



District Board Meeting Agenda

Pursuant to A.R.S. § 38-431.02 notice is hereby given to the public that the District Board of the Rancho Community Facilities District will hold a meeting at the date and time specified below at the Sahuarita Council Chambers, 375 West Sahuarita Center Way, Sahuarita, AZ. Members of the Rancho Sahuarita District Board will attend either in person or by telephone conference call.

To better serve our community, the Council Chambers is wheelchair accessible. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the District Clerk's Office at 520-822-8801. Requests should be made no later than three (3) working days prior to the meeting to arrange the accommodation.

**March 12, 2018
REGULAR MEETING AGENDA
AT OR AFTER 6:30 P.M.**

- 1. Call to Order**
- 2. Roll Call**
- 3. Call to the Public**

At this time, any member of the public is invited to address the District Board on any issue which is on tonight's Agenda or any issue which the District Board can lawfully act upon at a future meeting. Written comments regarding any item on the agenda or any issue which the District Board can lawfully act upon may be submitted prior to the beginning of the meeting for distribution to the District Board. Pursuant to the Arizona Open Meeting Laws, the District Board may not discuss the items, but individual members of the District Board may respond to criticism made by those who have addressed the District Board, may ask staff to review the matter, or may ask that the matter be placed on a future agenda.

- 4. Consent Agenda**

Action recommended: approve the consent agenda recommendations.

- A. Approval of the November 17, 2017 Rancho Sahuarita Community Facilities District Executive Session (Public Portion) and Regular Meeting Minutes.**

- 5. Public hearing on Feasibility Reports for projects, the acquisition or construction of which is to be financed with proceeds of sale of general obligation bonds.**

Action recommended: conduct the public hearing.

- 6. Consideration and possible adoption of Resolution No. 2018-0010, ratifying the giving of notice of hearing with respect to approving, and 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; authorizing the sale and issuance of not to exceed \$6,000,000 aggregate principal amount of General Obligation Bonds, Series 2018; approving the form and authorizing**

the execution and delivery of a series 2018 Standby Contribution Agreement, a Series 2018 Depository Agreement, a Series 2018 Indenture of Trust and Security Agreement and certain other documents relating to the bonds; awarding the bonds to the purchaser thereof; delegating the determination of certain terms and conditions for sale of the bonds and matters related thereto to the District Manager and authorizing the subsequent levying of an ad valorem property tax with respect to the bonds.

Action recommended: adopt the resolution.

7. Adjournment

Action may be taken by the District Board on any item listed on this agenda. The District Board may vote to go into executive session pursuant to A.R.S. § 38-431.03 (A) (3) for discussion or consultation for legal advice with the District Counsel concerning any matter listed on this agenda.



District Board Agenda Communication

TO: Honorable Chairperson and District Board
FROM: Lisa Cole MMC, District Clerk
MEETING DATE: March 12, 2018
SUBJECT: Approval of the November 17, 2017 Rancho Sahuarita Community Facilities District Executive Session (Public Portion) and Regular Meeting Minutes.

FINANCIAL / BUDGET SUMMARY

STAFF RECOMMENDATION

Staff recommends approval of the attached minutes.

SUGGESTED MOTION

I move to approve the minutes as submitted (or amended).

DISCUSSION

Draft minutes submitted for District Board approval.

ATTACHMENTS

1. RSCFD Regular Meeting Minutes November 13, 2017 Draft
2. RSCFD Executive Session (Public Portion) Minutes November 13, 2017 Draft



District Board Meeting Minutes

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT MEETING MINUTES NOVEMBER 13, 2017

The District Board of the Rancho Sahuarita Community Facilities District met in the Sahuarita Council Chambers, 375 West Sahuarita Center Way, Sahuarita, AZ on November 13, 2017.

1. Call to Order

The meeting was called to order at 6:33 PM by Chairperson Tom Murphy.

2. Roll Call

Attendee Name	Title	Status	Arrived
Tom Murphy	Chairperson	Present	
Melissa Hicks	Vice Chairperson	Present	
Duane Blumberg	Board Member	Present	
Bill Bracco	Board Member	Present	
Kara Egbert	Board Member	Present	
Gil Lusk	Board Member	Present	
Lynne Skelton	Board Member	Present	

Also in attendance were District Manager L. Kelly Udall, District Counsel Dan Hochuli, District Treasurer A.C. Marriotti and District Clerk Lisa Cole.

3. Call to the Public

There were no speakers.

4. Consent Agenda

MOTION was made to approve the consent agenda recommendations.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Melissa Hicks, Vice Chairperson
SECONDER:	Duane Blumberg, Board Member
AYES:	Murphy, Hicks, Blumberg, Bracco, Egbert, Lusk, Skelton

A. Approval of the June 26 and August 1, 2017 Rancho Sahuarita Community Facilities District Executive Session (Public Portion) and Regular Meeting Minutes.

- B. **Approval of Amendment No. Two (2) to Cooperative Purchasing Contract No. 170030, with EPS Group, Inc., for the Rancho Sahuarita Community Facilities District Engineer Services, commencing October 11, 2017 and terminating October 10, 2018 in an amount not-to-exceed \$300,000.**
- 5. **Discussion and possible action directing staff to prepare a study of the feasibility and benefits of issuance of the First Series of Bonds, in the approximate amount of up to \$7 million dollars, to acquire various segments of public infrastructure.**

District Counsel Dan Hochuli presented an overview of the proposed infrastructure the developer submitted for a potential feasibility study including estimated costs and completion dates. The proposal included Avenida Mitla road improvements; Placita Fara Road improvements; a pedestrian crossing on Sahuarita Boulevard at Calle Las Tunas/Avenida Mitla; Rancho Sahuarita Boulevard road improvements; and an optional public park. Mr. Hochuli requested direction on how to proceed with the feasibility report.

District Manager L. Kelly Udall and District Counsel Dan Hochuli answered questions from the Council.

MOTION was made to direct staff to prepare a Feasibility Study to include all the projects discussed with the exception of the optional public town park.

RESULT:	APPROVED [5 TO 2]
MOVER:	Duane Blumberg, Board Member
SECONDER:	Bill Bracco, Board Member
AYES:	Tom Murphy, Duane Blumberg, Bill Bracco, Kara Egbert, Gil Lusk
NAYS:	Melissa Hicks, Lynne Skelton

6. Adjournment

Chairperson Murphy adjourned the meeting at 6:49 PM.

Chairperson Tom Murphy

ATTEST:

Lisa Cole, MMC
District Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Meeting of the District Board of the Rancho Sahuarita Community Facilities District held on the 13th day of November 2017. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 12th day of March, 2018.

Lisa Cole, MMC
District Clerk

Draft

Attachment: RSCFD Regular Meeting Minutes November 13, 2017 Draft (Approval of Minutes)





District Board Meeting Minutes

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT EXECUTIVE SESSION (PUBLIC PORTION) MEETING MINUTES NOVEMBER 13, 2017

The District Board of the Rancho Sahuarita Community Facilities District met in the Executive Conference Room, 375 W Sahuarita Center Way, Sahuarita, AZ on November 13, 2017.

1. Call to Order

Chairperson Murphy called the meeting to order at 5:34 PM.

2. Roll Call

Attendee Name	Title	Status	Arrived
Tom Murphy	Chairperson	Present	
Melissa Hicks	Vice Chairperson	Present	
Duane Blumberg	Board Member	Present	
Bill Bracco	Board Member	Present	
Kara Egbert	Board Member	Present	5:36 PM
Gil Lusk	Board Member	Present	
Lynne Skelton	Board Member	Present	

Also in attendance were District Manager L. Kelly Udall, District Counsel Dan Hochuli, District Treasurer A.C. Marriotti, and District Clerk Lisa Cole.

MOTION was made to meet in executive session.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Duane Blumberg, Board Member
SECONDER:	Bill Bracco, Board Member
AYES:	Murphy, Hicks, Blumberg, Bracco, Egbert, Lusk, Skelton

Chairperson Murphy requested District Manager L. Kelly Udall, District Counsel Dan Hochuli, District Treasurer A.C. Marriotti, and District Clerk Lisa Cole join the District Board in executive session.

EXECUTIVE SESSION

- Executive Session pursuant to A.R.S. § 38-431.03 (A) (3) for discussion or consultation for legal advice with the District Counsel concerning Arizona Senate Bill 1408 of the First Regular Session of

the Fifty-Third Legislature, which enacted various amendments to A.R.S. § 48-701 et seq. related to the formation and operation of community facilities districts.

The District Board and required staff met in executive session at approximately 5:36 PM for discussion and consultation for legal advice with the District Counsel concerning Arizona Senate Bill 1408 of the First Regular Session of the Fifty-Third Legislature, which enacted various amendments to A.R.S. § 48-701 et seq. related to the formation and operation of community facilities districts.

4. Adjournment

Chairperson Murphy adjourned the executive session at 6:03 PM.

Chairperson Tom Murphy

ATTEST:

Lisa Cole, MMC
District Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Meeting of the District Board of the Rancho Sahuarita Community Facilities District held on the 13th day of November 2017. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 12th day of March, 2018.

Lisa Cole, MMC
District Clerk

Attachment: RSCFD Executive Session (Public Portion) Minutes November 13, 2017 Draft (Approval of Minutes)



District Board Agenda Communication

TO: Honorable Chairperson and District Board

FROM: A.C. Marriotti, District Treasurer

MEETING DATE: March 12, 2018

SUBJECT: Public hearing on Feasibility Reports for projects, the acquisition or construction of which is to be financed with proceeds of sale of general obligation bonds.

FINANCIAL / BUDGET SUMMARY

STAFF RECOMMENDATION

Not applicable.

SUGGESTED MOTION

Not applicable.

DISCUSSION

Before constructing or acquiring any public infrastructure, Arizona Revised Statutes §48-715, require the District Board to cause a study of the feasibility and benefits of the project to be prepared by qualified persons. Stifel Nicholas, Inc., the District's financial advisor, was engaged to complete this feasibility report. Representatives from the firm will provide the Board with a presentation that covers the feasibility report.

ATTACHMENTS

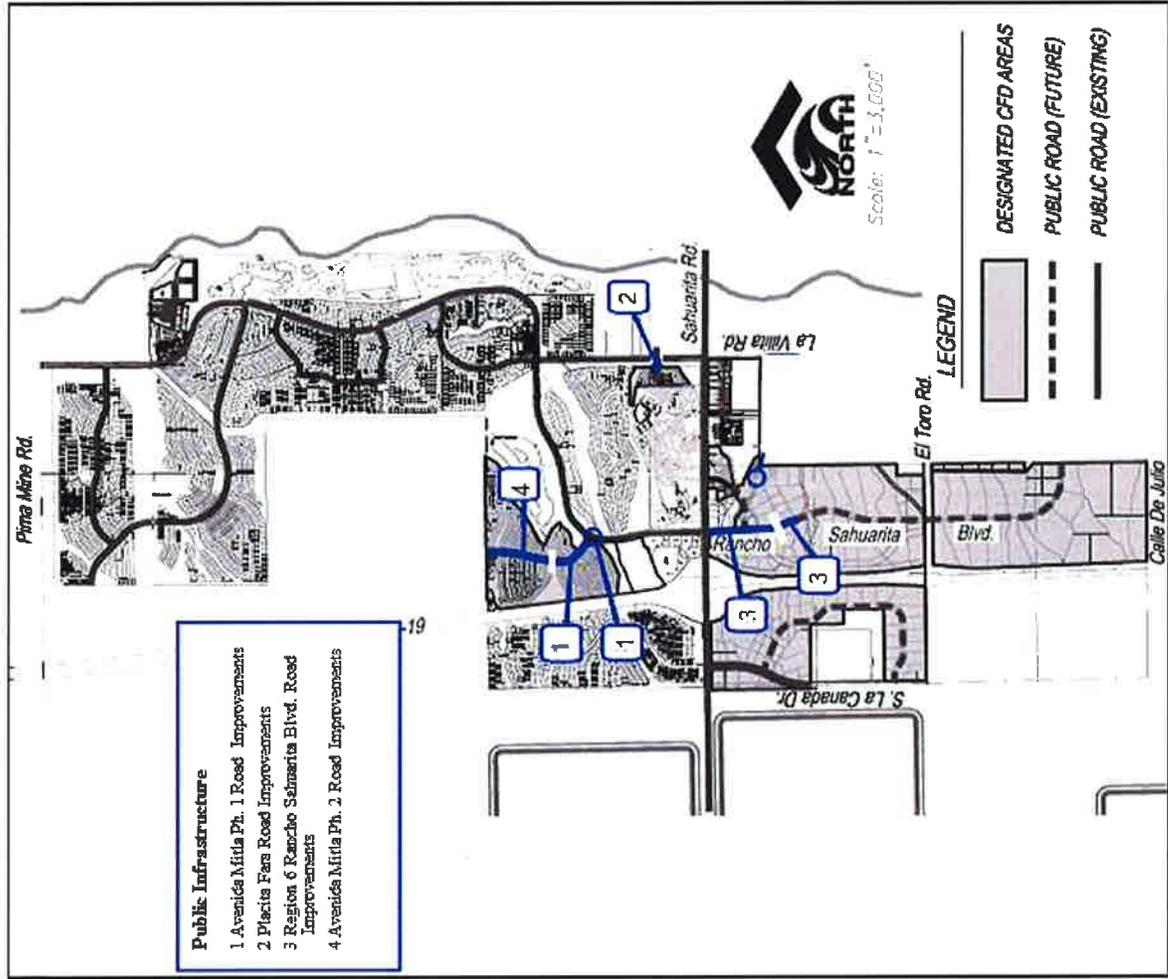
1. Rancho Sahuarita CFD Feasibility Report

**Rancho Sahuarita Community Facilities District
(Sahuarita, Arizona)**

General Obligation Bond, Series 2018

March 12, 2018

Location of Public Infrastructure and Area to be Benefited



CFD Public Infrastructure for the Bond

STIFEL

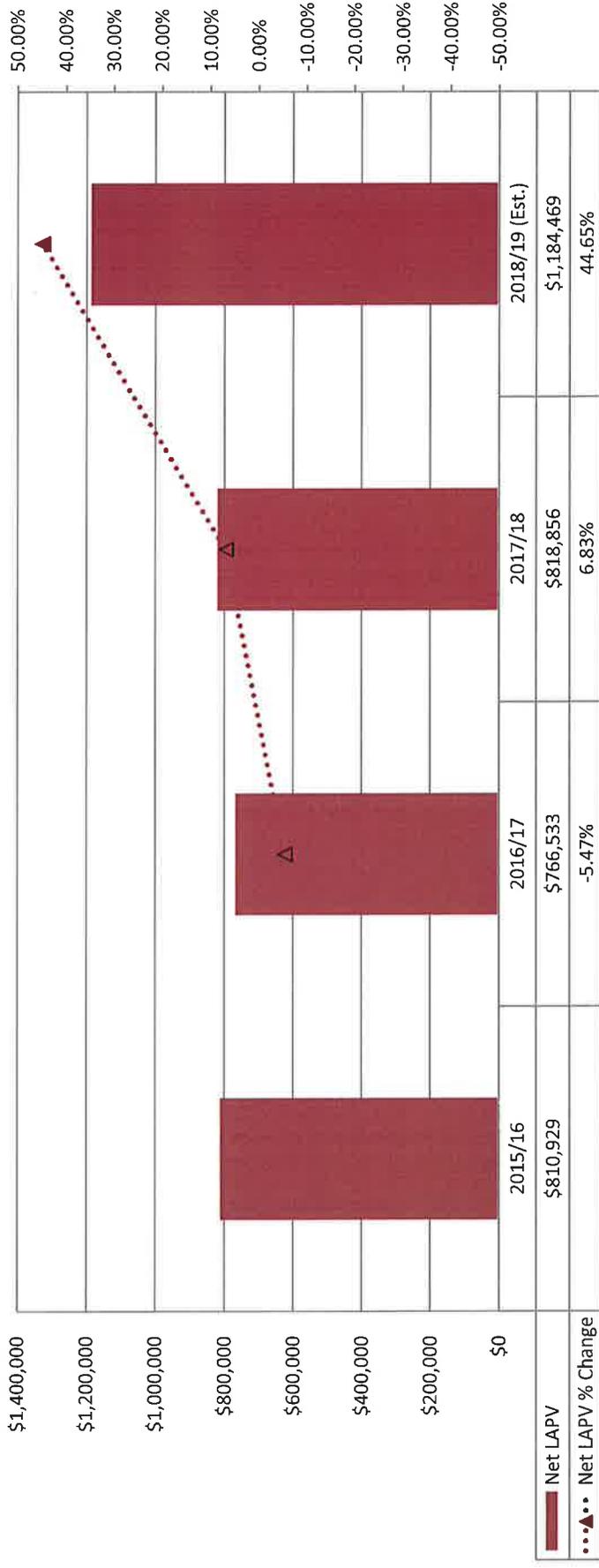
Description	Estimated Cost*	Estimated Completion Date*
1: Avenida Mitla Ph. 1 Road Improvements	\$895,000	February 2018
2: Placita Fara Road Improvements	515,000	December 2017
3: Region 6 Rancho Sahuarita Blvd. Road Improvements (Phase 1 &2)**	2,850,000	December 2018
4: Avenida Mitla Ph. 2 Road Improvements	1,175,000	December 2018
Total:	\$5,435,000*	

* Costs for the Public Infrastructure and Completion Dates are estimated and once under contract are subject to change due to change orders and unforeseen events. Estimated cost does not include the estimated costs of issuance (\$345,000).

**These improvements are being partially funded by another entity. The amount reflected here is the estimated cost remaining after subtracting the contribution made by another entity.

- Until the Net Limited Assessed Property Value is able to cover the debt service on the Bond, it will be payable from amounts to be paid pursuant to a Standby Contribution Amount
- Received proposal from Western Alliance (indicative rate of 5.06%)
Final Maturity of 7/15/2043
Based on the indicative rate, average annual debt service is \$421,307
- \$2.12 million estimated LOC upon default can be used at the discretion of the CFD Board – bond restructuring, bond payments, etc.

District's Net Limited Assessed Property Value



Net LAPV = Net Limited Assessed Property Value (To Calculate Taxes)
 Source: County Assessor's Office

- Estimated when the Net Limited Assessed Property Value for the District is around \$9.95 million, it will cover the estimated debt service of the Bond (including a 5% delinquency).
- Based on the projected home information provided by the Developer last year, the debt service tax rate is expected to be below \$4.69 per \$100 of net limited assessed valuation beginning in fiscal year 2022 unless additional debt is issued.

Tentative Financing Calendar

February 2018						
S	M	T	W	TH	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

March 2018						
S	M	T	W	TH	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

April 2018						
S	M	T	W	TH	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Date

Event

- January/February Prepared Term Sheet to send out to potential investors
- February 13th District Treasurer distributed the Term Sheet and document package
- February/March Secured responses from potential investors
- March 9th & 12th Reviewing and following-up on proposal
- March 12th** **CFD Board considers Resolution to authorize the issuance of the Bond**
- Week of March 19th Rate is locked, final numbers and draft legal documents distributed to team.
- Week of March 26th Prepare all closing documents; secure needed signatures and issue and April 2nd closing letter.
- Week of April 9th Close the Bond issue. Proceeds deposited with the Trustee.

Contact Information

STIFEL

STIFEL

MARK READER
Managing Director

2325 E. Camelback Road
Suite 750
Phoenix, AZ 85016

Phone: (602) 794-4011
Fax: (602) 794-4046
Cell: (602) 432-4889
mreader@stifel.com

STIFEL

ERIKA COOMBS
Director

2325 E. Camelback Road
Suite 750
Phoenix, AZ 85016

Phone: (602) 794-4030
Fax: (602) 794-4046
Cell: (602) 524-3749
ecoombs@stifel.com

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FEASIBILITY REPORT
For the Issuance of
Not to Exceed \$5,780,000 Principal Amount
OF
RANCHO SAHUARITA
COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BOND,
SERIES 2018

Submitted
March 12, 2018

TABLE OF CONTENTS

SECTION

**Introduction; Purpose of Feasibility Report,
and General Description of District** **ONE**

Description of Public Infrastructure **TWO**

**Map Showing District Boundaries,
Location of Public Infrastructure
and Area to be Benefited** **THREE**

**Estimate of Cost and Timetable for
Completion of Public Infrastructure** **FOUR**

Plan of Finance **FIVE**

**Legal Description of Rancho Sahuarita
Community Facilities District** **APPENDIX A**

Form of Disclosure Pamphlet - Residential **APPENDIX B**

Form of Disclosure Pamphlet - Commercial **APPENDIX C**

Attachment: Rancho Sahuarita CFD Feasibility Report (Public Hearing: Feasibility Report)

SECTION ONE

INTRODUCTION; PURPOSE OF FEASIBILITY REPORT; AND GENERAL DESCRIPTION OF DISTRICT

INTRODUCTION

This Feasibility Report (this “Report”) was prepared for the Board of Directors of the Rancho Sahuarita Community Facilities District (the “District”) in connection with the issuance by the District of its General Obligation Bond, Series 2018 (the “Series 2018 Bond”) in an aggregate principal amount of not to exceed \$5,780,000, pursuant to the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes, specifically in accordance with the provisions of Section 48-715, Arizona Revised Statutes (“A.R.S.”) with respect to the feasibility and benefits of certain “public infrastructure” (as defined in A.R.S. 48-701) described herein (the “Public Infrastructure”) and the plan for financing the costs of the Public Infrastructure with proceeds from the Series 2018 Bond.

Pursuant to an election held August 12, 2014, the District is authorized to issue not to exceed \$60,000,000 in principal amount of general obligation bonds. The Town of Sahuarita, Arizona (the “Town”), the District, Interchange Opportunity Fund L.L.L.P. and Rancho Sahuarita Management Company, L.L.C. (the “Developer”) and other parties entered into the District Development, Financing Participation and Intergovernmental Agreement, dated as of April 1, 2014, (the “Development Agreement”), which provides for the financing of the costs of certain portions of the public infrastructure necessary for the development of an approximately 3,089 acre master-planned development comprised of residential, commercial and recreational uses, which is located entirely within the boundaries of the Town (the “Development”), being developed by the Developer.

PURPOSE OF FEASIBILITY REPORT

Pursuant to A.R.S. 48-715, this Report includes (i) a description of the Public Infrastructure to be acquired [Section Two]; (ii) a map showing, in general, the location of the Public Infrastructure and area to be benefited by the Public Infrastructure [Section Three]; (iii) an estimate of the costs to acquire, and the estimated schedule of completion, the Public Infrastructure [Section Four]; and (iv) a plan for financing the Public Infrastructure [Section Five].

This Report has been prepared for the consideration of the Board of Directors of the District only. It is not intended or anticipated that this Report will be relied upon by other persons, including, but not limited to, purchasers of the Series 2018 Bond. This Report does not attempt to address the quality of the Series 2018 Bond as investments or the likelihood of repayment of the Series 2018 Bond.

GENERAL DESCRIPTION OF DEVELOPMENT AND DISTRICT

The Development is located in the northern portion of the Town, on the eastern and western boundaries of Interstate 19, approximately 10 miles south of Tucson, and approximately 12 miles south of Tucson International Airport. The approximate Development boundaries are bounded by the community of Valle Verde Del Norte to the south, Pima Mine Road to the north, Farmers Investment Company's pecan groves to the east and American Smelting and Refining Company's mine tailings to the west.

Not all of the Development is contained within the boundaries of the District. The land within the District represents only approximately 943 acres of the overall Development (the "Property").

The District was created to finance the construction and/or acquisition of certain public infrastructure including Public Infrastructure which relates to the development of portions of the Property being developed by the Developer. The Property has been entitled for the development of residential single family homes, multi-family homes, commercial, industrial and mixed use development. Upon build out, it is anticipated that the District will include over 3,250 single family units over approximately 738 acres and approximately 1.25 million square feet of commercial (retail, office, multi-family, industrial and other mixed use) and/or industrial gross leasable area over approximately 140 acres. The balance of acreage in the District will be roadways, rights-of-way, open space, and parks.

See Table One in Section Five for a current estimated absorption schedule for the District. A map of the District is included in Section and a legal description depicting the boundaries of the District is included in Appendix A.

SECTION TWO

DESCRIPTION OF COST OF PUBLIC INFRASTRUCTURE

1: Avenida Mitla Phase 1 Road Improvements

Approximately 1,100 linear feet west and north of Rancho Sahuarita Blvd. at Avenida Mitla Rd. including: improvement costs for the grading/retaining walls, subgrade material, two-lane roadway section surface pavement, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, landscaping, public sewer improvements, curb cuts to access adjacent parcels, required regulatory signage, and striping. Shall also include a pedestrian crossing on Rancho Sahuarita Blvd. at Avenida Mitla extending to Calle Las Tunas including: regulatory signage, dusk to dawn lighting improvements, crosswalk striping, handicap ramp improvements, and median improvements. Shall also include costs concerning the engineering design, survey, construction observation, material testing, applicable State and municipal fees, associated with the project.

2: Placita Fara Road Improvements

Approximately 180 linear feet west of La Villita Rd., approximately one-quarter mile north of Sahuarita Rd. and west of La Villita Rd. including: improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, northbound left-turn lane into the Entrada la Villita subdivision, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, one concrete arch structure including decorative masonry columns and steel railing, landscape improvements, public sewer improvements, required regulatory signage, and striping. Shall also include costs concerning the engineering design, survey, construction observation, material testing, applicable State and municipal fees, associated with the project.

3: Region 6 Rancho Sahuarita Blvd. Road Improvements

Approximately 2,500 lineal feet south of Sahuarita Road Including: improvement costs for the grading, subgrade material, four-lane roadway section surface pavement, curbs, 8' sidewalks including handicap ramps on both sides of roadway, drainage facilities, four (4) concrete arch structures including decorative masonry columns and steel railing, median and curb to sidewalk landscaping, public sewer improvements, conduit for future fully signalized traffic light intersection at the future Sahuarita Center Way intersection, curb cuts to access adjacent parcels and both future commercial and residential projects, required regulatory signage, and striping. Shall also include costs concerning the engineering design, survey, construction observation, material testing, and applicable State and municipal fees associated with the project.

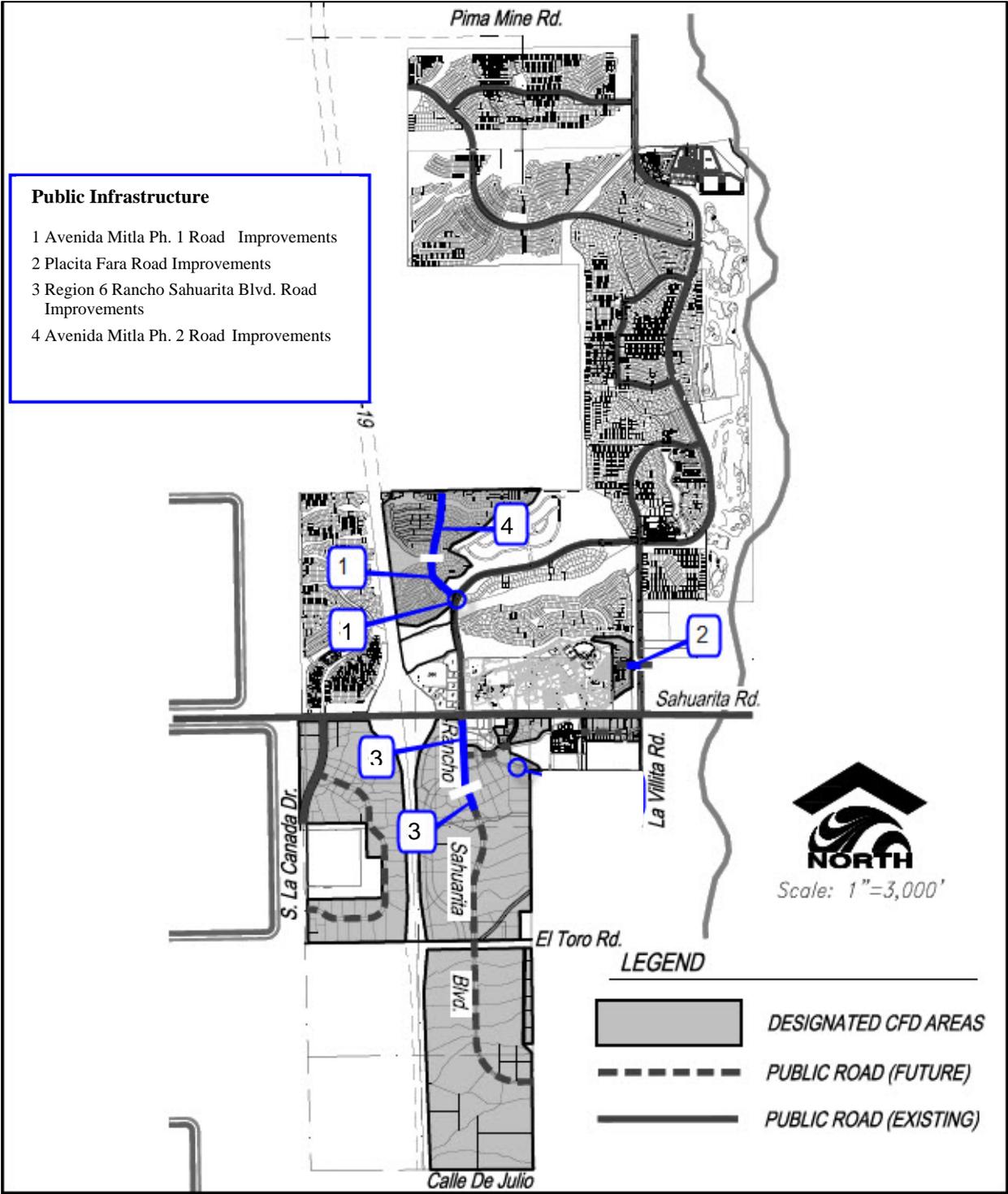
4: Avenida Mitla Phase 2 Road Improvements

Approximately 1,800 linear feet north of Rancho Sahuarita Blvd. extending Avenida Mitla Rd. including: improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, the extension of one concrete arch structure including decorative masonry columns and steel railing, landscaping, sleeving for future public sewer improvements, curb cuts to access adjacent parcels, required regulatory signage, and striping. Shall also include

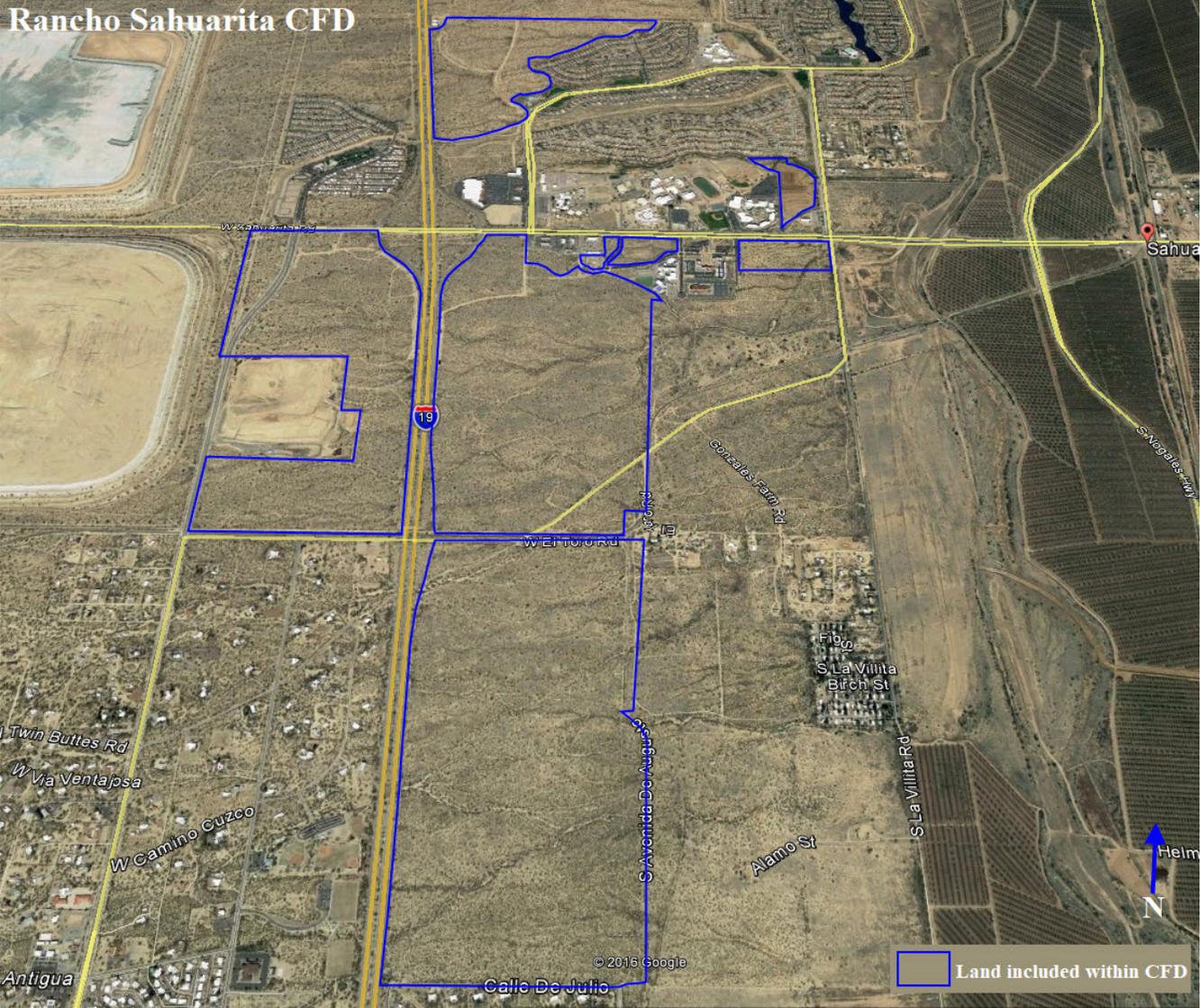
costs concerning the engineering design, survey, construction observation, material testing, and applicable State and municipal fees, associated with the project.

SECTION THREE
MAPS SHOWING
LOCATION OF PUBLIC INFRASTRUCTURE AND
AREA TO BE BENEFITED

See maps on following pages.



Rancho Sahuarita CFD



Attachment: Rancho Sahuarita CFD Feasibility Report (Public Hearing: Feasibility Report)

SECTION FOUR

**ESTIMATE OF COST AND
SCHEDULE FOR ACQUISITION
OF PUBLIC INFRASTRUCTURE**

Listed below are estimated costs of site acquisition, design and construction and the anticipated dates for completion of the construction of the Public Infrastructure. The Developer will pay additional costs necessary to complete construction of the Public Infrastructure.

Upon acquisition by the District, the District will dedicate or otherwise transfer all portions of the Public Infrastructure to the Town for on-going operations and maintenance as outlined in the CFD Development Agreement. The District has levied an operations and maintenance tax of \$0.30 per \$100 of limited assessed valuation to fund the costs of the expenses thereof as outlined in the CFD Development Agreement.

Description	Estimated Cost ^(a)	Estimated Completion Date ^(a)
1: Avenida Mitla Ph. 1 Road Improvements	\$895,000	February 2018
2: Placita Fara Road Improvements	515,000	December 2017
3: Region 6 Rancho Sahuarita Blvd. Road Improvements (Phase 1 &2)	2,850,000 ^(b)	December 2018
4: Avenida Mitla Ph. 2 Road Improvements	1,175,000	December 2018
Total:	<u>\$5,435,000</u>	

^(a) Costs for the Public Infrastructure and Completion Dates are estimated and once under contract are subject to change due to change orders and unforeseen events.

^(b) These improvements are being partially funded by another entity. The amount reflected here is the estimated cost remaining after subtracting the contribution made by another entity.

SECTION FIVE
PLAN OF FINANCE

The acquisition of the Public Infrastructure will be financed by the District as described in the Plan of Finance below.

Existing and Future Debt.

The District is authorized to issue no more than \$60,000,000 in principal amount of general obligation bonds.

The Series 2018 Bond.

The Series 2018 Bond will be issued to finance the construction and/or acquisition of the Public Infrastructure. The Series 2018 Bond mature on [for District to determine based on issuance date] and will be structured such that the total debt service will be approximately level. (See Table Two for the estimated debt service requirements on the Series 2018 Bond).

Target Tax Rate, Standby Contribution Agreement and Depository Agreement.

Any general obligation bonds of the District are, by law, to be paid from a property tax which is unlimited as to rate and amount. The Development Agreement establishes a “target” tax rate of \$4.69 per \$100 of limited property value.

Given that the existing and short term future tax base of the District will be insufficient to support aggregate debt service given the District’s target tax rate, the Developer, pursuant to a Standby Contribution Agreement, is obligated to pay amounts necessary to maintain \$4.69 tax rate given the then current tax base and the debt service requirements of the Series 2018 Bond. The Standby Contribution Agreement will be uncollateralized and in effect for the life of the Series 2018 Bond, subject to termination if certain conditions are met, principally that the \$4.69 tax rate alone is sufficient to provide for maximum annual debt service of the Bonds for a period of time provided in the Standby Contribution Agreement.

As additional security for the Series 2018 Bond, the Developer will deposit with a depository pursuant to a Depository Agreement, for the benefit of the District, a standby letter of credit equal to five times the maximum annual debt service of the Series 2018 Bond. If amounts are not available pursuant to the Standby Contribution Agreement pursuant to its terms or if such letter of credit is not timely renewed before its expiration, such depository will be obligated to draw upon such letter of credit in the full amount thereof. Once drawn upon, the proceeds of such letter of credit will be held and disbursed as a cash deposit pursuant to the terms of the Depository Agreement, and will not be subject to reinstatement. The letter of credit held pursuant to the Depository Agreement is subject to reductions and may be released to the Developer under circumstances similar to those in the Standby Contribution Agreement, principally that the \$4.69 tax rate alone is sufficient to provide for maximum annual debt service of the Bonds for a period of time provided in the Depository Agreement.

Once amounts available from the Standby Contribution Agreement and the Depository Agreement are exhausted, the tax rate would, if necessary, have to be increased to pay debt service on the Series 2018 Bond.

Homeowner's Obligation and Disclosure of Property Tax Payments.

At the \$4.69 target tax rate, assuming an average market value of \$250,000, the initial fiscal year taxes for the Series 2018 Bond would equal approximately \$53 per month or \$635 annually. Subsequent year taxes for each property owner will depend upon the taxable value established by the County Assessor's office (limited to 5% annual growth on existing properties) applied to the \$4.69 per \$100 of net assessed property value.

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

In addition to the foregoing minimum requirement, the Developer proposes a more comprehensive program of homebuyer disclosure for initial homebuyers, and disclosure for purchasers of other land in the District:

First, all sales contracts between the Developer and homebuilders that purchase from the Developer will include a provision that states that the homebuilder agrees to comply with the disclosure requirements of State law referenced above, plus the additional requirements which follow.

Second, general marketing materials used by the Developer related to the development of the Project will reference the District.

Third, each homebuyer that purchases a home from a homebuilder described in the first item above will sign a Rancho Sahuarita Community Facilities District Disclosure Statement detailing the existence of the District and its financial impact on ownership of the home, as provided in Appendix B.

Fourth, each entity not covered above who purchases property will sign a Rancho Sahuarita Community Facilities District Disclosure Statement detailing the existence of the District and its financial impact on ownership of the property, as provided in Appendix C.

Fifth, receipt of this form will be acknowledged in writing by the homebuyer, and a signed copy kept on file with the Town Clerk.

Sources and Uses of Funds.

The sources and uses of funds of the Series 2018 Bond are shown below.

SOURCES OF FUNDS

Par Amount of Bonds	<u>\$5,780,000</u>
TOTAL SOURCES	<u>\$5,780,000</u>

USES OF FUNDS

Costs of Public Infrastructure	\$5,435,000
Costs of Issuance	<u>\$345,000</u>
TOTAL USES	<u>\$5,780,000</u>

TABLE ONE

RANCHO SAHUARITA PROJECTED HOME CLOSING SCHEDULE ¹

<u>Fiscal Year Ending</u>	<u>Units</u>	<u>Cumulative Units</u>
2018	12	12
2019	172	184
2020	335	519
2021	280	799
2022	30	829

Source: The Developer

Attachment: Rancho Sahuarita CFD Feasibility Report (Public Hearing: Feasibility Report)

¹ Series 2018 Bond Public Infrastructure improvements include Public Infrastructure necessary for home construction/sales. Home Closing Schedule Unit count is based upon the number of units that will be available for sale as a result of the Series 2018 Public Infrastructure improvements and reflects a portion of the overall anticipated 3,200 Units within the District upon build out. Subsequent bond issuance(s) are necessary to support additional Public Infrastructure improvements needed to open up additional units for construction/sale as contemplated within the District. Home sales absorption is estimated at 4 Units/month per lot size segment per neighborhood.

TABLE TWO

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT (SAHUARITA, ARIZONA)

Estimated Debt Service Requirements and Estimated Projected Impact on the Bond Tax Rate

Fiscal Year	Net Limited Assessed Valuation (a)(b)	\$5,780,000 General Obligation Bond Series 2018			Estimated Shortfall (c)	Estimated Bond Tax Rate (d)
		Principal	Estimated Interest	Est. Debt Service		
2016/17	\$766,533					
2017/18	818,856					
2018/19	1,184,469		\$345,355	\$345,355	\$292,581	\$4.69
2019/20	2,785,382	\$135,000	276,284	411,284	287,181	4.69
2020/21	6,762,902	140,000	269,831	409,831	108,510	4.69
2021/22	10,616,386	145,000	263,139	408,139		4.05
2022/23	12,093,035	155,000	256,208	411,208		3.58
2023/24	12,557,594	160,000	248,799	408,799		3.43
2024/25	13,040,735	170,000	241,151	411,151		3.32
2025/26	13,543,202	175,000	233,025	408,025		3.17
2026/27	14,065,768	185,000	224,660	409,660		3.07
2027/28	14,609,237	195,000	215,817	410,817		2.96
2028/29	15,174,444	205,000	206,496	411,496		2.85
2029/30	15,762,259	215,000	196,697	411,697		2.75
2030/31	16,373,587	225,000	186,420	411,420		2.64
2031/32	17,009,368	235,000	175,665	410,665		2.54
2032/33	17,670,581	245,000	164,432	409,432		2.44
2033/34	18,358,241	255,000	152,721	407,721		2.34
2034/35	19,073,409	270,000	140,532	410,532		2.27
2035/36	19,817,183	280,000	127,626	407,626		2.17
2036/37	20,590,708	295,000	114,242	409,242		2.09
2037/38	21,395,174	310,000	100,141	410,141		2.02
2038/39	22,231,818	325,000	85,323	410,323		1.94
2039/40	23,101,929	340,000	69,788	409,788		1.87
2040/41	24,006,843	355,000	53,536	408,536		1.79
2041/42	24,947,955	375,000	36,567	411,567		1.74
2042/43	25,926,711	390,000	18,642			
		\$5,780,000				

Attachment: Rancho Sahuarita CFD Feasibility Report (Public Hearing: Feasibility Report)

- (a) Fiscal years 2016/17 and 2017/18 are actual; fiscal year 2018/19 is preliminary, provided by the Assessor of the County.
- (b) Projected homes and estimated home prices provided by the Developer.
- (c) Estimated shortfall to be contributed.
- (d) Assumes District levies \$4.69 for the Series 2018 Bond. Tax rates are per \$100 of net limited assessed property. Subsequent years are estimates and include a 5% delinquency factor, but do not include arbitrage rebate payments or earnings (if any) and are subject to change.

APPENDIX A

LEGAL DESCRIPTION

Parcel 1:

Lots 1-564 and Common Areas "A" (Private Streets), "B" (Signage, Landscaping, Parks, Recreation and Public Utilities) and "C" (Drainage, Public Sewer and Public Utilities) of Entrada Del Rio recorded in Book 61 at Page 36 of Maps and Plats in the office of the Recorder, Pima County, Arizona.

Parcel 2:

Lots 1-74 and Common Areas "A" (Private Streets), "B" (Signage, Landscaping, Parks, Recreation and Public Utilities) and "C" (Drainage, Public Sewer and Public Utilities) of Entrada La Villita recorded in Book 62 at Page 14 of Maps and Plats in the office of the Recorder, Pima County, Arizona.

Parcel 3:

Block 36B recorded in Book 48 at Page 30 of Record of Surveys in the office of the Recorder, a County, Arizona as more particularly described as follows:

DESCRIPTION of a parcel of land, being a portion of Block 36, per the plat of Rancho Sahuarita, as recorded in Book 52 of Maps & Plats, Page 77 in the office of the Pima County Recorder, Pima County, Arizona, said parcel being located in Section 13, Township 17 South, Range 13 East, Gila and Salt River Meridian.

Said parcel being more fully described as follows:

COMMENCING at the North Quarter Corner of said Section 13, being a found brass stern, from which the Northwest corner of said section bears North 89°38'30" West a distance of 2600.43 feet;

Thence, along the north line of said section, North 89°38'30" West a distance of 1274.83 feet;

Thence, departing said line South 00°0'00" East a distance of 75.00 feet to a point on the south right-of-way line of Sahuarita Road said point being the **TRUE POINT OF BEGINNING**.

Thence, along said right-of-way, South 89°38'30" East a distance of 1232.75 feet to a point on the west right-of-way line of La Villita Road;

Thence, along said right-of-way, South 00°55'39" East a distance of 551.45 feet;

Thence, departing said right-of-way, North 89°38'30" West a distance of 1251.68 feet;

Thence, North 00°00'00" West a distance of 161.32 feet;

Thence, South 89°38'30" East a distance of 10.00 feet;

Thence, North 00°00'00" West a distance of 390.00 feet to the **TRUE POINT OF BEGINNING**.

Parcel 4:

Block 37C as recorded in Book 78 at Page 01 of Record of Surveys in the office of the Recorder, Pima County, Arizona.

Parcel 5:

Blocks 38, 39 and 40 as recorded in Book 78 at Page 1 of Record of Surveys in the office of the Recorder, Pima County, Arizona together with Blocks 41, 42, 43, 44, 46, 47, 48, 49, 50, 51 and 53, together with Common Area 'B' and Common Area 'C' adjacent to these Blocks, excluding any and all well, booster sites and any property

condemned by Pima County on Block 48 described below, as recorded in Book 52 at Page 77 of Maps and Plats, in the office of the Pima County Recorder, Pima County, Arizona.

EXCLUDING THAT PORTION OF BLOCK 48 DESCRIBED AS FOLLOWS:

A portion of Section 14, Township 17 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

The south 150.00 feet of the southwest quarter of the northwest quarter, except the west 75.00 feet;

The south 150.00 feet of the west 150.00 feet of the southeast quarter of the northwest quarter;

The west 150.00 feet of the northwest quarter of the northeast quarter of southwest quarter, except the south 200.00 feet;

The west 150.00 feet of the south 200.00 feet of the northwest quarter of the northeast quarter of the southwest quarter;

The west 500.00 feet of the southwest quarter of the northeast quarter of the southwest quarter;

The west 500.00 feet of the north 300.00 feet of the northwest quarter of the southeast quarter of southwest quarter;

The north 300.00 feet of the southwest quarter of the southwest quarter except the west 75.00 feet;

ALSO EXCLUDING A PORTION OF BLOCK 48 including that portion of La Cañada Road Public Right of Way conveyed to the Town of Sahuarita in Docket 13534 at Page 1804, as contemplated in the Fourth Amendment to the Development Agreement recorded in Docket 13355 at Page 3117 (Sequence 20081430989 dated 07/24/2008) in the office of the Recorder, Pima County, Arizona more particularly described as follows:

A portion of Rancho Sahuarita Blocks 47a and 47b as recorded in Book 24 of Surveys at Page 100 and a portion of Rancho Sahuarita Block 48 as recorded in Book 52 of Maps and Plats at Page 77, records of Pima County, Arizona. Reference herein noted to the La Cañada Drive Phase III Monument Study as recorded in Book 67 of Surveys at Page 76, and lying within Section 14, Township 17 South, Range 13 East of the Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

COMMENCING at the one-quarter corner between Section 14 and Section 15 of said Township, from which the section corner common to Sections 10, 11, 14 and 15 bears North 00 degrees 46 minutes 55 seconds West a distance of 2636.49 feet as shown in said La Cañada Drive Phase III Monument Study;

THENCE upon the section line common to said Sections 14 and 15, North 00 degrees 46 minutes 55 seconds West a distance of 160.44 feet;

THENCE leaving said section line, North 89 degrees 13 minutes 05 seconds East a distance of 74.96 feet to the east right-of-way line of said La Cañada Drive and the **POINT OF BEGINNING**;

THENCE upon said east right-of-way line, North 00 degrees 46 minutes 37 seconds West a distance of 756.97 feet to a point on the arc of a non-tangent curve, from which the radius point of said curve bears South 68 degrees 21 minutes 36 seconds East;

THENCE northeasterly along said curve, to the right, having a radius of 1985.00 feet and a central angle of 03 degrees 34 minutes 28 seconds for an arc distance of 123.83 feet;

THENCE North 25 degrees 12 minutes 52 seconds East a distance of 250.42 feet to a point of curvature;

THENCE northeasterly along said curve, to the left, having a radius of 1835.00 feet and a central angle of 26 degrees 01 minutes 09 seconds for an arc distance of 833.31 feet;

THENCE North 00 degrees 48 minutes 17 seconds West a distance of 476.68 feet to a point of curvature;

THENCE northwesterly along said curve, to the left, having a radius of 25.00 feet and a central angle of 90 degrees 04 minutes 19 seconds for an arc distance of 39.30 feet to the south right-of-way line of Helmet Peak - Sahuarita Road as shown in Book 8 of Road Maps at Page 97, from which the northwest corner of said property described in Docket 11139 at Page 306 bears South 89 degrees 07 minutes 24 seconds West, a distance of 321.00 feet;

THENCE upon said south right-of-way line, North 89 degrees 07 minutes 24 seconds East, a distance of 200.00 feet to a point on the arc of a non-tangent curve, from which the radius point of said curve bears South 00 degrees 52 minutes 36 seconds East;

THENCE southwesterly along said curve, to the left, having a radius of 25.00 feet and a central angle of 89 degrees 55 minutes 41 seconds for an arc distance of 39.24 feet;

THENCE South 00 degrees 48 minutes 17 seconds East, a distance of 476.93 feet to a point of curvature;

THENCE southwesterly along said curve, to the right, having a radius of 1985.00 feet and a central angle of 26 degrees 01 minutes 09 seconds for an arc distance of 901.43 feet;

THENCE South 25 degrees 12 minutes 52 seconds West, a distance of 250.42 feet to a point of curvature;

THENCE southwesterly along said curve, to the left, having a radius of 1835.00 feet and a central angle of 25 degrees 59 minutes 29 seconds for an arc distance of 832.42 feet to the **POINT OF BEGINNING**.

TOGETHER WITH A PORTION OF PUBLIC RIGHT OF WAY including that portion of the former La Cañada Road Public Right of Way to be abandoned, as contemplated in the Fourth Amendment to the Development Agreement recorded in Docket 13355 at Page 3117 (Sequence 20081430989 dated 07/24/2008) in the office of the Recorder, Pima County, Arizona more particularly described as follows:

A portion of La Cañada Drive as shown in Book 9 of Road Maps at Page 75 and lying in Sections 14 and 15, Township 17 South, Range 13 East of the Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

COMMENCING at the one-quarter corner between said Sections 14 and 15, from which the section corner common to Sections 10, 11, 14 and 15 bears North 00 degrees 46 minutes 55 seconds West a distance of 2636.49 feet;

THENCE upon the section line common to said Sections 14 and 15, North 00 degrees 46 minutes 55 seconds West a distance of 171.83 feet;

THENCE leaving said section line, South 89 degrees 13 minutes 05 seconds West a distance of 75.00 feet to the west right-of-way line of said La Cañada Drive and the **POINT OF BEGINNING**;

THENCE upon said west right-of-way line, North 00 degrees 46 minutes 58 seconds West a distance of 2389.50 feet to its intersection with the south right-of-way line of Helmet Peak Road as shown in Book 8 of Road Maps at Page 97;

THENCE North 89 degrees 07 minutes 05 seconds East a distance of 150.03 feet to the intersection of said south right-of-way line of Helmet Peak Road with the east right-of-way line of said La Cañada Drive;

THENCE upon said east right-of-way line, South 00 degrees 46 minutes 57 seconds East a distance of 652.82 feet;

THENCE continuing upon said east right-of-way line, South 00 degrees 47 minutes 09 seconds East a distance of 780.71 feet;

THENCE continuing upon said east right-of-way line, South 00 degrees 46 minutes 37 seconds East a distance of 210.65 feet to a point of curvature of a non-tangent curve, from which the radius point bears South 68 degrees 21 minutes 36 seconds East;

THENCE southerly along said curve, to the left, having a radius of 1985.00 feet and a central angle of 22 degrees 05 minutes 19 seconds for an arc distance of 765.25 feet to the **POINT OF BEGINNING**.

Parcel 6:

That portion of the Northeast quarter of Section 23, Township 17 South, Range 13 East, Gila and Salt River Base and Meridian, Pima County, Arizona; more particularly described as follows:

BEGINNING at a point on the East line of said Section 23, from which the Northeast corner of said Section 23 bears North 00°46'20" East, a distance of 200.00 feet;

THENCE South 00°46'20" West along the East line of said Section 23, a distance of 2222.93 feet (2222.00 feet, recorded);

THENCE North 89°09'28" West (N. 86°50'00" W., recorded), a distance of 202.00 feet;

THENCE North 00°35'20" East (N. 01°21'33" E., recorded) along a line parallel with and 30.00 feet Easterly of the West line of the parcel of land recorded in Docket 2966, at Page 20 of Pima County, Arizona records, a distance of 2217.50 feet (2211.13 feet, recorded), to a point on a line which is 200.00 feet South of the North line of said Section 23;

THENCE North 89°05'24" East (N. 89°52'08" E., recorded) along the aforesaid line parallel with and 200 feet south of said North line a distance of 149.25 feet to the **POINT OF BEGINNING**

Note- Legal descriptions provided above now differ from those provided in the District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahaurita Community Facilities District) as areas have subsequently been re-platted following approval of the Agreement.

APPENDIX B

FORM OF DISCLOSURE PAMPHLET - RESIDENTIAL

**FORM OF DISCLOSURE PAMPHLET
RESIDENTIAL
RANCHO SAHUARITA
COMMUNITY FACILITIES DISTRICT**

Rancho Sahuarita Management Company, L.L.C., an Arizona limited liability company (the "Developer"), in conjunction with the Town of Sahuarita, Arizona (the "Town"), have established a community facilities district ("CFD") in part of the development known as "Rancho Sahuarita." The CFD has financed and, in the future, will finance certain public infrastructure improvements, which will result in a property tax liability for each property owner as a result of their property being within the boundaries of the CFD.

BACKGROUND

On September 30, 1988, the Arizona Community Facilities District Act became effective. This provision in State law was created to allow Arizona municipalities to form community facilities districts for the primary purpose of financing the acquisition, construction, installation, operation and/or maintenance of public infrastructure improvements, including water and sewer improvements.

HOW THE CFD WORKS

On March 24, 2014, the Mayor and Council of the Town formed the CFD which includes your property. An election was held on August 12, 2014, at which time the then owners of the property within the CFD voted to authorize up to \$60,000,000 of *ad valorem* tax bonds to be issued over time by the CFD to finance the acquisition or construction of certain public infrastructure improvements. The improvements have been or will be dedicated to the Town after acquisition or construction of such improvements by the District. The Town will operate and maintain such improvements.

WHAT WILL BE FINANCED?

The CFD has been established to finance up to \$60,000,000 in public infrastructure improvements within the CFD including financing costs related to such improvements. The initial bond issue is expected to be approximately \$5,780,000. The proceeds of this bond issue are currently expected to be utilized to finance the engineering, design and construction of roads, drainage, improvements, landscaping and sewer lines. **In addition, it is anticipated that approximately \$_____,000 in bonds will be issued over the next _____ years for future phases of public infrastructure improvements in the CFD.**

BENEFITS TO RESIDENTS

The bond issues by the CFD will benefit all property owners within the CFD by providing such improvements. This benefit was taken into account by the Developer in connection with establishing the price of the lot on which your home will be located. Each property owner in the CFD will participate in the repayment of the bonds in the form of a property tax in addition to the current property taxes assessed by other governmental entities. This added tax may be deductible for purpose of calculating federal and state income taxes (please consult with your tax advisor).

PROPERTY OWNERS' TAX LIABILITY

The obligation to retire the bonds will become the responsibility of any property owner in the CFD through the payment of property taxes collected by the Pima County Treasurer in addition to all other property tax payments. **(PLEASE NOTE THAT NO OTHER AREA WITHIN THE BOUNDARIES OF THE TOWN (OTHER THAN QUAIL CREEK COMMUNITY FACILITIES DISTRICT) IS SUBJECT TO A PROPERTY TAX LEVIED BY ANY OTHER COMMUNITY FACILITIES DISTRICT.)** Beginning in fiscal year 2018/19, the CFD is expected to levy a not to exceed \$4.99 per \$100.00 of net limited assessed valuation tax rate to provide for repayment of the bonds and the payment of certain administrative expenses associated therewith and for the expenses of the CFD and of operation and maintaining the infrastructure it finances.

Although the level of the tax rate is not limited by law, the tax rate of the CFD is not expected to exceed \$4.99 per \$100.00 of net limited assessed valuation for as long as the bonds are outstanding. The tax rate will be maintained initially at the \$4.99 level by means of agreements with the Developer which require the Developer to provide for the difference above such \$4.99 rate. **(There can be no guarantee that the Developer will be able to make such payments in the future and, if it cannot, tax rates will be increased to provide for such repayment.)** As growth of the tax base occurs within the CFD, it is anticipated that such payments from the Developer will no longer be necessary if debt service is covered by the debt service portion of such \$4.99 tax rate at which time the District may release the developers from such obligations.

IMPACT OF ADDITIONAL CFD PROPERTY TAX

The following illustrates the additional annual tax liability imposed by the CFD, based on varying residential limited property values within the CFD and a \$4.99 tax rate:

Market Value of Residence	Estimated Annual Additional Tax Liability*
\$200,000	\$540
\$225,000	\$610
\$250,000	\$675
\$275,000	\$740
\$300,000	\$810
\$325,000	\$875

***Assumptions:**

1. Market value is not the same as limited assessed value as reported by the County Assessor. Full cash value assumes 74% of market value for residential properties. Limited assessed value assumes 73% of full cash value.
2. Assumes residential property assessment ratio will remain at 10%.
3. Tax amount is computed by multiplying the tax rate per \$100 of limited assessed value times the assessment ratio.

Additional information regarding the description of infrastructure improvements to be financed by the CFD, bond issue public disclosure documents and other documents and agreements (including a copy of this Disclosure Statement) are available for review in the Town Clerk's office.

Your signature below acknowledges that you have read this disclosure document at the time you made your decision to purchase property in the CFD and you signed your purchase contract and that you understand the property you are purchasing will be taxed to pay the CFD bonds described above.

.....
Home Buyer(s) Signature/Date

.....
Home Buyer(s) Printed Name(s)

.....
Home Buyer(s) Signature/Date

.....
..... Parcel
No. Lot No.

Attachment: Rancho Sahuarita CFD Feasibility Report (Public Hearing: Feasibility Report)

APPENDIX C

FORM OF DISCLOSURE PAMPHLET - COMMERCIAL

**FORM OF DISCLOSURE PAMPHLET
COMMERCIAL
RANCHO SAHUARITA
COMMUNITY FACILITIES DISTRICT**

Rancho Sahuarita Management Company, L.L.C., an Arizona limited liability company (the "Developer"), in conjunction with the Town of Sahuarita, Arizona (the "Town"), have established a community facilities district ("CFD") in part of the development known as "Rancho Sahuarita." The CFD has financed and, in the future, will finance certain public infrastructure improvements, which will result in a property tax liability for each property owner as a result of their property being within the boundaries of the CFD.

BACKGROUND

On September 30, 1988, the Arizona Community Facilities District Act became effective. This provision in State law was created to allow Arizona municipalities to form community facilities districts for the primary purpose of financing the acquisition, construction, installation, operation and/or maintenance of public infrastructure improvements, including water and sewer improvements.

HOW THE CFD WORKS

On March 24, 2014, the Mayor and Council of the Town formed the CFD which includes your property. An election was held on August 12, 2014, at which time the then owners of the property within the CFD voted to authorize up to \$60,000,000 of *ad valorem* tax bonds to be issued over time by the CFD to finance the acquisition or construction of certain public infrastructure improvements. The improvements have been or will be dedicated to the Town after acquisition or construction of such improvements by the District. The Town will operate and maintain such improvements.

WHAT WILL BE FINANCED?

The CFD has been established to finance up to \$60,000,000 in public infrastructure improvements within the CFD including financing costs related to such improvements. The initial bond issue is expected to be approximately \$5,780,000. The proceeds of this bond issue are currently expected to be utilized to finance the engineering, design and construction of roads, drainage, improvements, landscaping and sewer lines. **In addition, it is anticipated that approximately \$_____,000 in bonds will be issued over the next _____ years for future phases of public infrastructure improvements in the CFD.**

BENEFITS TO PROPERTY OWNERS

The bond issues by the CFD will benefit all property owners within the CFD by providing such improvements. This benefit was taken into account by the Developer in connection with establishing the price of the land you are purchasing. Each property owner in the CFD will participate in the repayment of the bonds in the form of a property tax in addition to the current property taxes assessed by other governmental entities. This added tax may be deductible for purpose of calculating federal and state income taxes (please consult with your tax advisor).

PROPERTY OWNERS' TAX LIABILITY

The obligation to retire the bonds will become the responsibility of any property owner in the CFD through the payment of property taxes collected by the Pima County Treasurer in addition to all other property tax payments. **(PLEASE NOTE THAT NO OTHER AREA WITHIN THE BOUNDARIES OF THE TOWN (OTHER THAN QUAIL CREEK COMMUNITY FACILITIES DISTRICT) IS SUBJECT TO A PROPERTY TAX LEVIED BY ANY OTHER COMMUNITY FACILITIES DISTRICT.)** Beginning in fiscal year 2018/19, the CFD is expected to levy a not to exceed \$4.99 per \$100.00 of net limited assessed valuation tax rate to provide for repayment of the bonds and the payment of certain administrative expenses associated therewith and for the expenses of the CFD and of operation and maintaining the infrastructure it finances.

Although the level of the tax rate is not limited by law, the tax rate of the CFD is not expected to exceed \$4.99 per \$100.00 of net limited assessed valuation for as long as the bonds are outstanding. The tax rate will be maintained initially at the \$4.99 level by means of agreements with the Developer which require the Developer to provide for the difference above such \$4.99 rate. **(There can be no guarantee that the Developer will be able to make such payments in the future and, if it cannot, tax rates will be increased to provide for such repayment.)** As growth of the tax base occurs within the CFD, it is anticipated that such payments from the Developer will no longer be necessary if debt service is covered by the debt service portion of such \$4.99 tax rate at which time the District may release the developers from such obligations.

IMPACT OF ADDITIONAL CFD PROPERTY TAX

The following illustrates the additional annual tax liability imposed by the CFD, based on varying commercial limited property values within the CFD and a \$4.99 tax rate:

Value for Tax Purposes	Estimated Annual Additional Tax Liability*
\$250,000	\$2,250
\$500,000	\$4,490
\$1,000,000	\$8,980
\$1,500,000	\$13,475
\$2,500,000	\$22,455
\$5,000,000	\$44,910

*Assumptions:

1. Assumes commercial property assessment ratio will remain at 18%.
2. Tax amount is computed by multiplying the tax rate per \$100 of limited assessed value times the assessment ratio.

Additional information regarding the description of infrastructure improvements to be financed by the CFD, bond issue public disclosure documents and other documents and agreements (including a copy of this Disclosure Statement) are available for review in the Town Clerk's office.

Your signature below acknowledges that you have read this disclosure document at the time you made your decision to purchase property in the CFD and you signed your purchase contract and that you understand the property you are purchasing will be taxed to pay the CFD bonds described above.

.....
Buyer(s) Signature/Date

.....
Buyer(s) Printed Name(s)

.....
Buyer(s) Signature/Date

.....
..... Parcel
No. Lot No.
Other legal description of property

Attachment: Rancho Sahuarita CFD Feasibility Report (Public Hearing: Feasibility Report)



District Board Agenda Communication

TO: Honorable Chairperson and District Board

FROM: A.C. Marriotti, District Treasurer

MEETING DATE: March 12, 2018

SUBJECT: Consideration and possible adoption of Resolution No. 2018-0010, ratifying the giving of notice of hearing with respect to approving, and 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; authorizing the sale and issuance of not to exceed \$6,000,000 aggregate principal amount of General Obligation Bonds, Series 2018; approving the form and authorizing the execution and delivery of a series 2018 Standby Contribution Agreement, a Series 2018 Depository Agreement, a Series 2018 Indenture of Trust and Security Agreement and certain other documents relating to the bonds; awarding the bonds to the purchaser thereof; delegating the determination of certain terms and conditions for sale of the bonds and matters related thereto to the District Manager and authorizing the subsequent levying of an ad valorem property tax with respect to the bonds.

FINANCIAL / BUDGET SUMMARY

STAFF RECOMMENDATION

Approval of Resolution No. 2018-0010.

SUGGESTED MOTION

I move to approve Resolution No. 2018-0010.

DISCUSSION

ADDITIONAL INFORMATION WILL BE PROVIDED WHEN AVAILABLE. Resolution and supporting documents added March 9, 2018.

ATTACHMENTS

1. RSCFD Resolution No. 2018-0010

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

RESOLUTION NO. 2018-0010

A RESOLUTION OF THE DISTRICT BOARD OF RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT RATIFYING THE GIVING OF NOTICE OF HEARING WITH RESPECT TO APPROVING, AND 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; AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED \$6,000,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, SERIES 2018; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SERIES 2018 STANDBY CONTRIBUTION AGREEMENT, A SERIES 2018 DEPOSITORY AGREEMENT, A SERIES 2018 INDENTURE OF TRUST AND SECURITY AGREEMENT AND CERTAIN OTHER DOCUMENTS RELATING TO THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; DELEGATING THE DETERMINATION OF CERTAIN TERMS AND CONDITIONS FOR SALE OF THE BONDS AND MATTERS RELATED THERETO TO THE DISTRICT MANAGER AND AUTHORIZING THE SUBSEQUENT LEVYING OF AN *AD VALOREM* PROPERTY TAX WITH RESPECT TO THE BONDS

BE IT RESOLVED BY THE DISTRICT BOARD OF RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT as follows:

1. Findings.

a. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Act"), and Section 9-500.05, Arizona Revised Statutes, the Town of Sahuarita, Arizona (hereinafter called the "Municipality"), Rancho Sahuarita Community Facilities District (hereinafter called the "District"), Interchange Opportunity Fund L.L.L.P. (hereinafter referred to as the "LLLP") and Rancho Sahuarita Management Company, L.L.C. (hereinafter referred to as the "LLC") entered into a District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of April 1, 2014 (hereinafter referred to as the "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.

b. With regard to the property which makes up the real property included within the District, the District, the LLLP and the LLC specified some of such matters in the Development Agreement, particularly matters relating to the acquisition or construction of certain public infrastructure by the District, the acceptance by the Municipality or other appropriate political subdivisions, the reimbursement or repayment of the LLLP and the LLC with respect thereto, the advance of moneys for public infrastructure purposes and the repayment of such advances and the obtaining of credit enhancement for, and processing of disbursement and investment of proceeds of, certain bonds, all pursuant to the Act.

c. The District is authorized (1) by Section 48-719, Arizona Revised Statutes to issue and sell general obligation bonds of the District to provide moneys for public infrastructure purposes consistent with The General Plan of Rancho Sahuarita Community Facilities District (hereinafter referred to as the "General Plan") and (2) by Section 48-709(F), Arizona Revised Statutes to repay all or part of fees and charges collected from landowners for public infrastructure purposes, the advance of moneys by landowners for public infrastructure purposes or the granting of real property by the landowner for public infrastructure purposes from the proceeds of such bonds pursuant to agreements entered into with landowners and the Municipality, pursuant to Section 48-709(A)(10), Arizona Revised Statutes.

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

question of authorizing the board of directors of the District (hereinafter called the "District Board") to issue such bonds (hereinafter referred to as the "Bonds").

e. The District Board deemed it necessary and advisable to order and call such an election and to establish the procedures whereby such election should be held and did so pursuant to Resolution No. 2014-0001 adopted on April 28, 2014 (hereinafter referred to as the "Election Resolution"), which provided that a special election be held on August 12, 2014 (hereinafter referred to as the "Election"), at which time there was submitted to the qualified electors of the District the question set forth in the official ballot described in the Election Resolution.

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

g. Pursuant to Resolution No. 2014-0002 adopted by the District Board on August 25, 2014, the District Board found and determined that a majority of the votes cast by the qualified electors voting at the Election voted "Bonds, Yes" and that the Bonds up to and including \$60,000,000 aggregate principal amount are therefore authorized to be sold and issued.

h. Pursuant to Section 48-715, Arizona Revised Statutes and the Election Resolution, the District Board has caused a report of the feasibility and benefits of certain projects relating to certain public infrastructure provided for in the General Plan and to be financed with proceeds of the sale of a first Series of the Bonds (hereinafter referred to as the "First Series of Bonds") to be prepared, such report having included a description of certain public infrastructure to be acquired and all other information useful to understand the projects, a map showing, in

general, the location of the projects, an estimate of the cost to construct, acquire, operate and maintain the projects, an estimated schedule for completion of the projects, a map or description of the area to be benefitted by the projects and a plan for financing the projects (hereinafter referred to as the "Report"). A public hearing on the Report was held on the date of adoption of this Resolution, but prior thereto (hereinafter referred to as the "Hearing"), after provision for publication of notice thereof as provided by law (hereinafter referred to as the "Notice").

i. It has been requested that the District Board undertake any and all of the public infrastructure purposes described in the General Plan as such purposes relate to the public infrastructure (hereinafter referred to as the "Projects") described in the Development Agreement, and the District Board desires to undertake such public infrastructure purposes as described in the Development Agreement, including consideration of the acquisition or construction of the Projects which are designated in the General Plan.

j. The District Board (1) has determined to authorize the issuance of the First Series of Bonds to provide funds for any and all of the public infrastructure purposes provided for by the Act to the extent authorized in the Election and (2) shall enter in its minutes a record of the First Series of Bonds sold and their numbers and dates and levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described herein, to pay Debt Service (as such term is hereinafter defined) when due.

k. Pursuant to the Act, the District Board has determined to enter into a Series 2018 Standby Contribution Agreement, to be dated as of the first day of the month of the dated date of the First Series of Bonds determined as provided herein (hereinafter referred to as the "Standby Contribution Agreement"), by and among the District, the LLLP, the LLC and U.S. Bank National Association, as trustee (hereinafter referred to as the "Trustee"), to provide for

certain public infrastructure purposes for the District, including for credit enhancement for the First Series of Bonds.

l. Pursuant to the Act, the District Board has also determined to enter into a Series 2018 Depository Agreement, to be dated as of the first day of the month of the dated date of the First Series of Bonds determined as provided herein (hereinafter referred to as the "Depository Agreement"), by and between the District and the Trustee, in its separate capacity as depository (hereinafter referred to as the "Depository"), to provide for certain public infrastructure purposes for the District, including for credit enhancement for the First Series of Bonds.

m. Pursuant to the Act, the District Board has further determined to enter into a Series 2018 Indenture of Trust and Security Agreement, to be dated as of the first day of the month of the dated date of the First Series of Bonds as provided herein (hereinafter referred to as the "Indenture"), from the District to the Trustee to secure (including with amounts to be available pursuant to the Standby Contribution Agreement and the Depository Agreement), and process the issuance, registration, transfer and payment and the disbursement and investment of proceeds of, the First Series of 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 sale and issuance of the First Series of Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the First Series of Bonds by the Trustee, to authorize the execution and delivery of the Indenture.

n. The sale of the Bonds will be accomplished by entities submitting proposals pursuant to a Request for Proposals to Purchase General Obligation Bond of Rancho Sahuarita Community Facilities District promulgated by the District Treasurer prior to the adoption hereof (hereinafter referred to as the "Request".)

o. The only entity submitting a proposal pursuant to the Request was Western Alliance Public & Non-Profit Finance (hereinafter referred to as the "Proposal").

p. There have been placed on file with the District Clerk of the District and presented to the District Board, in connection with the purposes described in paragraphs 1.h. through n. (1) the proposed form of the Standby Contribution Agreement, (2) the proposed form of the Depository Agreement and (3) the proposed form of the Indenture as well as the Request and the Proposal. (The documents described in Clauses (1) through (3), both inclusive, are hereinafter referred to, collectively, as the "Bond Documents.")

q. The District Board hereby finds and determines that (1) the proposed amount of indebtedness evidenced by the First Series of Bonds will not exceed the estimated cost of the public infrastructure improvements to be financed with the proceeds of the sale thereof plus all costs connected with the public infrastructure purposes related thereto and sale and issuance of the First Series of Bonds and (2) the total aggregate outstanding amount of the First Series of Bonds will not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure to be acquired by the District with proceeds of the First Series of Bonds (based upon information to be submitted to the District by the LLP and the LLC, hereby found and determined to be not less than \$10,000,000) all as provided in the Act.

r. Pursuant to the Internal Revenue Code of 1986, as amended (hereinafter referred to as the "Code"), and the regulations promulgated thereunder (hereinafter referred to as the "Regulations"), issuers of obligations, the interest on which is intended to be excludable from the gross income of the owners thereof for federal income tax purposes (hereinafter referred to as "Tax-Exempt Obligations"), are required to establish policies and procedures to ensure compliance with the applicable provisions of the Code and the Regulations, and the District Board has determined that procedures should be adopted in order to ensure that Tax-Exempt Obligations issued by the District comply with the provisions of the Code and the Regulations (hereinafter referred to as the "Procedures").

s. There has also been placed on file with the District Clerk of the District and presented to the District Board the Procedures.

t. All formal actions concerning and relating to the passage of this Resolution were taken in an open meeting, in compliance with all legal requirements, and all things required to be done preliminary to the authorization, sale and issuance of the First Series of Bonds have been duly done and performed in the manner required by law, and the District Board is now empowered to proceed with the sale and issuance of the First Series of Bonds.

2. a. Approval of Notice of Hearing on Report. The form of the Notice attached hereto and marked as the Exhibit is hereby ratified in all respects as well as the publication of the Notice and mailing of the Report to the governing body of the Municipality.

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

c. Approval of Report and Resolution of Intent. After review of the Report and based on the Hearing and the mailing of the Report to the governing body of the Municipality, the Report is hereby approved in the form submitted to the District Board, and such reasonable actions as may be necessary to cause the results contemplated by and set forth in the Report shall be taken, including particularly the construction or acquisition of the Projects for the benefit of the areas described in the Report and the consummation of the expected method of financing, and an appropriate system of providing revenues or other means to maintain, the Projects, all as provided in the Report.

3. a. Approval of Sale and Issuance of First Series of Bonds. The First Series of Bonds is hereby authorized to be issued as a series of general obligation bonds of the District to be designated "General Obligation Bonds, Series 2018." The First Series of Bonds shall be issued in the aggregate principal amount, be in fully registered form only and denominations,

bear interest from their date, be numbered and mature and be subject to redemption prior to maturity, in each case as provided in the Indenture as determined by the District Manager as hereinafter provided. The District Manager is hereby authorized and directed to cause the sale of the First Series of Bonds based upon the Proposal.

b. Forms, Terms and Provisions, and Execution and Delivery, of First Series of Bonds. The forms, terms and provisions of the First Series of Bonds provided for in the Indenture are hereby 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 First Series of Bonds, and each is hereby authorized to execute and deliver them. (The persons who shall so execute and deliver the First Series of Bonds shall be the persons holding such offices at the time of the initial issuance and delivery of the First Series of Bonds.)

c. Forms, Terms and Provisions, and Execution and Delivery, of Bond Documents and Request. 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, which approval will be conclusively demonstrated by the execution thereof, and the District Manager, and the District Clerk are hereby authorized to execute and attest, respectively, the Bond Documents. The Request in the form already promulgated and presented at the meeting at which this Resolution is adopted is hereby ratified and confirmed in all respects.

d. Authorization to Execute and Deliver Order to Trustee. The District Manager is hereby authorized to execute and deliver to the Trustee the written order of the District for the authentication and delivery of the First Series of Bonds by the Trustee.

e. Other Actions Necessary. The District Manager, the District Treasurer, the District Clerk and the other officers of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by

the Bond Documents and the Proposal, including without limitation, the closing and other documents required to be delivered in connection with the sale and delivery of the First Series of Bonds, the foregoing documents to include an agreement with an entity to make information available to the owners of the First Series of Bonds as required by the Proposal. (The persons who shall so take such actions shall be the persons holding such offices at the time of the initial issuance and delivery of the First Series of Bonds.) The promulgation of the Request by the District Treasurer is hereby verified and confirmed.

f. Tax Levy.

1. For each year while any of the First Series of Bonds is outstanding, the District Board shall annually levy and cause to be collected an *ad valorem* tax, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any moneys from any sources in the Enabling Act and under the Indenture, to pay Debt Service when due.

2. Moneys derived from the levy of the tax provided for in this Section with respect to the First Series of Bonds when collected constitute funds to pay Debt Service and shall be kept in the Series 2018 Tax Account and separately from other funds of the District.

3. The District Board shall make annual statements and estimates of the amount to be raised to pay Debt Service on the First Series of Bonds. The District Board shall file the annual statements and estimates with the Clerk of the Municipality and shall publish a notice of the filing of the estimate. The District Board, on or before the date set by law for certifying the annual budget of the Municipality, shall fix, levy and assess the amounts to be raised by *ad valorem* taxes of the District and shall cause certified copies of the order to be delivered to the Board of Supervisors of Pima County, Arizona, and to the Department of Revenue of the State. All statutes relating to the levy and collection of State and county taxes, including

the collection of delinquent taxes and sale of property for nonpayment of taxes, apply to the taxes provided for by this Section.

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

h. Appointment of Trustee and Depository. The Trustee is hereby confirmed as trustee, registrar and paying agent and as depository for the purposes of the Indenture and the Depository Agreement, respectively.

i. Implementation of Procedures. The Procedures are hereby adopted to establish policies and procedures related to the purposes set forth in the Recitals hereto. 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.

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

5. Severability; Amendment; Effective Date.

a. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such

section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

b. This Resolution may only be amended as provided by the terms of the Indenture.

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

d. This Resolution shall be effective immediately.

PASSED by the District Board of Rancho Sahuarita Community Facilities District this 12th day of March, 2018.

Tom Murphy
Chairperson, District Board,
Rancho Sahuarita Community Facilities District

ATTEST:

Lisa Cole, CMC
District Clerk,
Rancho Sahuarita Community Facilities District

APPROVED AS TO FORM:

Daniel J. Hochuli
District Counsel,
Rancho Sahuarita Community Facilities District

ATTACHMENT:

EXHIBIT -- Form of Notice of Hearing on Report

* * *

PHX 332419697v2

EXHIBIT

FORM OF NOTICE OF HEARING ON REPORT

**NOTICE FOR HEARING REQUIRED BY A.R.S. § 48-715 ON
REPORT OF THE FEASIBILITY AND BENEFITS OF CERTAIN
PROJECTS TO BE FINANCED WITH THE PROCEEDS OF THE
SALE OF GENERAL OBLIGATION BONDS OF RANCHO
SAHUARITA COMMUNITY FACILITIES DISTRICT**

Pursuant to Section 48-715, Arizona Revised Statutes, notice is hereby given that a public hearing on the report of the feasibility and benefits of projects to be financed with the proceeds of the sale of the first series of general obligation bonds of Rancho Sahuarita Community Facilities District shall be held by the District Board on March 12, 2018, at or after 6:30 p.m. (Arizona time), in the Council Chambers located at 375 West Sahuarita Center Way, Sahuarita, Arizona. Such feasibility report and further information relating thereto are on file with the Town Clerk of the Town of Sahuarita, Arizona/District Clerk of Rancho Sahuarita Community Facilities District, 375 West Sahuarita Center Way, Sahuarita, Arizona 85629, telephone number: (520) 822-8800.

Dated this day of February, 2018.

/s/ Kelly Udall
District Manager, Rancho Sahuarita Community
Facilities District

Publish once in the *Arizona Daily Star* not less than ten days before March 12, 2018.

March 7, 2018

VIA EMAIL

Mr. A.C. Marriott
District Treasurer
Rancho Sahuarita Community Facilities District
c/o Town of Sahuarita
375 W. Sahuarita Center Way
Sahuarita, Arizona 85629
amarriotti@saharitaaz.gov

Re: Rancho Sahuarita Community Facilities District (Town of Sahuarita, Arizona)
General Obligation Bond, Series 2018 (the “Series 2018 Bond”)

Western Alliance Bank and Western Alliance Business Trust are pleased to submit the following preliminary terms, subject to formal credit approval and receipt and approval of all relevant documentation with respect to purchase of the Series 2018 Bond. This term sheet is provided solely as a basis for discussion, outlining the general contemplated structure for the Series 2018 Bond, and should not be construed as a commitment by the Purchaser. This term sheet is a non-binding outline only and does not purport to summarize all of the conditions, terms, covenants, representations, warranties and other provisions which would be contained in definitive legal documentation for the Series 2018 Bond contemplated hereby.

Borrower: Rancho Sahuarita Community Facilities District (the “Borrower” or “District”)
Town: Town of Sahuarita, Arizona (the “Town”)
Developer: Interchange Opportunity Fund L.L.L.P., an Arizona limited liability limited partnership (“IOF”) and Rancho Sahaurita Management Company, L.L.C., an Arizona limited liability company (“RSMC,” and together with IOF, the “Master Developers”)
Purchaser: Western Alliance Business Trust or a wholly owned affiliate of Western Alliance Bank (the “Purchaser”). The contacts for the Purchaser are as follows:

Monika E. Suarez
Senior Vice President – Municipal Finance Director
Western Alliance Bank
601 W. 5th Street, Suite 100
Los Angeles, CA 90071
Ph. (213) 362-5277
msuarez@westernalliancebank.com

Joshua J. Lentz
Vice President – Municipal Finance Officer
Western Alliance Bank
One E. Washington Street, Ste. 1400
Phoenix, AZ 85004
Ph. (602) 346-7467
jlentz@westernalliancebank.com

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

Purpose: Proceeds from the Series 2018 Bond are to be used to (i) pay costs of the Public Infrastructure improvements, and (ii) pay cost of issuance associated with the issuance of the Series 2018 Bond.

Tax Status: Interest on the Series 2018 Bond shall be excluded from gross income for federal income tax purposes and exempt from income taxation under the laws of the State of Arizona. Such interest shall not be a preference item for AMT purposes. The Series 2018 Bond shall be designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986.

Principal Amount: Not to exceed \$6,000,000

Final Maturity Date: July 15, 2043

Interest Payment Dates: Semi-annual interest payments on each July 15 and January 15 commencing January 15, 2018 through July 15, 2043, computed on the basis of a 360 year consisting of twelve 30-day months.

Principal Payment Dates: Fully amortizing annual principal payments on each July 15 commencing July 15, 2020 through July 15, 2043.

Estimated Weighted Average Maturity: Not to exceed 16 years

Interest Rate Pricing: 78% of the sum of the 16-Year LIBOR Interest Rate Swap Rate plus 3.50% (tax-exempt fixed rate). Based on market rates as of March 7, 2018, the indicative interest rate would be **5.06%***. The interest rate may be locked two weeks prior to funding following all necessary approvals.

Redemption Provisions: Optional Redemption.
The Series 2018 Bond or any portion thereof or any integral multiple thereof may be called prior to maturity and redeemed at the option of the District, from any sources of funds, in whole or in part, on any Interest Payment Date on or after July 15, 2028, at a price equal to the principal amount of the Series 2018 Bond to be redeemed, together with accrued interest to the date of redemption, without any penalty.

Mandatory Sinking Fund Redemption.

The Series 2018 Bond maturing on July 15, 2043 is subject to redemption prior to their stated maturity in part by lot, from sinking fund payments made by the District at redemption price equal to the principal thereof to be redeemed, without premium, in the aggregate respective principal amounts and on July 15 in each of the respective years as determined upon the locking of the interest rate on the Series 2018 Bond.

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

* Preliminary, subject to change and market conditions. The interest rate is based on the MID 16-Year LIBOR Interest Rate Swap Rate of 2.9885% as of March 7, 2018, 15:59:53 EST. Today’s interest rate calculation is as follows: 78%(2.9885%+3.50%) = 5.06%. The interest rate calculation is rounded to the nearest one hundredth percentage.

Source: Bloomberg Finance L.P.

Security: Principal of and interest on the Series 2018 Bond will be payable from a continuing, direct, annual, ad valorem tax levied against all of the taxable property in the District, together with any amounts from sources described in the Enabling Act and available pursuant to the governing legal document.

Debt service also will be guaranteed pursuant to a standby contribution agreement with the Developer, which amounts will be paid at the times and for the period set forth in the standby contribution agreement.

In the event the Developer fails to pay amounts due pursuant to the standby contribution agreement, debt service also will be payable from the then stated amount of a letter of credit which will be drawn and held pursuant to a depository agreement.

Reserve Fund: None.

Additional General Obligation Bonded Indebtedness The Borrower retains the right to issue, subject to the authorization remaining from the election, additional series of bonds payable from *ad valorem* property taxes to the extent additional amounts of the authorized bonds to be issued together with the Series 2018 Bond or refunding bond of the Series 2018 Bond are not more than fifty percent (50%) of the net assessed property value for secondary tax purposes as of the last preceding tax levy of property within the boundaries of the District.

Other Fees Due at Closing: The Borrower shall be obligated to pay all delivery costs, including legal fees of the Purchaser’s Counsel. The Purchaser’s Counsel fee shall not exceed \$15,000.

Purchaser’s Counsel: Timothy E. Pickrell, Esq. of Squire Patton Boggs (US) LLP / Phoenix, Arizona

Bond Counsel: Greenberg Traurig, LLP / Phoenix, Arizona

Municipal Advisor: Stifel, Nicolaus & Company, Incorporated / Phoenix, Arizona

Major Developers’ Counsel Gallagher & Kennedy / Phoenix, Arizona

Bond Trustee: U.S. Bank National Association / Phoenix, Arizona

Closing Date: March 29, 2018 (Estimated)

Representations / Warranties: Bond Counsel will be responsible for preparing all legal documentation, which will contain customary affirmative and negative covenants as well as usual representations and warranties for like situated borrowers acceptable to the Purchaser and the Purchaser’s Counsel.

Legal Opinion(s): Opinions of Bond Counsel, among other things, as to (1) treatment of payments under the Series 2018 Bond as tax-exempt obligations under the IRS Code and treatment of payments under the Series 2018 Bond as exempt from State of Arizona income taxes; (2) opinion as to the validity and enforceability of the Series 2018 Bond and security lien on *ad valorem* taxes to be collected within the District; (3) opinion as to the Series 2018 Bond being exempt from registration pursuant to the Securities Act of 1933, as amended and the legal documents being exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended, and (4) such other opinions as the

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

Purchaser may require.

An opinion of the Town Attorney shall also be provided in form and substance satisfactory to the Purchaser and the Purchaser's Counsel.

An opinion of the Master Developers' Counsel shall also be provided in form and substance satisfactory to the Purchaser and the Purchaser's Counsel.

Documentation:

Prior to the issuance of the Series 2018 Bond, the following conditions precedent shall have occurred, all of which shall be in form and substance satisfactory to the Purchaser and the Purchaser's Counsel:

1. formal credit approval by the Purchaser for the purchase of the Series 2018 Bond;
2. satisfactory review by the Purchaser's Counsel of any outstanding agreements entered into by the Borrower and the Town which may impact the security for the Series 2018 Bond or the obligations of the Borrower and the Town with respect to repayment of the Series 2018 Bond;
3. any authorizing resolution(s) of the Borrower and the Town as required for the issuance and repayment of the Series 2018 Bond;
4. opinions as required by the Purchaser and the Purchaser's Counsel;
5. properly executed legal documents in form and substance satisfactory to the Purchaser and the Purchaser's counsel evidencing or supporting the repayment of the Series 2018 Bond; and
6. additional conditions precedent that the Purchaser and the Purchaser's Counsel consider customary and reasonably appropriate for the proposed purchase of the Series 2018 Bond.

The Purchaser will book the Series 2018 Bond as a loan, and, therefore, the Series 2018 Bond will be purchased by the Purchaser under the following conditions:

- (i) the Series 2018 Bond shall not be registered or otherwise qualified for sale under the "Blue Sky" laws;
- (ii) the Purchaser will hold their respective term bond as a single debt instrument;
- (iii) a CUSIP number will not be obtained for the Series 2018 Bond; however, the Purchaser is treating the Series 2018 Bond as a loan and the Series 2018 Bond shall not be construed by the Purchaser as a security;
- (iv) no official statement or similar offering document has been prepared in connection with the private placement of the Series 2018 Bond;
- (v) the Series 2018 Bond will be in certificated form, will not settle through the DTC or any similar repository and will not be in book entry form; and
- (vi) the Purchaser will sign a letter of representations in a form acceptable to Purchaser's Counsel.

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

No Fiduciary Relationship:

Inasmuch as the Series 2018 Bond represents a negotiated transaction, the Borrower understands, and hereby confirms, that the Purchaser is not acting as a fiduciary of the Borrower, but rather is acting solely in its capacity as a Purchaser, for its own account. The Borrower acknowledges and agrees that (i) the transaction contemplated herein is an arm’s length commercial transaction between the Borrower and the Purchaser and its affiliates, (ii) in connection with such transaction, the Purchaser and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a “Municipal Advisor” as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the “Municipal Advisor Rules”), (iii) the Purchaser and its affiliates are relying on the Purchaser exemption in the Municipal Advisor Rules, (iv) the Purchaser and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto, (v) the Purchaser and its affiliates have financial and other interests that differ from those of the Borrower, and (vi) the Borrower has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

Reporting Requirements:

Within nine (9) months after each fiscal year, the Borrower shall provide:

- (a) a copy of the Borrower’s audited financial statements;
- (b) a table presenting the real and secured property taxes levied and collected for the prior fiscal year;
- (c) a table presenting the net limited assessed property values of major taxpayers for the prior fiscal year;
- (d) a table presenting the net limited assessed property value for the prior fiscal year and preliminary estimate for the current fiscal year;
- (e) a table presenting the estimated net full cash value for the prior fiscal year and a preliminary estimate for the current fiscal year; and
- (f) a table presenting the debt service requirements and the projected impact on the Series 2018 Bond tax rate including the Master Developers estimated contribution.

The Purchaser shall be copied on all quarterly standby contribution payment requests from the Bonds Trustee to the Master Developers.

The Purchaser shall receive notice of any significant impact to the Borrower’s financial position. The Borrower shall furnish at the Purchaser’s request such additional information that Purchaser may from time to time reasonably request.

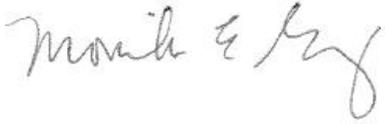
Assignment:

The Purchaser retains the right to assign or to participate its interest in the Series 2018 Bond. The Purchaser acknowledges and agrees that the Series 2018 Bond may only be transferred to a “Qualified Institutional Buyer” or an “Accredited Investor” within the meaning of the Securities Act of 1933, as amended.

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

Please sign the enclosed copy of this term letter to myself via e-mail or regular mail to our attention (see contact information on first page).

Submitted on behalf of Western Alliance Bank and its affiliate, Western Alliance Business Trust.



Monika E. Suarez
Senior Vice President – Municipal Finance Director



Joshua J. Lentz
Vice President – Municipal Finance Officer

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

By: _____
Name: _____
Title: _____
Date: _____

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

**Rancho Sahuarita Community Facilities District (Sahuarita, Arizona)
General Obligation Bond, Series 2018 (the "Bond")**

Request for Proposals to Purchase General Obligation Bond of
Rancho Sahuarita Community Facilities District
Proposed General Terms and Conditions

Terms/Definitions	Description
Issuer:	Rancho Sahuarita Community Facilities District (the "District").
Principal Amount:	\$5,780,000*
Authority:	<p>Pursuant to an election held August 12, 2014, the District is authorized to issue not to exceed \$60,000,00 principal amount of general obligation bonds. \$5,780,000* will be issued in the form of the Bond for public infrastructure purposes pursuant to Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act") and Indenture of Trust and Security Agreement (the "Indenture") from the District to U.S. Bank National Association ("Trustee"). The issuance of the Bond and necessary, related matters will be authorized by a resolution of the board of directors of the District (the "Board") to be adopted on March 12, 2018. Such resolution will also approve feasibility report required with respect to the projects to be financed with proceeds of the sale of the Bond required by Section 48-715, Arizona Revised Statutes (the "Report").</p> <p>The Act provides that the total aggregate outstanding amount of bonds and any other indebtedness for which full faith and credit of the District are pledged will not exceed 60 percent of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the bonds.</p>
Documents Which Should Be Reviewed:	<p>Links are provided below to the most recent drafts of the Indenture and the Report as well as the Standby Contribution Agreement and the Depository Agreement described therein. All such documents are subject to change before adoption of the Resolution. Notice will be provided to all those receiving this Request of any material changes in such documents before such adoption. (None are expected.) Initially, capitalized terms used herein not defined herein have the meanings provided in the Indenture.</p>
Security and Source of Payment:	<p>After the Bond is issued, State law requires that the Board annually levy and cause an ad valorem tax to be collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described in the Act and which may be available pursuant to the Indenture, including the Standby Contribution Agreement and the Depository Agreement, to pay Debt Service when due. Such taxes are to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected. The proceeds of the taxes are to be kept in the Tax Account and will be used only for the payment of principal and interest as above-stated. Following collection and deposit of the taxes in the Tax Account, moneys credited to the Tax Account will be invested in accordance with the provisions of State law.</p> <p>The Bond and any other general obligation bonds of the District will be payable on a parity basis with respect to the collection and application of property tax revenues of the District. Such property taxes will be allocated to each series of bonds in accordance with any debt service then due and, in either case, taking into account other funds held by the District for such payment. Property tax revenues allocated for any series of bonds will be deposited in the applicable fund or account set aside for such series.</p> <p>Debt Service on the Bond (but not debt service with respect to any subsequently issued bonds of the District) will be payable from amounts to be paid pursuant to the Standby Contribution Agreement, which amounts will be paid to the Trustee at the times and for the period set forth in the Standby Contribution Agreement. Interchange Opportunity Fund L.L.L.P. and Rancho Sahuarita Management Company, L.L.C. will be obligated, jointly and severally, to pay such amounts. The Standby Contribution Agreement may be terminated under certain circumstances prior to the final maturity of the Bond. Please review the Standby Contribution Agreement hereto with respect to availability of amounts pursuant to the Standby Contribution Agreement. It is expected, there can be no guarantee, that based on anticipated development, the amount of ad valorem taxes to be collected from year to year at a tax rate of \$4.69 per \$100 of net limited assessed property value on all taxable property</p>

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

* Preliminary, subject to change.

Terms/Definitions	Description
	<p>within the boundaries of the District may, each year, pay an increasing amount of Debt Service and ultimately be sufficient alone to pay Debt Service.</p> <p>In the event such entities fail to pay amounts due pursuant to the Standby Contribution Agreement, Debt Service (but not debt service with respect to any subsequently issued bonds of the District) may also be payable from the stated amount of the Letter of Credit which will be drawn and held pursuant to the Depository Agreement and then under certain circumstances, paid to the Trustee for such purpose at the times and in the amounts set forth in the Depository Agreement. Amounts available to be held pursuant to the Depository Agreement will be subject to reduction and not subject to replenishment if used for such purposes. The Depository Agreement may be terminated under certain circumstances prior to the maturity of the Bond. See the Indenture and the Depository Agreement linked hereto with respect to availability of amounts pursuant to the Depository Agreement.</p> <p>For convenience only, Exhibit B hereto provides certain information with respect to the ad valorem property tax base of the District. Accuracy of the information and the source indicated should not be assumed. The information should be confirmed from the source or other sources deemed reliable by entities submitting proposals.</p> <p>NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BOND. THE BOND IS AN OBLIGATION OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.</p>
Bank Qualified:	Yes
Principal and Interest Payments / Alternate Mandatory Redemption Schedule:	Interest will be payable on January 15, 2019, and each January 15 and July 15 (each an "Interest Payment Date") thereafter until maturity or prior redemption. Principal will mature on July 15. The Bond will be a single term bond with mandatory redemption requirements each year prior to final maturity. Exhibit A hereto provides two options for such redemption requirements. Entities submitting proposals may provide a rate for either or both options.
Optional Redemption:	Entities submitting proposals to provide. Will be taken into account in determining final award.
No Offering Document or Credit Rating:	The District will not apply for an independent credit rating or produce offering documents with respect to the Bond. Entities submitting proposals must conduct their own due diligence as to the purchase of the Bond.
Bond Counsel:	Greenberg Traurig, LLP; contact: Michael Cafiso, Esq., (602) 445-8452 / cafisom@gtlaw.com or Paul Gales, Esq. (602) 445-8404 / galesp@gtlaw.com
Financial Advisor:	Stifel Nicolaus & Company Incorporated; Mark Reader, (602) 794-4011 / mreader@stifel.com or Erika Coombs, (602) 794-4030 / ecoombs@stifel.com Please direct all questions to A.C. Marriotti, District Treasurer.
Costs:	All costs associated with the issuance of the Bond will be payable from the proceeds of the sale of the Bond, including the fees and expenses of the counsel of the entity to which final award is made, the Financial Advisor and Bond Counsel. Proposals will disclose all potential additional fees and expenses. Payment of all fees and expenses will be contingent upon closing.
Estimated Closing:	March 29, 2018 (subject to change).
Proposals Due:	Proposals will be submitted to the District Treasurer or before Wednesday, February 28, 2018 by 3:00 p.m. (M) Electronic proposals are preferred. Proposals will disclose anticipated due diligence and credit approval procedures and timelines as well as expiration of any proposed terms, rates, costs and conditions.
Proposal Award:	District officials may select a purchaser on a preliminary basis, if any, to negotiate terms, conditions, covenants and financing documentation. The District Treasurer reserves the right to reject any or all proposals, and submit future requests for proposals depending on results, among other factors.
Questions:	Please direct all questions to A.C. Marriotti, District Treasurer, (520) 822-8838 / amarriotti@sahuaritaaz.gov.

Documents to be provided in the link herein:

https://sendfile.stifel.com/pickup/nUS4bhuns2UDL6qY4YLjfmQCbZKjDjCE_bYLif9

The document link expires at 2pm Mountain Time on Tuesday, February 27, 2018.

- Indenture (Draft)
- Feasibility Report (Draft)
- Standby Contribution Agreement (Draft)
- Depository Agreement (Draft)
- Resolution (Draft)

EXHIBIT A
PRELIMINARY MATURITY SCHEDULES
(Subject to Change)

OPTION 1
Final Maturity of 7/15/2038 (20-year)

<u>Fiscal Year</u>	<u>Principal</u>
2018/19	\$ -
2019/20	195,000
2020/21	205,000
2021/22	215,000
2022/23	220,000
2023/24	235,000
2024/25	245,000
2025/26	255,000
2026/27	270,000
2027/28	280,000
2028/29	295,000
2029/30	310,000
2030/31	325,000
2031/32	340,000
2032/33	355,000
2033/34	370,000
2034/35	390,000
2035/36	405,000
2036/37	425,000
2037/38	445,000
	<u>\$5,780,000</u>

Average Life: 12.612 years

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

**PRELIMINARY MATURITY SCHEDULES
(Subject to Change)**

**OPTION 2 –
Final Maturity of 7/15/2043 (25-year)**

Fiscal Year	Principal
2018/19	\$ -
2019/20	135,000
2020/21	140,000
2021/22	145,000
2022/23	155,000
2023/24	160,000
2024/25	170,000
2025/26	175,000
2026/27	185,000
2027/28	195,000
2028/29	205,000
2029/30	215,000
2030/31	225,000
2031/32	235,000
2032/33	245,000
2033/34	255,000
2034/35	270,000
2035/36	280,000
2036/37	295,000
2037/38	310,000
2038/39	325,000
2039/40	340,000
2040/41	355,000
2041/42	375,000
2042/43	390,000
	<u>\$5,780,000</u>

Average Life: 15.937 years

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

EXHIBIT B

CERTAIN DISTRICT INFORMATION

Real and Secured Property Taxes Levied and Collected (a)
Rancho Sahuarita Community Facilities District

Fiscal Year	District Tax Rate (a)	District Tax Levy	Collected to June 30 th of Initial Fiscal Year		Cumulative Collections to January 25, 2018	
			Amount	% of Adj. Levy	Amount	% of Adj. Levy
2017 ^(b)	\$0.300	\$2,420			\$1,529	63%
2016	0.300	2,303	\$2,303	100%	2,303	100%
2015	0.300	2,361	2,361	100%	2,361	100%

- (a) To date, only the tax for Operation and Maintenance up to the maximum amount allowed by the Act (\$0.30 per \$100 of Net Limited Assessed Property Value) has been levied and collected. The tax for debt service (initially \$4.69 per \$100 of Net Limited Assessed Property Value) will be levied after issuance of the Bond. Taxes are collected by the Treasurer of Pima County, Arizona (the "County"). Taxes in support of debt service are levied by the Board of Supervisors of the County as required by Arizona Revised Statutes. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County's General Fund. Interest and penalties with respect to the first half tax collections (delinquent November 1) are waived if the full year's taxes are paid by December 31.
- (b) 2017 taxes in course of collection:
 First installment due 10-01-17, delinquent 11-01-17;
 Second installment due 03-01-18, delinquent 05-01-18.

Source: Treasurer of the County.

Net Limited Assessed Property Values by Property Classification
Rancho Sahuarita Community Facilities District

Class	2015	2016	2017	Preliminary 2018 ^(a)
Commercial, Industrial, Utilities & Mines	\$61,820	\$37,901	\$74,031	\$76,721
Agricultural and Vacant	748,561	728,332	744,630	1,107,608
Residential (owner occupied)	0	0	0	0
Residential (rental)	548	300	195	134
Totals	\$810,929	\$766,533	\$818,856	\$1,184,463

- (a) Preliminary. The values are subject to positive or negative adjustments until approved by the Board of Supervisors of the County on or before August 20, 2018.

Source: *The Property Tax Abstract*, Arizona Department of Revenue and *Property Tax Rates and Assessed Values*, Arizona Tax Research Association. Note that Net Limited Assessed Property Values is described as "Net Assessed Value" in the Property Tax Abstract.

**Net Limited Assessed Property Values of Major Taxpayers
Rancho Sahuarita Community Facilities District**

<u>Major Taxpayer</u>	<u>2017 Net Limited Assessed Property Values</u>	<u>As % of Net Limited Assessed Property Values</u>
Fidelity National Title TR 30007	\$378,986	45.7%
Landmark Title TR 18336-T	150,762	18.4
Title Security Agency of AZ TR 201538-S	129,002	15.8
Title Security Agency of AZ TR 2069	82,985	10.1
Landmark Title Assurance LLC TR 18165-T	41,135	5.0
Reays Ranch Investors LLC	30,270	3.7
Sahuarita Water Company LLC	10,675	1.3
	<u>\$818,815</u>	<u>100.00%</u>

Source: The Assessor of the County.

Comparative Net Limited Assessed Property Value

<u>Year</u>	<u>Rancho Sahuarita Community Facilities District</u>
2018 ^(a)	\$1,184,469
2017	818,856
2016	766,533
2015	810,929

(a) Preliminary. The District's preliminary fiscal year 2018 Net Limited Assessed Property Values is estimated at \$1,184,469, an increase of approximately 44.65% from the fiscal year 2017 Net Limited Assessed Property Values. The values are subject to positive or negative adjustments until approved by the respective Board of Supervisors of the County on or before August 20, 2018.

Source: *Property Tax Rates Assessed Values*, Arizona Tax Research Association and *the Property Tax Abstract*, Arizona Department of Revenue. Note that Net Limited Assessed Property Values is described as "Net Assessed Value" in the Property Tax Abstract.

Estimated Net Full Cash Value History
Rancho Sahuarita Community Facilities District

Fiscal Year	Estimated Net Full Cash Value
2018 ^(a)	\$9,039,792
2017	6,446,872
2016	5,953,799
2015	5,116,306

(a) Preliminary. The District's preliminary fiscal year 2018 estimated Net Full Cash Value is estimated at \$9,039,792, an increase of approximately 40.22% from the fiscal year 2017 estimated Net Full Cash Value. The values are subject to positive or negative adjustments until approved by the respective Board of Supervisors of the County on or before August 20, 2018.

Source: *The Property Tax Abstract*, Arizona Department of Revenue.

OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, Net Limited Assessed Property Values and combined tax rate per \$100 Net Limited Assessed Property Values. The applicable percentage of each jurisdiction's Net Limited Assessed Property Values which lies within the District's boundaries was derived from information obtained from the Assessor of the County.

TABLE 8
OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS
Proportion Applicable
to the District

Overlapping Jurisdiction	2017	Net Outstanding Bonded Debt ^(a)	Proportion Applicable to the District		2017
	Net Limited Assessed Property Values		Approx. Percent	Net Amount	Combined Tax Rate Per \$100 Net Limited Assessed Property Values ^(b)
State of Arizona	\$59,406,279,473	None	0.0014%	None	\$ 0.0000
Pima County ^(c)	8,074,957,717	\$321,285,000	0.0101		5.6471
Pima County Community College District	8,074,957,717	None	0.0101	None	1.3890
Sahuarita Unified School District No. 30	285,070,059	55,600,000	0.2872		9.0399
Pima County Joint Technical Education District	7,662,220,610	None	0.0107	None	0.0500
Town of Sahuarita	280,622,189	None	0.2918	None	
Rancho Sahuarita Community Facilities District ^(d)	818,856	5,780,000	100.00	\$5,780,000*	0.3000**
Total Net Direct and Overlapping General Obligation Bonded Debt and Tax Rate				\$5,780,000*	\$17.4307*

* Subject to change.

** The levy for the bonds starting in 2018 will be \$4.69 per \$100 of Net Limited Assessed Property Value.

- (a) Includes general obligation bonds outstanding and general obligation bonds scheduled for sale. Does not include the obligation of the Central Arizona Water Conservation District to the United States of America, Department of the Interior for repayment of certain capital costs of construction of the Central Arizona
- (b) The combined tax rate includes the tax rate for debt service payments and maintenance and operation outlay for the District and the tax rate for all other purposes such as capital and other maintenance and operation outlay, each of which is based on the Net Limited Assessed Property Value of locally assessed property and on the Net Full Cash Assessed Property Value of centrally valued property.
- (c) The County's tax rate includes the \$4.4596 tax rate of the County, the \$0.1400 tax rate of CAWCD, the \$0.3135 tax rate of the County Flood Control District, the \$0.5053 tax rate of the County Free Library, the \$0.0459 tax rate of the County Fire District and the \$0.4875 "State Equalization Assistance Property Tax." It should be noted that the County Flood Control District does not levy taxes on personal property. The State Equalization Assistance Property Tax is adjusted annually pursuant to Arizona Revised Statutes, Section 41-1276. The County has \$25,681,000 of authorized but unissued general obligation bonds. (None of the other overlapping jurisdictions have any.)
- (d) Includes the Bonds.

Source: Individual jurisdictions and the Assessor of the County.

DRAFT
10/02/13
06/06/17
01/31/18
03/09/18

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT,

U.S. BANK NATIONAL ASSOCIATION,
as Trustee,

INTERCHANGE OPPORTUNITY FUND L.L.L.P

and

RANCHO SAHUARITA MANAGEMENT COMPANY, L.L.C.

SERIES 2018 STANDBY CONTRIBUTION AGREEMENT

Dated as of _____ 1, 2018

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

TABLE OF CONTENTS

	<u>Page</u>
PARTIES	1
RECITALS	1
ARTICLE ONE DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION .	2
SECTION 1.01. Definitions.....	2
SECTION 1.02. Notices, etc.....	3
SECTION 1.03. Effect of Headings and Table of Contents.....	4
SECTION 1.04. Successors and Assigns.....	4
SECTION 1.05. Severability Clause.....	4
SECTION 1.06. Benefits of Agreement.....	4
SECTION 1.07. Governing Law.....	4
SECTION 1.08. Notice of Section 38-511, Arizona Revised Statutes.....	4
SECTION 1.09. E-Verify.....	5
SECTION 1.10. Anti-Israel Boycott.....	5
SECTION 1.11. Further Assurances.....	5
SECTION 1.12. Amendments.....	6
SECTION 1.13. Business Days.....	6
SECTION 1.14. Termination.....	6
SECTION 1.15. Beneficiaries.....	6
SECTION 1.16. Integration.....	7
ARTICLE TWO PAYMENTS; RELATED MATTERS	8
SECTION 2.01. Payments.....	8
SECTION 2.02. Nature of the Obligations of the LLLP and the LLC.....	9
SECTION 2.03. No Set-Off.....	11
SECTION 2.04. Remedies.....	11
SECTION 2.05. Waiver of Notice; Payment of Expenses.....	11
ARTICLE THREE THE TRUSTEE	12
SECTION 3.01. Certain Duties and Responsibilities.....	12
SECTION 3.02. Certain Rights of Trustee.....	12
SECTION 3.03. Not Responsible for Recitals or Application of Proceeds.....	13
SECTION 3.04. Compensation and Reimbursement.....	14
SECTION 3.05. Corporate Trustee Required; Eligibility.....	14
SECTION 3.06. Resignation and Removal; Appointment of Successor....	15
SECTION 3.07. Acceptance of Appointment by Successor.....	16
SECTION 3.08. Merger, Conversion, Consolidation or Succession to Business.....	16
SIGNATURES	17

* * *

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

THIS SERIES 2018 STANDBY CONTRIBUTION AGREEMENT, dated as of _____ 1, 2018 (hereinafter referred to as this "*Agreement*"), by and among Rancho Sahuarita Community Facilities District, a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"); U.S. Bank National Association, a national banking association with trust powers having a corporate trust office in the City of Phoenix, Maricopa County, Arizona, as trustee (hereinafter together with its successors referred to as the "*Trustee*"); Interchange Opportunity Fund L.L.L.P., an Arizona limited liability partnership, as investor, guarantor and indemnitor but not as developer (hereinafter referred to as the "*LLLP*"), and Rancho Sahuarita Management Company L.L.C., an Arizona limited liability company, as developer, guarantor and indemnitor (hereinafter referred to as the "*LLC*"),

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "*Enabling Act*"), a general obligation bond election was held on August 12, 2014 (hereinafter referred to as the "*Election*"), submitting to those persons who are qualified to vote pursuant to the Enabling Act the question of authorizing the district board of the Issuer (hereinafter referred to as the "*Board*") to issue general obligation bonds of the Issuer in the aggregate principal amount of \$60,000,000 to provide moneys for any "public infrastructure purposes" (as such term is defined in the Enabling Act) consistent with The General Plan for the Proposed Rancho Sahuarita Community Facilities District filed with the Clerk of the Town of Sahuarita, Arizona, before or on March 24, 2014; and

WHEREAS, the issuance of such general obligation bonds was approved at the Election; and

WHEREAS, pursuant to a Resolution of the Board adopted on June 26, 2018 (hereinafter referred to as the "*Bond Resolution*"), the Board (1) authorized the sale and issuance of its General Obligation Bonds, Series 2018, in the aggregate principal amount of \$_____,000 (hereinafter referred to as the "*Series 2018 Bonds*") to provide funds for all or a portion of the public infrastructure purposes provided for in the Enabling Act and described in the feasibility report presented to and approved by the Board on February 26, [???] 2018, and in the District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of April 1, 2014 (hereinafter referred to as the "*Development Agreement*"), by and among the Town of Sahuarita, Arizona, a municipality incorporated and existing pursuant to the laws of the State of Arizona, the Issuer, the LLLP and the LLC and (2) entered in its minutes a record of the Series 2018 Bonds sold and their numbers and dates and will levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the Issuer sufficient, together with moneys from the sources described therein

(including amounts available hereunder), to pay Debt Service (as such term is hereinafter defined) when due; and

WHEREAS, the Board has by the Bond Resolution duly authorized the issuance of the Series 2018 Bonds and, in order to provide terms for, to secure and to provide for authentication and delivery of the Series 2018 Bonds, has duly authorized the execution and delivery of a Series 2018 Indenture of Trust and Security Agreement, dated as of even date herewith (hereinafter referred to as the "Series 2018 Indenture"), from the Issuer to U.S. Bank National Association, as trustee; and

WHEREAS, as provided in the Development Agreement and the Series 2018 Indenture, the proceeds of the sale of the Series 2018 Bonds shall be used by the Issuer to construct or acquire from the LLLP and the LLC a portion of the "public infrastructure" (as such term is defined in the Enabling Act) described in the Development Agreement; and

WHEREAS, in consideration for the issuance of the Series 2018 Bonds, and the actions taken and to be taken in the Development Agreement and the Series 2018 Indenture, by the Issuer and as a condition precedent to the execution and delivery of this Agreement and the issuance of the Series 2018 Bonds, the LLLP and the LLC shall be obligated, jointly and severally, to contribute certain amounts for the benefit of the Issuer which shall, pursuant to, and for purposes of, the Enabling Act, be considered by the Issuer in levying taxes to pay principal of and interest on the Series 2018 Bonds when due; and

WHEREAS, the Issuer may enter into, and expend moneys pursuant to, this Agreement for the public infrastructure purposes provided for by this Agreement with respect to the Issuer;

NOW, THEREFORE, in the joint and mutual exercise of the their powers, and in consideration of the above premises and of the mutual covenants herein contained and for other valuable consideration, the parties hereto recite and agree that:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 1.01. *Definitions.*

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

1. The terms defined hereinabove, hereinafter and in the Series 2018 Indenture have the meanings assigned to them hereinabove, hereinafter and in Article One of the

Series 2018 Indenture and include the plural as well as the singular.

2. 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.

3. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, or other subdivision.

SECTION 1.02. *Notices, etc.*

A. Unless otherwise specifically provided herein, any request, demand, authorization, direction, notice, consent, waiver, payment or other document provided or permitted by this Agreement by the Issuer, the Trustee, the LLLP or the LLC to be made upon, given or furnished to, or filed with,

1. the Issuer shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Issuer addressed to the Issuer at 375 West Sahuarita Center Way, Sahuarita, Arizona 85629, Attention: District Clerk, or at any other address furnished in writing to such Person by the Issuer,

2. the Trustee shall be sufficient for every purpose hereunder if made, given, furnished, or filed in writing to or with the Trustee at its corporate trust office in Phoenix, Arizona, or if in writing and mailed, first-class postage prepaid, to the Trustee addressed to it at 101 North First Avenue, Suite 1600, Phoenix, Arizona 85003, Attention: Global Corporate Trust Services, or at any other address furnished in writing to such Person by the Trustee,

3. the LLLP or the LLC shall be sufficient for every purpose hereunder if in writing and mailed, first class mail postage prepaid, to the LLLP or the LLC addressed to the LLLP or the LLC at 4549 East Fort Lowell Road, Tucson, Arizona 85712, Attention: Robert Sharpe in the case of the LLLP and Fred Lewis in the case of the LLC, or at any other address furnished in writing to such Person by the LLLP or the LLC, as applicable, or

4. the Purchaser shall be sufficient for every purpose hereunder if in writing and mailed, first class mail postage prepaid, to the Purchaser addressed to the Purchaser at _____, Attention: _____, or at any other address furnished in writing to such Person by the Purchaser.

B. Where this Agreement provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice.

SECTION 1.03. *Effect of Headings and Table of Contents.*

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.04. *Successors and Assigns.*

All covenants and agreements in this Agreement by the Issuer, the Trustee, the LLLP and the LLC shall bind their successors and assigns, whether so expressed or not.

SECTION 1.05. *Severability Clause.*

In case any provision in this Agreement or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

SECTION 1.06. *Benefits of Agreement.*

Nothing in this Agreement, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim pursuant to this Agreement.

SECTION 1.07. *Governing Law.*

This Agreement 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 1.08. *Notice of Section 38-511, Arizona Revised Statutes.*

The Issuer may, within three (3) years after its execution, cancel this Agreement, without penalty(s) or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Issuer is, at any time while this Agreement is in effect, an employee or agent of any of the Trustee, the LLLP or the LLC in any capacity or a consultant to any of the Trustee, the LLLP or the LLC with respect to the subject matter of this Agreement as it relates to the Trustee, the LLLP and the LLC, respectively, and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Issuer from any of the Trustee, the LLLP or the LLC arising as the result of this Agreement as it relates to the Trustee, the LLLP and the LLC, respectively. Neither the Trustee, the LLLP or the LLC

has taken nor shall take any action which could cause any person described in the preceding sentence to be or become an employee or agent of either of the Trustee, the LLC or the LLLP in any capacity or a consultant to any of the Trustee, the LLLP or the LLC with respect to the subject matter of this Agreement.

SECTION 1.09. *E-Verify.*

To the extent applicable under Section 44-4401, Arizona Revised Statutes, the Trustee, the LLLP and the LLC each shall comply with all federal immigration laws and regulations that relate to their employees and their compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes. The breach by any of them of the foregoing shall be deemed a material breach of this Agreement and may result in the termination of this Agreement by the Issuer. The Issuer retains the legal right to randomly inspect the papers and records of the Trustee, the LLLP and the LLC to ensure that they are complying with the foregoing. The Trustee, the LLLP and the LLC shall keep such papers and records open for random inspections during normal business hours by the Issuer. The Trustee, the LLLP and the LLC shall cooperate with the random inspections by the Issuer including granting the Issuer entry rights onto their property to perform such random inspections and waiving their respective rights to keep such papers and records confidential.

SECTION 1.10. *Anti-Israel Boycott.*

Pursuant to Section 35-393 et seq., Arizona Revised Statutes, the Trustee, the LLLP and the LLC hereby each certify, as applicable, that it is not currently engaged in, and for the duration of this 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 Issuer determines that the certification above is false or that it has been breached, the Issuer may impose remedies as provided by law against the breaching party.

SECTION 1.11. *Further Assurances.*

A. The Issuer, the Trustee, the LLLP and the LLC shall do, execute, acknowledge, and deliver all and every such further acts, conveyances and assurances as shall be reasonably required for accomplishing the purposes of this Agreement.

B. The LLLP and the LLC shall cause this instrument and any instruments of further assurance, including financing statements, if any, to be promptly registered and filed, and to be kept registered and filed, and, when necessary, to 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 Issuer hereunder, and the LLLP and the LLC shall execute any financing statement, continuation statement or other document required for such purposes.

SECTION 1.12. *Amendments.*

Pursuant to the provisions established in the Series 2018 Indenture, this Agreement may be amended by an instrument in writing executed and delivered by each of the Issuer, the Trustee, the LLLP and the LLC.

SECTION 1.13. *Business Days.*

For purposes of this Agreement, if any date for any certification, payment, submission or determination is not a Business Day, the applicable certification, payment, submission or determination shall be made or done on the next succeeding day which is a Business Day.

SECTION 1.14. *Termination.*

Subject to the last sentence of this Section, this Agreement shall terminate upon the earlier of (A) the payment or the provision for the payment in full of all of the outstanding Series 2018 Bonds or (B) receipt by the Issuer Representative of evidence satisfactory to the Issuer Representative that, for any consecutive three (3) Fiscal Years (the first of which shall be no sooner than the first Fiscal Year after the Series 2018 Depository Agreement has been terminated), a tax rate of \$4.69 per \$100 of limited assessed valuation of property within the boundaries of the Issuer for each such Fiscal Year would have been sufficient to pay Maximum Annual Debt Service for any subsequent Fiscal Year plus the historical, annual, average of amounts necessary for payment of amounts described in Section 9.1 of the Development Agreement as of such Fiscal Year. Such evidence shall consist of a written projection, prepared by the Issuer Representative upon a written request of the LLLP or the LLC, that is based upon the application of such secondary tax rate in light of the actual limited assessed valuation of the property within the boundaries of the Issuer for each such Fiscal Year, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual percentage delinquency factor for the Issuer as of such Fiscal Year and no credit for any fund balances or investment income accruing during such Fiscal Year. After receipt of proof of satisfaction of such condition, the Board shall approve in writing such termination, such approval not to be withheld unreasonably.

SECTION 1.15. *Beneficiaries.*

This Agreement is entered into by the LLLP and the LLC with the Trustee and the Issuer for the benefit of the Issuer, the Trustee and, as third party beneficiaries, the Holders, from time to time, of the Series 2018 Bonds, all of whom shall be entitled to enforce performance and observance of this Agreement to the same extent provided for the enforcement of remedies pursuant to the Series 2018 Indenture.

SECTION 1.16. *Integration.*

This Agreement, when executed and delivered by the parties hereto, shall constitute the entire agreement among them with respect to the matters provided herein and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

* * *

ARTICLE TWO

PAYMENTS; RELATED MATTERS

SECTION 2.01. *Payments.*

A. [Reserved to Preserve Section Numbering]

B. 1. On September 1 of each Fiscal Year commencing the Fiscal Year ending in 2019, the Issuer shall certify to the Trustee the amount of property taxes which would be produced based upon (a) the current limited assessed valuation of taxable property within the boundaries of the Issuer and (b) a tax rate of \$4.69 per \$100 (or such lower rate as may be permitted as hereinafter provided) of limited assessed valuation (assuming a five percent (5%) delinquency factor) (hereinafter referred to as the "2018 Tax Year Tax Amount").

2. On September 15 of each Fiscal Year commencing the Fiscal Year ending in 2019, the Trustee shall determine (a) Debt Service (without regard to any optional redemption) due on the next succeeding January 15 plus Debt Service due on the next succeeding July 15 (hereinafter referred to as the "2018 Total Debt Service"), (b) the amount in the Series 2018 Tax Account available to pay Debt Service (hereinafter referred to as collectively the "September Available Moneys"), and (c) the difference, if any, between (x) one-half (1/2) of the 2018 Total Debt Service and (y) the sum of (A) the September Available Moneys and (B) one-half (1/2) of the 2018 Tax Year Tax Amount (such difference being hereinafter referred to as the "October Payment").

3. On March 11 of each Fiscal Year commencing the Fiscal Year ending in 2019, the Trustee shall determine (a) the amount in the Series 2018 Tax Account available to pay Debt Service (hereinafter referred to as the "March Available Moneys"), and (b) the difference, if any, between (x) one-half (1/2) of the 2018 Total Debt Service and (y) the sum of (A) the March Available Moneys and (B) one-half (1/2) of the 2018 Tax Year Tax Amount (such difference being hereinafter referred to as the "April Payment").

4. On September 15 and March 11 of each Fiscal Year commencing the Fiscal Year ending in 2019, the Trustee shall submit a written request to the LLLP for, and on October 12 and April 11, respectively, the LLLP and the LLC shall be obligated, jointly and severally, to pay and shall pay to the Trustee, the October Payment and the April Payment, respectively. While the Purchaser is the Holder of the Bonds, the Purchaser shall receive a copies of such requests.

C. 1. On December 15 of each Fiscal Year commencing the Fiscal Year ending in 2019, the Trustee shall determine the difference between the amount in the Series 2018 Tax Account on such date and the amount necessary to pay Debt Service (without regard to any optional

redemption) on the next succeeding January 15 (such difference being hereinafter referred to as the "December Payment").

2. On June 15 of each Fiscal Year commencing the Fiscal Year ending in 2018, the Trustee shall determine the difference between the amount in the Series 2018 Tax Account on such date and the amount necessary to pay Debt Service on the next succeeding July 15 (such difference being hereinafter referred to as the "June Payment").

3. On December 21 and June 20 of each Fiscal Year commencing the Fiscal Year ending 2018, the Trustee shall submit a written request to the LLLP and the LLC for, and on the next succeeding December 31 and June 30, respectively, the LLLP and the LLC shall be obligated, jointly and severally, to pay and shall pay to the Trustee, the December Payment and the June Payment, respectively. While the Purchaser is the Holder of the Bonds, the Purchaser shall receive a copies of such requests.

D. The LLLP and the LLC shall be liable and obligated pursuant to Sections 2.01(B)(4) and (C)(3) only if the Issuer has with respect to any Interest Payment Date occurring on January 15 levied for Debt Service for that Fiscal Year a tax rate pursuant to Section 10.01(A) of the Series 2018 Indenture of at least \$4.69 per \$100 of limited assessed valuation and with respect to any Interest Payment Date occurring on July 15 levied such tax rate for the immediately preceding Fiscal Year; provided, however that the tax rate in any such Fiscal Year for such purpose may be less than \$4.69 if the Board expected that such lower rate would produce secondary ad valorem tax revenues sufficient to pay in full Debt Service and the Series 2018 Depository Agreement has been, or is in the process of being, terminated pursuant to its terms.

E. All payments by the LLLP and the LLC pursuant to the preceding subsections of this Section shall be paid to the Trustee or the Issuer, as the case may be, in immediately available funds composed of lawful money of the United States of America.

SECTION 2.02. *Nature of the Obligations of the LLLP and the LLC.*

The obligations of the LLLP and the LLC pursuant to this Agreement shall be absolute and unconditional (except as set forth in Section 2.01 hereof) and shall remain in full force and effect until this Agreement is terminated. Such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including, without limitation, any of the following, whether or not with notice to, or the consent of the LLLP or the LLC:

A. the compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Issuer, the LLLP or the LLC pursuant to the Series 2018 Indenture, the Series 2018 Depository Agreement, the Development Agreement or this Agreement; or

B. the failure to give notice to the LLLP or the LLC of the occurrence of an event of default pursuant to the terms and provisions of the Series 2018 Indenture, the Series 2018 Depository Agreement, the Development Agreement or this Agreement; or

C. the waiver of the payment, performance or observance by the Issuer, the LLLP or the LLC of any of the obligations, covenants or agreements of any of them contained in the Series 2018 Indenture, the Series 2018 Depository Agreement, the Development Agreement or this Agreement; or

D. the extension of the time for payment of any principal of or premium, if any, or interest on any Series 2018 Bond or the extension or renewal of the time for performance of any other obligations, covenants or agreements pursuant to or arising out of the Series 2018 Indenture, the Series 2018 Depository Agreement, the Development Agreement or this Agreement; or

E. the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Series 2018 Indenture, the Series 2018 Depository Agreement, or the Development Agreement or this Agreement; or

F. the taking or the omission of any of the actions referred to in the Series 2018 Indenture, the Series 2018 Depository Agreement, the Development Agreement or this Agreement (other than as set forth in Section 2.01 hereof); or

G. any failure, omission, delay or lack on the part of the Issuer, the Trustee, the LLLP or the LLC to enforce, assert or exercise any right, power or remedy conferred on the Issuer or the Trustee in the Series 2018 Indenture, the Series 2018 Depository Agreement, the Development Agreement or this Agreement (except as set forth in Section 2.01 hereof), or any other act or acts on the part of the Issuer, the Trustee or any of the owners from time to time of the Series 2018 Bonds; or

H. the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or re-adjustment of, or other similar proceedings affecting the Issuer, the LLLP or the LLC or any of the assets of any of them or any allegation or contest of the validity of the Series 2018 Indenture, the Series 2018 Depository Agreement, the Development Agreement or this Agreement in any such proceeding; or

I. the release or discharge of the Issuer, the LLLP or the LLC from the performance or observance of any obligations, covenant or agreement contained in the Series 2018 Indenture, the Series 2018 Depository Agreement, the Development Agreement or this Agreement by operation of law; or

J. the default or failure of the LLLP or the LLC fully to perform any of its obligations set forth in the Series 2018 Depository Agreement, the Development Agreement or this Agreement; or

K. the invalidity of the Series 2018 Indenture, the Series 2018 Depository Agreement, the Development Agreement, this Agreement or the Series 2018 Bonds.

SECTION 2.03. *No Set-Off.*

Except as otherwise provided herein, no monetary set-off, reduction or diminution of any obligation or any defense of any kind or nature which the LLLP or the LLC has or may have against the Issuer or the Trustee or which the Issuer may have against the Trustee shall be available hereunder to the LLLP or the LLC against the Trustee.

SECTION 2.04. *Remedies.*

Upon the occurrence of any failure to pay amounts due hereunder, the Trustee shall proceed directly against the LLLP and the LLC pursuant to this Agreement without proceeding against or exhausting any other remedies which it may have against the Issuer or any other person, firm or corporation and without resorting to any other security held by the Issuer or the Trustee for the amounts so due. Before taking any action hereunder, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses and to protect against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

SECTION 2.05. *Waiver of Notice; Payment of Expenses.*

The LLLP and the LLC hereby expressly waive notice from the Trustee or, as third party beneficiaries, the owners from time to time of any of the Series 2018 Bonds of their acceptance and reliance on this Agreement. The LLLP and the LLC shall be liable and obligated to pay and shall pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by the Trustee in enforcing or attempting to enforce this Agreement following any default on the part of the LLLP and the LLC hereunder, whether the same shall be enforce by suit or otherwise.

* * *

ARTICLE THREE

THE TRUSTEE

SECTION 3.01. *Certain Duties and Responsibilities.*

A. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement 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 Agreement; 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 Agreement.

B. No provision of this Agreement 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 and

3. no provision of this Agreement 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 Sections 2.04 and 3.04A(3).

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

SECTION 3.02. *Certain Rights of Trustee.*

Except as otherwise provided in Section 3.01 hereof the Trustee may rely and shall be protected in acting or refraining from acting upon:

A. 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;

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

C. 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;

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

E. 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;

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, 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 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 3.03. *Not Responsible for Recitals or Application of Proceeds.*

The recitals contained herein shall be taken as the statements of the other parties hereto, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the amounts held hereunder 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 Agreement.

SECTION 3.04. *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);

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 Agreement (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 and

3. indemnify, to the extent permitted by applicable law, the Trustee for, and to hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

B. The Trustee shall not have the right to set off against or to appropriate or apply any of the amount deposited pursuant to Section 2.01 or any of the investment income therefrom to any unpaid obligation of the Issuer to the Trustee hereunder or as a result of any other matter between the Issuer and the Trustee.

SECTION 3.05. *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 pursuant to 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, and having a corporate trust office in the City of Phoenix, Arizona. 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 3.06. *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 pursuant to Section 3.07.

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 or under the Series 2018 Indenture or the Series 2018 Standby Contribution Agreement has occurred or, with passage of time or giving of notice, shall occur.

D. If at any time:

1. the Trustee shall cease to be eligible pursuant to Section 3.05 and shall fail to resign after written request therefor by the Issuer 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 any such case, the Issuer by Board Resolution may remove the Trustee.

E. If the Trustee shall resign, be removed, or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Issuer by Board Resolution, shall promptly appoint a successor Trustee. In case all or substantially all of the amounts held hereunder 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. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee shall be so appointed, 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 and accepted appointment in the manner hereinafter provided, either the Issuer or the LLC may petition any court of competent jurisdiction for the appointment of a successor Trustee.

SECTION 3.07. *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 3.04. Upon request of any such successor Trustee, the Issuer and the LLC 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 pursuant to this Article.

SECTION 3.08. *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 pursuant to this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

* * *

This instrument may be executed in any number of counter-
parts, each of which so executed shall be deemed to be an original,
but all such counterparts shall together constitute but one and the
same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this
Agreement to be duly executed, and to be effective as of the day and
year first above written, which date shall be deemed the date hereof
for all purposes.

RANCHO SAHUARITA COMMUNITY FACILITIES
DISTRICT

By.....
District Manager

ATTEST:

.....
District Clerk

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By.....
Authorized Officer

INTERCHANGE OPPORTUNITY FUND, LLLP, an
Arizona limited liability limited
partnership

By: Sharpe & Associates, Inc., an
Arizona corporation, its General
Partner

By.....
Robert M. Sharpe, President

RANCHO SAHUARITA MANAGEMENT COMPANY, an
Arizona limited liability limited company

By: MKS Equitas Investment Group Ltd.,
an Arizona corporation, as member

By.....
Fred Lewis, President

PHX 330906300v4

DRAFT
10/02/13
06/06/17
01/31/18
03/09/18



RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee



SERIES 2018

INDENTURE OF TRUST

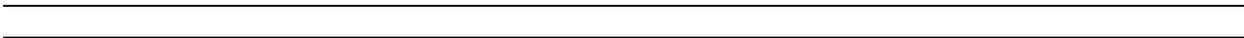
AND

SECURITY AGREEMENT

Dated as of _____ 1, 2018



RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2018



Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

TABLE OF CONTENTS

	<u>Page</u>
PARTIES.....	1
RECITALS.....	1
GRANTING CLAUSES.....	2
HABENDUM.....	3
DEFEASANCE CLAUSE.....	3
ARTICLE ONE DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION..	5
SECTION 1.01. Definitions.	5
SECTION 1.02. Acts of Bondholders.	17
SECTION 1.03. Notices, etc.	18
SECTION 1.04. Form and Contents of Documents Delivered to the Trustee.....	19
SECTION 1.05. Effect of Headings and Table of Contents.	20
SECTION 1.06. Successors and Assigns.	20
SECTION 1.07. Severability Clause.	20
SECTION 1.08. Benefits of Indenture.	20
SECTION 1.09. Governing Law.	20
SECTION 1.10. Notice of Section 38-511, Arizona Revised Statutes.....	21
SECTION 1.11. E-Verify.	21
SECTION 1.12. Anti-Israel Boycott.	21
SECTION 1.13. Business Days.	22
ARTICLE TWO FORM OF BONDS.....	23
SECTION 2.01. Forms Generally.	23
SECTION 2.02. Forms of Bonds and Matters Relating to Certain Necessary Documentation.....	23
SECTION 2.03. Form of Certificate of Authentication.	31
SECTION 2.04. Form of Assignment.	31
ARTICLE THREE TERMS AND ISSUANCE OF THE BONDS.....	33
SECTION 3.01. Title and Terms.	33
SECTION 3.02. Redemption of Bonds.	33
SECTION 3.03. Execution, Authentication, Delivery and Dating.....	34
SECTION 3.04. Registration and Transfer.	35
SECTION 3.05. Mutilated, Destroyed, Lost and Stolen Bonds.....	36

Page

SECTION 3.06. Payment of Interest on Bonds; Interest
Rights Preserved..... 37

SECTION 3.07. Cancellation. 38

SECTION 3.08. Persons Deemed Owners. 38

ARTICLE FOUR REDEMPTION OF BONDS..... 39

SECTION 4.01. General Applicability of Article. 39

SECTION 4.02. Election to Redeem; Notice to Trustee. 39

SECTION 4.03. Notice of Redemption. 39

SECTION 4.04. Deposit of Redemption Price. 39

SECTION 4.05. Bonds Payable on Redemption Date. 40

ARTICLE FIVE FUNDS..... 41

SECTION 5.01. Bond Fund. 41

SECTION 5.02. Deposits to and Application of Bond Fund;
Reports from Trustee with Respect
There to..... 41

SECTION 5.03. Acquisition and Construction Fund. 43

SECTION 5.04. Deposits to and Application of Acquisition
and Construction Fund..... 43

SECTION 5.05. Disposition of Proceeds of Bonds. 43

SECTION 5.06. Investment of and Security for Funds. 44

ARTICLE SIX DEFEASANCE AND RELEASES..... 45

SECTION 6.01. Payment of Indebtedness; Satisfaction and
Discharge of Indenture..... 45

SECTION 6.02. Defeasance. 46

SECTION 6.03. Application of Deposited Money. 47

ARTICLE SEVEN REMEDIES..... 48

SECTION 7.01. Suits for Enforcement; Mandamus. 48

SECTION 7.02. Covenant to Pay Trustee Amounts Due on
Bonds and Right of Trustee to Judgment..... 49

SECTION 7.03. Application of Money Collected. 49

SECTION 7.04. Trustee May File Proofs of Claim. 50

SECTION 7.05. Trustee May Enforce Claims Without
Possession of Bonds..... 51

SECTION 7.06. Unconditional Right of Bondholders to
Receive Principal, Premium and Interest..... 51

SECTION 7.07. Rights and Remedies Cumulative. 51

SECTION 7.08. Delay or Omission Not Waiver. 52

SECTION 7.09. Control by Bondholder. 52

SECTION 7.10. Waiver of Past Defaults. 53

SECTION 7.11. Undertaking for Costs. 53

	<u>Page</u>
SECTION 7.12. Remedies Subject to Applicable Law.	53
ARTICLE EIGHT THE TRUSTEE.....	54
SECTION 8.01. Certain Duties and Responsibilities.	54
SECTION 8.02. Certain Rights of Trustee.	55
SECTION 8.03. Not Responsible for Recitals or Application of Proceeds.....	56
SECTION 8.04. May Hold Bonds.	56
SECTION 8.05. Money Held in Trust.	56
SECTION 8.06. Compensation and Reimbursement.	56
SECTION 8.07. Corporate Trustee Required; Eligibility.	57
SECTION 8.08. Resignation and Removal; Appointment of Successor.....	57
SECTION 8.09. Acceptance of Appointment by Successor.	58
SECTION 8.10. Merger, Conversion, Consolidation or Succession to Business.....	59
ARTICLE NINE SUPPLEMENTAL INDENTURES; AMENDMENTS TO BOND RESOLUTION, SERIES 2018 STANDBY CONTRIBUTION AGREEMENT AND SERIES 2018 DEPOSITORY AGREEMENT.....	60
SECTION 9.01. Supplemental Indentures or Amendments to Bond Resolution, Series 2018 Standby Contribution Agreement and Series 2018 Depository Agreement Without Consent of Bondholders.....	60
SECTION 9.02. Supplemental Indentures or Amendments to the Bond Resolution or Series 2018 Standby Contribution Agreement or Series 2018 Depository Agreement With Consent of Bondholders.....	61
SECTION 9.03. Execution of Supplemental Indentures and Amendments to Bond Resolution, Series 2018 Standby Contribution Agreement Series 2018 Depository Agreement.....	62
SECTION 9.04. Effect of Supplemental Indentures and Amendments to Bond Resolution, Series 2018 Standby Contribution Agreement or Series 2018 Depository Agreement.....	62
SECTION 9.05. Reference in Bonds to Supplemental Indentures or Amendments to Bond Resolution, Series 2018 Depository Agreement and Series 2018 Standby Contribution Agreement.....	63

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

	<u>Page</u>
ARTICLE TEN COVENANTS.....	64
SECTION 10.01. Pledge and Levy of Taxes.	64
SECTION 10.02. Maintenance of Agency.	64
SECTION 10.03. Money for Bond Payments to be Held in Trust; Repayment of Unclaimed Money.....	65
SECTION 10.04. Further Assurances; Recording.	66
SECTION 10.05. Covenants as to Arbitrage and Other Tax Matters.....	66
SECTION 10.06. Specific Covenants as to Rebate.	68
SECTION 10.07. Reporting Requirements.	71

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THIS SERIES 2018 INDENTURE OF TRUST AND SECURITY AGREEMENT, dated as of _____ 1, 2018 (hereinafter referred to as this "*Indenture*"), from Rancho Sahuarita Community Facilities District, a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"), to U.S. Bank National Association, a national banking association with a corporate trust office in the City of Phoenix, Maricopa County, Arizona, as trustee (hereinafter together with any successor to the trust herein granted referred to as the "*Trustee*"),

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "*Enabling Act*"), a general obligation bond election was held on August 12, 2014 (hereinafter referred to as the "*Election*"), submitting to those persons who were qualified to vote pursuant to the Enabling Act the question of authorizing the district board of Issuer (hereafter referred to as the "*Board*") to issue general obligation bonds of the Issuer to provide moneys for any "public infrastructure purposes" (as such term is defined in the Enabling Act) consistent with the General Plan for the Proposed Rancho Sahuarita Community Facilities District filed with the Clerk of the Town of Sahuarita, Arizona, before or on March 24, 2014; and

WHEREAS, the issuance of such general obligation bonds was approved at the Election; and

WHEREAS, pursuant to a Resolution of the Board adopted on March 12, 2018 (hereinafter referred to as the "*Bond Resolution*"), the Board (1) authorized the sale and issuance of the general obligation bonds described herein (hereinafter referred to as the "*Bonds*") to provide funds for all or a portion of the public infrastructure purposes provided for in the Enabling Act and in the hereinafter described Development Agreement to the extent authorized by the Election and (2) entered in its minutes a record of the Bonds sold and their numbers and dates and will levy and cause an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the Issuer sufficient, together with moneys from the sources described herein, to pay Debt Service (as such term is hereinafter defined) when due; and

WHEREAS, pursuant to (1) the Enabling Act and (2) Section 9-500.05, Arizona Revised Statutes, the Town of Sahuarita, Arizona, a municipality incorporated and existing pursuant to the laws of the State of Arizona, the Issuer, Interchange Opportunity Fund L.L.L.P., an Arizona limited liability limited partnership, as an investor, guarantor and indemnitor but not as a developer (hereinafter referred to as the "*LLL*LP"), and Rancho Sahuarita Management Company L.L.C., an Arizona limited liability company, as a developer, guarantor and indemnitor (hereinafter referred to as the "*LLC*"), have entered into a District Development, Financing Participation and Intergovernmental

Agreement (Rancho Sahuarita Community Facilities District), dated as of April 1, 2014, (hereinafter referred to as the "*Development Agreement*"), as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Enabling Act) and the financing of public infrastructure and, with regard to the property which makes up the real property included within the boundaries of the Issuer, particularly matters relating to the acquisition of certain public infrastructure by the Issuer and the acceptance thereof by the Municipality, all pursuant to the Enabling Act; and

WHEREAS, pursuant to the Enabling Act, the Issuer has also entered into a Series 2018 Standby Contribution Agreement, dated as of even date herewith (hereinafter referred to as the "*Series 2018 Standby Contribution Agreement*"), by and among the Issuer, the Trustee, the LLLP and the LLC to provide for certain public infrastructure purposes for the Issuer; and

WHEREAS, pursuant to the Enabling Act, the Issuer has also entered into a Series 2018 Depository Agreement, dated as of even date herewith (hereinafter referred to as the "*Series 2018 Depository Agreement*"), by and between the Issuer and U.S. Bank National Association, as depository, to provide for certain moneys to be available to the Issuer; and

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

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

WHEREAS, all things have been done which are necessary to make the Bonds, when executed by the Issuer (or, as to any Bonds issued in exchange therefor or in lieu or upon transfer thereof, authenticated and delivered by the Trustee hereunder), valid obligations of the Issuer, and to constitute this Indenture a valid security agreement, collateral assignment and contract for the security of the Bonds, in accordance with the terms thereof and of this Indenture;

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, to secure, except as otherwise provided herein, the payment of the principal of and interest on the Outstanding Secured Bonds (hereinafter defined) and the performance of the covenants therein and herein contained and to declare the terms and conditions on which the Outstanding Secured Bonds are secured, and in consideration of the premises and of the purchase of the Bonds by the holders thereof, the Issuer by these presents does grant, bargain, sell, remise, release, convey, collater-

ally 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 Series 2018 Tax Account established with the Trustee as herein-after described, unless necessary to pay Rebate (herein-after defined);

GRANTING CLAUSE SECOND

Any and all interest of the Issuer in and to the Series 2018 Standby Contribution Agreement and the Series 2018 Depository Agreement; provided, however, that the Issuer retains the right to make claim under the former pursuant to applicable law if the Trustee has not done so hereunder and

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 hereinafter 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 Issuer and the Trustee all sums of money due or to become due to each of them 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 APPLICATIONSECTION 1.01. *Definitions.*

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

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

2. 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.

3. 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.

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

"*Alternate Letter of Credit*" means an irrevocable, single-draw, standby letter of credit authorizing a draw thereunder by the Depository issued by a bank, a trust company or other financial institution with a Minimum Tier 1 Leverage Ratio and which has a term of not less than one year from the date of its issuance, which Alternate Letter of Credit shall be the same in all other material respects (except as to expiration date) as the Letter of Credit and shall have the remaining face amount of the Letter of Credit.

"*Annual Debt Service Requirement*" means, for any Fiscal Year, the amount to be paid in such Fiscal Year with respect to the Bonds and any other outstanding general obligation bonds of the Issuer hereafter issued for payment of principal of and interest on the Bonds and such other bonds during such Fiscal Year.

"*Board*" means the District Board of the Issuer.

"*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 Counsel's Opinion*" means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Issuer.

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

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

"*Bond Resolution*" means the Board Resolution adopted on March 12, 2018, which, among other things provided for the issuance of the Bonds.

"*Bond Year*" means each one-year period beginning on the day after the expiration of the preceding Bond Year. The first Bond Year shall begin on the date of issue of the Bonds and shall end on the date selected by the Issuer, provided that the first Bond Year shall not exceed one calendar year. The last Bond Year shall end on the date of retirement of the last Bond.

"*Bond Yield*" is as indicated in the Tax Certificate. Bond Yield shall be recomputed if required by Regulations section 1.148-4(b)(4) or 4(h)(3). Bond Yield shall mean the discount rate that produces a present value equal to the Issue Price of all unconditionally payable payments of principal, interest and fees for qualified guarantees within the meaning of Regulations section 1.148-4(f) and amounts reasonably expected to be paid as fees for qualified guarantees in connection with the Bonds as determined under Regulations section 1.148-4(b). The present value of all such payments shall be computed as of the date of issue of the Bonds and using semiannual compounding on the basis of a 360-day year.

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

"*Bonds*" means all bonds authenticated and delivered hereunder.

"*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 or the office of the account bank of the Letter of Credit Bank is located.

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

"*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 "Infrastructure" described in, as limited by 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, the Series 2018 Standby Contribution Agreement and the Series 2018 Depository Agreement, 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 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 as well as costs relating to the Election.

"*Debt Service*" means, collectively, (i) the principal of and interest and premium, if any, on the Bonds; (ii) expenses and costs of the Issuer arising from the activities of the Issuer (such activities being the financing of the "Infrastructure" described in the Development Agreement 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, budgets and materials with respect to continuing disclosure and provide for any purposes otherwise related to such activities of the Issuer and (iii) amounts due with respect to Rebate.

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

"*Depository*" means the Person named as "Depository" in the first paragraph of the Series 2018 Depository Agreement until a successor Depository shall have become such pursuant to the applicable provisions of the Series 2018 Depository Agreement, and thereafter "Depository" shall mean such successor Depository.

"*Development Agreement*" means that certain District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of April 1, 2014, by and among the Municipality, the Issuer, the LLLP and the LLC.

"*Discounted Tax Revenues*" means the amount of secondary *ad valorem* property tax revenues of the Issuer that would be collected for the then current Fiscal Year of the Issuer using the total limited assessed valuation of property within the boundaries of the Issuer in legislative classes 01.08R and 01.08P (Shopping Centers), 01.10R and 01.10P (Commercial/Manufacturers; Assemblers; Fabricators), 01.12R, 01.12P, 01.13R and 01.13P (Commercial/Real/Improvements not in other classes), 03.00R (Primary Residence), 04.01R (Non-Primary/Bank Owned Residential not in other classes), 04.02R (Rental/Leased Residential) and 04.03R (Child Care Facilities) (commercial) for purposes of the tax roll used to levy taxes during the preceding August and applying a tax rate of \$4.69 per \$100 of limited assessed valuation and assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual percentage delinquency factor for the Issuer

as of such Fiscal Year and no credit for any fund balances or investment income accruing during such Fiscal Year.

"Draw" means the single drawing by the Depository against the Letter of Credit in the full amount of the Letter of Credit.

"Election" means the election of the Issuer held on August 12, 2014, to authorize the issuance of the Bonds.

"Enabling Act" means Title 48, Chapter 4, Article 6, Arizona Revised Statutes.

"Fiscal Year" means a period of twelve (12) consecutive months commencing on July 1 and ending on June 30 or any other consecutive 12-month period which may be established hereinafter as the fiscal year of the Issuer for budgeting and appropriate purposes.

"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, (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 or (3) 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. 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 and which money market fund is rated by S&P at least "AAAm-G;" "AAAm" or "AAm" and by Moody's at least "VMIG-1."

"Gross Proceeds" means:

(i) any amounts actually or constructively received by the Issuer from the sale of the Bonds but excluding amounts used to

pay accrued interest on the Bonds within one year of the date of issuance of the Bonds;

(ii) transferred proceeds of the Bonds under Regulations section 1.148-9;

(iii) any amounts actually or constructively received from investing amounts described in (i), (ii) or this (iii); and

(iv) replacement proceeds of the Bonds within the meaning of Regulations section 1.148-1(c). Replacement proceeds include amounts reasonably expected to be used directly or indirectly to pay debt service on the Bonds, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the Bonds in the event the Issuer encounters financial difficulties and other replacement proceeds within the meaning of Regulations section 1.148-1(c)(4). Whether an amount is Gross Proceeds is determined without regard to whether the amount is held in any fund or account established under this Indenture.

"Holder" when used with respect to any Bond, as the context may require, means the Person in whose name such Bond is registered in the Bond Register.

"Indenture" means this instrument 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.

"Initial Letter of Credit" means the irrevocable, single-draw, standby letter of credit issued by the Letter of Credit Bank and delivered to the Depository on the same date as the initial delivery of the Bonds, being an irrevocable obligation to make payment to the Depository of \$_____.

"Interest Payment Date" means each January 15 and July 15 commencing _____, 20__.

"Investment Property" means any security, obligation (other than a tax-exempt bond within the meaning of Code section 148(b)(3)(A)), annuity contract or investment-type property within the meaning of Regulations section 1.148-1(b).

"Issue Price" is as indicated in the Tax Certificate.

"Issuer" means Rancho Sahuarita Community Facilities District, a community facilities district duly organized and validly existing pursuant to the laws of the State.

"Issuer Representative" means the District Manager or any designee appointed by him in writing.

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

"*LLC*" means Rancho Sahuarita Management Company L.L.C., an Arizona limited liability company, as a developer, guarantor and indemnitor.

"*LLLP*" means Interchange Opportunity Funding L.L.L.P., an Arizona limited liability limited partnership, as an investor, guarantor and indemnitor but not as a developer.

"*Letter of Credit*" means (a) the Initial Letter of Credit and (b) upon the issuance and effectiveness thereof, any Alternate Letter of Credit.

"*Letter of Credit Bank*" means Western Alliance Bank, an Arizona corporation in its capacity as issuer of the Initial Letter of Credit, and its successors and assigns. Upon issuance and effectiveness of any Alternate Letter of Credit, "Letter of Credit Bank" shall mean the issuer thereof and its successors and assigns.

"*Letter of Credit Termination Date*" means the earlier of thirty (30) days after the Letter of Credit Bank providing the Letter of Credit no longer has a Minimum Tier 1 Leverage Ratio and the stated expiration date of the Letter of Credit, as extended by any applicable provisions thereof.

"*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.

"*Maximum Annual Debt Service*" means, at the time of computation, the greatest Annual Debt Service Requirement for the then current or any succeeding Fiscal Year.

"*Minimum Tier 1 Leverage Ratio*" means, for the entity supplying the Letter of Credit, a Tier 1 Leverage Ratio of eight percent (8%).

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

"*Municipality*" means the Town of Sahuarita, Arizona, a municipal corporation incorporated and existing pursuant to the laws of the State.

"*Nonpurpose*" Investment means any Investment Property acquired with Gross Proceeds, and which is not acquired to carry out the governmental purposes of the Bonds.

"*Officers' Certificate*" means a certificate signed by the Issuer Representative 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 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 Holders 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 Holder 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.

"*Parity Debt Service*" means for any Fiscal Year and subject to the Refunding Act principal of and interest on all outstanding general obligation bonds and general obligation refunding bonds of the Issuer due for such Fiscal Year hereafter issued.

"*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.

"Payment" means any payment within the meaning of Regulations section 1.148-3(d)(1) with respect to a Nonpurpose Investment.

"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. Small Business Administration
Guaranteed participation certificates
 - 2. Farmers Home Administration
Certificates of beneficial ownership
 - 3. Federal Housing Administration
Debentures
 - 4. General Services Administration
Participation certificates
 - 5. Government National Mortgage Association ("GNMA")
Guaranteed mortgage-backed bonds
Guaranteed pass-through obligations
 - 6. U.S. Maritime Administration
Guaranteed Title XI financing
 - 7. Washington Metropolitan Transit Authority
Guaranteed transit bonds
 - 8. Veteran Administration
Guaranteed REMIC pass-through certificates
 - 9. U.S. Department of Housing and Urban Development
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
Consolidated debt obligations

2. Federal Home Loan Mortgage Corporation
Debt obligations
 3. Federal National Mortgage Association ("FNMA")
Debt obligations
 4. Student Loan Marketing Association
Debt obligations
 5. Farm Credit System (formerly Federal Land Banks,
Federal Intermediate Credit Banks and Banks for
Cooperatives)
Debt obligations
 6. Financing Corp.
Debt obligations
 7. Resolution Funding Corp.
Debt obligations
 8. U.S. Agency for International Development
Guaranteed notes which mature at least four
Business Days before the appropriate payment date
- 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" including, if the foregoing are met, funds for which the Trustee acts as an investment advisor or custodian; "AAAm"; or "AAm" or better and having a rating by Moody's of "VMIG-1 or better including, if the foregoing are met, funds for which the Trustee acts as an investment advisor or custodian.
- 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" or better by S&P and "Aa" or better by Moody's and required to be collateralized to the then current requirements of S&P to always have a rating of at least "A" and to the then current requirements of Moody's to have a rating of at least "A," which shall not be amended and for which no investment agreement shall be entered into in substitution therefor unless S&P and Moody's has confirmed that any rating on the Bonds 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 and Moody's.
- H. Bonds or notes issued by any state or municipality which are rated by S&P and Moody's in one of the two highest rating categories assigned by S&P or Moody's, as applicable.
- 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 and "P-1" or better by Moody's.
- J. Repurchase agreements ("Repos") 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.

Repos 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 or "A" or above by Moody's.
- 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. The securities must be valued weekly, marked-to market at current market price plus accrued interest and 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.

(If any security for which a rating level is required is on "credit watch," "negative outlook" or similar status indicating possible reduction in rating, it shall be treated as not having the rating required.)

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

"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.

"Purchaser" means Western Alliance Public & Non-Profit Finance[???].

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

"Rebate" means the payment system established by Section 148 of the Code with respect to certain arbitrage earnings by a political subdivision on amounts treated as the proceeds of certain obligations of such political subdivision and shall include all costs and expenses incurred in connection with, and allocable to, determining the amount due pursuant to such system including those provided for in Section 10.06 hereof.

"*Rebate Requirement*" means at any time the excess of the future value of all Receipts over the future value of all Payments. For purposes of calculating the Rebate Requirement the Bond Yield shall be used to determine the future value of Receipts and Payments in accordance with Regulations section 1.148-3(c). The Rebate Requirement is zero for any Nonpurpose Investment meeting the requirements of a rebate exception under section 148(f)(4) of the Code or Regulations section 1.148-7.

"*Receipt*" means any receipt within the meaning of Regulations section 1.148-3(d)(2) with respect to a Nonpurpose Investment.

"*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.

"*Refunding Act*" means Title 35, Chapter 3, Article 4, Arizona Revised Statutes.

"*Regular Record Date*" for the interest payable on the Bonds on any Interest Payment Date means the first (1st) day (whether or not a Business Day) of the calendar month of such Interest Payment Date.

"*Regulations*" means the sections 1.148-1 through 1.148-11 and section 1.150-1 of the regulations of the United States Department of the Treasury promulgated under the Code, including and any amendments thereto or successor regulations.

"*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, a general partner, member or manager of the relevant entity, 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.

"*Series 2018 Depository Agreement*" means that certain Series 2018 Depository Agreement, dated as of even date herewith, by and between the Issuer and the Depository.

"*Series 2018 Expenses Account*" means the account of the Bond Fund so defined in Section 5.01.

"*Series 2018 Standby Contribution Agreement*" means that certain Series 2018 Standby Contribution Agreement, dated as of even date herewith, by and among the Issuer, the Trustee, the LLLP and the LLC.

"*Series 2018 Tax Account*" means the account of the Bond Fund so defined in Section 5.01.

"*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.

"*Tax Certificate*" means the Certificate As To Federal Tax Matters delivered by the Issuer on the Closing Date.

"*Tier 1 Leverage Ratio*" means the ratio of that name established by the Federal Reserve Board in 12 Code of Federal Regulations Part 225, Appendix D, and any replacement thereof acceptable to the District Board.

"*Trustee*" the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor Trustee.

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

SECTION 1.02. *Acts of Bondholders.*

A. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Bondholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Bondholders 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 Bondholders 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 Bondholder 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 a Responsible Officer of an entity on behalf of such entity, 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 Bondholder may also be proved in any other manner which the Trustee deems sufficient.

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

D. Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Bond shall bind every future Holder of the same Bond and the Holder 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 Bondholders or other document provided or permitted by this Indenture by any Bondholder, 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 101 North First Avenue, Suite 1600, Phoenix, Arizona 85003, Attention: Global Corporate Trust Services, 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 the Issuer at c/o Town of Sahuarita, Arizona, Box 879, Sahuarita, Arizona 85629, Attention: District Clerk, or at any other address previously furnished in writing to such Person by the Issuer.

3. the Purchaser shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Purchaser addressed to the Purchaser at _____, Attention: _____, or at any other address

furnished previously in writing to such Person by the Purchaser, or

4. The LLLP or the LLC shall be sufficient for every purpose hereunder if in writing and mailed, first class mail postage prepaid, to the LLLP or the LLC addressed to the LLLP or the LLC at 4549 East Fort Lowell Road, Tucson, Arizona 85712, Attention: Robert Sharpe in the case of the LLLP and Fred Lewis in the case of the LLC, or at any other address furnished in writing to such Person by the LLLP or the LLC, as applicable.

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

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 Bondholders 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 Holders 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. *Notice of Section 38-511, Arizona Revised Statutes.*

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 the Trustee 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. The Trustee has not taken and shall not take any action which would cause any person described in the preceding sentence to be or become an employee or agent of the Trustee in any capacity or a consultant to the Trustee with respect to the subject matter of the Indenture.

SECTION 1.11. *E-Verify.*

To the extent applicable under Section 44-4401, Arizona Revised Statutes, the Trustee shall comply with all federal immigration laws and regulations that relate to their employees and their 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 this Indenture by the Issuer. The Issuer retains the legal right to randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the foregoing. The Trustee shall keep such papers and records open for random inspections during normal business hours by the Issuer. The Trustee shall cooperate with the random inspections by the Issuer including granting the Issuer entry rights onto their property to perform such random inspections and waiving their respective rights to keep such papers and records confidential.

SECTION 1.12. *Anti-Israel Boycott.*

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 1.13. *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 in physically certificated and 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. *Forms of Bonds and Matters Relating to Certain Necessary Documentation.*

The Bonds shall be in the following form:

[FORM OF BOND]

REGISTERED

REGISTERED

NO.

\$.....

THIS BOND IS ONLY TRANSFERABLE UPON RECEIPT BY THE HEREINAFTER DESCRIBED TRUSTEE OF A "QUALIFIED INVESTOR LETTER" IN THE FORM INCLUDED IN THIS BOND.

United States of America
State of Arizona

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BOND, SERIES 2018

Interest Rate	Maturity Date	Original Issue Date
.....	July 15, 20__	_____, 2018

REGISTERED OWNER

PRINCIPAL AMOUNTDOLLARS

Rancho Sahuarita Community Facilities District, a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (hereinafter referred to as the "Holder"), 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 15 and July 15 commencing _____ 15, 20__ (each an "Interest Payment Date"), at the per annum "Interest Rate" specified above.

As provided in the Indenture hereinafter referred to, the principal of and interest on this Bond (except that due on the Maturity Date but including the Redemption Price as such term is defined in the Indenture) payable on any Interest Payment Date shall be paid to the Person (as such term is 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 (as such term is defined in the Indenture) of the Issuer at the close of business on the "Regular Record Date" therefor, which shall be the 1st day (whether or not a Business Day as such term is defined in the Indenture) of the calendar month of 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 Holder 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 hereinafter referred to "Trustee" in accordance with the Indenture, notice whereof being given to the Holder hereof not less than 10 days prior to such Special Record Date. All such principal and interest (including the Redemption Price) shall be payable by the agency of the Issuer for such purpose (hereinafter referred to as the "Paying Agent") which shall initially be the designated corporate trust office of U.S. Bank National Association, by wire transfer of immediately available, federal funds to the Holder as of the relevant record date at the account specified in the Bond Register or pursuant to customary arrangements made by such Holder acceptable to the Paying Agent. The principal of and interest on this Bond due on the Maturity Date 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 such 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 in the city where such 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 (hereinafter referred to as the "Bonds"), issued and to be issued in one series under, and all equally and ratably secured by, a Series 2018 Indenture of Trust and Security Agreement, dated as of _____ 1, 2018 (hereinafter, together with all indentures supplemental thereto, referred to as the "Indenture"), from the Issuer to U.S. Bank National Association, as trustee (hereinafter referred to as the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Holders 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 Holder of this Bond hereby consents. The Bonds are authorized to be issued by a Resolution of the District Board of the Issuer adopted on February 26, [???] 2018 (hereinafter referred to as the "Bond Resolution"), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Enabling Act").

The Bonds are payable, equally and ratably with, with the limitations described herein, such other general obligation bonds of the Issuer from the proceeds of an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer, sufficient together with any other moneys from sources available pursuant to the Enabling Act (including the Standby Contribution Agreement described hereinbelow) to pay debt service on the Bonds when due. Interchange Opportunity Fund L.L.L.P., an Arizona limited liability limited partnership, as landowner, investor, guarantor and indemnitor but not as developer (the "LLLP") and Rancho Sahuarita Management Company L.L.C., as developer, guarantor and indemnitor (the "LLC") have entered into a Series 2018 Standby Contribution Agreement, dated as of _____ 1, 2018 (the "Standby Contribution Agreement"), with the Issuer and the Trustee pursuant to which the LLC and the LLLP will make payments to the Trustee to supplement tax revenues to pay principal and interest with respect to the Bonds. The Issuer and U.S. Bank National Association, as depository, have entered into a Series 2018 Depository Agreement, dated as of _____ 1, 2018 (hereinafter referred to as the "Depository Agreement"), pursuant to which certain other amounts will be available to the Trustee for payment of principal and interest with respect to the Bonds to the extent moneys are not otherwise available. THE STANDBY CONTRIBUTION AGREEMENT AND THE DEPOSITORY AGREEMENT MAY BE TERMINATED PRIOR TO THE MATURITY OF THE BONDS BY THE ISSUER UPON SATISFACTION OF CERTAIN CONDITIONS SET FORTH THEREIN.

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 Governmental Obligations (as such term is defined in the Indenture) sufficient for such purpose as described in the Indenture.

The Bonds are issuable as physically certificated, fully registered bonds only in the denominations of the remaining, unpaid principal amount.

The Bonds are subject to redemption, at the option of the Issuer as a whole or from time to time in part, on July 15, 20__, and any date thereafter, upon not 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 (as such term is defined in the Indenture), without a premium.

In addition to \$____,000 principal amount of the Bonds which will be paid on July 15, 2030, the Bonds shall be redeemed on the following Redemption Dates and in the following amounts without notice, 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:

<u>Redemption Date</u> (July 15)	<u>Principal Amount</u>
2018	,000
2018	,000
2019	,000
2020	,000
2021	,000
2022	,000
2023	,000
2024	,000
2025	,000
2026	,000
2027	,000
2028	,000
2029	,000

Bonds may be redeemed in part (in any principal amount) and upon any partial redemption of any such Bond the same shall not be surrendered for new Bonds. Portions of Bonds 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.

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and of the Standby Contribution Agreement and the Depository Agreement and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Bonds under the Bond Resolution, the Indenture, the Standby Contribution Agreement and the Depository Agreement at any time by the Issuer with the consent of the Holder of the Bonds at the time Outstanding (as such term is defined in the Indenture) affected by such modification. The Bond Resolution and Indenture also contain provisions permitting the Holder of the Bonds at the time Outstanding, on behalf of the Holders 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 Holder of this Bond or any Predecessor Bond (as such term is defined in the Indenture) evidencing the same debt shall be conclusive and binding upon such Holder and upon all future Holders thereof and of any Bond issued upon the transfer or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this Bond for transfer to the Paying Agent at the designated corporate trust office thereof 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 Holder hereof or his attorney duly authorized in writing, and thereupon new physically certificated, fully registered Bonds of authorized denomination and for the Stated Maturity and

aggregate principal amount shall be issued to the designated transferee.

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 TOWN OF SAHUARITA, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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 hereinabove described 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 general 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.

RANCHO SAHUARITA COMMUNITY FACILITIES
DISTRICT

By.....
.....

ATTEST:

.....
.....

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

"QUALIFIED INVESTOR LETTER"

.....,

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Rancho Sahuarita Community Facilities District
(Sahuarita, Arizona) General Obligation Bonds, Series
2018

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

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

- (1) The undersigned is one of the following:
 - (i) a "qualified institutional buyer," as such term is defined in Rule 144A, of the Securities Act;
 - (ii) an "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission or
 - (iii) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraphs (i) or (ii) above.

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

(3) An opportunity was available to obtain and that the undersigned has obtained all information which was regarded as necessary to evaluate and has evaluated the

merits and risks of investment in the Bonds, and after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including, but not limited to, those related to limited security and source for payment of the Bonds, the concentration of ownership of land subject to taxation for payment of the Bonds in one owner of property within the addressee District and the possible transfer of such land by such taxpayer, failure or inability of such owner as developer to complete proposed development of such land, investment risk related to sources of payment of the Bonds, bankruptcy and foreclosure delays and the probable lack of any secondary market for the Bonds.

(4) Neither the addressee District nor the Town of Sahuarita, Arizona (the "Town"), nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned requested, information that may have been furnished to the undersigned by any third party in connection with investment in the Bonds.

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

.....

By.....

Printed Name:.....

Title:.....

[END OF FORM OF BOND]

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

SECTION 2.03. *Form of Certificate of Authentication.*

Each of the Bonds shall also include the following form:

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:

SECTION 2.04. *Form of Assignment.*

Each of the Bonds shall further include the following form:

ASSIGNMENT

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

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

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

DATED:

Signature(s) guaranteed:
[Insert proper legend]

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

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

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

UNIF GIFT MIN ACT

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

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

* * *

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

ARTICLE THREE

TERMS AND ISSUANCE OF THE BONDS

SECTION 3.01. *Title and Terms.*

A. There shall be one series of bonds, dated the date of initial delivery thereof, issued and secured hereunder entitled

"RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2018"

(hereinafter referred to as the "Bonds")

B. The Bonds shall be issued in denominations of the remaining, unpaid principal amount.

C. The aggregate principal amount of the Bonds which may be authenticated and delivered and Outstanding is limited to \$____,000, and the Stated Maturity shall be July 15, 20__ and the rate of interest the Bonds so maturing shall bear shall be ____ percent (___%).

D. The Bonds shall bear interest from and including the date of initial delivery thereof, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each January 15 and July 15 commencing _____ 15, 20__ (hereinafter each referred to as an "Interest Payment Date").

E. The principal of, Redemption Price for and premium, if any, on the Bonds shall be payable as provided in the form of the Bonds.

SECTION 3.02. *Redemption of Bonds.*

A. The Bonds shall be redeemable from funds of the Issuer 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 _____ 15, 20__, and any date thereafter, upon not less than thirty (30) days prior notice given as provided in Section 4.03, 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.

B. The Bonds shall be redeemed from funds of the Issuer prior to their Stated Maturities in accordance with Article Four on the following Redemption Dates and in the following amounts without notice, upon payment of the Redemption Price which consists 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:

<u>Redemption Date</u> (July 15)	<u>Principal Amount</u>
2018	,000
2018	,000
2019	,000
2020	,000
2021	,000
2022	,000
2023	,000
2024	,000
2025	,000
2026	,000
2027	,000
2028	,000
2029	,000

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

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

B. Forthwith upon the execution and delivery of this Indenture, the Issuer shall deliver to the Trustee the Bonds, executed by the Issuer, and the Trustee shall thereupon authenticate the Bonds and deliver the Bonds to the Persons and in the principal amounts designated in writing to the Trustee not less than seven (7) days in advance thereof 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,

2. the Series 2018 Standby Contribution Agreement, duly and validly executed and delivered by the parties thereto, and evidence satisfactory to the Trustee of performance of the obligations of the LLLP, the LLC and the Issuer thereunder to be performed by the LLLP, the LLC and the Issuer prior to or simultaneously with the delivery of the Bonds,

3. the Series 2018 Depository Agreement, duly and validly executed and delivered by the parties thereto, and

evidence satisfactory to the Trustee of the performance of the obligations of the LLLP, the LLC and the Issuer thereunder to be performed by the LLLP, the LLC and the Issuer prior to or simultaneously with the delivery of the Bonds,

4. the Initial Letter of Credit, along with necessary legal opinions relating to the validity and enforceability thereof and

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

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

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

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

SECTION 3.04. *Registration and Transfer.*

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

B. Upon surrender for transfer of any Bond to a Paying Agent therefor at the designated corporate trust office thereof, accompanied by such other documents as are required in the form of Bond in Section 2.02 in connection with the transfer thereof, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee, a new physically certificated, fully registered Bond of the Stated Maturity and of authorized denomination.

C. All Bonds issued upon any transfer 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.

D. Every Bond presented or surrendered for transfer 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 Holder thereof or his attorney duly authorized in writing.

E. 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 of Bonds.

F. Neither the Issuer nor the Trustee shall be required to issue or transfer 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 4.03 and ending at the close of business on the day of such mailing. The Trustee shall give notice of any such redemption with each delivery of Bonds to be redeemed upon transfer.

SECTION 3.05. *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 Issuer Representative, 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 and aggregate remaining, unpaid 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 consti-

tute 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 3.06. *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 Holder as of such date, shall be paid as provided in the form of the Bond, and such payment shall be deemed to be at the designated corporate trust office of the Paying Agent.

B. Any interest on any Bond which is payable on, but is not punctually paid or duly provided for on, any Interest Payment Date (hereinafter referred to as "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder. 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 Holders entitled to such Defaulted Interest as in this Subsection provided and not to be deemed part of the Trust Estate for the other than Outstanding Secured Bonds. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment by the Trustee and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record

Date therefor to be mailed, first-class postage prepaid, to each Holder of a Bond at his or her address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date.

C. Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer 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 or substitution.

SECTION 3.07. *Cancellation.*

All Bonds surrendered for payment, redemption, transfer, 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 for any Bond canceled as provided in this Section, except as expressly provided by this Indenture.

SECTION 3.08. *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 for which notice is required shall be evidenced by an Officers' Certificate. In case of any redemption at the election of the Issuer of less than all of the Outstanding Bonds, the Issuer shall, at least thirty (30) 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. *Notice of Redemption.*

A. Notice of redemption when required shall be given by the Trustee in the name and at the expense of the Issuer, not less than thirty (30) prior to the Redemption Date, to each Holder of Bonds to be redeemed, at his address appearing in the Bond Register.

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

1. the Redemption Date,
2. the Redemption Price and
3. that on the Redemption Date, the Redemption Price will become due and payable and that the interest thereon shall cease to accrue from and after said date.

C. Any defect in any notice so mailed shall not affect the sufficiency of such notice or the redemption otherwise effected by such notice.

SECTION 4.04. *Deposit of Redemption Price.*

On or before the Business Day preceding the earliest date for mailing of the notice required by Section 4.03 with regard to any Redemption Date relating to Sections 3.02(A), the Issuer shall deposit or cause to be deposited with the Trustee an amount of money which, together with any amounts in the Bond Fund available for such purpose, is sufficient to pay the Redemption Price of the portion of 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 Holders entitled

to such Redemption Price and shall not be deemed to be part of the Trust Estate.

SECTION 4.05. *Bonds Payable on Redemption Date.*

A. Notice of redemption having been given as aforesaid, the portion of 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 portion of the Bonds shall cease to bear interest. Installments of interest with a Stated Maturity on or prior to the Redemption Date shall be payable to the Holders of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 3.06.

B. If any Bond to be redeemed shall not be so paid, the principal shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in such Bond.

* * *

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 "General Obligation Bonds, Series 2018 Bond Fund" (hereinafter referred to as the "*Bond Fund*") and within the Bond Fund (1) a special account designated the Series 2018 Tax Account" and (2) a special account separate and apart from the Trust Estate and designated the "*Series 2018 Expenses Account*." The money deposited to the Series 2018 Tax Account and the Series 2018 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; Reports from Trustee with Respect Thereto.*

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

1. the Series 2018 Tax Account the proceeds of the sale of the Bonds described in Section 5.05 and then:

a. amounts collected by or remitted to the Issuer as ad valorem taxes to the extent provided in Section 10.01(A) which are allocated in the budget of the Issuer for the applicable Fiscal Year for the payment of either (i) principal of or interest or premium on the Bonds with respect to Debt Service or (ii) for the payment of Rebate and the expenses described in Clause (ii) of the definition of Debt Service (but not any amounts from such source which are to be applied to pay amounts due with respect to any bonds issued on a parity with the Bonds),

b. amounts paid to the Trustee pursuant to Sections 2.01(A), (B)(4) and (C)(3) of the Series 2018 Standby Contribution Agreement for which the Trustee shall submit written requests as required by such sections of the Series 2018 Standby Contribution Agreement;

c. amounts paid to the Trustee pursuant to Section 2.02(A) of the Series 2018 Depository Agreement for which the Trustee shall submit written requests as provided by Section 5.02(C)(1);

d. amounts transferred from the Acquisition and Construction Fund to the extent provided in Sections 5.04(B) and 5.06(B) and

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

2. the Series 2018 Expenses Account, amounts transferred from the Series 2018 Tax Account to the extent provided in Section 5.02(B)(1)(b).

B. 1. a. Amounts deposited in the Series 2018 Tax Account shall be applied, first, to pay principal, interest or premium with respect to Debt Service on the dates due and in the amounts and order provided in Section 7.03(B).

b. On the day after each such due date referred to in Section 5.02(B)(1)(a), amounts deposited in the Series 2018 Tax Account pursuant to, and for the purposes described in, Section 5.02(A)(1)(a)(ii) shall be transferred to the Series 2018 Expenses Account.

2. Amounts deposited in the Series 2018 Expenses Account shall be applied to pay amounts due with respect to Rebate or, upon an Issuer Request, be paid to the Issuer for the purposes described in Section 9.1 of the Development Agreement.

C. 1. After the Draw, on January 2 and July 2 of each Fiscal Year prior to the termination of the Series 2018 Depository Agreement, the Trustee shall provide to the Depository in writing the following information:

a. Debt Service due on the Bonds on the next January 15 and July 15, as the case may be,

b. the amount then on deposit in the Series 2018 Tax Account including the amounts deposited therein pursuant to Section 5.02(A)(1)(b) and (c) and

c. the difference of clause (a) above less clause (b) above,

together with a request (which may be by facsimile communication) for payment by the Depository of an amount equal to such difference if greater than zero by January 8 and July 8, respectively. Notwithstanding the foregoing, as indicated in an Issuer Request (which may be by facsimile request), amounts held pursuant to the Series 2018 Depository Agreement shall be paid as otherwise directed in the Issuer Request to enforce performance of the obligations of the parties to the Series 2018 Standby Contribution Agreement.

2. As soon as possible after July 15 of each Fiscal Year and more often as indicated in an Issuer Request, the Trustee shall provide to the Issuer and, while the Series 2018 Depository Agreement is in effect, the LLLP the balances as of such date in each fund established hereunder.

SECTION 5.03. *Acquisition and Construction Fund.*

There is hereby created by the Issuer and established with the Trustee a special trust fund of the Issuer held separate and apart from the Trust Estate and designated its "General Obligation Bonds, Series 2018 Acquisition and Construction Fund" (hereinafter referred to as the "Acquisition and Construction Fund"). Amounts 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 Sections 5.04 and 5.05.

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

A. The Issuer shall deposit to the credit of the Acquisition and Construction Fund the proceeds of the sale of the Bonds as provided in Section 5.05(b).

B. 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 Issuance and 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 Issuer Request to transfer such unexpended proceeds or income to the Series 2018 Tax Account; provided, however, that if any such amounts remain on deposit in the Acquisition and Construction Fund on _____ 1, 2021, such amounts shall be transferred by the Trustee to the Series 2018 Tax Account.

SECTION 5.05. *Disposition of Proceeds of Bonds.*

Simultaneously with delivery of the Bonds to the initial purchasers thereof, the Issuer shall cause the Trustee to deposit (a) \$_____ to the Series 2018 Tax Account from the proceeds of the sale thereof and (b) the balance of the proceeds thereof to the credit

of the Acquisition and Construction Fund for the purposes described in Section 5.04(B).

SECTION 5.06. *Investment of and Security for Funds.*

A. Money held for the credit of the Bond Fund shall, as nearly as may be practicable, be continuously invested and reinvested by the Trustee in Governmental Obligations at the written direction of the Issuer Representative.

B. Money held for the credit of the Acquisition and Construction Fund shall, as nearly as may be practical, be continuously invested and reinvested by the Trustee in Permitted Investments at the written direction of the Issuer Representative and on each September 14 and March 10 of each Fiscal Year the resulting investment income shall be transferred by the Trustee to the Series 2018 Tax Account.

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 investment income 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 4.04,

b. Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 3.05, 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 Holder thereof and where enforceability has not been determined adversely against such Holder 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 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 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. 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 Holders 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. 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 Holders 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 Bondholders 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, the Series 2018 Standby Contribution Agreement or the Series 2018 Depository Agreement or in aid of the execution of any power granted in this Indenture, the Series 2018 Standby Contribution Agreement or the Series 2018 Depository Agreement 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 Bondholders. Without limiting the generality of the foregoing, the Trustee shall at all times have the power to institute and maintain such proceedings as it may deem expedient: (1) to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture, the Series 2018 Standby Contribution Agreement or the Series 2018 Depository Agreement and (2) to protect its interests and the interests of the Bondholders in the Trust Estate and in the issues, profits, revenues and other income arising therefrom, including the power to maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order which may be unconstitutional or otherwise invalid, if the enforcement of, or compliance with, such enactment, rule or order would impair the Trust Estate or be prejudicial to the interests of the Bondholders or the Trustee.

B. In addition to all rights and remedies of any Holder 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, this Indenture, the Series 2018 Standby Contribution Agreement or the Series 2018 Depository Agreement, 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 the Bond Resolution, this Indenture, the Series 2018 Standby Contribution Agreement and the Series 2018 Depository Agreement.

C. Notwithstanding the foregoing, if the Trustee is unwilling or unable to perform any of the foregoing with respect to the Series 2018 Standby Contribution Agreement or the Series 2018 Depository Agreement and the result will be an increase of the levy required by Section 10.01 for the next Fiscal Year, the Issuer may,

independently, take whatever action is necessary in the judgment of the Board to mitigate the effect in future Fiscal Years.

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 Holders of such Bonds the amount so due and payable on the Bonds for principal (and premium, if any), but not any such amounts due in the future, 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 Holders 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 Holders 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 any amounts due for Rebate and then 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 Bondholders 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 Bondholder 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 Bondholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, dis-

bursements 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 Bondholder any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Bondholder 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 Holders of the Bonds in respect of which such judgment has been recovered.

SECTION 7.06. *Unconditional Right of Bondholders to Receive Principal, Premium and Interest.*

Notwithstanding any other provision in this Indenture, the Holder of the 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 the 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 Holder; provided, however, that no Bondholder 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 Bondholder.

SECTION 7.07. *Rights and Remedies Cumulative.*

No right or remedy herein conferred upon or reserved to the Trustee or the Bondholders 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 Bondholders, 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 Holder 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 Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondholders, as the case may be.

SECTION 7.09. *Control by Bondholder.*

A. The Holder of the Outstanding Bonds 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 Holders not taking part in such direction and

d. if the remedy requires the consent of a certain number of the Holders, 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 Holder of the Outstanding Bonds may, by Act of such Bondholder delivered to the Trustee and the Issuer, waive any past default hereunder and its consequences.

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 Holder 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 or to any suit instituted by the Bondholder.

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 Holder 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 Sections 7.09(B) and 8.02(E).

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

SECTION 8.02. *Certain Rights of Trustee.*

Except as otherwise provided in Section 8.01 hereof:

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

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

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

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

C. whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate or, for purposes of Section 10.06, an appropriate certificate of a consultant or firm of consultants of nationally recognized standing in the field of accounting for Rebate;

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 Bondholders pursuant to this Indenture, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction;

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

make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney and

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

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

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

SECTION 8.04. *May Hold Bonds.*

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

SECTION 8.05. *Money Held in Trust.*

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

SECTION 8.06. *Compensation and Reimbursement.*

A. The Issuer shall

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

2. except as otherwise expressly provided herein, reimburse the Trustee upon its request for all reasonable

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

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

SECTION 8.07. *Corporate Trustee Required; Eligibility.*

There shall at all times be a Trustee hereunder which shall be a bank or trust company organized and doing business under the laws of the United States or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, and 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 or under the Series 2018 Standby Contribution Agreement or the Series 2018 Depository Agreement has occurred or, with passage of time or giving of notice, 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 Bondholder or

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

then, in either such case, (a) the Issuer by Board Resolution may remove the Trustee or (b) subject to Section 8.12, any Bondholder who has been a bona fide Holder 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 Bondholders. 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 Holder 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 Bondholders and accepted appointment in the manner hereinafter provided, any Bondholder who has been a bona fide Holder 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 Holders of the Bonds. Each notice shall include the name of the successor Trustee and the address of its designated 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.

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ARTICLE NINE

SUPPLEMENTAL INDENTURES;
 AMENDMENTS TO BOND RESOLUTION,
 SERIES 2018 STANDBY CONTRIBUTION AGREEMENT AND
 SERIES 2018 DEPOSITORY AGREEMENT

SECTION 9.01. *Supplemental Indentures or Amendments to Bond Resolution, Series 2018 Standby Contribution Agreement and Series 2018 Depository Agreement Without Consent of Bondholders.*

Without the consent of the Holders 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, the Issuer may amend the Bond Resolution or the Issuer, when authorized by Board Resolution, and the Trustee may amend the Series 2018 Standby Contribution Agreement and the Series 2018 Depository Agreement, as applicable, 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, in the Series 2018 Standby Contribution Agreement, in the Series 2018 Depository Agreement or in the Bonds contained; or
4. to add to the covenants of the Issuer for the benefit of the Holders of all of the Bonds; or
5. to allow the replacement of the Letter of Credit with an amount of cash equal to the face amount thereof upon terms and conditions the Issuer Representative, in his sole and absolute discretion, deems appropriate including requirements for opinions of counsel on subjects he deems necessary or
6. to cure any ambiguity, to correct or supplement any provision herein, in the Series 2018 Standby Contribu-

tion Agreement, in the Series 2018 Depository Agreement or in the Bond Resolution which may be inconsistent with any other provision herein in the Series 2018 Standby Contribution Agreement, in the Series 2018 Depository Agreement or in the Bond Resolution, or to make any other provisions, with respect to matters or questions arising under this Indenture, the Series 2018 Standby Contribution Agreement, the Series 2018 Depository Agreement or the Bond Resolution, which shall not be inconsistent with the provisions of this Indenture, the Series 2018 Standby Contribution Agreement, the Series 2018 Depository Agreement or the Bond Resolution, provided such action shall not adversely affect the interests of the Holders of the Bonds.

SECTION 9.02. *Supplemental Indentures or Amendments to the Bond Resolution or Series 2018 Standby Contribution Agreement or Series 2018 Depository Agreement With Consent of Bondholders.*

A. With the consent of the Holder of the Bonds, by Act of such Holder 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 or an amendment or amendments to the Series 2018 Standby Contribution Agreement, the Series 2018 Depository Agreement or the Bond Resolution, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture, the Series 2018 Standby Contribution Agreement, the Series 2018 Depository Agreement or the Bond Resolution or of modifying in any manner the rights of the Holders of the Bonds under this Indenture, the Series 2018 Standby Contribution Agreement, the Series 2018 Depository Agreement or the Bond Resolution.

B. The Trustee may in its discretion determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Series 2018 Standby Contribution Agreement, the Series 2018 Depository Agreement or the Bond Resolution and any such determination shall be conclusive upon every Holder of Bonds, whether theretofore or thereafter authenticated 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 Bondholders under this Section to approve the particular form of any proposed supplemental indenture or any such amendment to the Series 2018 Standby Contribution Agreement, the Series 2018 Depository Agreement or the Bond 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, Series 2018 Standby Contribution Agreement Series 2018 Depository Agreement.*

In executing, or accepting the additional trusts created by, any supplemental indenture or amendment to the Series 2018 Standby Contribution Agreement, the Series 2018 Depository Agreement or the Bond Resolution permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive and, subject to Section 8.01, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture or adoption or execution 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 amendment to the Series 2018 Standby Contribution Agreement 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, Series 2018 Standby Contribution Agreement or Series 2018 Depository Agreement.*

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, the Series 2018 Depository Agreement or the Series 2018 Standby Contribution Agreement under this Article, the Bond Resolution, the Series 2018 Depository Agreement or the Series 2018 Standby Contribution Agreement, as applicable, shall be modified in accordance therewith, and such amendment shall form a part of the Bond Resolution, the Series 2018 Depository Agreement or the Series 2018 Standby Contribution Agreement, as applicable, for all purposes, and every Holder 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, Series 2018 Depository Agreement and Series 2018 Standby Contribution Agreement.*

Bonds authenticated and delivered after the execution of any supplemental indenture or amendment to the Bond Resolution, the Series 2018 Depository Agreement or the Series 2018 Standby Contribution Agreement pursuant to this Article may bear a notation as to any matter provided for in such supplemental indenture or amendment to the Bond Resolution, the Series 2018 Depository Agreement or the Series 2018 Standby Contribution Agreement. If the Issuer shall so determine, new Bonds so modified as to conform to any such supplemental indenture or amendment to the Bond Resolution, the Series 2018 Depository Agreement or the Series 2018 Standby Contribution Agreement may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

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ARTICLE TEN

COVENANTS

SECTION 10.01. *Pledge and Levy of Taxes.*

A. For each Fiscal Year while any Bond is Outstanding, the Board shall annually levy and cause an *ad valorem* property tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the Issuer, to pay Debt Service and to pay Parity Debt Service when due, and the Issuer shall duly and punctually pay Debt Service in accordance with the terms of this Indenture. (The Issuer and the Trustee acknowledge that the Bonds, and any general obligation bonds and, subject to the limitations of the Refunding Act with respect to general obligation refunding bonds, general obligation refunding bonds of the Issuer hereafter issued will be secured on a parity basis in the collection and application of property tax revenues of the Issuer and that such property taxes will be allocated to each series of general obligation bonds and general obligation refunding bonds in accordance with any Debt Service or Parity Debt Service then due and, in either case, taking into account other funds held by the Issuer for such payment.

B. Amounts derived from the levy of the tax provided for in this Section when collected constitute funds to pay Debt Service and shall be kept separately from other funds of the Issuer, including with respect to the pro-rata amount of such amounts applicable to the Bonds, by being paid to the Trustee and deposited by the Trustee to the accounts as described in Section 5.02.

C. The Board shall make annual statements and estimates of the amount to be raised to pay Debt Service [including the amounts to be allocated as described in Sections 5.02(A)(1)(a)]. The Board shall file the annual statements and estimates with the Clerk of the Municipality and shall publish a notice of the filing of the estimate. The Board, on or before the date set by law for certifying the annual budget of the Municipality, shall fix, levy and assess the amounts to be raised by *ad valorem* taxes of the Issuer and shall cause certified copies of the order to be delivered to the Board of Supervisors of Pima County, Arizona, to the Department of Revenue of the State and to the Trustee. All statutes relating to the levy and collection of State and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, apply to the taxes provided for by this Section.

SECTION 10.02. *Maintenance of Agency.*

The Issuer shall maintain an agency where Bonds may be presented or surrendered for payment, where Bonds entitled to be registered, transferred or converted may be presented or surrendered for registration, transfer or conversion, and where notices and demands to or upon the Issuer in respect of the Bonds 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 designated 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 10.03. *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 Holders 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 Holders 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 Holders of such Bonds until such amounts shall be paid to the Holders 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 money 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 funds 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 Holder 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 Holder 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 Holder of such Bond arising under such Bond shall be made upon the Issuer.

SECTION 10.04. *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 Bondholders 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 10.05. *Covenants as to Arbitrage and Other Tax Matters.*

A. As more particularly provided in the Tax Certificate, the Board shall not cause the Issuer to 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 the Board shall cause the Issuer to comply with the requirements of the Code sections and related regulations throughout the term of the Bonds.

B. The District shall be the owner of the public infrastructure acquired with the proceeds of the sale of the Bonds for federal income tax purposes.) Except as otherwise advised in a Bond Counsel's Opinion, the District shall not enter into any management or service contract with any entity other than a governmental entity for the operation of any portion of such infrastructure unless the management or service contract complies with such authority as may control at the time or 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 such infrastructure). Also, 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 may be so invested for an initial temporary period until needed for the purpose for which the Bonds are being executed and delivered, may be so used in making investments in a *bona fide* debt service fund or may be invested in obligations issued by the United States Treasury.

C. In consideration of the purchase and acceptance of the Bonds by such holders from time to time and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, the Board covenants, and the appropriate officials of the Issuer are hereby directed, to take all action required to retain such exclusion or to refrain from taking any action prohibited by such Code which would adversely affect in any respect such exclusion.

D. Written procedures required by any arbitrage rebate provision or separate agreement executed in connection with the issuance of the Bonds (initially those in the next Section) 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.

E. (i) The Issuer shall take all necessary and desirable steps, as determined by the Board, 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 amended to conform to the requirements set forth in such opinion.

(ii) If for any reason any requirement hereunder is not complied with, the Issuer shall take all necessary and desirable steps, as determined by the Board, 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) with respect to the Code.

F. Written procedures have been established for the Town to ensure that all nonqualified obligations are remedied according to the requirements under such Code and related Regulations and to

monitor the requirements of Section 148 of such Code relating to arbitrage, with which the Town will comply.

SECTION 10.06. *Specific Covenants as to Rebate.*

A. Terms not otherwise defined in this Indenture as they are used in this Section shall have the meanings given to them in the Tax Certificate.

B. Within 60 days after the end of each Bond Year unless an exception to the requirement to do so with respect to the Bonds is available to the District, the Issuer shall cause the Rebate Requirement to be calculated and shall pay to the United States of America:

(1) not later than 60 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, an amount which, when added to the future value of all previous rebate payments with respect to the Bonds (determined as of such Computation Date), is equal to at least 90% of the sum of the Rebate Requirement (determined as of the last day of such Bond Year) plus the future value of all previous rebate payments with respect to the Bonds (determined as of the last day of such Bond Year); and

(2) not later than 60 days after the retirement of the last Bond, an amount equal to 100% of the Rebate Requirement (determined as of the date of retirement of the last Bond).

Each payment required to be made under this Section shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date such payment is due, and shall be accompanied by IRS Form 8038-T.

C. No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

D. For purposes of Subsection (C), whether a Nonpurpose Investment has been purchased or sold or disposed of for its fair market value shall be determined as follows:

1. The fair market value of a Nonpurpose Investment generally shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in a bona fide arm's length transaction. Fair market value shall be determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding.

2. Except as provided in Subsection (E) or (F), a Nonpurpose Investment that is not of a type traded on an established securities market, within the meaning of Code section 1273, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

3. If a United States Treasury obligation is acquired directly from or sold or disposed of directly to the United States Treasury, such acquisition or sale or disposition shall be treated as establishing the fair market value of the obligation.

E. The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal is considered to be its fair market value if the yield on the certificate of deposit is not less than:

1. the yield on reasonably comparable direct obligations of the United States; and
2. the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

F. A guaranteed investment contract shall be considered acquired and disposed of for an amount equal to its fair market value if:

1. A bona fide solicitation in writing for a specified guaranteed investment contract, including all material terms, is timely forwarded to all potential providers. The solicitation must include a statement that the submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other person (whether or not in connection with the Bonds), and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the requirements in the Regulations that the Issuer receive bids from at least one reasonably competitive provider and at least three providers that do not have a material financial interest in the Bonds.

2. All potential providers have an equal opportunity to bid, with no potential provider having the opportunity to review other bids before providing a bid.

3. At least three reasonably competitive providers (i.e. having an established industry reputation as a

competitive provider of the type of investments being purchased) are solicited for bids. At least three bids must be received from providers that have no material financial interest in the Bonds (e.g., a lead underwriter within 15 days of the issue date of the Bonds or a financial advisor with respect to the investment) and at least one of such three bids must be from a reasonably competitive provider. If the Issuer uses an agent to conduct the bidding, the agent may not bid.

4. The highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees) is purchased.

5. The determination of the terms of the guaranteed investment contract takes into account as a significant factor the reasonably expected deposit and drawdown schedule for the amounts to be invested.

6. The terms for the guaranteed investment contract are commercially reasonable (i.e. have a legitimate business purpose other than to increase the purchase price or reduce the yield of the guaranteed investment contract).

7. The provider of the investment contract certifies the administrative costs (as defined in Regulations section 1.148-5(e)) that it pays (or expects to pay) to third parties in connection with the guaranteed investment contract.

8. The Issuer retains until three years after the last outstanding Bond is retired, (i) a copy of the guaranteed investment contract, (ii) a receipt or other record of the amount actually paid for the guaranteed investment contract, including any administrative costs paid by the Issuer and a copy of the provider's certification described in (7) above, (iii) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results and (iv) the bid solicitation form and, if the terms of the guaranteed investment contract deviates from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation.

G. Such experts and consultants shall be employed to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with Section 148(f) of the Code with respect to the Bonds.

SECTION 10.07. *Reporting Requirements.*

A. While the Purchaser is the Holder of the Bonds, within nine (9) months after each Fiscal Year, the District shall provide to the Purchaser:

1. a copy of the audited financial statements of the District if such statements are then being prepared;

2. a table presenting the property taxes levied and collected by the District for the prior Fiscal Year;

3. a table presenting the net limited assessed property values of major taxpayers in the District for the prior Fiscal Year;

4. a table presenting the net limited assessed property value for the District for the prior Fiscal Year and preliminary estimate of such amount for the current Fiscal Year;

5. a table presenting the estimated net full cash value for the District for the prior Fiscal Year and a preliminary estimate of such amount for the current Fiscal Year; and

6. a table presenting the debt service requirements and the projected impact on the bond tax rate of the District including the estimated contribution pursuant to the Standby Contribution Agreement.

B. The Purchaser shall receive notice of any significant impact to the financial position of the Borrower. For purposes of this subsection "significant impact" means _____.

C. The Borrower shall furnish at the request of the Purchaser such additional information that the Purchaser may from time to time reasonably request.

* * *

This instrument may be executed in any number of counter-
parts, 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.

RANCHO SAHUARITA COMMUNITY FACILITIES
DISTRICT

By.....
District Manager

ATTEST:

.....
District Clerk

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By.....
Authorized Officer

DRAFT
10/02/13
06/06/17
01/31/18
03/09/18

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

and

U.S. BANK NATIONAL ASSOCIATION,
as Depository

SERIES 2018 DEPOSITORY AGREEMENT

Dated as of _____ 1, 2018

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

TABLE OF CONTENTS

Page

PARTIES..... 1

RECITALS..... 1

ARTICLE ONE DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION.. 2

SECTION 1.01. Definitions.2

SECTION 1.02. Notices, etc.2

SECTION 1.03. Effect of Headings and Table of Contents.3

SECTION 1.04. Successors and Assigns.3

SECTION 1.05. Severability Clause.3

SECTION 1.06. Benefits of Agreement.4

SECTION 1.07. Governing Law.4

SECTION 1.08. Notice of Section 38-511, Arizona Revised
Statutes.4

SECTION 1.09. E-Verify.4

SECTION 1.10. Anti-Israel Boycott.5

SECTION 1.11. Further Assurances.5

SECTION 1.12. Amendments.5

SECTION 1.13. Business Days.5

SECTION 1.14. Termination.5

SECTION 1.15. Integration.6

ARTICLE TWO THE LETTER OF CREDIT..... 7

SECTION 2.01. Beneficiary; Authority to Draw; Draws;
Alternates.7

SECTION 2.02. Application.9

SECTION 2.03. Investment of and Security for Fund.9

SECTION 2.04. Annual Reports.10

ARTICLE THREE THE DEPOSITORY..... 11

SECTION 3.01. Certain Duties and Responsibilities of
Depository.11

SECTION 3.02. Certain Rights of Depository.11

SECTION 3.03. Not Responsible for Recitals or Application of
Proceeds.12

SECTION 3.04. Compensation and Reimbursement.13

SECTION 3.05. Corporate Depository Required; Eligibility.13

SECTION 3.06. Resignation and Removal; Appointment of
Successor.14

SECTION 3.07. Acceptance of Appointment by Successor.15

SECTION 3.08. Merger, Conversion, Consolidation or Succession
to Business.15

SIGNATURES16

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Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

THIS SERIES 2018 DEPOSITORY AGREEMENT, dated as of _____ 1, 2018 (hereinafter referred to as this "Agreement"), by and between Rancho Sahuarita Community Facilities District, a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "Issuer"), and U.S. Bank National Association, a national banking association with trust powers having a corporate trust office in the City of Phoenix, Maricopa County, Arizona, as depository (hereinafter together with any successor to the trust herein granted referred to as the "Depository"),

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Enabling Act"), a general obligation bond election was held on August 12, 2014 (hereinafter referred to as the "Election"), submitting to those persons who are qualified to vote pursuant to the Enabling Act the question of authorizing the district board of the Issuer (hereinafter referred to as the "Board") to issue general obligation bonds of the Issuer in the aggregate principal amount of \$60,000,000 to provide moneys for any "public infrastructure purposes" (as such term is defined in the Enabling Act) consistent with The General Plan for The Proposed Rancho Sahuarita Community Facilities District filed with the Clerk of the Town of Sahuarita, Arizona, before or on March 24, 2014; and

WHEREAS, the issuance of such general obligation bonds was approved at the Election; and

WHEREAS, pursuant to a Resolution of the Board adopted on June 26, 2018 (hereinafter referred to as the "Bond Resolution"), the Board (1) authorized the sale and issuance of its General Obligation Bonds, Series 2018, in the aggregate principal amount of \$_____,000 (hereinafter referred to as the "Series 2018 Bonds") to provide funds for any and all of the public infrastructure purposes provided for in the Enabling Act and described in the feasibility report presented to and approved by the Board on March 12, 2018, and (2) entered in its minutes a record of the Series 2018 Bonds sold and their numbers and dates and will levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the Issuer sufficient, together with moneys from the sources described therein (including amounts available hereunder), to pay Debt Service (as such term is hereinafter defined) when due; and

WHEREAS, the Board has by the Bond Resolution duly authorized the issuance of the Series 2018 Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Series 2018 Bonds, has duly authorized the execution and delivery of a Series 2018 Indenture of Trust and Security Agreement, dated as of even date herewith (hereinafter referred to as the "Series

2018 Indenture"), from the Issuer to U.S. Bank National Association, as trustee; and

WHEREAS, in consideration for the issuance of the Series 2018 Bonds, and the actions taken and to be taken in the Series 2018 Indenture, by the Issuer and as a condition precedent to the execution and delivery of this Agreement and the issuance of the Series 2018 Bonds, Interchange Opportunity Fund L.L.L.P., as an investor and guarantor but not as a developer (hereinafter referred to as the "LLLLP"), has had established by Western Alliance Bank in favor of the Depository an irrevocable standby letter of credit in the amount of **[\$5 times MADs]**; and

WHEREAS, the Issuer may enter into, and expend moneys pursuant to, this Agreement for the public infrastructure purposes provided for by this Agreement with respect to the Issuer;

NOW, THEREFORE, in the joint and mutual exercise of their powers, and in consideration of the above premises and of the mutual covenants herein contained and for other valuable consideration, the parties hereto recite and agree that:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.01. *Definitions.*

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

1. The terms defined hereinabove, hereinafter and in the Series 2018 Indenture have the meanings assigned to them hereinabove, hereinafter and in Article One of the Series 2018 Indenture and include the plural as well as the singular.

2. 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.

3. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, or other subdivision.

SECTION 1.02. *Notices, etc.*

A. Unless otherwise specifically provided herein, any request, demand, authorization, direction, notice, consent, waiver,

payment or other document provided or permitted by this Agreement by the Issuer or the Depository to be made upon, given or furnished to, or filed with,

1. the Depository shall be sufficient for every purpose hereunder if made, given, furnished, or filed in writing to or with the Depository at its corporate trust office in Phoenix, Arizona, or if in writing and mailed, first-class postage prepaid, to the Depository addressed to it at 101 North First Avenue, Suite 1600, Phoenix, Arizona 85003, Attention: Global Corporate Trust Services, or at any other address furnished in writing to such Person by the Depository, 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 the Issuer at 375 West Sahuarita Center Way, Sahuarita, Arizona 85629, Attention: District Clerk or at any other address previously furnished in writing to such Person by the Issuer, or

3. the LLLP shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to the LLLP addressed to the LLLP at 4549 East Fort Lowell Road, Tucson, Arizona 85712, Attention: Robert Sharpe, or at any other address furnished previously in writing to such Person by the LLLP.

B. Where this Agreement provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice.

SECTION 1.03. *Effect of Headings and Table of Contents.*

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.04. *Successors and Assigns.*

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

SECTION 1.05. *Severability Clause.*

In case any provision in this Agreement or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

SECTION 1.06. *Benefits of Agreement.*

Nothing in this Agreement, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and, for purposes of the last paragraph of Section 2.01(B), the LLLP, any benefit or any legal or equitable right, remedy or claim pursuant to this Agreement. The role of the Depository hereunder is administrative only, and the Depository is a party to this Agreement only to hold the Letter of Credit or proceeds thereof in trust for the benefit of the Issuer and the Holders of the Series 2018 Bonds and to carry out the instructions given to the Depository hereunder.

SECTION 1.07. *Governing Law.*

This Agreement 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 1.08. *Notice of Section 38-511, Arizona Revised Statutes.*

The Issuer may, within three (3) years after its execution, cancel this Agreement, without penalty(s) or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Issuer is, at any time while this Agreement is in effect, an employee or agent of the Depository in any capacity or a consultant to the Depository with respect to the subject matter of this Agreement and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Issuer from the Depository arising as the result of this Agreement. The Depository has not taken and shall not take any other action which would cause any person described in the preceding sentence to be a licensee or employee or agent of the Depository in any capacity or a consultant to the Depository with respect to the subject matter of this Agreement.

SECTION 1.09. *E-Verify.*

To the extent applicable under Section 44-4401, Arizona Revised Statutes, the Depository shall comply with all federal immigration laws and regulations that relate to their employees and their compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes. The breach by the Depository of the foregoing shall be deemed a material breach of this Agreement and may result in the termination of this Agreement by the Issuer. The Issuer retains the legal right to randomly inspect the papers and records of the Depository to ensure that the Depository is complying with the foregoing. The Depository shall keep such papers and records open for random inspections during normal business hours by the Issuer. The Depository shall cooperate with the random inspections by the Issuer including granting the Issuer entry rights onto their property to perform such random inspections and waiving their respective rights to keep such papers and records confidential.

SECTION 1.10. *Anti-Israel Boycott.*

Pursuant to Section 35-393 et seq., Arizona Revised Statutes, the Depository hereby certifies it is not currently engaged in, and for the duration of this 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 Issuer determines that the Depository's certification above is false or that it has breached such agreement, the Issuer may impose remedies as provided by law.

SECTION 1.11. *Further Assurances.*

The Issuer and the Depository 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 Agreement.

SECTION 1.12. *Amendments.*

Pursuant to the conditions established in the Series 2014 Indenture, this Agreement may be amended by an instrument in writing executed and delivered by each of the Depository and the Issuer.

SECTION 1.13. *Business Days.*

For purposes of this Agreement, if any date for any payment or determination is not a Business Day, the applicable payment or determination shall be made or done on the next succeeding day which is a Business Day.

SECTION 1.14. *Termination.*

Subject to the last sentence of this Section, this Agreement shall terminate upon the earliest of (A) the payment or the provision for payment in full of all of the outstanding Series 2018 Bonds, (B) the expiration of the Letter of Credit because the face amount thereof has been reduced to \$50,000 or less or (C) receipt by the Issuer Representative of evidence satisfactory to the Issuer Representative that, in any Fiscal Year after the first Fiscal Year in which principal of the Series 2018 Bonds has started to be amortized, for such Fiscal Year, a tax rate of \$4.69 per \$100 of limited assessed valuation of property within the boundaries of the Issuer for such Fiscal Year would have been sufficient to pay Maximum Annual Debt Service for any subsequent Fiscal Year plus the historical, annual, average of amounts necessary for payment of amounts described in Section 9.1 of the Development Agreement as of such Fiscal Year. Such evidence shall consist of a written projection, prepared by the Issuer Representative, if the Letter of Credit has not been drawn, upon a written request of the LLLP and otherwise at the discretion of the Issuer Representative, that is based upon the application of such secondary tax rate in light of the actual limited assessed valuation of the property within the boundaries of the Issuer for such Fiscal

Year, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual percentage delinquency factor for the Issuer as of such Fiscal Year and no credit for any balance or investment income accruing during such Fiscal Year. After receipt of proof of satisfaction of such condition, the Board shall approve in writing such termination, such approval not to be withheld unreasonably.

SECTION 1.15. *Integration.*

This Agreement, when executed and delivered by the parties hereto, shall constitute the entire agreement among them with respect to the matters provided herein and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

* * *

ARTICLE TWO

THE LETTER OF CREDIT

SECTION 2.01. *Beneficiary; Authority to Draw; Draws; Alternates.*

A. The Letter of Credit shall be held by the Depository for the benefit of the Issuer and shall be the subject of the Draw upon the occurrence of any one of the following events so long as the Issuer has with respect to any Interest Payment Date occurring on the January 15 immediately preceding the Draw levied for Debt Service for that Fiscal Year a tax rate pursuant to Section 10.01(A) of the Series 2018 Indenture of at least \$4.69 per \$100 of limited assessed valuation and with respect to any Interest Payment Date occurring on the July 15 immediately preceding the Draw levied such tax rate for the immediately preceding Fiscal Year:

1. The failure of the LLLP or the LLC to pay any amount due on the applicable date due pursuant to the Series 2018 Standby Contribution Agreement.

2. The failure to obtain and deliver to the Depository an Alternate Letter of Credit pursuant to Section 2.01C.

3. The Letter of Credit Bank (i) commences a proceeding pursuant to any federal or state insolvency, reorganization or similar law, or has such a proceeding commenced against it and either has an order of insolvency or reorganization entered against it or has the proceeding remain undismissed and unstayed for ninety (90) days or (ii) has a receiver, conservator, liquidator or trustee appointed for it or for the whole or any substantial part of its property.

Notwithstanding the first sentence of this Section, the tax rate in any such Fiscal Year for such purpose may be less than \$4.69 if the Board expected that such lower rate would produce ad valorem tax revenues sufficient to pay in full Debt Service and this Agreement is in the process of being terminated pursuant to its terms.

The Depository shall present a sight draft to the Letter of Credit Bank (together with any required certificates pursuant to the Letter of Credit) so as to permit the timely transfer of funds from the Letter of Credit Bank to the Depository for the Draw and shall follow such other procedures so as to comply with the Letter of Credit in order to make the Draw. The Depository shall promptly notify the LLLP and the Issuer if the Letter of Credit Bank has not transferred funds in accordance with the Letter of Credit upon the presentment of such draft.

B. Upon receipt of moneys from the Letter of Credit Bank, the Depository shall deposit the amount representing the Draw in a separate account established hereby in the name of the Issuer for the

purposes hereof to be called the "Series 2018 Principal Account" and apply the same as provided in Section 2.02.

C. The LLLP may, at its option, provide for the delivery to the Depository of an Alternate Letter of Credit to take effect on the Letter of Credit Termination Date of the then effective Letter of Credit. For an Alternate Letter of Credit to be effective, sixty (60) Business Days prior to the Letter of Credit Termination Date, the Depository and the Issuer shall have received the following, in form and substance acceptable to the Issuer Representative:

1. evidence that the issuer of the Alternate Letter of Credit has a Tier 1 Leverage Ratio indicated in the definition of "Alternate Letter of Credit";

2. an opinion of counsel for the issuer of the Alternate Letter of Credit that it constitutes a legal, valid and binding obligation of the issuer in accordance with its terms;

3. an opinion of nationally recognized bond counsel that such replacement is authorized hereunder and will not cause interest on the Bonds to become includable in gross income for federal income tax purposes and

4. the Alternate Letter of Credit, meeting all of the other requirements provided in the definition of "Alternate Letter of Credit" and being unconditionally binding and effective as of the Letter of Credit Termination Date.

D. The Depository shall not sell, assign or transfer the Letter of Credit except to a successor Depository pursuant to this Agreement.

E. If the Draw has occurred because of the event described in Section 2.01(A)(2) or (3), the Issuer Representative may, in the sole and absolute discretion of the Issuer Representative and pursuant to the same terms and conditions described in Section 2.01(C) and whatever additional terms and conditions the Issuer Representative deems appropriate, instruct the Depository to pay an amount equal to the Draw to the issuer of a new letter of credit meeting the qualifications in the definition of "Alternate Letter of Credit" in exchange for such new letter of credit and thereafter such new letter of credit shall be treated as the Letter of Credit for all purposes of this Agreement.

F. On February 15 of each year, if the limited assessed valuation of property within the boundaries of the Issuer used to levy taxes during the preceding August exceeded that used in the prior August, the difference between the Maximum Annual Debt Service and the Discounted Tax Revenues shall be calculated and the Issuer shall direct the Depository to cause the face amount of the Letter of Credit to be reduced such that the face amount of the Letter of Credit is equal to five (5) times such difference; provided, however, that the foregoing shall not be applicable until the Discounted Tax Revenues

exceed \$75,000. (If subsequent bonds of the Issuer are issued and secured similarly by a letter of credit, the foregoing reduction shall be based on the total amount of all letters of credit in place and *pro rata* allocation based on each series of bonds outstanding.) After receipt of proof of satisfaction of each of the foregoing satisfactory to the District Treasurer, the District Board shall approve in writing by affirmative action the applicable reduction, such approval not to be withheld unreasonably, and the Depository shall be notified as such by the District Treasurer and directed to take such action as is necessary to reduce appropriately the Letter of Credit.

SECTION 2.02. *Application.*

A. After the Draw, the Depository shall pay to the Trustee from amounts on deposit in the Series 2018 Principal Account the amounts requested pursuant to Section 5.02(C)(1)(c) of the Series 2018 Indenture.

B. The Depository shall pay to the LLLP all amounts held by the Depository hereunder upon the termination of this Agreement.

C. The Depository shall return the Letter of Credit to the LLLP upon the earlier of the termination thereof or of this Agreement.

SECTION 2.03. *Investment of and Security for Fund.*

A. Amounts on deposit in the Series 2018 Principal Account shall be invested in the Permitted Investments indicated in writing by the Issuer Representative but only such that the yield, calculated for federal income tax purposes, of such Permitted Investments is not materially higher than the yield, calculated on the same basis, for the Series 2018 Bonds, and the Depository shall take all actions necessary with regard to any Permitted Investment to assure that amounts are invested accordingly and such that amounts are available therefrom for the purposes hereof; provided, however, that such amounts may be invested at a higher yield upon receipt from the Issuer of an opinion of nationally recognized bond counsel, addressed to the Depository, to the effect that such amounts may be so invested.

B. The earnings accruing on amounts deposited hereunder and any profit realized from such investment shall be added to the amount held hereunder, and any loss resulting from such investment shall be subtracted from the amount held hereunder.

C. The Depository 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 written direction by the Issuer.

SECTION 2.04. *Annual Reports.*

As soon as possible after July 15 of each Fiscal Year and more often as requested in writing by the Issuer Representative, the Depository shall provide to the Issuer a report indicating the balance in the Series 2018 Principal Account as well as all deposits to, and payments from, the Series 2018 Principal Account during the prior Fiscal Year.

* * *

ARTICLE THREE

THE DEPOSITORY

SECTION 3.01. *Certain Duties and Responsibilities of Depository.*

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

B. No provision of this Agreement shall be construed to relieve the Depository 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 Depository shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Depository was negligent and

3. no provision of this Agreement shall require the Depository 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 3.04(A)(3).

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

SECTION 3.02. *Certain Rights of Depository.*

Except as otherwise provided in Section 3.01 hereof:

A. the Depository 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 Depository to receive any such paper, document, or communication, if prior receipt thereof is required by this Agreement before the Depository 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 Agreement the Depository shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Depository (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

D. the Depository 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 Depository hereunder in good faith and in reliance thereon;

E. the Depository 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, but the Depository, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Depository 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

F. the Depository may perform any duties hereunder either directly or by or through agents or attorneys, and the Depository 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 3.03. *Not Responsible for Recitals or Application of Proceeds.*

The recitals contained herein shall be taken as the statements of the other parties hereto, and the Depository assumes no responsibility for their correctness. The Depository makes no representations as to the amounts held hereunder 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 Depository hereunder, or as to the validity or sufficiency of this Agreement.

SECTION 3.04. *Compensation and Reimbursement.*

A. The Issuer shall

1. pay to the Depository 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);

2. except as otherwise expressly provided herein, reimburse the Depository upon its request for all reasonable expenses, disbursements and advances incurred or made by the Depository in accordance with any provisions of this Agreement (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 Depository's negligence or bad faith and

3. indemnify, to the extent permitted by applicable law, the Depository for, and to hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

B. The Depository shall not have the right to set off against or to appropriate or apply any of the amount deposited pursuant to Section 2.01 or any of the investment income therefrom to any unpaid obligation of the Issuer to the Depository hereunder or as a result of any other matter between the Issuer and the Depository.

SECTION 3.05. *Corporate Depository Required; Eligibility.*

There shall at all times be a Depository 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 pursuant to 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, and having a corporate trust office in the City of Phoenix, Arizona. 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 Depository 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 3.06. *Resignation and Removal; Appointment of Successor.*

A. No resignation or removal of the Depository and no appointment of a successor Depository pursuant to this Article shall become effective until the acceptance of appointment by the successor Depository pursuant to Section 3.07.

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

C. The Depository may be removed at any time by the Issuer by Board Resolution if no event of default by the Issuer hereunder or under the Series 2018 Indenture or the Series 2018 Standby Contribution Agreement has occurred or, with passage of time or giving of notice, shall occur.

D. If at any time:

1. the Depository shall cease to be eligible pursuant to Section 3.05 and shall fail to resign after written request therefor by the Issuer or

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

then, in any such case, the Issuer by Board Resolution may remove the Depository.

E. If the Depository shall resign, be removed, or become incapable of acting, or if a vacancy shall occur in the office of Depository for any cause, the Issuer by Board Resolution, shall promptly appoint a successor Depository. In case all or substantially all of the amounts held hereunder 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 Depository shall be so appointed. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Depository shall be so appointed, then the successor Depository so appointed shall, forthwith upon its acceptance of such appointment, become the successor Depository and supersede the successor Depository appointed by the Issuer or by such receiver or trustee. If no successor Depository shall have been so

appointed and accepted appointment in the manner hereinafter provided, the Issuer may petition any court of competent jurisdiction for the appointment of a successor Depository.

SECTION 3.07. *Acceptance of Appointment by Successor.*

A. Every successor Depository appointed hereunder shall execute, acknowledge and deliver to the Issuer and the retiring Depository an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Depository shall become effective and such successor Depository, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Depository; but, on request of the Issuer or the successor Depository, such retiring Depository shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Depository upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Depository, and shall duly assign, transfer and deliver to such successor Depository all property and money held by such retiring Depository hereunder, subject nevertheless to its lien, if any, provided for in Section 3.04. Upon request of any such successor Depository, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Depository all such estates, properties, rights, powers and trusts.

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

SECTION 3.08. *Merger, Conversion, Consolidation or Succession to Business.*

Any corporation into which the Depository 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 Depository shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Depository, shall be the successor of the Depository hereunder, provided such corporation shall be otherwise qualified and eligible pursuant to this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

* * *

This instrument may be executed in any number of counter-
parts, each of which so executed shall be deemed to be an original,
but all such counterparts shall together constitute but one and the
same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this
Agreement to be duly executed, and to be effective as of the day and
year first above written, which date shall be deemed the date hereof
for all purposes.

RANCHO SAHUARITA COMMUNITY FACILITIES
DISTRICT

By.....
District Manager

ATTEST:

.....
District Clerk

U.S. BANK NATIONAL ASSOCIATION, as
Depository

By.....
Authorized Officer

DRAFT
06/06/17
02/07/18

**WRITTEN POLICIES AND PROCEDURES
FOR TAX-ADVANTAGED OBLIGATIONS**

Rancho Sahuarita Community Facilities District (the "Issuer"), has issued and may in the future issue tax-exempt obligations (including, without limitation, bonds, notes, loans, leases and certificates) (together, "tax-advantaged obligations") that are subject to certain requirements under the Internal Revenue Code of 1986, as amended (the "Code").

The Issuer has established the policies and procedures contained herein (the "Procedures") as of March 12, 2018, in order to ensure that the Issuer complies with the requirements of the Code that are applicable to its tax-advantaged obligations. The Procedures, coupled with requirements contained in the arbitrage and tax certificate or other operative documents (the "Tax Certificate") executed at the time of issuance of the tax-advantaged obligations, are intended to constitute written procedures for ongoing compliance with the federal tax requirements applicable to the tax-advantaged obligations and for timely identification and remediation of violations of such requirements.

A. GENERAL MATTERS.

1. Responsible Officer. The District Treasurer of the Issuer will have overall responsibility for ensuring that the ongoing requirements described in the Procedures are met with respect to tax-advantaged obligations (the "Responsible Officer").
2. Establishment of Procedures. The Procedures will be included with other written procedures of the Issuer.
3. Identify Additional Responsible Employees. The Responsible Officer shall identify any additional persons who will be responsible for each section of the Procedures, notify the current holder of that office of the responsibilities, and provide that person a copy of the Procedures. (For each section of the Procedures, this may be the Responsible Officer or another person who is assigned the particular responsibility.)
 - a. Upon employee or officer transitions, new personnel should be advised of responsibilities under the Procedures and ensure they understand the importance of the Procedures.
 - b. If employee or officer positions are restructured or eliminated, responsibilities should be reassigned as

Attachment: RSCFD Resolution No. 2018-0010 (Resolution No. 2018-0010)

necessary to ensure that all Procedures have been appropriately assigned.

4. Training Required. The Responsible Officer and other responsible persons shall receive appropriate training that includes the review of and familiarity with the contents of the Procedures, review of the requirements contained in the Code applicable to each tax-advantaged obligation, identification of all tax-advantaged obligations that must be monitored, identification of all facilities (or portions thereof) financed with proceeds of tax-advantaged obligations, familiarity with the requirements contained in the Tax Certificate or other operative documents contained in the transcript, and familiarity with the procedures that must be taken in order to correct noncompliance with the requirements of the Code in a timely manner.
 5. Periodic Review. The Responsible Officer or other responsible person shall periodically review compliance with the Procedures and with the terms of the Tax Certificate to determine whether any violations have occurred so that such violations can be timely remedied through the "remedial action" regulations or the Voluntary Closing Agreement Program available through the Internal Revenue Service ("IRS") (or successor guidance). Such periodic review shall occur at least annually.
 6. Change in Terms. If any changes to the terms of the tax-advantaged obligations are contemplated, bond counsel should be consulted. Such modifications could jeopardize the status of tax-advantaged obligations.
- B. IRS INFORMATION RETURN FILING.** The Responsible Officer will confirm that bond counsel has filed the applicable information reports (such as Form 8038-G) for such issue with the IRS on a timely basis, and maintain copies of such form including evidence of timely filing as part of the transcript of the issue. The Responsible Officer shall file the IRS Form 8038-T relating to the payment of rebate or yield reduction payments in a timely manner as discussed in Section G.12. below. The Responsible Officer shall also monitor the extent to which the Issuer is eligible to receive a refund of prior rebate payments and provide for the timely filing for such refunds using an IRS Form 8038-R.
- C. USE OF PROCEEDS.** The Responsible Officer or other responsible person shall:
1. Consistent Accounting Procedures. Maintain or confirm maintenance of clear and consistent accounting procedures for tracking the investment and expenditures of proceeds, including investment earnings on proceeds.

2. Reimbursement Allocations at Closing. At or shortly after closing of an issue, ensure that any allocations for reimbursement expenditures comply with the Tax Certificate.
3. Timely Expenditure of Proceeds. Monitor that sale proceeds and investment earnings on sale proceeds of tax-advantaged obligations are spent in a timely fashion consistent with the requirements of the Tax Certificate.
4. Requisitions. Utilize or confirm the utilization of requisitions to draw down proceeds, and ensure that each requisition contains (or has attached to it) detailed information in order to establish when and how proceeds were spent; review requisitions carefully before submission to ensure proper use of proceeds to minimize the need for reallocations.
5. Final Allocation. Ensure that a final allocation of proceeds (including investment earnings) to qualifying expenditures is made if proceeds are to be allocated to project expenditures on a basis other than "direct tracing" (direct tracing means treating the proceeds as spent as shown in the accounting records for draws and project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the private business use of bond proceeds that would otherwise result from "direct tracing" of proceeds to project expenditures. *This allocation must be made within 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than five years and 60 days after the date the tax-advantaged obligations are issued (or 60 days after the issue is retired, if earlier).* Bond counsel can assist with the final allocation of proceeds to project costs. Maintain a copy of the final allocation in the records for the tax-advantaged obligation.
6. Maintenance and Retention of Records Relating to Proceeds. Maintain or confirm the maintenance of careful records of all project and other costs (e.g., costs of issuance, credit enhancement and capitalized interest) and uses (e.g., deposits to a reserve fund) for which proceeds were spent or used. These records should be maintained separately for each issue of tax-advantaged obligations for the period indicated under Section H. below.

D. MONITORING PRIVATE BUSINESS USE. The Responsible Officer or other responsible person shall:

1. Identify Financed Facilities. Identify or "map" which outstanding issues financed which facilities and in what amounts.

2. Review of Contracts with Private Persons. Review all of the following contracts or arrangements with non-governmental persons or organizations or the federal government (collectively referred to as "private persons") with respect to the financed facilities which could result in private business use of the facilities:
 - a. Sales of financed facilities;
 - b. Leases of financed facilities;
 - c. Management or service contracts relating to financed facilities;
 - d. Research contracts under which a private person sponsors research in financed facilities; and
 - e. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a private person with respect to financed facilities.
3. Bond Counsel Review of New Contracts or Amendments. Before amending an existing agreement with a private person or entering into any new lease, management, service, or research agreement with a private person, consult bond counsel to review such amendment or agreement to determine whether it results in private business use.
4. Establish Procedures to Ensure Proper Use and Ownership. Establish procedures to ensure that financed facilities are not used for private use without written approval of the Responsible Officer or other responsible person.
5. Analyze Use. Analyze any private business use of financed facilities and, for each issue of tax-advantaged obligations, determine whether the 10 percent limit on private business use (5 percent in the case of "unrelated or disproportionate" private business use) is exceeded, and contact bond counsel or other tax advisors if either of these limits appears to be exceeded.
6. Remediation if Limits Exceeded. If it appears that private business use limits are exceeded, immediately consult with bond counsel to determine if a remedial action is required with respect to nonqualified tax-advantaged obligations of the issue or if the IRS should be contacted under its Voluntary Closing Agreement Program. If tax-advantaged obligations are required to be redeemed or defeased in order to comply with remedial action rules, such redemption or defeasance must occur within 90 days of the date a deliberate action is taken that results in a violation of the private business use limits.

7. Maintenance and Retention of Records Relating to Private Use. Retain copies of all of the above contracts or arrangements (or, if no written contract exists, detailed records of the contracts or arrangements) with private persons for the period indicated under Section H. below.

E. LOAN OF BOND PROCEEDS. Consult bond counsel if a loan of proceeds of tax-advantaged obligations is contemplated. If proceeds of tax-advantaged obligations are permitted under the Code to be loaned to other entities and are in fact so loaned, require that the entities receiving a loan of proceeds institute policies and procedures similar to the Procedures to ensure that the proceeds of the loan and the facilities financed with proceeds of the loan comply with the limitations provided in the Code. Require the recipients of such loans to annually report to the Issuer ongoing compliance with the Procedures and the requirements of the Code.

F. ARBITRAGE AND REBATE COMPLIANCE. The Responsible Officer or other responsible person shall:

1. Review Tax Certificate. Review each Tax Certificate to understand the specific requirements that are applicable to each tax-advantaged obligation issue.
2. Arbitrage Yield. Record the arbitrage yield of the issue, as shown on IRS Form 8038-G or other applicable form. If the tax-advantaged obligations are variable rate, yield must be determined on an ongoing basis over the life of the tax-advantaged obligations as described in the Tax Certificate.
3. Temporary Periods. Review the Tax Certificate to determine the "temporary periods" for each issue, which are the periods during which proceeds of tax-advantaged obligations may be invested without yield restriction.
4. Post-Temporary Period Investments. Ensure that any investment of proceeds after applicable temporary periods is at a yield that does not exceed the applicable yield, unless yield reduction payments can be made pursuant to the Tax Certificate.
5. Monitor Temporary Period Compliance. Monitor that proceeds (including investment earnings) are expended promptly after the tax-advantaged obligations are issued in accordance with the expectations for satisfaction of three-year or five-year temporary periods for investment of proceeds and to avoid "hedge bond" status.
6. Monitor Yield Restriction Limitations. Identify situations in which compliance with applicable yield restrictions depends upon later investments (e.g., the purchase of 0

percent State and Local Government Securities from the U.S. Treasury for an advance refunding escrow). Monitor and verify that these purchases are made as contemplated.

7. Establish Fair Market Value of Investments. Ensure that investments acquired with proceeds satisfy IRS regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintaining records to demonstrate satisfaction of such safe harbors. Consult the Tax Certificate for a description of applicable rules.
8. Credit Enhancement, Hedging and Sinking Funds. Consult with bond counsel before engaging in credit enhancement or hedging transactions relating to an issue, and before creating separate funds that are reasonably expected to be used to pay debt service. Maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions that are entered into relating to an issue.
9. Grants/Donations to Governmental Entities. Before beginning a capital campaign or grant application that may result in gifts that are restricted to financed projects (or, in the absence of such a campaign, upon the receipt of such restricted gifts), consult bond counsel to determine whether replacement proceeds may result that are required to be yield restricted.
10. Bona Fide Debt Service Fund. Even after all proceeds of a given issue have been spent, ensure that debt service funds, if any, meet the requirements of a "bona fide debt service fund," i.e., one used primarily to achieve a proper matching of revenues with debt service that is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the debt service on the issue for the immediately preceding bond year. To the extent that a debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year.
11. Debt Service Reserve Funds. Ensure that amounts invested in reasonably required debt service reserve funds, if any, do not exceed the least of: (i) 10 percent of the stated principal amount of the tax-advantaged obligations (or the sale proceeds of the issue if the issue has original issue discount or original issue premium that exceeds 2 percent of the stated principal amount of the issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual debt service on the issue; or (iii) 125% of average annual debt service on the issue.

12. Rebate and Yield Reduction Payment Compliance. Review the arbitrage rebate covenants contained in the Tax Certificate. Subject to certain rebate exceptions described below, investment earnings on proceeds at a yield in excess of the yield (i.e., positive arbitrage) generally must be rebated to the U.S. Treasury, even if a temporary period exception from yield restriction allowed the earning of positive arbitrage.
- a. Ensure that rebate and yield reduction payment calculations will be timely performed and payment of such amounts, if any, will be timely made. Such payments are generally due 60 days after the fifth anniversary of the date of issue, then in succeeding installments every five years. The final rebate payment for an issue is due 60 days after retirement of the last obligation of the issue. The Issuer should hire a rebate consultant if necessary.
 - b. Review the rebate section of the Tax Certificate to determine whether the "small issuer" rebate exception applies to the issue.
 - c. If the 6-month, 18-month, or 24-month spending exceptions from the rebate requirement (as described in the Tax Certificate) may apply to the tax-advantaged obligations, ensure that the spending of proceeds is monitored prior to semiannual spending dates for the applicable exception.
 - d. Make rebate and yield reduction payments and file Form 8038-T in a timely manner.
 - e. Even after all other proceeds of a given issue have been spent, ensure compliance with rebate requirements for any debt service reserve fund and any debt service fund that is not exempt from the rebate requirement (see the Arbitrage Rebate covenants contained in the Tax Certificate).
13. Maintenance and Retention of Arbitrage and Rebate Records. Maintain records of investments and expenditures of proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and yield reduction payments, and any other records relevant to compliance with the arbitrage restrictions for the period indicated in Section H. below.

- G. RECORD RETENTION.** The Responsible Officer or other responsible person shall ensure that for each issue of obligations, the transcript and all records and documents described in these Procedures will be maintained while any of the obligations are outstanding and during the three-year period following the final maturity or redemption of that issue, or if the obligations are refunded (or re-refunded), while any of the refunding obligations are outstanding and during the three-year period following the final maturity or redemption of the refunding obligations.

**ATTACHMENT I TO
WRITTEN PROCEDURES**

REMEDIAL ACTION PROCEDURES

Capitalized terms used herein but not defined have the meaning assigned thereto in Section 5 below and in the Written Policies and Procedures for Tax-Advantaged Obligations to which these Remedial Action Procedures are attached. This attachment describes written procedures that may be required to be taken by, or on behalf of, an issuer of Obligations.

1. **Background.** The maintenance of the tax status of the Obligations (*e.g.*, as tax-exempt obligations under federal tax law) depends on the compliance with the requirements set forth in the Internal Revenue Code of 1986, as amended (the "Code"). *The purpose of this attachment is to set forth written procedures to be used in the event that any deliberate actions are taken that are not in compliance with the tax requirements of the Code (each, a "Deliberate Action") with respect to the Obligations, the proceeds thereof, or the property financed or refinanced by the Obligations (the "Financed Property").*

2. **Consultation with bond counsel.** If a Deliberate Action is taken with respect to the Obligations and the Financed Property subsequent to the issuance or execution and delivery of the Obligations, then the Town must consult with Greenberg Traurig, LLP or other nationally recognized bond counsel ("bond counsel") regarding permissible Remedial Actions that may be taken to remediate the effect of any such Deliberate Action upon the federal tax status of the Obligations. Note that remedial actions or corrective actions other than those described in this attachment may be available with respect to the Obligations and the Financed Property, including remedial actions or corrective actions that may be permitted by the Commissioner through the voluntary closing agreement programs (VCAP) provided by the Internal Revenue Service from time to time.

3. **Conditions to Availability of Remedial Actions.** None of the Remedial Actions described in this attachment are available to remediate the effect of any Deliberate Action with respect to the Obligations and the Financed Property unless the following conditions have been satisfied and unless bond counsel advises otherwise:

(a) The issuer of the Obligations reasonably expected on the date the Obligations were originally issued or executed and delivered that the Obligations would meet neither the Private Business Tests nor the Private Loan Financing Test of Section 141 of the Code and the Treasury Regulations thereunder for the entire term of the Obligations (such expectations may be based on the representations and expectations of the applicable conduit borrower, if there is one);

(b) The weighted average maturity of the Obligations did not, as of such date, exceed 120 percent of the Average Economic Life of the Financed Property;

(c) Unless otherwise excepted under the Treasury Regulations, the Town delivers a certificate, instrument, or other written records satisfactory to bond counsel demonstrating that the terms of the arrangement pursuant to which the Deliberate Action is taken is *bona fide* and arm's-length, and that the non-exempt Person using either the Financed Property or the proceeds of the Obligations as a result of the relevant Deliberate Action will pay fair market value for the use thereof;

(d) Any disposition must be made at fair market value and any Disposition Proceeds actually or constructively received by the Town as a result of the Deliberate Action must be treated as gross proceeds of the Obligations and may not be invested in obligations bearing a yield in excess of the yield on the Obligations subsequent to the date of the Deliberate Action; and

(e) Proceeds of the Obligations affected by the Remedial Action must have been allocated to expenditures for the Financed Property or other allowable governmental purposes before the date on which the Deliberate Action occurs (except to the extent that redemption or defeasance, if permitted, is undertaken, as further described in Section 4(A) below).

4. Types of Remedial Action. Subject to the conditions described above, and only if the Town obtains an opinion of bond counsel prior to taking any of the actions below to the effect that such actions will not affect the federal tax status of the Obligations, the following types of Remedial Actions may be available to remediate a Deliberate Action subsequent to the issuance of the Obligations:

(a) Redemption or Defeasance of Obligations.

(i) If the Deliberate Action causing either the Private Business Use Test or the Private Loan Financing Test to be satisfied consists of a fair market value disposition of any portion of the Financed Property exclusively for cash, then the Town may allocate the Disposition Proceeds to the redemption of Nonqualified Obligations pro rata across all of the then-outstanding maturities of the Obligations at the earliest call date of such maturities of the Obligations after the taking of the Deliberate Action. If any of the maturities of the Obligations outstanding at the time of the taking of the Deliberate Action are not callable within 90 days of the date of the Deliberate Action, the Town may (subject generally to the limitations described in (iii) below) allocate the Disposition Proceeds to the establishment of a Defeasance Escrow for any such maturities of the

Obligations within 90 days of the taking of such Deliberate Action.

(ii) If the Deliberate Action consists of a fair market value disposition of any portion of the Financed Property for other than exclusively cash, then the Town may use any funds (other than proceeds of the Obligations or proceeds of any obligation the interest on which is excludable from the gross income of the registered owners thereof for federal income tax purposes) for the redemption of all Nonqualified Obligations within 90 days of the date that such Deliberate Action was taken. In the event that insufficient maturities of the Obligations are callable by the date which is within 90 days after the date of the Deliberate Action, then such funds may be used for the establishment of a Defeasance Escrow within 90 days of the date of the Deliberate Action for all of the maturities of the Nonqualified Obligations not callable within 90 days of the date of the Deliberate Action.

(iii) If a Defeasance Escrow is established for any maturities of Nonqualified Obligations that are not callable within 90 days of the date of the Deliberate Action, written notice must be provided to the Commissioner of Internal Revenue Service at the times and places as may be specified by applicable regulations, rulings, or other guidance issued by the Department of the Treasury or the Internal Revenue Service. Note that the ability to create a Defeasance Escrow applies only if the Obligations to be defeased and redeemed all mature or are callable within ten and one-half (10.5) years of the date the Obligations are originally issued or executed and delivered. If the Obligations are not callable within ten and one-half years, and none of the other remedial actions described below are applicable, the remainder of this attachment is for general information only, and bond counsel must be contacted to discuss other available options.

(b) Alternative Use of Disposition Proceeds. Use of any Disposition Proceeds in accordance with the following requirements may be treated as a Remedial Action with respect to the Obligations:

(i) the Deliberate Action consists of a disposition of all or any portion of the Financed Property for not less than the fair market value thereof for cash;

(ii) the Town reasonably expects to expend the Disposition Proceeds resulting from the Deliberate Action within two years of the date of the Deliberate Action;

(iii) the Disposition Proceeds are treated as Proceeds of the Obligations for purposes of Section 141 of the Code

and the Regulations thereunder, and the use of the Disposition Proceeds in the manner in which such Disposition Proceeds are in fact so used would not cause the Disposition Proceeds to satisfy the Private Activity Bond Tests;

(iv) no action is taken after the date of the Deliberate Action to cause the Private Activity Bond Tests to be satisfied with respect to the Obligations, the Financed Property, or the Disposition Proceeds (other than any such use that may be permitted in accordance with the Treasury Regulations);

(v) Disposition Proceeds used in a manner that satisfies the Private Activity Bond Tests or that are not expended within two years of the date of the Deliberate Action must be used to redeem or defease Nonqualified Obligations in accordance with the requirements set forth in Section 4(a) hereof; and

(c) Alternative Use of Financed Property. The Town may be considered to have taken sufficient Remedial Actions to cause the Obligations to continue their applicable treatment under federal tax law if, subsequent to taking any Deliberate Action with respect to all or any portion of the Financed Property:

(i) the portion of the Financed Property subject to the Deliberate Action is used for a purpose that would be permitted for qualified tax-exempt obligations;

(ii) the disposition of the portion of the Financed Property subject to the Deliberate Action is not financed by a person acquiring the Financed Property with proceeds of any obligation the interest on which is exempt from the gross income of the registered owners thereof under Section 103 of the Code for purposes of federal income taxation or an obligation described in Sections 54A-54F, 54AA, or 6431 of the Code; and

(iii) any Disposition Proceeds other than those arising from an agreement to provide services (including Disposition Proceeds arising from an installment sale) resulting from the Deliberate Action are used to pay the debt service on the Obligations on the next available payment date or, within 90 days of receipt thereof, are deposited into an escrow that is restricted as to the investment thereof to the yield on the Obligations to pay debt service on the Obligations on the next available payment date.

Absent an opinion of bond counsel, no Remedial Actions are available to remediate the satisfaction of the Private Security or Payment Test regarding the same with respect to the Obligations.

Nothing herein is intended to prohibit Remedial Actions not described herein that may become available subsequent to the date the Obligations are originally issued or executed and delivered to remediate the effect of a Deliberate Action taken with respect to the Obligations, the proceeds thereof or the Financed Property.

5. **Additional Defined Terms.** For purposes of this attachment, the following terms have the following meanings:

"*Commissioner*" means the Commissioner of Internal Revenue, including any successor person or body.

"*Defeasance Escrow*" means an irrevocable escrow established to redeem obligations on their earliest call date in an amount that, together with investment earnings thereon, is sufficient to pay the entire principal of, and interest and call premium on, obligations from the date the escrow is established to the earliest call date. A Defeasance Escrow may not be invested in higher yielding investments or in any investment under which the obligor is a user of the proceeds of the obligations.

"*Deliberate Action*" means any action, occurrence, or omission by the Town (or, if applicable, by a conduit borrower) that is within the control of the Town (or, if applicable, by such conduit borrower) that causes either (1) the Private Business Use Test to be satisfied with respect to the Obligations or the Financed Property (without regard to the Private Security or Payment Test), or (2) the Private Loan Financing Test to be satisfied with respect to the Obligations or the proceeds thereof. An action, occurrence, or omission is not a Deliberate Action if (1) the action, occurrence, or omission would be treated as an involuntary or compulsory conversion under Section 1033 of the Code, or (2) the action, occurrence, or omission is in response to a regulatory directive made by the government of the United States.

"*Disposition Proceeds*" means any amounts (including property, such as an agreement to provide services) derived from the sale, exchange, or other disposition of property (other than Investments) financed with the proceeds of the Obligations.

"*Nonqualified Obligations*" means that portion of the Obligations outstanding at the time of a Deliberate Action in an amount that, if the outstanding Obligations were issued or executed and delivered on the date on which the Deliberate Action occurs, the outstanding Obligations would not satisfy the Private Business Use Test or the Private Loan Financing Test, as applicable. For this purpose, the amount of private business use is the greatest percentage of private business use in any one-year period commencing with the Deliberate Action.

"*Private Activity Bond Tests*" means, collectively, the Private Business Use Test, the Private Security or Payment Test, and the Private Loan Financing Test.

"*Private Business Tests*" means the Private Business Use Test and the Private Security or Payment Test.

"*Private Business Use Test*" has the meaning set forth in Section 141(b)(1) of the Code.

"*Private Loan Financing Test*" has the meaning set forth in Section 141(c) of the Code.

"*Private Security or Payment Test*" has the meaning set forth in Section 141(b)(2) of the Code.

"*Remedial Action*" means any of the applicable actions described in Section 4 hereof, or such other actions as may be prescribed from time to time by the Department of the Treasury or the Internal Revenue Service, which generally have the effect of rectifying noncompliance by the Town with certain provisions of Section 141 of the Code and the Regulations thereunder and are undertaken by the Town to maintain the federal tax status of the Obligations.

6. **Change in Law.** This attachment is based on law in effect as of this date. Statutory or regulatory changes, including but not limited to clarifying Treasury Regulations, may affect the matters set forth in this attachment.