of great resources throughout the entire town. She stated that there are several business owners which the Town learn from. It would be great if there were a mix from the entire community to share their knowledge and experience to help grow the community and push Florence forward.

Mayor Walter discussed the issues with the Florence Gardens golf course not being watered. She stated that the residents came up with several suggestions and it is important to communicate.

Mayor Walter invited everyone to the Home Tour event. She stated that it will be a great event.

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:

Land use and international technical code discussions, contracts subject to negotiation and public utility easement and enterprise issues involving recreational vehicle parks and/or subdivisions and manufactured home parks and/or subdivisions.

On motion of Councilmember Larsen, seconded by Councilmember Hawkins, and carried to adjourn to Executive Session.

ADJOURN FROM EXECUTIVE SESSION

On motion of Councilmember Larsen, seconded by Councilmember Hawkins, and carried to adjourn from Executive Session.

ADJOURNMENT

On motion of Councilmember Larsen, seconded by Councilmember Hawkins, and carried to adjourn the meeting at 7:57 pm.

Tara Walter, Mayor

ATTEST:

Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on February 5, 2018, and that the meeting was duly called to order and that a quorum was present.

Lisa Garcia, Town Clerk

MINUTES OF THE TOWN OF FLORENCE COUNCIL MEETING HELD ON TUESDAY, FEBRUARY 20, 2018, AT 6:00 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.

CALL TO ORDER

Mayor Walter called the meeting to order at 6:00 pm.

ROLL CALL:

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

MOMENT OF SILENCE

Mayor Walter called for a moment of silence.

PLEDGE OF ALLEGIANCE

Mayor Walter led the Pledge of Allegiance.

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

There were no public comments.

PUBLIC HEARING AND PRESENTATIONS

Public hearing on an application received from Kim Kwiatkowski, Circle K Stores Inc., Store #3492, Liquor License application, located at 219 S. Main Street, Florence, Arizona, for a Location Transfer License; Liquor Store, and for Council recommendation for approval or disapproval of said license. (Lisa Garcia)

Ms. Lisa Garcia, Deputy Town Manager/Town Clerk, stated that staff received the application on January 29, 2018. The notices were posted for over 20 days at the 219 S. Main Street location. There have been no comments in favor or against the liquor license.

Ms. Garcia reminded Council that they are making a recommendation to the Arizona Department of Liquor Licenses and Control to either approve or deny the application. She stated that staff is recommending a favorable recommendation for this application.

Mayor Walter opened the public hearing. Mayor Walter closed the public hearing.

On motion of Councilmember Guilin, seconded by Councilmember Wall, and carried to recommend approval of the Location Transfer License, Liquor Store application received from Kim Kwiatkowski, Circle K Store Inc., to the Arizona Department of Liquor Licenses and Control.

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Recognition of the 33rd Annual Historic Home Tour Committee.

Mr. John Nixon, Recreation Superintendent, stated that the Home Tour was a successful event. This is the fifth year that a committee has been utilized to plan the event. Attendance has increased each year as well. This year they sold 951 tickets compared to 837 that were sold in 2017 and 719 sold in 2016. The increase is due to their marketing strategies.

Mr. Nixon thanked the homeowners for opening their homes to the public. He also thanked the 137 volunteers. There were also volunteers who served as trolley guides and ambassadors. The Home Tour Committee volunteered their time, expense out of their own pockets, expertise, and passion for the community.

Mr. Nixon presented Certificates of Appreciation to the following Historic Home Tour Committee members: Chris Reid, Lynn Smith, Sandy Walker, Cynthia Calhoon, Brenda Huitt, Barbara Kelly, and Laurie Moore.

Mayor Walter stated that staff, volunteers and homeowners have done a great job with the event.

Councilmember Anderson stated that he enjoyed the Home Tour. He stated that many of the volunteers are willing to volunteer for the event again next year, which says a lot about the event.

Mr. Nixon stated that the Arts and Culture Commission sponsored a quick draw event in which their finished artwork was auctioned. The Pinal County Historical Museum had the "Wild Burro and Horse Inmate Program event, which was standing room only.

Mr. Nixon stated that there was also a reenactment which was about the Barron of Arizona.

Recognition of the Maricopa High School Theatre Company for their participation in the 33rd Annual Historic Home Tour.

Mr. Nixon stated that the Maricopa High School Theatre Company performed the reenactment of the Barron of Arizona. Ms. Cindy Calhoon and students did a fantastic job.

Ms. Cindy Calhoon, Maricopa High School Teacher, thanked Mr. Nixon and the Historical Home Tour Committee for the invitation to perform. This was a new venue for the students to perform in. The script was written by the students themselves. Each of the following students were in attendance and presented with a Certificate of Appreciation: Autumn Falles (lead writer), Antonio Gonzales (played Patrick Holland), and Tamara Nadia (played a local merchant). The students had a wonderful time and felt welcomed.

Mayor Walter stated that the students did a great job and their costumes were perfect.

Fiscal Year 2017/2018 Second Quarter Budget Presentation (Joe Jarvis).

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

- Forecast is based on data as of December 31, 2017
- Audited results of Fiscal Year 2016-2017

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TITLE	TYPE	BUDGET	PROJECTED	ACTUAL	BALANCE
General	Revenue Expense	\$14,784,648 \$14,717,584	\$15,587,418 \$14,018,353	\$15,684,335 \$14,518,229	\$1,166,106
HURF	Revenue Expense	\$8,049,977 \$6,922,874	\$2,283,942 \$3,201,981	\$3,488,488 \$4,077,120	-\$588,632
Water	Revenue Expense	\$2,717,550 \$4,294,882	\$2,810,398 \$2,723,796	\$3,013,024 \$1,890,081	\$1,122,943
Sewer	Revenue Expense	\$3,981,856 \$5,229,218	\$4,126,504 \$2,789,184	\$4,226,586 \$2,624,615	\$1,601,971
Sanitation	Revenue Expense	\$922,250 \$900,487	\$839,688 \$965,771	\$823,814 \$937,290	-\$113,476

- General Fund Revenue
- Focused on six revenue sources that make up 77% of the revenue to develop a trend analysis
 - City Sales Tax
 - Property Taxes
 - Building Permits
 - State Shared Sales Tax
 - State Shared Income Tax
 - Auto Lieu Tax
- Taxes are state shared revenues
- State collects taxes and distributes based on population and other factors
- City Sales Tax and State Shared Revenue (Sales, Income, Auto Lieu) have increased each year since FY 2013-2014.
- Property values have increased within the Town
- General Fund- Revenue Fiscal Year 2017-2018

TITLE	BUDGET	12/31/2017	FORECAST
City Sales Tax	\$2,700,000	\$1,390,474	\$2,700,000
Property Tax	\$957,589	\$517,041	\$1,000,000
Building Permits	\$475,000	\$341,760	\$600,000
State Sales Tax	\$2,417,705	\$1,080,532	\$2,700,000
State Income Tax	\$3,192,630	\$1,596,487	\$3,192,630
Auto Lieu Tax	\$1,440,710	\$616,347	\$1,300,000

- Property tax may come in higher than projected
- Building permits may exceed what was budgeted

- Auto Lieu Tax is slightly below what was projected
- General Fund-Expense Fiscal Year 2017-2018

TITLE	BUDGET	12/30/2017	FORECAST
General Fund	\$14,582,492	\$6,519,417	\$13,500,000

- Other Funds-Major Revenue Fiscal Year 2017-2018

TITLE	BUDGET	12/30/2017	FORECAST
General Capital Fund	\$1,200,000	\$201,224	\$1,200,000
HURF	\$3,006,882	\$1,284,843	\$3,000,000
Construction Tax	\$130,000	\$47,205	\$130,000
Water Fund	\$2,550,000	\$1,358,049	\$2,700,00
Sewer Fund	\$3,950,612	\$1,710,663	\$3,600,00
Sanitation Fund	\$756,037	\$403,300	\$800,000

Mr. Jarvis explained how revenues are received from the State. There is a delay from the time the sales tax is collected at the point of sale to the time that the State forwards the monies to the Town.

- Other Funds-Expenses Fiscal Year 2017-2018

TITLE	BUDGET	12/30/2017	FORECAST
General Capital Fund	\$417,278	\$8,286	\$417,278
HURF	\$7,575,949	\$1,467,312	\$5,609,919
Construction Tax	\$0	\$0	\$0
Water Fund	\$5,123,036	\$1,320,078	\$3,794,118
Sewer Fund	\$4,659,499	\$1,665,334	\$3,694,358
Sanitation Fund	\$917,633	\$288,544	\$882,256

Mr. Jarvis explained that little has been spent in the General Capital Fund as the Town is still in the process of procuring the capital items that were budgeted. He stated that \$100,000 was earmarked for the State Highway 79 and Hunt Highway project will not be completed this fiscal year and will be moved to next fiscal year.

Mayor Walter inquired if the Town is in alignment fiscally with the last three fiscal years.

Mr. Jarvis stated that he does not have those figures with him but will provide the information to Council at his next presentation. He explained that the Town collected less this fiscal year than in the previous year due to a population error.

Mr. Jarvis stated that he evaluates the budget for the last six fiscal years and looks for patterns when making his forecasts and analysis.

Mr. Jarvis stated that the Town is collecting more than they have budgeted and are spending less than what is anticipated.

Presentation of the Town of Florence Planning Assistance for Rural Area Study.

Mr. Brent Billingsley, Town Manager, stated that last time a regional plan was done was in 2008 and it was in partnership with the City of Coolidge. The Town applied for a grant from Arizona Department of Transportation (ADOT) in 2017 and was awarded the Planning Assistance for Rural Area (PARA) Grant. ADOT has selected a consultant, Michael Baker, to perform the work, which was started today.

Mr. Billingsley stated that the project will be for the Transportation Plan and will last approximately 12 months and will include: functional classification, routes to be widened, and requirements for future development in terms of cross sections and engineering standards.

Mr. Billingsley introduced Jason Bottjen, Planning Project Manager, ADOT; and Mr. Kevin Kugler, Project Manager, ADOT, who provided a presentation in which they outlined the following:



















- PARA Program
 - Planning Assistance for Rural Areas
 - ADOT has administered for the last 10 years providing funding availability
 - \$900,000 available in funding for 2018
 - Planning Studies and Pre-scoping projects
 - 23 applications received
 - Total requests equated to \$3 million
 - Florence is one of five planning studies selected and they will update the transportation plan
- Project Introduction
 - Purpose and Need
 - A transportation study analyzes the existing roadway network, right of way, functional classifications, development patterns, and traffic, geographic and topographic constraints and determines a future transportation network.
 - The Town of Florence's transportation plan was last updated in 2008.
 - Developers and development patterns have changed; evaluation of current development agreement obligations needed.
 - This study will help the Town of Florence determine and ultimately create transportation policies and strategies including access management.
 - Additionally, it will lay the groundwork for the Infrastructure Improvement Plan update.
 - Project Goal and Objectives
 - To update local transportation planning within the Town of Florence and interface with Arizona Department of Transportation (ADOT) and Pinal County transportation systems to meet the needs of the Town.
 - Identify and recommend short term, medium term and long-term plan of improvements.

- Develop roadway cross sections that are consistent with the Pinal County Roads of Regional Significance plan
- Develop planning level cost estimates (per lane mile) for each recommended roadway type.
- Recommend access management policies for the Town of Florence.
- Establish the ability for Florence to obtain a stand-alone travel demand model in order to perform future modeling to accommodate incoming development proposals.
- Utilize the results/deliverables of this study to be utilized as the Circulation Element of Florence's General Plan update anticipated in 2018.
- Incorporate multi-modal policies and facility locations into the transportation framework.
- Obtain stakeholder and advisory committee input early and throughout the entire planning process.
- Study Area

- Work Plan Overview

- Subtask 1.3: Detailed Scope of Work/ Project Schedule/ Budget
- TAC Meeting # 1- *Project Kick Off Meeting*
- TASK 3: Town Council Project Briefing - *Tonight!*
- TASK 4: Working Paper #1: *Current and Future Conditions*
 - Chapter 1: Introduction
 - Chapter 2: Public and Stakeholder Involvement
 - Chapter 3: Current Conditions
 - Chapter 4: Future Conditions
- TASK 5: TAC Meeting #2- *Review Working Paper #1 Findings*
- TASK 6: Working Paper #2: *Evaluation Criteria & Plan of Improvements*
 - Chapter 5: Evaluation Criteria & Plan of Improvements
 - Standard Cross sections
 - Model Operations & Performance
- TASK 7: TAC Meeting #3- *Review of Working Paper #2*
 - TASK 8: Public Meeting #1 in late September/early October
- TASK 9: Draft Final Report
 - Chapter 6: Recommended Alternative(s)
 - Planning Level Cost Estimates
 - Phasing
 - Funding Recommendations
 - TASK 10: Public Meeting #2 in late November/early December
- TASK 11: Public Involvement Summary
 - Chapter 7: Public Involvement
 - TASK 12: Final Report in late January 2019
 - Chapter 8: Conclusion
- TASK 13: GIS Data & Study Closeout File

- Project Schedule

Task	January	February	March	April	May	June	July	August	September	October	November	December	January '19
Task 1: Develop Project Work Plan (PWP)	 NTP 1/24/2017												
Task 2: TAC Meeting #1 - Project Kick-Off Meeting													
Task 3: Town Council Project Briefing													
Task 4: Working Paper #1: Current and Future Conditions													
Task 5: TAC Meeting #2 - Review Working Paper #1 Findings													
Task 6: Working Paper 2: Evaluation Criteria & Plan of Improvements													
Task 7: TAC Meeting #3 - Review of Working Paper #2													
Task 8: Public Meeting #1													
Task 9: Draft Final Report													
Task 10: Public Meeting #2													
Task 11: Public Involvement Summary													
Task 12: Final Report													
Task 13: GIS Data and Study Closeout File													
 Project Scoping Meeting		 Deliverable		 TAC Meeting		 Town Council Briefing		 Public Meeting					

Mayor Walter thanked the team for their presentation and for the positive working relationship with ADOT.

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UNFINISHED BUSINESS

Discussion/Approval/Disapproval of Mayor Tara Walter and Vice-Mayor Vallarie Woolridge to attend the National League of Cities and Town's Annual Conference in an amount not to exceed \$5,719.08. (Lisa Garcia)

Ms. Garcia stated that this item is being brought back from the February 5, 2018 Council meeting. Staff compared travel costs based on the timing and there is an adjustment of \$334.96. She stated that a staff member will not attend the conference.

Councilmember Wall stated that she was skeptical when the item was initially presented to Council. She has researched what the conference entails and has spoken with councilmembers from other municipalities who have expressed the value of the conference. She stated that Council will receive a full report and those attending will be fully engaged with the politicians and others in attendance so she is willing to support the request.

Councilmember Guilin stated that it is a great opportunity to send representatives from the Town to a national conference. She stated that there is a lot to learn from those who reside outside of Arizona. She stated that she supports the request.

On motion of Councilmember Wall, seconded by Councilmember Guilin and carried to approve the trip to the National League Cities and Town's Annual Conference for Mayor Walter and Vice-Mayor Woolridge in an amount not to exceed \$5,719.08. Councilmember Hawkins opposed.

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.

Resolution No. 1656-18: Adoption of A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, AUTHORIZING THE TOWN MANAGER TO SUBMIT AN APPLICATION FOR THE ARIZONA DEPARTMENT OF TRANSPORTATION 5310 GRANT PROGRAM WHICH PROVIDES FUNDING TO SERVICE THE ELDERLY AND PERSONS WITH DISABILITIES IN THE COMMUNITY. (Jennifer Evans)

Acceptance of funds from Arizona Department of Homeland Security, in the amount of \$88,000, for overtime wages, benefits and vehicle mileage to conduct Operation Stonegarden border enforcement activities. (Jennifer Evans)

Approval of the January 2, January 22, and January 29, 2018 Town Council Regular and Work Session Meeting minutes.

**Receive and file the following board and commission minutes:
December 14, 2017 and January 18, 2018 Arts and Culture Commission meeting minutes.**

On motion of Councilmember Hawkins, seconded by Councilmember Guilin and carried to approve the Consent Agenda, as read.

NEW BUSINESS

Appointment of Dana Brudvig to the Industrial Development Authority with a term to expire December 31, 2020.

Ms. Lisa Garcia, Deputy Town Manager/Town Clerk, stated that the Clerk's Office is currently accepting applications for a variety of board and commission positions. The application was received and the Industrial Development Authority concurs with the request for the appointment.

Mayor Walter thanked Mr. Brudvig for volunteering. She appreciates citizen's involvement in the process. She encouraged others to apply for remaining open seats.

On motion of Councilmember Anderson, seconded by Councilmember Guilin and carried to approve the appointment of Dana Brudvig to the Industrial Development Authority with a term to expire December 31, 2020.

Discussion/Approval/Disapproval of accepting the resignation of Jorganne Cochran from the Arts and Culture Commission.

Ms. Garcia stated that if Council accepts the resignation, the Clerk's Office will advertise to fill the vacancy.

On motion of Councilmember Wall, seconded by Vice-Mayor Woolridge and carried to accept the resignation of Jorganne Cochran from the Arts and Culture Commission.

A motion directing staff to commence Development Agreement (DA) negotiations with Alkeme LLC and other associated parties that may enter a DA with the Town of Florence for the proposed development of a biogas operation. (Brent Billingsley)

Mr. Billingsley stated that staff has been discussing this potential project for the last four months. The Town has received an application for a development agreement as well as payment to start the negotiation process.

Mr. Billingsley stated that the project lead was unable to attend the Town Council meeting due to a grand opening of another establishment. The project is a biofuel facility that would utilize the Town's waste stream from the wastewater treatment plants for a positive purpose.

Councilmember Anderson stated that Alkeme LLC is a startup company. The company is two years old, they have one employee and their sales last year was \$55,000. He inquired if the Town can obtain a surety bond from them.

Mr. Billingsley stated that there are no financial commitments, so a surety bond is not needed. He stated that the company's website is www.alkemetech.com. They have more than one employee and have multiple companies overseas. The company will be an R and D facility. Representatives from the company will be here at the March 5, 2018 Town Council meeting to provide a presentation to Council.

Mayor Walter inquired what a development agreement entails and what obligations will the Town be committed to should the Town proceed with the development agreement.

Mr. Billingsley stated that the Town would expend staff time. He stated that they had a meeting last week and the company has received their funding to move forward with the project. They are funded out of England and have a partner stateside. They have forwarded a funding letter to the Town, which is backed by the funding entity. He stated it is staff's recommendation to approve this item.

On motion of Vice-Mayor Woolridge, seconded by Councilmember Hawkins and carried directing staff to commence Development Agreement (DA) negotiations with Alkeme, LLC. and other associated parties that may enter a DA with the Town of Florence for the proposed development of a biogas operation.

MANAGER'S REPORT

Mr. Billingsley introduced Mr. Nicolai Swecker, Intern from Germany. He is studying in Germany to obtain a degree in public administration with aspirations to be a city manager. He started on Wednesday, February 14, 2018.

Mr. Billingsley explained that he watched a presentation about a student from Germany that was assigned to do an internship with the City of Camp Verde. The presentation stated that there was a need to place more students from Germany and inquired if any other communities would be interested. He stated that he signed up as Florence would be very interested. He stated that it was a lengthy process. Mr. Swecker needed to obtain a visa and obtain permission from the German government. The Town had to develop a curriculum and his employment with the Town is considered to be a class for Mr. Swecker in which he will be evaluated. There are deadlines that he must meet and projects that he needs to complete.

Mr. Billingsley thanked the Community Services Department for assisting with his living arrangement.

Mr. Nicolai Swecker, Intern, thanked the Council for the opportunity to work with the Town. He is enjoying Florence and stated that everyone is friendly. He stated that it will be a great opportunity for him and thanked Mr. Billingsley for his assistance in making the internship possible. He will be with the Town through May 17, 2018.

Mr. Billingsley introduced Mr. Ben Bitter, who started with the Town as Assistant to the Town Manager. He has a Bachelor's Degree from Bingham Young University and a Master's Degree from Arizona State University. He is very experienced in local government and was previously a city manager in Kentucky.

Mr. Ben Bitter, Assistant to the Town Manager, stated that he is thrilled to be working with Florence. He worked as a City Manager in Kentucky and was able to help the community. He then took a sabbatical to become a parent and care for his family. He stated that he waited for the ideal position to come his way and is excited to join Florence.

Mr. Billingsley stated that a new radar trailer was purchased with a Governor's Office of Highway Safety Grant. The radar station is the second functional trailer for the Town. The trailer has a speed sensor that collects data as well as the ability for violator alerts. The battery pack will last between eight and ten days and has solar panels to extend the range.

Mr. Billingsley stated that the Town partnered with the Greater Florence Chamber of Commerce and the car show was a successful event. There were a total of 111 cars with the attendance surpassing 1,000 people. He has received positive feedback from multiple people and several stated that the Town needs to host more similar events. He thanked the Chamber for all of their hard work and for making the event a reality.

Mr. Billingsley stated that Julie Nixon submitted a thank you letter to the Town for hosting a training event for all the school districts in Pinal County. She stated that all staff involved did an outstanding job.

Mr. Billingsley stated that a letter was sent to Fire Chief David Strayer, thanking Chris Robison and the Fire Department for providing exceptional care to her 86-year-old mother who fell and hurt her head.

Mr. Billingsley stated that the Town has been accepted as an NAA Weather-Ready, Nation Ambassador.

Fire Chief Strayer stated that the Town is in partnership with the weather agency to assist them in developing their program and to send alerts out the community in weather emergencies.

Mr. Billingsley stated that February is Love Your Library Month. This is the 21st Annual Library Week and the library is hosting a bookmark contest. The contest runs from January 12, 2018 through March 1, 2018 and the winners will be announced at a ceremony on April 6, 2018.

Mr. Billingsley stated that there will be three local authors (that are based in Pinal County) at the library on February 21, 2018. Residents will be able to talk to the authors about their books and their pathways to publication.

Mr. Billingsley stated that the Pooch Party will be on February 24, 2018, from 9:00 am – 11:00 am. There are new playground improvements at the park. Pinal County Animal Control will be doing vaccinations and licensing at the event. There will also be dogs available for adoption.

CALL TO THE PUBLIC

There were no public comments.

CALL TO THE COUNCIL – CURRENT EVENTS ONLY

Councilmember Larsen welcomed the new employees to Florence and is excited that they will bring new perspectives to the Town.

Councilmember Wall stated that the car show was amazing. The look down Main Street was awesome. Everyone was impressed with the event. She thanked everyone involved.

Councilmember Wall was a judge for the Pinal County Spelling Bee. There were 60 students from grades five through eight that participated. The students were poised and well spoken. She is glad that this type of activity is being promoted in school.

Councilmember Anderson stated the Home Tour was a great event. He has attended for the last three years and is continually learning about Florence's history.

Councilmember Guilin stated that she attended both car shows. The car show in Caliente had several vehicles as well. She stated that it was a great sight to see Main Street closed and all of the cars lined up on both sides of the road and everyone walking throughout Main Street.

Vice-Mayor Woolridge thanked Mr. Brudvig for volunteering to serve on the Industrial Development Authority. She encouraged others who want to get involved to volunteer for one of the remaining vacancies. She welcomed the new staff members as well.

Councilmember Hawkins thanked Ms. Cochran for her service and appreciates all of her assistance with the start of the Arts and Culture Commission. The Town has had great weather for all of its events and hopes the weather continues to hold up for the upcoming events. He has received many compliments on all of the events that the Town has had.

Mayor Walter thanked the Council for the opportunity for her and Vice-Mayor Woolridge to go to the conference in Washington DC. She invited the new staff to attend a Central Arizona Association of Governments or Maricopa Association of Governments meeting as well one of the board or commission meetings.

Mayor Walter stated the Town has had many great events and will have many more.

ADJOURN TO EXECUTIVE SESSION

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.**
- d. Pinal County Air Quality Control District Permit Class II Renewal, Permit No. B31219.000, Florence Copper, Inc. Update.**
- e. 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.**
- f. Town's position and instruct its attorneys regarding pending litigation in the U.S. District Court for the District of Arizona: (Case No. CV-14-01304-PHX-DMF) Walt Hunter and Jarris A.H. Varnrobinson Von Zombie v. Town of Florence, et al.**

- g. Possible contract negotiations related to the proposed Project Radius development project.**
- h. Possible contract negotiations related to a Memorandum of Understanding by and among Florence Unified School District, Startup Pavilion Inc. DBA Innovation Pavilion, Inc. and the Town of Florence related to the proposed development of an innovation campus project.**
- i. Association of Florence Fire Fighters, International Association of Fire Fighters Local 4512, Its Members, and ABC Plaintiffs 1-100 v. Town of Florence Case No. CV2015-00235 litigation update.**

On motion of Vice-Mayor Woolridge, seconded by Councilmember Hawkins, and carried to adjourn to Executive Session.

ADJOURN FROM EXECUTIVE SESSION

On motion of Councilmember Wall, seconded by Councilmember Guilin, and carried to adjourn from Executive Session.

ADJOURNMENT

On motion of Councilmember Guilin, seconded by Councilmember Wall, and carried to adjourn the meeting at 8:15 pm.

Tara Walter, Mayor

ATTEST:

Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on February 20, 2018, and that the meeting was duly called to order and that a quorum was present.

Lisa Garcia, Town Clerk

MINUTES OF THE TOWN OF FLORENCE COUNCIL, WORK SESSION HELD ON MONDAY, FEBRUARY 28, 2018, AT 5:30 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.

CALL TO ORDER:

Mayor Walter called the meeting to order at 5:30 p.m.

ROLL CALL:

PRESENT: Walter, *Woolridge, Hawkins, Guilin, Anderson, Wall, Larsen

*Vice-Mayor Woolridge left at 7:00 p.m.

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.

There were no public comments.

PRESENTATION AND DISCUSSION OF THE UTILITY RATE STUDY

Mr. Dan Jackson, Vice-President, Willdan Financial Services, introduced Eric Laurin, Water and Wastewater Resources Director, Coe and Van Lou Consultants, Inc. who assisted with the rate study.

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

- Rate study
- Alternatives to determine what the best policy is for Florence to follow
- Background on current rates
 - What the current rates are and how they compare with neighboring communities
- Primary assumption of the study
- Series of rate scenarios in accordance with Council and staff's directives
 - Rate structures can be designed to obtain the revenues needed to fund all expenses; however, one needs to determine what is the most just, reasonable and fair rate design
- Willdan/Economists.com experience with Florence
 - Economists.com has been the Town's Water and Wastewater rate consultants since 2007
 - Water and Wastewater Rate Studies: 2009, 2011, 2017
 - Various other projects and assistance in intervening years
 - Economists.com acquired by Willdan Financial Services in 2015
 - Same team of professionals is assisting Town
- Rate Plan History
 - 2009 – Rate Study completed and five-year rate plan adopted by Council

- 2011 – Due to significant changes in CIP and growth forecasts, a new Rate Study was commissioned
- New five-year plan adopted in 2011 but only partially implemented by Town
- Town has not adjusted rates since 2014
- Background and current rates
 - Town has unique system – some customers charged by 1,000 gallons and others by 100 cubic feet
 - 100 cubic feet = 748 gallons
 - Cubic foot and gallon rates are equivalent
 - Town is implementing meter replacement program to eliminate cubic foot meters and automatically read on monthly basis
 - Town is facing many of the same problems that other Arizona communities are addressing -- how to fund increasing costs in a manner that minimizes the impact on ratepayers and their families
- Current Water Rates – effective September 1, 2014
 - Residential

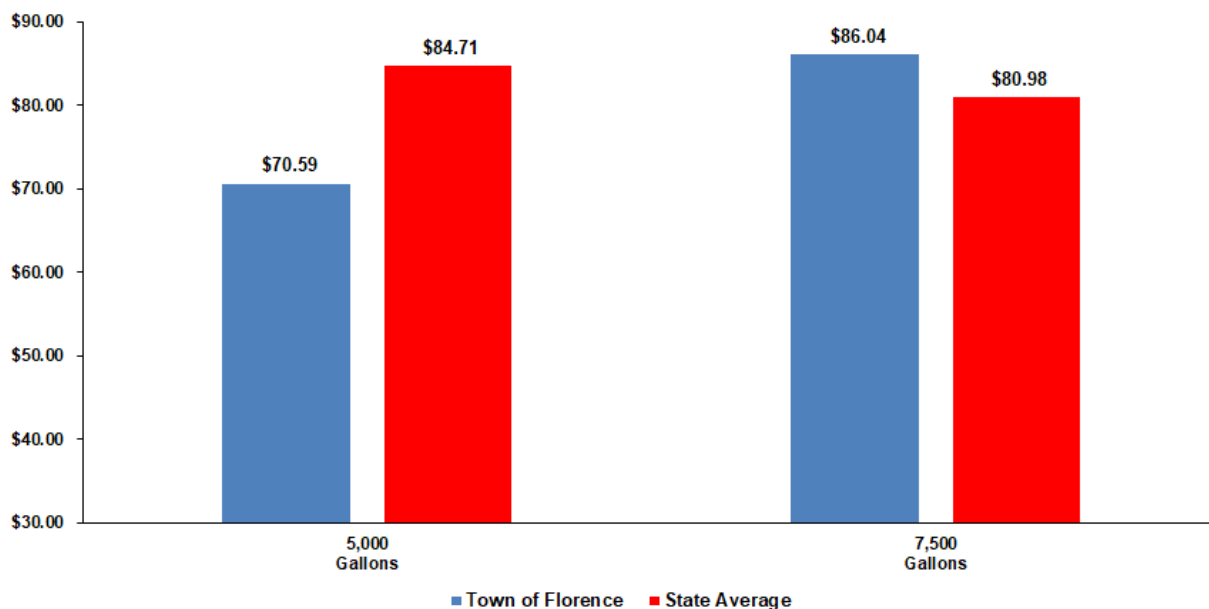
	<u>Inside Municipality</u>	<u>Outside Municipality</u>
Monthly Service Charge:		
5/8" - 3/4"	\$ 22.34	\$ 29.04
1"	37.24	48.40
1 1/2"	93.10	121.02
2"	148.95	193.64
3" Compound	238.34	309.83
3" Turbine	260.68	332.17

Monthly Consumption Rate per 1,000 Gallons/100 Cubic Feet:

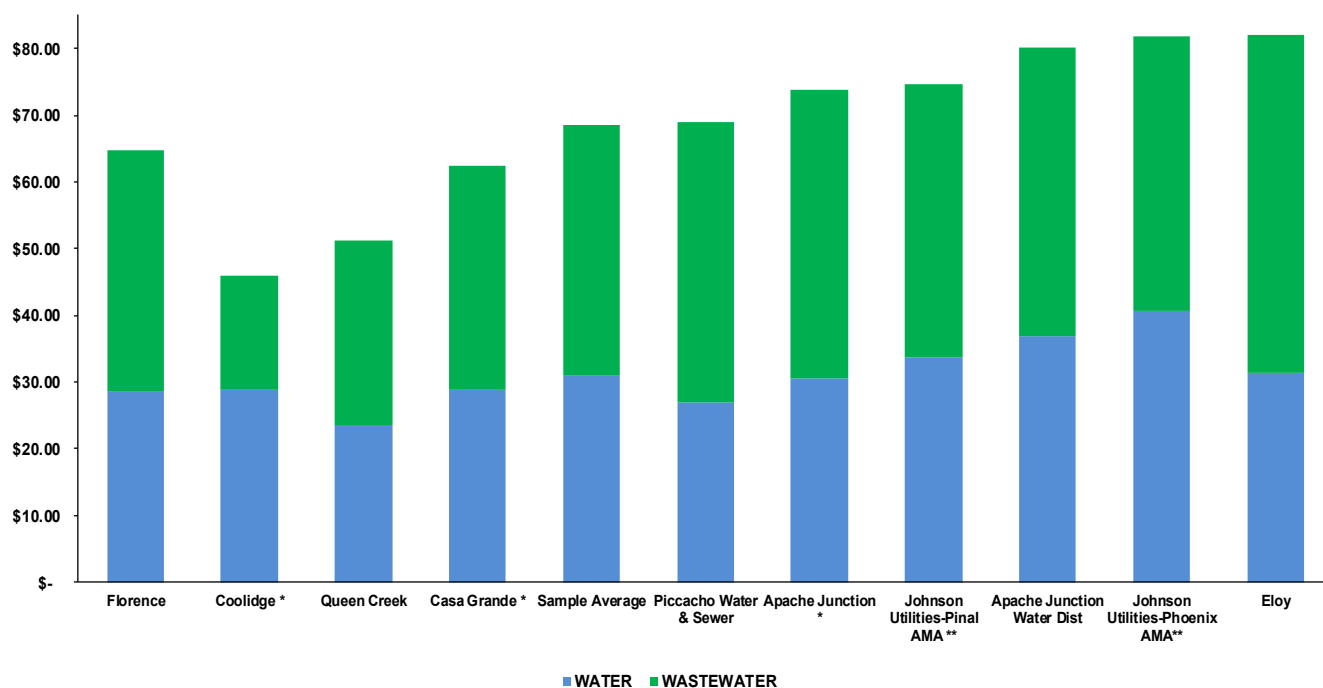
0 - 10,000 gallons	1.59	2.04
10001 to 18,700 gallons	2.21	2.83
Over 18,700 gallons	3.93	5.01
Under 1,337 cubic feet	1.19	1.53
1,337 to 2,500 cubic feet	1.65	2.12
Over 2,500 cubic feet	2.95	3.75

- Town has inverted block rate
 - The more you use, the more you pay
 - Encourages conservation

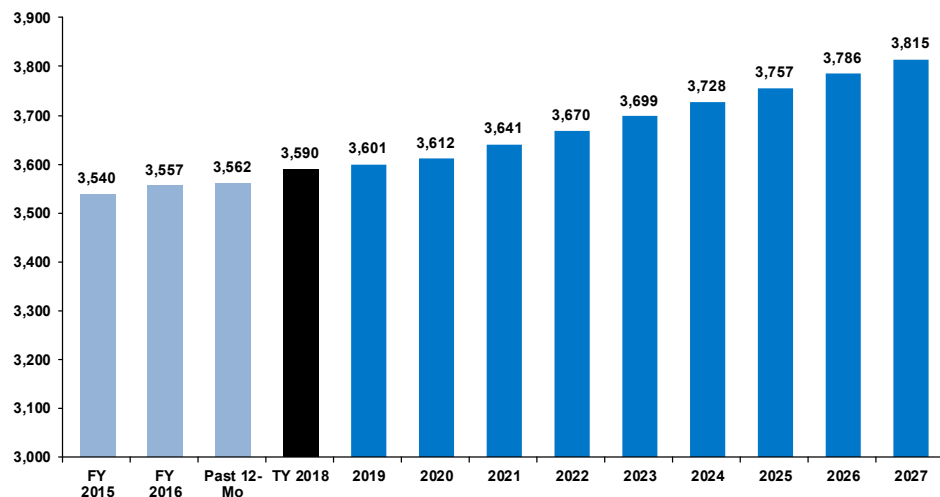
- Monthly Residential Water/WW Charges 5,000 and 7,500 Gallons



- Monthly Residential Charges - 4,000 Gallon Water and Wastewater
 - Rates are not out of proportion with other cities and towns in Arizona



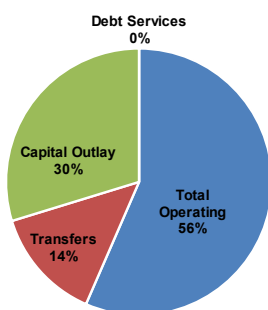
- Historical and Forecast Water Accounts - FY 2015 – FY 2027



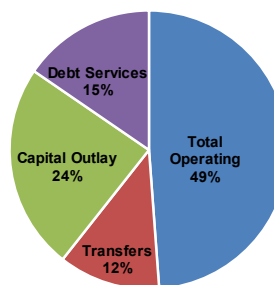
- System is stable; however, as costs increase the existing customers will need to pay for the cost of the increase.
 - Other cities/towns who are experience growth will be able to distribute cost to new residents and help with the increase.
- 10 Year Cost of Service Forecast - Primary Assumptions
- Most operating expenses increase 3% per year; some expenses (insurance and energy) increase at higher rates
 - Maintenance costs, personnel levels and other factors likely to remain stable but will be subject to modest cost increases
 - Capital Improvement Plan used reflects extensive review and analysis by Staff
 - No Prison Expansion assumed in next decade
- Water and Wastewater - 2018 Cost of Service

	BUDGET	WATER		WASTEWATER	
Total Operating	\$ 3,943,019	\$ 1,901,265		\$ 2,041,754	
Transfers	955,336	461,770		493,566	
Capital Outlay	2,000,000	1,000,000		1,000,000	
Debt Services	645,679	-		645,679	
Total Cost of Service	\$ 7,544,034	\$ 3,363,035		\$ 4,180,999	

Water



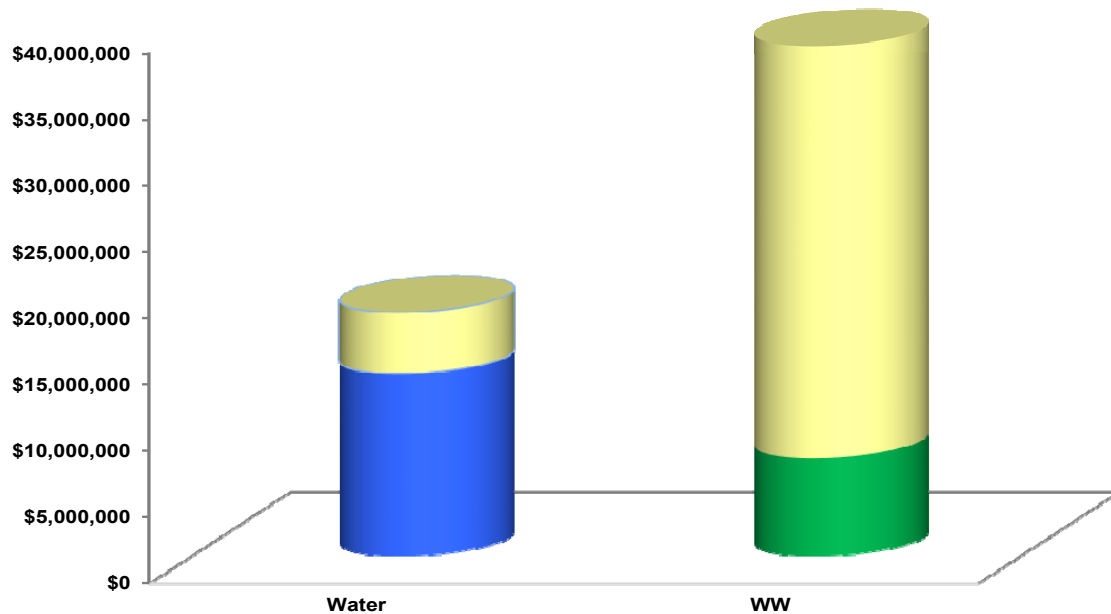
Wastewater



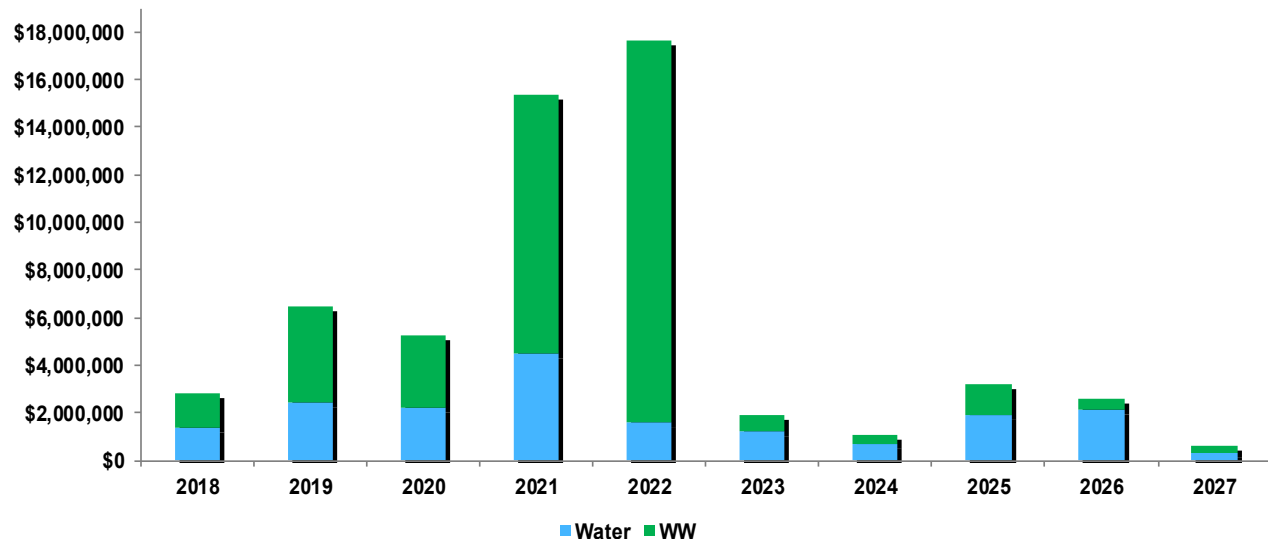
Mr. Billingsley stated that there is debt service in wastewater. The Town has had two WIFA transactions occur and the Town is paying back for previous investments that were done on the wastewater division.

Mr. Jackson continued with his presentation, in which he outlined the following:

- Capital Expenditures – CIP
 - Capital Expenditures – the long-term investments to build, replace and refurbish water and wastewater infrastructure
 - Capital expenditures impact long-term rates in 3 ways:
 - How much must be spent
 - When does it have to be spent
 - How to finance expenditures – Pay as You Go (PAYGO) vs. long-term debt
- Total Capital Expenditures -10-Year CIP
 - Total 10-Year CIP = \$56,948,078
 - Estimated Development Impact Fee (DIF) Funded = \$35,150,000



- Total Capital Expenditures - 10-Year CIP
 - Total = \$56,948,078



- Capital Expenditures - Water and Wastewater 10-Year CIP Funding

Beginning Capital Funds Available	\$	8,710,498
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Non-Rate Sources

Developer Contribution	-
Grant - CDBG	1,390,000
DIF Funding	35,775,000
Unfunded Total	-
Sub-Total	37,165,000

Rate Funded

Water	8,936,000
Wastewater	6,745,000

Proceeds from the Issuance of Debt	\$	5,000,000
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Total Available Funds	66,556,498
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Less Capital Improvement Plan	56,948,078
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Ending Capital Funds Available	\$	9,608,420
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- Wastewater debt issuance of \$5M in 2021
- Impact fees will fund a portion of the future capital improvement needs.

- Water Utility - Forecast Cost of Service

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
WATER Utility										
Operating	\$ 1,901,265	\$ 1,972,425	\$ 2,046,557	\$ 2,124,724	\$ 2,206,097	\$ 2,290,968	\$ 2,379,510	\$ 2,471,900	\$ 2,568,327	\$ 2,668,970
Transfers	461,770	475,623	489,892	504,589	519,726	535,318	551,378	567,919	584,956	602,505
Capital Outlays	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	660,000	1,000,000	1,000,000	276,000
Debt Service										
Current	-	-	-	-	-	-	-	-	-	-
Forecast	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Cost of Service	\$ 3,363,035	\$ 3,448,048	\$ 3,536,449	\$ 3,629,312	\$ 3,725,823	\$ 3,826,286	\$ 3,590,887	\$ 4,039,819	\$ 4,153,284	\$ 3,547,475

- Wastewater Utility - Forecast Cost of Service

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
WASTEWATER Utility										
Operating	\$ 2,041,754	\$ 2,124,998	\$ 2,212,367	\$ 2,305,214	\$ 2,402,431	\$ 2,504,248	\$ 2,610,904	\$ 2,722,653	\$ 2,839,765	\$ 2,962,523
Transfers	493,566	508,373	523,624	539,333	555,513	572,178	589,344	607,024	625,235	643,992
Capital Outlays	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	265,000	415,000	315,000	415,000	335,000
Debt Service										
Current	604,491	603,254	604,010	603,757	603,496	842,435	84,653	84,626	84,598	84,569
Forecast	-	-	-	367,909	367,909	367,909	367,909	367,909	367,909	367,909
Total	604,491	603,254	604,010	971,666	971,405	1,210,344	452,562	452,535	452,507	452,478
Cost of Service	\$ 4,139,811	\$ 4,236,626	\$ 4,340,001	\$ 4,816,212	\$ 4,929,349	\$ 4,551,770	\$ 4,067,809	\$ 4,097,212	\$ 4,332,506	\$ 4,393,992

Mr. Billingsley stated that the Town has hired another consultant to review the development impact fee. The consideration and analysis done by Coe and Van Lou and Willdan is associated with those projects after conversations regarding the amendment of the new study. Three separate CIPs were created this year, which include:

- CIP based on existing and foreseeable revenues
- CIP for needed projects; however, the Town cannot afford, utilizing existing and foreseeable revenues. This is the CIP that was used by Willdan and Coe and Van Lou.
- CIP project which the Town does not have funding for through traditional means but will only be required based on new growth.

Mr. Jackson explained that the benefits of doing a long reach plan provides the ability to put in place a financial plan and rate plan that will enable funding for the large projects and expenditures. He explained that incremental rate increases are optimal as it puts the funds in place for when the expenditure is needed.

Mr. Jackson discussed funding options such as: pay as you go, grants, bonds and development impact fees.

Mr. Jackson continued with the presentation, in which he outlined the following:

- Rate Design Scenarios
 - Scenario 1: Status Quo
 - Maintain Current Rate Structures
- Scenario 2: Change Water Rate Tiers
 - Increase Water Tiers from Three to Four:
 - 0 – 5,000 Gallons
 - 5,001 – 10,000 Gallons
 - 10,001 – 20,000 Gallons
 - 20,001 – Above Gallons
- Scenario 3: Securing Future Water Charge
 - Same Residential Water Rate Tiers as Scenario 2
 - Add Securing Future Water Charge for all customers
- Scenario 1: Status Quo - Rate Plan

	Current	Effective May-18	Effective Apr-19	Effective Apr-20	Effective Apr-21	Effective Apr-22
WATER Rates						
Minimum Charge						
5/8" - 3/4"	\$ 22.34	\$ 24.13	\$ 26.06	\$ 27.62	\$ 29.00	\$ 30.45
1"	37.24	40.22	43.44	46.04	48.35	50.76
1 1/2"	93.10	120.64	130.29	138.10	145.01	152.26
2"	148.95	160.87	173.74	184.16	193.37	203.04
3" Compound	238.34	257.41	278.00	294.68	309.41	324.88
3" Turbine	260.68	281.53	304.06	322.30	338.42	355.34
4" Compound	372.39	402.18	434.36	460.42	483.44	507.61
4" Turbine	469.21	506.75	547.29	580.12	609.13	639.59
Volume Charge: Per 1,000 Gallons						
- 10,000	1.59	1.72	1.85	1.97	2.06	2.17
10,001 18,700	2.21	2.39	2.58	2.73	2.87	3.01
18,700 Above	3.93	4.24	4.58	4.86	5.10	5.36
WASTEWATER Rates						
Minimum Charge	\$ 18.55	\$ 19.11	\$ 19.68	\$ 20.66	\$ 22.32	\$ 23.66
Volume Charge: Per 1,000 Gallons						
Residential	4.35	4.48	4.61	4.85	5.23	5.55
Commercial	4.37	4.50	4.64	4.87	5.26	5.57
Institutional	6.94	7.15	7.36	7.73	8.35	8.85

- Scenario 1: Status Quo - W and WW Residential Rate Impact

	Current	Effective May-18	Effective Apr-19	Effective Apr-20	Effective Apr-21	Effective Apr-22
Monthly Charges -- 5/8 " x 3/4"						
<u>Gallons</u>						
5,000	\$ 70.59	\$ 74.22	\$ 78.08	\$ 82.34	\$ 87.81	\$ 92.68
		3.63	3.86	4.26	5.46	4.88
10,000	\$ 100.29	\$ 105.21	\$ 110.43	\$ 116.40	\$ 124.29	\$ 131.25
		4.92	5.22	5.97	7.89	6.96
20,000	\$ 168.13	\$ 176.30	\$ 184.97	\$ 194.94	\$ 208.22	\$ 219.90
		8.17	8.67	9.98	13.27	11.68

- Scenario 2: Change Water Rate Tiers - Water Usage Background

- 5,000 gallons per month represents basic residential water needs; above Town average usage
- 10,000 gallons per month represents the typical median residential water usage in many utilities across Arizona based on reported usage in the state

- Scenario 2: Change Water Rate Tiers

- Scenario 2: Change Water Rate Tiers
- Current Residential Tiers
 - 0-10,000
 - 10,001-18,700
 - 18,701- above
- Proposed Residential Tiers
 - 0 – 5,000
 - 5,000 – 10,000
 - 10,001 – 20,000
 - 20,001 – Above

- Scenario 2: Change Rate Tiers - Water Rate Plan

	Current	Effective May-18	Effective Apr-19	Effective Apr-20	Effective Apr-21	Effective Apr-22
WATER Rates						
Minimum Charge						
5/8" - 3/4"	\$ 22.34	\$ 24.13	\$ 26.06	\$ 27.62	\$ 29.00	\$ 30.45
1"	37.24	40.22	43.44	46.04	48.35	50.76
1 1/2"	93.10	120.64	130.29	138.10	145.01	152.26
2"	148.95	160.87	173.74	184.16	193.37	203.04
3" Compound	238.34	257.41	278.00	294.68	309.41	324.88
3" Turbine	260.68	281.53	304.06	322.30	338.42	355.34
4" Compound	372.39	402.18	434.36	460.42	483.44	507.61
4" Turbine	469.21	506.75	547.29	580.12	609.13	639.59
Volume Charge: Per 1,000 Gallons						
- 5,000	na	1.46	1.57	1.67	1.75	1.84
5,001 10,000	na	2.19	2.37	2.51	2.64	2.77
10,001 20,000	na	3.28	3.55	3.76	3.95	4.14
20,001 Above	na	4.92	5.32	5.64	5.92	6.22

WASTEWATER Rates						
Minimum Charge	\$ 18.55	\$ 19.11	\$ 19.68	\$ 20.66	\$ 22.32	\$ 23.66
Volume Charge: Per 1,000 Gallons						
Residential	4.35	4.48	4.61	4.85	5.23	5.55
Commercial	4.37	4.50	4.64	4.87	5.26	5.57
Institutional	6.94	7.15	7.36	7.73	8.35	8.85

- Scenario 2: Change Rate Tier - Residential Monthly Charge Impact

	Current	Effective May-18	Effective Apr-19	Effective Apr-20	Effective Apr-21	Effective Apr-22
Monthly Charges -- 5/8 " x 3/4"						
Gallons						
5,000	\$ 70.59	\$ 72.93	\$ 76.68	\$ 80.86	\$ 86.25	\$ 91.05
		2.34	3.76	4.17	5.39	4.80
10,000	\$ 100.29	\$ 106.29	\$ 111.60	\$ 117.64	\$ 125.59	\$ 132.62
		6.00	5.31	6.04	7.96	7.03
20,000	\$ 168.13	\$ 183.93	\$ 193.21	\$ 203.68	\$ 217.39	\$ 229.53
		15.80	9.28	10.47	13.71	12.14

- Scenario 1 and Scenario 2 - Residential Monthly Charge Impact

		Current	Effective May-18	Effective Apr-19	Effective Apr-20	Effective Apr-21	Effective Apr-22
Monthly Charges -- 5/8 " x 3/4"							
5,000	Scen 1	70.59	74.22	78.08	82.34	87.81	92.68
	Scen 2	70.59	72.93	76.68	80.86	86.25	91.05
	Scen 3						
10,000	Scen 1	100.29	105.21	110.43	116.40	124.29	131.25
	Scen 2	100.29	106.29	111.60	117.64	125.59	132.62
	Scen 3						
20,000	Scen 1	168.13	176.30	184.97	194.94	208.22	219.90
	Scen 2	168.13	183.93	193.21	203.68	217.39	229.53
	Scen 3						

- Scenario 3: Change Water Rate Tier - and Add Securing Future Water Charge

		Current	Effective May-18	Effective Apr-19	Effective Apr-20	Effective Apr-21	Effective Apr-22
WATER Rates							
Minimum Charge							
	5/8" - 3/4"	\$ 22.34	\$ 24.13	\$ 26.06	\$ 27.62	\$ 29.00	\$ 30.45
	1"	37.24	40.22	43.44	46.04	48.35	50.76
	1 1/2"	93.10	120.64	130.29	138.10	145.01	152.26
	2"	148.95	160.87	173.74	184.16	193.37	203.04
	3" Compound	238.34	257.41	278.00	294.68	309.41	324.88
	3" Turbine	260.68	281.53	304.06	322.30	338.42	355.34
	4" Compound	372.39	402.18	434.36	460.42	483.44	507.61
	4" Turbine	469.21	506.75	547.29	580.12	609.13	639.59
Securing Future Water							
		-	1.50	1.62	1.72	1.80	1.89
Volume Charge: Per 1,000 Gallons							
	- 5,000	na	1.46	1.57	1.67	1.75	1.84
	5,001 10,000	na	2.19	2.37	2.51	2.64	2.77
	10,001 20,000	na	3.28	3.55	3.76	3.95	4.14
	20,001 Above	na	4.92	5.32	5.64	5.92	6.22

- Scenario 3 - Impact on Monthly Charges

	Current	Effective May-18	Effective Apr-19	Effective Apr-20	Effective Apr-21	Effective Apr-22
Monthly Charges -- 5/8 " x 3/4"						
Gallons						
5,000	\$ 70.59	\$ 74.43	\$ 78.30	\$ 82.58	\$ 88.05	\$ 92.94
		3.84	3.88	4.27	5.48	4.89
10,000	\$ 100.29	\$ 107.79	\$ 113.22	\$ 119.35	\$ 127.39	\$ 134.51
		7.50	5.43	6.13	8.04	7.12
20,000	\$ 168.13	\$ 185.43	\$ 194.83	\$ 205.40	\$ 219.19	\$ 231.42
		17.30	9.40	10.57	13.80	12.23

- Scenarios 1, 2 and 3 - W and WW Residential Rate Impact

	Current	Effective May-18	Effective Apr-19	Effective Apr-20	Effective Apr-21	Effective Apr-22
Monthly Charges -- 5/8 " x 3/4"						
Gallons						
5,000 Scen 1	70.59	74.22	78.08	82.34	87.81	92.68
Scen 2	70.59	72.93	76.68	80.86	86.25	91.05
Scen 3	70.59	74.43	78.30	82.58	88.05	92.94
10,000 Scen 1	100.29	105.21	110.43	116.40	124.29	131.25
Scen 2	100.29	106.29	111.60	117.64	125.59	132.62
Scen 3	100.29	107.79	113.22	119.35	127.39	134.51
20,000 Scen 1	168.13	176.30	184.97	194.94	208.22	219.90
Scen 2	168.13	183.93	193.21	203.68	217.39	229.53
Scen 3	168.13	185.43	194.83	205.40	219.19	231.42

- Reuse Water - Cost of Service

	2018	2019	2020	2021	2022
Treatment Cost of Service	\$ 2,386,330	\$ 2,460,488	\$ 2,540,504	\$ 3,420,849	\$ 3,507,817
Forecast WW Effluent	573,519,458	574,695,506	575,871,554	577,047,602	578,223,650
Cost/1,000 Gallons	\$ 4.16	\$ 4.28	\$ 4.41	\$ 5.93	\$ 6.07

- Amount to charge customer should be based on the economic benefit of replacing the cost of CAGR water with reuse water:
- CAGR Water Cost – Pinal County
 - Per acre foot: \$704
 - Per 1,000 gallons: \$2.16
- Presentation summary
 - Rate plans are not just financial decisions – they are social, community and political decisions as well.
 - Changing rate plans will impact payers differently.
 - There is not one, true and correct rate plan.
 - Rate plans are fair and reasonable.
 - All three scenarios will enable the Town to pay for the cost of providing the service, fund the capital improvements, and invest in Florence.
 - Proposed rate plans will enable the Town to pay increased costs, fund needed capital improvements and invest in the future of the Town
 - All Scenarios are revenue neutral
 - Combined water and wastewater rate impact on most ratepayers = \$3 - 4 per month each year.

Mr. Jackson stated that there are no transportation charges for getting the effluent to the customer, if the Town elects to sell its effluent. A new system called a purple pipe system, must be built. This system is cost prohibitive to many cities.

Mr. Joe Jarvis, Finance Director, stated that the next steps would be for support from the Council to present a Notice of Intent at the March 19, 2018 Town Council meeting. The Arizona Revised Statutes requires notifications and certain time periods before rates can be adjusted. If the Council is interested in implementing one of the presented scenarios, the Council needs to adopt a Notice of Intent and must be on the Town's website for 60 days before the public hearing. He stated that a public hearing will be held on May 21, 2018, and one of the scenarios will be considered. If the Council chooses one the scenarios, it would go into effect June 21, 2018. This would impact the residents beginning with their July billing.

Mr. Jackson stated that adopting a Notice of Intent, does not obligate the Town to raise fees. All it does is start the statutory clock and provides Council the opportunity to consider the proposed revised rates. It is important for the public to be noticed so that they understand what the ramification of a rate increase will be. The public hearing will take place 60 days later.

Councilmember Guillin inquired if the residents will still need to pay year-round rather than disconnecting the services when they are gone.

Mr. Jackson stated that the residents would need to pay year-round, and there is no vacation clause in any of the scenarios.

Mayor Walter stated that the Town has not increased its rates since 2014. She asked staff to do outreach to the community as well as provide information sessions for the public.

Mayor Walter asked Mr. Mark Cowling, Florence Reminder to poll the citizens with regards to the choices.

PRESENTATION AND DISCUSSION OF THE CAPITAL IMPROVEMENT PLAN

Mr. Jarvis explained the changes that have occurred within the Capital Improvement Plan and the rationale for each of the changes as well as which budgets will pay for each of the projects.

Discussion occurred on the following:

- Need for existing projects and changes
- Addition of new projects
- Removal of projects
- Parks, Trails and Open Trail Master Plan Update
 - Community Center, Library and Pool were not included in the initial plan
 - Challenges of the existing plan
 - Need to modify plan to include what has been built since the adoption of the plan and include the current and future needs
 - Assumption need to be modified
 - Projected population to be 300,000 and Town is not close to that population number
 - Need to reassess future growth
 - Need to reassess how parks are currently being utilized
 - Things have been accomplished; however, not in the order that was outlined in the plan.
- Donation Program
- Roadway Projects
 - Pavement work is dependent on weather conditions

Mr. Jarvis stated that he will make the recommended changes to the draft CIP and will present the final version for adoption during the regular budget process.

TOWN MANAGER'S REPORT

Mr. Billingsley thanked the following for their dedication and hard work in the Budget and CIP Process: Council, Budget Committee, Joe Jarvis, Lisa Garcia and the department managers.

CALL TO THE COUNCIL – CURRENT EVENTS ONLY

Councilmember Anderson thanked Mr. Jarvis and the Budget Committee for their efforts.

Councilmember Wall stated that the CIP is a complex process. She acknowledged the progress that has been made in the last few years with regards to the aging infrastructure within the Town as well as the new development with the Anthem community. The Town has made significant progress. She thanked the department heads and Town Manager for everything they have done.

Councilmember Wall stated that Horizon Health has a job fair for 40 plus positions available. There is a range of professional and support staff positions.

Councilmember Hawkins is proud of the Town staff who are very talented. The Town is still moving forward and accomplishing things.

Councilmember Guilin complimented Mr. Jarvis on his presentation. It was clear and concise.

Councilmember Larsen thanked Mayor Walter for allowing her to be part of the Budget Committee.

Mayor Walter congratulated the Grants staff for the grant received for the street sweeper.

ADJOURNMENT

On motion of Councilmember Anderson, seconded by Councilmember Larsen, and carried to adjourn the meeting at 7:40 p.m.

Tara Walter, Mayor

ATTEST:

Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on February 28, 2018, and that the meeting was duly called to order and that a quorum was present.

Lisa Garcia, Town Clerk

**MINUTES OF THE TOWN OF FLORENCE ARTS AND CULTURE COMMISSION
REGULAR MEETING HELD ON THURSDAY, FEBRUARY 8, 2018 AT 2:30 P.M. IN
RUGGLES ROOM 1, LOCATED AT 778 N. MAIN STREET, FLORENCE, AZ.**

1. CALL TO ORDER

Chair Rankin called the meeting to order at 2:35 p.m.

2. ROLL CALL:

Present: Cochran, Curran, Hagemann, Noack, Rankin

Absent:

3. PLEDGE OF ALLEGIANCE

4. NEW BUSINESS

a. Discussion/Approval/Disapproval of Minutes from the January 18, 2018 Regular Meeting.

On motion by Commissioner Curran, seconded by Vice-Chair Noack, and carried to approve the minutes from the January 18, 2018 regular meeting.

b. Discussion/Approval/Disapproval of the Commissions possible involvement with the Water/Ways Smithsonian Exhibition, November 17 – December 30, 2018.

Chair Rankin asked the Commission if the Commission would like to be involved with the Water/Ways Smithsonian Exhibition?

Commissioner Curran stated the exhibit will run for a month and a half, but the Commission would not have to be involved the whole time.

Commissioner Hagemann mentioned an art show had been suggested at the previous meeting.

Commissioner Cochran stated the Suter House may not be available to be open for the length of the Water/Ways exhibit and it may also conflict with the planning of the Pedro Guerrero exhibit the Commission will be hosting. Chair Rankin asked the Commission if it would be feasible/possible to do both the Pedro Guerrero exhibit and the Smithsonian exhibit together.

Commissioner Cochran stated that the Guerrero exhibit is very different from the Water/Ways exhibit.

Vice-Chair Noack asked if the Commission decides to do an art show for the Water/Ways exhibit, will the Commission create the art work or will have other create the art pieces?

Chair Rankin stated that the art pieces will be open to everyone for submission.

Commissioner Cochran asked if there will be awards?

Chair Rankin stated there will be 1st, 2nd and 3rd place winners, and all will have public recognition.

Commissioner Cochran suggested on monetary awards instead of ribbons.

Liaison Bryan Hughes suggested to the Commission to decide if they will be involved with the Water/Ways exhibit and work out the details of the arts show later.

On motion by Commissioner Curran, seconded by Vice-Chair Noack, and carried to approve the Arts and Culture Commission have limited involvement with the Water/Ways Smithsonian Exhibition, November 17 – December 30, 2018.

c. Discussion/Approval/Disapproval of Arts and Culture Programming – Spring 2018.

Commissioner Curran stated Brian Smith, Intern for Parks and Recreation, created the Strings of the Sonoran concert flyer. There are some minor changes that need to be done before the flyer is distributed. Commissioner Curran also stated that he will need help getting chairs from the Senior Center to set-up at the Suter House for the Concert.

Vice-Chair Noack stated the Kite Festival is in March, and asked Liaison Hughes if there were enough supplies for the event. Liaison Hughes stated that he will check on the supplies and order more if needed.

Commissioner Hagemann asked if Commission was still on for Sidewalk Chalk for March 31st? Liaison Hughes stated that Sidewalk Chalk was still a go for March 31st.

d. Discussion/Approval/Disapproval of jury process for exhibits or shows.

Chair Rankin provided examples of other jury processes. Commissioner Cochran confirmed that the Commission previously approved a jury process. Liaison Hughes stated he would look through the files to locate the process and share with the Commission. Commissioner Hagemann discussed the call for artists. How far do we want to reach out for artists? It was recommended to stay within Arizona, preferably local. Commissioner Cochran commented that when artists see the awards (low dollar amount), it will limit the number of artists that apply.

e. Discussion/Approval/Disapproval of a photo contest and exhibit.

Liaison Hughes spoke a little about the annual photo contest AZPRA (Arizona Parks and Recreation Association) hosts, maybe the Commission could host something similar.

Chair Rankin stated the photo contest will be separate from the Guerrero event.

f. Discussion/Approval/Disapproval of future Suter House art exhibits.

Liaison Hughes asked the Commission to come up with ideas for future events at the Suter House and present them to the Commission in upcoming meetings.

g. Discussion/Approval/Disapproval of Main Street Mural Project.

Liaison Hughes stated he drafted up a letter to the property owner asking for permission to update the mural. Liaison Hughes stated the grant application was submitted as well.

5. CALL TO THE PUBLIC/BOARD RESPONSE

Call to the Public for Comment is limited to issues within the jurisdiction of the Town of Florence Arts and Culture Commission. Individual commission members may respond to criticism made by those commenting, may ask the staff liaison to review a matter raised, or may ask that a matter be placed on future agenda.

Mr. Brian Kovak introduced himself to the Commission. Mr. Kovak spoke a little about his artistic background and offered his expertise to the Commission for future projects.

6. CALL TO THE COMMISSION- CURRENT EVENTS ONLY

Commissioner Cochran announced her resignation from the Arts and Culture Commission.

Liaison Hughes thanked Commissioner Cochran for her service to the Arts and Culture Commission and stated he enjoyed working with her.

Chair Rankin, Vice-Chair Noack and Commissioner's Curran And Hagemann all thanked Commissioner Cochran for her service to the Arts and Culture Commission.


7. ADJOURNMENT

On motion by Commissioner Curran, seconded by Vice-Chair Noack, and carried to adjourn the meeting at 3:23 P.M.

Approved:


Ann Rankin, Chairman

Posted 9th day of March 2018, by Maria Hernandez, Deputy Town Clerk, at 775 North Main Street and 1000 South Willow Street, Florence, Arizona 85132 and at www.florenceaz.gov.

	TOWN OF FLORENCE COUNCIL ACTION FORM	<u>AGENDA ITEM</u> 12a.
MEETING DATE: March 19, 2018 DEPARTMENT: Administration/Finance Department STAFF PRESENTER: Lisa Garcia, Deputy Town Manager/Town Clerk, and Joe Jarvis, Finance Director SUBJECT: Resolution No. 1657-18: Base Adjustment		<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information Only <input type="checkbox"/> Public Hearing <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Regulatory <input type="checkbox"/> 1st Reading <input type="checkbox"/> 2nd Reading <input type="checkbox"/> Other
STRATEGIC PLAN REFERENCE: <input type="checkbox"/> Community Vitality <input checked="" type="checkbox"/> Economic Prosperity <input type="checkbox"/> Leadership and Governance <input type="checkbox"/> Partnership and Relationships <input type="checkbox"/> Transportation and Infrastructure <input type="checkbox"/> Statutory <input type="checkbox"/> None		

RECOMMENDED MOTION/ACTION:

Adoption of Resolution No. 1657-18: A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, PROPOSING A PERMANENT ADJUSTMENT TO THE 1979-80 BASE EXPENDITURE LIMITATION OF THE TOWN OF FLORENCE.

BACKGROUND/DISCUSSION:

The voters of the Town of Florence, on August 30, 2016, approved the continued use of the Home Rule Option through Fiscal Year 2020-2021. The Home Rule Option has to be affirmed at a regularly-scheduled election, every four years, or the Town reverts back to the State imposed spending limit. Over 30% of Arizona municipalities have approved a Permanent base adjustment.

The Town of Florence voters have approved Home Rule nine out of ten elections. Because Home Rule was not approved in the 2014 election, the Town was required to hold Special Elections in May of 2015 and 2016 to approve one-time exceedances of the expenditure limitation. With those exceptions, the Town has retained voter-approved local control for 36 years.

In lieu of holding a costly Home Rule election every four-years, the State Legislature provides another option that still holds the Town accountable to taxpayers through the budgetary process. This option is designated as the Permanent Base Adjustment, as outlined in Article IX, Section 20, Subsection 6 of the Arizona State Constitution.

The Permanent Base Adjustment option seeks voter authority to adjust the Town of Florence's Fiscal Year 1979-1980 Base Spending to a more current dollar amount. In

1979-1980, the Town's base limitation was \$711,040, according to the minutes of March 12, 1981. Adopting the Permanent Base Adjustment would eliminate the need to go to voters every four years and eliminate the costly election process.

Neither Home Rule Election nor Permanent Base Adjustment Election have any impact on raising or lowering taxes or fees. Both options merely allow the town to expend the dollars collected for services.

A permanent adjustment of expenditure base can be used rather than an expenditure limitation. Florence can permanently adjust its State imposed expenditure limitation base if a majority of the qualified electors voting on the issue at a regular (primary or general) town election vote in favor of the adjustment. A base adjustment may be referred to the voters by an affirmative vote of two-thirds of the Town Council.

If the Town Council determines they would like to present a Permanent Base Adjustment proposition to the voter, the Town would call an election. The call includes the proposition, including a base limitation adjustment proposal, as one of the purposes of the election.

The Auditor General's office has issued an interpretation stating that A.R.S. § 41-563.01 **does not** apply to permanent base adjustment elections, and thus, the requirements for hearings and publications in that section are not applicable; however, Town Council may still want to allow for the public process. The Town Council is required to pass a resolution on the proposed permanent base adjustment in an open meeting, but no record of that vote needs to be published.

The town must submit a detailed analysis and summary of the adjustment to the Auditor General for review 60 days prior to a regular election. The Auditor General must correct any errors or deficiencies in the analysis and summary and provide the Town with a copy of each report. No revisions of the analysis or summary can be made after the Auditor General review is completed.

The detailed analysis of a proposed base adjustment to the expenditure limitation must contain the following:

1. Specific area or areas in which expenditures are adjusted.
2. Specific amounts of estimated revenue from each and any source, and any assumptions used in estimating such revenue.

Arguments supporting, or in opposition to, the proposed base adjustment must be filed not less than 90 days before the election. The Town will provide the voters a publicity pamphlet which contains the following:

1. A true copy of the title and text of the measure.
2. The form in which the measure will appear on the ballot, the official title, the descriptive title prepared by the clerk and the number by which it will be designated.
3. Arguments for and against the measure.

4. Date of the election.
5. Polling places and the time such polling places are open.
6. A comparative summary of the proposed adjusted expenditure limitation to the State expenditure limitation, as reviewed by the Auditor General.
7. A summary of the source or sources of estimated revenues that are to be used for financing the adjustment to the expenditure limitation or the source or sources of estimated revenues to be reduced as a result of a downward adjustment, as reviewed by the Auditor General.
8. A statement of the purpose or purposes for which the adjustment to the expenditure limitation is to be made. The detailed analysis of the base adjustment must also be made available to registered voters by the clerk upon voter request.

The ballot used for the election must contain a section stating the impact of the modification. The ballot should be in the form used for initiatives and referendums pursuant to A.R.S. § 19-125.

Any approved permanent base limitation adjustment must be used in determining the Town's expenditure limitation beginning with the fiscal year immediately following the approval, and every year thereafter, or until the city or town again adopts a new base.

Throughout this process, the Town is prohibited by law from expending any funds to influence the outcome of this election (A.R.S § 9-500.14). This prohibition includes sponsoring an argument in the publicity pamphlet.

A VOTE OF NO WOULD MEAN:

The Town would continue with Home Rule and have elections every four years.

A VOTE OF YES WOULD MEAN:

The Town would place the item on the 2018 elections. If successful, the Town would no longer hold Home Rule elections every four years.

A Yes vote requires the support of 2/3 of the Town Council to successfully place an item on the ballot (5 out of 7).

FINANCIAL IMPACT:

The approval of an alternative spending limit allows the Town to use the financial resources that it has to provide desired/needed services to the members of the community.

ATTACHMENTS:

- Resolution No. 1657-18

RESOLUTION NO. 1657-18

A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, PROPOSING A PERMANENT ADJUSTMENT TO THE 1979-80 BASE EXPENDITURE LIMITATION OF THE TOWN OF FLORENCE.

WHEREAS, the Arizona State Constitution permits the submission to the voters of a city or town of a permanent adjustment to the base expenditure limitation; and

WHEREAS, The Florence Town Council has determined that a permanent base adjustment is necessary for the Town of Florence.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Florence, Arizona, that the following permanent base adjustment be submitted to the voters of the Town of Florence.

SHALL THE EXPENDITURE BASE OF THE TOWN OF FLORENCE BE PERMANENTLY ADJUSTED BY \$451,500?

PASSED AND ADOPTED by the Mayor and Council of the Town of Florence, Arizona, this 19th day of March 2018.


Tara Walter, Mayor

ATTEST:

APPROVED AS TO FORM:

Lisa Garcia, Town Clerk

Clifford L. Mattice, Town Attorney

	TOWN OF FLORENCE COUNCIL ACTION FORM	<u>AGENDA ITEM</u> 13a.
MEETING DATE: March 19, 2018 DEPARTMENT: Administration STAFF PRESENTER: Lisa Garcia, Deputy Town Manager/ Town Clerk SUBJECT: Carl Bell Resignation		<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information Only <input type="checkbox"/> Public Hearing <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Regulatory <input type="checkbox"/> 1st Reading <input type="checkbox"/> 2nd Reading <input type="checkbox"/> Other
STRATEGIC PLAN REFERENCE: <input type="checkbox"/> Community Vitality <input type="checkbox"/> Economic Prosperity <input type="checkbox"/> Leadership and Governance <input checked="" type="checkbox"/> Partnerships and Relationships <input type="checkbox"/> Transportation and Infrastructure <input type="checkbox"/> Statutory <input type="checkbox"/> None		

RECOMMENDED MOTION/ACTION:

Accept the resignation of Carl Bell from the Planning and Zoning Commission.

BACKGROUND/DISCUSSION:

Mr. Bell was appointed to the Planning and Zoning Commission on February 1, 2016. Due to health reasons, Mr. Bell has submitted his notice of resignation.

The vacated seat will remain open until filled. Staff will advertise the vacancy in the local newspaper, Channel 11, Town website and through social media.

A VOTE OF NO WOULD MEAN:

N/A

A VOTE OF YES WOULD MEAN:

N/A

FINANCIAL IMPACT:

Minimal cost will be expended for advertisement in the local newspaper.

ATTACHMENTS:

Notice of Resignation
Commission Member List

Maria Hernandez

From: Larry Harmer
Sent: Monday, March 12, 2018 11:21 AM
To: CARL BELL Owner
Cc: Brent Billingsley; Lisa Garcia; Maria Hernandez
Subject: RE: March 15, 2018 Packet

Carl,

I'm sorry to hear.
I will inform the Commission and Town Hall.

Our best wishes and take care,

LARRY C. HARMER
PLANNING MANAGER

TOWN OF FLORENCE
DEVELOPMENT SERVICES DEPARTMENT
PO BOX 2670
224 WEST 20TH STREET
FLORENCE, AZ 85132

(520) 868-7542 — OFFICE

From: CARL BELL Owner <deadbugs@centurylink.net>
Sent: Monday, March 12, 2018 11:19 AM
To: Larry Harmer <larry.harmer@florenceaz.gov>
Subject: Re: March 15, 2018 Packet

Do to health reasons, I must resign from the P&Z Commission.
Effective, March 12, 2018

Sincerely,
Carl Bell

From: "Larry Harmer" <larry.harmer@florenceaz.gov>
To: pranzo3@hotmail.com, mikeshoppell@gmail.com, "deadbugs" <deadbugs@centurylink.net>, bobnterismidt@msn.com, "lonnie frost" <lonnie.frost@pinalcountyaz.gov>
Sent: Friday, March 9, 2018 12:00:33 PM
Subject: March 15, 2018 Packet

Gentlemen,

I've attached the Agenda, Draft Minutes and Staff reports for your upcoming meeting.
If you would like me to print hard copies for you, I am happy to do so.

Let me know if you have any questions prior to the meeting.
I'll see you Thursday evening.

Best regards,

LARRY C. HARMER
PLANNING MANAGER

TOWN OF FLORENCE
DEVELOPMENT SERVICES DEPARTMENT
PO Box 2670
224 WEST 20TH STREET
FLORENCE, AZ 85132

(520) 868-7542 – OFFICE

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Disclaimer #6955-149

Planning and Zoning Commission
(3 Year Term)
Meets the First and Third Thursday of the Month at 6:00 p.m. at Florence
Town Hall, 775 N. Main Street, Florence, AZ
5 MEMBERS

Chairman

Gary J. Pranzo

420 N. Quartz St.
P O Box 577
Florence, AZ 85132
Home: (520) 868-0591
Cell: (520) 709-0707
Pranzo3@hotmail.com
Appointed: 2/1/2016
Expires: 12/31/2018

Mike Shoppell

6665 W. Stoney Quail Way
Florence AZ 85132
Home: 520-836-0617
Cell: 610-223-1054
mikeshoppell@gmail.com
Appointed: 1/22/2018
Expires: 12/31/2018

Carl Bell

565 S. Central
P O Box 2021
Florence, Arizona 85132
Home: (520) 560-4614
deadbugs@centurylink.net
Appointed: 2/1/2016
Expires: 12/31/2018

Robert Smidt

P O Box 1191
590 N. King Street
Florence, AZ 85132
Work: (520) 868-7250
Home: (520) 868-9554
bobnterismidt@msn.com
Appointed: 1/22/2018
Expires: 12/31/2020

Lonnie Frost


5724 W. Victoria Way
Florence, AZ 85132
Home: (480) 625-2030
Work: (520) 866-6293
Cell: (480)-440-9052
Lonnie.frost@pinlacountyaz.gov
Appointed: 1/22/2018
Expires: 12/31/2020

Council Liaison

Council Member Bill Hawkins
130 Campbell Road
P O Box 1378
Florence, Arizona 85132
Cell: (520) 705-1601

Staff Liaisons

Development Services
P O Box 2670
Florence, Arizona 85132
Phone: (520) 868-7540

	TOWN OF FLORENCE COUNCIL ACTION FORM	<u>AGENDA ITEM</u> 13b.
MEETING DATE: March 19, 2018 DEPARTMENT: Administration STAFF PRESENTER: Brent Billingsley, Town Manager SUBJECT: Memorandum of Understanding for the Florence Science, Technology, Entrepreneurship, and Mastery Academy (Florence STEM School)		<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information Only <input type="checkbox"/> Public Hearing <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Regulatory <input type="checkbox"/> 1st Reading <input type="checkbox"/> 2nd Reading <input type="checkbox"/> Other
STRATEGIC PLAN REFERENCE: <input type="checkbox"/> Community Vitality <input checked="" type="checkbox"/> Economic Prosperity <input type="checkbox"/> Leadership and Governance <input checked="" type="checkbox"/> Partnership and Relationships <input type="checkbox"/> Transportation and Infrastructure <input type="checkbox"/> Statutory <input type="checkbox"/> None		

RECOMMENDED MOTION/ACTION:

Approval of the Memorandum of Understanding (MOU) for the Florence Science, Technology, Entrepreneurship, and Mastery Academy (Florence STEM School).

BACKGROUND/DISCUSSION:

Town staff is working with Innovation Pavilion (IP), Florence Unified School District (FUSD), and the Pinal County School Superintendent to establish a STEM academy at the Florence K-8 School. FUSD plans to renovate a portion of the old K-8 facility that is now vacant to use for the Florence STEM School. The MOU solidifies the partnership among the Town, FUSD, IP, and the Pinal County School Superintendent to develop the project that will result in improved quality of life and the overall social, economic, and general well-being of the community. The MOU will remain in effect for two years upon execution of the agreement.

The MOU contains a pre-development phase, development phase and implementation phase. The pre-development phase will address financing options, facilities and infrastructure, education, the responsibilities of each entity, and the decision to proceed to the development phase. Various funding options will be discussed that include bonding, grants, as well as private and public financing sources. Exhibit A describes the property that will be used for the Florence STEM School and Exhibit B outlines the tasks and timeline of the project. FUSD will renovate the classroom space and the Town will assist with code analysis and the building permit process. Within nine months

after the execution of the MOU, the Town and IP will design and implement a job training and corporate partnership model for the school and implement an internship and apprenticeship program for the students. The Town's specific obligations during this phase are to assist the parties with MOU phasing and implementation, provide grant assistance, and facilitate funding through the Industrial Development Authority if necessary. In addition, the Town will provide technical staff to conduct a technical code walkthrough and cooperate on the development of an internship/apprenticeship program. At the end of the pre-development phase, all parties must agree to move forward with the development phase. The MOU will terminate at that time if all parties do not agree to proceed to the development phase.

The development phase includes renovation of the existing classrooms designated for the Florence STEM School, providing furniture, fixtures, and equipment, and installation of infrastructure improvements. The Town will install a 12-inch waterline to the school that will improve fire flows and perform an analysis of adjacent school zones to determine needed improvements. Building improvements made during this phase fall under the Town's Infill Incentive District Plan and may be eligible for fee discounts or waivers.

The full scope of the implementation phase is unknown at this time, but all parties agree to develop a functional, scalable, and sustainable model for implementation of the Florence STEM School. Topics to be addressed during this phase include school organization, curriculum development, teacher training, leadership/administration, teacher recruitment, and marketing. A phasing plan will be created that addresses the scalability of design and implementation, feasible growth scenarios, funding availability, consistency with government requirements, and additional partners.

A VOTE OF NO WOULD MEAN:

The Town will not enter into a MOU with IP, FUSD, and the Pinal County School Superintendent to establish the Florence STEM School.

A VOTE OF YES WOULD MEAN:

The Town will enter into a MOU with all parties and fulfill the obligations outlined above.

FINANCIAL IMPACT:

The primary financial impact will be the installation of 12-inch waterline to the school.

ATTACHMENTS:

MOU for the Florence STEM School

WHEN RECORDED, RETURN TO:

Town of Florence
Attn: Town Clerk
P.O. Box 2670
775 North Main Street
Florence, AZ 85132

MEMORANDUM OF UNDERSTANDING

This MEMORANDUM OF UNDERSTANDING (this “**Agreement**”) is entered into as of the ____ day of _____, 2018 (the “**Effective Date**”), by and between the TOWN OF FLORENCE, an Arizona Municipal Corporation (the “**Town**”), Pinal County **Schools Office**, a political subdivision of the State of Arizona (the “**Pinal County Schools**”), Florence Unified School District No. 1, a political subdivision of the State of Arizona (the “**District**”) and Startup Pavilion Inc., DBA Innovation Pavilion Inc., a Delaware C corporation (“**Pavilion**”). The Town, Pinal County Schools, the District and Pavilion are sometimes referred to herein collectively as the “**Parties**,” or individually as a “**Party**.”

RECITALS

- A. The District intends to open a Science Technology Entrepreneurship and Mastery (STEM) Academy (the “**Project**” or “**Florence STEM School**”). The STEM School serves all students currently attending Florence K8.
- B. The Parties intend to develop the Project utilizing a pre-development phase (“**Pre-Development Phase**”) and (if the predevelopment phase demonstrates that the Project is feasible) a development phase (the “**Development Phase**”) and subsequently an implementation phase (“**Implementation Phase**”).
- C. District is interested in utilizing a parcel of real property, currently owned by the District, located north of the Florence K-8 School, in the Town of Florence, Arizona, and as more particularly described in **Exhibit “A,”** attached hereto and incorporated herein by this reference (the “**Property**”).
- D. The Parties have determined that encouraging the development of a Florence STEM School pursuant to this Agreement will result in significant economic and other public purpose benefits to the Town/County/District and its residents by, among other things: (i) providing for the planning, design, engineering, construction, and/or installation of public infrastructure in order to support anticipated redevelopment of the Property; (ii) the development of the Property in a manner consistent with the Town’s Council Strategic Plan and the Florence Town Core Infill Incentive Plan; (iii) the development of the Property in a manner consistent with the District’s plans; and (iv) the creation of new jobs and otherwise enhancing the economic welfare of the residents of the Town.

- E. The Parties acknowledge that the Project adds to the quality of life and the overall social, economic, and general well-being of the Florence community.
- F. The Town acknowledges that portions of the public services/infrastructure improvements necessary for the Project may be provided as part of the early stages of the Development Phase of the Project, prior to the time when such public services/infrastructure improvements would otherwise be required to serve completed phases of the development within the Property. The timeline for the STEM School Project is included in **Exhibit “B,”** attached hereto and incorporated herein by this reference (the “Timeline”).
- G. This Agreement is consistent with the Town of Florence 2020 General Plan, the Town Council’s Strategic Plan and the Town of Florence Town Core Infill Incentive District Plan.

AGREEMENTS

NOW THEREFORE, in consideration of the above premises, the promises contained in the Agreement, the benefits to be derived by the Town and its residents during the term of this Agreement by reason of the development of the Project and District’s performance hereunder, and for other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties hereto agree as follows:

ARTICLE I **DEFINITIONS**

In addition to words and terms defined elsewhere herein, the following terms shall have the meanings set forth below whenever used in this Agreement, except where the context clearly indicates otherwise:

1.1 **“Certificate of Occupancy”** means a final Certificate of Occupancy for each phase of the Project, or portions thereof, issued by the Community Development Department of the Town of Florence.

1.2 **“Town”** means the Town of Florence, a political subdivision of the State of Arizona.

1.4 **“Pinal County Schools ”** means Pinal County Schools Office, a political subdivision of the State of Arizona.

1.5 **“Pavilion”** means Startup Pavilion Inc., a Delaware C corporation and its permitted successors and assigns.

1.6 **“District”** means the Florence Unified School District No. 1, a political subdivision of the State of Arizona.

1.9 “**Development Phase**” has the meaning set forth in Recital B.

1.10 “**Party**” or “**Parties**” has the meaning in the preamble.

1.11 “**Pre-Development Phase**” has the meaning set forth in Recital B.

1.12 “**Project**” shall be the development known as the Florence STEM School described on **Exhibit “A”**, to be constructed in “Phases” according to the Timeline agreed upon herein and as described in said Exhibits attached hereto and incorporated by this reference.

1.13 “**Property**” shall mean that certain real property referred to in Recital B and described in **Exhibit “A,”** attached hereto and incorporated by this reference.

ARTICLE II **DEVELOPMENT PLAN**

2.1. **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.

2.2. **Term and Effective Date.** The Parties, their successors and assigns, shall have the right to implement development on the Property in accordance with this Agreement for a period of twenty four (24) months from the date this Agreement is approved by the Mayor and Town Council of the Town (the “**Town Council**”), the District’s Governing Board, the Pinal County Board of Supervisors, and Pavilion, at which time this Agreement shall automatically terminate as to the Property without the necessity of any notice, agreement or recording by or among the Parties (the “**Term**”); provided that provisions of this Agreement that specifically survive the termination of this Agreement shall remain in full force and effect, subject only to the termination provisions herein specifically related thereto.

2.3. **Pre-Development Phase.**

2.3.1 **Financing/Funding/Donations.** No later than ninety (90) days following the Effective Date, the Parties shall convene to discuss strategies for funding and facilitating the Project. It is understood that additional agreements/contracts will be required, for Project implementation, outside of this Agreement. The topics for such additional contracts shall include:

- a. Bond financing.
- b. Grant applications (National Science Foundation, Simpatico, Education Innovation Research, Helios, Arizona Education Foundation, Flynn Foundation, Clinton Global Initiative, etc.).
- c. Industrial Development Authority.
- d. Non-profit corporation.

- e. Corporate partnerships.
- f. Equipment/financial donations.

2.3.2 Facilities/Infrastructure. It is understood by the Parties that 85,305 square feet of classroom space shall be made available by the District to house the Project. It is also understood that the buildings on the Property are in need of improvements to address technical code concerns and to improve their general condition prior to the final certificate of occupancy issuance by the Town for the Project. The Parties acknowledge and agree that the Project shall comply with the Town of Florence's adopted technical codes as updated and modified after the Effective Date, including the requirements for building inspections, permits and issuance of a final certificate of occupancy by the Town.

The buildings have been continuously occupied for educational purposes but are no longer active classrooms for the District. The following areas are to be addressed over the initial 12 months after the Effective Date:

- a. Formal designation of the Florence STEM School footprint and any real-estate agreements that are necessary;
- b. Conduct a project walkthrough and code analysis on the classroom buildings;
- c. If necessary, mitigate for environmental hazards.

2.3.3 Education. No later than nine (9) months after the Effective Date, the Town and Pavilion shall establish the educational opportunities for the District and its students as set forth below:

- a. Design and implement a job training and corporate partnerships model for the Project;
- b. Design and implement an internship and apprenticeship program for District students.

2.3.4 Town's Obligations During Pre-Development Phase. In connection with the Pre-Development Phase, the Town shall assist the Parties with MOU phasing and implementation, will provide grant assistance, and will facilitate Industrial Development Authority (IDA) funding, if such funding benefits the Parties or the Project. In addition, the Town will provide technical staff to conduct a technical code walkthrough of the proposed Project buildings, and will cooperate with the Parties on developing an internship/apprenticeship program. The program will provide students with "real life" experience and skill training that will be designed to interface with their school curriculum.

2.3.5 Pinal County Schools' Obligations During the Pre-Development Phase. In connection with the Pre-Development Phase, Pinal County Schools shall provide grant submission assistance and will facilitate the formation of an educational Non-Profit 501(c)3 Corporation to assist with corporate donations and partnerships to benefit Pinal County schools, including the Project

2.3.6 District's Obligations During the Pre-Development Phase. In connection with the Pre-Development Phase, the District shall seek funding to implement the Pre-Development, Development, and Implementation phases of the Project. Various sources of funding will be pursued including, but not limited to, grants, donations, corporate partnerships, loans, and bond funding. In addition to the funding, the District will provide the buildings to house the Project and will be responsible for the improvements and infrastructure necessary to host a high-quality learning environment. Investments will include, environmental mitigation and code required improvements.

2.3.7 Pavilion's's Obligations During the Pre-Development Phase. In connection with the Pre-Development Phase, Pavilion shall provide grant assistance, seek bond financing, and facilitate corporate sponsorships/partnerships for the Florence STEM School. In addition, Pavilion will serve a prominent role in consulting with the District on curriculum development and teacher training utilizing the methods employed at the Highlands Ranch STEM Academy. Pavilion's role will also include development of a 21st Century Library, Maker Space, and a shared event space and is included in the Phase 1 Development Agreement with the Town and Pinal County Schools. Finally, Pavilion will work with the Parties on development of job training/corporate partnerships and internships/apprenticeship programs.

2.3.7 Decision to Proceed to Development Phase. If all four Parties agree to proceed to the Development Phase, the Parties shall elect to proceed to the Development Phase (the "**Development Election Date**") and shall undertake the obligations in this Agreement. If all four Parties do not agree to proceed with the Development Phase, this Agreement shall automatically terminate without the necessity of any notice, agreement or recording by or among the Parties. The Development Phase shall commence on the Development Election Date if the Parties agree to proceed to the Development Phase.

2.4. Development Phase.

2.4.1 Facilities/Infrastructure. It is understood by the Parties that 85,305 square feet of classroom space shall be made available by the District to house the Project. It is also understood that the buildings require improvements to address technical code concerns and to improve their general condition. Parts of the buildings have been continuously occupied for educational purposes but are no longer active classrooms for the District.

- a. Improvements to the existing buildings for the Project are likely necessary. Improvements may include, but are not limited to, the following will need to be addressed prior to Certificate of Occupancy;
 - i. Mechanical.
 - ii. Electrical.
 - iii. Plumbing.
 - iv. Americans with Disabilities Act (ADA).
 - v. 2012 International Code requirements.

- b. Furniture, fixtures, and equipment will need to be purchased and installed. Equipment including, but not limited to, the following will need to be addressed prior to the Florence STEM School opening;
 - i. Computers and related soft and hardware.
 - ii. Printers/Copiers.
 - iii. Projectors/monitors.
- c. To facilitate development of the Project, regional infrastructure upgrades are necessary. The Town has been actively improving the streets in the vicinity of the Florence K-8 School and is committed to further improvements in the Project area, including;
 - i. Installation of a 12" water main to the District's property, that will ultimately form part of an eastside Town main loop to improve fire flows in the area.
 - ii. Analysis and upgrades, if necessary, to the school zones adjacent to Florence K-8 and the Project.
- d. With future phases of the Project, the following infrastructure shall be provided to benefit the Project;
 - i. Maker Space.
 - ii. 21st Century Library.
 - iii. Event Space.

2.4.3 Town's Obligations During Development Phase. In connection with the Development Phase, the Town shall provide infrastructure improvements in the vicinity of the Florence K-8 School including installation of a 12" waterline and design/implementation of School Zone improvements, if necessary. In good faith, in the spirit of cooperation regarding the infrastructure required for this Project, the Town agrees to discount or waive fees, as it is able, to facilitate the Project as contemplated in the Town of Florence Town Core Infill Incentive District Plan. It is also understood that the Town has made commitments as part of its Phase 1 Development Agreement with Pavilion, regarding the proposed Maker Space, 21st Century Library, and Event Space.

2.4.4 Pinal County Schools' Obligations During the Development Phase. In connection with the Development Phase, Pinal County Schools shall assist as necessary in the development of the Project but more specifically will provide its Mobile Maker Space, upon availability, to assist with the Project's phasing.

2.4.5 District' Obligations During the Development Phase. In connection with the Development Phase, the District shall work with the Parties to implement the development improvements and required infrastructure to implement the Florence STEM School. Various mechanical, electrical, and plumbing (MEP) improvements, ADA improvements, and 2012 International Code updates, will be necessary for the buildings in the Project as well as investments in furniture, fixtures, and equipment (FF&E).

2.4.6 Pavilion's Obligations During the Development Phase. In connection with the Development Phase, Pavilion shall provide assistance, as necessary, and facilitate necessary investments in the Project. It is understood that such investments are at the

discretion of the District. In addition, it is understood that due to the existing Phase 1 Development Agreement between Pavilion and the Town, Pavilion will develop a 21st Century Library, Maker Space, and an Event Space.

2.5. Implementation Phase.

2.5.1 Education. It is understood by the Parties that 85,305 square feet of classroom space will be made available by the District to house the Project. Following, or coincident with the Development Phase, the Parties will commence the Implementation Phase of the Project. The scope of the Implementation Phase is unknown at the time of the MOU formulation, but all Parties agree to mutually develop a functional, scalable, and sustainable model for implementation of the Florence STEM School. The Parties acknowledge and agree that the intent of the Project is to create a “one of a kind” educational experience in Arizona, based on the Highlands Ranch STEM Academy in Colorado, with the District maintaining ultimate authority over all operational decisions.

- a. Various decisions will be necessary early in the process that will greatly affect the ultimate impact that the Project will have on a micro and macro scale. All Parties agree that the product must be of the highest quality and will require a major commitment from all Parties to ensure success. The following are topics to be addressed by the Parties;
 - i. School organization/system design.
 - ii. Curriculum development.
 - iii. Teacher training.
 - iv. Leadership/administration.
 - v. Teacher recruitment/compensation.
 - vi. Marketing.

2.5.2 Phasing. Coincident with the facility and infrastructure improvements in the Development Phase, the Parties shall have established a Project phasing plan. The phasing plan should consider the items set forth below:

- a. Scalability of design and implementation.
- b. Feasible (on-site) growth scenarios.
- c. Funding availability.
- d. Consistency with governmental requirements.
- e. Additional partners that can be brought to the table.

ARTICLE III **EVENTS OF DEFAULT; REMEDIES**

3.1 **Events of Default by any Party.** Default or an Event of Default by the Parties under this Agreement shall mean one or more of the following:

3.1.1 Any representation or warranty made in this Agreement by a Party was materially inaccurate when made or shall prove to be materially inaccurate during the Term; or

3.1.2 Any Party fails to observe or perform any other material covenant, obligations or agreement required of it under this Agreement.

3.2 **Grace Periods, Notice and Cure.** Upon the occurrence of an Event of Default by any Party, such Party shall, upon written notice from a non-defaulting Party, proceed immediately to cure or remedy such Default and, in any event, such Default shall be cured within thirty (30) days (or twenty (20) days in the event of a monetary default) after receipt of such notice, or, if such Default is of a nature that is not capable of being cured within thirty (30) days shall be commenced within such period and diligently pursued to completion, such total cure period not to exceed ninety (90) days after transmission of such written notice of default.

3.3 **Rights and Remedies Cumulative.** The rights and remedies of the Parties are cumulative, and the exercise by either Party of any one or more of such rights shall not preclude the exercise by it, at the same or different times, of any other right or remedy for any other Default by the other Party.

3.4 **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 under the commercial mediation rules of the American Arbitration Association. The matter in dispute shall be submitted to a mediator mutually selected by the Parties. If the Parties cannot agree upon the selection of a mediator within seven (7) days, then within three (3) days thereafter, the Parties 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 cost of any such mediation shall be divided equally among the Parties, or in such other fashion as the mediator may order. 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

LIMITATION ON ASSIGNMENT AND TRANSFER

4.1 **Transfers.** Parties intend to bring in joint venture partners for the development and financing of this Project. Parts or all this Agreement may be transferred to newly formed entities; provided, however that any such transfer is subject to the written approval of the Town and in accordance with applicable law.

ARTICLE V GENERAL PROVISIONS

5.1 **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 Party bound by the terms hereof.

5.2 **Non-liability of Town Officials**. No Town Council member, agent, official, representative, attorney or employee of the Town shall be personally liable to the Parties, 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 Parties or its successor or assign, or (c) with respect to any obligation of the Town under the terms of this Agreement.

5.3 **Indemnification**. To the fullest extent permitted by law, each Party (as Indemnitor") agrees to indemnify, defend, and hold harmless the other Parties (as "Indemnitees") from and against any and all claims, losses, liability, costs or other expenses (including, but not limited to, reasonable attorney's fees) (hereinafter collectively referred to as "claims") arising out of bodily injury of any person (including death), property damage and any other claims (including claims of derivative or vicarious liability), which are caused by the act, omission, negligence, misconduct or other fault of the Indemnitor, its officers, officials, agents, employees, representatives or volunteers.

5.4 The parties shall comply with Executive Order 2009-09 and all other applicable state and federal employment laws, rules, and regulations, mandating that all persons shall have equal access to employment opportunities, and that no person shall be discriminated against due to race, color, religion, sex, national origin, age, veteran's or military status, or disability.

5.5 To the extent applicable under A.R.S. § 41-4401, the parties warrant compliance, on behalf of themselves and any and all subcontractors, with all federal immigration laws and regulation that relate to their employees and compliance with the E-Verify requirements under A.R.S. § 23-214(A). Any party's breach of such warranty shall be deemed a material breach of this Agreement and the non-breaching party may terminate this Agreement. Each party retains the legal right to inspect the papers of the other party to ensure that the other party is complying with such warranty.

5.6 **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, Pinal County Schools or District 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 by the Town, Pinal County Schools or District, as applicable pursuant to the terms of A.R.S. § 38-511.

5.7 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 Pavilion:

Startup Pavilion, Inc.
dba Innovation Pavilion,
Attn: Vic Ahmed
9200 East Mineral Ave
Centennial, CO 80112

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

If to the District:

Superintendent
Florence Unified School District
1000 S. Main
Florence, Arizona 85132

If to Pinal County
Schools:

Pinal County Schools Office
135 N. Pinal Street
Administrative Complex
PO Box 827
Florence, Arizona 85132
Attention: County Manager

With a copy to:

‘ Pinal County
135 N. Pinal Street

Administrative Complex
PO Box 827
Florence, Arizona 85132
Attention: County Attorney

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.

5.8 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.

5.9 Amendment. No amendment or waiver of any provision in this Agreement will be binding on the Parties unless and until it has been executed by an authorized representative and approved by its applicable governing board in the case of the Town, District or County.

5.10 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 any 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.

5.11 **Severability**. Every provision of this Agreement is and will be construed to be a separate and independent covenant. If any provision in this Agreement or the application of the same is, to any extent, found to be invalid or unenforceable, the remainder of this Agreement or the application of that provision to circumstances other than those to which it is invalid or unenforceable will not be affected by that invalidity or unenforceability. 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.

5.12 **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.

5.13 **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.

5.14 **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.

5.15 **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.

5.16 **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.

5.17 **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.

5.18 **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.

5.19 **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.

5.20 **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.

5.21 **Attorneys' Fees**. In the event any 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 Parties 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.

5.22 **Schedules; Exhibits**. All Schedules and Exhibits attached hereto are incorporated herein by this reference as though fully set forth herein.

5.23 **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.

5.24 **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.

5.25 **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 Parties (or, in the case of an amendment or cancellation, any other necessary Party), as required by A.R.S. § 9-500.05(D).

5.26 **Town Manager's Power to Consent.** The Town authorizes and empowers the Town Manager to consent to any and all requests of the Parties 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.

5.27 **Rights and Remedies Cumulative.** The rights and remedies of the Parties are cumulative, and the exercise by either Party of any one or more of such rights shall not preclude the exercise by it, at the same or different times, of any other right or remedy for any other Default by the other Party.

5.28 **Insurance Requirements.** General. Without limiting any obligations or liabilities of Pavilion, Pavilion shall purchase and maintain, at its own expense, hereinafter stipulated minimum insurance with insurance companies duly licensed by the State of Arizona (admitted insurer) with an AM Best, Inc. rating of B ++ 6 or above or an equivalent qualified unlicensed insurer by the State of Arizona (non-admitted insurer) with policies and forms satisfactory to Town, Pinal County Schools and District. Failure to maintain insurance as specified may result in termination of this Agreement at Town's, Pinal County Schools' or District's option. Pavilion is responsible for obtaining and maintaining the required insurance. Town, Pinal County Schools and District reserve the right to amend the requirements herein at any time during the Agreement. Pavilion shall require any and all subcontractors to maintain insurance as required herein naming the Town, Pinal County Schools, District and Pavilion as "Additional Insured" on all insurance policies, except Worker's Compensation and Errors & Omissions, and this shall be reflected on the Certificate of Insurance and Endorsement. Pavilion's insurance coverage shall be primary insurance with respect to all available sources. Coverage provided by Pavilion shall not be limited to the liability assumed under the Indemnification provision of this Agreement. To the extent permitted by law, Pavilion waives all rights of subrogation or similar rights against Town, Pinal County Schools and District council or governing board members, elected representatives, officers, officials, representatives, agents, and employees. All insurance policies, except Workers' Compensation and Errors & Omissions, required by this Agreement, and self-insured retention or deductible portions, shall name, to the fullest extent permitted by law for claims arising out of performance of this Agreement, Town of Florence, Pinal County Schools Office, and Florence Unified School District and their council members, elected representatives, agents, representatives, officers, officials, agents and employees as "Additional Insureds". The Town, Pinal County Schools or District reserve the right to require complete copies of all formal endorsements required by this Agreement at any time. Failure to maintain the insurance policies as required by this Agreement, or to provide evidence of renewal, is a material breach of contract.

No Representation of Coverage Adequacy. By requiring insurance herein, Town, Pinal County Schools and District do not represent that coverage and limits will be adequate to

protect Pavilion. Town of Florence, Pinal County Schools and District reserve the right to review any and all of the insurance policies and/or formal endorsements cited in this Agreement, but have no obligation to do so. Failure to demand such evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve Pavilion from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this Agreement.

Coverage Term. All insurance required herein shall be maintained in full force and effect throughout the Term of this Agreement, unless specified otherwise in this Agreement.

Policy Deductibles and or Self Insured Retentions. The policies set forth in these requirements may provide coverage which contain deductibles or self-insured retention amounts. Such deductibles or self-insured retention shall not be applicable with respect to the policy limits provided to Town of Florence, Pinal County Schools or District. Pavilion shall be solely responsible for any such deductible or self-insured retention amount. Town of Florence, Pinal County Schools or District at its option, may require Pavilion to secure payment of such deductible or self-insured retention by a surety bond or irrevocable and unconditional Letter of Credit.

Use of Subcontractors. If any work under this Agreement is subcontracted in any way, IP shall execute written agreement with subcontractor containing the same Indemnification Clause and Insurance Requirements set forth herein protecting Town of Florence, County, District and Pavilion. Pavilion shall be responsible for executing the agreement with subcontractor and obtaining certificates of insurance verifying the insurance requirements.

Evidence of Insurance. Upon execution of this Agreement, IP shall furnish Town of Florence, Pinal County Schools and District with certificate(s) of insurance, or formal endorsements as required by this Agreement, issued by Pavilion's insurer(s) as evidence that policies are placed with acceptable insurers as specified herein and provide the required coverage's, conditions, and limits of coverage and that such coverage and provisions are in full force and effect.

Required Coverage.

1 Commercial General Liability. IP shall maintain "occurrence" form Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence, and \$2,000,000 General Aggregate Limit. The policy shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury. Coverage under the policy will be at least as broad as insurance limited to, separation of insureds clause. If any Excess insurance is utilized to fulfill the requirements of this paragraph, such Excess insurance shall be "follow form" equal or broader to coverage scope than underlying.

2 Worker's Compensation Insurance. Pavilion shall maintain Workers Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Pavilion's employees engaged in the performance under this Agreement and shall also maintain Employer's Liability Insurance of not less than \$100,000 for each accident, \$100,000 disease for each employee and \$250,000 disease policy limit.

3 Commercial Auto Coverage. Auto Liability limits of not less than \$1,000,000 each accident, combined Bodily Injury and Property Damage Liability insurance. Certificate to reflect coverage for "Any Auto" or "All Owned, Scheduled, Hired and Non-Owned".

5.29 **Representation.**

The Parties have been advised of and are aware the Pinal County Attorney's Office ("PCAO") represents both Pinal County Schools and the Florence Unified School District, and the Parties have been informed to seek the advise of outside counsel. The Parties expressly waive any adverse interest that may exist and also waive any allegations of conflict of by the PCAO and expressly approve of the PCAO dual representation.

[BALANCE OF THIS PAGE LEFT BLANK INTENTIONALLY; SIGNATURES AND ACKNOWLEDGEMENTS APPEAR ON PAGE FOLLOWING]

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:

TOWN:

Lisa Garcia, Town Clerk

THE TOWN OF FLORENCE, an
Arizona municipal corporation

APPROVED AS TO FORM:

By _____
Tara Walter, Mayor

Clifford L. Mattice, Town Attorney

ATTEST:

FLORENCE UNIFIED SCHOOL
DISTRICT NO. 1, a political subdivision
of the State of Arizona:

FUSD SCHOOL BOARD,

Rita Ezzai, Executive Assistant
Clerk, School Board

APPROVED AS TO FORM:

By _____
Chairman

Attorney for District

ATTEST:

PINAL COUNTY:

Sheri Cluff
Clerk, Board of Supervisors

PINAL COUNTY BOARD OF
SUPERVISORS

APPROVED AS TO FORM:

By _____
Chairman

Attorney for Board of Supervisors

PINAL COUNTY SCHOOLS OFFICE
SUPERINTENDENT

By _____
Superintendent

:

Pavilion, Inc.

Startup

dba Innovation Pavilion, Inc.,

an Delaware C corporation

By: _____
Name: _____
Title: _____

STATE OF _____)
COUNTY OF _____) ss

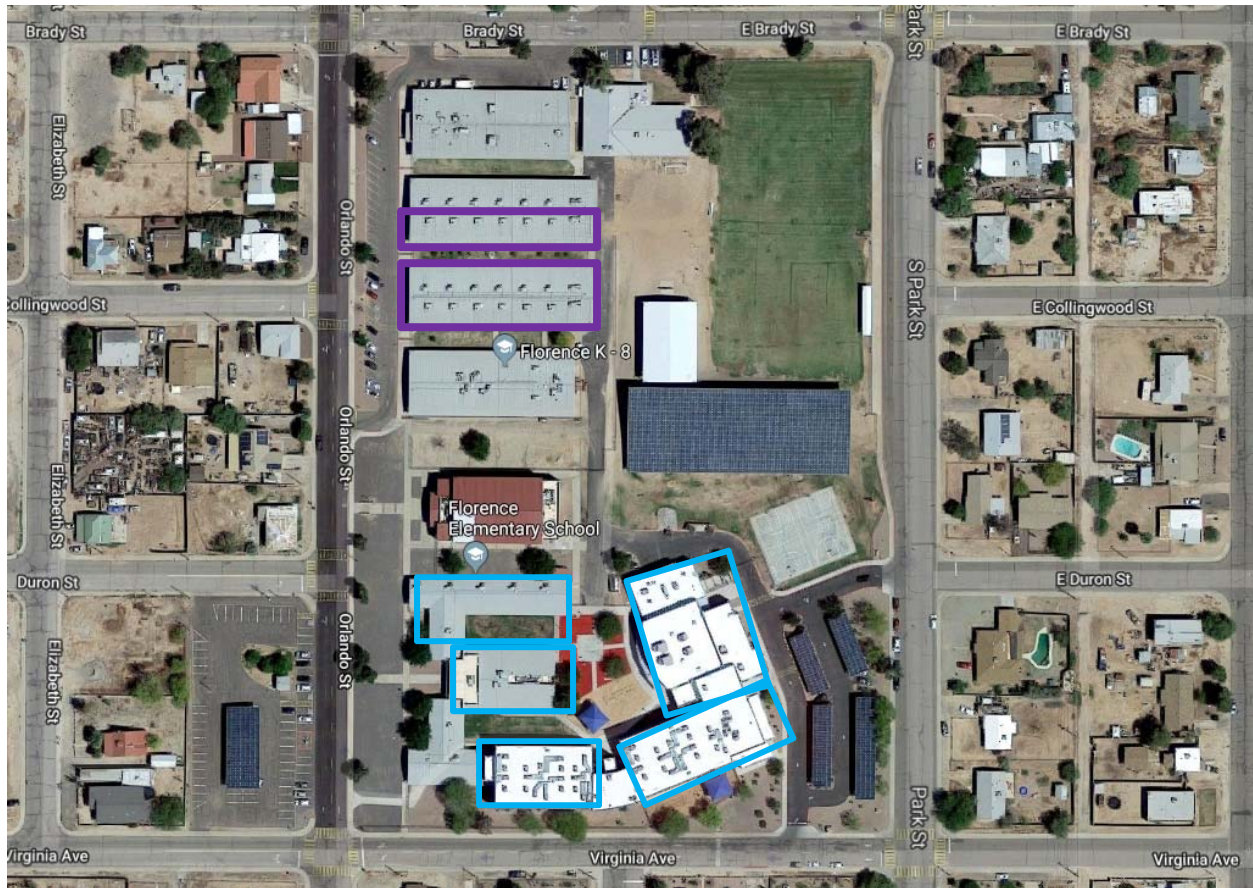
The foregoing instrument was acknowledged before me this ____ day of _____,
2017, by _____, the _____.

Notary Public

My Commission Expires:

EXHIBIT A

The Property is 85,305 square feet of classroom space located adjacent current Florence K8 school. There are 12 classrooms (outline below) used for the STEM School expansion.



Florence K8 (existing) ———

Florence STEM School Expansion ———

EXHIBIT B

Timeline
See attached


This document represents a chronology of events associated with the project and will be used to determine triggers for investment

Category	Sub Task Topic	Town Responsibility	FUSD Responsibility	County Responsibility	IP Responsibility	Estimated Value	Chronology	Notes
Sub Task (A)								
Memorandum of Understanding	MOU Formulation/Negotiation	Contract Document					3 mnths	Brent to draft document
Memorandum of Understanding	MOU Adoption	Administrative and legal costs	Administrative and legal costs	Administrative and legal costs	Administrative and legal costs (+ travel)	\$10,000	30 days	Four party agreement
Development Agreement Complete							4 mnths	
Sub Task (B)								
Financing/funding/donations	Bond financing		Fiduciary		\$15,000,000 est.	Unknown	9 mnths from MOU	TBD through separate agreement
Financing/funding/donations	Grant applications	Grant assistance	Financial responsibility	Grant assistance	Grant assistance	\$7,500	17 mnths from MOU	Potential to hire outside grant writer
Financing/funding/donations	Use of Industrial Development Authority	Financing assistance	Fiduciary			Unknown	12 mnths from MOU	Low interest financing
Financing/funding/donations	Non-profit corporation formation	Provide assistance	Provide assistance	501c formation	Provide assistance	\$10,000	6 mnths from MOU	Try to revive old 501c
Financing/funding/donations	Corporate partnerships	Provide assistance	Provide Assistance		Recruit Partners	Unknown	12 mnths from MOU	
Financing/funding/donations	Equipment/financial donations	Provide Assistance	Provide Assistance	Provide Assistance	Provide Assistance	Unknown	6 mnths from MOU	Requires facilitation
Innovation Investment Complete							12 mnths from DA	
Sub Task (C)								
Facilities/Infrastructure	Classroom space		Space available/existing leases			Unknown	Following MOU	FUSD to provide existing buildings
Facilities/Infrastructure	Code inspection	Building Safety/Fire				\$500	Following MOU	
Facilities/Infrastructure	Asbestos/lead mitigation		By contract			Unknown	3 mnths from MOU	
Facilities/Infrastructure	Infrastructure upgrades (electrical, plumbing, ADA, etc.)	Technical advice/ utility facilitation	By contract			Unknown	9mnths from MOU	
Facilities/Infrastructure	Permits and fees	Discount fees as able				Unknown	N/A	
Facilities/Infrastructure	Maker Space	Provide assistance	Space available/ existing tenants		Partnership	Unknown	24 mnths from MOU	FUSD to provide existing buildings
Facilities/Infrastructure	County (Mobile Maker Space)			Provide assistance			Immediately	County to make available
Facilities/Infrastructure	Analyze School Zones	Project management	Provide assistance			\$40,000	12 mnths from MOU	
Facilities/Infrastructure	School Zone upgrades	Design and construction				\$150,000	24 mnths from MOU	If necessary
Facilities/Infrastructure	12" Water loop	Design and construction	Potential easements			\$250,000	24 mnths from MOU	To enhance regional fire flows
Facilities/Infrastructure	SMART Campus	Partnership	Partnership		Partnership	Unknown	Unknown	TBD
Facilities/Infrastructure	21st Century Library	Partnership	Partnership		Partnership	Unknown	24 mnths from MOU	Community Center/Poston Butte
Facilities/Infrastructure	Event Space	Partnership	Partnership		Partnership	Unknown	Unknown	Future project (TBD)
Property Acquisition Complete							12 mnths from II	
Sub Task (D)								
Education	School organization/system design	Partnership	Partnership	Partnership	Partnership	Unknown	6 mnths from MOU	JTED, Small School, Magnet, Charter, etc.
Education	Curriculum Development		Technical assistance	Technical assistance	Technical assistance	TBD	3 mnths from MOU	Penny from Highlands Ranch
Education	Teacher Training		Technical assistance	Technical assistance	Technical assistance	TBD	6 mnths from MOU	Penny from Highlands Ranch
Education	Leadership/administration		Partnership	Partnership	Technical assistance	Unknown	3 mnths from MOU	Full emersion/Traditional
Education	Teacher recruitment/ compensation		Partnership	Partnership	Partnership	Unknown	9 mnths from MOU	
Education	Hardware (computers, printers, copiers, monitors, projectors, etc.)		Purchase/install		Technical assistance	Unknown	6 mnths from MOU	
Education	Software		Purchase/install		Technical assistance	Unknown	7 mnths from MOU	
Education	Marketing	Partnership	Partnership	Partnership	Partnership	Unknown	3 mnths from MOU	
Education	STEM School phasing		STEM School phasing	STEM School phasing	STEM School phasing	Unknown	Unknown	Florence/District/County/External
Education	Job training/corporate partnerships		Assistance		Program development/corporate partnerships	Unknown	12 mnths from MOU	
Education	Internships/apprenticeship program	Program implementation	Assistance		Program development/corporate partnerships	Unknown	12 mnths from MOU	
Build Out (Phase 2) Complete							36 mnths from MOU	
Investment Totals (estimated)						\$468,000		
Future Phases (undetermined)							15 years from Town DA	

*Phase 3 on will be scheduled at a later time.

*Dollar amounts represented are estimates for MOU purposes only and are subject to change.

*The chronology provided represents goals established by the team. They are subject to change, with mutual agreement of all parties.

	TOWN OF FLORENCE COUNCIL ACTION FORM	<u>AGENDA ITEM</u> 13c.
MEETING DATE: March 19, 2018 DEPARTMENT: Finance STAFF PRESENTER: Joe Jarvis, Finance Director SUBJECT: Approval of a Notice of Intent to Increase Utility Fees		<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information Only <input type="checkbox"/> Public Hearing <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Regulatory <input type="checkbox"/> 1st Reading <input type="checkbox"/> 2nd Reading <input type="checkbox"/> Other
STRATEGIC PLAN REFERENCE: <input type="checkbox"/> Community Vitality <input type="checkbox"/> Economic Prosperity <input type="checkbox"/> Leadership and Governance <input type="checkbox"/> Partnership and Relationships <input checked="" type="checkbox"/> Transportation and Infrastructure <input type="checkbox"/> Statutory <input type="checkbox"/> None		

RECOMMENDED MOTION/ACTION:

Approve a Notice of Intent to discuss the potential to adjust utility rates for the Town of Florence and set a public hearing for May 21, 2018.

BACKGROUND/DISCUSSION:

The Town Council approved hiring Willdan Financial Services on May 15, 2017, to complete a water and wastewater utility rate study. On February 28, 2018, the Town Council held a work session in which the preliminary results of the analysis were presented. During the presentation, three scenarios were presented to the Town Council. These scenarios will be discussed during the public hearing on May 21, 2018. Florence Rate Study DRAFT is available on the Town's website. Any citizen wanting to review a hard copy can do so at Town Hall or the Dorothy Nolan Senior Center

Pursuant to Section 31.19 of the Town of Florence Solid Waste Service Agreement, dated March 1, 2013, Right Away Disposal implemented a consumer price index for utilities increase of \$0.32 per month effective February 1, 2018. The Town of Florence is currently absorbing the increase within the Town's Sanitation Fund. It is proposed that the rate increase be passed on to the residential customers. Letter from Right Away Disposal implementing a rate increase on February 1, 2018 may be viewed at Town Hall or the Dorothy Nolan Senior Center.

A VOTE OF NO WOULD MEAN:

A Notice of Intent to increase rates would not be issued and would remain as they are.

A VOTE OF YES WOULD MEAN:

The Town will post a Notice of Intent to increase fees. As part of the posting, notice is provided to the citizens of the date and time of the public hearing.

FINANCIAL IMPACT:

The Notice of Intent does not change the rates or fees. The Notice is required per Arizona Revised Statutes § 9-499.15 and § 9-511.01.

ATTACHMENTS:

Notice of Intent to be published in the paper

Notice of Intent- Scenario 1

Notice of Intent- Scenario 2

Notice of Intent- Scenario 3

Notice of Intention to Increase Water, Wastewater, and Solid Waste Rates

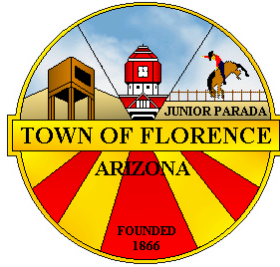
Notice is hereby given that on May 21, 2018, the Town Council of the Town of Florence, Arizona, will hold a public hearing to receive public input concerning a proposal to increase water, wastewater and solid waste rates and fees. A written report, prepared by Willdan /Economists.com, and a letter from Right Away Disposal in support of the proposed rates is on file in the office of the Town Clerk and is available for public inspection.

Public Hearing shall be held at 775 N. Main Street, Florence AZ 85132, in the Town Council Chambers at 6:00 P.M.

***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 ACCOMODATION. ***

Legal Ad (Surrounded by border)
1/8 page

Publish: Week of March 26, 2018



Notice of Intention to Increase Rates and Fees

Pursuant to A.R.S Sections 9-499.15 and 9-511.01 PUBLIC NOTICE IS HEREBY GIVEN, that the Town of Florence, Arizona, is proposing to increase the following Utility Rates and Fees.

WATER RATES AND FEES

Monthly Volume Charge -- Inside Municipality

Customer Category	Effective Date						Units
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022	
Under 10,000 gallons	\$ 1.59	\$ 1.72	\$ 1.85	\$ 1.97	\$ 2.06	\$ 2.17	1,000 Gallons
10,000 to 18,700 gallons	\$ 2.21	\$ 2.39	\$ 2.58	\$ 2.73	\$ 2.87	\$ 3.01	1,000 Gallons
Over 18,700 gallons	\$ 3.93	\$ 4.24	\$ 4.58	\$ 4.86	\$ 5.10	\$ 5.36	1,000 Gallons
Under 1,337 cubic feet	\$ 1.19	\$ 1.29	\$ 1.38	\$ 1.47	\$ 1.54	\$ 1.62	Cubic Feet
1,337 to 2,500 cubic feet	\$ 1.65	\$ 1.78	\$ 1.93	\$ 2.04	\$ 2.14	\$ 2.25	Cubic Feet
Over 2500 cubic feet	\$ 2.95	\$ 3.18	\$ 3.44	\$ 3.65	\$ 3.83	\$ 4.02	Cubic Feet

Monthly Volume Charge -- Outside Municipality

Customer Category	Effective Date						Units
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022	
Under 10,000 gallons	\$ 2.04	\$ 2.20	\$ 2.38	\$ 2.52	\$ 2.65	\$ 2.78	1,000 Gallons
10,000 to 18,700 gallons	\$ 2.83	\$ 3.06	\$ 3.30	\$ 3.50	\$ 3.67	\$ 3.86	1,000 Gallons
Over 18,700 gallons	\$ 5.01	\$ 5.41	\$ 5.84	\$ 6.19	\$ 6.50	\$ 6.83	1,000 Gallons
Under 1,337 cubic feet	\$ 1.53	\$ 1.65	\$ 1.79	\$ 1.89	\$ 1.99	\$ 2.09	Cubic Feet
1,337 to 2,500 cubic feet	\$ 2.12	\$ 2.29	\$ 2.47	\$ 2.62	\$ 2.75	\$ 2.89	Cubic Feet
Over 2500 cubic feet	\$ 3.75	\$ 4.05	\$ 4.37	\$ 4.63	\$ 4.87	\$ 5.11	Cubic Feet

Monthly Base Charges -- Inside Municipality

Meter Sizes	Effective Date					
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022
5/8" -- 3/4"	\$ 22.34	\$ 24.13	\$ 26.06	\$ 27.62	\$ 29.00	\$ 30.45
1"	\$ 37.24	\$ 40.22	\$ 43.44	\$ 46.04	\$ 48.35	\$ 50.76
1 1/2"	\$ 93.10	\$ 120.64	\$ 130.29	\$ 138.10	\$ 145.01	\$ 152.26
2"	\$ 148.95	\$ 160.87	\$ 173.74	\$ 184.16	\$ 193.37	\$ 203.04
3" Compound	\$ 238.34	\$ 257.41	\$ 278.00	\$ 294.68	\$ 309.41	\$ 324.88
3" Turbine	\$ 260.68	\$ 281.53	\$ 304.06	\$ 322.30	\$ 338.42	\$ 355.34
4" Compound	\$ 372.39	\$ 402.18	\$ 434.36	\$ 460.42	\$ 483.44	\$ 507.61
4" Turbine	\$ 469.21	\$ 506.75	\$ 547.29	\$ 580.12	\$ 609.13	\$ 639.59
6" Compound	\$ 744.78	\$ 804.36	\$ 868.71	\$ 920.83	\$ 966.88	\$ 1,015.22
6" Turbine	\$ 1,042.69	\$ 1,126.11	\$ 1,216.19	\$ 1,289.17	\$ 1,353.62	\$ 1,421.30
8" Turbine	\$ 1,787.47	\$ 1,930.47	\$ 2,084.91	\$ 2,210.00	\$ 2,320.50	\$ 2,436.52
10" Turbine	\$ 2,830.17	\$ 3,056.58	\$ 3,301.11	\$ 3,499.18	\$ 3,674.14	\$ 3,857.84
12" Turbine	\$ 3,723.91	\$ 4,021.82	\$ 4,343.57	\$ 4,604.18	\$ 4,834.39	\$ 5,076.11

WATER RATES AND FEES (continued)

Monthly Base Charges -- Outside Municipality

Meter Sizes	Effective Date					
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022
5/8" -- 3/4"	\$ 29.04	\$ 31.36	\$ 33.87	\$ 35.90	\$ 37.70	\$ 39.58
1"	\$ 48.40	\$ 52.27	\$ 56.45	\$ 59.84	\$ 62.83	\$ 65.97
1 1/2"	\$ 121.02	\$ 156.82	\$ 169.36	\$ 179.52	\$ 188.50	\$ 197.92
2"	\$ 193.64	\$ 209.13	\$ 225.86	\$ 239.41	\$ 251.38	\$ 263.95
3" Compound	\$ 309.83	\$ 334.62	\$ 361.39	\$ 383.07	\$ 402.22	\$ 422.33
3" Turbine	\$ 332.17	\$ 358.74	\$ 387.44	\$ 410.69	\$ 431.22	\$ 452.79
4" Compound	\$ 484.11	\$ 522.84	\$ 564.67	\$ 598.55	\$ 628.47	\$ 659.90
4" Turbine	\$ 580.93	\$ 627.40	\$ 677.60	\$ 718.25	\$ 754.17	\$ 791.87
6" Compound	\$ 968.22	\$ 1,045.68	\$ 1,129.33	\$ 1,197.09	\$ 1,256.95	\$ 1,319.79
6" Turbine	\$ 1,266.12	\$ 1,367.41	\$ 1,476.80	\$ 1,565.41	\$ 1,643.68	\$ 1,725.87
8" Turbine	\$ 2,323.71	\$ 2,509.61	\$ 2,710.38	\$ 2,873.00	\$ 3,016.65	\$ 3,167.48
10" Turbine	\$ 3,679.22	\$ 3,973.56	\$ 4,291.44	\$ 4,548.93	\$ 4,776.38	\$ 5,015.19
12" Turbine	\$ 4,572.60	\$ 4,938.41	\$ 5,333.48	\$ 5,653.49	\$ 5,936.16	\$ 6,232.97

Ordinance No. 453-07, Ordinance No. 510-09, Ordinance No. 559-11

WASTEWATER RATES AND FEES

Monthly Variable Charges per 1,000 Gallons

Customer Category	Effective Date					
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022
Residential/Mobile Homes	\$ 4.35	\$ 4.48	\$ 4.61	\$ 4.85	\$ 5.23	\$ 5.55
Comercial	\$ 4.37	\$ 4.50	\$ 4.64	\$ 4.87	\$ 5.26	\$ 5.57
Institutional	\$ 6.94	\$ 7.15	\$ 7.36	\$ 7.73	\$ 8.35	\$ 8.85
Outside Munipality (Residential)	\$ 4.35	\$ 4.48	\$ 4.61	\$ 4.85	\$ 5.23	\$ 5.55

Monthly Variable Charges per 100 Cubic Feet

Customer Category	Effective Date					
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022
Residential/Mobile Homes	\$ 3.25	\$ 3.35	\$ 3.45	\$ 3.63	\$ 3.91	\$ 4.15
Comercial	\$ 3.27	\$ 3.37	\$ 3.47	\$ 3.64	\$ 3.93	\$ 4.17
Institutional	\$ 5.19	\$ 5.35	\$ 5.51	\$ 5.78	\$ 6.25	\$ 6.62
Outside Munipality (Residential)	\$ 3.25	\$ 3.35	\$ 3.45	\$ 3.63	\$ 3.91	\$ 4.15

Monthly Base Charges

Customer Category	Effective Date					
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022
Residential/Mobile Homes	\$ 18.55	\$ 19.11	\$ 19.68	\$ 20.66	\$ 22.32	\$ 23.66
Comercial	\$ 18.55	\$ 19.11	\$ 19.68	\$ 20.66	\$ 22.32	\$ 23.66
Institutional	\$ 18.55	\$ 19.11	\$ 19.68	\$ 20.66	\$ 22.32	\$ 23.66
Outside Munipality (Residential)	\$ 18.55	\$ 19.11	\$ 19.68	\$ 20.66	\$ 22.32	\$ 23.66

Commercial: includes, but not limited to office, multi-family, school and government facilities

Institutional: includes but not limited to multi-bed, self-contained facilities with or without kitchen

WASTEWATER RATES AND FEES (continued)

Pretreatment Program Volume Charges per Excess Pound Treated

Customer Category	Effective Date					
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022
Biochemical Oxygen Demand (BOD)	\$ 0.97	\$ 1.00	\$ 1.03	\$ 1.06	\$ 1.10	\$ 1.13
Suspended Solids (TSS)	\$ 0.69	\$ 0.83	\$ 0.86	\$ 0.88	\$ 0.94	\$ 0.97

Effluent Monthly Volume Charges Current 5/1/2018
Per 1,000 Gallons \$0.76 \$2.16*

*Based upon the cost of replacing CAGR water with reuse water

Ordinance No. 453-07, Ordinance No. 510-09, Ordinance No. 559-11

SANITATION FEES

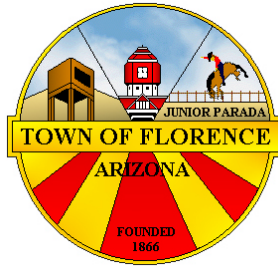
MONTHLY FEE

		Effective Date
Customer Category	Existing	7/1/2018
Residential- once a week	\$17	\$17.33

Contract signed March 4, 2013

A Public Hearing will be held on May 21, 2018 to accept public comment on this proposal. The hearing will be held at Town of Florence, Town Hall located at 775 N. Main Street, Florence, AZ, 85132 at 6:00 P.M. in the Town Council Chambers.

For more information, please contact Joe Jarvis, Finance Director, at joe.jarvis@florenceaz.gov or 520-868-7505.



Notice of Intention to Increase Rates and Fees

Pursuant to A.R.S Sections 9-499.15 and 9-511.01 PUBLIC NOTICE IS HEREBY GIVEN, that the Town of Florence, Arizona, is proposing to increase the following Utility Rates and Fees.

WATER RATES AND FEES

Monthly Volume Charge -- Inside Municipality

Customer Category	Effective Date					Units
	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022	
Under 5,000 gallons	\$ 1.46	\$ 1.57	\$ 1.67	\$ 1.75	\$ 1.84	1,000 Gallons
5,001 to 10,000 gallons	\$ 2.19	\$ 2.37	\$ 2.51	\$ 2.64	\$ 2.77	1,000 Gallons
10,001 to 20,000 gallons	\$ 3.28	\$ 3.55	\$ 3.76	\$ 3.95	\$ 4.14	1,000 Gallons
Over 20,001 gallons	\$ 4.92	\$ 5.32	\$ 5.64	\$ 5.92	\$ 6.22	1,000 Gallons
Under 668 cubic feet	\$ 1.09	\$ 1.18	\$ 1.25	\$ 1.31	\$ 1.38	Cubic Feet
668 to 1,337 cubic feet	\$ 1.64	\$ 1.77	\$ 1.88	\$ 1.97	\$ 2.07	Cubic Feet
1,337 to 2,673 cubic feet	\$ 2.46	\$ 2.65	\$ 2.81	\$ 2.95	\$ 3.10	Cubic Feet
Over 2,673 cubic feet	\$ 3.68	\$ 3.98	\$ 4.22	\$ 4.43	\$ 4.65	Cubic Feet

Monthly Volume Charge -- Outside Municipality

Customer Category	Effective Date					Units
	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022	
Under 5,000 gallons	\$ 1.90	\$ 2.05	\$ 2.17	\$ 2.28	\$ 2.39	1,000 Gallons
5,001 to 10,000 gallons	\$ 2.85	\$ 3.08	\$ 3.26	\$ 3.43	\$ 3.60	1,000 Gallons
10,001 to 20,000 gallons	\$ 4.27	\$ 4.61	\$ 4.89	\$ 5.13	\$ 5.39	1,000 Gallons
Over 20,001 gallons	\$ 6.40	\$ 6.91	\$ 7.33	\$ 7.70	\$ 8.08	1,000 Gallons
Under 668 cubic feet	\$ 1.42	\$ 1.53	\$ 1.62	\$ 1.70	\$ 1.79	Cubic Feet
668 to 1,337 cubic feet	\$ 2.13	\$ 2.30	\$ 2.44	\$ 2.56	\$ 2.69	Cubic Feet
1,337 to 2,673 cubic feet	\$ 3.19	\$ 3.45	\$ 3.65	\$ 3.84	\$ 4.03	Cubic Feet
Over 2,673 cubic feet	\$ 4.79	\$ 5.17	\$ 5.48	\$ 5.76	\$ 6.04	Cubic Feet

Monthly Base Charges -- Inside Municipality

Meter Sizes	Effective Date					
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022
5/8" -- 3/4"	\$ 22.34	\$ 24.13	\$ 26.06	\$ 27.62	\$ 29.00	\$ 30.45
1"	\$ 37.24	\$ 40.22	\$ 43.44	\$ 46.04	\$ 48.35	\$ 50.76
1 1/2"	\$ 93.10	\$ 120.64	\$ 130.29	\$ 138.10	\$ 145.01	\$ 152.26
2"	\$ 148.95	\$ 160.87	\$ 173.74	\$ 184.16	\$ 193.37	\$ 203.04
3" Compound	\$ 238.34	\$ 257.41	\$ 278.00	\$ 294.68	\$ 309.41	\$ 324.88
3" Turbine	\$ 260.68	\$ 281.53	\$ 304.06	\$ 322.30	\$ 338.42	\$ 355.34
4" Compound	\$ 372.39	\$ 402.18	\$ 434.36	\$ 460.42	\$ 483.44	\$ 507.61
4" Turbine	\$ 469.21	\$ 506.75	\$ 547.29	\$ 580.12	\$ 609.13	\$ 639.59
6" Compound	\$ 744.78	\$ 804.36	\$ 868.71	\$ 920.83	\$ 966.88	\$ 1,015.22
6" Turbine	\$ 1,042.69	\$ 1,126.11	\$ 1,216.19	\$ 1,289.17	\$ 1,353.62	\$ 1,421.30
8" Turbine	\$ 1,787.47	\$ 1,930.47	\$ 2,084.91	\$ 2,210.00	\$ 2,320.50	\$ 2,436.52
10" Turbine	\$ 2,830.17	\$ 3,056.58	\$ 3,301.11	\$ 3,499.18	\$ 3,674.14	\$ 3,857.84
12" Turbine	\$ 3,723.91	\$ 4,021.82	\$ 4,343.57	\$ 4,604.18	\$ 4,834.39	\$ 5,076.11

WATER RATES AND FEES (continued)

Monthly Base Charges -- Outside Municipality

Meter Sizes	Effective Date					
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022
5/8" -- 3/4"	\$ 29.04	\$ 31.36	\$ 33.87	\$ 35.90	\$ 37.70	\$ 39.58
1"	\$ 48.40	\$ 52.27	\$ 56.45	\$ 59.84	\$ 62.83	\$ 65.97
1 1/2"	\$ 121.02	\$ 156.82	\$ 169.36	\$ 179.52	\$ 188.50	\$ 197.92
2"	\$ 193.64	\$ 209.13	\$ 225.86	\$ 239.41	\$ 251.38	\$ 263.95
3" Compound	\$ 309.83	\$ 334.62	\$ 361.39	\$ 383.07	\$ 402.22	\$ 422.33
3" Turbine	\$ 332.17	\$ 358.74	\$ 387.44	\$ 410.69	\$ 431.22	\$ 452.79
4" Compound	\$ 484.11	\$ 522.84	\$ 564.67	\$ 598.55	\$ 628.47	\$ 659.90
4" Turbine	\$ 580.93	\$ 627.40	\$ 677.60	\$ 718.25	\$ 754.17	\$ 791.87
6" Compound	\$ 968.22	\$ 1,045.68	\$ 1,129.33	\$ 1,197.09	\$ 1,256.95	\$ 1,319.79
6" Turbine	\$ 1,266.12	\$ 1,367.41	\$ 1,476.80	\$ 1,565.41	\$ 1,643.68	\$ 1,725.87
8" Turbine	\$ 2,323.71	\$ 2,509.61	\$ 2,710.38	\$ 2,873.00	\$ 3,016.65	\$ 3,167.48
10" Turbine	\$ 3,679.22	\$ 3,973.56	\$ 4,291.44	\$ 4,548.93	\$ 4,776.38	\$ 5,015.19
12" Turbine	\$ 4,572.60	\$ 4,938.41	\$ 5,333.48	\$ 5,653.49	\$ 5,936.16	\$ 6,232.97

Ordinance No. 453-07, Ordinance No. 510-09, Ordinance No. 559-11

WASTEWATER RATES AND FEES

Monthly Variable Charges per 1,000 Gallons

Customer Category	Effective Date					
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022
Residential/Mobile Homes	\$ 4.35	\$ 4.48	\$ 4.61	\$ 4.85	\$ 5.23	\$ 5.55
Comercial	\$ 4.37	\$ 4.50	\$ 4.64	\$ 4.87	\$ 5.26	\$ 5.57
Institutional	\$ 6.94	\$ 7.15	\$ 7.36	\$ 7.73	\$ 8.35	\$ 8.85
Outside Municipality (Residential)	\$ 4.35	\$ 4.48	\$ 4.61	\$ 4.85	\$ 5.23	\$ 5.55

Monthly Variable Charges per 100 Cubic Feet

Customer Category	Effective Date					
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022
Residential/Mobile Homes	\$ 3.25	\$ 3.35	\$ 3.45	\$ 3.63	\$ 3.91	\$ 4.15
Comercial	\$ 3.27	\$ 3.37	\$ 3.47	\$ 3.64	\$ 3.93	\$ 4.17
Institutional	\$ 5.19	\$ 5.35	\$ 5.51	\$ 5.78	\$ 6.25	\$ 6.62
Outside Municipality (Residential)	\$ 3.25	\$ 3.35	\$ 3.45	\$ 3.63	\$ 3.91	\$ 4.15

Monthly Base Charges

Customer Category	Effective Date					
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022
Residential/Mobile Homes	\$ 18.55	\$ 19.11	\$ 19.68	\$ 20.66	\$ 22.32	\$ 23.66
Comercial	\$ 18.55	\$ 19.11	\$ 19.68	\$ 20.66	\$ 22.32	\$ 23.66
Institutional	\$ 18.55	\$ 19.11	\$ 19.68	\$ 20.66	\$ 22.32	\$ 23.66
Outside Municipality (Residential)	\$ 18.55	\$ 19.11	\$ 19.68	\$ 20.66	\$ 22.32	\$ 23.66

Commercial: includes, but not limited to office, multi-family, school and government facilities

Institutional: includes but not limited to multi-bed, self-contained facilities with or without kitchen

WASTEWATER RATES AND FEES (continued)

Pretreatment Program Volume Charges per Excess Pound Treated

Customer Category	Effective Date					
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022
Biochemical Oxygen Demand (BOD)	\$ 0.97	\$ 1.00	\$ 1.03	\$ 1.06	\$ 1.10	\$ 1.13
Suspended Solids (TSS)	\$ 0.69	\$ 0.83	\$ 0.86	\$ 0.88	\$ 0.94	\$ 0.97

Effluent Monthly Volume Charges Current 5/1/2018
Per 1,000 Gallons \$0.76 \$2.16*

*Based upon the cost of replacing CAGR water with reuse water

Ordinance No. 453-07, Ordinance No. 510-09, Ordinance No. 559-11

SANITATION FEES

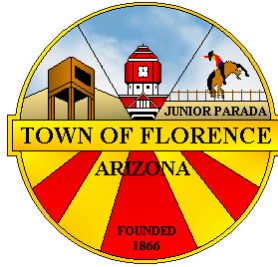
MONTHLY FEE

		Effective Date
Customer Category	Existing	7/1/2018
Residential- once a week	\$17	\$17.33

Contract signed on March 4, 2013

A Public Hearing will be held on May 21, 2018 to accept public comment on this proposal. The hearing will be held at Town of Florence, Town Hall located at 775 N. Main Street, Florence, AZ, 85132 at 6:00 P.M. in the Town Council Chambers.

For more information, please contact Joe Jarvis, Finance Director, at joe.jarvis@florenceaz.gov or 520-868-7505.



Notice of Intention to Increase Rates and Fees

Pursuant to A.R.S Sections 9-499.15 and 9-511.01 PUBLIC NOTICE IS HEREBY GIVEN, that the Town of Florence, Arizona, is proposing to increase the following Utility Rates and Fees.

WATER RATES AND FEES

Securing Water Future Charge -- Per Month

Customer Category	Effective Date					Units
	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022	
Inside City	\$ 1.50	\$ 1.62	\$ 1.72	\$ 1.80	\$ 1.89	Single Charge
Outside City	\$ 1.95	\$ 2.11	\$ 2.23	\$ 2.34	\$ 2.46	Single Charge

Monthly Volume Charge -- Inside Municipality

Customer Category	Effective Date					Units
	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022	
Under 5,000 gallons	\$ 1.46	\$ 1.57	\$ 1.67	\$ 1.75	\$ 1.84	1,000 Gallons
5,001 to 10,000 gallons	\$ 2.19	\$ 2.37	\$ 2.51	\$ 2.64	\$ 2.77	1,000 Gallons
10,001 to 20,000 gallons	\$ 3.28	\$ 3.55	\$ 3.76	\$ 3.95	\$ 4.14	1,000 Gallons
Over 20,001 gallons	\$ 4.92	\$ 5.32	\$ 5.64	\$ 5.92	\$ 6.22	1,000 Gallons
Under 668 cubic feet	\$ 1.09	\$ 1.18	\$ 1.25	\$ 1.31	\$ 1.38	Cubic Feet
668 to 1,337 cubic feet	\$ 1.64	\$ 1.77	\$ 1.88	\$ 1.97	\$ 2.07	Cubic Feet
1,337 to 2,673 cubic feet	\$ 2.46	\$ 2.65	\$ 2.81	\$ 2.95	\$ 3.10	Cubic Feet
Over 2,673 cubic feet	\$ 3.68	\$ 3.98	\$ 4.22	\$ 4.43	\$ 4.65	Cubic Feet

Monthly Volume Charge -- Outside Municipality

Customer Category	Effective Date					Units
	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022	
Under 5,000 gallons	\$ 1.90	\$ 2.05	\$ 2.17	\$ 2.28	\$ 2.39	1,000 Gallons
5,001 to 10,000 gallons	\$ 2.85	\$ 3.08	\$ 3.26	\$ 3.43	\$ 3.60	1,000 Gallons
10,001 to 20,000 gallons	\$ 4.27	\$ 4.61	\$ 4.89	\$ 5.13	\$ 5.39	1,000 Gallons
Over 20,001 gallons	\$ 6.40	\$ 6.91	\$ 7.33	\$ 7.70	\$ 8.08	1,000 Gallons
Under 668 cubic feet	\$ 1.42	\$ 1.53	\$ 1.62	\$ 1.70	\$ 1.79	Cubic Feet
668 to 1,337 cubic feet	\$ 2.13	\$ 2.30	\$ 2.44	\$ 2.56	\$ 2.69	Cubic Feet
1,337 to 2,673 cubic feet	\$ 3.19	\$ 3.45	\$ 3.65	\$ 3.84	\$ 4.03	Cubic Feet
Over 2,673 cubic feet	\$ 4.79	\$ 5.17	\$ 5.48	\$ 5.76	\$ 6.04	Cubic Feet

Monthly Base Charges -- Inside Municipality

Meter Sizes	Effective Date					
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022
5/8" -- 3/4"	\$ 22.34	\$ 24.13	\$ 26.06	\$ 27.62	\$ 29.00	\$ 30.45
1"	\$ 37.24	\$ 40.22	\$ 43.44	\$ 46.04	\$ 48.35	\$ 50.76
1 1/2"	\$ 93.10	\$ 120.64	\$ 130.29	\$ 138.10	\$ 145.01	\$ 152.26
2"	\$ 148.95	\$ 160.87	\$ 173.74	\$ 184.16	\$ 193.37	\$ 203.04
3" Compound	\$ 238.34	\$ 257.41	\$ 278.00	\$ 294.68	\$ 309.41	\$ 324.88
3" Turbine	\$ 260.68	\$ 281.53	\$ 304.06	\$ 322.30	\$ 338.42	\$ 355.34
4" Compound	\$ 372.39	\$ 402.18	\$ 434.36	\$ 460.42	\$ 483.44	\$ 507.61
4" Turbine	\$ 469.21	\$ 506.75	\$ 547.29	\$ 580.12	\$ 609.13	\$ 639.59
6" Compound	\$ 744.78	\$ 804.36	\$ 868.71	\$ 920.83	\$ 966.88	\$ 1,015.22
6" Turbine	\$ 1,042.69	\$ 1,126.11	\$ 1,216.19	\$ 1,289.17	\$ 1,353.62	\$ 1,421.30
8" Turbine	\$ 1,787.47	\$ 1,930.47	\$ 2,084.91	\$ 2,210.00	\$ 2,320.50	\$ 2,436.52
10" Turbine	\$ 2,830.17	\$ 3,056.58	\$ 3,301.11	\$ 3,499.18	\$ 3,674.14	\$ 3,857.84
12" Turbine	\$ 3,723.91	\$ 4,021.82	\$ 4,343.57	\$ 4,604.18	\$ 4,834.39	\$ 5,076.11

WATER RATES AND FEES (continued)

Monthly Base Charges -- Outside Municipality

Meter Sizes	Effective Date					
	Current	5/1/2018	4/1/2019	4/1/2020	4/1/2021	4/1/2022
5/8" -- 3/4"	\$ 29.04	\$ 31.36	\$ 33.87	\$ 35.90	\$ 37.70	\$ 39.58
1"	\$ 48.40	\$ 52.27	\$ 56.45	\$ 59.84	\$ 62.83	\$ 65.97
1 1/2"	\$ 121.02	\$ 156.82	\$ 169.36	\$ 179.52	\$ 188.50	\$ 197.92
2"	\$ 193.64	\$ 209.13	\$ 225.86	\$ 239.41	\$ 251.38	\$ 263.95
3" Compound	\$ 309.83	\$ 334.62	\$ 361.39	\$ 383.07	\$ 402.22	\$ 422.33
3" Turbine	\$ 332.17	\$ 358.74	\$ 387.44	\$ 410.69	\$ 431.22	\$ 452.79
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Ordinance No. 453-07, Ordinance No. 510-09, Ordinance No. 559-11

WASTEWATER RATES AND FEES

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WASTEWATER RATES AND FEES (continued)

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Ordinance No. 453-07, Ordinance No. 510-09, Ordinance No. 559-11

SANITATION FEES

MONTHLY FEE

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