



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.

February 24, 2020
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 January 27, 2020 Rancho Sahuarita Community Facilities District Meeting Minutes.**

- 5. Public hearing and presentation on the report of the feasibility and benefits of certain projects to be financed with the proceeds of the sale of general obligation bonds to be paid by the District's ad valorem property tax.**

Action recommended: pleasure of the Board.

- 6. Discussion and possible adoption of Resolution 2020-0015, a resolution of the Board of Directors of the 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 benefited or to be benefited, the expected method of financing and the system of providing revenues to operate and maintain the projects, including**

the nature and timing of the issuance of the bonds, all as provided in such report, and resolving the intent thereof; authorizing the sale and issuance of general obligation bonds, series 2020; approving the form and authorizing the execution and delivery of a First Amendment to District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), a Series 2020 Standby Contribution Agreement, a Series 2020 Depository Agreement, a Series 2020 Indenture of Trust and Security Agreement, a Placement Agent Agreement, and certain other documents relating to the bonds; awarding the bonds to the purchaser thereof; delegating the determination of certain terms of the bonds and matters related thereto to the District Manager; authorizing the subsequent levying of an ad valorem property tax with respect to the bonds and authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this Resolution.

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.

Notice to parents: Meetings of the Mayor and Council are audio and video recorded. If you permit your child to participate in the Council Meeting, a recording will be made. You may exercise your right not to consent by not permitting your child to participate. You and your child may also leave the Council Meeting at any time.



District Board Agenda Communication

TO: Honorable Chairperson and District Board
FROM: Lisa Cole MMC, District Clerk
MEETING DATE: February 24, 2020
SUBJECT: Approval of the January 27, 2020 Rancho Sahuarita Community Facilities District 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. January 27, 2020 Rancho Sahuarita CFD Draft Meeting Minutes



District Board Meeting Minutes

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT MEETING MINUTES JANUARY 27, 2020

The District Board of the Rancho Sahuarita Community Facilities District met in the Sahuarita Council Chambers, 375 West Sahuarita Center Way, Sahuarita, AZ on January 27, 2020.

1. Call to Order

The meeting was called to order at 6:36 PM by Chairperson Tom Murphy.

2. Roll Call

Attendee Name	Title	Status	Arrived
Tom Murphy	Chairperson	Present	
Kara Egbert	Vice Chairperson	Present	
Bill Bracco	Board Member	Present	
Erik Dahl	Board Member	Present	
Simon Davis	Board Member	Present	
Melissa Hicks	Board Member	Present	
Gil Lusk	Board Member	Present	

Also in attendance were District Manager L. Kelly Udall, District Counsel Dan Hochuli 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, Board Member
SECONDER:	Bill Bracco, Board Member
AYES:	Murphy, Egbert, Bracco, Dahl, Davis, Hicks, Lusk

A. Approval of the December 9, 2019 Rancho Sahuarita Community Facilities District Meeting Minutes.

5. Presentation and discussion of the draft feasibility report for the proposed issuance of additional general obligation bonds, in an amount not to exceed \$3,800,000 for the acquisition of public infrastructure, and to be paid by an ad valorem tax assessed on all property in the Rancho Sahuarita Community Facilities District.

District Manager L. Kelly Udall introduced the item. District Counsel Dan Hochuli provided a brief overview of the formation and operations of the Rancho Sahuarita Community Facilities District.

Stifel, Nicolaus & Company (Stifel) Managing Director Mark Reader provided a summary of the Community Facilities District formation, acreage, planned homes and debt service tax rate. Mr. Reader highlighted the public infrastructure to be acquired by the District, which included the Rancho Sahuarita Boulevard Phase 8A Road Improvements, Extension of Sahuarita Center Way/Calle Imperial to Rancho Sahuarita Boulevard and Public Sewer Main Extension along East Property line and reviewed the draft feasibility report.

Public Works Director/Town Engineer Beth Abramovitz provided an overview of the proposed infrastructure.

The Board expressed concerns regarding the proposed public parking design.

Mr. Udall, Mr. Hochuli and Ms. Abramovitz responded to questions and concerns from the Board.

Michael Racy, Rancho Sahuarita Development Company, explained the proposed public parking design and provided a number of similar examples in the region.

The Board requested additional information regarding the proposed roundabout and public parking design.

No action was taken.

6. Adjournment

Chairperson Murphy adjourned the meeting at 7:20 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 27th day of January, 2020. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 24th day of February, 2020.

Lisa Cole, MMC
District Clerk



District Board Agenda Communication

TO: Honorable Chairperson and District Board

FROM: A.C. Marriotti, District Treasurer

MEETING DATE: February 24, 2020

SUBJECT: Public hearing and presentation on the report of the feasibility and benefits of certain projects to be financed with the proceeds of the sale of general obligation bonds to be paid by the District's ad valorem property tax.

FINANCIAL / BUDGET SUMMARY

Not applicable.

STAFF RECOMMENDATION

Not applicable.

SUGGESTED MOTION

Not applicable.

DISCUSSION

Before constructing or acquiring any public infrastructure, Arizona Revised Statutes (A.R.S.) §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 of the feasibility report, addressing any changes made to the draft report that was presented to the board at its January 27, 2020 Board Meeting. The completed feasibility report, which was not finalized at the time of this writing, will be made available prior to the Board Meeting on February 24, 2020.

Pursuant to A.R.S. §48-715, a public hearing must be held prior to approval of the feasibility report (next agenda item). Notice of this hearing was made in accordance with State law, published in a local paper not less than 10 days before the meeting date.

ATTACHMENTS

1. Feasibility Report
2. Presentation

FEASIBILITY REPORT
For the Issuance of
Not to Exceed \$3,500,000* Principal Amount
OF
RANCHO SAHUARITA
COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2020

Submitted
February 24, 2020

* *Subject to change.*

Attachment: Feasibility Report (Public Hearing: Feasibility Report)

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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 Bonds, Series 2020 (the “Series 2020 Bonds”) in an aggregate principal amount of not to exceed \$3,500,000*, pursuant to the Community Facilities District Act of 1988, 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 2020 Bonds.

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. \$5,780,000 of such bonds were issued on March 30, 2018 in the form of a single bond (the “Series 2018 Bond”). 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 2020 Bonds. This Report does not attempt to address the quality of the Series 2020 Bonds as investments or the likelihood of repayment of the Series 2020 Bonds.

* *Subject to change.*

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. The Developer has sold 323 lots within the District to three home builders as of December 31, 2019 (including Richmond American, Lennar Homes and Meritage Homes), with the builders having closed on 75 home sales through December 31, 2019. Additionally, the 77,000 square foot Sahuarita Medical Center (consisting of 18 beds along with physician and out-patient services) is currently under construction and located within the District.

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 PUBLIC INFRASTRUCTURE

1: Rancho Sahuarita Blvd., Phase 8A Road Improvements

Extension of Rancho Sahuarita Blvd. south of the Phase 7B Road Improvements approximately 945 linear feet including improvement costs for the grading, subgrade material, three-lane roadway section surface pavement, curbs, 8 foot sidewalks including handicap ramps on both sides of roadway, drainage facilities, one (1) concrete arch structure including decorative masonry columns and steel railing, curb to sidewalk landscaping, 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.

2: Sahuarita Center Way from Calle Imperial to Rancho Sahuarita Blvd.

Extension of Sahuarita Center Way from intersection of Sahuarita Center Way and Calle Imperial west to Rancho Sahuarita Blvd. approximately 950 linear feet including traffic signal at Sahuarita Center Way and Rancho Sahuarita Blvd., improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, approximately 50 parallel parking spaces, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, one concrete drainage 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, and applicable State and municipal fees, associated with the project.

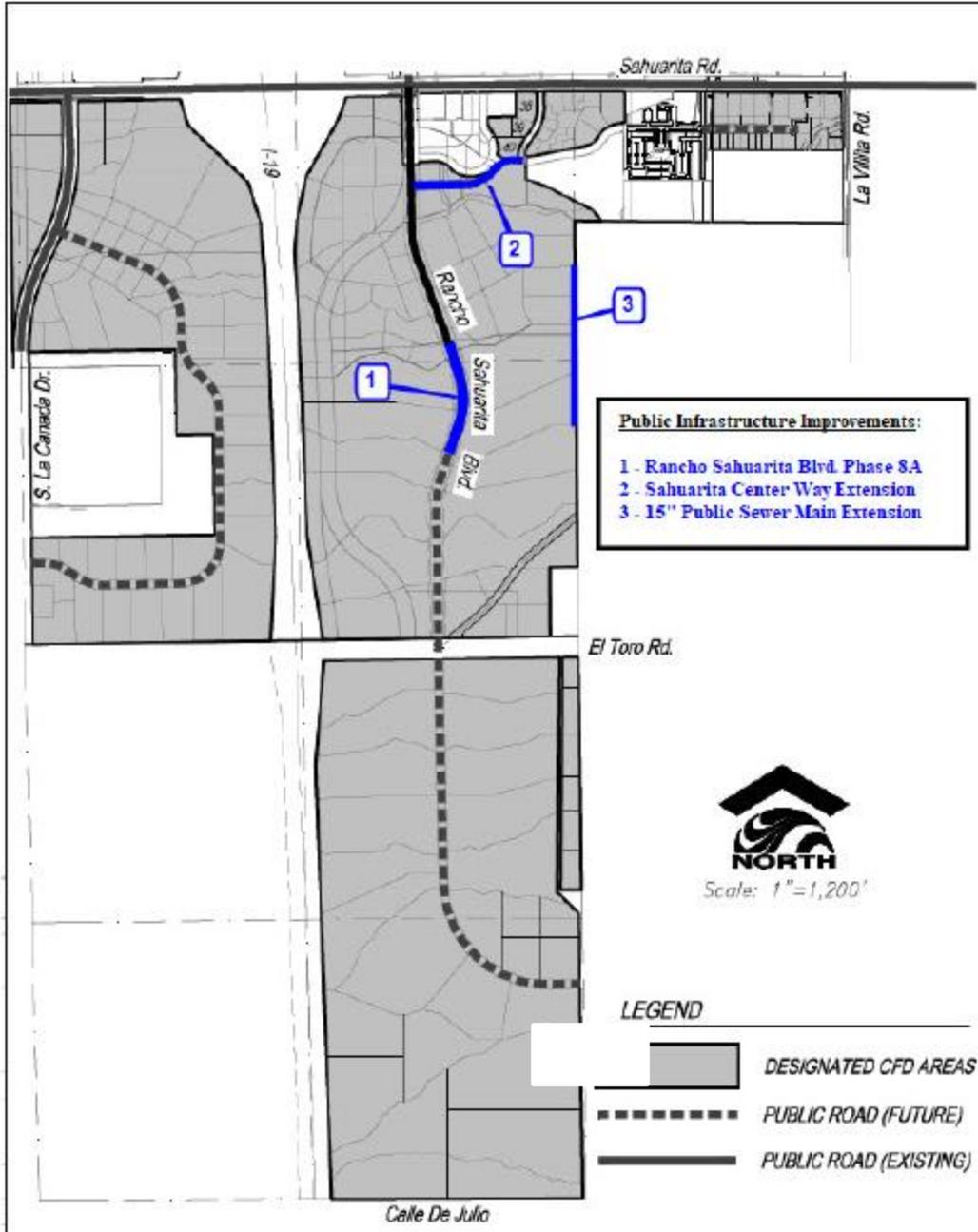
3: Public Sewer Main Extension along East Property Line

Approximately 1,000 linear feet of 15 inch Sewer Main to serve residential development south of the new Wrightson Ridge K-8 school including polyvinyl chloride sewer main, manholes, steel casing under one wash. 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.

Attachment: Feasibility Report (Public Hearing: Feasibility Report)



Attachment: Feasibility Report (Public Hearing: Feasibility Report)



Attachment: Feasibility Report (Public Hearing: Feasibility Report)

SECTION FOUR
ESTIMATE OF COST AND
TIMETABLE FOR COMPLETION
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 net limited assessed property valuation to fund the costs of the expenses thereof as outlined in the Development Agreement.

Description	Estimated Cost ^(a)	Estimated Completion Date ^(a)
1: Rancho Sahuarita Ph. 8A Road Improvements	\$1,442,000	December 2020
2: Extension of Sahuarita Center Way	1,432,000	December 2020
3: Public Sewer Main Extension	253,000	December 2020
Total:	\$3,127,000	

^(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; the estimated Completion Dates may differ from the date the Public Infrastructure is acquired by the District..

Attachment: Feasibility Report (Public Hearing: Feasibility Report)

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. \$5,780,000 of such bonds were issued on March 30, 2018 (the Series 2018 Bond).

The Series 2020 Bonds.

The Series 2020 Bonds will be issued to finance the acquisition of the Public Infrastructure. It is anticipated the Series 2020 Bonds mature on July 15, 2045 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 2020 Bonds).

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 net limited assessed 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 2020 Bonds. The Standby Contribution Agreement will be uncollateralized and in effect for the life of the Series 2020 Bonds, 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 Series 2018 Bond and the Series 2020 Bonds (together, the “Bonds”) for a period of time provided in the Standby Contribution Agreement.

As additional security for the Series 2020 Bonds, 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 2020 Bonds. 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.

Standby contribution and depository agreements similar to those described above have been entered into with respect to the Series 2018 Bond for the same purposes as the Series 2018 Bond.

Once amounts available from standby contribution and depository agreements are exhausted, the tax rate would, if necessary, have to be increased to pay debt service on the Bonds.

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 2020 Bonds would equal approximately \$71 per month or \$856 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 limited assessed property valuation.

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 buyer that purchases property for commercial purposes 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 2020 Bonds are shown below.

SOURCES OF FUNDS

Par Amount of Bonds	<u>\$3,485,000</u>
TOTAL SOURCES	<u>\$3,485,000</u>

USES OF FUNDS

Costs of Public Infrastructure	<u>\$3,127,000</u>
Costs of Issuance	<u>\$358,000</u>
TOTAL USES	<u>\$3,485,000</u>

Attachment: Feasibility Report (Public Hearing: Feasibility Report)

TABLE ONE

RANCHO SAHUARITA PROJECTED HOME CLOSING SCHEDULE ¹

<u>Year</u>	<u>Units</u>	<u>Cumulative Units*</u>	<u>Average Sales Price</u>	<u>Neighborhood</u>
1/1/20- 6/30/20	97	172	\$250,000	Entrada LaVillita - 18 Entrada del Rio – 79
7/1/20- 6/30/21	222	394	\$257,500	Entrada LaVillita - 19 Entrada del Rio - 167 Region 6 – 36
7/1/21- 6/30/22	235	629	\$265,225	Entrada del Rio - 127 Region 6 – 72 Region 7 – 36
7/1/22- 6/30/23	189	818	\$273,182	Entrada del Rio - 72 Region 6 - 45 Region 7 – 72
7/1/23- 6/30/24	<u>146</u>	<u>964</u>	\$281,377	Entrada del Rio - 56 Region 7 - 90
	889			

*Number of homes closed through 12-31-2019 was 75. This is the starting amount for this column.

Source: The Developer

¹ Public Infrastructure is necessary for home construction/sales. Home Closing Schedule Unit count is based upon the number of units that will be available for sale with the Public Infrastructure in place and reflects a portion of the overall anticipated 3,250 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 four 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*

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Maturity (July 15)	Residential Net Limited APV (a)	Agricultural Net Limited APV (b)	Commerical Net Limited APV (c)	Total Net Limited Assessed Valuation (d)	Estimated Growth	Existing Debt Service (Series 2018) Bond	The Series 2020 Bonds			Total Estimated Debt Service Requirements	Total Estimated Secondary Bond Tax Revenues at \$4.69 Tax Rate & 95% Collections	Estimated Shortfall (e)	Estimated Bond Tax Rate (f)
							Principal	Interest	Debt Service				
2019	\$ 134	\$ 1,107,608	\$ 76,727	\$ 1,184,469									
2020	58,764	1,433,038	77,989	1,569,791	33%	\$ 420,890				\$ 420,890	\$ 69,942	\$ 350,948	\$ 4,6900
2021	892,937	2,223,320	81,754	3,198,011	104%	421,376	\$ 45,000	\$ 173,611	\$ 218,611	639,987	142,487	497,499	4,6900
2022	3,241,253	2,223,320	5,081,754	10,546,327	230%	420,508	90,000	125,904	215,904	636,412	469,892	166,520	4,6900
2023	7,326,581	2,223,320	5,081,754	14,631,655	39%	421,337	95,000	122,610	217,610	638,947	651,913	0	4,5852
2024	11,707,646	2,223,320	5,081,754	19,012,720	30%	420,762	100,000	119,133	219,133	639,895	847,112	0	3,5339
2025	15,486,647	2,223,320	5,081,754	22,791,721	20%	420,833	105,000	115,473	220,473	641,306	1,015,485	0	2,9545
2026	18,304,163	2,223,320	5,081,754	25,609,237	12%	421,501	105,000	111,630	216,630	638,131	1,141,020	0	2,6164
2027	-	-	-	25,609,237	0%	420,714	110,000	107,787	217,787	638,501	1,141,020	0	2,6179
2028	-	-	-	25,609,237	0%	420,523	115,000	103,761	218,761	639,284	1,141,020	0	2,6211
2029	-	-	-	25,609,237	0%	420,877	120,000	99,552	219,552	640,429	1,141,020	0	2,6258
2030	-	-	-	25,609,237	0%	420,727	125,000	95,160	220,160	640,887	1,141,020	0	2,6277
2031	-	-	-	25,609,237	0%	421,071	125,000	90,585	215,585	636,656	1,141,020	0	2,6103
2032	-	-	-	25,609,237	0%	420,860	130,000	86,010	216,010	636,870	1,141,020	0	2,6112
2033	-	-	-	25,609,237	0%	421,094	135,000	81,252	216,252	637,346	1,141,020	0	2,6132
2034	-	-	-	25,609,237	0%	420,721	140,000	76,311	216,311	637,032	1,141,020	0	2,6119
2035	-	-	-	25,609,237	0%	420,743	145,000	71,187	216,187	636,930	1,141,020	0	2,6115
2036	-	-	-	25,609,237	0%	421,108	150,000	65,880	215,880	636,988	1,141,020	0	2,6117
2037	-	-	-	25,609,237	0%	420,766	160,000	60,390	220,390	641,156	1,141,020	0	2,6288
2038	-	-	-	25,609,237	0%	420,717	165,000	54,534	219,534	640,251	1,141,020	0	2,6251
2039	-	-	-	25,609,237	0%	420,910	170,000	48,495	218,495	639,405	1,141,020	0	2,6216
2040	-	-	-	25,609,237	0%	421,296	175,000	42,273	217,273	638,569	1,141,020	0	2,6182
2041	-	-	-	25,609,237	0%	420,823	180,000	35,868	215,868	636,691	1,141,020	0	2,6105
2042	-	-	-	25,609,237	0%	420,491	190,000	29,280	219,280	639,771	1,141,020	0	2,6231
2043	-	-	-	25,609,237	0%	421,251	195,000	22,326	217,326	638,577	1,141,020	0	2,6182
2044	-	-	-	25,609,237	0%	-	205,000	15,189	220,189	220,189	1,141,020	0	0,9028
2045	-	-	-	25,609,237	0%	-	210,000	7,686	217,686	217,686	1,141,020	0	0,8925
							<u>\$3,485,000</u>						

* Preliminary, subject to change.

- (a) Fiscal years 2021/22 through 2025/26 are projected using data provided by the Developer and assume 3% growth on existing property through 2025/26. Subsequent years assume no growth.
- (b) Assumes no growth from fiscal year 2021/22 estimates from Pima County.
- (c) Assumes Sahuarita Medical Center added to the tax rolls at \$5,000,000 net limited assessed property value in fiscal year 2021/22. Assumes no growth thereafter.
- (d) Fiscal years 2018/19 and 2019/20 are actual. Fiscal year 2020/21 is estimated by Pima County. Fiscal years 2021/22 through 2025/26 projected using data and assumptions provided by the Developer. Subsequent years assume no growth.
- (e) Estimated total shortfall to be contributed per standby contribution agreements described in Section Five.
- (f) Assumes District levies \$4.69 for the Bonds and other outstanding general obligation bonds of the District. Tax rates are per \$100 of net limited assessed property valuation. 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.

Attachment: Feasibility Report (Public Hearing: Feasibility Report)

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 beneficial 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 Series One bond issue occurred on March 1, 2018 for \$5,780,000, and the Series Two bond issue is expected to occur in March, 2020 for approximately \$3,500,000. The proceeds from the bond series issues is currently expected to be utilized to finance the engineering, design and construction of roads, drainage, landscaping, monumentation, and sewer line improvements.

BENEFITS TO RESIDENTS

The bond issues by the CFD will benefit all property owners and other residents 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 is to 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. The CFD tax is 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 levied 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 expenses of the CFD and of operation and maintenance of 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 values within the CFD and a \$4.99 tax rate:

Market Value of Residence	Estimated Annual Additional Tax Liability*
\$200,000	\$685
\$225,000	\$771
\$250,000	\$856
\$275,000	\$942
\$300,000	\$1,028
\$325,000	\$1,113

***Assumptions:**

1. Market value is not the same as limited assessed value as reported by the County Assessor. Full cash value assumes 79% of market value for residential properties. Limited assessed value assumes 87% 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 assessed value by limited assessed value times the assessment ratio

Attachment: Feasibility Report (Public Hearing: Feasibility Report)

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.

Subdivision: _____ Lot Number(s): _____

_____	_____	_____
Home Buyer 1 Signature	Date	Home Buyer 1 Printed Name
_____	_____	_____
Home Buyer 2 Signature	Date	Home Buyer 2 Printed Name
_____	_____	_____
Home Buyer 3 Signature	Date	Home Buyer 3 Printed Name

Attachment: 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 Series One bond issue occurred on March 1, 2018 for \$5,780,000, and the Series Two bond issue is expected to occur in March, 2020 for approximately \$3,500,000. The proceeds from the bond series issues is currently expected to be utilized to finance the engineering, design and construction of roads, drainage, landscaping, monumentation, and sewer line improvements.

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 levied 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 expenses of the CFD and of operation and maintenance of 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	\$2,246
\$500,000	\$4,491
\$1,000,000	\$8,982
\$1,500,000	\$13,473
\$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.

Attachment: Feasibility Report (Public Hearing: Feasibility Report)

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.

Pima County Tax Parcel # (or attach legal description): _____

_____	_____	_____
Land Purchaser 1 Signature	Date	Land Purchaser 1 Printed Name
_____	_____	_____
Land Purchaser 2 Signature	Date	Land Purchaser 2 Printed Name
_____	_____	_____
Land Purchaser 3 Signature	Date	Land Purchaser 3 Printed Name

Attachment: Feasibility Report (Public Hearing: Feasibility Report)



TOWN OF SAHUARITA, ARIZONA

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

\$3,500,000*

General Obligation Bonds, Series 2020

Monday, February 24, 2020

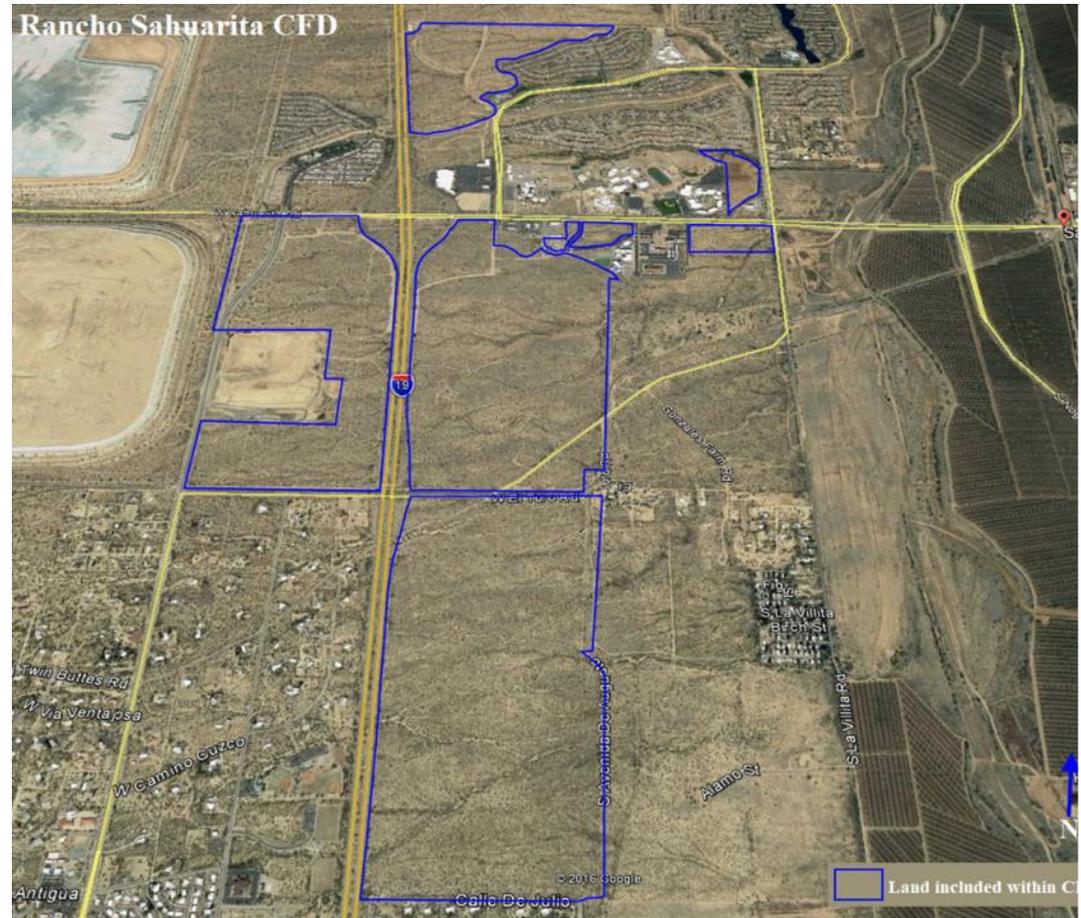
* Subject to change.

Mark Reader
Managing Director
(602) 794-4011
mread

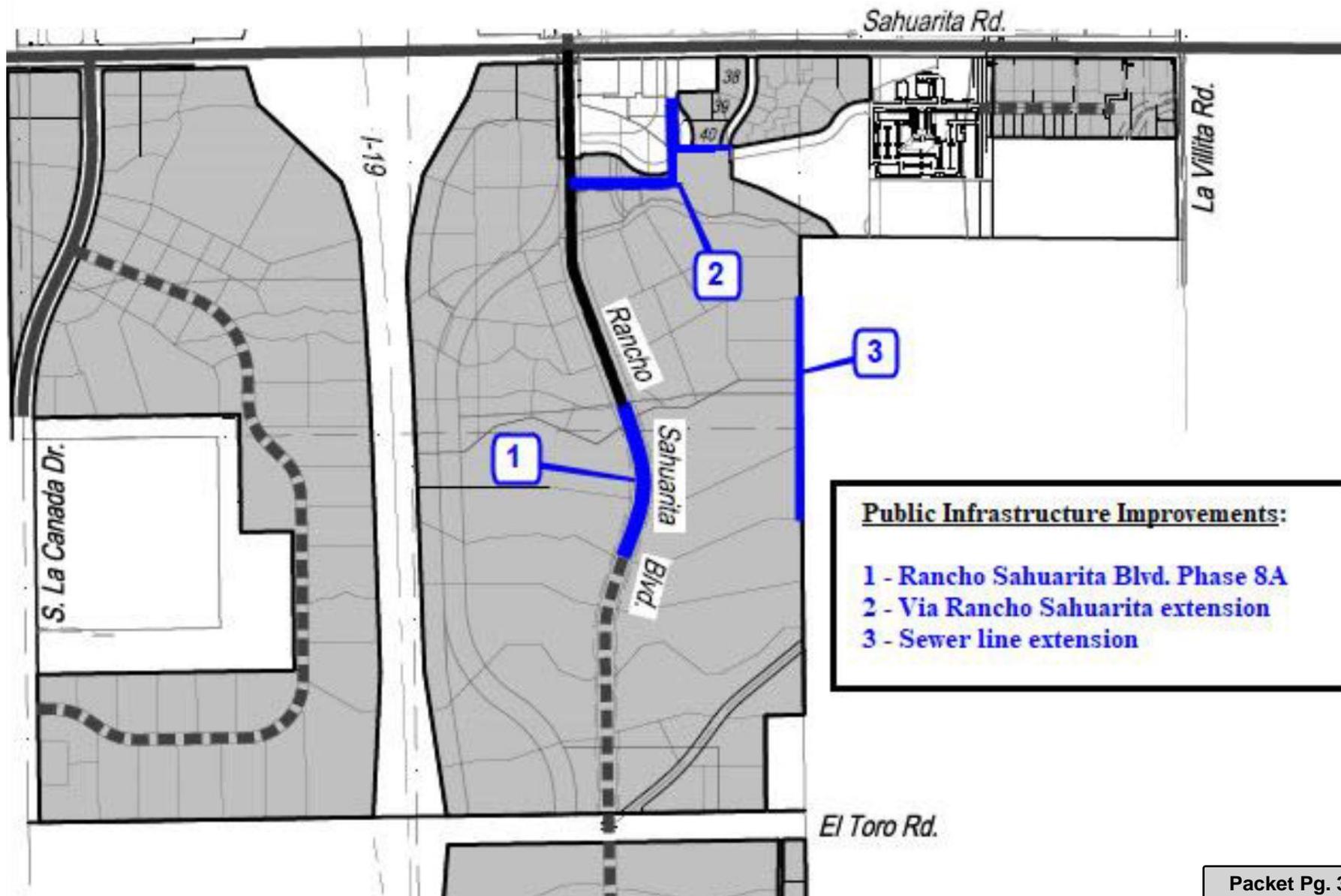
Packet Pg. 33

CFD Summary

- District was formed in 2014, \$60 million in authorization
- Land within the District - 943 acres
- 964 residential units planned through fiscal year 2024 within the District, upon build out estimated 3,250 single family units and 1.25 million square feet commercial / industrial / mixed use
- Debt service tax rate: \$4.69 per \$100 of net limited assessed valuation, \$0.30 maintenance and operation tax rate



Overview of Public Infrastructure Projects to be Acquired by the District



Attachment: Presentation (Public Hearing: Feasibility Report)

Overview of Public Infrastructure Projects to be Acquired by the District



Attachment: Presentation (Public Hearing: Feasibility Report)

Description of Public Infrastructure

1: Rancho Sahuarita Blvd., Phase 8A Road Improvements; \$1,442,000

Extension of Rancho Sahuarita Blvd. south of the Phase 7B Road Improvements approximately 945 linear feet including improvement costs for the grading, subgrade material, three-lane roadway section surface pavement, curbs, 8' sidewalks including handicap ramps on both sides of roadway, drainage facilities one (1) concrete arch structure including decorative masonry columns and steel railing, curb to sidewalk landscaping, 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.

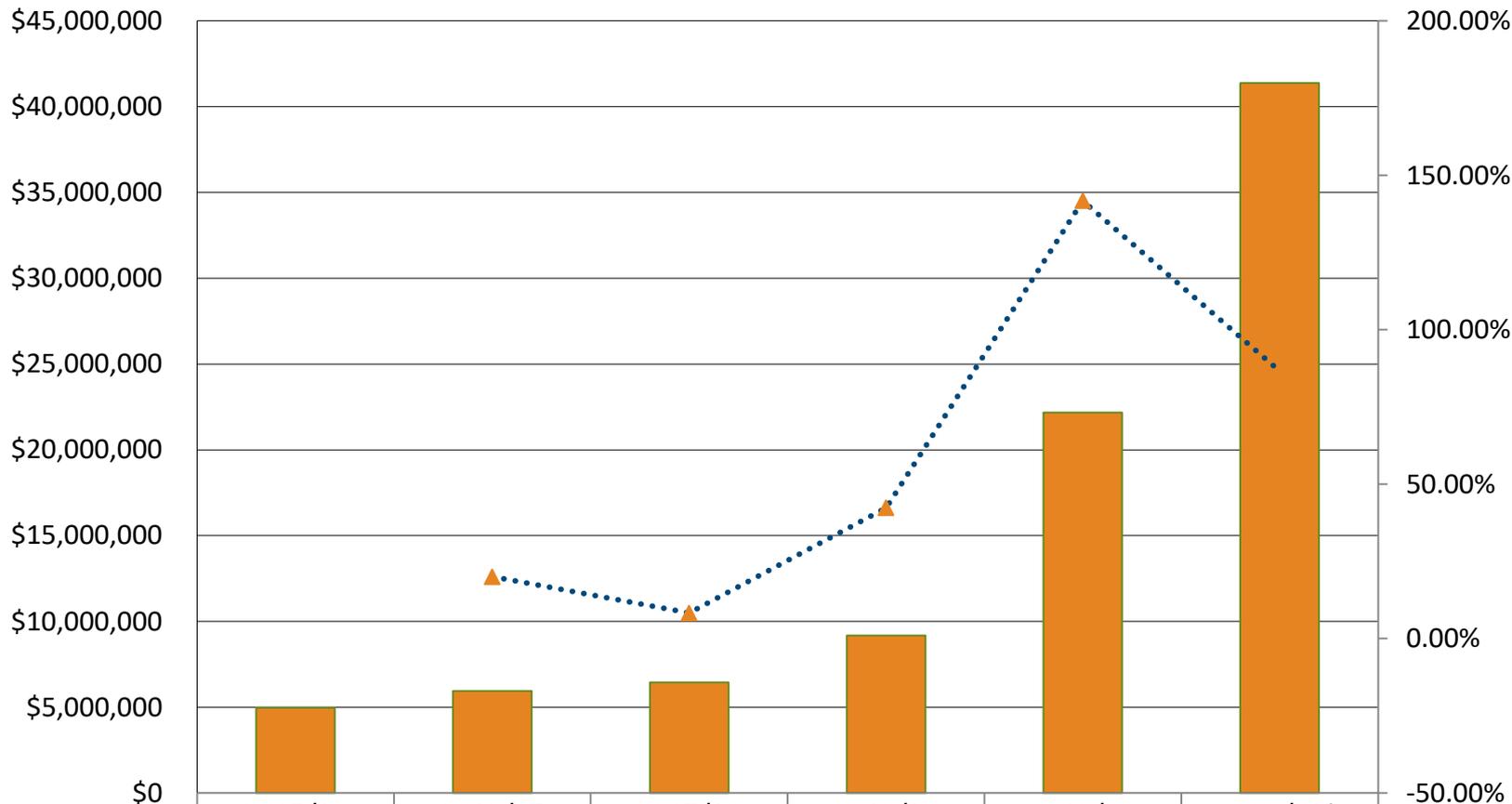
2: Sahuarita Center Way from Calle Imperial to Rancho Sahuarita Blvd.; \$1,432,000

Extension of Sahuarita Center Way from intersection of Sahuarita Center Way and Calle Imperial west to Rancho Sahuarita Blvd. approximately 950 linear feet including traffic signal at Sahuarita Center Way and Rancho Sahuarita Blvd., improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, approximately 50 parallel parking spaces, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, one concrete drainage 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, and applicable State and municipal fees, associated with the project.

3: Public Sewer Main Extension along East Property Line; \$253,000

Approximately 1,000 linear feet of 15" Sewer Main to serve residential development south of the new Wrightson Ridge K-8 school including PVC sewer main, manholes, steel casing under one wash. Shall also include costs concerning the engineering design, survey, construction observation, material testing, and applicable State and municipal fees associated with the project.

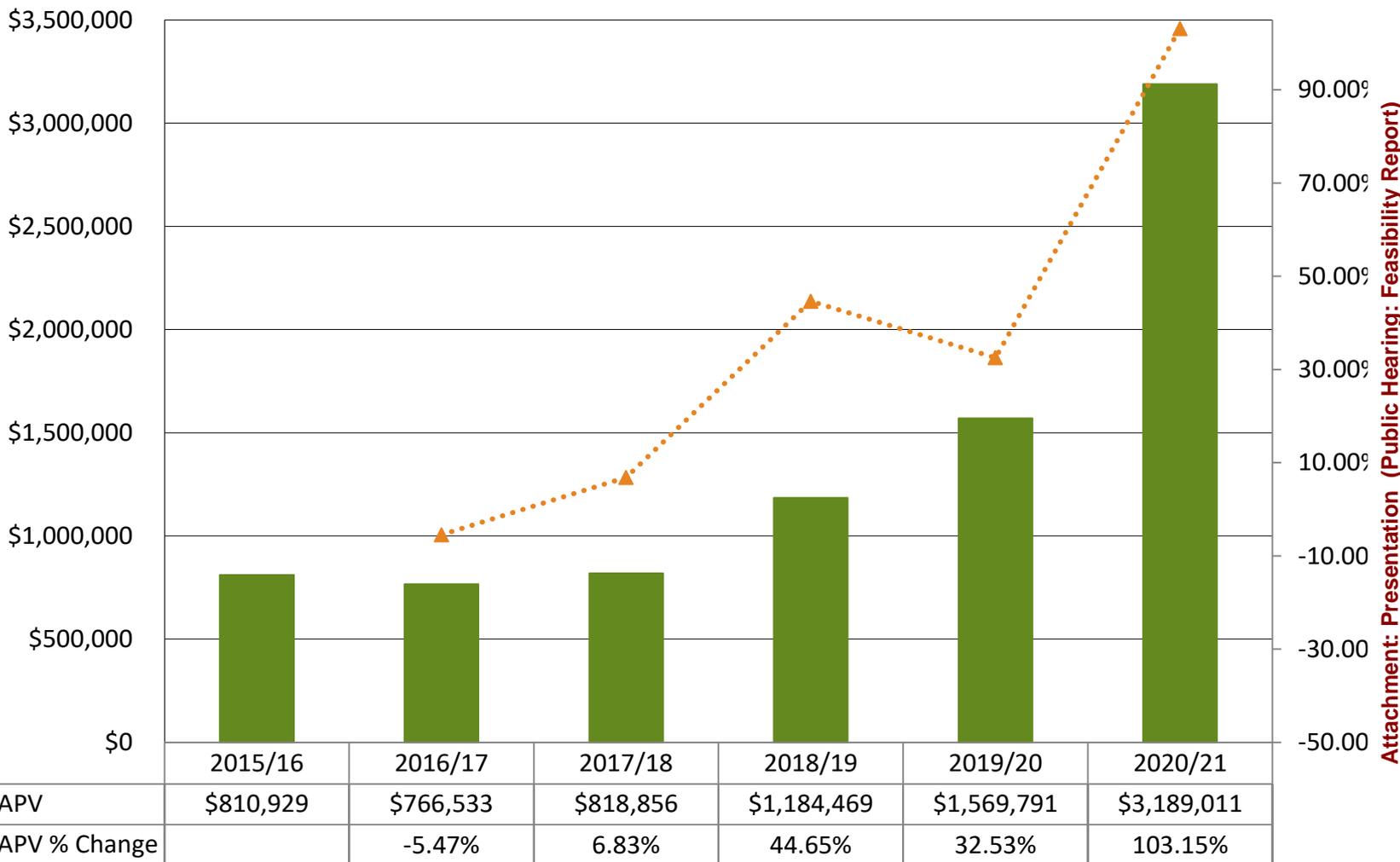
District's Full Cash Value



Attachment: Presentation (Public Hearing: Feasibility Report)

* Fiscal year 2020/21 is estimated by the Pima County Assessor.
Source: Pima County Assessor

District's Net Limited Assessed Property Value

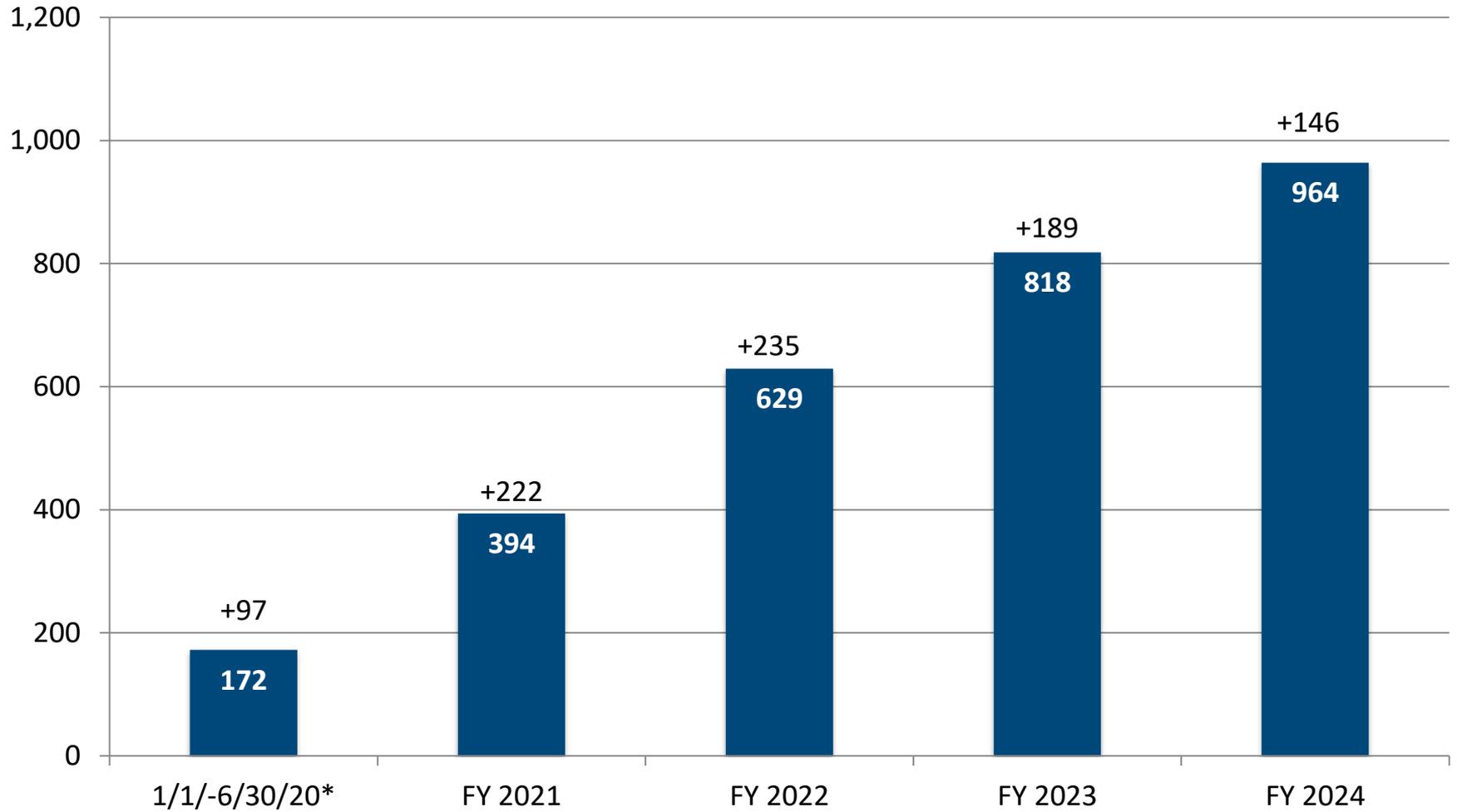


* Fiscal year 2020/21 is estimated by the Pima County Assessor.

Net LAPV = Net Limited Assessed Property Value (To Calculate Taxes)

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

Rancho Sahuarita – Fiscal Year 2020 to 2024 Projected Home Closings



Attachment: Presentation (Public Hearing: Feasibility Report)

* Approximately 75 residential homes closed or completed.

Private vs. Public Sale Comparison

Bank Bid Comparison		Public Sale
Bid:	<u>Accepted</u>	<u>Declined</u>
		BBVA Compass, Pinnacle Public Finance, Sun Flower Bank and Zions Public Finance Services
Bank(s):	Western Alliance	
Rate Quote:	3.660%	
Rate Lock:	Available	
Default Rate:	Not listed	
True Interest Cost (TIC):	3.599%	
Bank Fees:	\$0	
All in TIC:	4.681%	
Total Principal:	\$3,365,000	
Total Interest:	<u>1,925,118</u>	
Total Debt Service:	\$5,290,118	
Bank Counsel:	Squire Patton Boggs (US) LLP	
Bank Counsel Fees:	\$15,000	
Call Provision:	July 15, 2030 at par	
Additional Terms/Provisions:	<ol style="list-style-type: none"> 1. No DSRF 2. No CUSIPs 3. Developer Standby Agreement 	<ol style="list-style-type: none"> 1. No DSRF 2. CUSIPs 3. Developer Standby Agreement
Notes:		2045 final maturity exceeds longest acceptable average life
		Not Applicable
		Locked at pricing
		Not Applicable
		3.795%
		Not Applicable
		4.762%
		\$3,365,000
		<u>2,020,716</u>
		\$5,385,716
		July 15, 2030 at par

Attachment: Presentation (Public Hearing: Feasibility Report)

Requested Secondary Tax Rate and Bond Authorization	
1. Type of Bonds:	General Obligation Bonds
2. Original Authorization:	\$60,000,000
3. Number of Bond Sales:	Phased bond sales – based on development success & related annual assessed valuation
4. Secondary Tax Rate – Bond Debt Service:	\$4.69 per \$100 of Assessed Valuation
5. Secondary Tax Rate – Maintenance and Operation:	\$0.30 per \$100 of Assessed Valuation
6. Total Secondary Tax Rate:	\$4.99 per \$100 of Assessed Valuation
7. Estimated CFD Property Taxes:	\$57/month based on 2019/20 data for \$200,000 home

Proposed Series of Bonds	
1. Proposed Sale of Bonds:	\$3,485,000 (Series 2020) (subject to change)
2. Type of G.O. Bonds:	Acquisition [infrastructure to be built by developer and acquired by CFD]. Infrastructure expected to be complete in December 2020.
3. Closing Date:	March 2020
4. Credit Rating:	Non-Rated
5. Amortization:	Up to 25-Years
6. Estimated Interest Rate:	3.66% (subject to change)
7. Estimated Max Annual Debt Service on the 2020 Bonds:	\$220,000
8. Estimated Max Aggregate GO Debt Service for the District:	\$641,000
9. Preliminary CFD Secondary Tax Revenues [FY 2020/21]:	\$142,000
10. Shortfall Secured by Standby Contribution Agreement(s):	\$498,000 [paid by Developer]
11. Letter of Credit Security Requirement on 2020 Bonds: [Alliance Bank of Arizona, Western Alliance Bank]	\$1,100,000 or 5x maximum annual debt service with release provisions based on actual discounted tax collection

Attachment: Presentation (Public Hearing: Feasibility Report)



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District Board Agenda Communication

TO: Honorable Chairperson and District Board

FROM: A.C. Marriotti, District Treasurer

MEETING DATE: February 24, 2020

SUBJECT: Discussion and possible adoption of Resolution 2020-0015, a resolution of the Board of Directors of the 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 benefited or to be benefited, the expected method of financing and the system of providing revenues to operate and maintain the projects, including the nature and timing of the issuance of the bonds, all as provided in such report, and resolving the intent therefor; authorizing the sale and issuance of general obligation bonds, series 2020; approving the form and authorizing the execution and delivery of a First Amendment to District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), a Series 2020 Standby Contribution Agreement, a Series 2020 Depository Agreement, a Series 2020 Indenture of Trust and Security Agreement, a Placement Agent Agreement, and certain other documents relating to the bonds; awarding the bonds to the purchaser thereof; delegating the determination of certain terms of the bonds and matters related thereto to the District Manager; authorizing the subsequent levying of an ad valorem property tax with respect to the bonds and authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this Resolution.

FINANCIAL / BUDGET SUMMARY

Rancho Sahuarita Community Facilities District: Issue general obligation bonds in a principal amount to be determined

STAFF RECOMMENDATION

Staff recommends adoption of Resolution No. 2020-0015.

SUGGESTED MOTION

I move to adopt Resolution No. 2020-0015.

DISCUSSION

Rancho Sahuarita Community Facilities District Agenda Communication

This agenda item includes all the technical documents and authorizations needed to issue District bonds for the acquisition of the public infrastructure identified in the feasibility report (prior agenda item) and to levy ad valorem property taxes to repay the bonds over time. As of this writing, these technical documents were not finalized. They will be made available prior to the Board Meeting on February 24, 2020, however.

As part of authorization of the general obligation bonds, it is necessary to amend and update the District Development, Financing Participation and Intergovernmental Agreement between the District, Town, and Master Developer. This resolution authorizes the execution and delivery of the Amendment to the Agreement. Generally speaking, the changes to the Agreement include:

- General changes to bring the Agreement into compliance with current laws and practices;
- Deletion of various sections relating to insurance and indemnification, as a result of changes in the Arizona Municipal Risk Retention Pool's coverage for CFDs;
- An entirely revised Exhibit B, which is a list of the projects already funded, and possibly funded in the future, by the District.

ATTACHMENTS

1. Resolution No. 2020-015
2. Feasibility Report
3. First Amendment to Development Agreement
4. Standby Contribution Agreement
5. Depository Agreement
6. Indenture of Trust and Security Agreement
7. Placement Agent Agreement
8. Preliminary Lending Parameters

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT
RESOLUTION NO. 2020-0015

A RESOLUTION OF THE BOARD OF DIRECTORS 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 BENEFITTED OR TO BE BENEFITTED, THE EXPECTED METHOD OF FINANCING AND THE SYSTEM OF PROVIDING REVENUES TO OPERATE AND MAINTAIN THE PROJECTS, INCLUDING THE NATURE AND TIMING OF THE ISSUANCE OF THE BONDS, ALL AS PROVIDED IN SUCH REPORT, AND RESOLVING THE INTENT THEREFOR; AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED \$3,500,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, SERIES 2020; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT), A SERIES 2020 STANDBY CONTRIBUTION AGREEMENT, A SERIES 2020 DEPOSITORY AGREEMENT, A SERIES 2020 INDENTURE OF TRUST AND SECURITY AGREEMENT, A PLACEMENT AGENT AGREEMENT, AND CERTAIN OTHER DOCUMENTS RELATING TO THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; DELEGATING THE DETERMINATION OF CERTAIN TERMS OF THE BONDS AND MATTERS RELATED THERETO TO THE DISTRICT MANAGER; AUTHORIZING THE SUBSEQUENT LEVYING OF AN *AD VALOREM* PROPERTY TAX WITH RESPECT TO THE BONDS AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION

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

1. Findings.
 - a. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the “Act”), and Section 9-500.05, Arizona Revised Statutes, the Town of Sahuarita, Arizona (the “Municipality”), Rancho Sahuarita Community Facilities District (the “District”), Interchange

Opportunity Fund L.L.L.P. (the “LLL”) and Rancho Sahuarita Management Company, L.L.C. (the “LLC”), entered into a District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of April 1, 2014 (the “Original Development Agreement” and, as amended by the hereinafter defined Development Agreement Amendment, 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 Municipality, the LLL and the LLC specified some of such matters in the Original 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 LLL 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 Board of Directors of the District (the “District Board”) has determined to enter into a First Amendment to District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), to be dated as of the first day of the month of the dated date of the hereinafter described Second Series of Bonds (the “Development Agreement Amendment”), with the Municipality, the LLL and the LLC to provide for certain amendments to the Original Development Agreement.

d. 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 (the “General Plan”); and (2) by Section 48-709(G), 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.

e. Such bonds may not be issued unless approved at an election ordered and called to submit to the qualified electors of the District the question of authorizing the District Board to issue such bonds (the “Bonds”).

f. 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 (the “Election Resolution”), which provided that a special election be held on August 12, 2014 (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.

g. 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 ballot was marked “Bonds, Yes” and no ballots were marked “Bonds, No” with respect to the issuance of the Bonds; (2) that the Election had been conducted and the returns thereof made as required by law; and (3) that only qualified electors were permitted to vote at the Election.

h. 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.

i. The District Board has caused \$5,870,000 aggregate principal amount of the Bonds, designated General Obligation Bond, Series 2018 and dated March 30, 2018 (the “First Series of Bonds”), to be sold and issued, a portion of which remains outstanding and unpaid.

j. 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 second series of the Bonds (the “Second 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 (the “Report”). A public hearing on the Report was held on the date of adoption of this Resolution, but prior thereto (the “Hearing”), after provision for publication of notice thereof as provided by law (the “Notice”).

k. 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 (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.

l. The District Board (1) has determined to authorize the issuance of the Second 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 Second 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 defined in the hereinafter defined Indenture) when due.

m. Pursuant to the Act, the District Board has determined to enter into a Series 2020 Standby Contribution Agreement, to be dated as of the first day of the month of the dated

date of the Second Series of Bonds determined as provided herein (the “Standby Contribution Agreement”), by and among the District, the LLLP, the LLC and Zions Bancorporation, National Association, as trustee (the “Trustee”), to provide for certain public infrastructure purposes for the District, including for credit enhancement for the Second Series of Bonds.

n. Pursuant to the Act, the District Board has also determined to enter into a Series 2020 Depository Agreement, to be dated as of the first day of the month of the dated date of the Second Series of Bonds determined as provided herein (the “Depository Agreement”), by and between the District and Zions Bancorporation, National Association, as depository (the “Depository”), to provide for certain public infrastructure purposes for the District, including for credit enhancement for the Second Series of Bonds.

o. Pursuant to the Act, the District Board has further determined to enter into a Series 2020 Indenture of Trust and Security Agreement, to be dated as of the first day of the month of the dated date of the Second Series of Bonds as provided herein (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 Second 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 Second Series of Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Second Series of Bonds by the Trustee, to authorize the execution and delivery of the Indenture.

p. The Second Series of Bonds will be placed by Hilltop Securities Inc. (the “Placement Agent”), pursuant to a Placement Agent Agreement, to be dated the date of placement of the Second Series of Bonds (the “Placement Agent Agreement”), by and between the District and the Placement Agent, with Western Alliance Business Trust (the “Purchaser”) in accordance with the terms of the preliminary lending parameters submitted by the Purchaser (the “Proposal”).

q. There have been placed on file with the District Clerk of the District and presented to the District Board, in connection with the amendment of the Original Development Agreement, the proposed form of the Development Agreement Amendment, and in connection with the purposes described in paragraphs 1.m. through p., the proposed forms of (1) the Standby Contribution Agreement, (2) the Depository Agreement, (3) the Indenture, (4) the Placement Agent Agreement, and (5) the Proposal. The documents described in Clauses (1) through (4) are referred to herein, collectively, as the “Bond Documents.”

r. The District Board hereby finds and determines that (1) the proposed amount of indebtedness evidenced by the Second 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 Second Series of Bonds and (2) the total aggregate outstanding amount of the First Series of Bonds and the Second 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 Second Series of Bonds (based on information to

be submitted to the District by the LLLP and the LLC, hereby found and determined to be not less than \$10,000,000) all as provided in the Act.

s. 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 Second 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 Second 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, 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 the District Board hereby declares its intent as required by Section 48-715, Arizona Revised Statutes and subject to the provisions set forth in the Report and the Development Agreement, to take such reasonable actions as may be necessary to cause the results contemplated by and set forth in the Report, including particularly the construction 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. The Projects will result in a beneficial use to land within the geographical limits of the District. Such use is principally to such land and, in any case, at a minimum, is proportional. (Based on review of the Report and the Report Hearing, the District hereby conclusively establishes that the Projects will result in such use.)

3. a. Approval of Sale and Issuance of Second Series of Bonds. The Second 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 2020.” The Second 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 provided herein. The District Manager is hereby authorized and directed to cause the sale of the Second Series of Bonds in accordance with the terms of the Proposal.

b. Forms, Terms and Provisions, and Execution and Delivery, of Second Series of Bonds. The forms, terms and provisions of the Second 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 Second Series of Bonds, and each is hereby authorized to execute and deliver them. (The persons who shall so

execute and deliver the Second Series of Bonds shall be the persons holding such offices at the time of the initial issuance and delivery of the Second Series of Bonds.)

c. Forms, Terms and Provisions, and Execution and Delivery, of Development Agreement Amendment and Bond Documents. The forms, terms and provisions of the Development Agreement Amendment and 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 or any of such officers are hereby authorized to execute the Development Agreement Amendment and the Bond Documents.

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 Second 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, including without limitation, the closing and other documents required to be delivered in connection with the sale and delivery of the Second Series of Bonds. (The persons who shall so take such actions shall be the persons holding such offices at the time of the initial issuance and delivery of the Second Series of Bonds.)

f. Tax Levy.

1. For each year while any of the Second 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 Second Series of Bonds when collected constitute funds to pay Debt Service and shall be kept in the Series 2020 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 Second 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 Second Series of Bonds. Nothing contained in this Resolution, the Bond Documents or any other instrument related to the Second 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. Zions Bancorporation, National Association, is hereby confirmed as Trustee, Registrar and Paying Agent and as Depository for the purposes of the Indenture and the Depository Agreement, respectively.

4. Repeal of Resolution. After any of the Second Series of Bonds are delivered by the Trustee to the Purchaser upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the Second 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.

[Remainder of page left blank intentionally.]

PASSED by the District Board of the Rancho Sahuarita Community Facilities District this 24th day of February, 2020.

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

ATTEST:

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

APPROVED AS TO FORM:

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

Attachment: Resolution No. 2020-015 (Resolution No. 2020-0015 - Bond Authorization)

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 second series of general obligation bonds of Rancho Sahuarita Community Facilities District shall be held by the District Board on February 24, 2020, at approximately 6:30 p.m. (Arizona time), or immediately preceding the meeting of the Mayor and Council of the Town of Sahuarita, Arizona, on the same date 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 2020.

/s/ Kelly Udall

.....
District Manager, Rancho Sahuarita Community
Facilities District

Attachment: Resolution No. 2020-015 (Resolution No. 2020-0015 - Bond Authorization)

FEASIBILITY REPORT
For the Issuance of
Not to Exceed \$3,500,000* Principal Amount
OF
RANCHO SAHUARITA
COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2020

Submitted
February 24, 2020

* *Subject to change.*

Attachment: Feasibility Report (Resolution No. 2020-0015 - Bond Authorization)

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Plan of Finance	FIVE
 Legal Description of Rancho Sahuarita Community Facilities District	 APPENDIX A
 Form of Disclosure Pamphlet - Residential	 APPENDIX B
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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 Bonds, Series 2020 (the “Series 2020 Bonds”) in an aggregate principal amount of not to exceed \$3,500,000*, pursuant to the Community Facilities District Act of 1988, 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 2020 Bonds.

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. \$5,780,000 of such bonds were issued on March 30, 2018 in the form of a single bond (the “Series 2018 Bond”). 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 2020 Bonds. This Report does not attempt to address the quality of the Series 2020 Bonds as investments or the likelihood of repayment of the Series 2020 Bonds.

* *Subject to change.*

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. The Developer has sold 323 lots within the District to three home builders as of December 31, 2019 (including Richmond American, Lennar Homes and Meritage Homes), with the builders having closed on 75 home sales through December 31, 2019. Additionally, the 77,000 square foot Sahuarita Medical Center (consisting of 18 beds along with physician and out-patient services) is currently under construction and located within the District.

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 PUBLIC INFRASTRUCTURE

1: Rancho Sahuarita Blvd., Phase 8A Road Improvements

Extension of Rancho Sahuarita Blvd. south of the Phase 7B Road Improvements approximately 945 linear feet including improvement costs for the grading, subgrade material, three-lane roadway section surface pavement, curbs, 8 foot sidewalks including handicap ramps on both sides of roadway, drainage facilities, one (1) concrete arch structure including decorative masonry columns and steel railing, curb to sidewalk landscaping, 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.

2: Sahuarita Center Way from Calle Imperial to Rancho Sahuarita Blvd.

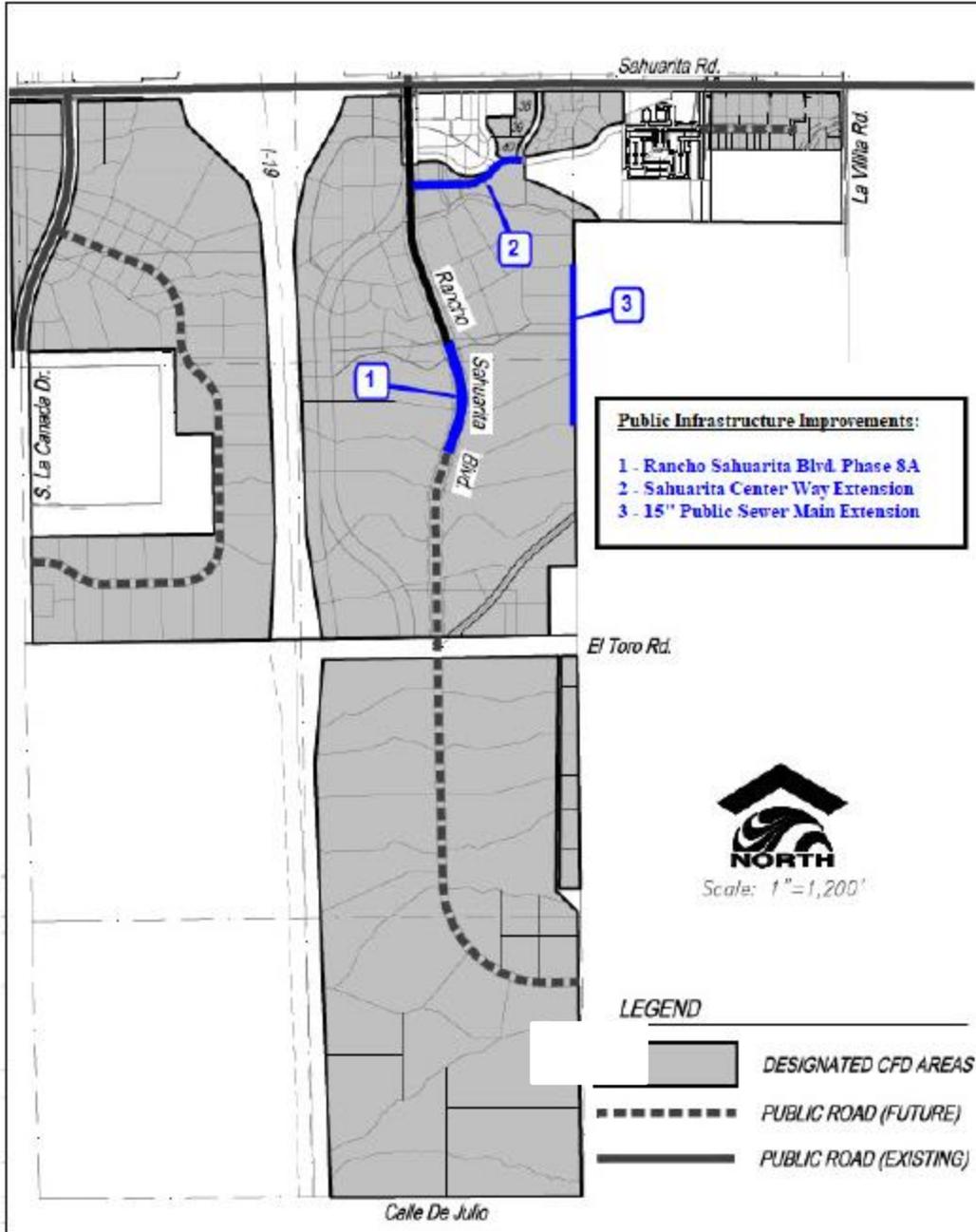
Extension of Sahuarita Center Way from intersection of Sahuarita Center Way and Calle Imperial west to Rancho Sahuarita Blvd. approximately 950 linear feet including traffic signal at Sahuarita Center Way and Rancho Sahuarita Blvd., improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, approximately 50 parallel parking spaces, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, one concrete drainage 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, and applicable State and municipal fees, associated with the project.

3: Public Sewer Main Extension along East Property Line

Approximately 1,000 linear feet of 15 inch Sewer Main to serve residential development south of the new Wrightson Ridge K-8 school including polyvinyl chloride sewer main, manholes, steel casing under one wash. 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.





Attachment: Feasibility Report (Resolution No. 2020-0015 - Bond Authorization)

SECTION FOUR

**ESTIMATE OF COST AND
TIMETABLE FOR COMPLETION
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 net limited assessed property valuation to fund the costs of the expenses thereof as outlined in the Development Agreement.

Description	Estimated Cost ^(a)	Estimated Completion Date ^(a)
1: Rancho Sahuarita Ph. 8A Road Improvements	\$1,442,000	December 2020
2: Extension of Sahuarita Center Way	1,432,000	December 2020
3: Public Sewer Main Extension	253,000	December 2020
Total:	<u>\$3,127,000</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; the estimated Completion Dates may differ from the date the Public Infrastructure is acquired by the District..

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. \$5,780,000 of such bonds were issued on March 30, 2018 (the Series 2018 Bond).

The Series 2020 Bonds.

The Series 2020 Bonds will be issued to finance the acquisition of the Public Infrastructure. It is anticipated the Series 2020 Bonds mature on July 15, 2045 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 2020 Bonds).

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 net limited assessed 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 2020 Bonds. The Standby Contribution Agreement will be uncollateralized and in effect for the life of the Series 2020 Bonds, 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 Series 2018 Bond and the Series 2020 Bonds (together, the “Bonds”) for a period of time provided in the Standby Contribution Agreement.

As additional security for the Series 2020 Bonds, 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 2020 Bonds. 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.

Standby contribution and depository agreements similar to those described above have been entered into with respect to the Series 2018 Bond for the same purposes as the Series 2018 Bond.

Once amounts available from standby contribution and depository agreements are exhausted, the tax rate would, if necessary, have to be increased to pay debt service on the Bonds.

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 2020 Bonds would equal approximately \$71 per month or \$856 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 limited assessed property valuation.

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 buyer that purchases property for commercial purposes 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 2020 Bonds are shown below.

SOURCES OF FUNDS

Par Amount of Bonds	<u>\$3,485,000</u>
TOTAL SOURCES	<u>\$3,485,000</u>

USES OF FUNDS

Costs of Public Infrastructure	<u>\$3,127,000</u>
Costs of Issuance	<u>\$358,000</u>
TOTAL USES	<u>\$3,485,000</u>

Attachment: Feasibility Report (Resolution No. 2020-0015 - Bond Authorization)

TABLE ONE

RANCHO SAHUARITA PROJECTED HOME CLOSING SCHEDULE ¹

<u>Year</u>	<u>Units</u>	<u>Cumulative Units*</u>	<u>Average Sales Price</u>	<u>Neighborhood</u>
1/1/20- 6/30/20	97	172	\$250,000	Entrada LaVillita - 18 Entrada del Rio – 79
7/1/20- 6/30/21	222	394	\$257,500	Entrada LaVillita - 19 Entrada del Rio - 167 Region 6 – 36
7/1/21- 6/30/22	235	629	\$265,225	Entrada del Rio - 127 Region 6 – 72 Region 7 – 36
7/1/22- 6/30/23	189	818	\$273,182	Entrada del Rio - 72 Region 6 - 45 Region 7 – 72
7/1/23- 6/30/24	<u>146</u>	<u>964</u>	\$281,377	Entrada del Rio - 56 Region 7 - 90
	889			

*Number of homes closed through 12-31-2019 was 75. This is the starting amount for this column.

Source: The Developer

¹ Public Infrastructure is necessary for home construction/sales. Home Closing Schedule Unit count is based upon the number of units that will be available for sale with the Public Infrastructure in place and reflects a portion of the overall anticipated 3,250 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 four 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**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
Maturity (July 15)	Residential Net Limited APV (a)	Agricultural Net Limited APV (b)	Commerical Net Limited APV (c)	Total Net Limited Assessed Valuation (d)	Estimated Growth	Existing Debt Service (Series 2018) Bond	The Series 2020 Bonds			Total Debt Service Requirements	Total Estimated Aggregate Annual Debt Service Requirements	Secondary Bond Tax Revenues at \$4.69 Tax Rate & 95% Collections	Estimated Shortfall (e)	Estimated Bond Tax Rate (f)
							Principal	Interest	Debt Service					
2019	\$ 134	\$ 1,107,608	\$ 76,727	\$ 1,184,469										
2020	58,764	1,433,038	77,989	1,569,791	33%	\$ 420,890				\$ 420,890	\$ 69,942	\$ 350,948	\$ 4,6900	
2021	892,937	2,223,320	81,754	3,198,011	104%	421,376	\$ 45,000	\$ 173,611	\$ 218,611	639,987	142,487	497,499	4,6900	
2022	3,241,253	2,223,320	5,081,754	10,546,327	230%	420,508	90,000	125,904	215,904	636,412	469,892	166,520	4,6900	
2023	7,326,581	2,223,320	5,081,754	14,631,655	39%	421,337	95,000	122,610	217,610	638,947	651,913	0	4,5852	
2024	11,707,646	2,223,320	5,081,754	19,012,720	30%	420,762	100,000	119,133	219,133	639,895	847,112	0	3,5339	
2025	15,486,647	2,223,320	5,081,754	22,791,721	20%	420,833	105,000	115,473	220,473	641,306	1,015,485	0	2,9545	
2026	18,304,163	2,223,320	5,081,754	25,609,237	12%	421,501	105,000	111,630	216,630	638,131	1,141,020	0	2,6164	
2027	-	-	-	25,609,237	0%	420,714	110,000	107,787	217,787	638,501	1,141,020	0	2,6179	
2028	-	-	-	25,609,237	0%	420,523	115,000	103,761	218,761	639,284	1,141,020	0	2,6211	
2029	-	-	-	25,609,237	0%	420,877	120,000	99,552	219,552	640,429	1,141,020	0	2,6258	
2030	-	-	-	25,609,237	0%	420,727	125,000	95,160	220,160	640,887	1,141,020	0	2,6277	
2031	-	-	-	25,609,237	0%	421,071	125,000	90,585	215,585	636,656	1,141,020	0	2,6103	
2032	-	-	-	25,609,237	0%	420,860	130,000	86,010	216,010	636,870	1,141,020	0	2,6112	
2033	-	-	-	25,609,237	0%	421,094	135,000	81,252	216,252	637,346	1,141,020	0	2,6132	
2034	-	-	-	25,609,237	0%	420,721	140,000	76,311	216,311	637,032	1,141,020	0	2,6119	
2035	-	-	-	25,609,237	0%	420,743	145,000	71,187	216,187	636,930	1,141,020	0	2,6115	
2036	-	-	-	25,609,237	0%	421,108	150,000	65,880	215,880	636,988	1,141,020	0	2,6117	
2037	-	-	-	25,609,237	0%	420,766	160,000	60,390	220,390	641,156	1,141,020	0	2,6288	
2038	-	-	-	25,609,237	0%	420,717	165,000	54,534	219,534	640,251	1,141,020	0	2,6251	
2039	-	-	-	25,609,237	0%	420,910	170,000	48,495	218,495	639,405	1,141,020	0	2,6216	
2040	-	-	-	25,609,237	0%	421,296	175,000	42,273	217,273	638,569	1,141,020	0	2,6182	
2041	-	-	-	25,609,237	0%	420,823	180,000	35,868	215,868	636,691	1,141,020	0	2,6105	
2042	-	-	-	25,609,237	0%	420,491	190,000	29,280	219,280	639,771	1,141,020	0	2,6231	
2043	-	-	-	25,609,237	0%	421,251	195,000	22,326	217,326	638,577	1,141,020	0	2,6182	
2044	-	-	-	25,609,237	0%	-	205,000	15,189	220,189	220,189	1,141,020	0	0,9028	
2045	-	-	-	25,609,237	0%	-	210,000	7,686	217,686	217,686	1,141,020	0	0,8925	
							<u>\$3,485,000</u>							

* Preliminary, subject to change.

- Fiscal years 2021/22 through 2025/26 are projected using data provided by the Developer and assume 3% growth on existing property through 2025/26. Subsequent years assume no growth.
- Assumes no growth from fiscal year 2021/22 estimates from Pima County.
- Assumes Sahuarita Medical Center added to the tax rolls at \$5,000,000 net limited assessed property value in fiscal year 2021/22. Assumes no growth thereafter.
- Fiscal years 2018/19 and 2019/20 are actual. Fiscal year 2020/21 is estimated by Pima County. Fiscal years 2021/22 through 2025/26 projected using data and assumptions provided by the Developer. Subsequent years assume no growth.
- Estimated total shortfall to be contributed per standby contribution agreements described in Section Five.
- Assumes District levies \$4.69 for the Bonds and other outstanding general obligation bonds of the District. Tax rates are per \$100 of net limited assessed property valuation. 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.

Attachment: Feasibility Report (Resolution No. 2020-0015 - Bond Authorization)

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 beneficial 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 Series One bond issue occurred on March 1, 2018 for \$5,780,000, and the Series Two bond issue is expected to occur in March, 2020 for approximately \$3,500,000. The proceeds from the bond series issues is currently expected to be utilized to finance the engineering, design and construction of roads, drainage, landscaping, monumentation, and sewer line improvements.

BENEFITS TO RESIDENTS

The bond issues by the CFD will benefit all property owners and other residents 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 is to 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. The CFD tax is 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 levied 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 expenses of the CFD and of operation and maintenance of 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 values within the CFD and a \$4.99 tax rate:

Market Value of Residence	Estimated Annual Additional Tax Liability*
\$200,000	\$685
\$225,000	\$771
\$250,000	\$856
\$275,000	\$942
\$300,000	\$1,028
\$325,000	\$1,113

***Assumptions:**

1. Market value is not the same as limited assessed value as reported by the County Assessor. Full cash value assumes 79% of market value for residential properties. Limited assessed value assumes 87% 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 assessed value by limited assessed value times the assessment ratio

Attachment: Feasibility Report (Resolution No. 2020-0015 - Bond Authorization)

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.

Subdivision: _____ Lot Number(s): _____

_____ Home Buyer 1 Signature	_____ Date	_____ Home Buyer 1 Printed Name
_____ Home Buyer 2 Signature	_____ Date	_____ Home Buyer 2 Printed Name
_____ Home Buyer 3 Signature	_____ Date	_____ Home Buyer 3 Printed Name

Attachment: Feasibility Report (Resolution No. 2020-0015 - Bond Authorization)

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 Series One bond issue occurred on March 1, 2018 for \$5,780,000, and the Series Two bond issue is expected to occur in March, 2020 for approximately \$3,500,000. The proceeds from the bond series issues is currently expected to be utilized to finance the engineering, design and construction of roads, drainage, landscaping, monumentation, and sewer line improvements.

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 levied 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 expenses of the CFD and of operation and maintenance of 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	\$2,246
\$500,000	\$4,491
\$1,000,000	\$8,982
\$1,500,000	\$13,473
\$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.

Attachment: Feasibility Report (Resolution No. 2020-0015 - Bond Authorization)

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.

Pima County Tax Parcel # (or attach legal description): _____

_____ Land Purchaser 1 Signature	_____ Date	_____ Land Purchaser 1 Printed Name
_____ Land Purchaser 2 Signature	_____ Date	_____ Land Purchaser 2 Printed Name
_____ Land Purchaser 3 Signature	_____ Date	_____ Land Purchaser 3 Printed Name

Attachment: Feasibility Report (Resolution No. 2020-0015 - Bond Authorization)

DRAFT
 02/13/20
 02/19/20
 02/20/20

When recorded, return to:

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

Amends 20141250450
 Recorded at 14:57
 on May 5, 2014

FIRST AMENDMENT
 TO
 DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND
 INTERGOVERNMENTAL AGREEMENT
 (RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT)

THIS FIRST AMENDMENT, dated as of _____ 1, 2020 (hereinafter referred to as this “*Amendment*”), TO DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT), dated as of April 1, 2014, by and among the Town of Sahuarita, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the “*Municipality*”); Rancho Sahuarita Community Facilities District, a community facilities district formed by the Municipality, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the “*District*”); Interchange Opportunity Fund L.L.L.P., an Arizona limited liability limited partnership, which has an interest in certain property in the District and is an investor, guarantor and indemnitor but is not a developer (hereinafter referred to as the “*LLL*P”) and Rancho Sahuarita Management Company, L.L.C., an Arizona limited liability company which has an interest in certain property in the District and is a developer, guarantor and indemnitor (hereinafter referred to as the “*LLC*”);

48706665

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the “*Act*”), and Section 9-500.05, Arizona Revised Statutes, the Municipality, the District, the LLLP and 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 “*Agreement*”), as a “development agreement” to specify, among other things, conditions, terms, restrictions and requirements for “public infrastructure” (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time; and

WHEREAS, with regard to the real property described in Exhibit A hereto (hereinafter referred to as the “*Property*”) which makes up the real property included within the District, some of such matters are specified in the Agreement, particularly matters relating to the acquisition of certain public infrastructure by the District, the acceptance thereof and the reimbursement or repayment with respect thereto, all pursuant to the Act, such public infrastructure being necessary to develop the Property prior to the time at which the District can itself pay for the construction or acquisition thereof; and

WHEREAS, the Agreement, including as amended by this Amendment, as a “development agreement” is consistent with the “general plan” of the Municipality (as defined in Section 9-461, Arizona Revised Statutes) applicable to the Property on the date the Agreement and on the date this Amendment was and is, respectively, executed;

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

Section 1. All references in the Agreement to “net secondary assessed valuation” shall instead be to “net limited assessed property valuation” for all purposes.

Section 2. Section 8.1(b)(2) of the Agreement is deleted in its entirety and subsections (3) and (4) are renumbered (2) and (3), respectively. Section 8.1(d) of the Agreement is deleted in its entirety.

Section 3. References to “Section 8.3” in Section 10.5 of the Agreement are deleted.

Section 4. Exhibit B of the Agreement is replaced with Exhibit B hereto.

Section 5. The provisions of the Agreement are otherwise hereby ratified and confirmed in all respects, in particular the indemnification provided by Article VIII thereof being effective in all respects as it relates to this Amendment.

Section 6. This Amendment shall be binding upon and shall inure to the benefit of the parties to this Amendment and their respective legal representatives, successors and assigns; provided, however, that none of the parties hereto shall be entitled to assign its right hereunder or under any document contemplated hereby without the prior written consent of the other parties to this Amendment, which consent shall not be unreasonably withheld.

Section 7. Each party hereto shall, promptly upon the request of any other, have acknowledged and delivered to the other any and all further instruments and assurances reasonably requested or appropriate to evidence or give effect to the provisions of this Amendment.

Section 8. This Amendment sets forth the entire understanding of the parties as to the matters set forth herein as of the date this Amendment is executed and cannot be altered or otherwise amended except pursuant to an instrument in writing signed by each of the parties hereto. This Amendment is intended to reflect the mutual intent of the parties with respect to the subject matter hereof, and no rule of strict construction shall be applied against any party.

Section 9. This Amendment shall be governed by and interpreted in accordance with the laws of the State of Arizona.

Section 10. The waiver by any party hereto of any right granted to it under this Amendment shall not be deemed to be a waiver of any other right granted in this Amendment nor shall the same be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived under or by this Amendment.

Section 11. This Amendment may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, but all of which taken together shall constitute one of the same instrument.

Section 12. (a) Pursuant to Section 38-511, Arizona Revised Statutes, the Municipality or the District may, within three years after its execution, cancel this Amendment, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Amendment on behalf of the Municipality or the District, as applicable, is, at any time while this Amendment is in effect, an employee or agent of the LLLP or the LLC in any capacity or a consultant to any other party of this Amendment with respect to the subject matter of this Amendment and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Amendment on behalf of the Municipality or the District, as applicable, from the LLLP or the LLC arising as the result of this Amendment. The LLLP and the LLC have 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 LLLP or the LLC in any capacity or a consultant to any party to this Amendment with respect to the subject matter of this Amendment.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, 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 either of them of the

foregoing shall be deemed a material breach of the Agreement and may result in the termination of the Agreement by the Municipality or the District. The Municipality and the District retain the legal right to randomly inspect the papers and records of the LLLP and the LLC to ensure that they are complying with the foregoing. The LLLP and the LLC shall keep such papers and records open for random inspections during normal business hours by the Municipality or the District. The LLLP and the LLC shall cooperate with the random inspections by the Municipality or the District including granting the District entry rights onto their property to perform such random inspections and waiving their respective rights to keep such papers and records confidential.

(c) Pursuant to Section 35-393 et seq., Arizona Revised Statutes, the LLLP and the LLC hereby severally, and not jointly, certify that it is not currently engaged in, and for the duration of this Amendment 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 Municipality or the District determines that the LLLP or the LLC’s certification above is false or that either has breached such agreement, the Municipality or the District, as applicable, may impose remedies as provided by law.

Section 13. (a) If any provision of this Amendment shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

(b) No later than ten (10) days after this Amendment is executed and delivered by each of the parties hereto, the District shall record a copy of this Amendment with the County Recorder of Pima County, Arizona.

(c) Unless otherwise expressly provided, the agreements contained herein shall be deemed to be material and continuing, shall not be merged and shall survive any conveyance or transfer provided herein.

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

TOWN OF SAHUARITA, ARIZONA

By.....
Tom Murphy,
Mayor

ATTEST:

.....
Lisa Cole, CMC,
Town Clerk

Pursuant to A.R.S. Section 11-952(D), this Amendment has been reviewed by the undersigned attorney for the Municipality, who has determined that this Amendment is in proper form and is within the powers and authority granted pursuant to the laws of this State to the Municipality.

.....
Daniel Hochuli,
Town Attorney

[Signature page to First Amendment to Development Agreement]

Attachment: First Amendment to Development Agreement (Resolution No. 2020-0015 - Bond Authorization)

RANCHO SAHUARITA COMMUNITY
FACILITIES DISTRICT

By.....
Tom Murphy,
Chairman, District Board

ATTEST:

.....
Lisa Cole, CMC,
District Clerk

Pursuant to A.R.S. Section 11-952(D), this Amendment has been reviewed by the undersigned attorney for the District, who has determined that this Amendment is in proper form and is within the powers and authority granted pursuant to the laws of this State to the District.

.....
Daniel Hochuli,
District Counsel

[Signature page to First Amendment to Development Agreement]

Attachment: First Amendment to Development Agreement (Resolution No. 2020-0015 - Bond Authorization)

AGREED TO AND ACCEPTED BY:

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

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

By.....
_____, President

RANCHO SAHUARITA MANAGEMENT
COMPANY, LLC, an Arizona limited liability
company

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

By.....
Fred Lewis, President

FIDELITY NATIONAL TITLE AGENCY, INC.,
an Arizona corporation as Trustee under Trust No.
30007 and not in its corporate capacity

By.....
Trust Officer

Attachment: First Amendment to Development Agreement (Resolution No. 2020-0015 - Bond Authorization)

[Signature page to First Amendment to Development Agreement]

Approved by Interchange Opportunity Fund, LLLP,
Sharpe & Associates, Inc., General Partner,
Beneficiary Under Trust 30007

By.....
_____, President

TITLE SECURITY AGENCY OF ARIZONA, an
Arizona corporation, as Trustee under Trust No.
2069 and not in its corporate capacity

By.....
Trust Officer

Approved by RSMC VI, L.L.C., an Arizona limited
liability company, Beneficiary under Trust 2069

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

By.....
Fred Lewis, President

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

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

By.....
_____, President

[Signature page to First Amendment to Development Agreement]

Attachment: First Amendment to Development Agreement (Resolution No. 2020-0015 - Bond Authorization)

RANCHO SAHUARITA XX, LLC, an Arizona limited liability company

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

By.....
_____, President

LANDMARK TITLE ASSURANCE AGENCY OF ARIZONA, LLC, an Arizona limited liability company, as Trustee under Trust No. 18336-T and not in its corporate capacity

Approved by RSMC VI, L.L.C., an Arizona limited liability company, Beneficiary under Trust 18336-T

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

By.....
Fred Lewis, President

ATTACHMENT:

EXHIBIT -- Legal Description of the Property

Attachment: First Amendment to Development Agreement (Resolution No. 2020-0015 - Bond Authorization)

[Signature page to First Amendment to Development Agreement]

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this day of, 2020, by Tom Murphy, as Mayor of the Town of Sahuarita, Arizona, an Arizona municipal corporation.

.....
Notary Public

My commission expires:

.....

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this day of, 2020, by _____, as President of Sharp & Associates, Inc., an Arizona corporation under the laws of the State of Arizona.

.....
Notary Public

My commission expires:

.....

Notice required by A.R.S. Section 41-313: The foregoing notarial certificate(s) relate(s) to the First Amendment, dated as of _____1, 2020, to the District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of April 1, 2014, executed by the Town of Sahuarita, Arizona, an Arizona municipality, Rancho Sahuarita Community Facilities District, an Arizona community facilities district, Interchange Opportunity Fund L.L.L.P., an Arizona limited liability limited partnership and Rancho Sahuarita Management Company, L.L.C., and Arizona limited liability company (the “Notarized Document”). The Notarized Document contains a total of pages.

[Notary page to First Amendment to Development Agreement]

Attachment: First Amendment to Development Agreement (Resolution No. 2020-0015 - Bond Authorization)

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this day of, 2020, by Tom Murphy, as Chairman of the District Board of Rancho Sahuarita Community Facilities District, an Arizona community facilities district.

.....
Notary Public

My commission expires:

.....

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this day of, 2020, by _____, as President of Sharp & Associates, Inc., an Arizona corporation under the laws of the State of Arizona.

.....
Notary Public

My commission expires:

.....

Notice required by A.R.S. Section 41-313: The foregoing notarial certificate(s) relate(s) to the First Amendment, dated as of _____1, 2020, to the District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of April 1, 2014, executed by the Town of Sahuarita, Arizona, an Arizona municipality, Rancho Sahuarita Community Facilities District, an Arizona community facilities district, Interchange Opportunity Fund L.L.L.P., an Arizona limited liability limited partnership and Rancho Sahuarita Management Company, L.L.C., and Arizona limited liability company (the “Notarized Document”). The Notarized Document contains a total of pages.

[Notary page to First Amendment to Development Agreement]

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this day of 2020, by Fred Lewis, as President of MKS Equitas Investment Group Ltd., an Arizona corporation under the laws of the State of Arizona.

.....
Notary Public

My commission expires:

.....

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this day of 2020, by as Trust Officer of Fidelity National Title Agency, Inc., an Arizona corporation in its capacity only as trustee under Trust No. 30007 under the laws of the State of Arizona.

.....
Notary Public

My commission expires:

.....

Notice required by A.R.S. Section 41-313: The foregoing notarial certificate(s) relate(s) to the First Amendment, dated as of _____1, 2020 to the District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of April 1, 2014, executed by the Town of Sahuarita, Arizona, an Arizona municipality, Rancho Sahuarita Community Facilities District, an Arizona community facilities district, Interchange Opportunity Fund L.L.L.P., an Arizona limited liability limited partnership and Rancho Sahuarita Management Company, L.L.C., and Arizona limited liability company (the “Notarized Document”). The Notarized Document contains a total of pages.

[Notary page to First Amendment to Development Agreement]

Attachment: First Amendment to Development Agreement (Resolution No. 2020-0015 - Bond Authorization)

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this day of, 2020, by, as Trust Officer of Title Security Agency of Arizona, an Arizona corporation in its capacity only as trustee under Trust No. 2069 under the laws of the State of Arizona.

.....
Notary Public

My commission expires:

.....

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this day of, 2020, by, as Trust Officer of Landmark Title Assurance Agency of Arizona, LLC, an Arizona limited liability company in its capacity only as trustee under Trust No. 18336-T under the laws of the State of Arizona.

.....
Notary Public

My commission expires:

.....

Notice required by A.R.S. Section 41-313: The foregoing notarial certificate(s) relate(s) to First Amendment, dated as of _____ 1, 2020 to the District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of April 1, 2014, executed by the Town of Sahuarita, Arizona, an Arizona municipality, Rancho Sahuarita Community Facilities District, an Arizona community facilities district, Interchange Opportunity Fund L.L.L.P., an Arizona limited liability limited partnership and Rancho Sahuarita Management Company, L.L.C., and Arizona limited liability company (the “Notarized Document”). The Notarized Document contains a total of pages.

[Notary page to First Amendment to Development Agreement]

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

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**.

EXHIBIT B

DESCRIPTION OF THE INFRASTRUCTURE

First Series of the Bonds

Avenida Mitla Phase 1 and Phase 2 Road Improvements (west and north of Rancho Sahuarita Blvd.) of approximately 2,870 linear feet 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. Cañada

Placita Fara Road Improvements (west of La Villita Rd. approximately one-quarter mile north of Sahuarita Rd.) of approximately 180 linear feet 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.

Region 6 Rancho Sahuarita Blvd. Phase 7A and 7B Road Improvements (extension of Rancho Sahuarita Blvd. south of Sahuarita Rd.) of approximately 2,189 linear feet including: improvement costs for the grading, subgrade material, four-lane roadway section surface pavement, curbs, 8 foot 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.

Second Series of the Bonds

Rancho Sahuarita Blvd. Phase 8A Road Improvements Extension of Rancho Sahuarita Blvd. south of the Phase 7B Road Improvements approximately 945 linear feet including improvement costs for the grading, subgrade material, three-lane roadway section surface pavement, curbs, 8 foot sidewalks including handicap ramps on both sides of roadway, drainage facilities, one (1) concrete arch structure including decorative masonry columns and steel railing, curb to sidewalk

landscaping, 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.

Sahuarita Center Way from Calle Imperial to Rancho Sahuarita Blvd. Extension of Sahuarita Center Way from intersection of Sahuarita Center Way and Calle Imperial west to Rancho Sahuarita Blvd. approximately 950 linear feet including traffic signal at Sahuarita Center Way and Rancho Sahuarita Blvd., improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, fewer than 40 parallel parking spaces, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, one concrete drainage 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, and applicable State and municipal fees, associated with the project.

Extension of 15 inch Public Sewer along East Property Line of approximately 1100 linear feet of 15 inch Sewer Main to serve residential development south of the new Wrightson Ridge K-8 school including PVC sewer main, manholes, steel casing under one wash. Shall also include costs concerning the engineering design, survey, construction observation, material testing, and applicable State and municipal fees associated with the project.

Subsequent Series of the Bonds

Rancho Sahuarita Blvd. Phase 8B Road Improvements Extension of Rancho Sahuarita Blvd. south of Phase 8A approximately 670 linear feet including improvement costs for the grading, subgrade material, three-lane roadway section surface pavement, curbs, 8 foot sidewalks including handicap ramps on both sides of roadway, drainage facilities, one (1) concrete arch structure including decorative masonry columns and steel railing, curb to sidewalk landscaping, 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.

Sahuarita Center Way from Desert Gem (810 linear feet East) including drainage improvements (along Sahuarita Center Way), landscaping and lineal parks along public streets, and sewer lines (under Sahuarita Center Way)

Basin and Linear Park Improvements along Rancho Sahuarita Blvd. in Region 6

Basin and Linear Park Improvements along Rancho Sahuarita Blvd. in Region 7

Extend 15 inch sewer line from Pod 7E to El Toro Road

Rancho Sahuarita Blvd. Phase 8C (3 lanes of) from South end of Pods 7B & 7F to El Toro Road (Public Arterial) including drainage improvements (along Rancho Sahuarita Blvd.), landscaping and lineal parks along public streets, sewer lines (under Rancho Sahuarita Blvd.)

Street "A" from La Cañada Road to South End of Pods 8D & 8E (Public Arterial) including drainage improvements (along Street "A"), landscaping and lineal parks along public streets, and sewer lines (under Street "A")

Basin and Linear Park Improvements along Street "A" to Pods 8D & 8E

Street "A" from Pods 8D & 8E to La Cañada Drive (Public Arterial) including drainage improvements (along Street "A"), landscaping and lineal parks along public streets

Basin and Linear Park Improvements along Street "A" from Pods 8D & 8E to La Cañada

Rancho Sahuarita Blvd. and El Toro Road Intersection Improvements

Rancho Sahuarita Blvd. from El Toro Road to South end of Pod 9C (Public Arterial), drainage improvements (along Rancho Sahuarita Blvd.), landscaping and lineal parks along public streets, and sewer Lines (under Rancho Sahuarita Blvd.)

Basin and Linear Park Improvements along Rancho Sahuarita Blvd Phase 1 to Pod 9C and 9J

Extend 12 inch sewer main from El Toro Road to South end of Pod 9J approximately 1700 linear feet

Rancho Sahuarita Blvd. from South end of Pods 9C & 9J to Pods 9D & 9K (Public Arterial), drainage improvements (along Rancho Sahuarita Blvd.), landscaping and lineal parks along public streets, and sewer lines (under Rancho Sahuarita Blvd.)

Basin and Linear Park Improvements along Rancho Sahuarita Blvd. Phase 2 from Pods 9C & 9J to Pods 9D & 9K

Extend 12 inch sewer main from South end of Pod 9J to South end of Pod 9K approximately 930 linear feet

Rancho Sahuarita Blvd. from South end of Pod 9D to Pod 9G (Public Arterial), drainage improvements (along Rancho Sahuarita Blvd.), landscaping and lineal parks along public streets, and sewer lines (under Rancho Sahuarita Blvd.)

Basin and Linear Park Improvements along Rancho Sahuarita Blvd Phase 3 from Pods 9D & 9K to Pods 9E & 9L

Extend 12 inch sewer main from South end of Pod 9K to South end of Pod 9G approximately 2400 linear feet

DRAFT
01/28/20
02/13/20
02/19/20

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT,

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
as Trustee,

INTERCHANGE OPPORTUNITY FUND L.L.P.

and

RANCHO SAHUARITA MANAGEMENT COMPANY, L.L.C.

SERIES 2020 STANDBY CONTRIBUTION AGREEMENT

Dated as of _____ 1, 2020

Attachment: Standby Contribution Agreement (Resolution No. 2020-0015 - Bond Authorization)

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* * *

THIS SERIES 2020 STANDBY CONTRIBUTION AGREEMENT, dated as of _____ 1, 2020 (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 (together with its successors, the “*Issuer*”); Zions Bancorporation, National Association, a national banking association with trust powers having a corporate trust office in the City of Phoenix, Maricopa County, Arizona, as trustee (together with its successors, the “*Trustee*”); Interchange Opportunity Fund L.L.L.P., an Arizona limited liability limited partnership, as investor, guarantor and indemnitor, but not as developer (the “*LLP*”); and Rancho Sahuarita Management Company L.L.C., an Arizona limited liability company, as developer, guarantor and indemnitor (the “*LLC*”),

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the “*Enabling Act*”), a general obligation bond election was held on August 12, 2014 (the “*Election*”), submitting to those persons who were qualified to vote pursuant to the Enabling Act, the question of authorizing the Board of Directors of the Issuer (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 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 February 24, 2020 (the “*Bond Resolution*”), the Board (1) has authorized the sale and issuance of its General Obligation Bonds, Series 2020, in the aggregate principal amount of \$____,000 (the “*Series 2020 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 24, 2020, and in the District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of April 1, 2014, as amended by a First Amendment to District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of even date herewith (as so amended, the “*Development Agreement*”), by and among the Town of Sahuarita, Arizona, a municipality duly incorporated and existing pursuant to the laws of the State of Arizona, the Issuer, the LLP and the LLC, and (2) has entered in its minutes a record of the Series 2020 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 defined in the hereinafter defined Series 2020 Indenture) when due; and

WHEREAS, the Board has by the Bond Resolution duly authorized the sale and issuance of the Series 2020 Bonds and, in order to provide terms for, to secure and to provide for authentication and delivery of the Series 2020 Bonds, has duly authorized the execution and delivery of a Series 2020 Indenture of Trust and Security Agreement, dated as of even date

herewith (the “*Series 2020 Indenture*”), from the Issuer to Zions Bancorporation, National Association, as trustee; and

WHEREAS, as provided in the Development Agreement and the Series 2020 Indenture, the proceeds of the sale of the Series 2020 Bonds shall be used by the Issuer to construct or acquire from the LLLP and the LLC a portion of the “public infrastructure” (as defined in the Enabling Act) described in the Development Agreement; and

WHEREAS, in consideration for the issuance of the Series 2020 Bonds, and the actions taken and to be taken in the Development Agreement and the Series 2020 Indenture, by the Issuer and as a condition precedent to the execution and delivery of this Agreement and the issuance of the Series 2020 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 2020 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 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 2020 Indenture have the meanings assigned to them hereinabove, hereinafter and in the recitals or Article One of the Series 2020 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 Agreement 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 it at c/o Town of Sahuarita, Arizona, 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

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 Zions Bancorporation, National Association, 6001 North 24th Street, Building B, Phoenix, Arizona 85016, Attention: Corporate Trust Services, or at any other address previously furnished in writing to such Person by the Trustee, or

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: _____ in the case of the LLLP and Fred Lewis in the case of the LLC, or at any other address previously 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 One East Washington Street, Suite 1400, Phoenix, Arizona 85004, Attention: Municipal Finance, 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 under 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. *Incorporation of State Statutes.*

A. 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 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. None of 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 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.

B. To the extent applicable under Section 41-4401, Arizona Revised Statutes, the Trustee, the LLLP and the LLC 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 the Trustee, the LLLP or the LLC of the foregoing shall be deemed a material breach of this Agreement and may result in the termination of the services of the Trustee, the LLLP or the LLC, as applicable. The Issuer retains the legal right to randomly inspect the papers and records of the Trustee, the LLLP and the LLC to ensure that the Trustee, the LLLP and the LLC are complying with the above-mentioned warranty. The Trustee, the LLLP and the LLC shall keep such papers and records open for random inspection 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.

C. Pursuant to Section 35-393, et seq., Arizona Revised Statutes, the Trustee, the LLLP and the LLC each hereby certify, as applicable, they are 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 Trustee’s, the LLLP’s or the LLC’s certification above is false or that any of the Trustee, the LLLP or the LLC has breached such agreement, the Issuer may impose remedies as provided by law against the Trustee, the LLLP or the LLC, as applicable.

SECTION 1.09. *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 1.10. *Amendments.*

Pursuant to the provisions established in the Series 2020 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 1.11. *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 1.12. *Termination.*

Subject to the last sentence of this Section, this Agreement shall terminate upon the earlier of (A) the payment or the provision for payment in full of all of the outstanding Series 2020 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 in which principal of the Series 2020 Bonds has started to be amortized), a tax rate of \$4.69 per \$100 of net limited assessed valuation of property within the boundaries of the Issuer for each such Fiscal Years 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 net 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 1.13. *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 the Holders, from time to time, of the Series 2020 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 under the Series 2020 Indenture.

SECTION 1.14. *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 2020, the Issuer shall certify to the Trustee the amount of property taxes which would be produced based upon (a) the current net 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 net limited assessed valuation (assuming a five percent (5%) delinquency factor) (the “*Tax Year Tax Amount*”).

2. On September 15 of each Fiscal Year commencing the Fiscal Year ending in 2020, 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 (the “*2020 Total Debt Service*”), (b) the amount in the Series 2020 Tax Account available to pay Debt Service (the “*September Available Moneys*”), and (c) the difference, if any, between (x) one-half (1/2) of the 2020 Total Debt Service and (y) the sum of (A) the September Available Moneys and (B) one-half (1/2) of the 2020 Tax Year Tax Amount (such difference being referred to as the “*October Payment*”).

3. On March 11 of each Fiscal Year commencing the Fiscal Year ending in 2020, the Trustee shall determine (a) the amount in the Series 2020 Tax Account available to pay Debt Service (the “*March Available Moneys*”), and (b) the difference, if any, between (x) one-half (1/2) of the 2020 Total Debt Service and (y) the sum of (A) the March Available Moneys and (B) one-half (1/2) of the 2020 Tax Year Tax Amount (such difference being referred to as the “*April Payment*”).

4. On September 15 and March 11 of each Fiscal Year commencing the Fiscal Year ending in 2020, the Trustee shall submit a written request to the LLLP for, and on the 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 Series 2020 Bonds, the Purchaser shall receive copies of such requests.

C. 1. On December 15 of each Fiscal Year commencing the Fiscal Year ending in 2020, the Trustee shall determine the difference between the amount in the Series 2020 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 referred to as the “*December Payment*”).

2. On June 15 of each Fiscal Year commencing the Fiscal Year ending in 2020, the Trustee shall determine the difference between the amount in the Series 2020

Tax Account on such date and the amount necessary to pay Debt Service on the next succeeding July 15 (such difference being referred to as the “*June Payment*”).

3. On December 21 and June 20 of each Fiscal Year commencing the Fiscal Year ending 2020, the Trustee shall submit a written request to the LLLP 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 Series 2020 Bonds, the Purchaser shall receive 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 2020 Indenture of at least \$4.69 per \$100 of net 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 2020 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 under the Series 2020 Indenture, the Series 2020 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 under the terms and provisions of the Series 2020 Indenture, the Series 2020 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 2020 Indenture, the Series 2020 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 2020 Bond or the extension or renewal of the time for performance of any other obligations, covenants or agreements under or arising out of the Series 2020 Indenture, the Series 2020 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 2020 Indenture, the Series 2020 Depository Agreement, the Development Agreement or this Agreement; or

F. the taking or the omission of any of the actions referred to in the Series 2020 Indenture, the Series 2020 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 2020 Indenture, the Series 2020 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 2020 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 2020 Indenture, the Series 2020 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 2020 Indenture, the Series 2020 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 2020 Depository Agreement, the Development Agreement or this Agreement; or

K. the invalidity of the Series 2020 Indenture, the Series 2020 Depository Agreement, the Development Agreement, this Agreement or the Series 2020 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 under 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 the owners from time to time of any of the Series 2020 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 enforced 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 3.04.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 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 Agreement, 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 under the laws of the United States or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, subject to supervision or examination by federal or State authority, 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 under 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 2020 Indenture or

the Series 2020 Depository Agreement has occurred or, with the passage of time or giving of notice, shall occur.

D. If at any time:

1. the Trustee shall cease to be eligible under 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, the Issuer, the LLLP 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, the LLLP 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 under 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 under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

* * *

[Signature page follows.]

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

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

RANCHO SAHUARITA COMMUNITY
FACILITIES DISTRICT

By.....
Issuer Representative

ATTEST:

.....
District Clerk

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION, as Trustee

By.....
Authorized Officer

Attachment: Standby Contribution Agreement (Resolution No. 2020-0015 - Bond Authorization)

INTERCHANGE OPPORTUNITY FUND
L.L.P., an Arizona limited liability limited
partnership

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

By.....

Printed Name:.....

Title:.....

RANCHO SAHUARITA MANAGEMENT
COMPANY, L.L.C., an Arizona limited liability
company

By: MKS Equitas Investment Group Ltd., an
Arizona corporation
As: Member

By.....

Printed Name:.....

Title:.....

Attachment: Standby Contribution Agreement (Resolution No. 2020-0015 - Bond Authorization)

DRAFT
01/28/20
02/19/20

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
as Depository

SERIES 2020 DEPOSITORY AGREEMENT

Dated as of _____ 1, 2020

Attachment: Depository Agreement (Resolution No. 2020-0015 - Bond Authorization)

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* * *

Attachment: Depository Agreement (Resolution No. 2020-0015 - Bond Authorization)

THIS SERIES 2020 DEPOSITORY AGREEMENT, dated as of _____ 1, 2020 (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 (together with its successors, the “*Issuer*”); and Zions Bancorporation, National Association, a national banking association with trust powers having a corporate trust office in the City of Phoenix, Maricopa County, Arizona, as depository (together with any successor to the trust herein granted, the “*Depository*”),

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the “*Enabling Act*”), the Board of Directors of the Issuer (the “*Board*”) caused a general obligation bond election to be held on August 12, 2014 (the “*Election*”), submitting to those persons who were qualified to vote pursuant to the Enabling Act the question of authorizing 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 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 February 24, 2020 (the “*Bond Resolution*”), the Board (1) has authorized the sale and issuance of its General Obligation Bonds, Series 2020, in the aggregate principal amount of \$____,000 (the “*Series 2020 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 February 24, 2020, and (2) has entered in its minutes a record of the Series 2020 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 defined in the hereinafter defined Series 2020 Indenture) when due; and

WHEREAS, the Board has by the Bond Resolution duly authorized the sale and issuance of the Series 2020 Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Series 2020 Bonds, has duly authorized the execution and delivery of a Series 2020 Indenture of Trust and Security Agreement, dated as of even date herewith (the “*Series 2020 Indenture*”), from the Issuer to Zions Bancorporation, National Association, as trustee; and

WHEREAS, in consideration for the issuance of the Series 2020 Bonds, and the actions taken and to be taken in the Series 2020 Indenture, by the Issuer and as a condition precedent to the execution and delivery of this Agreement and the issuance of the Series 2020 Bonds, Interchange Opportunity Fund L.L.L.P, as investor, guarantor and indemnitor, but not as developer (the “*LLL*”), and Rancho Sahuarita Management Company L.L.C. (the “*LLC*”), as

developer, guarantor and indemnitor, have had established by Western Alliance Bank in favor of the Depository an irrevocable standby letter of credit in the amount of \$_____; 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 2020 Indenture have the meanings assigned to them hereinabove, hereinafter and in the recitals or Article One of the Series 2020 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 Agreement 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 Zions Bancorporation, National Association, 6001 North 24th Street, Building B, Phoenix, Arizona

85016, Attention: 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 it at c/o Town of Sahuarita, Arizona, 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: _____, 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 Sections 1.12, 2.01 and 2.02, the LLLP, any benefit or any legal or equitable right, remedy or claim under 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 2020 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. *Incorporation of State Statutes.*

A. 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.

B. To the extent applicable under Section 41-4401, Arizona Revised Statutes, the Depository shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the “e-verify” requirements under Section 23-214(A), Arizona Revised Statutes. The breach by the Depository of the foregoing shall be deemed a material breach of this Depository Agreement and may result in the termination of the services of the Depository. 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 above-mentioned warranty. The Depository shall keep such papers and records open for random inspection 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 its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

C. Pursuant to Section 35-393, et seq., Arizona Revised Statutes, the 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 1.09. *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 1.10. *Amendments.*

Pursuant to the conditions established in the Series 2020 Indenture, this Agreement may be amended by an instrument in writing executed and delivered by each of the Depository and the Issuer.

SECTION 1.11. *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 1.12. *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 2020 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 2020 Bonds has started to be amortized for such Fiscal Year, a tax rate of \$4.69 per \$100 of net 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 net 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 1.13. *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; Reduction.*

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 2020 Indenture of at least \$4.69 per \$100 of net 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 or the Series 2020 Standby Contribution Agreement.
2. The failure to obtain and deliver to the Depository an “Alternate Letter of Credit” pursuant to Section 2.01.C. of the Series 2018 Depository Agreement or an Alternate Letter of Credit pursuant to Section 2.01.C.
3. The Letter of Credit Bank (i) commences a proceeding under 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 under 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 by noon, Arizona time, 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 2020 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 Series 2020 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 under 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 net 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 2020 Principal Account the amounts requested pursuant to Section 5.02.C.1.c. of the Series 2020 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 Account.*

A. Amounts on deposit in the Series 2020 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 2020 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.

D. The Depository shall have no claim on amounts held hereunder for any purpose.

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 2020 Principal Account as well as all deposits to, and payments from, the Series 2020 Principal Account during the prior Fiscal Year.

* * *

ARTICLE THREE

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 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 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 under 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 2020 Indenture or the Series 2020 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 under 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 under 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 under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

* * *

[Signature page follows.]

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

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

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

By.....
Issuer Representative

ATTEST:

.....
District Clerk

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Depository

By.....
Authorized Officer

Attachment: Depository Agreement (Resolution No. 2020-0015 - Bond Authorization)

DRAFT
01/28/20
02/13/20
02/19/20

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT
and
ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
as Trustee

SERIES 2020
INDENTURE OF TRUST
AND
SECURITY AGREEMENT

Dated as of _____ 1, 2020

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2020

Attachment: Indenture of Trust and Security Agreement (Resolution No. 2020-0015 - Bond Authorization)

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* * *

Attachment: Indenture of Trust and Security Agreement (Resolution No. 2020-0015 - Bond Authorization)

THIS SERIES 2020 INDENTURE OF TRUST AND SECURITY AGREEMENT, dated as of _____ 1, 2020 (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 (together with its successors, the “*Issuer*”), to Zions Bancorporation, National Association, a national banking association with a corporate trust office in the City of Phoenix, Maricopa County, Arizona, as trustee (together with any successor to the trust herein granted, the “*Trustee*”),

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the “*Enabling Act*”), a general obligation bond election was held on August 12, 2014 (the “*Election*”), submitting to those persons who were qualified to vote pursuant to the Enabling Act the question of authorizing the Board of Directors of the Issuer (the “*Board*”) to issue general obligation bonds of the Issuer in the principal amount of \$60,000,000 to provide moneys for any “public infrastructure purposes” (as 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 February 24, 2020 (the “*Bond Resolution*”), the Board (1) has authorized the sale and issuance of the hereinafter described Bonds to provide funds for a portion of the public infrastructure purposes provided for in the Enabling Act and in the Development Agreement (as such term and all other undefined terms are defined herein) to the extent authorized by the Election, and (2) has 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 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 “*Municipality*”), the Issuer, Interchange Opportunity Fund L.L.L.P., an Arizona limited liability limited partnership, as investor, guarantor and indemnitor, but not as developer (the “*LLLP*”), and Rancho Sahuarita Management Company, L.L.C., an Arizona limited liability company, as a developer, guarantor and indemnitor (the “*LLC*”), have entered into a District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of April 1, 2014, as amended by a First Amendment to District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of even date herewith (as so amended, the “*Development Agreement*”), as a “development agreement” to specify, among other things, conditions, terms, restrictions and requirements for “public infrastructure” (as 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 2020 Standby Contribution Agreement, dated as of even date herewith (the “*Series 2020 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 2020 Depository Agreement, dated as of even date herewith (the “*Series 2020 Depository Agreement*”), by and between the Issuer and Zions Bancorporation, 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 sale and 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 Bonds and the performance of the covenants therein and herein contained and the rights of the Holders and to declare the terms and conditions on which the Outstanding Bonds are secured, and in consideration of the premises and of the purchase of the Bonds by the Holders, the Issuer by these presents does grant, bargain, sell, remise, release, convey, collaterally assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Trustee, forever, all and singular the following described properties, and grants a security interest therein for the purposes herein expressed, to-wit:

GRANTING CLAUSE FIRST

All money and investments held for the credit of the Series 2020 Tax Account established with the Trustee as hereinafter described, unless necessary to pay Rebate; and

GRANTING CLAUSE SECOND

Any and all interest of the Issuer in and to the Series 2020 Standby Contribution Agreement and the Series 2020 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 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 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 Bonds except as herein otherwise expressly provided, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 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 Indenture 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 or general obligation refunding bonds of the Issuer heretofore or hereafter issued for payment of principal of and interest on the Bonds and such other bonds during such Fiscal Year.

“*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 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 on which payments can be effected on the Fedwire System other than a Saturday; a Sunday; or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the municipality 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 2020 Standby Contribution Agreement and the Series 2020 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.

“*Costs of Issuance Fund*” means the fund of the Issuer so defined in Section 5.05.

“*Debt Service*” means, collectively, (i) the principal of and interest and premium, if any, on the Bonds when due; (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 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 3.06.

“*Depository*” means the Person named as “Depository” in the first paragraph of the Series 2020 Depository Agreement until a successor Depository shall have become such pursuant to the applicable provisions of the Series 2020 Depository Agreement, and thereafter “Depository” shall mean such successor Depository.

“*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 net 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.

“*Facilities*” means improvements financed or refinanced with proceeds of the sale of the Bonds.

“*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 _____ 15, 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 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.

“*Letter of Credit*” means (a) the Initial Letter of Credit as it may be extended from time to time, and (b) upon the issuance and effectiveness thereof, any Alternate Letter of Credit as it may be extended from time to time.

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

“*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 selected by the Issuer, 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 selected by the Issuer.

“*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.

“*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 heretofore or 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. Fully insured or collateralized certificates of deposit and other evidence of deposit at banks and savings institutions doing business within Arizona with a maximum maturity of eighteen (18) months.
- F. Corporate bonds, debentures and notes that are denominated in United States dollars. The debt must be rated at least “AA” by S&P, or “Aa” by Moody’s, or equivalent rating by a nationally recognized rating agency at the time of purchase with a maximum maturity of two years.
- G. Commercial paper rated, at the time of purchase, “A-1” or better by S&P and Moody’s and with a maximum maturity of 270 days.
- H. Bonds, or other evidence of indebtedness of this state or any of the counties or incorporated cities, town or duly organized school districts which carry a minimum “AA” rating by S&P, or “Aa” by Moody’s, or equivalent rating

by a nationally recognized rating agency at the time of purchase. Maturities for these obligations shall not exceed five years.

- I. Banker's Acceptance eligible as collateral for borrowing from the Federal Reserve, of U.S. banks whose short-term obligations are rated "Aa" or better by two nationally recognized rating agencies, and with a maximum maturity of 180 days.
- J. Repurchase agreements, whose underlying collateral consist of obligations of the United States Government, its agencies and instrumentalities, and executed with an Arizona bank or primary dealer, under the provisions of and with a maximum maturity not to exceed 90 days, with the exception of flexible repurchase agreements associated with specific bond proceeds which shall be limited to the final draw date of forecasted cashflow expenses.

(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 Business Trust, the initial Holder of the Bonds.

"*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, 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 March 1, 2018, by and between the Issuer and Zions Bancorporation, National Association.

“*Series 2018 Standby Contribution Agreement*” means that certain Series 2018 Standby Contribution Agreement, dated as of March 1, 2018, by and among the Issuer, the LLLP, the LLC and Zions Bancorporation, National Association.

“*Series 2020 Expenses Account*” means the account of the Bond Fund so defined in Section 5.01.

“*Series 2020 Tax Account*” means the account of the Bond Fund so defined in Section 5.01.

“*Special Record Date*” has the meaning stated in Section 3.06.

“*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 Relating 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 Board.

“*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 an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of execution of any such instrument or writing and the authority of any Person executing as or on behalf of any 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 Zions Bancorporation, National Association, 6001 North 24th Street, Building B, Phoenix, Arizona 85016, Attention: 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 it at c/o Town of Sahuarita, Arizona, 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 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: _____ 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 postage prepaid, to the Purchaser addressed to the Purchaser at One East Washington Street, Suite 1400, Phoenix, Arizona 85004, Attention: Municipal Finance, or at any other address furnished previously in writing to such Person by the Purchaser.

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 Bonds, any benefit or any legal or equitable right, remedy, or claim under this Indenture.

SECTION 1.09. *Governing Law.*

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

SECTION 1.10. *Incorporation of State Statutes.*

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

B. To the extent applicable under Section 41-4401, Arizona Revised Statutes, the Trustee shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the “e-verify” requirements under Section 23-214(A), Arizona Revised Statutes. The breach by the Trustee of the foregoing shall be deemed a material breach of this Indenture and may result in the termination of the services of the Trustee. The Issuer retains the legal right to randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the above-mentioned warranty. The Trustee shall keep such papers and records open for random inspection 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 its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

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

SECTION 1.11. *Business Days.*

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

SECTION 1.12. *Annual Reports.*

As soon as possible after July 15 of each year, beginning in 2020, and more often as requested in writing by the Issuer Representative, the Trustee shall provide to the Issuer a report indicating the balance in each of the Bond Fund, and, until closed, the Acquisition and Construction Fund and the Costs of Issuance Fund as well as all deposits to, and payments from, the Bond Fund, and, until closed, the Acquisition and Construction Fund and the Costs of Issuance Fund during the prior tax year.

* * *

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 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 form 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 2020

Interest Rate	Maturity Date	Original Issue Date
.....%	July 15,	_____, 2020

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

Rancho Sahuarita Community Facilities District, a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (the “*Issuer*”), for value received, hereby promises to pay to the “Registered Owner” specified above or registered assigns (the “*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 defined herein) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as 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, the principal of and interest on this Bond (except that due on the Maturity Date but including the Redemption Price (as defined in the Indenture)) is payable on any Interest Payment Date shall be paid to the Person (as 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 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 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

Attachment: Indenture of Trust and Security Agreement (Resolution No. 2020-0015 - Bond Authorization)

interest (including the Redemption Price) shall be payable by the agency of the Issuer for such purpose (the “*Paying Agent*”) which shall initially be the designated corporate trust office of Zions Bancorporation, 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 principal 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 (the “*Bonds*”), issued and to be issued in one series under, and all equally and ratably secured by, a Series 2020 Indenture of Trust and Security Agreement, dated as of _____ 1, 2020 (together with all indentures supplemental thereto, the “*Indenture*”), from the Issuer to Zions Bancorporation, National Association, as trustee (the “*Trustee*,” which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the 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 Board of Directors of the Issuer adopted on February 24, 2020 (the “*Bond Resolution*”), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the “*Enabling Act*”).

The Bonds are 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 from the Standby Contribution Agreement and the Depository Agreement described hereinbelow) to pay debt service on the Bonds when due. Two entities have entered into a Series 2020 Standby Contribution Agreement, dated as of _____ 1, 2020 (the “*Standby Contribution Agreement*”), with the Issuer and the Trustee pursuant to which such entities are obligated, jointly and severally, to make payments to the Trustee to supplement tax revenues to pay principal and interest with respect to the Bonds. The Issuer and Zions Bancorporation, National Association, as depository, have entered into a Series 2020 Depository Agreement, dated as of _____ 1, 2020 (the “*Depository Agreement*”), pursuant to which certain other amounts may 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 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 denomination of the remaining unpaid principal amount thereof.

The Bonds are subject to redemption, at the option of the Issuer as a whole or in part, on July 15, 2030, and any date thereafter, upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date (as defined in the Indenture), without a premium.

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>	<u>Principal Amount</u>
<u>(July 15)</u>	

*
* Maturity

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 affected by such modification. The Bond Resolution and the Indenture also contain provisions permitting the Holder of 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 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 thereof 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 principal 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 (as defined in the Indenture) 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 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:

.....
.....

“QUALIFIED INVESTOR LETTER”

.....,

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Rancho Sahuarita Community Facilities District (Sahuarita, Arizona)
General Obligation Bonds, Series 2020

Please be advised that the undersigned is purchasing the captioned bond in the form of a single, physically certificated bond (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:

Attachment: Indenture of Trust and Security Agreement (Resolution No. 2020-0015 - Bond Authorization)

(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:.....

Attachment: Indenture of Trust and Security Agreement (Resolution No. 2020-0015 - Bond Authorization)

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:

Attachment: Indenture of Trust and Security Agreement (Resolution No. 2020-0015 - Bond Authorization)

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.

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 | State |
| JT TEN | -- as joint tenants with | |
| | Right of survivorship | |
| | and not as tenants in | |
| | common | |

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

* * *

Attachment: Indenture of Trust and Security Agreement (Resolution No. 2020-0015 - Bond Authorization)

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 authentication and delivery thereof, issued and secured hereunder entitled:

“RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2020”.

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

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 authentication and 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__ (each 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 in part on July 15, 2030, and any date thereafter, upon not more than sixty (60) nor 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:

Redemption Date
(July 15)

Principal Amount

- *
- * Maturity

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 2020 Standby Contribution Agreement, duly and validly executed and delivered by the parties thereto, and evidence satisfactory to the Issuer of performance of the obligations of the LLLP and the LLC thereunder to be performed by the LLLP and the LLC prior to or simultaneously with the delivery of the Bonds,
3. the Series 2020 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 Issuer, the LLLP and the LLC thereunder to be performed by the Issuer, the LLLP and the LLC 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. The Trustee shall not be required to receive the additional evidence required under Subsection B.2. or 3. unless the Trustee receives an Issuer Request therefor.

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 (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 principal 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 remaining unpaid aggregate principal amount bearing a number not contemporaneously outstanding. If, after the delivery of such new Bond, a bona fide purchaser of the original Bond in lieu of which such new Bond was issued presents for payment such original Bond, the Issuer and the Trustee shall be entitled to recover such new Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expenses incurred by the Issuer or the Trustee in connection therewith.

B. In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the Issuer or the Trustee in its discretion may pay such Bond instead of issuing a new Bond.

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

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

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

SECTION 3.06. *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 principal 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 (“*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 then Outstanding 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 of 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, exchange, replacement or conversion, and all Bonds, if surrendered to the Trustee, shall be promptly canceled by it and, if surrendered to the Issuer or any Paying Agent, shall be delivered to the Trustee and, if not already canceled, shall be promptly canceled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Bonds previously certified or authenticated and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Trustee. No Bond shall be authenticated in lieu of 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 in inverse order of maturity and principal amounts of Bonds.

SECTION 4.03. *Notice of Redemption.*

A. Notice of optional redemption shall be given by the Trustee in the name and at the expense of the Issuer, not less than thirty (30) nor more than sixty (60) days prior to the Redemption Date, to each 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.

The notice may state (1) that redemption is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date, or (2) that the Issuer retains the right to rescind such notice on or prior to the scheduled redemption date, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded. Such notice may be rescinded at any time on or prior to the redemption date if the Issuer delivers an Officers' Certificate to the Trustee instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondholders. Any Bonds where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an event of default. The failure of the Issuer to make funds available in part or in whole on or before the redemption date shall not constitute an event of default.

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.*

Unless the notice of redemption states that such redemption is conditional upon deposit of moneys, 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 Section 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 2020 Bond Fund” (the “*Bond Fund*”) and within the Bond Fund (1) a special account designated the “Series 2020 Tax Account” and (2) a special account separate and apart from the Trust Estate and designated the “Series 2020 Expenses Account.” The money deposited to the Series 2020 Tax Account and the Series 2020 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 2020 Tax Account in addition to amounts received pursuant to Section 5.07 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.B.4. and C.3. of the Series 2020 Standby Contribution Agreement for which the Trustee shall submit written requests as required by such sections of the Series 2020 Standby Contribution Agreement;

c. amounts, if any, paid to the Trustee pursuant to Section 2.02.A. of the Series 2020 Depository Agreement;

d. amounts transferred from the Acquisition and Construction Fund to the extent provided in Sections 5.04.B., 5.06.B. and 5.08.B.; and

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

2. the Series 2020 Expenses Account:
 - a. the amount, if any, received from proceeds of the sale of the Bonds; and
 - b. amounts transferred from the Series 2020 Tax Account to the extent provided in Section 5.02.B.1.b.

B. 1. a. Amounts deposited in the Series 2020 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 2020 Tax Account pursuant to, and for the purposes described in, Section 5.02.A.1.a.ii. shall be transferred to the Series 2020 Expenses Account.

2. Amounts deposited in the Series 2020 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 2020 Depository Agreement, as the case may be, 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 2020 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, subject to the next sentence, a request (which may be by facsimile communication) for payment by the Depository, from amounts held pursuant to the Series 2020 Depository Agreement, of amounts equal in total 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 2020 Depository Agreement shall be paid as otherwise directed in the Issuer Request to enforce performance of the obligations of the parties to the Series 2020 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 2020 Depository Agreement is in effect, the LLLP the balances as of such date in each fund established thereunder.

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 2020 Acquisition and Construction Fund” (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 amount indicated in Section 5.07.

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 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 2020 Tax Account; provided, however, that if any such amounts remain on deposit in the Acquisition and Construction Fund on _____ 1, 2023, such amounts shall be transferred by the Trustee to the Series 2020 Tax Account.

SECTION 5.05. *Costs of Issuance 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 2020 Costs of Issuance Fund” (the “*Costs of Issuance Fund*”). Amounts deposited to the Costs of Issuance Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Sections 5.06 and 5.07.

SECTION 5.06. *Deposits to and Application of Costs of Issuance Fund.*

A. The Issuer shall deposit to the credit of the Costs of Issuance Fund the amount indicated in Section 5.07.

B. Upon an Issuer Request which shall state with respect to Costs of Issuance (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; (4) that the obligation was properly incurred and is a proper charge against the Costs of Issuance Fund; (5) that the amount requisitioned is due and unpaid or owing to such Person; and (6) the aggregate amount of all disbursements previously made from the Costs of Issuance Fund, amounts on deposit in the Costs of Issuance Fund shall be applied by the Trustee solely to pay the Costs of Issuance 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 2020 Tax Account; provided, however, that if any such excess amounts remain on deposit in the Acquisition and Construction Fund on August 1, 2020, such excess amounts shall be transferred by the Trustee to the Series 2020 Tax Account. The Trustee shall have no obligation to determine that such released amounts are used by the Issuer for a permitted purpose.

SECTION 5.07. *Disposition of Proceeds of Bonds.*

Simultaneously with delivery of the Bonds to the Purchaser, the Issuer shall cause the Trustee to deposit \$_____ of the proceeds thereof in the Tax Account, \$_____ of the proceeds thereof in the Acquisition and Construction Fund and the remaining proceeds thereof (\$_____) in the Costs of Issuance Fund.

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

A. Money held for the credit of the Bond Fund shall, as nearly as may be practicable, 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 2020 Tax Account. If the Trustee is not provided with written investment directions the Trustee shall hold such amounts uninvested in cash, without liability for interest.

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.

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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 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 to the Trustee and the Issuer 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. Notwithstanding anything herein to the contrary however, no such deposit shall have the effect hereinabove described (1) if made during the existence of default hereunder of which the Trustee has received written notice unless made with respect to all of the Bonds then Outstanding, and (2) unless there shall be delivered to the Trustee an Opinion of Counsel to the effect that such deposit shall not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose shall be held by the Trustee in a segregated account in trust for the 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 2020 Standby Contribution Agreement or the Series 2020 Depository Agreement or in aid of the execution of any power granted in this Indenture, the Series 2020 Standby Contribution Agreement or the Series 2020 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 2020 Standby Contribution Agreement or the Series 2020 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 2020 Standby Contribution Agreement or the Series 2020 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 2020 Standby Contribution Agreement and the Series 2020 Depository Agreement.

C. Notwithstanding the foregoing, if the Trustee is unwilling or unable to perform any of the foregoing with respect to the Series 2020 Standby Contribution Agreement or the Series 2020 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 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 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 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, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 8.06.

B. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any 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 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. If any event of default under this Indenture shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and shall use the same degree of care as a prudent person would exercise or use in the circumstances in the conduct of such prudent person's own affairs. 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 the Rebate Consultant;

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 security or indemnity satisfactory to the Trustee 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 immediately with cause or after thirty (30) days without cause by delivery of an Officers' Certificate to the Trustee and the Holder, but only if no event of default by the Issuer under this Indenture shall have occurred and be continuing.

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) 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 municipal 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 2020 STANDBY CONTRIBUTION AGREEMENT AND
SERIES 2020 DEPOSITORY AGREEMENT

SECTION 9.01. *Supplemental Indentures or Amendments to Bond Resolution, Series 2020 Standby Contribution Agreement or Series 2020 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 2020 Standby Contribution Agreement and the Series 2020 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 2020 Standby Contribution Agreement, in the Series 2020 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 2020 Standby Contribution Agreement, in the Series 2020 Depository Agreement or in the Bond Resolution which may be inconsistent with any other provision herein in the Series 2020 Standby Contribution Agreement, in the Series 2020 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 2020 Standby Contribution Agreement, the Series 2020 Depository

Agreement or the Bond Resolution, which shall not be inconsistent with the provisions of this Indenture, the Series 2020 Standby Contribution Agreement, the Series 2020 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 2020 Standby Contribution Agreement or Series 2020 Depository Agreement With Consent of Bondholders.*

A. With the consent of the Holder of the Outstanding 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 2020 Standby Contribution Agreement, the Series 2020 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 2020 Standby Contribution Agreement, the Series 2020 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 2020 Standby Contribution Agreement, the Series 2020 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 2020 Standby Contribution Agreement, the Series 2020 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 2020 Standby Contribution Agreement, the Series 2020 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 2020 Standby Contribution Agreement and Series 2020 Depository Agreement.*

In executing, or accepting the additional trusts created by, any supplemental indenture or amendment to the Series 2020 Standby Contribution Agreement, the Series 2020 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 provided with 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 2020 Standby Contribution Agreement or the Series 2020 Depository 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 2020 Standby Contribution Agreement or Series 2020 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 2020 Standby Contribution Agreement or the Series 2020 Depository Agreement under this Article, the Bond Resolution, the Series 2020 Standby Contribution Agreement or the Series 2020 Depository Agreement, as applicable, shall be modified in accordance therewith, and such amendment shall form a part of the Bond Resolution, the Series 2020 Standby Contribution Agreement or the Series 2020 Depository 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 2020 Standby Contribution Agreement or Series 2020 Depository Agreement.*

Bonds authenticated and delivered after the execution of any supplemental indenture or amendment to the Bond Resolution, the Series 2020 Standby Contribution Agreement or the Series 2020 Depository 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 2020 Standby Contribution Agreement or the Series 2020 Depository 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 2020 Standby Contribution Agreement or the Series 2020 Depository 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 other general obligation bonds and general obligation refunding bonds (subject to the limitations of the Refunding Act) 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. Property tax revenues allocated to any series of bonds shall be deposited in the applicable fund or account set aside for such series.

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. 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 principal corporate trust office of the Trustee, and the Issuer hereby appoints the Trustee its agent to receive all such presentations, surrenders, notices, and demands.

SECTION 10.03. *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. The Issuer shall provide the Trustee with copies of all such filings.

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

A. As more particularly provided in the Tax Certificate, the Issuer shall not make or direct the making of any investment or other use of the proceeds of any Bonds which would cause such Bonds to be “arbitrage bonds” as that term is defined in Section 148 (or any successor provision thereto) of the Code or “private activity bonds” as that term is defined in Section 141 (or any successor provision thereto) of the Code, and the Issuer shall comply with the requirements of the Code sections and related regulations throughout the term of the Bonds. Particularly, the Issuer shall be the owner of the Facilities for federal income tax purposes. Except as otherwise advised in a Bond Counsel’s Opinion, the Issuer shall not enter into (i) any management or service contract with any entity other than a governmental entity for the operation of any portion of the Facilities unless the management or service contract complies with the authority as may control at the time or (ii) any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion of the Facilities. Also, the payment of principal of and interest on the Bonds shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Bonds, or amounts treated as proceeds of the Bonds, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds (i) may be so invested for an initial temporary period until needed for the purpose for which the Bonds are being issued, (ii) may be so used in making investments of a bona fide debt service fund, or (iii) may be invested in obligations issued by the United States Treasury. 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, as amended, the Issuer covenants, and the appropriate officials of the Issuer are hereby directed, to take all action required or to refrain from taking any action prohibited by such Code which would adversely affect in any respect such exclusion.

B. 1. The 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.

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

C. 1. The Issuer shall take all necessary and desirable steps, as determined by the Board, to comply with the requirements hereunder and under the Tax Certificate 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 (as defined in the next section) 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 shall be supplemental Indenture to conform to the requirements set forth in such opinion.

2. If for any reason any requirement hereunder or under the Tax Certificate 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) of the Regulations (as defined in the next section).

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

E. The Bonds are designated as “qualified tax-exempt obligations” within the meaning of and pursuant to the provisions of section 265(b) of the Code as it is reasonably anticipated that amount of “qualified tax-exempt obligations” (other than private activity bonds within the meaning of the Code) which will be issued by the Issuer during the 2020 calendar year will not exceed \$10,000,000.

SECTION 10.06. *Specific Covenants as to Rebate.*

A. Within 60 days after the end of each Bond Year and unless there is an exception to the requirement to do so, 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.

B. 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.

C. For purposes of Subsection (B), 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 (D) or (E), 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.

D. 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.

E. 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. 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.

F. The employment of such experts and consultants to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with section 148(f) of the Code, is hereby authorized.

SECTION 10.07. *Reporting Requirements; Additional Debt Limit.*

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. While the Purchaser is the Holder of the Bonds, the Purchaser shall receive notice of any significant impact to the financial position of the Borrower.

C. While the Purchaser is the Holder of the Bonds, the Borrower shall furnish at the request of the Purchaser such additional information that the Purchaser may from time to time reasonably request.

D. To the extent not otherwise prohibited by applicable law from agreeing to do so, while the Purchaser is the Holder of the Bonds, additional amounts of general obligation bonds of the District shall not be issued unless, at the time of issuance thereof, the principal amount of general obligation bonds of the District and of any bonds issued to refund general obligation bonds of the District then outstanding and to be outstanding is not more than seventy-five percent (75%) of the full cash value of the real and personal property within the boundaries of the District as of the last preceding tax levy.

* * *

[Signature page follows.]

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

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

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

By..... Issuer Representative

ATTEST:

..... District Clerk

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Trustee

By..... Authorized Officer

Attachment: Indenture of Trust and Security Agreement (Resolution No. 2020-0015 - Bond Authorization)

§ _____
RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT
(TOWN OF SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2020

PLACEMENT AGENT AGREEMENT

_____, 2020

Board of Directors
Rancho Sahuarita Community Facilities District

Re: Rancho Sahuarita Community Facilities District (Sahuarita, Arizona) General
Obligation Bonds, Series 2020

Upon the terms and conditions and based upon the representations, warranties and covenants set forth herein, Hilltop Securities Inc. (the “Placement Agent”) offers to enter into this Placement Agent Agreement (this “Agreement”) with the Rancho Sahuarita Community Facilities District (the “Issuer”), which, upon acceptance of this offer, shall be binding upon the Issuer and the Placement Agent. This offer is made subject to acceptance of this Agreement by the Issuer before or on _____, 2020, and, if not so accepted, will be subject to withdrawal by the Placement Agent upon notice delivered to your office at any time prior to acceptance hereof. If the obligations of the Placement Agent shall be terminated for any reason permitted hereby, neither the Placement Agent nor the Issuer shall, except as otherwise permitted hereunder, be under further obligation hereunder.

The above-captioned bonds (the “Bonds”) are to be issued pursuant to a Resolution of the Board of Directors of the Issuer adopted on February 24, 2020 (the “Resolution”), and the hereinafter defined Indenture. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed in the Resolution or the Indenture.

1. Purchase, Sale and Delivery of the Bonds. On the basis of the representations and agreements contained herein, but subject to the terms and conditions herein set forth, the Placement Agent agrees, on a best efforts basis, to locate a purchaser for the Bonds (the “Purchaser”) at a purchase price equal to the principal amount thereof (the “Purchase Price”) and on terms consistent with the Resolution and the Indenture. The maturities, principal amounts, interest rates and other terms and conditions of the Bonds shall be as set forth in the Series 2020 Indenture of Trust and Security Agreement, dated as of _____ 1, 2020 (the “Indenture”), by and between the Issuer and _____ (the “Trustee”), as trustee.

For its services hereunder, and upon payment of the Purchase Price by the Purchaser to the Issuer (the date of such payment herein, the “Closing Date”), the Placement Agent shall receive compensation, payable by the Issuer, equal to \$20,000.00 (the “Fee”). On the Closing Date, the Issuer

shall pay or cause to be paid the Fee to the Placement Agent by wire transfer of immediately available funds. The Fee does not include any services the Placement Agent may render in the future to the Issuer with respect to any offering or placement of municipal securities other than the Bonds.

2. Representations, Warranties, and Covenants of the Issuer. The undersigned, on behalf of the Issuer, but not individually, hereby represents and warrants to the Placement Agent (and it shall be a condition of the obligation of the Placement Agent to perform under this Agreement that it shall be represented and warranted on the Closing Date) that:

(a) The Issuer is duly organized and validly existing under the laws of the State of Arizona (the “State”) with the power to adopt the Resolution, execute and deliver the Indenture, the Series 2020 Depository Agreement and the Series 2020 Standby Contribution Agreement, perform the agreements on its part contained therein and in the agreements approved thereby and cause the issuance of the Bonds.

(b) The Issuer has complied materially and, in all respects on the Closing Date will be in material compliance, with all of the provisions of applicable law of the State.

(c) The Issuer has duly adopted the Resolution, and the Issuer has duly authorized and approved the execution and delivery of this Agreement, the Indenture, the Series 2020 Depository Agreement, the Series 2020 Standby Contribution Agreement and the Development Agreement Amendment (collectively, the “Documents”), as well as the performance of its obligations contained in the Bonds and the consummation by it of all other transactions contemplated hereby.

(d) The Documents have been duly authorized, executed and delivered by the Issuer, and, assuming due authorization, execution and delivery by the other parties thereto, as applicable, constitute legal, valid and binding agreements of the Issuer enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against the Issuer in the State.

(e) The Issuer is not in material breach of or material default under any applicable law or administrative regulation of the State or any department, division, agency or instrumentality thereof, or of the United States, or any applicable judgment or decree or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Issuer is a party or is otherwise subject, which breach or default would materially and adversely affect the Issuer or its ability to perform its duties and obligations under the Documents or the Bonds, and the execution and delivery of the Documents, the adoption of the Resolution and the issuance of the Bonds and compliance with the provisions thereof will not conflict materially with or constitute a material breach of or default under any applicable law or administrative regulation of the State or under any certificate, agreement or other instrument to which the Issuer is a party or is otherwise subject, which breach or default would materially and adversely affect the Issuer or its ability to perform its duties and obligations under the Documents, the Resolution or the Bonds.

(f) No action, suit, proceeding or investigation at law or in equity before or by any court of governmental agency or body is pending or overtly threatened in any way affecting the existence of the Issuer or the title of the members of the Board of the Issuer to their respective offices or seeking to restrain or to enjoin the sale or issuance of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution or the Documents, or contesting the powers of the Issuer or the members of the Board of the Issuer with respect to the Bonds.

3. Conditions to Closing. The obligations of the Placement Agent under this Agreement shall be subject, at the option of the Placement Agent, to the accuracy in all material respects of the representations, warranties and covenants on the part of the Issuer contained herein as of the date hereof and as of the Closing Date and to the performance by the Issuer of its obligations to be performed hereunder and under the Documents at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Bonds and the Documents shall have been duly issued, authorized, executed and delivered, as applicable, by the respective parties thereto, in substantially the forms heretofore submitted to the Placement Agent with only such changes as shall have been agreed to by the Placement Agent, and the Documents shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Placement Agent, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions described therein and in this Agreement, all such action as the Placement Agent and hereinafter defined Bond Counsel shall deem to be necessary and appropriate;

(b) At or prior to the Closing Date, the Placement Agent shall have received the following documents, in each case satisfactory in form and substance to the Placement Agent:

(1) The Documents (or certified copies thereof) duly executed and delivered by the respective parties thereto, with such amendments, modifications or supplements as may have been agreed to by the Placement Agent;

(2) The opinion of Greenberg Traurig, LLP, Bond Counsel, dated the Closing Date in form and substance satisfactory to the Placement Agent, relating to the validity of the Bonds and the tax-exempt status of the Bonds, together with a letter from such counsel, dated the Closing Date and addressed to the Placement Agent to the effect that the foregoing opinion may be relied upon by the Placement Agent to the same extent as if such opinion was addressed to it and providing that the offer and sale of the Bonds shall be exempt from registration under the securities act of 1933, as amended, and that the Resolution and the Indenture do not need to be qualified pursuant to the Trust Indenture Act of 1939, as amended;

(3) A certificate of the Issuer, dated the Closing Date, in form and substance satisfactory to the Placement Agent, to the effect that:

(i) the Issuer has complied with and satisfied all the conditions on its part to be performed or satisfied under the Documents at or prior to the Closing Date and

(ii) the representations, warranties and covenants of the Issuer contained in this Agreement are true and correct as if made on the Closing Date.

(4) A Purchaser Letter, substantially in the form attached to this Agreement as the Exhibit hereto and in form and substance acceptable to the Placement Agent, executed by the purchaser of the Bonds and addressed to the Placement Agent; and

(5) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Placement Agent or its counsel and Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the Issuer, and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer.

4. Termination. This Agreement may be terminated by either party upon ten (10) business days' prior written notice; provided, however, that, to the extent the Issuer may agree to do so pursuant to applicable law, the Fee shall be immediately due and payable by the Issuer if the Issuer terminates this Agreement and sells the Bonds to a Purchaser identified by the Placement Agent to the Issuer prior to such termination and such sale occurs within six (6) months after termination of this Agreement.

5. Expenses. In addition to the Fee as provided in Section 1, hereof, there shall be paid solely from the proceeds of the sale of the Bonds, upon or promptly after the Closing Date: (a) the cost, if any, of the preparation and printing of the Bonds and (b) the fees and disbursements of Bond Counsel, the financial advisor to the Issuer, and of any other counsel or consultants retained by the Issuer, counsel to the Purchaser and the fees of the Trustee with respect to the Bonds. The Placement Agent shall be under no obligation to pay any expenses incident to this Agreement.

6. Regulatory Disclosure: The Issuer acknowledges that, in connection with the purchase and sale of the Bonds, the offering of the Bonds for sale and the discussions and negotiations relating to the terms of the Bonds pursuant to and as set forth in this Agreement that (a) the Placement Agent has acted at "arm's length", is acting solely for its own account and is not agent of or advisor (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)) and owes no fiduciary duty to, the Issuer or any other person, (b) the Placement Agent's duties and obligations to the Issuer shall be limited to those contractual duties and obligations set forth in this Agreement, (c) the Placement Agent may have interests that differ from those of the Issuer, and (d) the Issuer has consulted its legal and

financial advisors to the extent it deemed appropriate in connection with the offering and sale of the Bonds. The Issuer further acknowledges and agrees that it is responsible for making its judgment with respect to the offering and sale of the Bonds and the process leading thereto. The Issuer agrees that it will not claim that the Placement Agent acted as a Municipal Advisor to the Issuer or rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Issuer, in connection with the offering or sale of the Bonds or the process leading thereto.

7. Survival of Certain Representations and Bonds. The respective agreements, covenants, representations, warranties and other statements of the Issuer and its officers set forth in or made pursuant to this Agreement shall survive delivery of and payment for the Bonds and shall remain in full force and effect, regardless of any investigation, or statements as to the results thereof, made by or on behalf of the Placement Agent.

8. Notices. Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to the Issuer at c/o Town of Sahuarita, 375 W. Sahuarita Center Way, Sahuarita, Arizona 85616, Attention: District Manager. Any notice or other communication to be given to the Placement Agent under this Agreement may be given by delivering the same in writing to Hilltop Securities Inc., 2398 East Camelback Road, Suite 340, Phoenix, Arizona 85016, Attention: Larry Given, Managing Director.

9. No Assignment. This Agreement has been made by the Issuer and the Placement Agent, and no person other than the foregoing shall acquire or have any right under or by virtue of this Agreement.

10. Applicable Law.

(a) This Agreement shall be interpreted, governed and enforced in accordance with the laws of the State.

(b) This Agreement as required by the provisions of Section 38-511, Arizona Revised Statutes, notice is hereby given that the State, its political subdivisions (including the Issuer) or any department or agency of either may, within three (3) years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This Section is not intended to expand or enlarge the rights of the Issuer hereunder except as required by such Section. Each of the parties hereto

hereby certifies that it is not presently aware of any violation of such Section which would adversely affect the enforceability of this Agreement and covenants that it shall take no action which would result in a violation of such Section.

11. Effectiveness. This Agreement shall become effective upon its execution by duly authorized officials of all parties hereto and shall be valid and enforceable from and after the time of such execution.

12. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

13. Counterparts. This Agreement may be executed in several counterparts (including counterparts exchanged by email in PDF format), each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature page follows.]

Respectfully submitted,

HILLTOP SECURITIES INC.

Larry Given
Managing Director

ACCEPTED this ____ day of _____, 2020.

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

By: _____
Chairman, Board of Directors

ATTEST:

District Clerk

Attachment: Placement Agent Agreement (Resolution No. 2020-0015 - Bond Authorization)

[Signature page to Rancho Sahuarita CFD General Obligation Bonds, Series 2020
Placement Agent Agreement]

EXHIBIT

FORM OF PURCHASER LETTER

Rancho Sahuarita Community Facilities District

Hilltop Securities Inc.

Re: \$_____ Rancho Sahuarita Community Facilities District (Sahuarita, Arizona)
 General Obligation Bonds, Series 2020

The undersigned (the “Purchaser”) hereby acknowledges that it is purchasing \$_____,000 aggregate original principal amount Rancho Sahuarita Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2020 (the “Bonds”), executed and delivered pursuant to a Resolution (the “Resolution”) of the Board of Directors the Rancho Sahuarita Community Facilities District, adopted February 24, 2020, and the Series 2020 Indenture of Trust and Security Agreement, dated as of _____ 1, 2020 (the “Indenture”), by and between Rancho Sahuarita Community Facilities District (the “Issuer”) and _____, as trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution or the Indenture.

This letter is being provided pursuant to a Placement Agent Agreement, dated _____, 2020, between the Issuer and Hilltop Securities Inc. (the “Placement Agent”).

The Bonds were issued to finance the costs of the Projects, and principal of the Bonds, together with interest thereon shall be payable from a direct, annual, *ad valorem* tax, without limit as to rate or amount and collected at the same time and in the same manner as other taxies are levied and collected, on all of the taxable property within the boundaries of the Issuer, together with any moneys from the sources described in Section 48-717 Arizona Revised Statutes, including moneys from the Series 2020 Standby Contribution Agreement and the Series 2020 Depository Agreement.

In connection with the sale of the Bonds to the Purchaser, the Purchaser hereby makes the following certifications, representations and warranties upon which you may rely:

1. The Purchaser has the authority and is duly authorized to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with its purchase of the Bonds.

2. The Purchaser is (a) a “qualified institutional buyer” as that term is defined in Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), or (b) an “accredited Purchaser” as that term is defined in Regulation D under the Securities Act. The Purchaser (i) is a bank, any entity directly or indirectly controlled by the bank or under common control with the bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, or a consortium of such entities; and (ii) has the present intent to hold the Bonds to maturity or earlier redemption or mandatory tender.

3. The Purchaser is not purchasing the Bonds for more than one account. The Bonds are being acquired by the Purchaser solely for investment and not with a present view to, or for resale in connection with, any distribution of the Bonds, and the Purchaser presently intends to hold the Bonds solely for its own account for investment purposes for an indefinite period of time, and does not presently intend to dispose of all or any part of the Bonds. However, the Purchaser may sell the Bonds at any time the Purchaser deems appropriate, subject to the transfer restrictions set forth in the Bonds and in the Indenture. The Purchaser understands that it may need to bear the risks of this investment for an indefinite period of time, since a sale of the Bonds, or any portion thereof, prior to maturity may not be possible.

4. The Purchaser understands that the Bonds are not, and are not intended to be, registered under the Securities Act and that such registration is not legally required as of the date hereof and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating agency, (d) will be delivered in a form that may not be readily marketable, and (e) will not have CUSIP numbers assigned.

5. The Purchaser acknowledges that it has either been supplied with or been given access to information, financial statements[, if any,] and other financial information to which a reasonable Purchaser would attach significance in making investment decisions, and the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer and the Bonds and the security therefor so that, as a reasonable Purchaser, the Purchaser has been able to make a decision to purchase the Bonds. The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Bonds.

6. The Purchaser acknowledges that the Bonds are payable solely from, and secured solely by, an *ad valorem* tax on all taxable property within the boundaries of the Issuer as described hereinabove, together with amounts available pursuant to Section 48-717, Arizona Revised Statutes, including moneys pursuant to the Series 2020 Standby Contribution Agreement and Series 2020 Depository Agreement.

7. The Purchaser has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds. The Purchaser is aware that there are certain economic and regulatory variables and risks that could adversely affect the security for the Bonds. The Purchaser has reviewed the documents executed in conjunction with the issuance of the Bonds, or summaries thereof, including, without limitation, the Resolution, the Indenture, the Series 2020 Standby Contribution Agreement, the Series 2020 Depository Agreement and the Development Agreement Amendment.

8. The Purchaser acknowledges and agrees that the Issuer takes no responsibility for, and makes no representation to the Purchaser, or any subsequent purchaser, with regard to, a sale, transfer or other disposition of the Bonds in violation of the provisions hereof, or any securities law or income tax law consequences thereof. The Purchaser also acknowledges that, with respect to the Issuer’s obligations and liabilities, the Purchaser is solely responsible for compliance with the sales restrictions on the Bonds in connection with any subsequent transfer of the Bonds made by the Purchaser.

9. The Purchaser agrees that it is bound by and will abide by the provisions of the Indenture relating to transfer, the restrictions noted on the face of the Bonds and this Purchaser Letter. The Purchaser shall comply with all applicable federal and state securities laws, rules and regulations in connection with any resale or transfer of the Bonds by the Purchaser.

10. The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto.

The interpretation of the provisions hereof shall be governed and construed in accordance with the laws of the State of Arizona without regard to principles of conflicts of laws.

All representations of the Purchaser contained in this letter shall survive the sale, issuance and delivery of the Bonds to the Purchaser as representations of fact existing as of the date of execution and delivery of this Purchaser Letter.

Date: _____, 2020

Very truly yours,

Purchaser: _____

By: _____

Printed Name: _____

Title: _____

Attachment: Placement Agent Agreement (Resolution No. 2020-0015 - Bond Authorization)

PRELIMINARY LENDING PARAMETERS

Western Alliance Bank and its affiliate Western Alliance Business Trust (the “Purchaser”) are pleased to submit the following preliminary lending parameters with respect to Rancho Sahuarita Community Facilities District (Town of Sahuarita, Arizona) General Obligation Bonds, Series 2020 (the “Series 2020 Bonds”). These preliminary lending parameters are provided solely as a basis for discussion outlining general contemplated structures for the Series 2020 Bonds and should not be construed as a commitment by the Purchaser. These confidential preliminary lending parameters are a non-binding outline only and do 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 2020 Bonds contemplated hereby. These confidential preliminary lending parameters are delivered to the Borrower with the understanding that neither this outline nor any of its terms and substance shall be disclosed, directly or indirectly, to any other person except: (i) to the Borrower’s employees, agents and advisors who are directly involved in the consideration of this matter; and (ii) as disclosure may be compelled in a judicial or administrative proceeding.

Issuer: Rancho Sahuarita Community Facilities District (the “Borrower”)

Town: Town of Sahuarita, Arizona (the “Town”)

Master Developer: Interchange Opportunity Fund L.L.P., an Arizona limited liability limited partnership (“IOF”) and Rancho Sahuarita Management Company, L.L.C., an Arizona limited liability company (“RSMC,” and together with IOF, the “Master Developers”)

Purchaser: Western Alliance Business Trust, a wholly owned affiliate of Western Alliance Bank (the “Purchaser”).

Monika E. Suarez Managing Director Municipal Finance Manager Western Alliance Public & Nonprofit Finance 601 W. 5th Street, Suite 100 Los Angeles, CA 90071 Ph. (213) 362-5277 msuarez@westernalliancebank.com	Joshua J. Lentz Senior Vice President Commercial Banking Western Alliance Public & Nonprofit Finance One E. Washington Street, Ste. 1400 Phoenix, AZ 85004 Ph. (602) 346-7467 jlentz@westernalliancebank.com
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Tax-Status: Interest on the Series 2020 Bonds shall be excluded from gross income for federal income tax purposes and exempt from income taxation under the laws of the State of Arizona.

Principal Amount: Not to exceed \$4,000,000

Purpose: Proceeds from the Series 2020 Bonds are to be used to:

- 1) pay costs of public infrastructure improvements; and
- 2) pay costs of issuance associated with the issuance of the Series 2020 Bonds.

Final Maturity: July 15, 2045

Interest Payments: Semi-annual interest payments on January 15 and July 15 commencing on July 15, 2021 through July 15, 2045. Interest on the Series 2020 Bonds is to be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Principal Payments: Annual principal payments on July 15 commencing on July 15, 2022 through July 15 2045.

Attachment: Preliminary Lending Parameters (Resolution No. 2020-0015 - Bond Authorization)

Interest Rate Pricing:	<p>The Series 2020 Bonds will be purchased at par at a fixed rate of interest through the Final Maturity based on the following formula:</p> <p>78% of the sum of the 16-Year ICE Interest Rate Swap Rate (1.6965% as of February 12, 2020 at 10:45:16 EST) plus 3.00% (tax-exempt fixed rate).</p> <p>Based on current market conditions, the interest rate on the Series 2020 Bonds would be 3.66% as of February 12, 2020. The interest rate may be locked following a necessary approvals.</p>
Security:	<p>Principal of and interest on the Series 2020 Bonds, together with the Series 2018 Bonds will be payable on parity from a continuing, direct, annual, ad valorem tax levied against all of the taxable property in the District sufficient together with any amounts from sources described in the Enabling Act and available pursuant to the governing legal document to pay debt service on the Series 2018 Bonds and the Series 2020 Bonds.</p> <p>A standby contribution agreement will be entered into between the Master Developer and the Borrower pursuant which amounts will be paid at the times and for the period set forth in the standby contribution agreement.</p> <p>In the event the Developer fails to pay amounts due pursuant to the standby contribution agreement, then stated amount of a letter of credit will be drawn and held pursuant to a depository agreement.</p>
Series 2018 Bonds:	<p>Rancho Sahuarita Community Facilities District (Town of Sahuarita, Arizona) General Obligation Bonds, Series 2018 (the "Series 2018 Bonds")</p>
Additional General Obligation Bonded Indebtedness:	<p>The Borrower retains the right to issue, subject to the authorization remaining from the election and to the extent it may legally agree to the restrictions herein, additional series of bonds payable from <i>ad valorem</i> property taxes to the extent additional amounts of the authorized bonds to be issued together with the Series 2018 Bonds, the Series 2020 Bonds or refunding bond of the Series 2020 Bonds are not more than seventy-five percent (75%) of the full cash value of the real and personal property within the boundaries of the District.</p>
Redemption Provisions:	<p>The Series 2020 Bonds 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, 2030, at a price equal to the principal amount of the Series 2020 Bonds to be redeemed, together with accrued interest to the date of redemption, without any penalty.</p> <p>Partial redemption shall be applied in inverse chronological order among final maturity and mandatory sinking fund installments.</p>
Purchaser's Counsel:	<p>Squire Patton Boggs (US) LLP / Phoenix, Arizona</p>
Fees:	<p>The Borrower shall be obligated to pay all costs of issuance, including legal fees of the Purchaser's Counsel, which is estimated to be \$15,000.00 for the Series 2020 Bonds.</p>

Attachment: Preliminary Lending Parameters (Resolution No. 2020-0015 - Bond Authorization)

Documentation: Legal documentation will be prepared in the same fashion as the Series 2018 Bonds and such legal documentation contain the equivalent representations and warranties as in the legal documentation with respect to the Series 2018 Bonds.

The additional provisions and conditions set forth herein shall be included in the documentation, which shall include execution and delivery of legal documentation acceptable to the Purchaser and its counsel; the Series 2020 Bonds will be registered to the Purchaser, DTC will not be holding the Series 2020 Bonds and the Series 2020 Bond will not have a CUSIP; the Series 2020 Bonds will not be rated; there will not be a disclosure document or a purchase contract; and no amendments to the issuing documents without the Purchaser's prior consent. The Purchaser shall not be required to surrender the Series 2020 Bonds or assignment thereof for payment of principal except at final maturity.

Assignment/Participation: The Purchaser's intent is to book the Series 2020 Bonds as a loan and hold the Series 2020 Bonds to maturity or to the redemption date; however, the Purchaser retains the right to assign or participate out its interest in the Series 2020 Bonds. The Purchaser acknowledges and agrees that the Series 2020 Bonds may only be transferred to a "Qualified Institutional Buyer" or an "Accredited Investor" within the meaning of the Securities Act of 1933, as amended.

NO FIDUCIARY RELATIONSHIP DISCLAIMER

Inasmuch as the Series 2020 Bonds 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:

- 1) the transaction contemplated herein is an arm's length commercial transaction between the Borrower and the Purchaser and its affiliates;*
- 2) 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");*
- 3) the Purchaser and its affiliates are relying on the bank exemption in the Municipal Advisor Rules;*
- 4) 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;*
- 5) the Purchaser and its affiliates have financial and other interests that differ from those of the Borrower; and*
- 6) the Borrower has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.*

Attachment: Preliminary Lending Parameters (Resolution No. 2020-0015 - Bond Authorization)