MARANA TOWN COUNCIL
REGULAR COUNCIL MEETING
NOTICE AND AGENDA
11555 W. Civic Center Drive, Marana, Arizona 85653
Council Chambers, August 16, 2016, at or after 7:00 PM

Ed Honea, Mayor
Jon Post, Vice Mayor
David Bowen, Council Member
Patti Comerford, Council Member
Herb Kai, Council Member
Carol McGorray, Council Member
Roxanne Ziegler, Council Member

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Marana Town Council and to the general public that the Town Council will hold a meeting open to the public on August 16, 2016, at or after 7:00 PM located in the Council Chambers of the Marana Municipal Complex, 11555 W. Civic Center Drive, Marana, Arizona.

ACTION MAY BE TAKEN BY THE COUNCIL ON ANY ITEM LISTED ON THIS AGENDA. Revisions to the agenda can occur up to 24 hours prior to the meeting. Revised agenda items appear in *italics*.

As a courtesy to others, please turn off or put in silent mode all pagers and cell phones.

Meeting Times
Welcome to this Marana Town Council meeting. Regular Council meetings are usually held the first and third Tuesday of each month at 7:00 PM at the Marana Municipal Complex, although the date or time may change and additional meetings may be called at other times and/or places. Contact the Town Clerk or watch for posted agendas for other meetings. This agenda may be revised up to 24 hours prior to the meeting. In such a case a new agenda will be posted in place of this agenda.

Speaking at Meetings
If you are interested in speaking to the Council during the Call to the Public or Public Hearings, you must fill out a speaker card (located in the lobby outside the Council Chambers) and deliver it to the Town Clerk prior to the convening of the meeting.

All persons attending the Council meeting, whether speaking to the Council or not, are expected to observe the Council rules, as well as the rules of politeness, propriety, decorum and good conduct.

Any person interfering with the meeting in any way, or acting rudely or loudly will be removed from the meeting and will not be allowed to return.

Accessibility
To better serve the citizens of Marana and others attending our meetings, the Council Chambers are wheelchair and handicapped accessible. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Town Clerk at (520) 382-1999. Requests should be made as early as possible to arrange the accommodation.

Agendas
Copies of the agenda are available the day of the meeting in the lobby outside the Council Chambers or online at www.marana.com, by linking to the Town Clerk page under Agendas, Minutes and Recent Actions. For questions about the Council meetings, special services or procedures, please contact the Town Clerk, at 382-1999, Monday through Friday from 8:00 AM to 5:00 PM.

This Notice and Agenda Posted no later than 24 hours prior to the meeting, at the Marana Municipal Complex, 11555 W. Civic Center Drive, the Marana Operations Center, 5100 W. Ina Road, and at www.maranaaz.gov on the Town Clerk page under Agendas, Minutes and Recent Actions.

REGULAR COUNCIL MEETING

CALL TO ORDER AND ROLL CALL

PLEDGE OF ALLEGIANCE/INVOCATION/MOMENT OF SILENCE

APPROVAL OF AGENDA

CALL TO THE PUBLIC

At this time any member of the public is allowed to address the Town Council on any issue within the jurisdiction of the Town Council, except for items scheduled for a Public Hearing at this meeting. The speaker may have up to three minutes to speak. Any persons wishing to address the Council must complete a speaker card located outside the Council Chambers and deliver it to the Town Clerk prior to the commencement of the meeting. Individuals addressing a meeting at the Call to the Public will not be provided with electronic technology capabilities beyond the existing voice amplification and recording capabilities in the facilities and the Town's overhead projector/document reader. Pursuant to the Arizona Open Meeting Law, at the conclusion of Call to the Public, individual members of the Council may respond to criticism made by those who have addressed the Council, and may ask staff to review the matter, or may ask that the matter be placed on a future agenda.

PROCLAMATIONS

P1 Proclaiming August 21--27, 2016 National Employer Support of the Guard and Reserve Week (Jocelyn C. Bronson)

MAYOR AND COUNCIL REPORTS: SUMMARY OF CURRENT EVENTS

MANAGER'S REPORT: SUMMARY OF CURRENT EVENTS

PRESENTATIONS

CONSENT AGENDA

The Consent Agenda contains items requiring action by the Council which are generally routine items not requiring Council discussion. A single motion and affirmative vote will approve all items on the Consent Agenda, including any resolutions or ordinances. Prior to a motion to approve the Consent Agenda, any Council member may remove any item from the Consent Agenda and that item will be discussed and voted upon separately.

C1 Resolution No. 2016-081: Relating to Utilities; approving and authorizing the Mayor to sign an Agreement for Construction of Water Facilities Under Private Contract for the Marana Assisted Living project (Scott Schladweiler)

C2 Resolution No. 2016-082: Relating to Transaction Privilege Tax; approving and authorizing the Mayor to execute a modification to Intergovernmental Agreement Between The State of Arizona and the Town of Marana regarding the administration, collection, audit and/or licensing of transaction privilege tax and affiliated excise taxes imposed by the Town of Marana (Erik Montague)

C3 Resolution No. 2016-083: Relating to Finance; declaring, for purposes of section 1.150-2 of the federal treasury regulations, official intent to be reimbursed in connection with certain capital expenditures relating to wastewater treatment facilities (Erik Montague)

LIQUOR LICENSES

L1 Relating to Liquor Licenses; recommendation to the Arizona Department of Liquor Licenses and Control regarding a new series 14 Club liquor license application submitted by Ryan Witner Anderson on behalf of Del Webb at Dove Mountain Community Association, Inc., located at 14085 N. Del Webb Trail, Marana, Arizona 85658 (Jocelyn C. Bronson)

BOARDS, COMMISSIONS AND COMMITTEES

COUNCIL ACTION

A1 PUBLIC HEARING: Feasibility report for projects, the construction of which are to be financed with proceeds of sale of general obligation bonds. Resolution No. GFCFD 2016-03: [Marana Town Council acting as the Gladden Farms Community Facilities District Board of Directors]: Consideration and possible adoption of a resolution approving a feasibility report with regard to projects and

resolving intent therefor; authorizing the sale and issuance of general obligation and general obligation refunding bonds, Series 2016; prescribing certain terms and conditions of such bonds; approving the form and authorizing the execution and delivery of necessary related documents and an official statement; delegating the determination of certain terms of such bonds and matters related thereto to the district chief financial officer and authorizing the subsequent levying of an ad valorem property tax with respect to such bonds (Erik Montague)

A2 Resolution No. 2016-084: Consideration and adoption of a resolution approving and authorizing the execution and delivery of a First Amendment to District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District) and declaring an emergency (Erik Montague)

ITEMS FOR DISCUSSION/POSSIBLE ACTION

D1 Relating to Legislation and Government Actions; discussion and possible action regarding all pending state, federal, and local legislation/government actions and on recent and upcoming meetings of the other governmental bodies (Gilbert Davidson)

EXECUTIVE SESSIONS

Pursuant to A.R.S. § 38-431.03, the Town Council may vote to go into executive session, which will not be open to the public, to discuss certain matters.

E1 Executive Session pursuant to A.R.S. §38-431.03 (A)(3), Council may ask for discussion or consultation for legal advice with the Town Attorney concerning any matter listed on this agenda.

E2 Executive session pursuant to A.R.S. § 38-431.01(A)(3) and (4) for discussion and consultation with the Town's attorneys regarding potential claims and proceedings to recover damages and costs incurred in connection with soil conditions at The Pines subdivision.

FUTURE AGENDA ITEMS

Notwithstanding the mayor's discretion regarding the items to be placed on the agenda, if three or more Council members request that an item be placed on the agenda, it must be placed on the agenda for the second regular Town Council meeting after the date of the request, pursuant to Marana Town Code Section 2-4-2(B).

ADJOURNMENT

Council-Regular Meeting **P1**

Meeting Date: 08/16/2016

Submitted For: Jocelyn C. Bronson, Town Clerk

From: Suzanne Sutherland, Assistant to the Town Clerk

Date: August 16, 2016

Subject: Proclaiming August 21--27, 2016 National Employer Support of the Guard and Reserve Week (Jocelyn C. Bronson)

Attachments

National Employer Support of the Guard and Reserve Week

PROCLAMATION
EMPLOYER SUPPORT OF THE GUARD AND RESERVE WEEK
AUGUST 21-27, 2016

WHEREAS National Guard and Reserve forces comprise nearly half of our nation's military strength and are essential to America's national security. Reserve Component forces stand ready to answer the call to serve, whether serving alongside active duty counterparts all across the globe or responding to humanitarian crises at home and abroad; and

WHEREAS employers provide critical support to members of the National Guard and Reserve, allowing Citizen Warriors to serve whenever the nation calls, often foregoing financial gain and making sacrifices in the process ; and

WHEREAS employer support is stronger than ever more than 42 years after President Richard Nixon authorized the Secretary of Defense to establish the National Committee for Employer Support of the Guard and Reserve (ESGR); and

WHEREAS our nation is in debt to the Citizen Warriors departing the comforts of home to ensure that our freedoms remain intact. Likewise, America pays special tribute to the commitment of dedicated and supportive employers, who continue to make service in the Reserve Components possible,

NOW, THEREFORE, the Mayor and Council of the Town of Marana proclaim

AUGUST 21-27, 2016
NATIONAL EMPLOYER SUPPORT OF THE GUARD AND RESERVE WEEK

Dated this 16th day of August, 2016.

Ed Honea

Ed Honea, Mayor

ATTEST:

Jocelyn C. Bronson

Jocelyn C. Bronson, Town Clerk

Council-Regular Meeting **C1**

Meeting Date: 08/16/2016

To: Mayor and Council

Submitted For: Scott Schladweiler, Utilities Engineer

From: Frank Cassidy, Town Attorney

Date: August 16, 2016

Strategic Plan Focus Area:
Not Applicable

Subject: Resolution No. 2016-081: Relating to Utilities; approving and authorizing the Mayor to sign an Agreement for Construction of Water Facilities Under Private Contract for the Marana Assisted Living project (Scott Schladweiler)

Discussion:

This is an agreement for the construction of water services to serve the Marana Assisted Living project, on the property located just west of the Quik-Mart Store at the southwest corner of Silverbell Road and Continental Reserve Loop. As a condition of, and prior to, the Town allowing occupancy of any portion of the Marana Assisted Living project, the agreement requires the developer of the project to provide a minimum of 1,500 gallons per minute of booster capacity at the Continental Reserve Booster Station, including all piping, controls, electrical facilities, programming and appurtenances necessary to operate the booster station under peak day plus fire flow conditions.

A copy of the agreement, signed by the developer of the project and approved as to form and content by Town staff, is included in the backup materials.

Staff Recommendation:

Staff recommends adoption of Resolution 2016-081, approving and authorizing the Mayor to sign an Agreement for Construction of Water Facilities Under Private Contract for the Marana Assisted Living project.

Suggested Motion:

I move to adopt Resolution 2016-081, approving and authorizing the Mayor to sign an Agreement for Construction of Water Facilities Under Private Contract for the Marana Assisted Living project.

Attachments

Resolution No. 2016-081

Assisted Living Agreement

MARANA RESOLUTION NO. 2016-081

RELATING TO UTILITIES; APPROVING AND AUTHORIZING THE MAYOR TO SIGN AN AGREEMENT FOR CONSTRUCTION OF WATER FACILITIES UNDER PRIVATE CONTRACT FOR THE MARANA ASSISTED LIVING PROJECT

WHEREAS SALEM MARANA INVESTMENTS, LLC desires to install water facilities for the benefit of the Marana Assisted Living project; and

WHEREAS Marana is willing to provide water service to the Marana Assisted Living project and to authorize construction of water facilities in accordance with Chapter 14 of the Marana Town Code and in accordance with the terms of the agreement approved by this resolution; and

WHEREAS the Mayor and Council of the Town of Marana find that this resolution is in the best interests of the Town of Marana and its citizens.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF MARANA, that the Agreement for Construction of Water Facilities Under Private Contract for the Marana Assisted Living project, in substantially the form presented for approval and included in the agenda materials for this item, is hereby approved, and the Mayor is authorized to execute it for and on behalf of the Town of Marana.

IT IS FURTHER RESOLVED that the Town Manager and staff are hereby directed and authorized to undertake all other and further tasks required or beneficial to carry out the terms, obligations, conditions and objectives of the agreement.

PASSED AND ADOPTED by the Mayor and Council of the Town of Marana, Arizona, this 16th day of August, 2016.

Mayor Ed Honea

ATTEST:

Jocelyn C. Bronson, Town Clerk

APPROVED AS TO FORM:

Frank Cassidy, Town Attorney

TOWN OF MARANA
AGREEMENT FOR CONSTRUCTION OF WATER FACILITIES UNDER PRIVATE CONTRACT

(Marana Assisted Living)

THIS AGREEMENT (this "Agreement") is entered into by and between the TOWN OF MARANA (the "Town"), an Arizona municipal corporation, and SALEM MARANA INVESTMENTS, LLC (the "Applicant"), an Oregon limited liability company. The Town and the Applicant are sometimes collectively referred to as the "Parties," either of which is sometimes individually referred to as a "Party."

RECITALS

A. This Agreement is entered into and authorized pursuant to Title 14 of the Marana Town Code as it may be amended from time to time (the "Marana Municipal Water Code").

B. The Applicant desires for the Town to provide water service to the Marana Assisted Living project, Town of Marana development plan file number DPP 1511-001 (the "Project") located on Lot 2 of Continental Crossing, a subdivision recorded in the office of the Recorder of Pima County, Arizona, at Sequence 20160500157 (the "Subject Property").

C. The proposed use of the Project is a 118-bed nursing home.

D. The Applicant has submitted design plans for the water infrastructure improvements needed to serve the Project.

E. This Agreement is intended to cover and include the required water infrastructure improvements and fees needed for the Project.

F. To secure water service from the Town for the Subject Property, the Applicant proposes to install those certain water infrastructure improvements referred to in this Agreement as the "Applicant-Installed Facility."

G. The required plans, specifications, and materials for the Applicant-Installed Facility have been approved by the Town.

H. The Applicant desires that the Town take ownership of, operate, and service the Applicant-Installed Facility

I. The Town is willing to accept the Applicant-Installed Facility and permit it to be connected to the Town water system provided it meets Town standards and the work is done in accordance with Town requirements.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants set forth in this Agreement, the Parties hereby agree as follows:

1. General

1.1. *Applicant installation of the Applicant-Installed Facility.* As a condition of, and prior to, the Town allowing occupancy of any portion of the Project, the Applicant shall provide a minimum of 1,500 gallons per minute of booster capacity at the Continental Reserve Booster Station including all piping, controls, electrical facilities, programming and appurtenances necessary to operate the booster station under peak day plus fire flow conditions as described in the Technical Memorandum entitled Marana Assisted Living Facility Infrastructure Upgrades for Updated Fire Flow Scenarios prepared by Westland Resources, Inc. dated May 4, 2016, a full and complete Town-approved copy of which is on file with the Marana Water Department. The applicant shall develop infrastructure improvement plans for the recommended booster station improvements for the approval by the Town. These water infrastructure improvement plans are referred to in this Agreement as the "Facility Plan." The water infrastructure improvements depicted on the Facility Plan are referred to in this Agreement as the "Applicant-Installed Facility," and shall conform to the design standards of the City of Tucson Water Department and the Marana Town Code Title 14 (the "Town of Marana Municipal Water Code") and special specifications and details as approved by the Town and by this reference made a part of this Agreement. The Applicant-Installed Facility shall be constructed of all new components, and the Facility Plan shall show any and all alterations to the existing water system. Construction and installation of the Applicant-Installed Facility in accordance with the Facility Plan, including without limitation all labor, materials, equipment, supplies, and tools required for the construction and installation, is referred to in this Agreement as the "Work."

1.2. *Work by licensed contractor.* The Work shall be performed by a contractor properly licensed by the State of Arizona as determined by the Arizona Registrar of Contractors. In addition to any other contractor's license classifications required by the Arizona Registrar of Contractors, the contractor shall hold contractor's license classifications A, A-12 and A-16.

1.3. *Payment of connection fees.* Before any service connections are made from the Town's water system to the Applicant-Installed Facility, the Applicant shall pay to the Town all fees for water connection and service in the amounts duly established and amended by the Town from time to time.

1.4. *Applicant-Installed Facility acceptance by Town.* No service connections shall be made from the Town's water system to the Applicant-Installed Facility until the Applicant-Installed Facility has been accepted by the Town in accordance with the Marana Municipal Water Code.

1.5. *Applicant's certification.* Execution of this Agreement certifies that the Applicant has reviewed the Facility Plan and all other specifications applicable to the Work and has approved and agrees with the location of all service lines.

1.6. *Termination for lack of Work.* Approval of the Facility Plan shall lapse and this Agreement shall terminate if more than two years has passed since the date Applicant receives final approval of Town of Marana development plan file number DPP 1511-001, ENG 1511-003

(Public Water Plans for Marana Assisted Living) and ENGXXXX-XXX (*Booster Station Improvement Plans – Title and Project Number to be Determined*) and the Work has not begun, or if the Work is discontinued for a continuous period of one year.

2. Engineering and Inspection

2.1. *Registered civil engineer.* The Applicant shall employ a registered civil engineer to design, lay out, establish control lines for and certify the layout of the Work according to the Facility Plan.

2.2. *Town inspector's authority.* Any inspector authorized by the Town shall have full inspection authority over the Work.

2.3. *Inspection provisions.* The Applicant shall furnish the Town's inspector with all facilities reasonably necessary to inspect the Work. The Work shall be subject to Town inspection at all times. Defective work shall be corrected in a manner satisfactory to the Town's inspector. Inspection by the Town is for the purpose of ensuring compliance with plans and specifications only. The Town makes no guarantee as to the safety or engineering soundness of the Facility Plan or of any other plans prepared by Applicant or any contractor in connection with the Work or the Project.

2.4. *Payment of Town inspector's overtime cost.* If scheduling by Applicant's contractor reasonably requires the Town's inspector to work overtime, the Applicant or Applicant's contractor shall pay the Town for any additional salaries, expenses or employee benefits relating to the overtime. For purposes of this paragraph, overtime is any time over 40 hours worked in a seven-day work period, any time over eight hours worked Monday through Friday, and any time worked on weekends and legal holidays observed by the Town.

3. Preconstruction Procedure

3.1. *Request to begin construction.* The Applicant shall submit a written request to begin construction to the Town five working days before the Work is to commence.

3.2. *Construction permit.* This Agreement shall be completed, signed and notarized, and returned to the Town prior to issuance of a construction permit for the Work.

3.3. *Start and completion of the Work.* No portion of the Work shall begin until the Town has issued a construction permit specifying the starting date and a reasonable time for completion.

3.4. *Progress of the Work.* The work shall be commenced and carried on at such points and in such order as may be directed by the Town.

3.5. *Materials sampling and testing.* Materials shall be available for sampling and testing by the Town prior to being used in the Work. Materials that fail to meet Town specification shall be removed from the site.

3.6. *Permits and approvals.* The Applicant shall, at Applicant's expense, obtain all necessary permits and licenses for the Work, pay all fees and comply with all laws, ordinances and regulations relating to the Work.

4. Construction

4.1. *Applicant's presence on site.* The Applicant, or Applicant's designated agent, shall be present at all times during performance of the Work. The name of the Applicant's designated agent and the contractor performing the Work shall be furnished to the Town before the Work begins. Instructions given by the Town to the designated agent shall be deemed to have been given to the Applicant.

4.2. *Competence and diligence.* The Applicant shall employ only competent and efficient laborers, mechanics or artisans on the work, and the Applicant agrees to perform the work diligently to complete the Work on or before the completion date given in the notice to proceed.

4.3. *Paving.* The Applicant shall identify and locate all water valves prior to paving and set valve boxes to final grade after paving.

4.4. *Alterations to the existing Town water system.* The Applicant shall, at Applicant's expense, make any and all alterations to the existing water system either on-site or off-site necessitated by paving, drainage, or other improvements caused by the development of the Subject Property.

4.5. *Worksite safety.* The Applicant shall require all contractors and subcontractors performing any portion of the Work to comply with all safety requirements of the Occupational Safety and Hazards Act as set forth by the federal government and as implemented by the State of Arizona. The Applicant or its contractors shall be solely responsible for all fines or other penalties provided for by law for any violations of the Occupational Safety Hazards Act.

5. Dedication

5.1. *Transfer of the Applicant-Installed Facility to the Town.* Upon the Town's final acceptance of the Work, the Applicant shall at no cost grant, bargain, sell, convey, transfer and deliver to the Town the Applicant-Installed Facility free and clear of all liens, claims, charges or encumbrances.

5.2. *One-year warranty.* The Applicant guarantees the Work to be free from all failures due to poor workmanship or materials for a period of one year from the date of the Town's final acceptance of the Work.

5.3. *Other conflicting construction prohibited.* The Applicant shall not construct or allow the construction of any utility, building, or other improvement that would interfere with the operation or maintenance of the Applicant-Installed Facility.

5.4. *Applicant's obligation to maintain finished grade.* The Applicant guarantees that all service lines, meters, and meter boxes on the Subject Property will be to finished grade and that Applicant will remain responsible for raising or lowering said services as required until the Subject Property is fully developed.

5.5. *Acceptance by the Town.* The Town shall accept title to and take possession of the Applicant-Installed Facility when the Work has been completed to the satisfaction of the Town. Subject to the Applicant's continuing obligations under this Agreement, the Town shall operate

and service the Applicant-Installed Facility after taking over possession of it under this paragraph.

6. Miscellaneous

6.1. *Indemnity.* Applicant shall indemnify, defend, and hold harmless the Town, its Mayor and Council, officers and employees, boards, committees and commissions from and against any loss, claim, suit, demand, cause of action, or liability of any nature, including but not limited to damage to property and injuries to persons, including death, arising or alleged to have arisen, in whole or in part, out of any negligent act or omission of Applicant or any contractor, subcontractor, or any person employed directly or indirectly by any of them in the performance of the Work or in the operation of the Applicant-Installed Facility, provided, however, that Applicant's indemnity shall not extend to any loss, claim, suit, demand, cause of action, or liability arising from the negligent act or omission of the Town.

6.2. *Binding effect.* This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the Parties.

6.3. *Consent required for assignment.* Applicant may not assign this Agreement without the prior written consent of the Town, which consent shall not be unreasonably withheld, conditioned or delayed.

6.4. *Cancellation for conflict of interest.* This Agreement is subject to A.R.S. § 38-511, which provides for cancellation in certain instances involving conflict of interest.

6.5. *Force majeure.* Applicant shall not be penalized in any way for Applicant's inability to obtain equipment or building materials, acts of God, fire, earthquake, flood, rainfall or other weather-caused delays, vandalism, acts of terrorism or lawlessness, acts or delays of public agencies or governmental bodies, or the authority under the covenants, conditions and restrictions, any moratorium on the issuance of governmental approvals or utility service connections or other similar government actions, strikes, union labor disputes or other union work stoppages, freight embargoes or inability to obtain basic materials, supplies or fuels, uncommon or unusual delays in the issuance of governmental permits or approvals, or other events beyond the reasonable control of Applicant or its contractors.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the last date set forth below their respective signatures.

The "Town":

TOWN OF MARANA, an Arizona municipal corporation

Mayor Ed Honea

ATTEST:

Jocelyn C. Bronson, Town Clerk

APPROVED AS TO CONTENT:

John Kmiec, Water Director

APPROVED AS TO FORM:

Frank Cassidy, Town Attorney

The "Applicant":

SALEM MARANA INVESTMENTS, LLC, an Oregon limited liability company

By: Ron Ziebart, Manager

STATE OF OREGON)
ss
County of Marion)

The foregoing instrument was acknowledged before me on July 22, 2016, by Ron Ziebart, the Manager of SALEM MARANA INVESTMENTS, LLC, an Oregon limited liability company, on behalf of the LLC.

(Seal)

Notary Public

OFFICIAL STAMP
MARY SUZANNE TOWERY
NOTARY PUBLIC - OREGON
COMMISSION NO. 948148
MY COMMISSION EXPIRES MARCH 09, 2020

Council-Regular Meeting **C2**

Meeting Date: 08/16/2016

To: Mayor and Council

From: Erik Montague, Finance Director

Date: August 16, 2016

Strategic Plan Focus Area:
Not Applicable

Subject: Resolution No. 2016-082: Relating to Transaction Privilege Tax; approving and authorizing the Mayor to execute a modification to Intergovernmental Agreement Between The State of Arizona and the Town of Marana regarding the administration, collection, audit and/or licensing of transaction privilege tax and affiliated excise taxes imposed by the Town of Marana (Erik Montague)

Discussion:

In June 2015, the Town approved a new intergovernmental agreement (IGA) with the Arizona Department of Revenue (ADOR). The adoption of a new IGA was necessary to conform with changes required by uniform tax administration as governed by A.R.S. § 42-6001. Specifically, these changes were caused by simplification language included in House Bill 2111 in 2013 and House Bill 2389 in 2014. The term of the new IGA was from July 1, 2015 through June 30, 2016, with automatic renewals each year. Either party has the right to reopen and renegotiate the terms according to provisions within the agreement.

In July 2016, the Town received a modification to the IGA . Several issues were presented over the course of the past year that needed to be addressed. The review process was initiated by the ADOR working with the League of Arizona Cities and Towns and key city and town representatives. If approved, this modification would be effective from and after July 1, 2016 and would automatically renew each year.

A summary of the changes to the IGA is attached to this Council item as back up material.

Staff Recommendation:

Staff recommends approval of Resolution 2016-082, authorizing the execution of the modification to the Intergovernmental Agreement Between the State of Arizona and the Town of Marana.

Suggested Motion:

I move to adopt Resolution 2016-082, approving and authorizing the Mayor to execute a modification to the Intergovernmental Agreement between the State of Arizona and the Town of Marana regarding the administration, collection, audit and/or licensing of transaction privilege tax and affiliated excise taxes imposed by the Town of Marana.

Attachments

Resolution No. 2016-082

Exhibit A - Modification to ADOR IGA

Summary of ADOR IGA Changes

MARANA RESOLUTION NO. 2016-082

RELATING TO TRANSACTION PRIVILEGE TAX; APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE A MODIFICATION TO INTERGOVERNMENTAL AGREEMENT BETWEEN THE STATE OF ARIZONA DEPARTMENT OF REVENUE AND THE TOWN OF MARANA REGARDING THE ADMINISTRATION, COLLECTION, AUDIT AND/OR LICENSING OF TRANSACTION PRIVILEGE TAX AND AFFILIATED EXCISE TAXES IMPOSED BY THE TOWN OF MARANA

WHEREAS A.R.S. § 11-952 authorizes two or more public agencies to enter into intergovernmental agreements to contract for services, if authorized by their legislative or governing bodies; and

WHEREAS A.R.S. § 42-6001 *et seq*. provides that the Arizona Department of Revenue ("Department") shall collect and administer any transaction privilege and affiliated excise taxes imposed by any city or town in Arizona and that the Department and each city or town shall enter into an intergovernmental contract or agreement pursuant to A.R.S. § 11-952 to provide a uniform method of administration, collection, audit and licensing of transaction privilege and affiliated excise taxes imposed by the state, cities or towns; and

WHEREAS on June 16, 2015, the Town Council adopted Resolution No. 2015-061, approving and authorizing the Mayor to execute an intergovernmental agreement between the Department and the Town regarding the administration, collection, audit and/or licensing of transaction privileged tax and affiliated excise taxes imposed by the Town; and

WHEREAS the Town Council finds that modifying the intergovernmental agreement is in the best interests of the Town and its citizens.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF MARANA, ARIZONA, AS FOLLOWS:

SECTION 1. The modification to intergovernmental agreement between the Arizona Department of Revenue and the Town of Marana, attached to and incorporated by this reference in this resolution as Exhibit A, is hereby approved and the Mayor is hereby authorized to execute it for and on behalf of the Town of Marana.

SECTION 2. The Town's Manager and staff are hereby directed and authorized to undertake all other and further tasks required or beneficial to carry out the terms, obligations, and objectives of the intergovernmental agreement, as amended.

PASSED AND ADOPTED BY THE MAYOR AND COUNCIL OF THE TOWN OF MARANA, ARIZONA, this 16th day of August, 2016.

_____
Mayor Ed Honea

ATTEST:

_____
Jocelyn C. Bronson, Town Clerk

APPROVED AS TO FORM:

_____
Frank Cassidy, Town Attorney

MODIFICATION TO INTERGOVERNMENTAL AGREEMENT BETWEEN THE STATE OF ARIZONA AND CITY/TOWN

WHEREAS, The Arizona Department of Revenue, hereinafter referred to as Department of Revenue and City/Town of Marana, hereinafter referred to as City/Town, have entered into an Intergovernmental Agreement regarding the administration of taxes imposed by the State or City/Town dated June 16, 2015, hereinafter referred to as the IGA, and

WHEREAS, the Department of Revenue and the City/Town intend to continue with the IGA for an additional one year term in order to determine whether the general terms of the IGA meet the parties' needs, with the exception of the modifications set forth below.

The parties agree to modify the IGA as follows effective July 1, 2016:

1. Add the following new subsection to Section 9, Collection of Municipal Taxes:

   9.6 Adjustments to Reported Taxes: If the Department of Revenue determines that a payment remitted by a taxpayer incorrectly identifies the city or town to which the payment should be made, the Department of Revenue may temporarily hold the payment until the distribution of the payment is corrected so that the appropriate city or town receives the payment.

2. Add the following new subsection to Section 9, Collection of Municipal Taxes:

   9.7 Taxpayer Rulings and Uniformity: Recognizing taxpayer written requests for interpretation of the statutes and/or the Model City Tax Code, as well as guidance regarding uniform application and interpretation of the statutes and the Model City Tax Code impact all taxing jurisdictions, and further recognizing responsibility for such rulings and interpretation of the Model City Tax Code had previously been the sole domain of the municipalities, the Department shall include at least two representatives of the municipalities as regular members of any group established to respond to such taxpayer ruling requests and to issue such uniform interpretations and guidance promulgated by the Department. Participation by the two representatives of the municipalities on any such group is limited to instances when there is an issue raised that solely involves the Model City Tax Code and/or presents an issue of first impression, including requests for private taxpayer rulings. The municipal representatives may also be consulted by the Department on information letters, or when issuing statements of general guidance. Written requests involving common questions or issues that have previously been addressed, whether unique to the Model City Tax Code or not, may be handled in the regular course of Department processes without consulting the representatives of the municipalities.

3. Amend Section 10, Financing Collection of Taxes as follows:

10. Financing Collection of Taxes.

The costs incurred by the Department in administering this Agreement shall be financed through the State general fund appropriation to the Department. This provision does not relieve City/Town of any financial obligation imposed by statute.

4. Amend subsection 28.1 of Section 28, Duration, relating to automatic renewal of the agreement as follows:

28.1 The term of this Agreement shall be from July 1 through June 30 of each year. This Agreement shall automatically be renewed for successive one year terms thereafter unless either party shall terminate this Agreement by notice, in writing, no later than sixty calendar days prior to the expiration of the term then in effect. Any agreed upon modifications to the terms and conditions of this agreement shall be incorporated to be effective during the term identified by the review committee provided for in section 28.5.

5. Amend subsection 28.5 of Section 28, Duration, relating to annual review of the agreement as follows:

28.5 During the term of this Agreement, the terms and conditions of this Agreement will undergo an annual review to be initiated no later than June 1st of each year. The review will be performed by a committee made up of equal parts representatives of the Department and representatives of the municipal taxing jurisdictions entering into an IGA with the Department for the administration and collection of Municipal Taxes.

Signature Authority.

By signing below, the signer certifies that he or she has the authority to enter into this Agreement and has read the foregoing and agrees to accept the provisions herein. This modification may be executed in counterparts.

Signature Date	Signature Date
Typed Name and Title	Typed Name and Title
Entity Name	Entity Name

RESERVED FOR THE ATTORNEY GENERAL:	**RESERVED FOR CITY/TOWN ATTORNEY:**
Attorney General no. _____, which is an agreement between public agencies, has been reviewed pursuant to A.R.S. § 11-952 by the undersigned Assistant Attorney General who has determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to the Arizona Department of Revenue represented by the Attorney General. **MARK BRNOVICH** The Attorney General _____ Signature Assistant Attorney General Date: _____	APPROVED AS TO FORM AND AUTHORITY: BY:_____ CITY/TOWN ATTORNEY Date: _____

SUMMARY OF CHANGES TO THE IGA FOR TRANSACTION PRIVILEGE TAX COLLECTION BY THE ARIZONA DEPARTMENT OF REVENUE

The attached "Modification to Intergovernmental Agreement Between the State of Arizona And City/Town" incorporates five agreed upon changes into the existing intergovernmental agreement between the city/town and the Department related to the collection of the city/town transaction privilege tax. Below is a summary of the intent and impact of each change by section.

1) 9.6 Adjustments to Reported Taxes

The addition of this new section addresses an issue that came up during the past year. In some cases, the Department knew there was an error by the taxpayer in identifying which city or town was supposed to receive the tax, but there was no mechanism allowing them to hold the distribution while the error was being corrected. As a result there were instances when the DOR had to send funds to a city or town knowing it was incorrect, only to pull those funds back in a subsequent distribution after the error had been resolved. This change allows the Department to avoid these incorrect distributions and recoveries when they are aware of a problem from the outset.

2) 9.7 Taxpayer Rulings and Uniformity

The addition of this new section provides for municipal input in the drafting of rulings and interpretations that impact the Model City Tax Code, including interpretations of State statute that flow through to the MCTC because the Model language matches the State language. Under current statute, the DOR is responsible for addressing all taxpayer written requests for rulings, even when the question is based on the Model City Tax Code. This section allows the cities to have some influence over issues raised by taxpayers that have a direct impact on local tax imposition and interpretation, without disrupting the normal course of business within the Department on routine matters.

3) 10. Financing Collection of Taxes

This section is being amended by adding the second sentence. This addition recognizes that the cities and towns have agreed to a statutory financial obligation to contribute to the State for the operation of the DOR, and this obligation is not in conflict with the Department's TPT collection and administration efforts being financed through the State general fund appropriation.

4) 28.1 (relating to automatic annual renewal of the agreement)

This section has been changed to remove the specific years in the original document, so this section will not need to be changed annually. Also, this section added a provision stating any agreed upon changes that arise from the annual review in Section 28.5 are retroactive to July 1st of each year. The agreement automatically renews without any action unless there are modifications agreed upon in any given year, and if so, you only need to adopt the modifications.

5) 28.5 (relating to annual review of the IGA)

This section has been changed to state the review period begins on June 1st, rather than requiring the review being completed by March 1st. The March 1st deadline was simply unrealistic given the legislative session responsibilities of many of the typical reviewers.

Council-Regular Meeting **C3**

Meeting Date: 08/16/2016

To: Mayor and Council

From: Erik Montague, Finance Director

Date: August 16, 2016

Strategic Plan Focus Area:
Community

Strategic Plan Focus Area Additional Info:
Adequate facilities and infrastructure are part of the Strategic Plan.

Subject: Resolution No. 2016-083: Relating to Finance; declaring, for purposes of section 1.150-2 of the federal treasury regulations, official intent to be reimbursed in connection with certain capital expenditures relating to wastewater treatment facilities (Erik Montague)

Discussion:

Since the Town took over control of the Marana Water Reclamation Facility (WRF) from Pima County, staff, along with outside contractors, have completed a number of projects and repairs needed to get the existing plant back into some form of processing efficiency/balance while maintaining compliance with the existing permits.

In March 2016, staff presented Council with information describing the need to expand the current WRF based on current and projected growth. It was further determined that design should begin soon and staff received direction to move forward with a WRF expansion to 1.5MGD at an estimated cost of approximately $21 million.

Because of the importance of timing, staff is asking for Council's consideration to approve a notice of intent to be reimbursed for certain costs related to the Marana WRF that have been incurred or will occur prior to the issuance of bonds. The resolution, should it be approved, would set the maximum amount of expenditures which could be reimbursed from future bond proceeds at $3,250,000.

Financial Impact:

Fiscal Year:	Y
Budgeted Y/N:	2017
Amount:	$7,350,000

Eligible costs incurred prior to the issuance of bonds could be reimbursed from future bonds in accordance with Federal Treasury regulations.

Staff Recommendation:

Staff recommends approval of Resolution No. 2016-083: declaring official intent to be reimbursed in connection with certain capital expenditures relating to wastewater treatment facilities.

Suggested Motion:

I move to approve Resolution No. 2016-083; declaring, for purposes of section 1.150-2 of the federal treasury regulations, official intent to be reimbursed in connection with certain capital expenditures relating to wastewater treatment facilities.

Attachments

Resolution No. 2016-083

RESOLUTION NO. 2016-083

RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF MARANA, ARIZONA, DECLARING, FOR PURPOSES OF SECTION 1.150-2 OF THE FEDERAL TREASURY REGULATIONS, OFFICIAL INTENT TO BE REIMBURSED IN CONNECTION WITH CERTAIN CAPITAL EXPENDITURES RELATING TO WASTEWATER TREATMENT FACILITIES

WHEREAS, the Town of Marana, Arizona, a municipal corporation of the State of Arizona (hereinafter referred to as the "Town"), is authorized and empowered pursuant to law to issue or cause to be issued obligations to finance the costs of various capital facilities owned or to be owned by the Town; and

WHEREAS, it is contemplated that certain expenditures made by the Town with regard to wastewater treatment facilities owned or to be owned by the Town with regard to the wastewater treatment system of the Town (the "Project") will be reimbursed from the proceeds of the sale of obligations to be issued in the future by or on behalf of the Town;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF TOWN OF MARANA, ARIZONA, that:

Section 1. Definitions. The following terms shall have the meanings assigned thereto as follows:

"official intent" means a declaration of intent of the Town to reimburse an original expenditure with proceeds of an obligation.

"original expenditure" means an expenditure for a governmental purpose that is originally paid from a source other than a reimbursement bond.

"reimbursement bond" means the portion of an issue of obligations allocated to reimburse an original expenditure that was paid before the issue date of such issue.

Section 2. Official Intent. This Resolution is official intent relating to reimbursement for the original expenditures for the Project which are capital expenditures (being any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles).

Section 3. Project Descriptions. The projects for which such original expenditures are to be paid are those related to the Project, and the maximum principal amount of obligations (including the reimbursement bonds for such purposes) to be issued for such projects will not exceed $3,250,000.

Section 4. Reasonableness of Official Intent. On the date of this Resolution, the Mayor and Common Council of the Town have a reasonable expectation (being that a prudent person in the same circumstances would have based on all the objective facts and circumstances) that it will reimburse such original expenditures with proceeds of such obligations. (Official intents have not been declared by the Town as a matter of course or in amounts substantially in excess of the amounts expected to be necessary for such projects. Moreover, the Town does not have a pattern (other than in extraordinary circumstances) of failure to reimburse actual original expenditures covered by official intents.)

Section 5. Reimbursement Period. With certain exceptions, an allocation in writing that evidences use of proceeds of the reimbursement bonds to reimburse the original expenditures shall be made not later than 18 months after the later of the date that the original expenditure is paid.

Section 6. Public Record. This Resolution shall be included as of the date hereof in the publicly available official records of the Town, such records being maintained and supervised by the Clerk of the Town, being the main administrative office of the Town, and shall remain available for public inspection on a reasonable basis.

PASSED AND ADOPTED this 16th day of August, 2016.

.....
Ed Honea, Mayor

ATTEST:

.....
Jocelyn C. Bronson, Town Clerk

APPROVED AS TO FORM:

.....
Frank Cassidy, Town Attorney

331769487.1

CERTIFICATION

I hereby certify that the foregoing Resolution No. ____ was duly passed and adopted by the Mayor and the Common Council of the Town of Marana, Arizona, at a regular meeting held on the _____ day of _____, 2016, and the vote was ..... ayes and ..... nays and that the Mayor and ..... Common Councilmembers were present thereat.

.....
Clerk, Town of Marana, Arizona

Council-Regular Meeting **L1**

Meeting Date: 08/16/2016

To: Mayor and Council

Submitted For: Jocelyn C. Bronson, Town Clerk

From: Suzanne Sutherland, Assistant to the Town Clerk

Date: August 16, 2016

Subject: Relating to Liquor Licenses; recommendation to the Arizona Department of Liquor Licenses and Control regarding a new series 14 Club liquor license application submitted by Ryan Witner Anderson on behalf of Del Webb at Dove Mountain Community Association, Inc., located at 14085 N. Del Webb Trail, Marana, Arizona 85658 (Jocelyn C. Bronson)

Discussion:

This application is for a new series 14 Club liquor license at Del Webb at Dove Mountain Community Association, Inc., located at 14085 N. Del Webb Trail Marana, Arizona 85658.

Pursuant to state law, the application was posted at the premises where the business is to be conducted. The posted notice provided that residents within a one mile radius from the premises may file written arguments in favor of or opposed to the issuance of the license with the Town Clerk's Office within 20 days of the posting. Any written arguments received by the Clerk's Office for or against the proposed liquor license are attached to this item and will be submitted to the Department of Liquor Licenses and Control (DLLC).

Town staff has reviewed this application to determine whether the applicant is in compliance with zoning, building and other legal requirements for the business. Additionally, the Marana Police Department has conducted a local background check.

A Club liquor license is a non-transferable, on-sale retail privileges liquor license that allows the holder to sell and serve all types of spirituous liquor for consumption only on the premises owned, leased or occupied by the club, and only to bona fide members of the club and their bona fide guests. A "club" is defined in the statutes as including veterans and fraternal organizations and their building associations, golf, social and airline clubs.

The Town Council must enter an order recommending approval or disapproval of the application within 60 days after filing of the application. Pursuant to state statute, a club license will only be issued after a satisfactory showing of the capability, qualifications and reliability of the applicant. However, unlike many other applicants, a club applicant is not required to demonstrate that the public convenience requires and that the best interests of the community will be substantially served by the issuance of a license.

If the Council's recommendation is for disapproval, the order must include an attachment stating the specific reasons for the recommendation of disapproval and including a summary of the testimony or other evidence supporting the recommendation.

If the Council enters an order recommending approval of the application, or makes no recommendation, then no hearing before the Arizona state liquor board will take place, unless the director of the DLLC, the liquor board or a resident within a one mile radius from the premises requests a hearing. If the Council enters an order recommending disapproval of the application, or if the director, board or a resident within a one mile radius from the premises requests a hearing, then the state board will hold a hearing regarding the application.

At the hearing, the state board will consider all evidence and testimony in favor of or opposed to the granting of the license. The decision of the board to either grant or deny an application will normally take place within 105 days after the application has been filed, unless the director of the DLLC deems it necessary to extend the time period.

Staff Recommendation:

Staff recommends that an order recommending approval be submitted to the DLLC for this liquor license application.

Suggested Motion:

OPTION 1: I move to adopt and submit to the DLLC an order recommending approval of a new series 14 Club liquor license application submitted by Ryan Witner Anderson on behalf of Del Webb at Dove Mountain Community Association, Inc., located at 14085 N. Del Webb Trail Marana, Arizona 85658.

OPTION 2: I move to adopt and submit to the DLLC an order recommending disapproval of a new series 14 Club liquor license application submitted by Ryan Witner Anderson on behalf of Del Webb at Dove Mountain Community Association, Inc., located at 14085 N. Del Webb Trail Marana, Arizona 85658.

Attachments

Application

Affidavit of Posting

Local Governing Body Recommendation

Documentation from Applicant

'16 JUN 20 Liqr. Lic. PM 1:10

AMENDMENT

Arizona Department of Liquor Licenses and Control
800 W Washington 5th Floor
Phoenix, AZ 85007-2934
www.azliquor.gov
(602) 542-5141

Application for Liquor License
Type or Print with Black Ink

APPLICATION FEE AND INTERIM PERMIT FEES (IF APPLICABLE) ARE NOT REFUNDABLE
A service fee of $25 will be charged for all dishonored checks (A.R.S. § 44-6852)

SECTION 1 This application is for a:
- ☐ Interim Permit (Complete Section 5)
- ☐ New License (Complete Sections 2, 3, 4, 13, 14, 15, 16)
- ☐ Person Transfer (Complete Section 2, 3, 4, 12, 13, 14, 16)
- ☐ Location Transfer (Bars and Liquor Stores Only) (Complete Section 2, 3, 4, 11, 13, 14, 16)
- ☐ Probate/ Will Assignment/ Divorce Decree (Complete Sections 2, 3, 4, 9, 13, 14, 16) (Fee not required)
- ☐ Government (Complete Sections 2, 3, 4, 10, 13, 16)
- ☐ Seasonal

SECTION 2 Type of Ownership:
- ☐ J.T.W.R.O.S. (Complete Section 6)
- ☐ Individual (Complete Section 6)
- ☐ Partnership (Complete Section 6)
- ☐ Corporation (Complete Section 7)
- ☐ Limited Liability Co (Complete Section 7)
- ☐ Club (Complete Section 8)
- ☐ Government (Complete Section 10)
- ☐ Trust (Complete Section 6)
- ☐ Tribe (Complete Section 6)
- ☐ Other (Explain) _____

SECTION 3 Type of license

1. Type of License: _____ LICENSE # 14103032

SECTION 4 Applicants

1. Individual Owner/Agent's Name: Anderson (Last) Ryan (First) Witner (Middle)
2. Owner Name: _____ (Ownership name for type of ownership checked on section 2)
3. Business Name: _____ (Exactly as it appears on the exterior of premises)
4. Business Location Address: 14085 N Del Webb Trail (Street) Marana (City) AZ (State) 85658 (Zip Code) Pima (County) (Do not use PO Box)
5. Mailing Address: _____ (All correspondence will be mailed to this address): Street City State Zip Code
6. Business Phone: _____ Daytime Contact Phone: _____
7. Email Address: _____
8. Is the Business located within the incorporated limits of the above city or town? ☐ Yes ☐ No
9. Does the Business location address have a street address for a City or Town but is actually in the boundaries of another City, Town or Tribal Reservation? ☐ Yes ☐ No
   If yes, what City, Town or Tribal Reservation is this Business located in: _____
10. Total Price paid for Series 6 Bar, Series 7 Beer & Wine Bar or Series 9 Liquor Store (license only) $ _____

Department Use Only

Fees: _____ Application _____ Interim Permit _____ Site Inspection _____ Finger Prints $ _____ Total of All Fees

Is Arizona Statement of Citizenship & Alien Status for State Benefits complete? ☐ Yes ☐ No

Accepted by: _____ Date: _____ License # _____

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State of Arizona
Department of Liquor Licenses and Control
800 W. Washington 5th Floor
Phoenix, AZ 85007
(602) 542-5141

QUESTIONNAIRE

AMENDMENT

Attention local governments: Social security and birth date information is confidential. This information may be given to law enforcement agencies for the purpose of background checks only.

Attention applicant: This is a sworn document. Type or print in **black ink.** An extensive investigation of your background will be conducted. False or incomplete answers could result in criminal prosecution and the denial or the subsequent revocation of a license or permit.

QUESTIONNAIRE TO BE COMPLETED BY EACH CONTROLLING PERSON, AGENT AND MANAGER. EACH PERSON COMPLETING THIS FORM MUST SUBMIT AN "APPLICANT" TYPE FINGERPRINT CARD AVAILABLE AT THIS OFFICE FINGERPRINTS ON FBI APPROVED CARDS (BLUE LINED) ARE ACCEPTED FROM LAW ENFORCEMENT AGENCIES. BONA FIDE FINGERPRINT SERVICES OR THE DEPARTMENT OF LIQUOR. THE DEPARTMENT OF LIQUOR CHARGES A $13 FEE. IN ADDITION TO OTHER FINGERPRINT FEES. A $22.00 DPS BACKGROUND CHECK FEE WILL BE CHARGED FOR EACH FINGERPRINT CARD.
The fees allowed by A.R.S. § 4-6852 will be charged for all dishonored checks.

Liquor License#: 14103032 (If the location is currently licensed)

1. Check the appropriate box →

☐ Controlling Person ☐ Agent (complete questions 1-19)	☐ Manager (complete all questions except #14, 14a & 21. Controlling Person or Agent must complete #21)

2. Name: Cregan (Last) Marie (First) Celeste (Middle) Birth Date: ___/___/___ (NOT a public record)

3. Social Security #: ___ (NOT a public record) Driver License#: ___ State: ___

4. Place of birth: ___ (City) ___ (State) ___ (COUNTRY (not county)) Height: ___ Weight: ___ Eyes: ___ Hair: ___

5. Marital status: ☐ Single ☐ Married ☐ Divorced ☐ Widowed

6. Name of current/most recent spouse: ___ (List all for past 5-years, use additional sheet if necessary) (Last) (First) (Middle) (Maiden) Birth Date: ___/___/___ (NOT a public record)

7. You are a bona fide resident of what state? ___ If Arizona, date of residency: ___

If you have been an Arizona resident for less than three (3) months, submit a copy of your Arizona Drivers license or voters registration card.

8. Daytime telephone number to contact you during business hours for questions: ___

9. E-mail address: ___

10. Business Name: ___ Business Phone: ___/___/___

11. Business Location Address: 14085 N Del Webb Trail (Street (do not use P O box#)) Marana (City) AZ (State) Pima (County) 85658 (Zip)

12. List your employment or type of business during the past five (5) years. If unemployed, retired, student list residence address.

FROM Month/Year	TO Month/Year	DESCRIBE POSITION OR BUSINESS	EMPLOYERS NAME OR NAME OF BUSINESS (Street Address, City, State & Zip)
	CURRENT		

(ATTACH ADDITIONAL SHEET IF NECESSARY)

13. Indicate your residence address for the last five (5) years:

FROM Month/Year	TO Month/Year	Rent or Own	RESIDENTIAL Street Address (IF RENTED ATTACH ADDITIONAL SHEET WITH NAME ADDRESS, AND PHONE NUMBER OF LANDLORD)	City	State	Zip
	CURRENT					

(ATTACH ADDITIONAL SHEET IF NECESSARY)

Individuals requiring ADA accommodations please call (602)542-9027

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State of Arizona
Department of Liquor Licenses and Control
800 W. Washington 5th Floor
Phoenix, AZ 85007
(602) 542-5141

QUESTIONNAIRE

AMENDMENT

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Liquor License#: 14103032 (If the location is currently licensed)

1.Check the appropriate box →

☐ Controlling Person ☐ Agent (complete questions 1-19)	☐ Manager (complete all questions except #14, 14a & 21, Controlling Person or Agent must complete #21)

2. Name: Anderson (Last) Ryan (First) Witner (Middle) Birth Date: ____/____/____ (NOT a public record)

3. Social Security #: _____ (NOT a public record) Driver License#: _____ State: _____

4. Place of birth: _____ (City) _____ (State) _____ (COUNTRY (not county)) Height: _____ Weight: _____ Eyes: _____ Hair: _____

5. Marital status: ☐ Single ☐ Married ☐ Divorced ☐ Widowed

6. Name of current/most recent spouse: _____ (List all for past 5-years, use additional sheet if necessary) (Last) (First) (Middle) (Maiden) Birth Date: ____/____/____ (NOT a public record)

7. You are a bona fide resident of what state? _____ If Arizona, date of residency: _____

If you have been an Arizona resident for less than three (3) months, submit a copy of your Arizona Drivers license or voters registration card.

8. Daytime telephone number to contact you during business hours for questions: _____

9. E-mail address: _____

10. Business Name: _____ Business Phone: ____/____/____

11. Business Location Address: 14085 N Del Webb Trail (Street - do not use P.O box#) Marana (City) AZ (State) Pima (County) 85658 (Zip)

12. List your employment or type of business during the past five (5) years. If unemployed, retired, student list residence address.

FROM Month/Year	TO Month/Year	DESCRIBE POSITION OR BUSINESS	EMPLOYERS NAME OR NAME OF BUSINESS (Street Address, City, State & Zip)
	CURRENT		

(ATTACH ADDITIONAL SHEET IF NECESSARY)

13. Indicate your residence address for the last five (5) years:

FROM Month/Year	TO Month/Year	Rent or Own	RESIDENTIAL Street Address (IF RENTED ATTACH ADDITIONAL SHEET WITH, NAME ADDRESS, AND PHONE NUMBER OF LANDLORD)	City	State	Zip
	CURRENT					

(ATTACH ADDITIONAL SHEET IF NECESSARY)

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State of Arizona
Department of Liquor Licenses and Control
800 W. Washington 5th Floor
Phoenix, AZ 85007
(602) 542-5141

QUESTIONNAIRE

AMENDMENT

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Liquor License#: 14103032 (If the location is currently licensed)

1. Check the appropriate box →

☐ Controlling Person ☐ Agent (complete questions 1-19)	☐ Manager (complete all questions except #14, 14a & 21, Controlling Person or Agent must complete #21)

2. Name: Friedman (Last) Howard (First) Bruce (Middle) II Birth Date: ___/___/___ (NOT a public record)

3. Social Security #: _____ (NOT a public record) Driver License#: _____ State: _____

4. Place of birth: _____ (City) (State) (COUNTRY (not county)) Height: _____ Weight: _____ Eyes: _____ Hair: _____

5. Marital status: ☐ Single ☐ Married ☐ Divorced ☐ Widowed

6. Name of current/most recent spouse: _____ (List all for past 5-years, use additional sheet if necessary) (Last) (First) (Middle) (Maiden) Birth Date: ___/___/___ (NOT a public record)

7. You are a bona fide resident of what state? _____ If Arizona, date of residency: _____

If you have been an Arizona resident for less than three (3) months, submit a copy of your Arizona Drivers license or voters registration card.

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9. E-mail address: _____

10. Business Name: _____ Business Phone: ___/___/___

11. Business Location Address: 14085 N Del Webb Trail (Street (do not use P.O box#)) Marana (City) AZ (State) Pima (County) 85658 (Zip)

12. List your employment or type of business during the past five (5) years. If unemployed, retired, student list residence address.

FROM Month/Year	TO Month/Year	DESCRIBE POSITION OR BUSINESS	EMPLOYERS NAME OR NAME OF BUSINESS (Street Address, City, State & Zip)
	CURRENT		

(ATTACH ADDITIONAL SHEET IF NECESSARY)

13. Indicate your residence address for the last five (5) years:

FROM Month/Year	TO Month/Year	Rent or Own	RESIDENTIAL Street Address (IF RENTED ATTACH ADDITIONAL SHEET WITH, NAME ADDRESS, AND PHONE NUMBER OF LANDLORD)	City	State	Zip
	CURRENT					

(ATTACH ADDITIONAL SHEET IF NECESSARY)

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AMENDMENT

State of Arizona
Department of Liquor Licenses and Control
800 W. Washington 5th Floor
Phoenix, AZ 85007
(602) 542-5141

QUESTIONNAIRE

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The fees allowed by A.R.S. § 4-6852 will be charged for all dishonored checks.

Liquor License#: 14103032 (If the location is currently licensed)

1. Check the appropriate box → ☐ **Controlling Person** ☐ **Agent** **(complete questions 1-19)** | ☐ **Manager** **(complete all questions except #14, 14a & 21, Controlling Person or Agent must complete #21)**

2. Name: Van Tussenbroek (Last) Lauren (First) Michelle (Middle) Birth Date: ___/___/___ (NOT a public record)

3. Social Security #: _____ (NOT a public record) Driver License#: _____ State: _____

4. Place of Birth: _____ (City) _____ (State) _____ (COUNTRY (not county)) Height: _____ Weight: _____ Eyes: _____ Hair: _____

5. Marital status: ☐ Single ☐ Married ☐ Divorced ☐ Widowed

6. Name of current/most recent spouse: _____ (List all for past 5-years, use additional sheet if necessary) (Last) (First) (Middle) (Maiden) Birth Date: ___/___/___ (NOT a public record)

7. You are a bona fide resident of what state? _____ If Arizona, date of residency: _____

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12. List your employment or type of business during the past five (5) years. If unemployed, retired, student list residence address.

FROM Month/Year	TO Month/Year	DESCRIBE POSITION OR BUSINESS	EMPLOYERS NAME OR NAME OF BUSINESS (Street Address, City, State & Zip)
	CURRENT		

(ATTACH ADDITIONAL SHEET IF NECESSARY)

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FROM Month/Year	TO Month/Year	Rent or Own	RESIDENTIAL Street Address (IF RENTED ATTACH ADDITIONAL SHEET WITH, NAME ADDRESS, AND PHONE NUMBER OF LANDLORD)	City	State	Zip
	CURRENT					

(ATTACH ADDITIONAL SHEET IF NECESSARY)

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AMENDMENT

State of Arizona
Department of Liquor Licenses and Control
800 W. Washington 5th Floor
Phoenix, AZ 85007
(602) 542-5141

QUESTIONNAIRE

Attention local governments: Social security and birth date information is confidential. This information may be given to law enforcement agencies for the purpose of background checks only.

Attention applicant: This is a sworn document. Type or print in **black ink.** An extensive investigation of your background will be conducted. False or incomplete answers could result in criminal prosecution and the denial or the subsequent revocation of a license or permit.

QUESTIONNAIRE TO BE COMPLETED BY EACH CONTROLLING PERSON, AGENT AND MANAGER. EACH PERSON COMPLETING THIS FORM MUST SUBMIT AN "APPLICANT" TYPE FINGERPRINT CARD AVAILABLE AT THIS OFFICE FINGERPRINTS ON FBI APPROVED CARDS (BLUE LINED) ARE ACCEPTED FROM LAW ENFORCEMENT AGENCIES; BONA FIDE FINGERPRINT SERVICES OR THE DEPARTMENT OF LIQUOR. THE DEPARTMENT OF LIQUOR CHARGES A $13 FEE. IN ADDITION TO OTHER FINGERPRINT FEES, A $22.00 DPS BACKGROUND CHECK FEE WILL BE CHARGED FOR EACH FINGERPRINT CARD.

The fees allowed by A.R.S. § 4-6852 will be charged for all dishonored checks.

Liquor License#: 14103032 (If the location is currently licensed)

1. Check the appropriate box →

☐ Controlling Person ☐ Agent (complete questions 1-19)	☐ Manager (complete all questions except #14, 14a & 21, Controlling Person or Agent must complete #21)

2. Name: Collins (Last) Thomas (First) Cass (Middle) Birth Date: ____/____/____ (NOT a public record)

3. Social Security #: _____ (NOT a public record) Driver License#: _____ State: _____

4. Place of birth: _____ (City) (State) (COUNTRY (not county)) Height: _____ Weight: _____ Eyes: _____ Hair: _____

5. Marital status: ☐ Single ☐ Married ☐ Divorced ☐ Widowed

6. Name of current/most recent spouse: _____ (List all for past 5-years, use additional sheet if necessary) (Last) (First) (Middle) (Maiden) Birth Date: ____/____/____ (NOT a public record)

7. You are a bona fide resident of what state? _____ If Arizona, date of residency: _____

If you have been an Arizona resident for less than three (3) months, submit a copy of your Arizona Drivers license or voters registration card.

8. Daytime telephone number to contact you during business hours for questions: _____

9. E-mail address: _____

10. Business Name: _____ Business Phone: ____/____/____

11. Business Location Address: 14085 N Del Webb Trail (Street (do not use P.O box#)) Marana (City) AZ (State) Pima (County) 85658 (Zip)

12. List your employment or type of business during the past five (5) years. If unemployed, retired, student list residence address.

FROM Month/Year	TO Month/Year	DESCRIBE POSITION OR BUSINESS	EMPLOYERS NAME OR NAME OF BUSINESS (Street Address, City, State & Zip)
	CURRENT		

(ATTACH ADDITIONAL SHEET IF NECESSARY)

13. Indicate your residence address for the last five (5) years:

FROM Month/Year	TO Month/Year	Rent or Own	RESIDENTIAL Street Address (IF RENTED ATTACH ADDITIONAL SHEET WITH, NAME ADDRESS, AND PHONE NUMBER OF LANDLORD)	City	State	Zip
	CURRENT					

(ATTACH ADDITIONAL SHEET IF NECESSARY)

'16 JUN 20 Liq. Lic. Pm 1 11

State of Arizona
Department of Liquor Licenses and Control
800 W. Washington 5th Floor
Phoenix, AZ 85007
(602) 542-5141

QUESTIONNAIRE

AMENDMENT

Attention local governments: Social security and birth date information is confidential. This information may be given to law enforcement agencies for the purpose of background checks only.

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QUESTIONNAIRE TO BE COMPLETED BY EACH CONTROLLING PERSON, AGENT AND MANAGER. EACH PERSON COMPLETING THIS FORM MUST SUBMIT AN "APPLICANT" TYPE FINGERPRINT CARD AVAILABLE AT THIS OFFICE FINGERPRINTS ON FBI APPROVED CARDS (BLUE LINED) ARE ACCEPTED FROM LAW ENFORCEMENT AGENCIES, BONA FIDE FINGERPRINT SERVICES OR THE DEPARTMENT OF LIQUOR. THE DEPARTMENT OF LIQUOR CHARGES A $13 FEE. IN ADDITION TO OTHER FINGERPRINT FEES, A $22.00 DPS BACKGROUND CHECK FEE WILL BE CHARGED FOR EACH FINGERPRINT CARD.
The fees allowed by A.R.S. § 4-6852 will be charged for all dishonored checks.

Liquor License#: 14103032 (If the location is currently licensed)

1. Check the appropriate box →

☐ Controlling Person ☐ Agent (complete questions 1-19)	☐ Manager (complete all questions except #14, 14a & 21, Controlling Person or Agent must complete #21)

2. Name: Cooper (Last) Kathryn (First) Leigh (Middle) Birth Date: ___/___/___ (NOT a public record)

3. Social Security #: _____ (NOT a public record) Driver License#: _____ State: _____

4. Place of birth: _____ (City) _____ (State) _____ (COUNTRY (not county)) Height: _____ Weight: _____ Eyes: _____ Hair: _____

5. Marital status: ☐ Single ☐ Married ☐ Divorced ☐ Widowed

6. Name of current/most recent spouse: _____ (List all for past 5-years, use additional sheet if necessary) (Last) (First) (Middle) (Maiden) Birth Date: ___/___/___ (NOT a public record)

7. You are a bona fide resident of what state? _____ If Arizona, date of residency: _____

If you have been an Arizona resident for less than three (3) months, submit a copy of your Arizona Drivers license or voters registration card.

8. Daytime telephone number to contact you during business hours for questions: _____

9. E-mail address: _____

10. Business Name: _____ Business Phone: ___/___/___

11. Business Location Address: 14085 N Del Webb Trail (Street (do not use P O box#)) Marana (City) AZ (State) Pima (County) 85658 (Zip)

12. List your employment or type of business during the past five (5) years. If unemployed, retired, student list residence address.

FROM Month/Year	TO Month/Year	DESCRIBE POSITION OR BUSINESS	EMPLOYERS NAME OR NAME OF BUSINESS (Street Address, City, State & Zip)
	CURRENT		

(ATTACH ADDITIONAL SHEET IF NECESSARY)

13. Indicate your residence address for the last five (5) years:

FROM Month/Year	TO Month/Year	Rent or Own	RESIDENTIAL Street Address (IF RENTED ATTACH ADDITIONAL SHEET WITH, NAME ADDRESS, AND PHONE NUMBER OF LANDLORD)	City	State	Zip
	CURRENT					

(ATTACH ADDITIONAL SHEET IF NECESSARY)

Arizona Department of Liquor Licenses and Control
800 W Washington 5th Floor
Phoenix, AZ 85007-2934
www.azliquor.gov
(602) 542-5141

RECEIVED
JUN 15 2016
Town of Marana
Clerk's Office

16 JUN 10 Liq. Lic. PM 3:25

Application for Liquor License
Type or Print with Black Ink

APPLICATION FEE AND INTERIM PERMIT FEES (IF APPLICABLE) ARE NOT REFUNDABLE
A service fee of $25 will be charged for all dishonored checks (A.R.S. § 44-6852)

SECTION 1 This application is for a:
- ☐ Interim Permit (Complete Section 5)
- ☑ New License (Complete Sections 2, 3, 4, 13, 14, 15, 16)
- ☐ Person Transfer (Complete Section 2, 3, 4, 12, 13, 14, 16)
- ☐ Location Transfer (Bars and Liquor Stores Only) (Complete Section 2, 3, 4, 11, 13, 14, 16)
- ☐ Probate/ Will Assignment/ Divorce Decree (Complete Sections 2, 3, 4, 9, 13, 14, 16) (Fee not required)
- ☐ Government (Complete Sections 2, 3, 4, 10, 13, 16)
- ☐ Seasonal

SECTION 2 Type of Ownership:
- ☐ J.T.W.R.O.S. (Complete Section 6)
- ☐ Individual (Complete Section 6)
- ☐ Partnership (Complete Section 6)
- ☑ Corporation (Complete Section 7)
- ☐ Limited Liability Co (Complete Section 7)
- ☐ Club (Complete Section 8)
- ☐ Government (Complete Section 10)
- ☐ Trust (Complete Section 6)
- ☐ Tribe (Complete Section 6)
- ☐ Other (Explain) _____

SECTION 3 Type of license

1. Type of License: Series 14 LICENSE # 14103032

SECTION 4 Applicants

1. Individual Owner/Agent's Name: Anderson (Last) Ryan (First) Witner (Middle)
2. Owner Name: Del Webb at Dove Mountain Community Association, Inc. 731056835
   (Ownership name for type of ownership checked on section 2)
3. Business Name: Del Webb at Dove Mountain
   (Exactly as it appears on the exterior of premises)
4. Business Location Address: 14085 W Del Webb Trail (Street) Marana (City) AZ (State) 85658 (Zip Code) Pima (County)
   (Do not use PO Box)
5. Mailing Address: c/o Guttilla Murphy Anderson 5415 E High St #200 (Street) Phoenix (City) AZ (State) 85054 (Zip Code)
   (All correspondence will be mailed to this address)
6. Business Phone: (520) 485-0201 Daytime Contact Phone: (480) 304-8300
7. Email Address: psines@ gamlaw.com
8. Is the Business located within the incorporated limits of the above city or town? ☑ Yes ☐ No
9. Does the Business location address have a street address for a City or Town but is actually in the boundaries of another City, Town or Tribal Reservation? ☐ Yes ☑ No
   If yes, what City, Town or Tribal Reservation is this Business located in: _____
10. Total Price paid for Series 6 Bar, Series 7 Beer & Wine Bar or Series 9 Liquor Store (license only) $ n/a

Department Use Only

Fees: 100 (Application) ____ (Interim Permit) ____ (Site Inspection) 110 (Finger Prints) $ 210 – (Total of All Fees)

Is Arizona Statement of Citizenship & Alien Status for State Benefits complete? ☑ Yes ☐ No

Accepted by: MS Date: 06/10/2016 License # 14103032

SECTION 5 Interim Permit

- If you intend to operate business when your application is pending you will need an interim permit pursuant to ARS § 4-203.01
- There **MUST** be a valid license of the same type you are applying for currently issued to the location or for the replacement of a Hotel/Motel license with a Restaurant license pursuant to A.R.S. § 4-203.01.

1. Enter license number currently at the location: _____

2. Is the license currently in use? ☐ Yes ☐ No If no, how long has it been out of use? _____

Attach a copy of the license currently issued at this location to this application.

I, _____ declare that I am the CURRENT OWNER, AGENT, OR CONTROLLING PERSON on the stated license and location.
(Print Full Name)

X _____
(Signature of CURRENT Individual Owner/Agent)

State of _____ County of _____
The foregoing instrument was acknowledged before me this

My commission expires on: _____
Date

_____ Day of _____ Month, _____ Year

_____
Signature of NOTARY PUBLIC

SECTION 6 Individual, Partnership, J.T.W.R.O.S, Trust, Tribe Ownerships

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE, AN "APPLICANT" TYPE FINGERPRINT CARD AND $22 PROCESSING FEE FOR EACH CARD.

Individual

Last	First	Middle	%Owned	Mailing Address	City	State	Zip Code

Is any person other than above, going to share in profit/losses of the business? ☐ Yes ☐ No
If Yes, give name, current address, and telephone number of person(s). Use additional sheets if necessary.

Last	First	Middle	Mailing Address	City	State	Zip Code	Phone #

Partnership

Name of Partnership: _____

General-Limited	Last	First	Middle	%Owned	Mailing Address	City	State	Zip Code
☐ ☐								
☐ ☐								
☐ ☐								
☐ ☐								

J.T.W.R.O.S (Joint Tenant with Rights of Survivorship)

Name of J.T.W.R.O.S: _____

Last	First	Middle	Mailing Address	City	State	Zip Code

SECTION 6 - continued

TRUST
Name of Trust: _____

Last	First	Middle	Mailing Address	City	State	Zip Code

TRIBE
Name of Tribal Ownership: _____

Last	First	Middle	Mailing Address	City	State	Zip Code

SECTION 7 Corporations/ Limited Liability Co

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE, AN "APPLICANT" TYPE FINGERPRINT CARD AND $22 PROCESSING FEE FOR EACH CARD.

☑ **Corporation** **Complete Questions 1, 2, 3, 4, 5, 6, and 7**

☐ **L.L.C.** **Complete Questions 1, 2, 3, 4, 5, 6, and 7**

1. Name of Corporation/ L.L.C: Del Webb at Dove Mountain Community Association, Inc.
2. Date Incorporated/Organized: 01/24/13 State where Incorporated/Organized: Arizona
3. AZ Corporation or AZ L.L.C File No: 18200032 Date authorized to do Business in AZ: ~~01/24/13~~ 02/25/2015
4. Is Corp/L.L.C. Non Profit? ☑ Yes ☐ No
5. List Directors, Officers, Members in Corporation/L.L.C:

Last	First	Middle	Title	Mailing Address	City	State	Zip Code
Friedman	Howard	Bruce II	President	14085 Del Webb Trail	Marana	AZ	85658
VanTussenbroek	Lauren	Michelle	Vice President	14085 Del Webb Trail	Marana	AZ	85658
Collins	Thomas	Cass	Secretary	14085 Del Webb Trail	Marana	AZ	85658

(Attach additional sheet if necessary)

6. List all Stockholders / percentage owners who own 10% or more:

Last	First	Middle	%Owned	Mailing Address	City	State	Zip Code
n/a - community association with 100 homes							

(Attach additional sheet if necessary)

7. If the corporation/ L.L.C are owned by another entity, attach an Organizational **FLOWCHART** showing the structure of the ownership. Attach additional sheets as needed in order to disclose the Officers, Directors, Members, Managers, Partners, Stockholders and percentage owners of those entities.

SECTION 8 Club Applicants

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE, AN "APPLICANT" TYPE FINGERPRINT CARD AND $22 PROCESSING FEE FOR EACH CARD

1. Name of Club: Del Webb at Dove Moutain
2. Is Club non-profit? ☑ Yes ☐ No
3. List all controlling members (minimum of four (4) requested)

Last	First	Middle	Mailing Address	City	State	Zip Code
Friedman	Howard	Bruce II	14085 Del Webb Trail	Marana,	AZ	85658
VanTussenbroek	Lauren	Michelle	14085 Del Webb Trail	Marana,	AZ	85658
Collins	Thomas	Cass	14085 Del Webb Trail	Marana,	AZ	85658

(Attach additional sheet if necessary)

SECTION 9 Probate, Will Assignment or Divorce Decree of an existing Liquor License

1. Current Licensee's Name: _____
(Exactly as it appear on the license) Last First Middle

2. Assignee's Name: _____
Last First Middle

3. License Type: _____ License Number: _____

ATTACH TO THIS APPLICATION A CERTIFIED COPY OF THE WILL, PROBATE DISTRIBUTION INSTRUMENT, OR DIVORCE DECREE THAT SPECIFICALLY DISTRIBUTES THE LIQUOR LICENSE TO THE ASSIGNEE.

SECTION 10 Government (for cities, towns, or counties only)

1. Government Entity: _____

2. Person/Designee: _____
First Last Middle Day time Contact Phone #

A SEPARATE LICENSE MUST BE OBTAINED FOR EACH PREMISE FROM WHICH SPIRITUOUS LIQUOR IS SERVED.

SECTION 11 Location to Location Transfer: Series 6 Bar, Series 7 Beer & Wine Series 9 Liquor Stores only)

1. Current Business: Name: _____
Address: _____
(Exactly as it appears on license)

2. New Business: Name: _____
Address: _____

1. License Type: _____ License Number: _____

SECTION 12 Person to Person Transfer
Questions to be completed by Current Licensee (Bar and Liquor Stores Only- Series, 06, 07, and 09)

1. Individual Owner / Agent Name: _____ Entity: _____
Last First Middle (Individual, Agent, Etc.)

2. Ownership Name: _____
(Exactly as it appears on license)

3. Business Name: _____
(Exactly as it appears on license)

4. Business Location Address: _____
Street City State Zip

5. License Type: _____ License Number: _____

6. Current Mailing Address: _____
Street City State Zip

7. Have all creditors, lien holders, interest holders, etc. been notified? ☐ Yes ☐ No

8. Does the applicant intend to operate the business while this application is pending? ☐ Yes ☐ No

If yes, complete Section 5 (**Interim Permit**) of this application; attach fee, and current license to this application.

9. I, (Print Full Name) _____ hereby authorize the department to process this Application to transfer the privilege of the license to the applicant provided that all terms and conditions of sale are met. Based on the fulfillment of these conditions, I certify that the applicant now owns or will own the property rights of the license by the date of issue.

I, (Print Full Name) _____, declare that I am the **CURRENT OWNER, MEMBER, PARTNER STOCKHOLDER or LICENSEE** of the stated license. I have read the above Section 12 and confirm that all statements are true, correct, and complete.

NOTARY

X _____
(Signature of CURRENT Individual Owner/Agent)

State of _____ County of _____
The foregoing instrument was acknowledged before me this

My commission expires on: _____
Date

_____ of _____, _____
Day Month Year

_____
Signature of NOTARY PUBLIC

SECTION 13 Proximity to Church or School

Questions to be completed by all in-state applicants.

A.R.S. § 4-207. (A) and (B) state that no retailer's license shall be issued for any premises which are at the time the license application is received by the director, within three hundred (300) horizontal feet of a church, within three hundred (300) horizontal feet of a public or private school building with kindergarten programs or grades one (1) through (12) or within three hundred (300) horizontal feet of a fenced recreational area adjacent to such school building.
The above paragraph DOES NOT apply to:

a) Restaurant license (§ 4-205.02) Series 12
b) Hotel/motel license (§ 4-205.01)Series 11
c) Microbrewery Series 3
d) Craft Distillery Series 18
e) Government license (§ 4-205.03) Series 5
f) Fenced playing area of a golf course (§ 4-207 (B)(5))
g) Wholesaler Series 4
h) Farm Winery Series 13

1. Distance to nearest School: 11 miles
(If less than one (1) mile note footage)
Name of School: Ironwood Ridge High School
Address: 2475 W Naranja Dr. Oro Valley, AZ 85742

2. Distance to nearest Church: 5.3 miles
(If less than one (1) mile note footage)
Name of Church: St. Mark's Catholic Church
Address: 2727 W Tangerine Rd. Oro Valley, AZ 85742

SECTION 14 Business Financials

1. I am the: ☐ Lessee ☐ Sub-lessee ☑ Owner ☐ Purchaser ☐ Management Company

2. If the premise is leased give lessors: Name:_____

Address:_____
Street City State Zip

3. Monthly Rent/ Lease Rate: $ _____

4. What is the remaining length of the lease? Yrs. _____ Months _____

5. What is the penalty if the lease is not fulfilled? $ _____ or Other: _____
(Give details-attach additional sheet if necessary)

6. Total money borrowed for the Business not including lease? $0
Please List Lenders/People you owe money to for business.

Last First Middle	Amount Owed	Mailing Address City State Zip
Residential community association		

(Attach additional sheet if necessary)

7. What type of business will this license be used for (be specific)?
community association

8. Has a license or a transfer license for the premises on this application been denied by the state with in the past (1) year? ☐ Yes ☑ No If yes, attach explanation.

9. Does any spirituous liquor manufacture, wholesaler, or employee have an interest in your business? ☐ Yes ☑ No

10. Is the premises currently license with a liquor license? ☐ Yes ☑ No

If yes, give license number and licensee's name:

License #: _____ Individual Owner /Agent Name: _____
(Exactly as it appears on license)

SECTION 15 Restaurant or hotel/motel license applicants

1. Is there an existing Restaurant or Hotel/Motel Liquor License at the proposed location? ☐ Yes ☐ No

2. If the answer to Question 1 is YES, you may qualify for an Interim Permit to operate while your application is pending; consult A.R.S. § 4-203.01; and complete SECTION 5 of this application.

3. All Restaurant and Hotel/Motel applicants must complete a Restaurant Operation Plan form provided by the Department of Liquor Licenses and Control.

4. As stated in A.R.S. § 4-205.02. (H)(2), a Restaurant is an establishment which derives at least forty (40) percent of its gross revenue from the sale of food. Gross revenue is the revenue derived from sales of food and spirituous liquor on the licensed premises. By applying for this ☐ Restaurant ☐ Hotel/Motel, I certify that I understand that I must maintain a minimum of forty (40) percent food sales based on these definitions and have included the Restaurant Hotel/Motel Records Required for Audit form with this application.

_____
(Applicant's Signature)

5. I understand it is my responsibility to contact the Department of Liquor Licenses and Control to schedule an inspection when all tables and chairs are on site, kitchen equipment, and, if applicable, patio barriers are in place on the licensed premises. With the exception of the patio barriers, these items are not required to be properly installed for this inspection. Failure to schedule an inspection will delay issuance of the license. If you are not ready for your inspection 90 days after filing your application, please request an extension in writing; specify why the extension is necessary, and the new inspection date you are requesting.

_____
(Applicant's Initials)

SECTION 16 Diagram of Premises

Check ALL boxes that apply to your business:

☑	Entrances/Exits	☑	Liquor storage areas	**Patio:** ☑	Contiguous
☐	Walk-up windows	☐	Drive-through windows	☐	Non Contiguous

1. Is your licensed premises currently closed due to construction, renovation or redesign? ☐ Yes ☑ No

   If yes, what is your estimated completion date? _____
   Month/Day/Year

2. **Restaurants and Hotel/Motel** applicants are required to draw a detailed floor plan of the kitchen and dining areas including the locations of all kitchen equipment and dining furniture. Place for diagram is on section 16 number 6.
3. The diagram (a detailed floor plan) you provide is required to disclose only the area(s) where spirituous liquor is to be sold, served, consumed, dispensed, possessed or stored on the premises unless it is a restaurant (see # 3 above).
4. Provide the square footage or outside dimensions of the licensed premises. Please do not include non-licensed premises such as parking lots, living quarters, etc.
5. **As stated in A.R.S. § 4-207.01 (B), I understand it is my responsibility to notify the Department of Liquor Licenses and Control when there are changes to the boundaries, entrances, exits, added or deleted doors, windows, service windows or increase or decrease to the square footage after submitting this initial diagram.**

_____
(Applicant's Initials)

SECTION 16 Diagram of Premises – continued

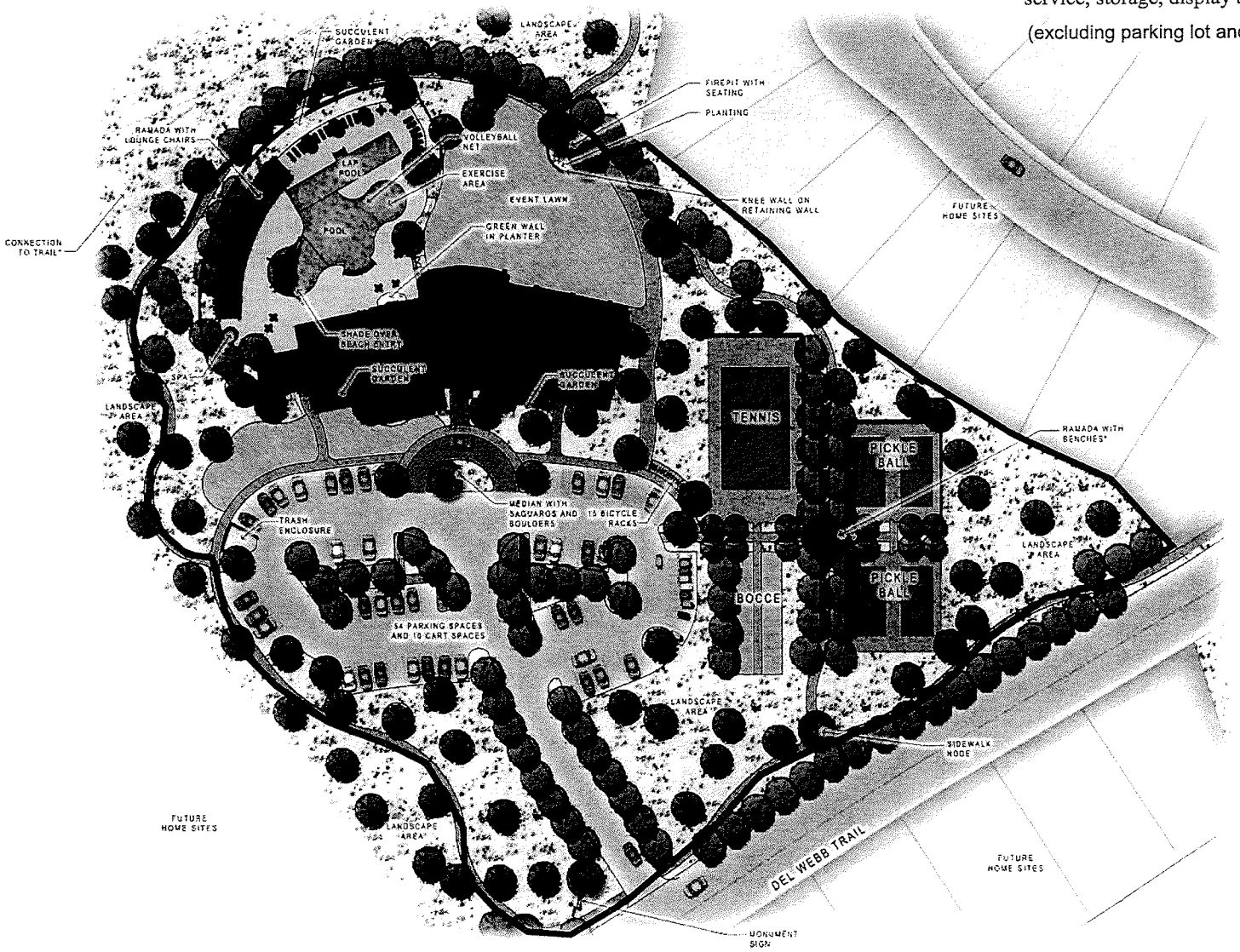
6. On the diagram please show only the areas where spirituous liquor is to be sold, served, consumed, dispensed, possessed or stored. It must show all entrances, exits, interior walls, bars, hi-top tables, dining tables, dining chairs, dance floor, stage, game room, and the kitchen. DO NOT include parking lots, living quarters, etc. When completing diagram, North is up ↑.

If a legible copy of a rendering or drawing of your diagram of the premises is attached to this application, please write the words "DIAGRAM ATTACHED" in the box provided for the diagram on the application.

DIAGRAM OF PREMISES

See attached

Del Webb at Dove Mountain
Approx 242,493 s.f.
Entire premises licensed for liquor sales, service, storage, display and consumption (excluding parking lot and street)



* CONCEPTUAL, SUBJECT TO CHANGE

Del Webb

DEL WEBB AT DOVE MOUNTAIN COMMUNITY CENTER

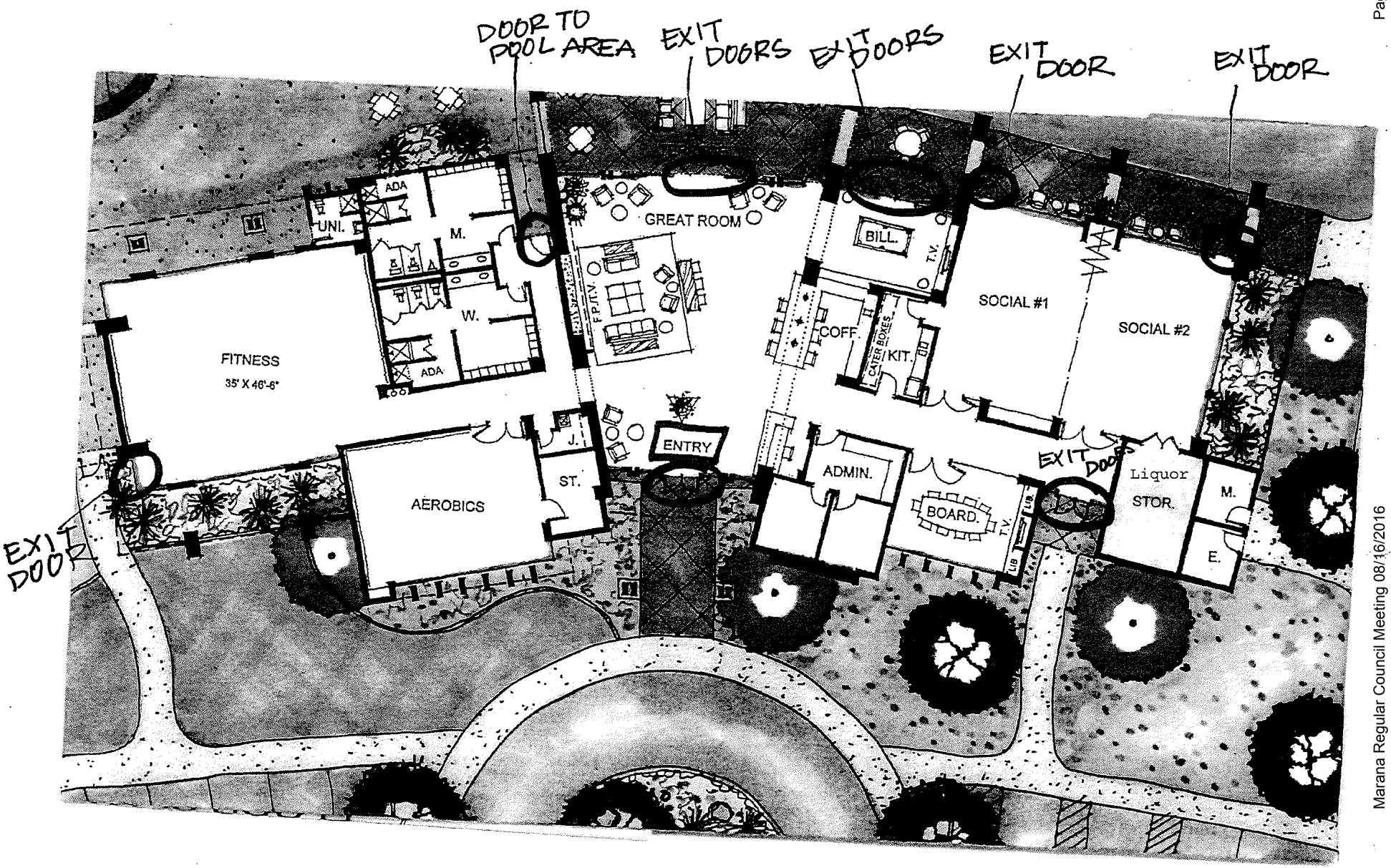
Overall Site Plan

plan scale 1:30'
date: 06.10.14

andersonbaron
plan · design · achieve

Del Webb at Dove Mountain
Saguro center
14085 W. Del Webb Trail
Marana, AZ. 85658

Building detail. Entire premises for alcohol sales, storage, display, and consumption (approx 242,493 s.f.)



SECTION 17 SIGNATURE BLOCK

NOTARY

I, (Print Full Name) Ryan Witner Anderson, hereby declare that I am the Owner/Agent filing this application as stated in Section 4 # 1. I have read this application and verify all statements to be true, correct and complete.

X _____
(Signature of CURRENT Individual Owner/Agent)

State of Arizona County of Maricopa
The foregoing instrument was acknowledged before me this

My commission expires on: _____
Date

OFFICIAL SEAL
KAREN PLUM
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires July 13, 2016

31 Day of May Month, 2016 Year

_____
Signature of NOTARY PUBLIC

A.R.S. § 41-1030. Invalidity of rules not made according to this chapter; prohibited agency action; prohibited acts by state employees; enforcement; notice

B. An agency shall not base a licensing decision in whole or in part on a licensing requirement or condition that is not specifically authorized by statute, rule or state tribal gaming compact. A general grant of authority in statute does not constitute a basis for imposing a licensing requirement or condition unless a rule is made pursuant to that general grant of authority that specifically authorizes the requirement or condition.

D. THIS SECTION MAY BE ENFORCED IN A PRIVATE CIVIL ACTION AND RELIEF MAY BE AWARDED AGAINST THE STATE. THE COURT MAY AWARD REASONABLE ATTORNEY FEES, DAMAGES AND ALL FEES ASSOCIATED WITH THE LICENSE APPLICATION TO A PARTY THAT PREVAILS IN AN ACTION AGAINST THE STATE FOR A VIOLATION OF THIS SECTION.

E. A STATE EMPLOYEE MAY NOT INTENTIONALLY OR KNOWINGLY VIOLATE THIS SECTION. A VIOLATION OF THIS SECTION IS CAUSE FOR DISCIPLINARY ACTION OR DISMISSAL PURSUANT TO THE AGENCY'S ADOPTED PERSONNEL POLICY.

F. THIS SECTION DOES NOT ABROGATE THE IMMUNITY PROVIDED BY SECTION 12-820.01 OR 12-820.02.

Arizona Department of Liquor Licenses and Control
800 W Washington 5th Floor
Phoenix, AZ 85007-2934
www.azliquor.gov
(602) 542-5141

AFFIDAVIT OF POSTING

Date of Posting: June 27, 2016 Date of Posting Removal: 7/19/2016

Applicant's Name: Anderson (Last) Ryan (First) Witner (Middle)

Business Address: 14085 N. Del Webb Trail (Street) Marana (City) 85658 (Zip)

License #: 14103032

I hereby certify that pursuant to A.R.S. 4-201, I posted notice in a conspicuous place on the premises proposed to be licensed by the above applicant and said notice was posted for at least twenty (20) days.

Elton Burns, Jr.	Housing Specialist	520-990-2496
Print Name of City/County Official	Title	Phone Number

Elton E Burns Jr. — Signature

6/27/2016 — Date Signed

Return this affidavit with your recommendations (i.e., Minutes of Meeting, Verbatim, etc.) or any other related documents. If you have any questions please call (602) 542-5141 and ask for the Licensing Division.

Arizona Department of Liquor Licenses and Control
800 W Washington 5th Floor
Phoenix, AZ 85007-2934
www.azliquor.gov
(602) 542-5141

Local Governing Body Recommendation
A.R.S. § 4-201(C)

1. City or (Town) of: Marana Liquor License Application #: 14103032
(Circle one) (Arizona application #)

2. County of: Pima City/Town/County #: LL2016-09

3. If licensed establishment will operate within an "entertainment district" as described in A.R.S. §4-207(D)(2),

_____ _____
(Name of entertainment district) (Date of resolution to create the entertainment district)

A boundary map of entertainment district must be attached.

4. The Marana Town Council (Governing body) at a Regular (Regular or special) meeting held on the 16th (Day) of August (Month), 2016 (Year) considered the application of Ryan Witner Anderson (Name of applicant)

for a license to sell spirituous liquor at the premises described in application 14103032 (Arizona liquor license application #),

for the license series #: type Series #14, Private Club (i.e.: series #10: beer & wine store) as provided by A.R.S §4-201.

ORDER OF APPROVAL/DISAPPROVAL

IT IS THEREFORE ORDERED that the license APPLICATION OF Ryan Witner Anderson (Name of applicant)

to sell spirituous liquor of the class and in the manner designated in the application, is hereby recommended

for _____.
(Approval, disapproval, or no recommendation)

TRANSMISSION OF ORDER TO STATE

IT IS FURTHER ORDERED that a certified copy of this order be immediately transmitted to the State Department of Liquor, License Division, 800 W Washington, 5th Floor, Phoenix, Arizona.

Dated at _____ (Location) on _____ (Day), _____ (Month), _____ (Year).

_____ _____
(Printed name of city, town or county clerk) (Signature of city, town or county clerk)

Individuals requiring ADA accommodations please call (602)542-9027

GUTTILLA MURPHY
ANDERSON
5415 E. HIGH STREET, SUITE 200
PHOENIX, ARIZONA 85054
(480) 304-8300
FAX (480) 304-8301

Our No. 2287-002

August 1, 2016

Via Email Only
Suzanne Sutherland
Town of Marana
11555 West Civic Center Drive
Marana, Arizona 85653
ssutherland@MARANAAZ.GOV

Re: Del Webb at Dove Mountain Community Association, Inc.'s club liquor license application

Dear Ms. Sutherland:

Pursuant to your July 25, 2016, correspondence to Ryan Anderson, agent for the subject application, the following is submitted:

1) Del Webb at Dove Mountain Community Association, Inc. is a "social club" as that term is defined in A.R.S. § 4-101.7(e). Per your request, the following supporting information and documentation is provided:

2) January 24, 2013, Articles of Incorporation of Del Webb at Dove Mountain Community Association, Inc. Article I of which provides: "The Association is formed as a nonprofit corporation under Arizona laws. The Association shall make no distributions of income to its members, directors or officers."

3) Arizona Corporation Commission statement that the corporation is in good standing as of July 26, 2016;

4) Arizona Corporation Commission printout for file #18200032 reflecting the corporation is nonprofit;

5) A copy of A.R.S. § 43-1201.7 which provides in pertinent part: "Organizations that are exempt from federal income tax under Section 501 of the internal revenue code are exempt from the tax imposed under this title. In addition, the following organizations are exempt from tax imposed under this title . . . 7. Clubs organized and operated exclusively for pleasure, recreation and other non-profitable purposes, no party of the net earnings of which inures to the benefit of any private shareholder."

6) Solicitation letter to Del Webb at Dove Mountain homeowners explaining the application process for the series 14 club license and the need for 51% membership approval;

7) List of homeowner association members;

8) Signatures of 51% of the homeowner association members; and

9) Secretary's Statement regarding monthly meetings, assessments and full year payment.

Should you need additional information or documentation in order to process the application with a recommendation that the council approve the same, please let me know and I will endeavor to provide whatever explanation or additional information you may require.

Very truly yours,

Nicholas C. Guttilla
Attorney

NCG:khp
Enclosures

cc: Client

251676

RECEIVED

JAN 2 4 2013

ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

ARTICLES OF INCORPORATION
OF
DEL WEBB AT DOVE MOUNTAIN COMMUNITY ASSOCIATION, INC.
(an Arizona Nonprofit Corporation)

In compliance with the requirements of Section 10-3201, et seq., Arizona Revised Statutes, as amended, the undersigned, who is a person capable of contracting, states as follows:

ARTICLE I
Name

The name of the corporation is Del Webb at Dove Mountain Community Association, Inc. (the "Association"). The Association is formed as a nonprofit corporation under Arizona laws. The Association shall make no distributions of income to its Members, directors or officers.

ARTICLE II
Definitions

All capitalized terms used herein which are not defined shall have the same meaning as set forth in the Recorded Declaration of Covenants, Conditions, Restrictions, and Easements for Del Web at Dove Mountain, as the same may be amended from time to time (the "Declaration").

ARTICLE III
Purposes and Character of Affairs

The purposes for which the Association is organized, and the character of affairs which the Association initially intends to actually conduct in Arizona, are:

(a) to be and constitute the Association to which reference is made in the Declaration, to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as specified therein, in the Bylaws of the Association, as such bylaws may be amended from time to time (the "Bylaws"), and as provided by law;

(b) to serve as the governing body for all of the Owners of Lots for the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of the Properties, the assessment for the payment of expenses, payment of losses, disposition of casualty insurance proceeds and other matters as provided in the Governing Documents or otherwise necessary or appropriate to the proper functioning of the Association and the Properties; and

(c) the transaction of any or all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time.

1966177

ARTICLE IV
Powers

The Association shall have all of the common law and statutory powers conferred upon nonprofit corporations under Arizona law and all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the Bylaws, or the Declaration, including, without limitation, the power:

(a) to fix, collect, and enforce payment, by any lawful means, of assessments and other charges as set forth in the Declaration;

(b) to manage, control, operate, maintain, repair, and improve property subject to the Declaration and any other property for which the Association by rule, regulation, covenant, or contract has a right or duty to provide such services;

(c) to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration or Bylaws;

(d) to engage in activities which will actively foster, promote, and advance the common interests of all Owners of Lots subject to the Declaration;

(e) to buy or otherwise acquire, sell, dedicate for public use, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, own, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Association, subject to such limitations as may be set forth in the Declaration or Bylaws;

(f) to borrow money for any purpose, subject to such limitations as may be contained in the Declaration or Bylaws;

(g) to enter into, make, perform, or enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other association, corporation, or other entity or agency, public or private;

(h) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests in such corporations, firms, or individuals; and

(i) to adopt, alter, and amend or repeal the Bylaws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, that the Bylaws may not be inconsistent with or contrary to any provisions of the Declaration or the Articles.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other rights and powers which may now or hereafter be permitted by law. The powers specified in each of the paragraphs of this Article are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph of this Article.

ARTICLE V
Directors

A Board of Directors of the Association (the "Board") shall conduct, manage, and control the Association. The initial Board shall consist of three directors. The names and addresses of the members of the initial Board, who shall hold office until their successors are elected and qualified, or until removed, are as follows:

Mike Brilz	16767 N Perimeter Dr, Ste 100, Scottsdale, AZ 85260
John Ward	16767 N Perimeter Dr, Ste 100 Scottsdale AZ 85260
Patrick Brown	16767 N Perimeter Dr, Ste 100 Scottsdale AZ 85260

Directors shall be elected to the Board pursuant to the procedures set forth in the Bylaws. The number and terms of the directors and the qualifications for and rights of the directors shall be as set forth in the Bylaws.

ARTICLE VI
Statutory Agent

The Association hereby appoints AAM, LLC, whose address is 1600 W. Broadway, Suite 200, Tempe, AZ 85282, as its lawful statutory agent upon whom all notices and processes, including service of summons, may be served, and which when served, shall be lawful, personal service upon this corporation. The Board may, at any time, appoint another agent for such purpose and the filling of such appointment shall revoke this or any other previous appointment of such agent.

ARTICLE VII
Known Place of Business

The street address of the known place of business of the Association is 16767 N Perimeter Dr, Ste 100, Scottsdale AZ 85260.

ARTICLE VIII
Incorporator

The name of the incorporator of the Association is Mike Brilz, and such incorporator's address is 16767 N Perimeter Dr, Ste 100, Scottsdale AZ 85260.

ARTICLE IX
Members and Voting Rights

The provisions of the Declaration and the Bylaws pertaining to membership, classes of Members and voting rights of Members are incorporated in these Articles by reference. Without

in any way limiting the forgoing statement, the Association shall have two (2) classes of Members, Class A Members and Class B Members. The Class B Members shall consist of the Declarant and any Builder(s) who are Owners and who are designated in writing as a Class B Member. The Class A Members shall consist of all other Owners of Lots, except the Class B Member, if any. The Class B membership shall convert to Class A membership at such time and under such terms as more specifically set forth in the Declaration. Each Owner's membership in the Association, except for Declarant as provided in the Declaration, shall be appurtenant to and may not be separated from ownership of the Lot to which the Owner's membership is attributable. Change of membership in the Association shall be established by recording a deed or other instrument establishing record title to real property subject to the Declaration. Upon such recordation, the Owner designated by such instrument shall become a Member of the Association and the membership of the prior Owner shall be terminated. The share of a Member in the privileges, rights, and assets of the Association cannot be assigned, hypothecated, or transferred in any manner, except as an appurtenance of its Lot.

ARTICLE X
Dissolution

The Association may be dissolved only upon a resolution duly adopted by the Board and the affirmative vote of Class A Members and consent of the Class B Member, if any. Upon dissolution, other than incident to a merger or consolidation, the assets shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, the assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to such similar purposes.

ARTICLE XI
Indemnification; Insurance

The Association shall indemnify, to the maximum extent from time to time permitted by Arizona law, as the same exists or may hereafter be amended, any person who incurs liability or expense by reason of such person acting as an officer or director of the Corporation. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law.

No amendment or repeal of the provisions of this Article that adversely affects the right of an indemnified person under this Article shall apply to such person with respect to those actions or omissions that occurred at any time prior to such amendment or repeal, unless such amendment or repeal was voted by or was made with the written consent of such indemnified person.

The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director or officer of the Association, or was serving at the request of the Association as a director or officer, against any liability or expense asserted against or incurred by such person in any such capacity or arising out of such person's status as such whether or not the Association would have had the power to indemnify such person against such liability or expense under this Article.

ARTICLE XII
Limitation of Liability

To the fullest extent permitted by Arizona law, as the same exists or may hereafter be amended, a director of the Corporation shall not be liable to the Corporation or its Members for monetary damages for any action taken or any failure to take any action as a director.

No amendment or repeal of the provisions of this Article that adversely affects the right of a director of the Corporation under this Article shall apply to such person with respect to those actions or omissions that occurred at any time prior to such amendment or repeal, unless such amendment or repeal was voted by or was made with the written consent of such person.

The provisions of this Article shall not be deemed to limit or preclude indemnification of a director by the Corporation for any liability of a director which has not been eliminated by the provisions of this Article.

ARTICLE XIII
Dispute Resolution

The Association and its Members are subject to the dispute resolution sections of the Declaration. The procedures prescribed in the Declaration are in addition to and shall not be construed to conflict with any requirements under the laws of the State of Arizona.

ARTICLE XIV
Amendments

In addition to specific rights to amend or approve amendments granted elsewhere in the Declaration, until termination of the Class B Control Period, Declarant may amend these Articles of Incorporation (the "Articles") for any purpose, and without the consent or approval of any Owners or Members, or any other Person. After termination of the Class B Control Period, Declarant may of its own volition, and without the consent or approval of any Owners or Members, or any other Person, amend these Articles for the following purposes: (a) to bring any provision hereof into compliance with applicable laws; (b) to enable any reputable title insurance company to issue title insurance coverage on the Lots; (c) to satisfy the requirements of any governmental agency; (d) to enable any governmental agency or reputable private insurance company to guarantee or insure Mortgage loans on the Lots; or (e) to correct any error or ambiguity or to further the intent or purposes hereof by expanding upon the existing provisions hereof. Any amendment during such time as Declarant is a Class B Member or a Class A Member of the Association shall require the written approval of the Declarant. Further, so long as Declarant owns any land from within the Properties, Declarant may, without any other consent or approval, amend these Articles to clarify the application of the provisions hereof to any land which may be annexed, or for any other reasonable purpose in connection with any land which may be annexed.

Subject to the provisions of the Declaration requiring Declarant's consent to an amendment, these Articles may be amended only by the affirmative vote or written consent, or any combination thereof, of 67% of the Class A Member votes, and consented to in writing by

Declarant, if such amendment is to be effective prior to the expiration of the Property Control Period.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Incorporation this 23rd day of January, 2013.

Mike Brilz, Incorporator

CONSENT OF STATUTORY AGENT

AAM, LLC, having been designated to act as Statutory Agent for Del Webb at Dove Mountain Community Association, Inc. hereby consents to act in that capacity until removed or its resignation is submitted.

DATED: January 23, 2013

AAM, LLC

By: Amanda F. Shaw

Name: Amanda F. Shaw

Title: President

Search Time:
7/26/2016 9:33:08 AM

File Number:
18200032

Corporation Name:
DEL WEBB AT DOVE MOUNTAIN COMMUNITY ASSOCIATION, INC.

Corporate Status Inquiry

This Corporation is in Good Standing

This information is provided as a courtesy and does not constitute legally binding information regarding the status of the entity listed above. To obtain an official Certificate indicating that the entity is in good standing click on Print Certificate and follow printing instructions. To re-print a previously generated Certificate of Good Standing click Reprint Certificate.

Print Certificate (/GoodStanding/PrintInstructions?corpId=%2018200032)

Reprint Certificate (/GoodStanding/Reprint?corpId=%2018200032)

Return to Corporate Details (/Details/Corp?corpId=%2018200032)

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Search Date and Time:
7/26/2016 9:26:18 AM

File Number:
18200032

Corporation Name:
DEL WEBB AT DOVE MOUNTAIN COMMUNITY ASSOCIATION, INC.

Annual Report Email Reminders

eFile Annual Report

Print Annual Report Form

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Corporate Inquiry

File Number	18200032
Corporation Name	DEL WEBB AT DOVE MOUNTAIN COMMUNITY ASSOCIATION, INC.
Standing	Check Corporate Status

Domestic Address

1600 W BROADWAY RD
STE 200
TEMPE, AZ 85282

Statutory Agent Information

Agent Name: AMANDA SHAW
Agent Mailing/Physical Address: 1600 W BROADWAY STE 200 TEMPE, AZ 85282
Agent Status: APPOINTED 04/20/2015
Agent Last Updated: 04/09/2013

Additional Entity Information

Entity Type: NON-PROFIT	**Business Type:**
Incorporation Date: 1/24/2013	**Corporation Life Period:** PERPETUAL
Domicile: ARIZONA	**County:** MARICOPA
Approval Date: 2/5/2013	**Original Publish Date:** 2/25/2013

Officer Information

Name	BRUCE FRIEDMAN
Title	PRESIDENT
Address	1600 W BROADWAY STE 200 TEMPE, AZ 85282
Date of Taking Office	01/24/2013
Last Updated	03/09/2016
Name	TOM COLLINS
Title	SECRETARY
Address	1600 W BROADWAY STE 200 TEMPE, AZ 85282
Date of Taking Office	01/24/2013
Last Updated	03/09/2016

Name	TOM COLLINS
Title	TREASURER
Address	1600 W BROADWAY STE 200 TEMPE, AZ 85282
Date of Taking Office	01/24/2013
Last Updated	03/09/2016
Name	JIM KARRAS
Title	VICE-PRESIDENT
Address	1600 W BROADWAY STE 200 TEMPE, AZ 85282
Date of Taking Office	01/24/2013
Last Updated	03/09/2016

Director Information

Name	BRUCE FRIEDMAN
Title	DIRECTOR
Address	1600 W BROADWAY STE 200 TEMPE, AZ 85282
Date of Taking Office	01/24/2013
Last Updated	03/09/2016

Annual Reports

Next Annual Report Due: 1/24/2017

File Year	2016
File Month	1
Date Received	1/20/2016
Reason Returned	
Date Returned	
Extension	
File Year	2015
File Month	1
Date Received	4/20/2015
Reason Returned	
Date Returned	
Extension	
File Year	2014
File Month	1
Date Received	2/5/2014
Reason Returned	
Date Returned	
Extension	

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Document Number	05366360
Description	16 ANNUAL REPORT
Date Received	1/20/2016
Document Number	05026777
Description	15 ANNUAL REPORT
Date Received	4/20/2015
Document Number	04499774
Description	14 ANNUAL REPORT
Date Received	2/5/2014
Document Number	04192795
Description	PUB OF ARTICLES
Date Received	2/25/2013
Document Number	04127901
Description	ARTICLES
Date Received	1/24/2013

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Location	Entered	Description
32351039046	1/24/2013	ARTICLES
32358019030	2/25/2013	PUB OF ARTICLES

Print Details

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43-1201. Organizations exempt from tax

Organizations that are exempt from federal income tax under section 501 of the internal revenue code are exempt from the tax imposed under this title. **In addition, the following organizations are exempt from the taxes imposed under this title,** except as otherwise provided in this chapter:

1. Labor, agricultural or horticultural organizations, other than cooperative organizations.

2. Fraternal beneficiary societies, orders or organizations both:

(a) Operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system.

(b) Providing for the payment of life, sick, accident or other benefits to the members of such society, order or organization or their dependents.

3. Cemetery companies owned and operated exclusively for the benefit of their members or which are not operated for profit or any corporation chartered for burial purposes and not permitted by its charter to engage in any business not necessarily related to that purpose, no part of the net earnings of which inures to the benefit of any private shareholder or individual member thereof.

4. Corporations organized and operated exclusively for religious, charitable, scientific, literary or educational purposes or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation.

5. Business leagues, chambers of commerce, real estate boards or boards of trade, not organized for profit, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

6. Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare or local organizations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, the net earnings of which are devoted exclusively to charitable, educational or recreational purposes.

7. Clubs organized and operated exclusively for pleasure, recreation and other non-profitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder.

8. Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom and turning over the entire amount of such income, less expenses, to an organization which itself is exempt from the tax imposed by this title.

9. Voluntary employees' beneficiary organizations providing for the payment of life, sick, accident or other benefits to the members of such organizations or their dependents, if both of the following apply:

1-4

(a) No part of their net earnings inures, other than through such payments, to the benefit of any private shareholder or individual.

(b) Eighty-five per cent or more of the income consists of amounts collected from members and amounts contributed to the organization by the employer of the members for the sole purpose of making such payments and meeting expenses.

10. Teachers' or public employees' retirement fund organizations of a purely local character, if both of the following apply:

(a) No part of their net earnings inures to the benefit of any private shareholder or individual, other than through payment of retirement benefits.

(b) The income consists solely of amounts received from public taxation, amounts received from assessments upon the salaries of members and income in respect of investments. For the purposes of this paragraph, "public employees" means employees of the state and its political subdivisions.

11. Religious or apostolic organizations or corporations, if such organizations or corporations have a common treasury or community treasury, even if such corporations or organizations engage in business for the common benefit of the members, but only if the members thereof include, at the time of filing their returns, in their Arizona gross income their pro rata shares, whether distributed or not, of the net income of the organizations or corporations for such year. Any amount so included in the Arizona gross income of a member shall be treated as a dividend received.

12. Voluntary employees' beneficiary organizations providing for the payment of life, sick, accident or other benefits to the members of such organization, their dependents or their designated beneficiaries, if both of the following apply:

(a) Admission to membership in such organization is limited to individuals who are officers or employees of the United States government.

(b) No part of the net earnings of such organization inures, other than through such payments, to the benefit of any private shareholder or individual.

13. Corporations classified as diversified management companies under section 5 of the federal investment company act of 1940 and registered as provided in that act.

14. Insurance companies paying to the state tax upon premium income derived from sources within this state.

15. Mutual ditch, irrigation or water companies or similar nonprofit organizations if eighty-five per cent or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses.

16. Workers' compensation pools established pursuant to section 23-961.01.

Del Webb at Dove Mountain Homeowners,

I am pleased to announce that the Del Web at Dove Mountain (DWDM) Board of Directors has approved an effort to seek a Series 14 liquor license for the Saguaro Center and specific surrounding areas from the Arizona Department of Liquor Licenses and Control.

A Series 14 liquor license is commonly known as a "Private Club License." If approved by the Town of Marana and the State of Arizona, DWDM will have the ability to sell and serve all types of liquor for consumption at the Saguaro Center to DWDM residents and their guests.

There are other options as an alternative to obtaining a liquor license, and those are: having absolutely no alcohol under any circumstance, applying for a special event license each time we desire to serve alcohol at an Association lifestyle event, or filing for an exemption as an unlicensed business to allow for BYOB. In weighing out all of those options and taking each one into careful consideration, the Board of Directors feels, for a variety of reasons, that obtaining the liquor license is the most advantageous for the association and the residents. It also provides for the least amount of liability exposure if alcohol consumption is permitted at association events.

A Series 14 liquor license will cost approximately $7,000 in one-time upfront costs that include lawyer fees and application fees to the Town of Marana and the State of Arizona. However, ongoing annual renewal costs will only amount to approximately $800 each year. Those costs may be recouped from our ability to sell liquor at the Saguaro Center once we have a "Private Club License."

In order to even apply for the Series 14 liquor license, 51% of the membership (homeowners) of DWDM must sign a petition setting forth that the homeowners of DWDM support the Board's efforts to obtain the license. Without the "Private Club License" there may be no liquor allowed at the Saguaro Center.

Please stop by the Saguaro Center in the next few weeks to sign the Petition so that we can move forward with submittal to the City of Marana and the State of Arizona for this liquor license. We also encourage supporters to spread the word to their neighbors to sign the Petition because without 51% of all DWDM homeowners signing the Petition, we will not be able to apply for this liquor license. Also, some of your neighbors may be knocking at your door requesting you to sign the Petition. NOTE: The signatures obtained may comprise of no more than one homeowner per lot, and the signature must be a homeowner of record.

If you have any questions or concerns regarding the Series 14 liquor license, please contact me at 520-485-0200 or kcooper@aamaz.com. Thank you, in advance, for signing the Petition in support of this endeavor.

Thank you,

Kathy Cooper, CAAM
Community Director
Del Webb at Dove Mountain
On Behalf of the DWDM Board of Directors

Del Webb at DM

DM-0001-0079	**5/23/2014**	Mark Grosvenor
DM-0001-0025	**6/10/2014**	Robert Gribble
DM-0001-0026	**6/16/2014**	Paul Forrester
DM-0001-0024	**6/17/2014**	Christopher Gough
DM-0001-0039	**6/24/2014**	Robert Jensen
DM-0001-0078	**7/8/2014**	Charles Magoffin
DM-0001-0021	**8/5/2014**	Donald Mercado
DM-0001-0020	**8/12/2014**	Charles Terry
DM-0001-0077	**8/13/2014**	Robert Owens
DM-0001-0011	**8/21/2014**	Michael Browning
DM-0001-0080	**9/2/2014**	Ann Painter Living Trust
DM-0001-0010	**9/9/2014**	Linda J and Gary K Cloninger Trust
DM-0001-0017	**9/16/2014**	Lloyd Kirsch
DM-0001-0096	**9/18/2014**	David Peterson
DM-0001-0007	**9/23/2014**	Keith Koenig
DM-0001-0019	**9/23/2014**	Carolyn Nash Trust Agreement
DM-0001-0008	**9/24/2014**	Darryl Wessoleck
DM-0001-0009	**10/2/2014**	Dean McDonald
DM-0001-0005	**10/9/2014**	Watts Living Trust
DM-0001-0015	**10/10/2014**	Nancy Boyle
DM-0001-0016	**10/14/2014**	Edward and Jayne N Bumby Joint Trust
DM-0001-0049	**10/27/2014**	Mary Lodin
DM-0001-0004	**10/28/2014**	Richard Bruce
DM-0001-0099	**11/13/2014**	Paul Phillippi
DM-0001-0006	**11/24/2014**	Michael McDonald
DM-0001-0050	**12/4/2014**	Richard Sweet
DM-0001-0043	**12/31/2014**	William Hegranes
DM-0001-0047	**2/20/2015**	Gerald Parry
DM-0001-0081	**2/20/2015**	William Vance Jr
DM-0001-0052	**2/25/2015**	Randall McDanold
DM-0001-0023	**2/26/2015**	Phillip Marcum
DM-0001-0044	**3/12/2015**	Jimmy Justice
DM-0001-0028	**3/25/2015**	James Githens
DM-0001-0076	**3/27/2015**	James Dyche
DM-0001-0075	**3/31/2015**	James Reynolds
DM-0002-0167	**3/31/2015**	Beccio 1993 Trust
DM-0001-0073	**4/6/2015**	Bruce Velsor
DM-0001-0072	**4/8/2015**	Barry Friedman
DM-0001-0042	**4/10/2015**	Bob Cordell
DM-0002-0142	**4/10/2015**	Walker Family Trust 8/7/13
DM-0002-0145	**4/13/2015**	Gary Mahler
DM-0001-0048	**4/21/2015**	Gina Babunovic Trust
DM-0001-0014	**4/29/2015**	Salvatore DeCaro
DM-0002-0146	**4/30/2015**	Donahue Family Trust
DM-0001-0013	**5/1/2015**	Jennifer Richards
DM-0002-0162	**5/14/2015**	Gary Shimkus

DM-0002-0164	**5/29/2015**	Mark Rogers
DM-0001-0045	**6/8/2015**	Richard mcKeown
DM-0002-0166	**6/9/2015**	Ronald Choate
DM-0002-0114	**6/10/2015**	William Maples
DM-0002-0109	**6/15/2015**	Stephen Mathis
DM-0001-0046	**6/17/2015**	Litz Revocable Family Trust
DM-0001-0027	**6/19/2015**	Gerald Lachcik
DM-0001-0030	**6/22/2015**	Michael & Mary Hays Living Trust
DM-0001-0054	**7/21/2015**	Gerald Sass
DM-0002-0143	**7/22/2015**	Edward Fisher
DM-0001-0100	**7/27/2015**	Anthony Ariola
DM-0001-0102	**7/31/2015**	Rex Knorr
DM-0002-0115	**8/3/2015**	Steven Willer
DM-0001-0105	**8/5/2015**	Ronald Sturm
DM-0002-0144	**8/18/2015**	Cligny Living Trust
DM-0001-0094	**8/21/2015**	George Stass
DM-0001-0041	**8/24/2015**	Donald Martyn
DM-0001-0012	**8/31/2015**	Joni Capeloto
DM-0002-0141	**8/31/2015**	Edward and Shirley Cheramy Trust
DM-0001-0022	**9/11/2015**	Thomas Sayre
DM-0001-0040	**9/14/2015**	Anilkumar Mody
DM-0001-0104	**9/16/2015**	Octavio Babuca
DM-0001-0038	**9/17/2015**	Lois Turner
DM-0002-0118	**9/28/2015**	Benedict Ayson
DM-0001-0106	**9/29/2015**	Terry Sebastian
DM-0001-0053	**9/30/2015**	Michael Douglas
DM-0002-0139	**9/30/2015**	Elia Gonzalez
DM-0001-0032	**10/16/2015**	Michael Andrikowich
DM-0002-0119	**10/16/2015**	Marilyn Davis
DM-0001-0003	**10/26/2015**	John Davis
DM-0001-0055	**11/12/2015**	Ralph Bincarowsky
DM-0001-0071	**11/17/2015**	Anton Vondra
DM-0002-0137	**11/24/2015**	Kenneth Kozlowski
DM-0001-0029	**11/30/2015**	Albert Mederos
DM-0002-0135	**12/16/2015**	Carole Moran
DM-0002-0138	**12/17/2015**	Gerald McNeely
DM-0001-0051	**12/21/2015**	Timothy Gove
DM-0002-0117	**12/21/2015**	Thomas Morrow
dm-0002-0113	**12/22/2015**	William Galis
DM-0002-0116	**12/23/2015**	Grace Rael
DM-0001-0095	**12/28/2015**	Steven Clark
DM-0002-0112	**12/29/2015**	Arthur Day
DM-0001-0056	**12/30/2015**	Valerie Amstutz
DM-0001-0103	**12/30/2015**	Neal Anduze
DM-0001-0037	**12/31/2015**	Sharon Klausman
DM-0001-0074	**12/31/2015**	Jeffrey Coons
DM-0002-0121	**12/31/2015**	Joseph Labrecque

DM-0003-0129	**1/26/2016**	Daniel Bronte
DM-0001-0082	**1/28/2016**	Laura Rich
DM-0002-0111	**2/10/2016**	Gail Busetto
DM-0001-0108	**2/16/2016**	Marvin Greeb
DM-0001-0018	**2/26/2016**	Nancy Kruk
DM-0002-0134	**2/26/2016**	Robert Lara
DM-0001-0101	**3/18/2016**	1995 Streit Family Trust
DM-0002-0110	**3/25/2016**	Payne Trust
DM-0001-0002	**3/28/2016**	Tuli Sim Kraft Revoc Living Trust
DM-0001-0001	**3/29/2016**	Jennifer Hoiles
		Gregory Hoiles

Entity Total: 103

Del Webb at Dove Mountain Community Association Petition for Series 14 Club Liquor License

I support the Del Webb at Dove Mountain Community Association Board of Directors in applying for a Series 14 Club Liquor License through the Arizona Department of Liquor Licenses & Control. The Series 14 Club Liquor License will permit the Association to sell beer, wine and other spirituous drinks to the members and their guests at community events in and around the Saguaro Center.

PLEASE NOTE: If home is in a Trust, then the trustee or POA signature is required.

Lot#	First Name (Please Print)	Last Name (Please Print)	DWDM Address	Homeowner/Trustee/POA Signature	Date
~~74~~	~~[illegible]~~	~~[illegible]~~	~~[illegible] Grandview Trail~~	~~[illegible]~~	~~4-5-16~~
28	Jim	GITHENS	14242 N. Bright Angel Tr		4/5/16
~~28~~	~~Gail~~	~~GITHENS~~	14242 N. Bright Angel Tr		4/5/16
30	Michael	HAYS	14226 N. Bright Angel Tr		4-5-16
115	Nadine	Willer	6745 W. Clear Creek Trl	Nadine Willer	4-5
109	Cyd	Mathis	6762 W Clear Creek Tr.	Cyd Mathis	4-5-16
~~[illegible]~~	~~STEVE~~	~~WILLER~~	6745 W CLEAR CREEK TR.		4/5/16
119	marilyn	DAVIS	14089 N BRIGHT ANGEL	M. K Davis	4/5/16
141	SHIRLEY	CHERAMY	14088 N BRIGHT ANGEL		4/5/16
84	Bonnie	Gough	6557 W. Grandview Trl		4-5-16
30	April	SWEET	14155 N. Lava Falls Tr.	April Sweet	4-5-16
40	ANIL	MODY	14160 N Bright Angel Trl		4.5.16
114	Nancy	Maples	6739 W. Clear Creek Trl	Nancy Maples	4-5-16
99	Paul	Phillippi	14173 N. Bright Angel Trl		4-5-16
~~39~~	~~Jean~~	~~Stayback~~	~~14166 N Bright Angel Trl~~		4-5-16
39	MaryEllen	Jensen	14166 N Bright Angel Tr		4-5-16
11	MIKE	BROWNING	6624 W. Grandview Trl		4-6-16
~~11~~	~~PETRA~~	~~BROWNING~~	6624 W GRANDVIEW TRL	Petra Browning	4/6/16
~~109~~	~~Steve~~	~~Mathis~~	~~6762 W Clear Creek Trl~~	~~Steve Mathis~~	~~4/6/16~~
14	Sam	DeLaw	6600 W Grand View Trl		4/6/16
~~104~~	~~Yvette~~	~~Babusci~~	~~14160 N Lava Falls~~		4/6/16
106	Terry	SEBASTIAN	14142 N Lava Falls Trl.		4/6/16
51	Kurt	Gove	14163 N Lava Falls Tr.		4/6/16
6	Michael	McDermand	6664 W. Grandview		4/6/16
75	Linda	Reynolds	6669 W Grandview Trail		4/6/16
47	GERALD	BARRY	14118 N. Bright Angel Tr		4/6/16
4	Richard	BRACE	6650 Grandview Trail		4/6/16
127	Linda	Boccio	6687 W. Kaibab Trl		4/6-16
13	TJ	Richards	6687 W Grandview Trail		4/6/16
17	Ken	Kirsch	6576 Grandview		4/6
029	ALBERT	MEDEROS	14234 Bright Angel Trl	Albert Mederos	4-6
162	Georgia	Shimkus	6727 W Kaibab Trl	Georgia Shimkus	4-7
46	DIANE	LITZ	14124 N Bright Angel Trl		4-7

Del Webb at Dove Mountain Community Association Petition for Series 14 Club Liquor License

6.

I support the Del Webb at Dove Mountain Community Association Board of Directors in applying for a Series 14 Club Liquor License through the Arizona Department of Liquor Licenses & Control. The Series 14 Club Liquor License will permit the Association to sell beer, wine and other spirituous drinks to the members and their guests at community events in and around the Saguaro Center.

PLEASE NOTE: If home is in a Trust, then the trustee or POA signature is required.

	Lot#	First Name (Please Print)	Last Name (Please Print)	DWDM Address	Homeowner/Trustee/POA Signature	Date
28	19	Carolyn (Lynda)	Nash	6560 W. Grandview	Tr. Carolyn Nash	4/7/
29		Mary Lou		14147 N LAVA FALLS	Marana Az	4/7/16
30	22	Cathy Sayre		6541 W Grandview Tr	Cathy Sayre	4-7-16
31	42	Cathy	Cordell	14148 N. Bright Angel	Tr Cathy Cordell	4-7-16
32	8	DENISE	WESSOLECK	6648 W. GRANDVIEW TR.	Denise Wessoleck	4-7-16
33	129	CAROL	BRONTE	14043 N Bright Ang TR	Carol Bronte	4-8-16
34	164	Marlene	Muldowney	6709 W. Kaibab Tr.	Marlene Muldowney	4-8-16
35	145	Gary	Mahler	14106 N. Bright Angel TR	Gary J Mahler	4-8-16
36	1	Jennifer	Hollis	14257 N Lava Falls TR	Jennifer Hollis	4-9-16
37	23	Phillip	Marcum	6549 W. GRANDVIEW TR	Phillip Marcum	4-9-16
38	15	Nancy	Boyle	6592 W. Grandview Trail	Nancy J. Boyle	4-9-16
39	104	OCTAVIO	BABUCA	14160 N LAVA FALLS TRL		4-9-16
40	48	Gina	Babunovic	14139 N. Lava Falls Trl		4-9-1
41	138	Terry	McNeely	14076 N. Bright Angel Tr		4-10-1
42	96	DAVID	PETERSON	6609 W. TUCKUP TRAIL		4-10-16
43	16	Ed	Bumby	6584 W Grandview TRL	Edward A Bumby	4-10-16
44	317	RUTH	MORROW	6757 W. Clear Creek TRAIL	Ruth Morrow	4-10-16
45	3	JOHN	DAVIS	14273 N. Lava Falls Trail		4-11-16
46	28	LON	LEININGER	14173 N Bright Angel TR	Lon G. Leininger	4-11-16
47	74	Jeanne	Coons	6637 W. Grandview Trl	Jeanne Coons	4-12-16
48	110	Sheryl	Payne	6756 W Clear Creek Trl	Sheryl Payne	4-12-16
49	37	SHARON	KLAUSMAN	N 14178 BRIGHT ANGEL		4/12/16
50	12	JONI	CAPETOTO	6616 W. GRANDVIEW TRL.		4/13/16
51	31	Kathleen	Steel	14218 N Bright Angel Trl		4/13/16
52	25	ROBERT Gary	GRIBBLE	6565 N. GRANDVIEW TRT		4-13-16
53	20	Clonmeer	Clonmeer	6632 W. Grandview Tr.		4/13/16
54	76	JAMES	DYCHE	6621 W. GRANDVIEW TR		4/15/16
55	76	LANA	HAMILTON	" " "		

Del Webb at Dove Mountain Community Association, Inc.

SECRETARY'S STATEMENT

Monthly Meeting Schedule:

When: 3rd Friday of each month at 10:00AM

Where: Community Center at 14085 N. Del Web Trial, Marana, Arizona 85658

Association Membership Assessment: $160 monthly

As of 6/10/16 the date the Community Association filed its application for a series 14 club liquor license all association members have either paid or had paid on their behalf one full year's of monthly assessments.

7/29/16
Dated:

Tom Collins, Secretary

2287-002 (251673)

Council-Regular Meeting **A1**

Meeting Date: 08/16/2016

To: Mayor and Council

From: Erik Montague, Finance Director

Date: August 16, 2016

Strategic Plan Focus Area:
Commerce, Community, Heritage, Recreation, Progress & Innovation

Subject: PUBLIC HEARING: Feasibility report for projects, the construction of which are to be financed with proceeds of sale of general obligation bonds. Resolution No. GFCFD 2016-03: [Marana Town Council acting as the Gladden Farms Community Facilities District Board of Directors]: Consideration and possible adoption of a resolution approving a feasibility report with regard to projects and resolving intent therefor; authorizing the sale and issuance of general obligation and general obligation refunding bonds, Series 2016; prescribing certain terms and conditions of such bonds; approving the form and authorizing the execution and delivery of necessary related documents and an official statement; delegating the determination of certain terms of such bonds and matters related thereto to the district chief financial officer and authorizing the subsequent levying of an ad valorem property tax with respect to such bonds (Erik Montague)

Discussion:

Gladden Forest, LLC, had been developers of the Gladden Farms project located at the intersection of Moore and Postvale Roads. The remaining portions of the development were sold to Petrus Land Investors II in December 2012. In January 2013, all rights and responsibilities under the existing agreements were assigned over to Petrus.

Based upon the current, low interest rate environment, it appears that the District may be able to refund (refinance) remaining portion of the 2004, 2006, 2007 and 2010 Series bonds and achieve a significant savings over the remaining portions of the outstanding debt. If approved, the duration of the debt payment will not be extended.

Proceeds from the bond sale will be used to refund the remaining portions of the 2004, 2006, 2007 and 2010 Series bonds and acquire portions of Gladden Farms Community Park. The park

includes tot-lots with play equipment, baseball and soccer fields, picnic benches, a bathroom facility, parking lot and extensive landscaping and hardscaping. Park costs include all construction, construction observation, engineering and landscape design.

The bond sale would be structured to maintain a target ad valorem tax levy of $2.50 per $100 of limited assessed property valuation for all properties located within the District boundaries. The proposed tax levy of $2.50 is strictly for the repayment of the bonds and does not include an operations and maintenance tax of $.30 per $100.

To maintain the tax levy at $2.50 and to ensure payment of the annual debt service, Petrus Land Investors II will execute a Standby Contribution Agreement and a Payment Agreement. The latter document stipulates that the developer will maintain a deposit of cash or a letter of credit adequate to meet the maximum annual debt service coverage requirements.

The bond sale, including the parameters of the bond transaction as described above, is in accordance with development agreement executed between the District and the developer upon formation of the District, as amended. Additionally, in connection with its consideration of the Bond Resolution, staff included a Preliminary Official Statement. Members of the Board are asked to ensure they pay particular attention to the Preliminary Official Statement

Further, both Michael Cafiso and Mark Reader are in support of the bond transaction as outlined above. Mr. Cafiso and Mr. Reader are the District's bond counsel and financial adviser, respectively.

Financial Impact:

If approved, the item would authorize the issuance of bonds to refund the remaining portions of the 2004, 2006, 2007 and 2010 Series bonds and an acquisition of a portion of the Gladden Farms Park. The duration of refunded debt would not be extended.

Staff Recommendation:

Staff recommends approval of Resolution No. GFCFD 2016-03; approving a feasibility report with regard to projects and resolving intent therefor; authorizing the sale and issuance of general obligation and general obligation refunding bonds, Series 2016; prescribing certain terms and conditions of such bonds; approving the form and authorizing the execution and delivery of necessary related documents and an official statement; delegating the determination of certain terms of such bonds and matters related thereto to the district chief financial officer and authorizing the subsequent levying of an ad valorem property tax with respect to such bonds.

Suggested Motion:

I move to approve Resolution No. GFCFD 2016-03; approving a feasibility report with regard to projects and resolving intent therefor; authorizing the sale and issuance of general obligation and general obligation refunding bonds, Series 2016; prescribing certain terms and conditions of such bonds; approving the form and authorizing the execution and delivery of necessary related documents and an official statement; delegating the determination of certain terms of such bonds and matters related thereto to the district chief financial officer and authorizing the subsequent levying of an ad valorem property tax with respect to such bonds.

Attachments

Resolution No. GFCFD 2016-03
GF 2016 Feasibility Report
POS
Bond Purchase Agreement
1st Amendment to CFD DA
Standby Contrib Agt
Depository Agreement
Dissemination Agency Agreement
Indenture
Procedures1
Procedures2

RESOLUTION NO. GFCFD 2016-03

(GLADDEN FARMS COMMUNITY FACILITIES DISTRICT)

A RESOLUTION OF THE DISTRICT BOARD OF GLADDEN FARMS 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, ALL AS PROVIDED IN SUCH REPORT, AND RESOLVING THE INTENT THEREFOR; AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED $9,000,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION AND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (GLADDEN FARMS COMMUNITY FACILITIES DISTRICT), A SERIES 2016 STANDBY CONTRIBUTION AGREEMENT, A SERIES 2016 LETTER OF CREDIT DEPOSITORY AGREEMENT, A SERIES 2016 INDENTURE OF TRUST AND SECURITY AGREEMENT, AN ESCROW TRUST AGREEMENT, A PURCHASE CONTRACT, A SERIES 2016 CONTINUING DISCLOSURE UNDERTAKING, A SERIES 2016 DISSEMINATION AGENCY 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 CHIEF FINANCIAL OFFICER; RATIFYING THE FORM AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS; AUTHORIZING THE PREPARATION AND DISTRIBUTION OF A FINAL OFFICIAL STATEMENT RELATING TO THE BONDS; AUTHORIZING THE SUBSEQUENT LEVYING OF AN *AD VALOREM* PROPERTY TAX WITH RESPECT TO THE BONDS; ADOPTING POST-ISSUANCE TAX COMPLIANCE AND CONTINUING DISCLOSURE COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE DISTRICT AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION

BE IT RESOLVED BY THE DISTRICT BOARD OF GLADDEN FARMS COMMUNITY FACILITIES DISTRICT as follows:

1. Findings.

a. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Act"), and Section 9-500.05, Arizona Revised Statutes, the Town of Marana, Arizona (hereinafter called the "Municipality"), Gladden Farms Community Facilities District (hereinafter called the "District") and certain entities which at various times have had an interest in real property within the boundaries of the District entered into a District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District), dated as of February 1, 2004 (hereinafter referred to as the "Original Development Agreement" and as amended by the hereinafter defined Development Agreement Amendment, as the "Development Agreement"), to specify, among other things, conditions, terms, restrictions and requirements for public infrastructure (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time.

b. With regard to the property which makes up the real property included within the District, the District and certain of such entities 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 Gladden Farms 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. This district board of the District (hereinafter called the "District Board") has determined to enter into a First Amendment to the Development Agreement, to be dated as of the first day of the month of the dated date of the hereinafter described Fifth Series of the Bonds (hereinafter referred to as the "Development Agreement Amendment"), with certain of such entities to provide for certain amendments to the 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 Gladden Farms Community Facilities District (hereinafter referred to as 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 or to those persons who will be qualified to vote pursuant to Section 48-707(G), Arizona Revised Statutes [being, if no person has registered to vote within the area to be included within

the boundaries of the District within fifty (50) days immediately preceding any scheduled election date, the owners of land within the District who will be qualified electors of the State of Arizona and other landowners according to Section 48-3043, Arizona Revised Statutes (hereinafter referred to as the "qualified electors"),] the question of authorizing the District Board to issue such bonds (hereinafter referred to as 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. GFCFD 2004-01 adopted on February 15, 2004 (hereinafter referred to as the "Election Resolution"), which provided that a special election be held on May 18, 2004 (hereinafter referred to as the "Election"), at which time there was submitted to the qualified electors of the District the question set forth in the official ballot described in the Election Resolution.

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. After careful examination of the official returns of the Election, 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 up to and including $69,000,000 aggregate principal amount of the Bonds were therefore authorized to be sold and issued.

i. The District Board has caused $2,105,000 aggregate principal amount of the Bonds, designated General Obligation Bonds, Series 2004 and dated July 29, 2004 (hereinafter referred to as the "First Series of Bonds"), to be sold and issued to construct or acquire certain projects relating to certain public infrastructure provided for in the General Plan.

j. The District Board has also caused $3,250,000 aggregate principal amount of the Bonds, designated General Obligation Bonds, Series 2006 and dated August 3, 2006 (hereinafter referred to as the "Second Series of Bonds"), to be sold and issued to construct or acquire certain other projects relating to certain public infrastructure provided for in the General Plan.

k. The District Board has also caused $3,075,000 aggregate principal amount of the Bonds, designated General Obligation Bonds, Series 2007 and dated August 15, 2007 (hereinafter referred to as the "Third Series of Bonds"), to be sold and issued to construct or acquire certain other projects relating to certain public infrastructure provided for in the General Plan.

l. The District Board has also caused $1,000,000 aggregate principal amount of the Bonds, designated General Obligation

Bonds, Series 2010 and dated September 14, 2010 (hereinafter referred to collectively with the First Series of Bonds, the Second Series of Bonds and the Third Series of Bonds as the "Bonds Being Refunded"), to be sold and issued to construct or acquire certain other projects relating to certain public infrastructure provided for in the General Plan.

m. 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 projects relating to certain public infrastructure provided for in the General Plan and to be financed with proceeds of the sale of a fifth series of the Bonds (hereinafter referred to as the "Project Bonds") to be prepared, such report having included a description of certain public infrastructure to be acquired and all other information useful to understand the projects, a map showing, in general, the location of the projects, an estimate of the cost to construct, acquire, operate and maintain the projects, an estimated schedule for completion of the projects, a map or description of the area to be benefitted by the projects and a plan for financing the projects (hereinafter referred to as the "Report"). A Public hearing on the Report was held on the date of adoption of this Resolution, but prior thereto (hereinafter referred to as the "Report Hearing"), after provision for publication of notice thereof as provided by law.

n. 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 infrastruc-

ture (hereinafter referred to as the "Projects") described in the Development Agreement (as such term is defined in the Election Resolution), 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.

O. The District Board has determined to authorize the issuance of the Project 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.

p. The District is authorized by Sections 35-473.01 and 48-719, Arizona Revised Statutes to issue and sell refunding bonds to refund any general obligation bonds of the District.

q. The District Board has also determined that it is expedient to refund all of the Bonds Being Refunded and that the issuance of certain general obligation refunding bonds by the District (hereinafter referred to as the "Refunding Bonds", and together with the Project Bonds, as the "Fifth Series of Bonds") and the application of the net proceeds thereof to pay at maturity or earlier redemption the Bonds Being Refunded are necessary and advisable and in the best interests of the District and shall result in a present value debt service savings, net of costs associated with the Bonds, of not less than three percent (3%).

r. The District Board shall enter in its minutes a record of the Fifth Series of Bonds sold and their numbers and dates and levy and cause an *ad valorem* tax to be collected, at the same time

and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described herein, to pay Debt Service (as such term is hereinafter defined) when due; provided, however, that the total aggregate of taxes levied to pay principal of and interest on the Refunding Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Refunding Bonds to the final date of maturity of the Bonds Being Refunded; the owners of the Refunding Bonds shall rely upon the sufficiency of the funds deposited as described in the hereinafter described Escrow Trust Agreement for the payment of the Bonds Being Refunded and the issuance of the Fifth Series of Bonds shall in no way infringe upon the rights of the owners of the Bonds Being Refunded to rely upon a tax levy for the payment of principal and interest on the Bonds Being Refunded if such funds prove insufficient.

s. Pursuant to the Act, the District Board has determined to enter into a Series 2016 Standby Contribution Agreement, to be dated as of the first day of the month of the dated date of the Fifth Series of Bonds determined as provided herein (hereinafter referred to as the "Standby Contribution Agreement"), by and among the District; Gladden Phase I, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of Delaware (hereinafter referred to as "Gladden Phase I"), and Zions Bank, a division of ZB, National Association, as trustee (hereinafter referred to as the "Trustee"), to provide for certain public

infrastructure purposes for the District, including for credit enhancement for the Fifth Series of Bonds.

t. Pursuant to the Act, the District Board has also determined to enter into a Series 2016 Letter of Credit Depository Agreement, to be dated as of the first day of the month of the dated date of the Fifth Series of Bonds determined as provided herein (hereinafter referred to as the "Depository Agreement"), by and between the District and Zions Bank, a division of ZB, National Association, as depository (hereinafter referred to as the "Depository"), to provide for certain public infrastructure purposes for the District, including for credit enhancement for the Fifth Series of Bonds.

u. Pursuant to the Act, the District Board has further determined to enter into a Series 2016 Indenture of Trust and Security Agreement, to be dated as of the first day of the month of the dated date of the Fifth Series of Bonds as provided herein (hereinafter referred to as the "Indenture"), from the District to the Trustee to secure (including with, if any, 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 Fifth 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 Fifth Series of Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery

of the Fifth Series of Bonds by the Trustee, to authorize the execution and delivery of the Indenture.

v. Pursuant to the Act, the District Board has further also determined to enter into (1) a Series 2016 Continuing Disclosure Undertaking, to be dated even date with the delivery of the Fifth Series of Bonds (hereinafter referred to as the "Undertaking") and (2) a Series 2016 Dissemination Agency Agreement, to be dated as of the first day of the month of the dated date of the Fifth Series of Bonds (hereinafter referred to as the "Dissemination Agreement"), by and between the District and RBC Capital Markets, LLC, in each case to provide for purposes of Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934, as amended (hereinafter referred to as the "Rule") applicable to the Fifth Series of Bonds.

w. 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 Development Agreement, the proposed form of the Development Agreement Amendment, and, in connection with the purposes described in paragraphs 1.s. through v. (1) the proposed form of the Standby Contribution Agreement, (2) the proposed forms of the Depository Agreement, (3) the proposed form of the Indenture, (4) the proposed form of the Escrow Trust Agreement relating to the Refunding Bonds, to be dated as of the first day of the month of the dated date of the Fifth Series of Bonds as provided herein (hereinafter referred to as the "Escrow Agreement"), by and between the District and Zions Bank, a division of ZB, National Association, as escrow trustee (hereinafter referred to as the "Escrow

Trustee"), (5) the proposed form of the Purchase Contract relating to the Fifth Series of Bonds, to be dated even date with their sale (hereinafter referred to as the "Purchase Contract"), by and between the District and RBC Capital Markets, LLC (hereinafter referred to as the "Underwriter"), (6) the proposed form of the Undertaking, (7) the proposed form of the Dissemination Agreement and (8) the form of the Preliminary Official Statement relating to the Fifth Series of Bonds, dated the date of the mailing thereof (hereinafter referred to as the "Preliminary Official Statement"). (The documents described in Clauses (1) through (7), both inclusive, are hereinafter referred to, collectively, as the "Bond Documents.")

x. The District Board hereby finds and determines that (1) the proposed amount of indebtedness evidenced by the Project Bonds and the Bonds Being Refunded does not exceed the estimated cost of the public infrastructure improvements 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 Fifth Series of Bonds and (2) the total aggregate outstanding amount of the Fifth 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, hereby found and determined to be not less than $15,000,000 all as provided in the Act.

y. Pursuant to the Internal Revenue Code of 1986, as amended (hereinafter referred to as the "Code"), and the regulations promulgated thereunder (hereinafter referred to as the "Regulations"), issuers of obligations, the interest on which is intended to be

excludable from the gross income of the owners thereof for federal income tax purposes (hereinafter referred to as "Tax-Exempt Obligations"), are required to establish policies and procedures to ensure compliance with the applicable provisions of the Code and the Regulations, and the District Board has determined that procedures should be adopted in order to ensure that Tax-Exempt Obligations issued by the District comply with the provisions of the Code and the Regulations (hereinafter referred to as the "Tax Compliance Procedures").

z. Pursuant to the Rule, Participating Underwriters (as defined in the Rule) are required to reasonably determine that issuers have entered into written undertakings to make ongoing disclosure in connection with offerings of obligations to investors subject to the Rule and the District Board has determined that procedures should be adopted in order to document practices and describe various procedures for preparing and disseminating such ongoing disclosure for the benefit of the holders of the obligations of the District and to assist the Participating Underwriters in complying with the Rule and such written undertakings (hereinafter, together with the Tax Compliance Procedures, referred to as the "Procedures").

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

bb. 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 Fifth 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 Fifth Series of Bonds.

cc. All actions to refund the Bonds Being Refunded, whether taken before or after adoption of this Resolution, are ratified and confirmed and approved, respectively.

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

b. Preparation of Report. The preparation of the Report is hereby ratified and confirmed. (Upon completion of a draft of the Report, the Report, marked in a conspicuous fashion "DRAFT," was submitted to the District Board and Gladden Phase I 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 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 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 Fifth Series of Bonds. The Fifth Series of Bonds is hereby authorized to be issued as a series of general obligation bonds of the District to be designated "General Obligation and General Obligation Refunding Bonds, Series 2016." The Fifth 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 Chief Financial Officer as hereinafter provided. (The Bonds Being Refunded shall be paid at maturity or redeemed on the earliest redemption date.) The District Chief Financial Officer is hereby authorized and directed to determine on behalf of the District: (1) the dated date (but not later than December 31, 2016) total principal amount (but not to exceed $9,000,000) of the Fifth Series of Bonds; (2) the final principal and maturity schedule of the Fifth Series of Bonds (but none of the Fifth Series of Bonds to mature more than twenty-five (25) years from their date of issuance); (3) the interest rate on each maturity of the Fifth

Series of Bonds and the dates for payment of such interest; (4) the provisions for redemption in advance of maturity of the Fifth Series of Bonds; (5) which of the Fifth Series of Bonds are the Project Bonds and which are the Refunding Bonds; (6) the sales date, sales price and other terms of sale of the Fifth Series of Bonds and (7) the provisions for credit enhancement, if any, for the Fifth Series of Bonds upon the advice of the Underwriter including pursuant to the Standby Contribution Agreement and the Depository Agreements, particularly the instruments and the amounts thereof to be deposited pursuant to the latter; provided, however, that the foregoing determinations must result in a yield with respect to the Fifth Series of Bonds, calculated for federal income tax purposes, of not to exceed four percent (4%), provided, however, that such determinations must result in at least the savings indicated in the recitals hereto. The Fifth Series of Bonds shall be sold to the Underwriter in accordance with the terms of the Purchase Contract and at a price specified therein with original issue discount and underwriter's compensation in each case as determined by the District Chief Financial Officer who is hereby authorized and directed to so determine such matters.

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

deliver the Fifth Series of Bonds shall be the persons holding such offices at the time of the initial issuance and delivery of the Fifth 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 or the District Chief Financial Officer 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 or the District Chief Financial Officer is hereby authorized to execute and deliver to the Trustee the written order of the District for the authentication and delivery of the Fifth Series of Bonds by the Trustee.

e. Other Actions Necessary. The District Manager, the District Chief Financial Officer, 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 Development Agreement Amendment and the Bond Documents, including without limitation, the closing and other documents

required to be delivered in connection with the sale and delivery of the Fifth 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 Fifth Series of Bonds.)

f. Distribution of Disclosure Documents.

1. The distribution by the Underwriter of the Preliminary Official Statement is hereby ratified and confirmed, and the District Chief Financial Officer is hereby authorized and directed to prepare, or cause the preparation of, and to execute the Final Official Statement for the Fifth Series of Bonds, to be dated even date with their sale, and the distribution of such Final Official Statement by the Underwriter is hereby approved.

2. The District Chief Financial Officer is hereby authorized to deem the Preliminary Official Statement "final" as of its date for purposes of the Rule. In that respect, the District Chief Financial Officer is further authorized to modify, or authorize the modification of, the Preliminary Limited Offering Memorandum.

g. Tax Levy.

1. For each year while any of the Fifth 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 Fifth Series of Bonds when collected constitute funds to pay Debt Service and shall be kept in the Series 2016 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 Fifth 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, with limitations for the Refunding Bonds provided herein, 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.

h. No Obligation of Municipality. Neither the full faith and credit nor the general taxing power of the Municipality is pledged to the payment of the Fifth Series of Bonds. Nothing contained in this Resolution, the Bond Documents or any other instrument related to the Fifth 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.

i. Appointment of Trustee, Escrow Trustee and Depository. Zions Bank, a division of ZB, National Association, Phoenix, Arizona, is hereby confirmed as Trustee, Registrar and Paying Agent, as Escrow Trustee and as Depository for the purposes of the Indenture, the Escrow Agreement and the Depository Agreements, respectively.

j. Implementation of Procedures. The Procedures are hereby adopted to establish policies and procedures related to the purposes set forth in the Recitals hereto. The right to use discretion as necessary and appropriate to make exceptions or request additional provisions with respect to the Procedures as may be determined is hereby reserved. The right to change the Procedures from time to time, without notice, is also reserved.

4. Repeal of Resolution. After any of the Fifth Series of Bonds are delivered by the Trustee to the Underwriter upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Fifth 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, para-

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

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

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

d. This Resolution shall be effective immediately.

PASSED by the District Board of Gladden Farms Community Facilities District this 16th day of August, 2016.

.....
Chairman, District Board, Gladden Farms Community Facilities District

ATTEST:

.....
District Clerk, Gladden Farms Community Facilities District

APPROVED AS TO FORM:

.....
District Counsel, Gladden Farms Community Facilities District

ATTACHMENT:

EXHIBIT -- Form of Notice of Hearing on Report

* * *

EXHIBIT

FORM OF NOTICE OF HEARING ON REPORT

NOTICE FOR HEARING REQUIRED BY A.R.S. § 48-715 ON REPORT OF THE FEASIBILITY AND BENEFITS OF CERTAIN PROJECTS TO BE FINANCED WITH THE PROCEEDS OF THE SALE OF GENERAL OBLIGATION BONDS OF GLADDEN FARMS 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 general obligation bonds of Gladden Farms Community Facilities District shall be held by the District Board on August 16, 2016, at approximately 7:00 p.m. (Phoenix, Arizona, time), or immediately preceding the meeting of the Mayor and Common Council of the Town of Marana, Arizona, in the Council Chambers located at 11555 West Civic Center Drive, Marana, Arizona 85653. Such feasibility report is on file with the Town Clerk of the Town of Marana, Arizona/ District Clerk of Gladden Farms Community Facilities District, 11555 West Civic Center Drive, Marana, Arizona 85653, telephone number: (520) 382-1900.

Dated this ..... day of ....., 2016

/s/ Gilbert Davidson
.....
District Manager, Gladden Farms
Community Facilities District

FEASIBILITY REPORT

For The Issuance of
Not to Exceed
$9,000,000 Principal Amount

of

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT (MARANA, ARIZONA)

GENERAL OBLIGATION AND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016

Public Hearing Date: August 16, 2016

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SECTION ONE

INTRODUCTION; PURPOSE OF FEASIBILITY REPORT; GENERAL DESCRIPTION OF DISTRICT

INTRODUCTION

This Feasibility Report (this "Report") has been prepared by qualified persons for presentation to the District Board of Gladden Farms Community Facilities District (the "District") in connection with the proposed issuance by the District of its General Obligation and General Obligation Refunding Bonds, Series 2016 (the "Bonds") pursuant to the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (A.R.S.), specifically in accordance with the provisions of A.R.S. Section 48-715 with respect to the feasibility and benefits of certain public infrastructure (as that term is defined in A.R.S. Section 48-701) described in Section Two (the "Public Infrastructure") and the plan for financing the Public Infrastructure with a portion of the proceeds of the sale of the Bonds. The portion of the Bonds to be used for the Public Infrastructure will have a principal amount of not to exceed $400,000. The District is authorized to issue up to $69,000,000 in principal amount of general obligation bonds. In July 2004, the District issued $2,105,000 aggregate principal amount of General Obligation Bonds, Series 2004 (the "Series 2004 Bonds"); in August 2006, the District issued $3,250,000 aggregate principal amount of General Obligation Bonds, Series 2006 (the "Series 2006 Bonds"), in August 2007, the District issued $3,075,000 aggregate principal amount of General Obligation Bonds, Series 2007 (the "Series 2007 Bonds") and in September 2010, the District issued $1,000,000 aggregate principal amount of General Obligation Bonds, Series 2010 (with the Series 2004 Bonds, the Series 2006 Bonds, and the Series 2007 Bonds the "Prior Bonds").

PURPOSE OF FEASIBILITY REPORT

Pursuant to A.R.S. Section 48-715, this Report includes (i) a description, an estimate of cost of acquisition and operation and maintenance, and an estimated schedule for completion 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]; and (iii) a plan for financing the Public Infrastructure [Section Four].

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

GENERAL DESCRIPTION OF DISTRICT

The Town of Marana, Arizona (the "Town") approved formation of the District on February 17, 2004 upon the request of Gladden Forest, LLC (and other parties). On January 30, 2013, the property within the District was sold to Gladden Phase I, LLC (the "Owner").

The District is located within the limits of the Town and comprises approximately 700 acres that will include approximately 1,746 single-family homes at build-out of "Gladden Farms", a mixed use, master planned development (the "Project") and approximately 42 acres of commercial property.

The District was created to finance and acquire a portion of public infrastructure within the District that is part of the Project. The Project is generally located at the southwest intersection of Moore Road and Postvale Road in the northwest portion of the Town. A map of the location of the Project within the Town is included in Section Three of this Report. A legal description of the property within the District is included as Appendix A to this Report.

SECTION TWO

DESCRIPTION OF PUBLIC INFRASTRUCTURE

DESCRIPTION OF PUBLIC INFRASTRUCTURE

The construction of the Public Infrastructure is complete. Upon acquisition by the District, the Public Infrastructure will be dedicated or otherwise transferred to the Town. The obligations pertaining to the operation and maintenance of the Public Infrastructure are the subject of certain development agreements. As provided in such development agreement, the costs associated with the operation and maintenance of the Public Infrastructure, as well as the administrative costs of the District, will be provided by a property tax levy of up to $0.30 per $100 of net assessed limited property valuation (the "O&M Tax"), and Owner contributions.

Listed below are descriptions and estimated costs of acquisition of the Public Infrastructure, not including pro-rata costs of issuance. Proceeds of the sale of the Bonds, after payment of the costs of issuance, will be used to finance the acquisition of the Public Infrastructure as indicated below.

	Bond Project Descriptions	Costs	Paid by Series 2004 Bonds	Paid by Series 2006 Bonds	Paid by Series 2007 Bonds	Paid by Series 2010 Bonds	To Be Paid by Series 2016 Bonds	To Be Paid by Future Bonds
1	**Off-Site Sewer**-Approximately 37,00 linear feet of gravity sanitary sewer main consisting of 24", 18", 15" and 12" diameter pipelines, and associated manholes, stubouts, laterals, pavement repair, drainage and irrigation modifications, with connection to the existing Marana Wastewater Treatment Plant. Located generally from Blocks 6 and 12 of Gladden Farms along Lon Adams Road, Gladden Farms Drive, Tangerine Farms Road, Moore Road, Sanders Road, Trico Marana Road, Luckett Road and the Sewer Access Road. This work has been completed and	$1,871,673	$1,871,673	$0	$0	$0	$0	$0
2	**On-Site Sewer**-The On-Site Sewer System includes 15-inch gravity sewer mains and associated manholes and laterals within Lon Adams Road and Tangerine Farms Road. This work has been completed and the costs have been approved by the District.	$335,667	$0	$335,667	$0	$0	$0	$0
3	**Off-Site Water**-The Off-Site Water system includes two parallel 12-inch pressurized water mains over a distance of approximately 4,000 feet. The water mains run from the well site within the Gladden Farms community, northerly within public right-of-way to the Town of Marana's existing reservoir facilities north of Barnett Road. The parallel water mains serve as a system to convey water from the well site to the reservoir, and from the reservoir into the Gladden Farms community. The Off-Site water system also includes associated valves and laterals. This work has been completed and the costs have been approved by the District.	$406,348	$0	$406,348	$0	$0	$0	$0

	Bond Project Descriptions (Con't)	Costs	Paid by Series 2004 Bonds	Paid by Series 2006 Bonds	Paid by Series 2007 Bonds	Paid by Series 2010 Bonds	To Be Paid by Series 2016 Bonds	To Be Paid by Future Bonds
4	**On-Site Water**-The On-Site Water system includes a new 12-inch potable water well within a 0.4-acre site. The well has been drilled to a depth of 840 feet. The costs include all appropriate casing, pumps, electrical facilities, the walled site enclosure, gates and landscaping. This category also includes 12-inch and 8-inch water mains with Lon Adams Road, Moore Road, and Gladden Farms Drive, will all associated valves, fire hydrants, and laterals. This work has been completed and the costs have been approved by the District.	$1,113,263	$0	$1,113,263	$0	$0	$0	$0
5	**Paving and Subgrade**-This includes the improvement costs for the grading, subgrade material, surface pavement, curbs, sidewalks, and drainage facilities within approximately 4,400 LF of Lon Adams (Sta 12+00 to Sta 41+75), 3,460 LF of Gladden Farms Drive (Sta 20+90 to Sta 50+55), and 690 LF of Heritage Park Road (Sta 14+00 to Sta 20+90). It also includes all costs concerning the engineering design, survey and construction observation associated with the project. This work has been completed and the costs have been approved by the District.	$2,031,134	$0	$1,146,347	$884,787	$0	$0	$0
6	**Public Landscape**-Public Landscape includes costs for engineering, landscape design, grading, landscaping, drainage, and hardscaping of the southern half of the 250 foot Moore Road right-of-way, as well as additional landscaping in the ten foot public landscape easement along the entire length of Gladden Farms Drive and along Lon Adams Road South from Moore Road to the southern boundary of Block 19. This work has been completed and the costs have been approved by the District.	$1,956,933	$0	$0	$1,956,933	$0	$0	$0
7	**Gladden Farms Community Park**-The park includes two baseball fields, a soccer field, tot-lots with play equipment, picnic benches, a bathroom facility, parking lot and extensive landscaping and hardscaping. The costs include all construction, construction observation, engineering design and landscape design. This work has been completed and the costs have been approved by the District.	$2,908,481	$0	$0	$0	$889,000	$400,000	$1,669,481

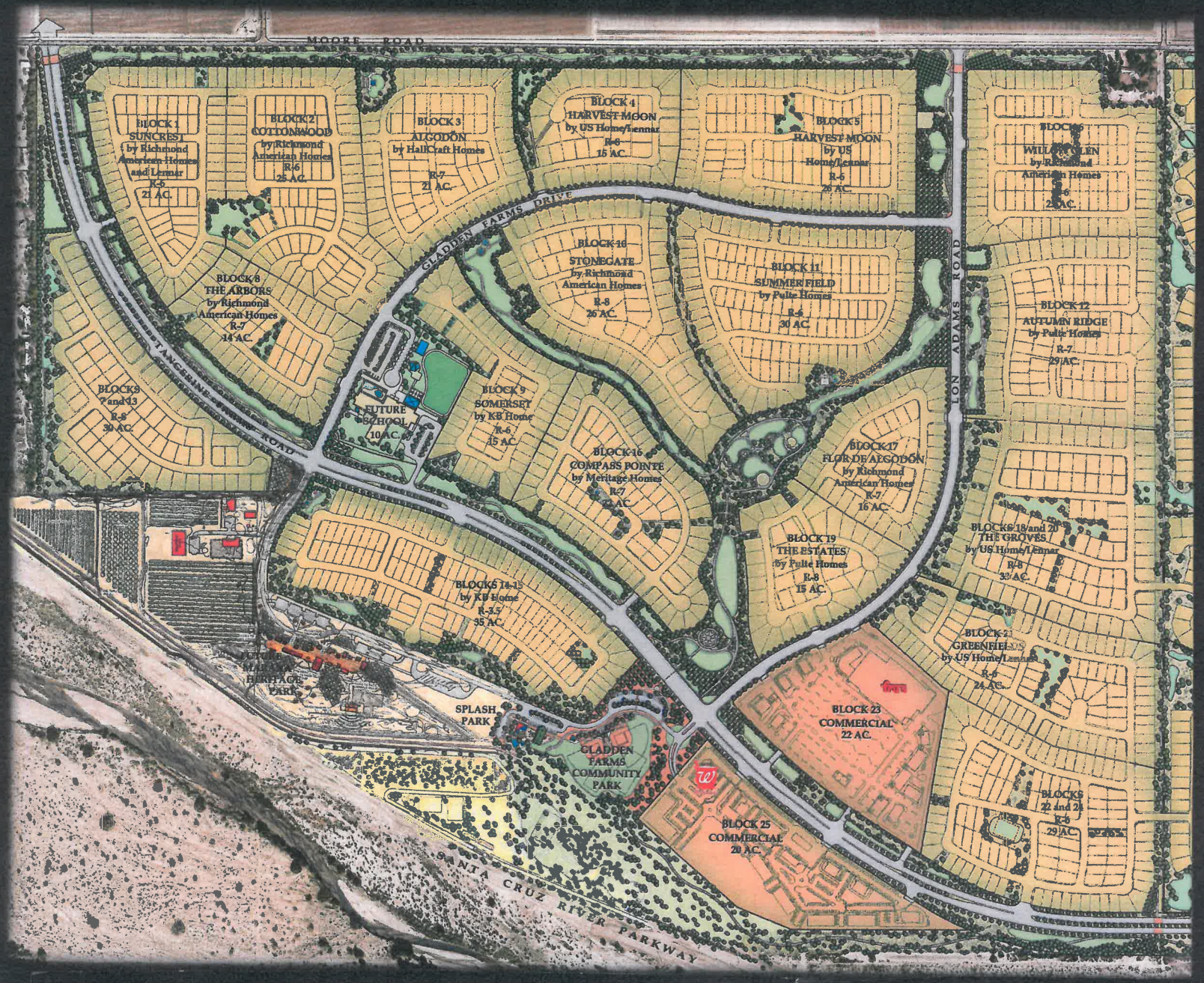
	Bond Project Descriptions (Con 't)	Costs	Paid by Series 2004 Bonds	Paid by Series 2006 Bonds	Paid by Series 2007 Bonds	Paid by Series 2010 Bonds	To Be Paid by Series 2016 Bonds	To Be Paid by Future Bonds
8	These improvements include landscaping, pathways, drainage facilities, engineering, landscape design, and fine grading for the public right of way along Tangerine Farms Road near the intersection of Lon Adams and Tangerine Farms Road. The work also includes the cost of drainage facilities in the basins in the northern public right-of-way along Tangerine Farms Road in Gladden Farms, adjacent to Blocks 16, 23 , and 22/24. This work has been completed and the costs have been approved by the District.	$301,392	$0	$0	$0	$0	$0	$301,392
9	These improvements include drainage facilities, engineering, and landscape design for the public right of way basins along Tangerine Farms Road adjacent to Blocks 1, 8, and 9, as wells as fine grading, landscaping, and pathways within the basins in the northern public right-of-way along Tangerine Farms Road in Gladden Farms, adjacent to Blocks 1 and 8. This work has been completed and the costs have been approved by the District.	$452,587	$0	$0	$0	$0	$0	$452,587
10	These improvements include the construction of the 6-foot high buffer perimeter wall along the western boundary of the public land known as Block "A" within Blocks 7/13 of Gladden Farms, along with all engineering, testing services, and construction observation costs. The wall is designed with 6-inch tan block and extends the entire 2,513 liner foot length of Block "A". This work has been completed and the costs have been approved by the District.	$124,258	$0	$0	$0	$0	$0	$124,258
11	These improvements include fine grading, landscaping, and pathways within the basins in the northern public right-of-way along Tangerine Farms Road in Gladden Farms, adjacent to Blocks 9, 16, and 22/24. This work is currently underway (summer 2016) so final costs are not yet tabulated. The amount provided herein is an estimate only.	$400,000	$0	$0	$0	$0	$0	$400,000

		Costs	Paid by Series 2004 Bonds	Paid by Series 2006 Bonds	Paid by Series 2007 Bonds	Paid by Series 2010 Bonds	To Be Paid by Series 2016 Bonds	To Be Paid by Future Bonds
Bond Project Descrptions (Con't)								
12	These improvements include fine grading, landscaping, drainage facilities, and pathways within all remaining portions of the public right-of-way along Tangerine Farms Road in Gladden Farms, adjacent to Blocks 7/13, 14/15, 23, and 25. In addition, the improvements include grading, drainage facilities, landscaping, pathways, and fine grading with the public Block "A" portion of Block 7/13 and the public southern buffer boundary of Block 7/13. This work is not yet scheduled and final costs are not yet tabulated. The amount provided herein is an estimate only.	$1,600,000	$0	$0	$0	$0	$0	$1,600,000
TOTAL BOND PROJECT		**$13,501,736**	**$1,871,673**	**$3,001,625**	**$2,841,720**	**$889,000**	**$400,000**	**$4,547,718**

SECTION THREE

MAP SHOWING DISTRICT BOUNDARIES, LOCATION OF PUBLIC INFRASTRUCTURE AND AREA TO BE BENEFITTED

Marana Regular Council Meeting 08/16/2016



GLADDEN FARMS I
LAND USE PLAN

February 12, 2016

SECTION FOUR

PLAN OF FINANCE

PLAN OF FINANCE

The Public Infrastructure will be acquired by the District by way of a Plan of Finance herein described below. This Plan of Finance is subject to modification to accommodate market conditions at the time of the actual sale of the Bonds and to the extent necessary to comply with Federal and State law.

Proposed Bond Sale

The District currently has $7,570,000 of general obligation bonded debt outstanding in the form of the Prior Bonds. It is anticipated that the District will issue the Bonds in September of 2016. The amount shown on the cover of this Report is a not-to-exceed amount, and the actual principal amount of the Bonds issued may be lower. The Bonds will have a final maturity of approximately 25 years and be structured to achieve level annual debt service.

Estimated Sources and Uses of Funds

The proceeds of the Bonds will be applied by the District to finance the acquisition of all or a portion of the Public Infrastructure listed in Section Two of this Report and to refund the Prior Bonds. The estimated sources and uses of funds related to the sale of the Bonds are as follows:

TABLE ONE

	SERIES 2016A NEW MONEY	SERIES 2016B REFUNDING	TOTAL
SOURCES			
Bond Par Amount	$400,000.00	$8,415,000.00	$8,815,000.00
Premium	1,390.80	80,933.90	82,324.70
Total Sources	$401,390.80	$8,495,933.90	$8,897,324.70
USES			
Cost of Public Infrastructure	$374,141.23	$0.00	$374,141.23
Refunding Escrow Deposit	0.00	7,918,047.03	7,918,047.03
Delivery Date Expenses*	27,249.57	577,886.87	605,136.44
Total Uses	$401,390.80	$8,495,933.90	$8,897,324.70

*Estimated Costs of Issuance

Underwriter's Discount	$242,412.50
Bond Insurance	136,599.65
Bond Counsel	80,000.00
Underwriter's Counsel	40,000.00
Financial Advisor	65,000.00
Rating Agency	20,000.00
Verification Agent	4,000.00
Registrar and Paying Agent	4,000.00
Printing	3,500.00
Miscellaneous	9,624.29
Total	$605,136.44

District Tax Rate and Homeowner's Property Tax Obligation

In addition to the O&M Tax, the District will levy an ad valorem property tax to provide for debt service on bonds issued by the District, including the Bonds. Beginning in fiscal year 2016-2017, the District will cause to be levied a combined ad valorem tax rate for each year the Bonds are outstanding in the amount of up to $2.80 per $100 of net assessed limited property valuation on all taxable property within the boundaries of the District. This tax rate includes a $2.50 levy for debt service and a $0.30 levy for the O&M Tax.

At the $2.80 tax rate level, assuming an average home price of $300,000, the District portion of a tax bill for a homeowner will be approximately $51 per month or $608 annually. 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 each initial home sale by a homebuilder, 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, each homebuyer will receive a form detailing the existence of the District, the tax rate and its financial impact. Receipt of this form will be acknowledged in writing by the homebuyer, and a signed copy will be kept on file with the Town Clerk.

Target Tax Rate, Standby Contribution Agreement and Depository Agreement

Given that the existing and short term future tax base of the District at a target tax rate of $2.50 per $100 of net assessed limited property value will be insufficient to support bond debt service for the Bonds, the Owner will enter into a Standby Contribution Agreement to provide payments on certain dates of each fiscal year until terminated necessary to maintain a tax rate of $2.50 for debt service given the then current tax base and the debt service requirements of the Bonds. The Standby Contribution Agreement will be uncollateralized and in effect for the life of the Bonds, subject to termination if certain conditions are met, principally that the $2.50 tax rate alone is sufficient to provide for annual debt service of the Bonds for a period of time provided by the Standby Contribution Agreement. (Similar agreements were executed and delivered with respect to the Prior Bonds.)

As additional security for the Bonds, the Owner will deposit with a depository pursuant to a Depository Agreement, for the benefit of the District, a cash or letter of credit deposit equal to maximum annual debt service with respect to the Bonds. If amounts are not available pursuant to the Standby Contribution Agreement pursuant to its terms, such depository will have the right to draw upon the cash deposit or letter of credit to, among other things, provide for the payment of debt service on the Bonds. The cash deposit or letter of credit held pursuant to the Depository Agreement is subject to release when certain thresholds of the development are met, as set forth in the Depository Agreement. As set forth in the Depository Agreement, all of the cash deposit or letter of credit will ultimately be released to the Owner under circumstances similar to those in the Standby Contribution Agreement, principally that the $2.50 tax rate alone is sufficient to provide for annual debt service of the Bonds for a period of time provided by the development agreement. (Similar agreements were executed and delivered with respect to the Outstanding Bonds.)

Other District Information

Shown in the table below is the District's overlapping general obligation bonded indebtedness including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, net assessed valuation and combined tax rate per $100 assessed valuation.

Direct and Overlapping Jurisdiction	2015-16 Net Assessed Limited Property Valuation	Net Outstanding Bonded Debt	Proportion Applicable to the District: Approx. Percent	Proportion Applicable to the District: Net Amount	2015-16 Combined Tax Rate Per $100 Assessed (a)
State of Arizona	$54,838,548,829	None	0.031%	None	$0.0000
Pima County (b)	7,620,360,873	380,615,000	0.224%	852,607	6.2951
Pima County Community College District	7,620,360,873	None	0.224%	None	1.3689
Pima County Flood Control District	6,917,200,982	None	0.247%	None	0.3135
Joint Technological Education District	7,404,566,982	None	0.231%	None	0.0500
Northwest Fire District	993,806,475	24,370,000	1.718%	418,593	2.9138
Marana Unified School District No. 6	736,010,522	98,210,000	2.319%	2,277,772	6.3370
Town of Marana	445,006,942	None	3.836%	None	0.0000
Gladden Farms Community Facilities District (c)	17,070,198	7,570,000	100.000%	7,570,000	2.8000
Total				$11,118,972	

(a) The combined tax rate includes the tax rate for debt service payments, which is based on the net assessed limited property valuation of the entity, and the tax rate for all other purposes such as maintenance and operation and capital outlay, which generally is based on the primary assessed valuation of jurisdictions other than special districts and on the net assessed limited property valuation of special districts such as the District.

(b) The County's tax rate includes the $5.0877 of the County, the $0.5054 tax rate of the County Education Equalization, the $0.5153 tax rate of the County Library District, the $0.1400 tax rate of the Central Arizona Project, and the $0.0467 tax rate of the Fire District Assistance Tax.

(c) Does not include bonds issued by the Tangerine Farms Improvement District.

The limited value, net assessed limited property value, full cash value, and net full cash assessed value of taxable property within the boundaries of the District for the indicated tax years are shown in the table below:

Fiscal Year	Net Assessed Limited Property Value	Net Full Cash Value	Net Secondary Assessed Value
2016-17	$18,090,779	$219,491,902	
2015-16	17,070,198	202,597,990	
2014-15		160,758,488	$15,727,837
2013-14		150,178,086	14,826,252
2012-13		165,562,871	16,511,922
2011-12		176,255,760	17,591,428

Source: Property Tax Rates and Assessed Values, Arizona Tax Research Association, and Pima County Assessor's Office

APPENDIX A

LEGAL DESCRIPTION FOR GLADDEN FARMS COMMUNITY FACILITIES DISTRICT (MARANA, ARIZONA)

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY
TO BE INCLUDED IN THE DISTRICT

ALL OF **GLADDEN FARMS BLOCKS 1 THRU 25 AND A THRU F**, EXCEPT BLOCK D, AS SHOWN ON THE PLAT RECORDED IN BOOK 55 OF MAPS AND PLATS AT PAGE 60, RECORDS OF THE PIMA COUNTY RECORDER, PIMA COUNTY, ARIZONA, BEING PORTIONS OF SECTIONS 33 AND 34 OF TOWNSHIP 11 SOUTH, RANGE 11 EAST, GILA AND SALT RIVER MERIDIAN, PIMA COUNTY, ARIZONA, FURTHER DESCRIBED AS FOLLOWS:

COMMENCING AT A ½" IRON PIN (NO TAG) AT THE NORTHEAST CORNER OF SAID SECTION 34;

THENCE SOUTH 0°30'09" EAST 322.00 FEET UPON THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 34 TO THE **POINT OF BEGINNING**;

THENCE CONTINUE SOUTH 0°30'09" EAST 2322.59 FEET UPON SAID EAST LINE AND UPON THE EAST LINE OF SAID **GLADDEN FARMS** TO A ½" ALUMINUM CAPPED PIN, LS 7599, AT THE EAST QUARTER CORNER OF SAID SECTION 34;

THENCE SOUTH 0°30'03" EAST 2644.34 FEET UPON THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 34 AND UPON SAID EAST LINE OF **GLADDEN FARMS** TO A ½" IRON PIN, NO TAG, AT THE SOUTHEAST CORNER OF SAID SECTION 34;

THENCE SOUTH 89°22'30" WEST 187.66 FEET UPON THE SOUTH LINE OF SAID SOUTHEAST QUARTER AND UPON THE SOUTH LINE OF SAID **GLADDEN FARMS** TO THE SOUTHEAST CORNER OF CMID WELL SITE NO. 18 AS SHOWN ON SAID PLAT;

THENCE NORTH 0°37'30" WEST 100.00 FEET UPON THE EAST LINE OF SAID WELL SITE TO THE NORTHEAST CORNER THEREOF;

THENCE SOUTH 89°22'30" WEST 75.00 FEET UPON THE NORTH LINE OF SAID WELL SITE TO THE NORTHWEST CORNER THEREOF;

THENCE SOUTH 0°37'30" EAST 100.00 FEET UPON THE WEST LINE OF SAID WELL SITE TO THE SOUTHWEST CORNER THEREOF BEING ON SAID SOUTH LINE OF THE SOUTHEAST QUARTER;

THENCE SOUTH 89°22'30" WEST 3885.00 FEET CONTINUING UPON THE SOUTH LINE OF SAID SOUTHEAST QUARTER AND UPON THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 34, BEING THE SOUTH LINE OF SAID **GLADDEN FARMS**, TO THE SOUTHWEST CORNER OF BLOCK B OF **GLADDEN FARMS** AS SHOWN ON SAID PLAT, BEING ON THE NORTHEASTERLY RIGHT OF WAY LINE OF SANDARIO ROAD AND A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY, THE RADIUS POINT OF SAID CURVE BEARS SOUTH 68°20'49" WEST, FOR REFERENCE, AN ALUMINUM CAPPED PIN, RLS 7599, AT THE SOUTHWEST CORNER OF SAID SECTION 34 BEARS SOUTH 89°22'30" WEST AT A DISTANCE OF 1124.04 FEET;

THENCE THE FOLLOWING THREE COURSES UPON SAID RIGHT OF WAY LINE AND UPON SAID SOUTHWEST LINE OF BLOCK B:

1) NORTHWESTERLY UPON SAID ARC, TO THE LEFT, HAVING A RADIUS OF 746.20 FEET AND A CENTRAL ANGLE OF 48°17'38", FOR AN ARC DISTANCE OF 628.96 FEET TO A TANGENT LINE;

2) NORTH 69°56'49" WEST 593.45 FEET TO A POINT ON THE ARC OF A TANGENT CURVE CONCAVE NORTHEASTERLY;
3) NORTHWESTERLY UPON SAID ARC, TO THE RIGHT, HAVING A RADIUS OF 160.99 FEET AND A CENTRAL ANGLE OF 69°26'33", FOR AN ARC DISTANCE OF 195.12 FEET TO A THE TANGENT EAST RIGHT OF WAY LINE OF SAID SANDARIO ROAD BEING THE WEST LINE OF SAID **GLADDEN FARMS**;

THENCE NORTH 0°30'16" WEST 1862.79 FEET UPON SAID EAST RIGHT OF WAY LINE AND UPON SAID WEST LINE TO AN ANGLE POINT;

THENCE SOUTH 89°29'44" WEST 30.04 FEET UPON SAID WEST LINE TO A ½" IRON PIN, NO TAG, AT THE WEST QUARTER CORNER OF SAID SECTION 34, BEING ALSO THE EAST QUARTER CORNER OF SAID SECTION 33;

THENCE SOUTH 89°17'57" WEST 1321.01 FEET UPON SAID WEST LINE AND UPON THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 33 TO AN ANGLE POINT;

THENCE NORTH 0°34'17" WEST 2610.03 FEET UPON SAID WEST LINE TO THE NORTHWEST CORNER OF SAID **GLADDEN FARMS**, BEING A POINT ON THE SOUTH RIGHT OF WAY LINE OF MOORE ROAD PRIOR TO THE DEDICATION OF ADDITIONAL RIGHT OF WAY AS SHOWN ON SAID PLAT, BEING A LINE 30.00 FEET SOUTHERLY OF AND PARALLEL WITH THE NORTH LINE OF SAID NORTHEAST QUARTER OF SECTION 33;

THENCE NORTH 89°20'24" EAST 1320.79 FEET UPON THE NORTH LINE OF SAID **GLADDEN FARMS**, UPON SAID PRIOR RIGHT OF WAY LINE AND UPON SAID PARALLEL LINE TO AN ANGLE POINT;

THENCE NORTH 89°25'03" EAST 2634.98 FEET UPON SAID NORTH LINE, UPON SAID PRIOR RIGHT OF WAY LINE AND UPON A LINE PARALLEL WITH AND 30.00 FEET SOUTHERLY OF THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 34 TO AN ANGLE POINT;

THENCE NORTH 89°25'03" EAST 2283.27 FEET UPON SAID NORTH LINE, UPON SAID PRIOR RIGHT OF WAY LINE AND UPON A LINE PARALLEL WITH AND 30.00 FEET SOUTHERLY OF THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 34;

THENCE SOUTH 0°30'13" EAST 292.00 FEET;

THENCE NORTH 89°25'03" EAST 357.00 FEET TO THE **POINT OF BEGINNING**.

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST __, 2016

NEW ISSUE – BOOK-ENTRY-ONLY **RATINGS: See "RATINGS" herein**

In the opinion of Greenberg Traurig, LLP, Bond Counsel, assuming continuing compliance with certain tax covenants and the accuracy of certain representations of the District, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. Interest on the Bonds will be exempt from income taxation under the laws of the State of Arizona. See "TAX MATTERS" herein for a description of certain other federal tax consequences of ownership of the Bonds.

$8,535,000*
GLADDEN FARMS COMMUNITY FACILITIES DISTRICT
(MARANA, ARIZONA)
GENERAL OBLIGATION AND GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

Dated: Date of Initial Delivery *Due: As shown on the inside front cover page*

The Gladden Farms Community Facilities District (Marana, Arizona) General Obligation and General Obligation Refunding Bonds, Series 2016 (the "Bonds") will be issued by the Gladden Farms Community Facilities District (the "District") in the form of fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available initially to ultimate purchasers through the book-entry-only system maintained by DTC in amounts of $5,000 of principal and integral multiples in excess thereof due on specified maturity dates. Interest on the Bonds (except defaulted interest, if any) will be paid semiannually on each January 15 and July 15 of each year, commencing January 15, 2017. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to DTC participants which will remit such payments to the beneficial owners of the Bonds. See APPENDIX C — "BOOK-ENTRY-ONLY SYSTEM."

SEE INSIDE FRONT COVER PAGE FOR MATURITY SCHEDULE

Principal of and interest on the Bonds will be payable from a continuing, direct, annual, *ad valorem* tax levied against all taxable property within the boundaries of the District, unlimited as to rate and amount in the case of the new money portion of the Bonds identified herein (the "Improvement Bonds"), but in the case of the refunding portion of the Bonds (the "Refunding Bonds"), limited in amount so that the total aggregate amount of taxes levied to pay principal of and interest on the Refunding Bonds shall not exceed the total aggregate of principal of and interest on all outstanding bonds of the District being refunded in advance of their respective maturities with proceeds of the sale of the Refunding Bonds (the "Bonds Being Refunded"), from the date of issuance of the Refunding Bonds to the final date of maturity of the Bonds Being Refunded. The application of such taxes to the payment of the Refunding Bonds will be subject to the rights vested in the owners of the Bonds Being Refunded to the payment of the Bonds Being Refunded from the same source in the event of a deficiency in the securities to be purchased with the proceeds of the Refunding Bonds and held in a trust to pay principal of and premium, if any, and interest on the Bonds Being Refunded. The owners of the Refunding Bonds must rely on the sufficiency of the moneys and securities held in such trust for payment of the Bonds Being Refunded. Debt service with respect to the Bonds will also be payable from amounts to be paid pursuant to a Series 2016 Standby Contribution Agreement, to be dated as of September 1, 2016 (the "Standby Contribution Agreement"), as described herein and may also be payable from amounts to be held under certain circumstances pursuant to a Series 2016 Letter of Credit Depository Agreement, to be dated as of September 1, 2016 (the "Depository Agreement"), neither of which will be subject to replenishment as described herein. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein. The Standby Contribution Agreement and the Depository Agreement will be terminated, in each case, under certain circumstances described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "RISK FACTORS" herein. The Standby Contribution Agreement and the Depository Agreement will be terminated, in each case, under certain circumstances described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "RISK FACTORS" herein. See "THE BONDS – Security and Source of Payment" and "PLAN OF REFUNDING" herein.

The Bonds will be subject to redemption by the District prior to maturity as described herein.

Proceeds of the sale of the Bonds will be used to (i) pay costs of acquisition and construction of certain public improvements benefitting the District, (ii) refund the Bonds Being Refunded which were issued to pay costs of acquisition and construction of certain other public infrastructure benefitting the District and (iii) pay costs of issuance relating to the Bonds.

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

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

The Bonds are offered when, as and if issued and subject to the approval of Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Squire Patton Boggs (US) LLP, Phoenix, Arizona, and for the Owner by its counsel, Fennemore Craig P.C., Phoenix, Arizona. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about September 29, 2016*.

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

RBC CAPITAL MARKETS

September__, 2016

* Subject to change.

$8,535,000*
GLADDEN FARMS COMMUNITY FACILITIES DISTRICT
(MARANA, ARIZONA)
GENERAL OBLIGATION AND GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

MATURITY SCHEDULE

Maturity Date (July 15)	Principal Amount*	Interest Rate	Yield	CUSIP(1) (376420)
2017	$235,000	%	%	
2018	255,000			
2019	310,000			
2020	460,000			
2021	470,000			
2022	480,000			
2023	490,000			
2024	500,000			
2025	515,000			
2026	530,000			
2027	545,000			
2028	560,000			
2029	575,000			
2030	590,000			
2031	610,000			
2032	635,000			
2033	655,000			

$120,000* Term Bonds @ ____% Due July 15, 20__ - Yield of ____% CUSIP(1): 376420 ___

(1) *CUSIP® is a registered trademark of the American Bankers Association, CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2016 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Underwriter, the Owner, the Financial Advisor or their agents or counsel assume responsibility for the accuracy of such matters.*

* Subject to change.

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT

Ed Honea, *Chairman*

Jon Post, Vice *Chairman*

David Bowen, *Member*

Patti Comerford, *Member*

Herb Kai, *Member*

Carol McGorray, *Member*

Roxanne Ziegler, *Member*

DISTRICT ADMINISTRATIVE STAFF

Gilbert Davidson
District Manager

Erik Montague
District Treasurer and
District Chief Financial Officer

Frank Cassidy
District Counsel

Jocelyn C. Bronson
District Clerk

FINANCIAL ADVISOR

Stifel, Nicolaus & Company, Incorporated
Phoenix, Arizona

BOND COUNSEL

Greenberg Traurig, LLP
Phoenix, Arizona

TRUSTEE

[Zions Bank, a division of ZB, National Association]
Phoenix, Arizona

THIS OFFICIAL STATEMENT, WHICH INCLUDES THE COVER PAGE, THE INSIDE FRONT COVER PAGE AND THE APPENDICES HERETO, SHOULD BE CONSIDERED IN ITS ENTIRETY, AND NO ONE SUBJECT SHOULD BE CONSIDERED LESS IMPORTANT THAN ANOTHER BY REASON OF LOCATION IN THE TEXT. BRIEF DESCRIPTIONS OF THE BONDS, THE ESCROW TRUST AGREEMENT, INDENTURE, THE STANDBY CONTRIBUTION AGREEMENT, THE DEPOSITORY AGREEMENT, THE SECURITY FOR THE BONDS, THE DISTRICT, THE OWNER AND THE PUBLIC INFRASTRUCTURE (AS SUCH TERMS ARE DEFINED HEREIN) AND OTHER INFORMATION ARE INCLUDED IN THIS OFFICIAL STATEMENT. SUCH DESCRIPTIONS DO NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES HEREIN TO THE BONDS, THE BOND RESOLUTION, THE ESCROW TRUST AGREEMENT AND ANY OTHER DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS, COPIES OF WHICH MAY BE OBTAINED FROM RBC CAPITAL MARKETS, LLC (THE "UNDERWRITER") AT 2398 EAST CAMELBACK ROAD, SUITE 700, PHOENIX, ARIZONA 85016.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DISTRICT, THE OWNER AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS AND IS NOT TO BE CONSTRUED AS THE PROMISE OR GUARANTEE OF STIFEL, NICOLAUS & COMPANY, INCORPORATED., THE DISTRICT'S FINANCIAL ADVISOR, OR THE UNDERWRITER. THIS OFFICIAL STATEMENT CONTAINS, IN PART, ESTIMATES AND MATTERS OF OPINION THAT ARE NOT INTENDED AS STATEMENTS OF FACT, AND NO REPRESENTATION IS MADE AS TO THE CORRECTNESS OF SUCH ESTIMATES AND OPINIONS OR THAT THEY WILL BE REALIZED. THE PRESENTATION OF INFORMATION, INCLUDING TABLES OF *AD VALOREM* PROPERTY TAX RATES AND BONDED GENERAL OBLIGATION INDEBTEDNESS, IN THIS OFFICIAL STATEMENT IS INTENDED TO SHOW RECENT HISTORICAL INFORMATION AND, EXCEPT AS EXPRESSLY STATED OTHERWISE, IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS. NO REPRESENTATION IS MADE THAT THE PAST EXPERIENCE SHOWN BY SUCH INFORMATION WILL NECESSARILY CONTINUE OR BE REPEATED IN THE FUTURE.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: "THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION."

ANY STATEMENTS IN THIS OFFICIAL STATEMENT INVOLVING MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO STATED, ARE INTENDED AS SUCH AND NOT AS REPRESENTATIONS OF FACT. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE DISTRICT OR THE UNDERWRITER AND THE PURCHASERS OR HOLDERS OF ANY OF THE BONDS.

THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT, OR THE OWNER OR IN THE INFORMATION OR OPINIONS SET FORTH HEREIN SINCE THE DATE OF THIS OFFICIAL STATEMENT.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT OR THE UNDERWRITER TO GIVE INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THIS OFFICIAL

STATEMENT, WHICH INCLUDES THE COVER PAGE, THE INSIDE FRONT COVER PAGE AND THE APPENDICES HERETO, DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE DISTRICT AND GLADDEN PHASE I AS THE OBLIGATED PERSONS PURSUANT TO THE CONTINUING DISCLOSURE UNDERTAKINGS, WILL COVENANT TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THIS OFFICIAL STATEMENT UNDER THE HEADING "CONTINUING DISCLOSURE" AND IN APPENDIX D – "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS," PURSUANT TO RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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MAP SHOWING LOCATION OF GLADDEN FARMS

MAP SHOWING LOCATION OF THE DISTRICT AND GLADDEN FARMS IN THE CONTEXT OF THE SURROUNDING AREA

MAP SHOWING DETAILS OF THE GLADDEN FARMS COMMUNITY

$8,535,000*
GLADDEN FARMS COMMUNITY FACILITIES DISTRICT
(MARANA, ARIZONA)
GENERAL OBLIGATION AND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto (this "Official Statement"), provides certain information concerning the issuance of $8,535,000* principal amount of Gladden Farms Community Facilities District (Marana, Arizona) General Obligation and General Obligation Refunding Bonds, Series 2016 (the "Bonds"). **Certain capitalized terms not defined in the text of this Official Statement are defined in Appendix E – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions of Certain Terms."**

THE DISTRICT

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

Pursuant to the Enabling Act and in response to a petition by, among others, Gladden Forest, L.L.C., an Arizona limited liability company ("*Gladden Forest*") and Forest City Enterprises, Inc., an Ohio corporation ("*Forest City Enterprises")*, the Council (the "*Town Council*") of the Town of Marana, Arizona (the "*Town*"), formed Gladden Farms Community Facilities District (the "*District*") on February 17, 2004. Gladden Phase I, LLC (the "*Owner*") and its affiliates purchased all property in the District owned by Gladden Forest on January 30, 2013. As part of the purchase, the Owner assumed Gladden Forest's rights associated with the District. The Owner was formed by Petrus Land Investors II, a Delaware limited partnership ("*Petrus*") and an affiliate, Crown West Realty, L.L.C., a New York limited liability company ("*Crown West*"). Petrus is the managing member of the Owner. See Appendix A – "TOWN OF MARANA, ARIZONA" for certain information about the Town, "THE DISTRICT" for a description of the District and "LAND DEVELOPMENT BY THE OWNER" for a description of the Owner.

Among other things, pursuant to a Development Agreement dated as of February 1, 2004 among the Town, the District, Gladden Forest and Forest City Enterprises, the District is intended to provide the vehicle for financing certain public infrastructure necessary for development of the land within the boundaries of the District. Gladden Forest and Forest City Enterprises have assigned their rights and obligations in the Development Agreement to the Owner. See "LAND DEVELOPMENT BY THE OWNER."

Pursuant to the results of a vote of the owners of land in the District at a special bond election held in and for the District on May 18, 2004 (the "Election"), the District has the authority to issue general obligation bonds in an aggregate principal amount of not to exceed $69,000,000, in more than one series, in order to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds, payable from *ad valorem* taxes (without limitation as to rate or amount, provided that refunding bonds are subject to certain limitations as described below) levied on all taxable property within the boundaries of the District. The District has previously issued $2,105,000 in principal amount of the bonds so authorized at the Election pursuant to Resolution GFCFD No. 2004-03 adopted by the Board on July 6, 2004 (the "2004 Bonds"), $3,250,000 in principal amount of the bonds so authorized at the Election pursuant to Resolution GFCFD No. 2006-02 adopted by the Board on June 30, 2006 (the "2006 Bonds"), $3,075,000 in principal amount of the bonds so authorized at the Election pursuant to Resolution GFCFD No. 2007-03 adopted by the Board on July 17, 2007 (the "2007 Bonds") and $1,000,000 in principal amount of the bonds so authorized at the Election pursuant to Resolution

* Preliminary, subject to change.

GFCFD No. 2010-03 adopted by the Board on August 17, 2010 (the "2010 Bonds") all of the outstanding portions of which will be refunded and redeemed with a portion of the proceeds of the Bonds (the "Bonds Being Refunded").

The "Improvement Bonds" identified below are being issued in order to (i) pay costs of acquisition and construction of certain public improvements benefiting the District and (ii) pay costs of issuance related to the Bonds. The "Refunding Bonds", identified below, are being issued to (i) refund the Bonds Being Refunded, comprising a portion of the outstanding amount of the 2004 Bonds, 2006 Bonds, 2007 Bonds and 2010 Bonds, which were issued to finance the costs of acquisition and construction of certain other public infrastructure within the boundaries of the District and (ii) pay costs of issuance relating to the Bonds. See "PLAN OF REFUNDING," "THE PUBLIC INFRASTRUCTURE" and "SOURCES AND APPLICATIONS OF FUNDS."

After the Bonds are issued, State law requires that the Board annually levy and cause an *ad valorem* tax to be collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described in the Enabling Act, and available pursuant to the Indenture, including the hereinafter described Standby Contribution Agreement and Depository Agreement, to pay Debt Service with respect to the Bonds (whether at maturity or prior redemption) when due; provided, however, that the total aggregate of taxes levied to pay principal of and interest on the Refunding Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Refunding Bonds to the final date of maturity of the Bonds Being Refunded. Subject to such limitation, such taxes are to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected. The proceeds of the taxes will be kept in the Tax Account of the Bond Fund (the "Tax Account") and will be used only for the payment of principal and interest as above-stated. Following collection and deposit of the taxes in the Tax Account, moneys credited to the Tax Account will be invested in accordance with the provisions of State law.

As described under the heading "PLAN OF REFUNDING," the net proceeds of the sale of the Refunding Bonds and certain amounts contributed by the District for such purpose will be placed in an escrow trust with an escrow trustee and invested in obligations of the United States of America ("Government Obligations"), to be applied to payment of principal of and premium, if any, and interest on the Bonds Being Refunded. The owners of the Refunding Bonds must rely upon the sufficiency of such amount for the payment of the Bonds Being Refunded. The issuance of the Refunding Bonds will in no way infringe upon the rights of the holders of the Bonds Being Refunded to rely upon a tax levy for the payment of principal of and interest on the Bonds Being Refunded if amounts held in the escrow trust prove insufficient..

In addition to the levy of *ad valorem* property taxes for the payment of Debt Service, pursuant to the results of the Election, the District also is authorized to levy and collect an *ad valorem* tax at a tax rate of not to exceed $0.30 per $100 of the hereinafter described Net Assessed Limited Property Value for Secondary Tax Purposes on all taxable property within the boundaries of the District for operation and maintenance expenses of the District (the "Operation and Maintenance Tax").

For each year until the Bonds are paid or otherwise provided for, the Board will levy and cause to be collected an *ad valorem* tax on all taxable property within the boundaries of the District (which does not include the Operation and Maintenance Tax), sufficient, with moneys, if any, available pursuant to the Series 2016 Standby Contribution Agreement, to be dated as of September 1, 2016[*] (the "*Standby Contribution Agreement*"), by and among the District, the Owner and [Zions Bank, a division of ZB, National Association], as trustee (the "*Trustee*"), to pay Debt Service. The Standby Contribution Agreement will be terminated under certain circumstances. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Standby Contribution Agreement."

Simultaneously with the delivery of the Bonds, the Owner will cause the Letter of Credit Bank to have issued the initial Letter of Credit (the "Letter of Credit") for the benefit of the District and in favor of Zions First National Bank, as depository (the "Depository"), in the stated amount of $_____* to be held pursuant to the Series 2016 Letter of Credit Depository Agreement, to be dated as of September 1, 2016 (the "Letter of Credit Depository Agreement"), by and between the District and the Depository. The draw upon the Letter of Credit its payment amount may be available under certain circumstances to pay Debt Service (but not debt service with respect to any subsequently issued bonds of the District) if there has been levied and assessed an ad valorem tax of

[*] Preliminary, subject to change.

at least $2.50 per $100 of limited assessed valuation (which does not include the Operation and Maintenance Tax) on all taxable property within the boundaries of the District and amounts to pay Debt Service are not available pursuant to the Standby Contribution Agreement. The amount to be held pursuant to the Depository Agreement as a result of the draw upon the Letter of Credit Surety will not be subject to replenishment if applied as described hereinabove, and the Depository Agreements are each subject to termination under certain circumstances. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Depository Agreement."

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

THE BONDS

Authorization and Purpose

Improvement Bonds. $295,000* aggregate principal amount of the Bonds comprised of all or a portion of the Bonds maturing on July 15 of the years 2017 through and including 2041 (the "Improvement Bonds") are authorized pursuant to the authority set forth in the Election and the Enabling Act will be issued pursuant to a resolution adopted by the Board on August 16, 2016 (the "Bond Resolution"), and the Series 2016 Indenture of Trust and Security Agreement, to be dated as of September 1, 2016 (the "Indenture"), from the District to the Trustee.. Proceeds from the sale of the Improvement Bonds will be used to pay costs of acquisition and construction of certain public improvements benefitting the District and all legal, financial and other costs relating to the issuance of the Improvement Bonds. The District will have $59,570,000* remaining authorized, but unissued, general obligation bonds for future issuance after the sale and delivery of the Bonds. See "THE PUBLIC INFRASTRUCTURE."

Refunding Bonds. $8,240,000* aggregate principal amount of the Bonds comprised of all or a portion of the Bonds maturing on July 15 of the years 2017 through and including 2033 (the "Refunding Bonds") are authorized pursuant to the Enabling Act and Title 35, Chapter 3, Article 4, Arizona Revised Statues (the "Refunding Act") and will be issued pursuant to the Bond Resolution and the Indenture. Proceeds from the sale of the Refunding Bonds and any amounts contributed by the District will be used as described below under "PLAN OF REFUNDING" and to pay all legal, financial and other costs relating to the issuance of the Refunding Bonds.

General Description

The Bonds will be dated the date of their initial delivery, and will mature and bear interest as set forth on the inside front cover page of this Official Statement.

Interest on the Bonds will be paid semiannually on January 15 and July 15 of each year, commencing January 15, 2017 (each such date being referred to herein as an "Interest Payment Date"). The Bonds will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid, from the date of their initial delivery, calculated on the basis of a 360-day year of twelve 30-day months.

The principal of, redemption price for and interest on the Bonds will be payable when due to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). The District has chosen the last day of the month preceding an Interest Payment Date as the "Record Date" for the Bonds. DTC will act as the securities depository of the Bonds for a book-entry-only system. The Bonds will be available in amounts of $5,000 of principal and integral multiples in excess thereof due on specified maturity dates. No document of any nature

* Subject to change.

whatsoever need be surrendered as a condition to payment of the principal of and interest on the Bonds. See APPENDIX C — "BOOK-ENTRY-ONLY SYSTEM."

Redemption Provisions*

Optional Redemption. The Bonds maturing on or before July 15, 20__ will not be subject to redemption prior to maturity. The Bonds maturing on and after July 15, 20__ will be subject to redemption at the option of the District as a whole or from time to time in part on July 15, 20__ or any date thereafter (each a "Redemption Date") 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, but without premium.

Mandatory Redemption. The Bonds maturing on July 15 of the following years will be redeemed from funds of the District prior to maturity on the following redemption dates and in the following amounts, 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, but without premium:

Term Bond Maturing July 15, 2041*

Redemption Date (July 15)	Principal Amount Redeemed
20__	
20__	
20__	
20__	
20__	
2041 (maturity)	

Whenever Bonds are redeemed (other than pursuant to mandatory redemption) or are delivered to the Bond Registrar and Paying Agent for cancellation, the principal amount of the Bonds of such maturity so retired shall satisfy and be credited against the mandatory redemption requirements for such maturity on a pro rata basis, to the extent practicable; provided, however, that each remaining mandatory redemption payment shall be in an amount of at least $5,000 of principal.

Selection of Bonds for Redemption. In case of any redemption at the election of the District of less than all of the Bonds Outstanding, the District will, at least 60 days prior to the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the Stated Maturities and principal amounts of Bonds to be redeemed. If less than all the Bonds Outstanding of a Stated Maturity of the Bonds are to be redeemed, the particular Bonds of such Stated Maturity of the Bonds to be redeemed will be selected not more than 45 days prior to the Redemption Date by the Trustee from the Bonds Outstanding that have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and that may provide for the selection for redemption of portions (equal to $5,000 of principal amount or an integral multiple thereof) of the principal of Bonds of a denomination larger than the authorized denomination of that Bond.

Notice of Redemption. Notice of redemption will be given by the Trustee, not less than 30 days nor more than 60 days prior to the Redemption Date, to DTC. Neither the failure to mail any such notice, nor any defect in any notice so mailed, will affect the sufficiency of such notice or the redemption otherwise effected by such notice.

Effect of Redemption. Notice of redemption having been given as aforesaid, the Bonds so to be redeemed will, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the District shall default in the payment of the Redemption Price) such Bonds will cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond.

* Subject to change.

PLAN OF REFUNDING

A portion of the proceeds from the sale of the Refunding Bonds will be placed in an escrow trust (the "Escrow Trust") with [Zions Bank, a division of ZB, National Association], as escrow trustee (the "Escrow Trustee"), pursuant to the terms of the Escrow Trust Agreement, to be dated as of September 1, 2016 (the "Escrow Trust Agreement"), between the District and the Escrow Trustee, and invested in certain non-redeemable obligations of the federal government (the "Governmental Obligations") to be applied to payment of principal of and premium, if any, and interest on the Bonds Being Refunded described below.

Issue Series	Maturity Date (July 15)	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded	Redemption Date	Redemption Price	CUSIP[(1)] Number (376420)
2004	2018	5.875%	$165,000	$165,000	1-15-2017	100%	AM7
	2025	6.375%	$755,000	$755,000	1-15-2017	100	AN5
	2029	6.500%	$600,000	$600,000	1-15-2017	100	AP0
2006	2021	5.300%	$555,000	$555,000	1-15-2017	100	AY1
	2031	5.500%	$2,035,000	$2,035,000	1-15-2017	100	AZ8
2007	2017	5.000%	$85,000	$85,000	7-15-2017	100	BJ3
	2022	5.250%	$505,000	$505,000	7-15-2017	100	BM6
	2027	5.350%	$655,000	$655,000	7-15-2017	100	BK0
	2032	5.450%	$1,265,000	$1,265,000	7-15-2017	100	BL8
2010	2017	3.600%	$15,000	$15,000	7-15-2020	100	CE3
	2019	4.000%	$30,000	$30,000	7-15-2020	100	CG8
	2021	4.350%	$30,000	$30,000	7-15-2020	100	CJ2
	2023	4.500%	$30,000	$30,000	7-15-2020	100	CL7
	2025	4.750%	$35,000	$35,000	7-15-2020	100	CN3
	2027	5.000%	$40,000	$40,000	7-15-2020	100	CQ6
	2029	5.300%	$40,000	$40,000	7-15-2020	100	CS2
	2030	5.450%	$20,000	$20,000	7-15-2020	100	CT0
	2031	5.600%	$20,000	$20,000	7-15-2020	100	CU7
	2032	5.700%	$25,000	$25,000	7-15-2020	100	CV5
	2033	5.750%	$665,000	$665,000	7-15-2020	100	CW3

(1) See footnote (a) on inside cover page of this Official Statement

If the moneys in the Escrow Trust are not sufficient to pay the principal of and interest on the Bonds Being Refunded, the District will remain liable for payment of the Bonds Being Refunded. The *ad valorem* property tax to be levied for the payment of the Refunding Bonds is unlimited as to rate, but limited in amount so that the aggregate of taxes levied to pay principal of and interest on the Refunding Bonds will not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Refunding Bonds to the final date of maturity of the Bonds Being Refunded. The Refunding Act provides that the issuance of the Refunding Bonds in no way infringes upon the rights of holders of the Bonds Being Refunded to rely upon a tax levy for the payment of principal of and interest on the Bonds Being Refunded if the moneys and Government Obligations held in the Escrow Trust prove insufficient. The Refunding Act further provides that owners of the Refunding Bonds must rely upon the sufficiency of the moneys held in the Escrow Trust for the Bonds Being Refunded. See specifically "VERIFICATION OF MATHEMATICAL COMPUTATIONS and "SECURITY FOR AND SOURCES OF PAYMENT"." See "SECURITY FOR AND SOURCES OF PAYMENT – Subsequent Refunding of the Bonds" for a description of recent changes to the Refunding Act that alter the rights of holders of the Improvement Bonds compared to the rights of the holders of the Bonds Being Refunded as described above.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton LLP, a firm of independent certified public accountants, will deliver to the District and the Trustee, on or before the issue date of the Refunding Bonds, its verification report indicating, among other things, that it has verified, in accordance with standards for attestation engagements established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the sufficiency of the anticipated receipts from the Government Obligations, together with the initial cash deposit, to pay, when due the principal of and prepayment amount and interest on the Bonds Being Refunded and (b) the yields on the Government Obligations and the Refunding Bonds. The verification performed by Grant Thornton LLP will be solely based upon data, information and documents provided to Grant Thornton LLP by RBC Capital Markets, LLC (the "Underwriter"). Grant Thornton LLP has restricted its procedures to recalculating the computations provided by the Underwriter and has assumed the accuracy of the data, information and documents used in the computations.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

General

After the Bonds are issued, State law requires that the Board annually levy and cause an ad valorem tax to be collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described in the Enabling Act and which may be available pursuant to the Indenture, including the Standby Contribution Agreement and the Depository Agreement, to pay Debt Service when due; provided, however, that the total aggregate of taxes levied to pay principal of and interest on the Refunding Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Refunding Bonds to the final date of maturity of the Bonds Being Refunded. Subject to such limitation, such taxes are to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected. The proceeds of the taxes will be kept in the Tax Account and will be used only for the payment of principal and interest as above-stated. Following collection and deposit of the taxes in the Tax Account, moneys credited to the Tax Account will be invested in accordance with the provisions of State law.

As described under the heading "PLAN OF REFUNDING," the net proceeds of the sale of the Refunding Bonds and any amounts contributed by the District for such purpose will be placed in an escrow trust with an escrow trustee and invested in Government Obligations, to be applied to payment of principal of, premium, if any, and interest on the Bonds Being Refunded. The owners of the Refunding Bonds must rely upon the sufficiency of such amount for the payment of the Bonds Being Refunded. The issuance of the Refunding Bonds will in no way infringe upon the rights of the holders of the Bonds Being Refunded to rely upon a tax levy for the payment of principal of and interest on the Bonds Being Refunded if amounts held in the escrow trust prove insufficient. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – Ad Valorem Property Taxation in the District – General Obligation Bonded Indebtedness to be Outstanding" and "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER INDEBTEDNESS – Additional General Obligation Bonded Indebtedness of the District."

The District and the Trustee will acknowledge pursuant to the Indenture that, subject to the limitations of the Refunding Act with respect to the Bonds, the Bonds and any general obligation bonds and, subject to the limitations of the Refunding Act with respect to general obligation refunding bonds, other general obligation refunding bonds of the District hereafter issued will be payable on a parity basis with respect to the collection and application of property tax revenues of the District and that such property taxes will be allocated to each series of bonds in accordance with any debt service then due and, in either case, taking into account other funds held by the District for such payment. Property tax revenues allocated for any series of bonds will be deposited into the applicable fund or account set aside for such series.

Debt Service will also be payable from amounts paid pursuant to the Standby Contribution Agreement, which amounts will be paid to the Trustee at the times and for the period set forth in the Standby Contribution Agreement. The Standby Contribution Agreement may be terminated under certain circumstances prior to the final maturity of the Bonds. See "-- The Standby Contribution Agreement" below. A portion of debt service with respect to the Prior Bonds in each of the fiscal years ending June 30, 2004, through 2010 was paid pursuant to similar

agreements relating to the Series 2004 Bonds (the "*Series 2004 Standby Contribution Agreement*"), the Series 2006 Bonds (the "*Series 2006 Standby Contribution Agreement*"), and the Series 2007 Bonds (the "*Series 2007 Standby Contribution Agreement*"). It is expected that, based on anticipated development as described herein under the heading "LAND DEVELOPMENT BY THE OWNER – Land Development," the amount of *ad valorem* taxes expected to be collected from year to year at a tax rate of $2.50 per $100 of net assessed limited property valuation on all taxable property then within the boundaries of the District will, each year, pay an increasing amount of Debt Service and ultimately will be sufficient alone to pay Debt Service.

In the event the Owner fails to pay amounts due pursuant to the Standby Contribution Agreement, Debt Service (but not debt service with respect to any subsequently issued bonds of the District) may also be payable from the [cash and/or] stated amount of the Letter of Credit which will be drawn and held pursuant to the Depository Agreement and then, under certain circumstances, paid to the Trustee for such purpose at the times and in the amounts set forth in the Depository Agreement. The Depository Agreement may be terminated under certain circumstances prior to the final maturity of the Bonds. See "The Depository Agreement" below.

The amount available to be held pursuant to the Depository Agreement will not be subject to replenishment from any sources if such amount is applied as described hereinabove.

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

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

Subsequent Refunding of the Bonds

Pursuant to 2016 amendments to the Refunding Act, should the Bonds be refunded in advance of their maturities with proceeds of refunding bonds in the future, the holders of such Bonds so refunded shall rely on the sufficiency of the funds or securities held in trust for the payment of such Bonds so refunded. Payment of the Bonds being refunded shall in no way infringe on the rights of the holders of the refunding bonds issued to refund them to rely on a tax levy for the payment of principal of and interest on such refunding bonds if the investments in the redemption funds prove insufficient.

***Ad Valorem* Property Taxation in the District**

Implementation of Constitutional and Statutory Changes. Beginning in fiscal year 2015-16 and for each fiscal year thereafter, a voter-approved constitutional amendment and related enabling legislation imposes additional limits on the growth in taxable value of most real property and improvements, including mobile homes, used for levying *ad valorem* property taxes, including both primary and secondary *ad valorem* taxes. Primary *ad valorem* taxes are levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and certain special taxing districts as described below. Secondary *ad valorem* taxes are levied for debt retirement (*e.g.*, debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts (including the District). The District levies only secondary *ad valorem* taxes.

Prior to fiscal year 2015-16, the value of real property and improvements, including mobile homes, used for levying primary *ad valorem* taxes was based on a limited property value described below ("Primary Property Tax Value") and the value used for levying secondary *ad valorem* taxes ("Secondary Property Tax Value") was based on full cash value ("Full Cash Value") described below . The Primary Property Tax Value for property increased by the greater of either 10% of the prior year's Primary Property Tax Value or 25% of the difference between the prior year's Primary Property Tax Value and the current year's Full Cash Value. There was no limit on the growth of Full Cash Value or Secondary Property Tax Value. See "Determination of Full Cash Value" herein. As more fully described below, property assessment ratios were then applied against these respective values, and property exempt

from taxation was netted out of the valuation, to arrive at "Net Assessed Primary Value" and "Net Assessed Secondary Value". The tax rate imposed for primary tax and secondary tax purposes was then applied against the respective Net Assessed Primary or Secondary Value to determine the respective primary and secondary tax levy amounts.

Beginning in fiscal year 2015-16 and for each fiscal year thereafter, both primary *ad valorem* taxes and secondary *ad valorem* taxes are levied based upon a revised limited property value ("Limited Property Value"), which (i) for locally assessed property (as described below) in existence in the prior year that did not undergo modification through construction, destruction, split or change in use, is equal to the lesser of (a) the Full Cash Value of the property or (b) an amount five percent greater than the Limited Property Value of such property determined for the prior year and (ii) for centrally valued property (as described below) is equal to the Full Cash Value. Property that is subject to an equalization order that the State Legislature exempts from the above property limitation is also valued at Full Cash Value. There is no limit on the growth of Full Cash Value. The property tax assessment ratios are then applied against the Limited Property Value, and property exempt from taxation is netted out of the Limited Property Value, to arrive at "Net Assessed Limited Property Value." The tax rates imposed for both primary tax and secondary tax purposes are then applied against the Net Assessed Limited Property Value to determine the respective primary and secondary tax levy amounts.

Because fiscal year 2015-16 is the first year for implementation of the constitutional amendment and use of Limited Property Values and Net Assessed Limited Property Values, there is currently no comparative data for such property values from prior fiscal years to present in this Official Statement. Accordingly, prior-year information is presented using the then-applicable, but now replaced valuation rules, being only Secondary Property Tax Value in the case of the District.

Additional changes may be made to the manner in which properties are valued for tax purposes and taxes are levied. The District cannot determine whether any such measures will become law or how they might affect property tax collections for the District. However, removing or amending limits on the growth rate of Limited Property Value for locally assessed property would require further amendment to the State Constitution.

General. For tax purposes in Arizona, real property is either valued by the Assessor of the county in which the District is located, Pima County, Arizona (the "County") or by the Arizona Department of Revenue. Property valued by the Assessor of the County is referred to as "locally assessed" property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Arizona Department of Revenue is referred to as "centrally valued" property and includes: (1) property used in the business of patented or unpatented producing mines, mills and smelters; (2) producing oil, gas and geothermal interests; (3) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (4) aircraft regularly scheduled and operated by an aircraft company; (5) standing timber; (6) pipelines; and (7) personal property, except mobile homes.

Primary Taxes. Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts, certain special taxing districts, and the State are primary taxes. These taxes are levied against Net Assessed Limited Property Value of the taxing jurisdiction. The State does not currently levy *ad valorem* taxes, but the State currently requires a county (including the County) to levy a "State equalization assistance property tax" to provide equalization assistance to school districts in such county which is used to offset the cost of State equalization to those school districts.

The amount of primary taxes levied by a county (including the County), Town, town and community college district is constitutionally limited to a maximum increase of 2% over the maximum allowable prior year's levy limit amount plus any taxes on property not subject to tax in the preceding year (*e.g.*, new construction and property brought into the jurisdiction because of annexation). Each taxing entity's maximum allowable property tax levy limit amount was rebased to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in the prior year). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

Primary taxes on residential property only are constitutionally limited to 1% of Limited Property Value of such property. This constitutional limitation on residential primary tax levies is implemented by reducing the school

district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional state aid (or, in some counties, county taxpayers are required to make payments to offset the effects of reduced property taxes). In the case of the County, a primary tax of $_____ per $100 of Net Assessed Limited Property Value is levied for this purpose to provide equalization assistance funds to local school districts in the County.

Secondary Taxes. Taxes levied for debt retirement (*e.g.*, debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as the District, sanitary, fire and road improvement districts are secondary taxes. These taxes are levied against the Net Assessed Limited Property Value. There is no limitation on annual levies for voter-approved bond indebtedness and certain special district assessments, including those of the District, are also unlimited. Debt service on the Bonds is payable solely from secondary property taxes.

Determination of Full Cash Value. The first step in the tax process is the determination of the Full Cash Value of each parcel of real property within the State. (The Arizona tax year is defined as the calendar year, although tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year, when payment of the second installment of property taxes for the prior tax year becomes delinquent.) Full Cash Value is statutorily defined to mean "that value determined as prescribed by statute" or if no statutory method is prescribed it is "synonymous with market value." "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally includes the market approach, the cost approach and the income approach. As a general matter, the various county assessors use a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the county assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

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

Arizona law provides for a property valuation "freeze" on Full Cash Value for certain residential property owners 65 years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Protection Option") if the owners' total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate." The Property Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the valuation reverts to its then-current Full Cash Value. Any freeze on increases in Full Cash Value will translate to the assessed value of the affected property as hereinafter described.

Following the determination of the Full Cash Value, the Assessor of the County then determines the Limited Property Value by applying any applicable property growth limitations as described under "*Ad Valorem* Property Taxation in the District – Implementation of Constitutional and Statutory Changes" above.

Assessment Ratios. All property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) that is multiplied by the applicable Limited Property Value to obtain the assessed valuation. The current assessment ratios for each class of property are set forth in the following table.

TABLE 1
Property Tax Assessment Ratios
Tax Years 2012 through 2016

Property Classification [a]	2012	2013	2014	2015	2016
Mining, Utility, Commercial and Industrial [b]	20.0%	19.5%	19.0%	18.5%	18.0%
Agriculture and Vacant Land [b]	16.0	16.0	16.0	16.0	15.0
Owner Occupied Residential	10.0	10.0	10.0	10.0	10.0
Leased or Rented Residential	10.0	10.0	10.0	10.0	10.0
Railroad, Private Car Company and Airline Flight Property [c]	15.0%	15.0%	16.0%	15.0%	14.0%

[a] Additional classes of property exist, but seldom amount to a significant portion of a taxing jurisdiction's total valuation.

[b] For tax year 2016, Full Cash Values, up to an amount established by law for each tax year, on commercial, industrial and agricultural personal property are exempt from taxation (for tax year 2016, such maximum amount is $146,973). This exemption is indexed annually for inflation. Any portion of the Full Cash Value in excess of that amount will be assessed at the applicable rate. The assessment ratio for mining, utility, commercial and industrial property will be reduced to 18% for tax year 2017 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15% for tax year 2017 and thereafter.

[c] This percentage is determined annually to be equal to the ratio of (i) the total Net Assessed Limited Property Value of all mining, utility, commercial, industrial, and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total Full Cash Value of such properties.

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue

Tax Procedures On or before the third Monday in August of each year, the Board of Supervisors of the County prepares the tax roll that sets forth the valuation by taxing district of all property in the County subject to taxation. The Assessor of the County is required to complete the assessment roll by December 15th of the year prior to the levy. This tax roll also shows the valuation and classification of each parcel of land located within the County for the tax year. The tax roll is then forwarded to the Treasurer. With the various budgetary procedures having been completed by the governmental entities, the appropriate primary and secondary tax rate for each jurisdiction is then applied to the Net Assessed Limited Property Value of each parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll as it existed on the date of the levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.

The property tax lien on real property attaches on January 1 of the fiscal year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years.

The property taxes due the District are billed, along with State, County, and other taxes, in September of each year and are payable in two installments on the subsequent October 1 and March 1. The delinquent tax dates are November 1 and May 1 and delinquent taxes are subject to a penalty of 16% per annum unless the full year's taxes are paid by December 31. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) At the close of the tax collection period, the Treasurer of the County prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer of the County to deliver a treasurer's deed to the certificate holder as prescribed by law.

It should be noted that in the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly noninterest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are over secured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect *ad valorem* taxes on a property of a bankrupt taxpayer within the District. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on the property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy would be stayed pursuant to the Bankruptcy Code. While the automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of a bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial condition of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. Neither the District nor the Underwriter has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the Treasurer of the County is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

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Property Valuations. The following tables list the various property valuations for the District for fiscal years 2012-13 through 2016-17. For more information on constitutional and statutory changes in the taxable values of property beginning in fiscal year 2015-16, see "Implementation of Constitutional and Statutory Changes" above.

TABLE 2A
Property Valuations for Fiscal Year 2015-16 and 2016-17

Fiscal Year	Estimated Net Full Cash Value	Net Assessed Limited Property Value
2016-17(a)	$219,491,902	$18,090,779
2015-16	202,597,990	17,070,198

TABLE 2B
Property Valuations for Fiscal Year 2012-13 through 2014-15

Fiscal Year	Estimated Net Full Cash Value	Net Assessed Secondary Value
2014-15	$160,758,488	$15,727,837
2013-14	150,178,086	14,826,252
2012-13	165,562,871	16,511,922

(a) The Fiscal Year 2016-17 Preliminary Estimated Net Full Cash Value and Net Assessed Limited Property Value as reported by the Pima County Assessor's Preliminary Abstract, released in February 2016 are subject to change.

(b) Full Cash Value net of the estimated value of property exempt from taxation.

Source: *Abstract by Tax Authority*, Pima County Assessor's Office.

Net Assessed Valuation Comparisons and Trends. Tables 3A and 3B below are shown to indicate (a) for fiscal year 2015-16 and 2016-17, the Net Assessed Limited Property Value of the District, the County and the State of Arizona, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years 2012-13 through 2014-15, changes in the then-applicable, but now-replaced, Net Assessed Secondary Values of the District, the County, and the State of Arizona. For more information on constitutional and statutory changes in the taxable values of property beginning in fiscal year 2015-16, see "Implementation of Constitutional and Statutory Changes" above.

TABLE 3A
Changes in Net Assessed Limited Property Values

Fiscal Year	The District	Percent Increase (Decrease)	Pima County (a)	Percent Increase (Decrease)	State of Arizona	Percent Increase (Decrease)
2016-17	$18,090,779	5.99%	$7,816,699,760	2.59%	(b)	N/A
2015-16	17,070,198	8.53%	7,620,360,873	0.53%	$54,838,548,829	(0.93%)

(a) Net Assessed Limited Property Values for Pima County Tax Year 2016 as reported in the County's Preliminary Abstract, released February 2016.

(b) State of Arizona Net Assessed Limited Property Value for fiscal year 2016-17 is not currently available.

TABLE 3B
Changes in Net Assessed Secondary Values

Fiscal Year	The District	Percent Increase (Decrease)	Pima County	Percent Increase (Decrease)	State of Arizona	Percent Increase (Decrease)
2014-15	$15,727,837	6.08%	$7,579,898,868	(0.57%)	$55,352,051,074	5.24%
2013-14	14,826,252	(10.21%)	7,623,691,280	(6.70%)	52,594,377,492	(6.54%)
2012-13	16,511,922	(6.14%)	8,171,211,922	(3.28%)	56,271,814,583	(8.80%)

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and *Abstract and Assessment Roll*, State of Arizona Department of Revenue.

Net Assessed Valuation by Property Classification. Tables 4A and 4B are shown to indicate for fiscal year 2015-16, the Net Assessed Limited Property Values by property classification for the District, utilizing new constitutional and statutory property valuation requirements, and for fiscal year 2014-15, the Net Assessed Secondary Values by property classification for the District, using the then-applicable but now-replaced Net Assessed Secondary Values. For more information on constitutional and statutory changes in the taxable values of property beginning in fiscal year 2015-16, see "Implementation of Constitutional and Statutory Changes" above.

TABLE 4A
Fiscal Year 2015-16
District's Net Assessed Limited Property Values by Property Classification

Legal Class	Description	2015-16 Net Assessed Limited Property Value	2015-16 Percent of Total
1	Commercial, Industrial, Utilities & Mines	$20,348	0.12%
2	Agricultural & Vacant	1,173,679	6.88%
3	Residential (Owner Occupied)	12,175,194	71.32%
4	Residential (Rental Occupied)	3,700,977	21.68%
Total		$17,070,198	100.00%

TABLE 4B
Fiscal Year 2014-15
District's Net Assessed Secondary Values by Property Classification

Legal Class	Description	2014-15 Net Assessed Secondary Value	2014-15 Percent of Total
1	Commercial, Industrial, Utilities & Mines	$4,803	0.03%
2	Agricultural & Vacant	1,368,137	8.70%
3	Residential (Owner Occupied)	10,955,732	69.91%
4	Residential (Rental Occupied)	3,359,165	21.36%
Total		$15,727,837	100.00%

Source: *Abstract of the Assessment Roll*, State of Arizona Department of Revenue.

See also in this respect the discussion under the subheading "LAND DEVELOPMENT."

Net Assessed Property Values of Major Taxpayers. Tables 5A and 5B below are shown to indicate (a) for fiscal year 2015-16, the major property taxpayers located within the District, and their 2015-16 Net Assessed Limited Property Value, utilizing new constitutional and statutory property valuation requirements, and their relative proportion of the total Net Assessed Limited Property Value for the District, and (b) for fiscal year 2014-15, the major property taxpayers located within the District, their 2014-15 Net Assessed Secondary Value and their relative proportion of the total Net Assessed Secondary Value for the District using the then-applicable but now-replaced Net Assessed Secondary Values. For more information on constitutional and statutory changes in the taxable values of property beginning in fiscal year 2015-16, see "Implementation of Constitutional and Statutory Changes" above.

TABLE 5A
Fiscal Year 2015-16
Major Taxpayers

Taxpayer (a)	2015-16 Net Assessed Limited Property Value	As Percent of District's 2015-16 Net Assessed Limited Property Value
Fidelity National Title Trust 60421	$250,610	1.47%
KB Home Tucson Inc.	202,712	1.19%
Gladden 25 Lending LLC	188,773	1.11%
Smith's Food & Drug Centers Inc.	152,541	0.89%
Weingarten Newquist LLC	127,517	0.75%
Walgreen Arizona Drug Co.	101,765	0.60%
Title Security Agency LLC Trust 201406-T	88,899	0.52%
AMH 2014-1 Borrower LLC	83,850	0.49%
Gigafish LLC	51,527	0.30%
NP Investments LLC	41,674	0.24%
Total	$1,289,868	7.56%

Source: Pima County Assessor's Office.

TABLE 5B
Fiscal Year 2014-15
Major Taxpayers

Taxpayer (a)	2014-15 Net Assessed Secondary Value	As Percent of District's 2014-15 Net Assessed Secondary Value
Fidelity National Title Trust 60421	$230,385	1.46%
Gladden 25 LLC	188,773	1.20%
KB Home Tucson Inc.	188,508	1.20%
Smith's Food & Drug Centers Inc.	171,609	1.09%
Weingarten Newquist LLC	144,428	0.92%
Fidelity National Title Trust 60422	104,890	0.67%
Walgreen Arizona Drug Co.	101,765	0.65%
AMH 2014-1 Borrower LLC	79,858	0.51%
Fidelity National Title Trust 60427	43,992	0.28%
NP Investments LLC	41,674	0.26%
Total	$1,295,882	8.24%

Source: Pima County Assessor's Office.

(a) Some of the major taxpayers are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file (the "Filings") with the Securities and Exchange

Commission (the "Commission"). The Filings may be inspected and copied at the public reference facilities maintained by the Commission at 100 F Street, N.E., Washington, D.C. 20549. Copies of the Filings can be obtained from the public reference section of the Commission at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 11 Wall Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at www.sec.gov. None of the District, Bond Counsel, the Financial Advisor, the Owner, the Underwriter or counsel to any of the foregoing has examined the information set forth in the Filings for accuracy or completeness, nor have they assumed responsibility for the same.

See "RISK FACTORS — General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences" and "RISK FACTORS — Concentration Of Ownership; Subsequent Transfer."

Record of Real and Secured Property Taxes Levied and Collected. Under Arizona law, the Board of Supervisors of the County is required to levy a tax in an amount sufficient to satisfy debt service requirements of each special district with general obligation debt located in the County. Property taxes are levied and collected on property within the District and certified to by the Treasurer of the County on behalf of the District. The following table sets forth the tax collection record of the District for the indicated tax years.

TABLE 6

Fiscal Year	Real and Secured Personal Property Tax Levy [(c)]	Collected to June 30 End of Fiscal Year[(a)]		Total Collections through July 31, 2016[(b)]	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2015-16	$ 477,842	$ 474,041	99.20%	$ 475,752	99.56%
2014-15	440,147	435,848	99.02%	440,147	100.00%
2013-14	415,002	411,550	99.17%	415,002	100.00%
2012-13	462,221	455,745	98.60%	461,527	99.85%
2011-12	492,280	488,840	99.30%	492,189	99.98%

(a) Reflects collections made through June 30, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due on October 1 and becomes delinquent on November 1; the second installment is due on March 1 and becomes delinquent on May 1. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.333%. Interest and penalty collections for delinquent taxes are not included in the collection figures above but are deposited in the County's General Fund. Interest and penalties with respect to the first half tax collections (delinquent November 1) are waived if the full year's taxes are paid by December 31.

(b) Tax levy is as reported by the County Treasurer as of August of each tax year. Amount does not include adjustments made to levy amounts after the August report. The District's tax rate includes the amount necessary for debt service as well as a $0.30 tax rate for maintenance and operation expenses for the District. The District's tax rate for fiscal year 2015-16 is $2.80.

(c) Tax levy amount shown is based on the original levy set by the County and does not reflect adjustments.

Source: Pima County Treasurer's Office.

Tax Rate Data. The tax rates provided below reflect the tax rate levied within the District for the prior four years and the current 2016-17 fiscal year.

TABLE 7

Fiscal Year	Tax Rate
2016-17	$2.8000
2015-16	2.8000
2014-15	2.8000
2013-14	2.8000
2012-13	2.8000

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

General Obligation Bonded Indebtedness Outstanding and to be Outstanding.

TABLE 8

Date of Issue	Original Amount	Description	Remaining Maturity Dates	Balance Outstanding
07/22/2004	$2,105,000	Series 2004	2017-2029	$1,520,000
08/01/2006	3,250,000	Series 2006	2017-2031	2,590,000
08/15/2007	3,075,000	Series 2007	2017-2032	2,510,000
09/14/2010	1,000,000	Series 2010	2017-2033	950,000
Total Direct General Obligation Bonded Debt Outstanding				$7,570,000
Less: The Bonds Being Refunded*				(7,570,000)*
Plus: The Bonds				8,535,000*
Total				$8,535,000*

Annual Debt *Service Requirements of General Obligation Bonded Indebtedness Outstanding and To Be Outstanding*. The District will have the following annual debt service requirements after the issuance of the Bonds:

* Subject to change.

TABLE 9
District Debt Service

Bond Year (July 15)	Existing Debt Service Requirements	Less: Refunded Debt Service*	Plus: The New Money Bonds*		Plus: The Refunding Bonds*		Annual Debt Service Requirements (a)*
			Principal	Interest	Principal	Interest	
2017	$704,963	$704,963	$10,000	$8,976	$225,000	$176,328	$420,304
2018	705,173	705,173	10,000	11,300	230,000	221,400	472,700
2019	704,289	704,289	10,000	11,100	290,000	216,800	527,900
2020	702,134	702,134	10,000	10,900	455,000	211,000	686,900
2021	704,080	704,080	15,000	10,700	475,000	201,900	702,600
2022	704,915	704,915	15,000	10,400	485,000	192,400	702,800
2023	704,359	704,359	15,000	10,100	495,000	182,700	702,800
2024	702,508	702,508	15,000	9,800	505,000	172,800	702,600
2025	704,483	704,483	15,000	9,350	520,000	157,650	702,000
2026	705,040	705,040	15,000	8,900	535,000	142,050	700,950
2027	703,968	703,968	15,000	8,450	550,000	126,000	699,450
2028	701,435	701,435	15,000	8,000	565,000	109,500	697,500
2029	702,225	702,225	15,000	7,550	580,000	92,550	695,100
2030	701,270	701,270	15,000	7,100	600,000	75,150	697,250
2031	700,290	700,290	15,000	6,650	615,000	57,150	693,800
2032	702,635	702,635	15,000	6,200	635,000	38,700	694,900
2033	703,238	703,238	20,000	5,750	655,000	19,650	700,400
2034			20,000	5,150			25,150
2035			20,000	4,550			24,550
2036			20,000	3,900			23,900
2037			20,000	3,250			23,250
2038			20,000	2,600			22,600
2039			20,000	1,950			21,950
2040			20,000	1,300			21,300
2041			20,000	650			20,650
	$11,957,001	$11,957,001	$400,000	$174,576	$8,415,000	$2,393,728	$11,383,304

(a) Interest is estimated. The first interest payment on the Bonds will be due on January 15, 2017. Thereafter, interest payments will be made semiannually on July 15 and January 15 until maturity or prior redemption.

* Subject to change.

SOURCES AND APPLICATIONS OF FUNDS

		Improvement Bonds	Refunding Bonds	Total
Sources:				
Par Amount of Bonds		$	$	$
Original Issue Premium/(Discount)				
	Total	$	$	$
Uses:				
Acquisition of Public Infrastructure				
Deposit to Escrow Trust				
Costs of Issuance (including Underwriter's Compensation)				
	Total	$	$	$

The Standby Contribution Agreement

Pursuant to the Standby Contribution Agreement, in any Fiscal Year prior to termination of the Standby Contribution Agreement, so long as the District has, with respect to any Interest Payment Date occurring on January 15, levied for Debt Service for that Fiscal Year a tax rate of at least $2.50 per $100 of net assessed limited property 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 $2.50 if the Board expects that such lower rate would produce secondary *ad valorem* property tax revenues sufficient to pay in full Debt Service and the Depository Agreement has been, or is in the process of being, terminated pursuant to its terms), the Owner will be obligated to pay to the Trustee on each October 12 prior to a January 15 Interest Payment Date and on each April 11 prior to a July 15 Interest Payment Date the amount equal to the amount estimated by the Trustee to be the difference between one-half of the aggregate amount due as Debt Service on the next January 15 and July 15 and one-half of the tax revenues for such year expected to be produced at such tax rate based on the then current secondary assessed valuation of taxable property in the District (assuming no less than a five percent delinquency factor) less the amount then held in the Tax Account of the Bond Fund for such purpose. As provided in the Indenture, the Trustee will submit a request for payment under the Standby Contribution Agreement for such moneys to be used to pay Debt Service. See Appendix E – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Funds – Bond Fund." The Standby Contribution Agreement allows for submission of an additional request for payment under the Standby Contribution Agreement immediately before payment of Debt Service if any shortfall arises after the initial request.

The Standby Contribution Agreement will terminate upon the earlier of (i) the payment of or the provision for the payment in full of all of the Bonds Outstanding or (ii) receipt by the District Chief Financial Officer of evidence satisfactory to the District Chief Financial Officer that, for any consecutive three Fiscal Years (the first of which may not be sooner than 2017), a tax rate of $2.50 per $100 of net assessed limited property valuation of property within the boundaries of the District owned by other than the Owner or Petrus or any entity owned or controlled by, or which owns or controls, the Owner or Petrus for each such Fiscal Year would have been sufficient to pay the annual debt service requirements with respect to the Bonds and any other general obligation bonds of the District hereinafter issued for any subsequent Fiscal Year. Such evidence will consist of a written projection, prepared by the District Chief Financial Officer upon a written request of the Owner, that is based upon the application of such secondary tax rate in light of the actual net assessed limited property valuation of the property within the boundaries of the District for each such Fiscal Year, assuming a delinquency factor equal to the greater of five percent or the historic, average, annual percentage delinquency factor for the District as of such Fiscal Year and without credit for any fund balances or investment income accruing during such Fiscal Year. After receipt of proof that such condition has been satisfied, the Board will approve in writing the termination of the Standby Contribution Agreement, such approval not to be withheld unreasonably. See "RISK FACTORS – Bankruptcy and Foreclosure Delays."

Upon the occurrence of any failure to pay amounts due pursuant to the Standby Contribution Agreement, the Trustee will proceed directly against the Owner under the Standby Contribution Agreement without proceeding

against or exhausting any other remedies which it may have against the District, or any other person, firm or corporation and without resorting to any other security held by the District or the Trustee for the amounts so due. Before taking any such action, 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 that is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

The Depository Agreement

Simultaneously with the delivery of the Bonds, the Owner will cause the Letter of Credit Bank to issue the initial Letter of Credit to be issued for the benefit of the District and in favor of the Depository in the stated amount of $_____*. To the extent described in and pursuant to the terms of the Depository Agreement, the draw upon the Letter of Credit in the stated amount (the "Draw") will be made by the Depository pursuant to the Depository Agreement and may be paid over to the Trustee in amounts necessary to supplement ad valorem property tax revenues of the District for the payment of Debt Service if amounts are not available for such purpose pursuant to the Standby Contribution Agreement. See "—The Standby Contribution Agreement" above. To be able to make the Draw to have such amounts available pursuant to the Depository Agreement for the payment of such Debt Service before the Depository Agreement is terminated according to its terms, the Board must have, with respect to any Interest Payment Date occurring on January 15, levied for that Fiscal Year a tax rate of at least $2.50 per $100 of limited assessed valuation and with respect to any Interest Payment Date occurring on July 15, levied such tax rate for the immediately preceding Fiscal Year.

If such taxes have been so levied, the Draw also will be made and the amount thereof held pursuant to the Depository Agreement upon (a) the failure to obtain and deliver to the Depository an Alternate Letter of Credit as hereafter described or (b) the Letter of Credit Bank (i) commencing a proceeding under any federal or state insolvency, reorganization or similar law, or having such a proceeding commenced against it and either having an order of insolvency or reorganization entered against it or having the proceeding remain undismissed and unstayed for 90 days or (ii) having a receiver, conservator, liquidator or trustee appointed for it or for the whole or any substantial part of its property. The Owner 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, prior to 60 Business Days prior to the Letter of Credit Termination Date, the Depository and the District must have received the following, in form and substance acceptable to the District Chief Financial Officer: evidence that the rating of the issuer of the Alternate Letter of Credit is as indicated in the definition of "Alternate Letter of Credit"; 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; an opinion of nationally recognized bond counsel that such replacement is authorized pursuant to the Depository Agreement and will not cause interest on the Bonds to become includable in gross income for federal income tax purposes; and 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.

If the Draw has occurred because of the event described in clause (b) or (c) in the preceding paragraph, the District Chief Financial Officer may, in his sole and absolute discretion and pursuant to the same terms and conditions for provision of an Alternate Letter of Credit and whatever additional terms and conditions the District Chief Financial Officer deems appropriate, instruct the Depository to exchange the proceeds of the Draw for a new letter of credit meeting the qualifications in the definition of "Alternate Letter of Credit." After such exchange, such new letter of credit will be treated as the Letter of Credit for all purposes of the Depository Agreement.

After the Draw, on each July 2 and January 2, the Trustee will notify the Depository of the Debt Service coming due on the next succeeding July 15 or January 15, as the case may be, and state the amounts then on deposit in the Bond Fund and the accounts therein under the Indenture including amounts received pursuant to the Standby Contribution Agreement. Based on the amounts indicated to the Depository but subject to the next sentence, the Depository will pay to the Trustee for deposit in the Bond Fund, as described in Appendix E – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Funds - Bond Fund," an amount sufficient to pay the remaining amount of Debt Service due on the Bonds on the next succeeding July 15 or January 15, as the case may be, such amount to be paid on July 8 and January 8, respectively. **Notwithstanding the foregoing, amounts held pursuant**

to the Depository Agreement shall be paid as otherwise directed in a request by the District Chief Financial Officer to enforce performance of the obligations of the parties to the Standby Contribution Agreement.

Amounts held pursuant to the Depository Agreement after a Draw will be invested in certain Permitted Investments. Earnings on amounts held by the Depository pursuant to the Letter of Credit Depository Agreement will be deposited with the Depository and held pursuant to the Letter of Credit Depository Agreement.

The Depository Agreement will terminate upon the earlier of (i) the payment of or the provision for the payment in full of all of the Bonds Outstanding or (ii) receipt by the District Chief Financial Officer of evidence satisfactory to the District Chief Financial Officer that, for any consecutive three (3) Fiscal Years (the first of which may be no sooner than 2017), a tax rate of $2.50 per $100 of net assessed limited property valuation of property within the boundaries of the District owned by other than the Owner or Petrus or any entity owned or controlled by, or which owns or controls, the Owner or Petrus, for such Fiscal Year would have been sufficient to pay the annual debt service requirements for any subsequent Fiscal Year. Such evidence will consist of a written projection, prepared by the District Chief Financial Officer, upon a written request of the Owner, that is based upon the application of such secondary tax rate in light of the actual net assessed limited property valuation of the property within the boundaries of the District for each such Fiscal Year, assuming a delinquency factor equal to the greater of five percent or the historic, average, annual percentage delinquency factor for the District as of such Fiscal Year and without credit for any fund balances or investment income accruing during such Fiscal Year. After receipt of proof of satisfaction of such condition, the Board will approve in writing the termination of the Depository Agreement, such approval not to be withheld unreasonably.

BOND INSURANCE AND RELATED RISK FACTORS

The District has applied with various companies for a bond insurance policy (the "Policy") to guarantee the scheduled payment of principal and interest with respect to the Bonds. The Bonds may or may not be issued with bond insurance and the decision whether to use bond insurance on all or a portion of the Bonds, and with which bond insurance company (the "Insurer"), will be subject to market conditions at the time of pricing of the Bonds.

If the Policy is obtained, there are certain risk factors related to any applicable bond insurance policy. In the event of default in the payment of principal or interest with respect to all or a portion of the Bonds when due, any owner of such Bonds will have a claim under the Policy for such payments.

The Insurer may direct, and must consent to, any remedies that are exercised and the Insurer's consent may be required in connection with amendments to the Bond Resolution.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, any insured Bonds will be payable solely from the moneys received by the Bond Registrar and Paying Agent pursuant to the Bond Resolution. In the event the Insurer becomes obligated to make payments with respect to any insured Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) of the Bonds.

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

Any insured Bonds would be general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

None of the District, Bond Counsel, the Financial Advisor (as defined herein), the Owner, the Underwriter (as defined herein) or any of their counsel, will make any independent investigation of the claims paying ability of the Insurer, and no assurance or representation regarding the financial strength or projected financial strength of the Insurer will be given. Thus, when making an investment decision, potential investors should carefully consider the

ability of the District to pay principal and interest with respect to the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment.

OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, Net Assessed Limited Property Value and combined tax rate per $100 assessed value. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. The applicable percentage of each jurisdiction's assessed value which lies within the District's boundaries was derived from information obtained from the County Assessor. See "RISK FACTORS Direct and Overlapping Indebtedness and Taxes."

TABLE 10

Jurisdiction	2015-16 Net Assessed Limited Property Value	General Obligation Bonded Debt Outstanding[(a)]	Portion Applicable to the District		2015-16 Combined Tax Rate Per $100 Assessed Value[(b)(c)]
			Percent	Net Debt Amount	
State of Arizona	$54,838,548,829	None	0.031%	None	$0.0000
Pima County[(d)]	7,620,360,873	$383,935,000	0.224%	860,044	6.2951[(d)]
Pima County Community College District	7,620,360,873	None	0.224%	None	1.3689
Pima County Flood Control District[(e)]	6,917,200,982	None	0.247%	None	0.3135
Joint Technological Education District	7,404,566,982	None	0.231%	None	0.0500
Northwest Fire District	993,806,475	16,895,000	1.718%	290,198	2.9138
Marana Unified School District No. 6	736,010,522	73,100,000	2.319%	1,695,399	6.3370
Town of Marana [(f)]	445,006,942	None	3.836%	None	0.0000
Gladden Farms Community Facilities District	17,070,198	7,835,000	100.000%	7,835,000	2.8000
Total Net Direct and Overlapping General Obligation Bonded Debt				$10,680,641	$20.0783

[(a)] Includes total general obligation bonds outstanding. Does not include presently authorized but unissued general obligation bonds if such jurisdictions which may be issued in the future.

[(b)] The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of each entity, and the tax rate for all other purposes such as maintenance and operation and capital outlay, which generally is based on the primary assessed valuation of jurisdictions other than special districts and on the secondary assessed valuation of special district such as the District.

[(c)] Does not include sewer revenue obligations outstanding in the principal amount of $608,898,716. The outstanding principal amount includes amounts borrowed from Water Infrastructure Finance Authority of Arizona under certain loan agreements. Does not include certificates of participation outstanding in the principal amount of $151,245,000. Does not include street and highway used revenue bonds outstanding in the aggregate principal amount of $113,870,000.

[(d)] The County's tax rate includes the $5.0877 county tax rate, the $0.1400 tax rate of the Central Arizona Project, the $0.5153 tax rate of the Library District, the $0.5054 for Education Equalization and the $0.0467 tax rate for the County's contribution to the Fire Districts.

[(e)] The assessed valuation of the Flood Control District does not include the personal property assessed valuation of the County. All levies for library districts, fire districts, hospital districts, technology districts, community facilities districts and flood control districts are levied on the secondary assessed valuation, as shown here.

[(f)] Does not include the outstanding excise tax revenue bonds in the aggregate principal amount of $66,004,000.

Additional General Obligation Bonded Indebtedness of the District

In addition to the Bonds, the District retains the right to issue, in accordance with the procedures set forth in the Enabling Act, additional series of bonds payable from *ad valorem* taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS — *Ad Valorem* Property Taxation in the District — General Obligation Bonded Indebtedness Outstanding and to be Outstanding." See also "RISK FACTORS — Direct and Overlapping Indebtedness and Taxes."

The Enabling Act provides that the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged will not exceed 60 percent of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the bonds. (Based solely on the full cash value of the District as reported by the County Assessor, the Board has determined that issuance of the Bonds will meet the test set forth above. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – *Ad Valorem* Property Taxation in the District — Determination of Full Cash Value.")

Pursuant to the Election, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed $69,000,000 and will have $59,570,000* of such amount remaining after issuance of the Bonds in order to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs. Additional indebtedness could be authorized for the District in the future pursuant to other elections.

Additional Overlapping General Obligation Bonded Indebtedness

The District has no control over the amount of additional indebtedness payable from taxes on all or a portion of the property within the District that may be issued in the future by other political subdivisions, including but not limited to, the County, the Town, Marana Unified School District No. 6, Pima County Community College District or other entities having jurisdiction over all or a portion of the land within the District. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. See "RISK FACTORS — Direct and Overlapping Indebtedness and Taxes."

TABLE 9
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Pima County	$25,681,000
Marana Unified School District No. 6	70,000,000
The District	59,570,000*

* Subject to change.

LAND DEVELOPMENT

The information contained in this section relates to and has been obtained from the Developer and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. Neither the District nor the Underwriter makes any representation regarding projected development plans within the District, the financial soundness of the Developer or other property owners and developers or the managerial ability of such persons and entities to complete development as planned. The development of the District Land may be affected by factors, such as governmental policies with respect to land development, the availability of utilities, the availability of energy, construction costs, interest rates, competition from other developments and other political, legal and economic conditions beyond the control of the District, property owners and developers. Further, the District Land may be subject to encumbrances as security for obligations payable to various parties, the default of which could adversely affect construction activity. See "RISK FACTORS."

The District - General

The District encompasses approximately 700 acres (the "*District Land*") located in the northwest portion of the Town. The Town is located in Pima County. See Appendix A – "TOWN OF MARANA, ARIZONA," which includes certain information about the Town and surrounding area, and, generally, the maps on pages (iii) and (iv).

The Town formed the District pursuant to a resolution adopted on February 17, 2004. The District is a special purpose, tax levying public improvement district for certain constitutional purposes and a municipal corporation for certain other statutory purposes. The District has the power to implement the District's general plan for public infrastructure primarily through the issuance of general obligation, assessment or revenue bonds. The District has no current plans to issue assessment or revenue bonds. The District's current plan consists of financing only the acquisition or construction of certain public infrastructure through the issuance of general obligation bonds.

District Board and Administrative Staff

In accordance with State law, the Mayor and Council of the Town serve as the Chairman and members of the District Board. Additionally, the District Board has appointed Gilbert Davidson, the Town Manager, as the District Manager; Erik Montague, the Town Chief Financial Officer, as the District Treasurer and the District Chief Financial Officer; Jocelyn C. Bronson, the Town Clerk, as the District Clerk; and Frank Cassidy, the Town Attorney, as the District Counsel.

Land Development

The District Land is being developed pursuant to a Development Agreement (the "*Town Development Agreement*") between the Town and Gladden Forest LLC (subsequently assigned to the Owner), dated as of February 12, 2002, amended as of February 17, 2004, July 20, 2004, December 21, 2004, April 19, 2005, and July 7, 2006. The Development Agreement places certain burdens on the Owner and the District Land and also obliges the Town with respect to entitlements pertaining to the District Land. The District Land is being developed as a master planned, mixed use development known as "Gladden Farms" (the "*Project*"). The maximum allowable residential build-out of the Project is approximately 1,850 units; however, the Owner's current plan for the Project contains approximately 1,746 units. Included in the District Land are 42 acres of authorized commercial uses, anticipated to include neighborhood-scale retail uses.

Although the number of acres devoted to each particular land use may ultimately vary, the Project is currently expected to include the following land uses:

TABLE 10
EXPECTED LAND USES WITHIN GLADDEN FARMS

Type of Development	Approximate Acres of District Land
Residential	449
Commercial	42
Parks	83
Open Space	116
Schools	10
Total	700

Construction began on the Project in November 2002. The initial construction work was necessary to support the first phase of the Project, and included sanitary sewer facilities, potable water system expansion, grading, irrigation water mains, storm sewer and drainage improvements, electric, gas, cable, and telephone facilities, curbs, sidewalks, and one mile of new roadway pavement. This work is complete.

The first three phases of the Project consisted of sixteen separate residential development blocks, totaling approximately 369 acres, and the 15-acre Gladden Farms Community Park. The blocks were platted into 1,327 residential lots. The recorded subdivision plats indicate lot sizes varying from 6,000 square feet to over 8,000 square feet. Infrastructure for these three phases also included extensions of sanitary sewer mains, public potable and non-potable water mains, public roadway improvements, storm sewer, surface drainage, electric, gas, cable, and communication facilities, trail systems, and private common area landscaping and recreational improvements. The Gladden Farms Community Park improvements include ball fields, playgrounds, picnic areas, restrooms, parking facilities, and biking trails. The Community Park was completed in June 2006.

All 1,327 of these residential lots have been developed and individual homes have been constructed and sold on 1,295 of the lots, with home construction and sales actively continuing on the remaining 32 developed lots.

The sales of the two commercial blocks, totaling 42 acres, were closed in June 2006 to a neighborhood shopping center developer and the national grocery company Kroger's, and in February 2008 to a second neighborhood shopping center developer.

The fourth phase of the Project was initiated following the Town's construction of Tangerine Farms Road, a four-lane arterial roadway that extends from an existing interchange on Interstate 10 to the Project, through the Project, and beyond the Project. The fourth phase consists of the final five residential development blocks, totaling approximately 116 acres. Four of the residential blocks have been platted for a total of 352 residential lots, and the remaining block has an approved Tentative Plat for 68 lots. Infrastructure improvements are currently underway on 277 residential lots within this fourth phase, including extensions of sanitary sewer mains, public potable and non-potable water mains, public roadway improvements, storm sewer, surface drainage, electric, gas, cable, and communication facilities, trail systems, and private common area landscaping and recreational improvements. These 277 residential lots are being developed for KB Home, Lennar Communities, Meritage Homes, and Richmond American Homes, and home construction by those companies is anticipated to commence promptly following completion of the lot development work which is expected to be completed by the first quarter of calendar year 2017.

The Owner has closed on the sale of all portions of Blocks 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22 and 24 to homebuilding companies and on all portions of the commercial Blocks 23 and 25. The Owner only owns the remaining 75 platted and engineered residential lots within Block 7/13.

To summarize, the Owner has closed on the sale of a total of 1,671 residential lots and all 42 acres of commercial land, and owns only the remaining 75 residential lots. The homebuilder currently active building new homes within the community is KB Home, although Richmond American Homes, Lennar Communities, and Meritage Homes have purchased lots within the past eight months and have new subdivisions in progress, and KB Home has its next phase, consisting of 70 additional residential lots, actively under construction. The Owner has no finished lots in inventory.

Through July 2016, builders within the District had closed on the sale of a total of 1,295 finished homes at an average price of $229,000. New home prices in the District generally range from $190,000 to $265,000. Through July 2016, homebuilders within the District have obtained a total of 1,320 residential building permits.

The Project is served by the Marana Unified School District No. 6 of Pima County ("*MUSD*"). The Owner, as required by the Town Development Agreement, dedicated a 10-acre elementary school site to the MUSD within the Project, and the MUSD completed construction on the new Gladden Farms Elementary School, an $18 million facility offering grades K-6. The new school is the first computer science immersion school in Arizona. The attendance boundaries for the school include all of the Project and the school is planned for a total capacity of 750 students.

Municipal services within the Project for police, sewer, and water services are provided to residents in the normal course of operations by the Town. See "RISK FACTORS – Availability of Utilities." Fire protection is provided by the Northwest Fire District. Trash collection is available from private companies. Electrical, telephone, gas, and cable services are provided to residents by Tucson Electric Power Company, TRICO Electric Cooperative, CenturyLink, Southwest Gas, and Comcast Cable.

The Owner-owned portions of the District Land have no indebtedness other than the normal lien of *ad valorem* property taxes and the assessment from the Tangerine Farms Road Improvement District.

Information herein relating to anticipated future sales and development is provided based on information and projected activity in existence on the date of this Official Statement. Notwithstanding anything in this Official Statement to the contrary, no homebuilders or other prospective purchasers have agreed to final pricing except as otherwise stated herein and there can be no assurance now or at the time the Bonds are issued that the projected activity will be realized or that present or subsequent landowners will have the financial capability to, or will, commence or complete development on any portion of the District Land acquired. See "RISK FACTORS – Concentration of Ownership; Subsequent Transfer" and "- Failure or Inability to Complete Proposed Project."

Below are the Owner's absorption projections for the Project and the District. Although the following absorption projections were made by the Owner in good faith, based on the Owner's historical experience and based on actual building permit activity within the Project, and in similarly situated projects, such projections are the Owner's own, and are not the result of any specific investigation or independent research. **There can be no guarantee that these projections will occur. Such projections are "forward looking" statements and should be considered with an abundance of caution.**

TABLE 11
GLADDEN FARMS ESTIMATED ABSORPTION SCHEDULE

Fiscal Year Ending	Single Family Units	Single Family Cumulative	Commercial Square Feet	Commercial Cumulative
2004	29 (actual)	29 (actual)	0	0
2005	579 (actual)	608 (actual)	0	0
2006	207 (actual)	815 (actual)	0	0
2007	163 (actual)	978 (actual)	0	0
2008	31 (actual)	1009 (actual)	0	0
2009	2 (actual)	1,011 (actual)	0	0
2010	50 (actual)	1,061 (actual)	0	0
2011	33 (actual)	1,094 (actual)	0	0
2012	41 (actual)	1,135 (actual)	0	0
2013	70 (actual)	1,205 (actual)	0	0
2014	50 (actual)	1,255 (actual)	0	0
2015	23 (actual)	1,278 (actual)	0	0
2016	40	1,318	0	0
2017	108	1,426	0	0
2018	144	1,570	135,000	135,000
2019	144	1,714	135,000	270,000
2020	32	1,746	92,000	362,000

Source: The Owner.

As stated above, there is no guarantee that the foregoing absorptions will occur. In addition, there can be no guarantee that any owners of the District Land (such as any production home builder) has or will have the financial capabilities to complete development on any land so acquired. There can be no assurance that any sales will be consummated or that the projected activity will occur. There are no restrictions on the ability of the Owner to sell all or portions of the District Land to one or more other developers and there can be no assurance now or at the time the Bonds are issued or at any later date that any existing or subsequent owners will have the financial capability to, or will, commence or complete development on any portion of the District Land so acquired. See "RISK FACTORS – Concentration of Ownership; Subsequent Transfer" and "—Failure or Inability to Complete Proposed Project."

A portion of Gladden Farms is within the boundaries of an improvement district ("*Tangerine Farms Road Improvement District*") which was formed to construct the 3.8-mile long Tangerine Farms Road. Construction of Tangerine Farms Road was completed in June 2008. The District parcels that are within the boundaries of the Tangerine Farms Road Improvement District are Blocks 1, 7, 8, 9, 13, 14, 15, 16, 19, 22, 23, 24 and 25. (See Map of District at page (iii).) This area comprises approximately 180 acres of residential land and 42 acres of commercial land within the District. Such assessments are subject only to the lien for general property taxes (including those for the District), but will not be extinguished as a result of enforcement of the lien for general property taxes.

In addition to the Public Infrastructure, the Project includes non-public infrastructure such as trails and amenities (including private parks, walking paths, landscaping, artwork, entry features, signage and lighting) and is planned to include additional such non-public infrastructure. In addition, on site improvements (for finishing individual lots for construction, including grading, sewer, water, drainage, dry utilities and paving) (the "*Project*

Infrastructure") have been completed, other on site improvements are currently underway, and other on site improvements are planned. None of the Project Infrastructure will be financed with proceeds from the sale of the Bonds, but instead has been financed, and is planned to be financed in the future by the Owner or the homebuilders through a combination of equity (the sources of which will be additional equity contributions by the member in the Owner entity and/or the homebuilders and/or proceeds of land sales within the Project) and/or new debt.

As part of the Owner's due diligence process associated with the acquisition of the District Land in January 2013, outside consultants were employed to evaluate environmental, cultural, and biological impediments to the development of the site. The reports reflected no material impediment to development of the Project. Copies of the reports are available upon request to the Underwriter.

Water service within the Project is provided by the Town pursuant to the Town of Marana Agreement for Construction of Potable and Non-Potable Water Facilities and Provision of Water Utility Service dated November 5, 2002. The water service agreement with the Town has been updated. Except as it relates to non-potable service (discussed below), the current water service obligations and commitments may be found in the "Second Amendment to Town of Marana Agreement for Construction of Potable and Non-Potable Water Facilities and Provision of Water Utility Service for Gladden Farms" dated January 2, 2013, and recorded in the office of the Recorder of Pima County, Arizona on January 4, 2013 at Sequence 20130040211. Non-potable water service in Gladden Farms is now provided by the Cortaro-Marana Irrigation District pursuant to an intergovernmental agreement effective and recorded in the office of the Recorder of Pima County, Arizona on December 10, 2013 at Sequence 20133440257. Sewer service is now provided by the Town and the previous dispute with Pima County has been resolved. See "RISK FACTORS – Availability of Utilities."

The District is being developed based upon a finding and certification of the Federal Emergency Management Agency ("*FEMA*"), dated September 16, 2004, that the District is not within a 100-year regulatory floodplain. A comprehensive drainage study was completed by the Town in conformance with FEMA's updated standards and methodology and subject to FEMA's review and approval. Such study was completed in August 2008 and was approved by the Town Council and FEMA. The study concludes that no property within the District is within a 100-year regulatory floodplain.

The Owner

The original developer was the entity Gladden Forest LLC. The Owner since January 2013 has been Gladden Phase I, LLC, a Delaware limited liability company, an entirely unrelated entity to the original developer. The Owner was formed in 2012 and is in good standing in the State of Arizona. It owns the 75 platted and engineered residential lots within Block 7/13 of the Gladden Farms community. Petrus and Crown West own the Owner in its entirety. Petrus was organized by Petrus Partners Ltd. ("Petrus Partners") and Crown West to invest in residential land investment opportunities. It has total equity capital commitments of approximately $50 million and since formation it has acquired 7,718 residential lots in Arizona and Nevada at a cost of approximately $31.3 million excluding additional investments and capital expenditures during its ownership.

Petrus Partners, a New York investment firm, is an experienced owner and manager of land developments and office, industrial, and mixed use properties. The principals and investors of the company are active, sophisticated investors, providing the company with a unique ability to perform. Since 1992 Petrus Partners and Crown West Realty, its operating subsidiary, have completed a number of acquisition, development, and redevelopment projects, and currently own and manage over 10 million square feet of commercial properties and 9,000 residential lots. Crown West Realty's Land Group has been an active buyer and significant owner of residential land and commercial property in the western U.S. and has property holdings today in Phoenix, Marana, Tucson, Las Vegas, and Reno-Sparks. Crown West's Tucson office, headed by Dean Wingert, performs asset and property management for Petrus' acquired residential land properties in the western U.S.

RISK FACTORS

Investment in the Bonds involves a significant degree of risk and is speculative in nature. The Bonds will be secured solely by ad valorem property taxes to be levied on all taxable property within the boundaries of the District. Anyone considering investing in the Bonds should carefully examine this Official Statement, including the Appendices hereto. INVESTMENT IN THE BONDS SHOULD BE UNDERTAKEN ONLY BY PERSONS WHOSE FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE THEM TO ASSUME SUCH RISK. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS OFFICIAL STATEMENT, BEFORE MAKING AN INVESTMENT DECISION.

This discussion of risk factors is not, and is not intended to be, exhaustive, and such risk factors are not necessarily presented in the order of their magnitude.

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

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

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

The residential development business, particularly with respect to communities such as Gladden Farms, is highly competitive in the Tucson metropolitan area. The business of merchant builders building in the District will face competition from a number of competitors in the Town and other developments throughout the Tucson metropolitan area, many of which offer or intend to offer lots and parcels in similar communities to a similar target market.

Decreased absorption rates associated with future slowdown could adversely affect land values and reduce the ability or desire of the property owners to pay ad valorem property taxes and assessments. In that event, there could be a default in the payment of principal of and interest on the Bonds.

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

Development requires obtaining a variety of governmental approvals and permits. Such approvals and permits are necessary to initiate construction and to allow the sale and occupancy of homes and to satisfy conditions included in the approvals and permits. There can be no assurance that all of these permits and

approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results.

Concentration of Ownership; Subsequent Transfer

There can be no assurance that the Owner has the financial capability to complete development within the Project. Because there can be no assurance that the members of the limited liability company that form the Owner will provide additional funds to the Owner, nor that bank loans will be available to the Owner sufficient to pay all costs attributable to the Project, the Owner may have to depend on revenues from sales of lots and parcels to generate cash flow and otherwise make funds available to pay all costs associated with the ownership, operation and development of the Project. If the Owner has to depend on sales of lots and parcels to generate cash flow, there can be no assurance that sufficient funds will be available to the Owner to pay all of its obligations and liabilities, including, without limitation, property taxes (including those relating to property then owned by the Owner to be applied to pay the Bonds), as such obligations and liabilities become due and payable.

See TABLE 5A and 5B with regard to the concentration of ownership of property in, and obligation for payment of property taxes of, the District in certain entities.

In addition, the Owner has transferred and intends to continue to transfer ownership of parcels (or portions thereof) designated for residential development within the District to homebuilders prior to completion of development therein. There are no restrictions on the ability of the Owner to sell parcels (or portions thereof). There can be no assurance that any builder will ultimately acquire and develop all of the lots, nor any assurance that any builder will be able to obtain the projected sales prices for any houses to be constructed on the lots.

Failure or Inability to Complete Proposed Development

The development of each phase of Gladden Farms will be staged so that a particular phase will not be developed at one time. The funding for each phase of development of Gladden Farms will be provided by the Owner and other sources. The availability of funding for the completion of Gladden Farms will depend upon the demand for residential lots or units within Gladden Farms and local, regional and national market and economic conditions. No assurance is given that funding will be obtained for all phases of development of Gladden Farms, or, if obtained, will be in an amount sufficient to complete development of Gladden Farms. If satisfactory funding is unavailable, completion of the development of the balance of Gladden Farms may be delayed or suspended.

Public and private on-site and off-site improvements may increase the public and private debt for which the land within the District is security. The burden of additional debt would be placed on the land within the District to complete the necessary improvements. See "RISK FACTORS - Direct and Overlapping Indebtedness and Taxes."

Completion of the Public Infrastructure and the Other Infrastructure

The assessed valuation of the taxable property in the District may increase if and as the development of the Project continues. However, less than expected increases or decreases in the future assessed valuation of the taxable property in the District may reduce the willingness of landowners to pay the ad valorem property taxes securing the Bonds or adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes. See also "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS — Ad Valorem Property Taxation in the District."

The construction of infrastructure for development of the land in the District is not yet complete. See "LAND DEVELOPMENT." The cost and time for completion of all of such improvements is uncertain and may be affected by changes like those described hereinabove. If cost overruns result in delay of construction, or if other delays are experienced, the sale of lots and construction of homes may be delayed. Failure or inability to

complete proposed development including development of necessary utilities could affect adversely development of the land in the District.

Availability of Utilities

Water and sewer service to the District will be provided by the Town as described under the subheading "LAND DEVELOPMENT – The District." Failure or inability to complete proposed development including development of necessary utilities could affect adversely development of the land in the District. See "RISK FACTORS – Failure or Inability to Complete Proposed Development." All utilities which were to be developed by the Town pursuant to certain development agreements including as described above have been completed and are in operation.

Effect of Valuation of Property

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

Direct and Overlapping Indebtedness and Taxes

The ability of an owner of land within the District to pay the ad valorem taxes of the District could be affected by the existence of other taxes and assessments imposed upon the property. The District and other public entities whose boundaries overlap those of the District could, without the consent of the District and, in certain cases, without the consent of the owners of the land within the District, impose additional ad valorem taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. (The existing public debt relating to the District is set forth in "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES.") The lien created on the property within the District through the levy of ad valorem taxes would be on a parity with the ad valorem taxes securing the Bonds. The imposition of additional parity liens, or subordinate liens in the case of future special assessments, or for that matter for private financing, may reduce the ability or willingness of the landowners to pay the ad valorem taxes securing the Bonds as well as, in the case of failure of payment thereof, the existence of buyers of such property at any foreclosure sale for purposes of paying such taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS — Ad Valorem Property Taxation in the District."

Bankruptcy and Foreclosure Delays

It should be noted that in the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can be attached against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly noninterest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect ad valorem taxes on a property of a taxpayer within the District. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on the property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy would be stayed pursuant to the Bankruptcy Code. While the stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of a bankruptcy court. It is reasonable to conclude that "tax sale

investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post-bankruptcy petition tax collections becomes uncertain.

In the event the District is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

It cannot be determined what impact any deterioration of the financial condition of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. None of the District, the Underwriter or their respective agents or consultants has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

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

Availability of Standby Contribution Agreement Amounts

If amounts to be available pursuant to the Standby Contribution Agreement are not available for any reason (including financial difficulties or bankruptcy of the Owner), the Bonds will be payable only from District ad valorem property taxes, resulting in increased District tax rates and increased reliance upon District tax revenues collected within the District to pay Debt Service.

The District's ability to retire the indebtedness evidenced by the Bonds solely from ad valorem property taxes is dependent upon the development and maintenance of an adequate tax base from which the District may collect revenues. The District's ability to achieve a tax base adequate to generate ad valorem property tax revenues for timely payment of the Bonds will depend upon the continued and successful development of the Project. The District faces some competition from other residential developments in surrounding areas within the Town. Such competition may adversely affect the rate of development within the District. Many unpredictable factors could influence the actual rate of construction within the District, including the prevailing interest rates, availability of funds, market and economic conditions generally, supply of housing in the greater Tucson metropolitan area, construction costs, labor conditions, access to building supplies, availability of water and water taps, availability and costs of fuel and transportation costs, among other things.

Amendment of Documents Referenced

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

The development of the property within the District is approximately 76 percent complete. There is currently additional development activity within the District. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Accordingly, the Owner anticipates that there may be significant changes to the agreements and contracts summarized in this Official Statement to address any such issues. Because the existing contracts and agreements are subject to change, the summaries of any contracts or agreements contained hereinabove may not accurately reflect the future conditions relating to the development of the District; however, the Owner does not presently anticipate that any modifications of the current contracts or agreements would materially affect the repayment of the Bonds.

Environmental Matters

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

Projections

Included in this Official Statement are various projections for lot closings, completion dates, completion costs and other items. The projections are based on assumptions concerning future events and should be viewed with an abundance of caution. Circumstances that may not yet be ascertainable, which the Owner believes to be significant and which the Owner cannot control may also exist. There are usually differences between projections and results because events frequently do not occur as expected, and those differences may be material. There can be no assurances that the various projections set forth in this Official Statement can be achieved.

No Review of Filings

As described in footnote (a) to Table 4, none of the District, the Underwriter, the Owner, the Financial Advisor, Bond Counsel or counsel to the Underwriter or counsel to the Owner have examined the information set forth in the Filings for accuracy or completeness, or examined similar information for entities or their parent companies that are not subject to same or similar informational requirements.

LITIGATION

The District

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

The Owner

At the time of delivery and payment for the Bonds, an authorized representative of the Owner will certify that no litigation or administrative action or proceeding is pending or, to the knowledge of such authorized representative, threatened, restraining or enjoining, or seeking to restrain or enjoin, the effectiveness of the actions authorizing the Owner to execute and deliver the documents executed by it in connection with issuance of the

Bonds, or contesting or questioning the proceedings and authority under which such resolution or such documents have been authorized and are delivered and executed.

At the time of delivery and payment for the Bonds an authorized representative of the Owner will also certify that there are no legal proceedings to which the Owner is party or to which any of its properties are subject, other than routine litigation incident to its business which is covered by insurance or an indemnity or which are not expected to have a material adverse effect on the Owner. It is possible, however, that the Owner could incur claims for which it is not insured or that exceed the amount of its insurance coverage.

TAX MATTERS

General

The Code includes requirements which the District must continue to meet after the issuance of the Bonds in order that interest thereon be and remain excludable from gross income of the holders thereof for federal income tax purposes. The District's failure to meet these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The District has covenanted to take the actions required by the Code in order to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds and not to take any actions that would adversely affect that excludability.

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

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of interest on the Bonds or the ownership or disposition of the Bonds. Prospective purchasers of Bonds should be aware that the ownership of Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Bonds or, in the case of a financial institution, that portion of the owner's interest expense allocable to interest on the Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on the Bonds, (iii) the inclusion of interest on the Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of interest on the Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, and (v) recipients of certain Social Security and Railroad Retirement benefits being required to take into account receipts and accrual of interest on the Bonds in determining whether a portion of such benefits are included in gross income for federal income tax purposes.

From time to time, there are legislative proposals in Congress which, if enacted, could alter or amend one or more of the federal income tax matters referred to herein or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds), executed and delivered prior to enactment.

The discussion of tax matters in this Official Statement applies only in the case of purchasers of the Bonds at their original issuance and at the respective prices indicated on the inside front cover page of this Official Statement. It does not address any other tax consequences, such as, among others, the consequence of the existence of any market discount to subsequent purchasers of the Bonds. Purchasers of the Bonds should consult their own tax advisers regarding their particular tax status or other tax considerations resulting from ownership of the Bonds.

Information Reporting and Backup Withholding

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

Original Issue Discount and Original Issue Premium

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

Certain of the Bonds, as indicated on the inside front cover page of this Official Statement (the "Premium Bonds"), were offered and will be sold to the public at a price in excess of their stated redemption price at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to the maturity of a Premium Bond, based on the yield to the maturity date of that Premium Bond, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside front cover of this Official Statement who holds that Premium Bond to maturity will realize no gain or loss upon the retirement of that Premium Bond.

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

RATINGS

Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("*S&P*") has assigned the rating of "___" to the Bonds. Such rating will reflect only the view of S&P. An explanation of the significance of any rating assigned by S&P may be obtained at 55 Water Street, 38th Floor, New York, New York 10041-0003. Such rating may be revised downward or withdrawn entirely at any time by S&P if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. The District and the Owner have covenanted in its continuing disclosure undertakings that they will file notice of any formal change in any rating relating to the Bonds. See "CONTINUING DISCLOSURE" and Appendix D herein.

NO AUDITED FINANCIAL STATEMENTS

The District is not required to, nor does it, prepare audited financial statements. However, as indicated in note __ to the financial statements of the Town, the financial statements of the Town include the District as a "blended component unit" because of the significance of its relationships with the Town. While separate, audited financial statements for the District are not prepared, [unaudited financial statements are prepared and included with the Town's audited financial statements. The unaudited financial statements for the District for the fiscal year ended June 30, 2016, are included herein as APPENDIX ___]. **Such statements might be subject to change if subjected to standard audit procedures.**

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the legal opinion of Bond Counsel. (See "TAX MATTERS" herein.) Signed copies of the opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds in substantially the form of APPENDIX B hereto. Certain legal matters will be passed upon for the District by Bond Counsel, for the Underwriter by its counsel, Squire Patton Boggs (US) LLP, Phoenix, Arizona and for the Owner by its counsel, Fennemore Craig, P.C., Phoenix, Arizona. See "RELATIONSHIPS AMONG PARTIES."

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

UNDERWRITING

The Bonds are being purchased by RBC Capital Markets, LLC (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of $_____ (reflecting the aggregate principal amount of the Bonds, less original issue discount of $(_____) and less Underwriter's compensation of $_____). The prices or yields set forth on the inside front cover page hereof may be changed after the initial offering by the Underwriter.

The Underwriter has provided the following information for inclusion in this Official Statement: The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities

offering or other offering of the District. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

CONTINUING DISCLOSURE

The District and the Owner have each separately covenanted for the benefit of certain beneficial owners of the Bonds to provide certain financial information and operating data relating to the District by not later than February 1 of each year (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The Annual Reports and the Notices of Listed Events will be filed by the District through the Electronic Municipal Market Access System ("EMMA") established by the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Reports and in the Notices of Listed Events is set forth in Appendix D1 and D2 respectively — "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS," which includes the form of continuing disclosure undertaking which will be executed by the District with respect to the Bonds. The District has no obligation to enforce the obligations of the Owner under its continuing disclosure undertaking.

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission. Should the District or the Owner not comply with such covenants, they have covenanted to provide notice of such fact through EMMA. The District's undertaking to provide information pursuant to such covenants will be subject to appropriation to cover the costs of preparing and mailing the Annual Reports and Notices of Material Events to EMMA. Should the District not comply with such covenants due to a failure to appropriate for such purpose, the District has covenanted to provide notice of such fact through EMMA. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

Both the District and the Owner are obligated to provide continuing disclosure with respect to the Prior Bonds and both have complied in all material respects with the prior continuing disclosure undertakings entered into for purposes of the Rule, with respect to the Prior Bonds.

FINANCIAL ADVISOR

Stifel, Nicolaus & Company, Incorporated (the "Financial Advisor") has been engaged by the District for the purpose of advising the District as to certain debt service structuring matters specific to the Bonds and on certain matters relative to the District's overall debt financing program. The Financial Advisor has assisted in the assembly and preparation of this Official Statement at the direction and on behalf of the District. No person is entitled to rely on the Financial Advisor's participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy and completeness of the information contained herein.

RELATIONSHIPS AMONG PARTIES

Greenberg Traurig, LLP, Bond Counsel, has acted as counsel to the underwriter in other transactions underwritten by the Underwriter and by the Financial Advisor and as bond counsel in other transactions underwritten by the Underwriter and by the Financial Advisor. Squire Patton Boggs (US) LLP, counsel to the Underwriter, has acted as bond counsel in other transactions underwritten by the Underwriter and by the Financial Advisor. Squire Patton Boggs (US) LLP and Greenberg Traurig, LLP have also acted as bond counsel and/or counsel to the underwriter with respect to bonds issued by the Town and other overlapping political subdivisions.

The Underwriter and the Financial Advisor have underwritten or acted as financial advisor with respect to bonds issued by the Town and other overlapping political subdivisions. The Underwriter and the Financial Advisor have underwritten or acted as financial advisor on other transactions together and expect to do so in the future.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Official Statement has been derived by the District from official and other sources and is believed by the District to be accurate and reliable. Information other than that obtained from official records of the District has not been independently confirmed or verified by the District and its accuracy is not guaranteed.

Neither this Official Statement not any statement that may have been or that may be made orally or in writing is to be construed as part of a contract with the original purchasers or subsequent owners of the Bonds.

This Official Statement has been approved, executed and delivered by the District.

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT

By:_____
Chairperson, District Board

APPENDIX A

TOWN OF MARANA, ARIZONA

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

General Information

The Town is located one mile north of the border of Tucson, Arizona ("*Tucson*"), and just south of the northern border of Pima County, Arizona (the "*County*"). The Town encompasses an approximate area of 300 square miles and sits at an elevation of 2,055 feet above sea level. The Town was incorporated in 1977.

The table below illustrates the Town's population growth statistics along with the population statistics for the County and the State.

Population Statistics

Years	Town of Marana	Pima County	State of Arizona
2015 Estimate(a)	41,655	1,009,371	6,758,251
2010 Census	34,961	980,263	6,392,017
2000 Census	13,556	843,746	5,130,632
1995 Special Census	5,309	766,172	4,228,900
1990 Census	2,187	666,957	3,665,305

(a) Population estimates as of July 1, 2015 (released December 2015) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

Source: Except as otherwise described, U.S. Census Bureau.

Municipal Government and Organization

The Town operates under the Council-Manager form of government. The Mayor and six council members are elected at large for staggered four-year terms. The Town Council appoints a Town Manager who has full responsibility for carrying out council policies and administering Town operations. Functions of government and operation are provided by a staff of approximately 365 employees. The Town provides police services to its residents.

Tucson Electric Power Corporation and Trico Electric Cooperative provide electricity to the Town's residents. Southwest Gas Corporation provides natural gas. Water is provided by the Town, as well as certain public and private providers. Sewer services are provided by the County within some portions of the Town and by the Town in other portions. Telephone services are provided by CenturyLink. Waste disposal and sanitation services are provided by various private disposal companies.

Economy

The economy of the Town and the area surrounding the Town has historically been dominated by agricultural activities. Though agriculture is still a large part of the economy, commercial, retail and industrial elements are becoming large contributors. The Town's agricultural elements include a variety of irrigated crops.

The commercial elements of the economy have developed due to the growth of the Town and the growth of Tucson. The Town has become a retail trade center for suburban northern Tucson and the rural outlying areas surrounding the Town. Also, the Town's proximity between the City of Phoenix, Arizona ("*Phoenix*"), and Tucson has attracted business. Many residents commute from the Town to the Tucson metropolitan area for employment as well.

The following table illustrates unemployment averages for the Town, the County, the State and the United States. The data shown in table includes all employment, including agriculture, and is not seasonally adjusted

UNEMPLOYMENT AVERAGES

Calendar Years	Tow of Marana	Pima County	State of Arizona	United States
2016 (a)	4.0	5.0	5.4	4.9
2015	4.4	5.6	6.1	5.3
2014	4.8	6.0	6.8	7.4
2013	5.1	6.8	7.5	8.1
2012	5.5	7.4	8.3	8.9
2011	6.4	8.5	9.5	9.6

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

(a) Data through June 2016.

The following table is a partial list of major employers within the Town.

MAJOR EMPLOYERS
Town of Marana, Arizona

Employer	Product/Service	Approximate Employment
Marana Unified School District	Education	1,800
Wal-Mart	Retail Department Store	450
Marana Heath Center	Healthcare	350
The Ritz Carlton, Dove Mountain	Hotel and Meeting Facility	350
Town of Marana	Government	328
Sargent Aerospace & Defense	Aerospace Manufacturing	255
FLSmidth Krebs	Separation Equipment Manufacturing	250
Fry's Food & Drug	Retail Grocery	240
Northwest Fire District	Emergency Services	235
Hunter Construction	Construction	200
Coca-Cola Enterprises	Food and Beverage Distribution	173
Comcast	Utilities Services	150
Trico Electric Cooperative	Electric Utility	130
Costco	Retail Warehouse	130
The Home Depot	Retail Home Improvement	125

Source: The Town of Marana's *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2015.

Construction

The following charts illustrate a building permit summary for residential and non-residential construction and new housing starts for the Town.

VALUE OF BUILDING PERMITS
Town of Marana, Arizona
($000's omitted)

Calendar Years	Residential	Commercial	Industrial and Other	Total
2016[a]	$_____	$_____	$_____	$_____
2015[b]	_____	_____	_____	_____
2014[b]	_____	_____	_____	_____
2013[b]	_____	_____	_____	_____
2012[b]	_____	_____	_____	_____

Source: The Town

[a] Data through second quarter 2016.

[b] [Data Incomplete; one or more months may be missing.]

NEW HOUSING STARTS
Town of Marana, Arizona

Calendar Years	Number of New Housing Units
2016[a]	___
2015[b]	___
2014[b]	___
2013[b]	___
2012[b]	___

Source: The Town.

[a] Data through second quarter 2016.

[b] [Data Incomplete; one or more months may be missing.]

Commerce

The Town is home to numerous retail establishments that accommodate the needs of the Town's growing population, especially due to the recent influx of residential and commercial developments that have occurred in the location between Phoenix and Tucson along Interstate 10 and the Union Pacific Railroad.

Education

Primary education in the Town is provided by the Marana Unified School District's 12 public elementary schools, one intermediate school, two junior high schools and three high schools. Pima County Community College and The University of Arizona offer undergraduate education and graduate programs.

Transportation

Industry, business and residents benefit from the transportation provided by Interstate 10, linking the Town with Tucson and Phoenix. The Marana Regional Airport and the Pinal Air Park each have two runways and are within close proximity to the Town. Residents have access to the Tucson International Airport located in Tucson for

international, national, regional and local air service. Within Tucson are also passenger bus lines traveling national, regional and local routes.

Tourism

Many recreational opportunities are within an hour's drive of the Town. Picacho Peak Sate park, site of Arizona's only Civil War battle, is 15 miles north. The Town's camping, picnic areas and nature trails are noted for colorful spring wildflowers. In the Santa Catalina Mountains Catalina State Park, 20 miles east of the Town. Saguaro National Monument (west portion) is a few miles south of the Town. Within the monument is the world famous Arizona – Sonora Desert Museum with native wildlife exhibits and Old Tucson Studios. Other attractions include Biosphere II, Kitt Peak, Pima Air Museum, and the San Xavier Mission.

APPENDIX B

FORM OF LEGAL OPINION OF BOND COUNSEL

[LETTERHEAD OF GREENBERG TRAURIG]

[Closing Date]

DRAFT

District Board
Gladden Farms Community Facilities District
c/o Town of Marana, Arizona
11555 West Civic Center Drive
Marana, Arizona 85345

Re: Gladden Farms Community Facilities District (Marana, Arizona) General Obligation and General Obligation Refunding Bonds, Series 2016

We have acted as Bond Counsel in connection with the issuance by Gladden Farms Community Facilities District (hereinafter referred to as the "Issuer") of the captioned bonds, dated the date hereof (hereinafter referred to as the "Bonds"). ($_____[*], $_____*, $_____* and $_____* principal amount of the Bonds maturing in the years 20__ through and including 20__, respectively, are the "Refunding Bonds.")

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

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

1. The Bonds are valid and legally binding obligations of the Issuer payable from the sources, and enforceable in accordance with the terms and conditions, described therein and are secured by a Series 2016 Indenture of Trust and Security Agreement, dated as of December 1, 2006 (hereinafter referred to as the "Indenture"), from the Issuer to Zions First National Bank, as trustee (hereinafter referred to as the "Trustee"), except to the extent that the enforceability thereof and such provision of the security therefor may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

2. The Issuer is to annually levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the

[*] Subject to change.

boundaries of the Issuer, sufficient, but subject to limitations hereinafter described, together with any moneys from the sources described in Section 48-717, Arizona Revised Statutes including amounts from a Series 2016 Standby Contribution Agreement, dated as of September 1, 2016, by and among the Issuer, the Trustee, and the Owner and a Series 2016 Letter of Credit Depository Agreement dated as of September 1, 2016, by and between the Issuer and [Zions First National Bank], as depository, if any, to pay debt service on the Bonds when due. All of the taxable property within the Issuer is subject to the levy of a tax, without limitation as to rate, to pay the principal of and interest on the Bonds, but limited with respect to the Refunding Bonds to a total amount not greater than the total aggregate principal and interest to become due on the bonds being refunded with proceeds of the sale of the Refunding Bonds (the "Bonds Being Refunded") from the date of issuance of the Refunding Bonds to the final date of maturity of the Bonds Being Refunded. The net proceeds of the Refunding Bonds have been invested in obligations issued by or guaranteed by the United States government which mature with interest so as to provide funds to pay when due, or called for redemption, the Bonds Being Refunded together with interest thereon, and such proceeds and obligations have been deposited in the respective principal and interest redemption funds, and shall be held in trust for the payment of, the Bonds Being Refunded with interest on maturity or upon an available redemption date. The owners of the Refunding Bonds must rely on the sufficiency of such funds and securities held irrevocably in trust for payment of the Bonds Being Refunded. The issuance of the Refunding Bonds shall in no way infringe upon the rights of the holders of the Bonds Being Refunded to rely upon a tax levy for the payment of principal and interest on the Bonds Being Refunded if such funds and securities prove insufficient.

3. Subject to the reliance and assumption stated in the last sentence of this paragraph, interest on the Bonds is excludible from the gross income of the owners thereof for federal income tax purposes. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. (We express no opinion regarding other federal tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the Bonds.) The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the Issuer and the Owner must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the Issuer or the Owner to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The Issuer and the Owner have either indicated their compliance with, or covenanted to take the actions required by, applicable provisions of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. In rendering the opinion expressed above, we have relied on certifications of the Issuer with respect to certain matters necessary for, and have assumed continuing compliance with certain covenants by the Issuer and the Owner included in, respectively, the Indenture and a District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District), dated as of February 1, 2004, as amended by a First Amendment to District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District), dated as of September 1, 2016, by and among, as applicable, among either the Issuer, the Town of Marana, Arizona, and the Owner (which are, as to their enforceability, subject to the same exceptions described in paragraph 1 hereinabove) that must be met after the issuance of the Bonds in order that, interest on the Bonds not be included in gross income for federal tax purposes.

4. The interest on the Bonds is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other State tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the Bonds.)

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

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

This information concerning DTC and DTC's book-entry system has been obtained from DTC and the District takes no responsibility for the accuracy thereof. The Beneficial Owners (defined below) should confirm this information with DTC or the DTC participants.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S., equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S., securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with the Direct Participants, the "Participants"). DTC has Standard & Poor's rating of: "AA+." The DTC Rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of the Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial

Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices of the Bonds shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Registrar and Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of and information funds and corresponding detail information from the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Direct Participants and Indirect Participants and not of DTC (or its nominee) or the Bond Registrar and Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

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

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

APPENDIX D-1

FORM OF CONTINUING
DISCLOSURE UNDERTAKING OF THE DISTRICT

CONTINUING DISCLOSURE UNDERTAKING

$_____[‡]
GLADDEN FARMS COMMUNITY FACILITIES DISTRICT
(MARANA, ARIZONA)
GENERAL OBLIGATION AND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016

(CUSIP BASE NUMBER _____)

This Undertaking is executed and delivered by Gladden Farms Community Facilities District (hereinafter referred to as the "Issuer"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "Securities") for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

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

"Authorizing Document" shall mean the resolution authorizing the issuance of the Securities.

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

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

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

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

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

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2017, PROVIDE THROUGH EMMA AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.***

(ii) ***IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION***

[‡] Subject to change.

(a)(i) OF THIS SECTION, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE THROUGH EMMA ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT.

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

(A) Information of the type in TABLES 2A, 4A, 5A, 6, 7 and 10 of the Official Statement, dated September ____, 2016, with respect to the Securities.

(B) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principles as applied to governmental units. (The Issuer does not currently prepare audited financial statements, and execution of this Undertaking shall not obligate the Issuer to prepare audited financial statements for any fiscal year.) ***IF AUDITED FINANCIAL STATEMENTS ARE PREPARED AND INCLUDED IN THE ANNUAL REPORT AND THEREAFTER THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT***.

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

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

Section 3. Reporting of Listed Events.

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

1. Principal and interest payment delinquencies,

2. Nonpayment related defaults, if material,

3. Unscheduled draws on debt service reserves reflecting financial difficulties,

4. Unscheduled draws on credit enhancements reflecting financial difficulties,

5. Substitution of the credit or liquidity providers or their failure to perform,

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations, in each case, with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities,

7. Modifications to rights of holders, if material,

8. Bond calls, if material, or tender offers,

9. Defeasances,

10. Release, substitution or sale of property securing repayment of the Securities, if material,

11. Rating changes,

12. Bankruptcy, insolvency, receivership or similar events of the Issuer, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer,

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

14. Appointment of a successor trustee or an additional trustee or the change of the name of the trustee, if material, and

15. Notice of a failure of the Issuer to provide required annual financial information on or before the date specified in Section 2 above, including any non-appropriation to cover applicable costs.

(b) Whether events subject to the standard "material" would be material shall be determined under applicable federal securities laws.

(c) Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Authorizing Document.

(d) ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY, BUT NOT MORE THAN TEN (10) BUSINESS DAYS THEREAFTER, FILE A NOTICE OF LISTED EVENT OF SUCH OCCURRENCE THROUGH EMMA***.

Section 4. Termination of Reporting Obligation. The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION THROUGH EMMA AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE***.

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Issuer or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as bond counsel) unaffiliated with the Issuer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authorizing Document at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE ISSUER CHANGE, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT***.

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

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

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

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

Dated: [Closing Date]

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT

By_____
Chairman, District Board

APPENDIX D-2

FORM OF CONTINUING
DISCLOSURE UNDERTAKING OF THE OWNER

CONTINUING DISCLOSURE UNDERTAKING

$_____[§]
GLADDEN FARMS COMMUNITY FACILITIES DISTRICT
(MARANA, ARIZONA)
GENERAL OBLIGATION AND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016

(CUSIP BASE NUMBER _____)

This Undertaking is executed and delivered by Gladden Phase I, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of Delaware (hereinafter referred to as the "Owner"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "Securities") for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

"*Annual Report*" shall mean any annual report provided by the Owner pursuant to, and as described in, Section 2.

"*Authorizing Documents*" shall mean, collectively, the resolutions authorizing the issuance of the Securities and the Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank, National Association with respect to the Securities.

"*Dissemination Agent*" shall mean any agent which has executed a dissemination agency agreement with the Owner and the successors and assigns of such agent.

"*EMMA*" shall mean the Electronic Municipal Market Access system and the EMMA Continuing Disclosure Service of MSRB, or any successor thereto approved by the United States Securities and Exchange Commission, as a repository for municipal continuing disclosure information pursuant to the Rule.

"*Issuer*" shall mean Gladden Farms Community Facilities District, a community facilities district organized and existing pursuant to the laws of the State of Arizona.

"*Material Events*" shall mean any of the events listed in Section 3(a).

"*MSRB*" shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

"*Notice of Material Event*" shall mean any notice provided by the Owner pursuant to, and as described in, Section 3.

"*Objective Criteria*" means, as to any party owning or becoming an owner of land within the boundaries of the Issuer in question, that the secondary assessed valuation of such land for which such owner becomes responsible

[§] Subject to change.

for paying property taxes equals or exceeds 20 percent of the secondary assessed valuation of all land with the boundaries of the Issuer.

"*Official Statement*" shall mean the Official Statement, dated September ____, 2016, with respect to the Securities.

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

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN MAY 1 OF EACH YEAR, COMMENCING WITH MAY 1, 2011, PROVIDE ELECTRONICALLY TO MSRB, IN A FORMAT PRESCRIBED BY MSRB, AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION. CURRENTLY, FILINGS ARE REQUIRED TO BE MADE WITH EMMA. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF EACH ANNUAL REPORT TO THE ISSUER.***

(ii) ***IF THE OWNER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE TO EMMA ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

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

(A) Information with respect to any conveyance of five percent or more of the net developable acreage within the boundaries of the Issuer to any single entity and of the type in TABLE 10 of the Official Statement.

(B) Audited financial statements of the Owner for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principles; provided, however, execution of this Undertaking shall not obligate the Owner to prepare audited financial statements for any fiscal year. ***IF AUDITED FINANCIAL STATEMENTS ARE PREPARED AND INCLUDED IN AN ANNUAL REPORT AND THEREAFTER THE FISCAL YEAR OF THE OWNER CHANGES, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

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

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

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of the following events (the "Material Events") with respect to the Securities:

(i) Any changes of ownership or control of the Owner.

(ii) Any failure by the Owner to pay, prior to delinquency, general property taxes, special taxes or assessments with respect to property of the Owner within the boundaries of the Issuer or any amount due pursuant to the Standby Contribution Agreement (described in the Official Statement).

(b) ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE A NOTICE OF MATERIAL EVENT OF THE OCCURRENCE OF A MATERIAL EVENT WITH EMMA. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE OF MATERIAL EVENT TO THE ISSUER.***

Section 4. Termination of Reporting Obligation. The obligations of the Owner pursuant to this Undertaking shall terminate upon (i) the legal defeasance, prior redemption or payment in full of all of the Securities, (ii) the failure of the Owner to satisfy the Objective Criteria, or (iii) the release of the Standby Contribution Agreement (described in the Official Statement). ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EMMA AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Owner may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Owner or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Owner or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authorizing Documents at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE OWNER CHANGE, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Owner from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Owner chooses to include any information in

any Annual Report or Notice of Material Event in addition to that which is specifically required by this Undertaking, the Owner shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

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

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

Section 9. Recordkeeping. The Owner shall maintain copies of each Annual Report and Notice of Material Event as well as the names of the entities with whom the same was filed and the date of filing thereof.

Section 10. Subsequent Transfers of Owner's Land. Upon any disposition by the Owner of land within the boundaries of the Issuer such that the successor in interest to the Owner then satisfies the Objective Criteria, the Owner shall require such successor to execute an undertaking substantially similar to this Undertaking and in compliance with the Rule upon such disposition.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and the Owner shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Owner under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Section 12. Copies for Issuer. Any copy provided by this Undertaking to be given or furnished to the Issuer by the Owner 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 Marana, Arizona, 11555 West Civic Center Drive, Marana, Arizona 85653, Attention: District Clerk or at any other address furnished previously in writing to the Owner by the Issuer.

Dated: [Closing Date]

GLADDEN PHASE I, LLC,
a Delaware limited liability company

By:

By:_____
Title: Authorized Agent

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture to which reference is hereby made for a more complete description of its terms.

Definitions of Certain Terms

The following are certain terms defined in the Indenture and used in this Official Statement.

"*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 rated by a Rating Agency in one of the four highest rating categories of a Rating Agency 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.

"*Bond Fund*" means the fund with that name established pursuant to the Indenture.

"*Business Day*" means any day on which payments can be affected 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 place of payment or in the city where the principal corporate trust office of the Trustee or the office of the account bank of the Letter of Credit Bank is located. (If the specified date for any payment, submission, certification, determination or other action pursuant to the Indenture 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.)

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

"*Debt Service*" means, collectively, (i) the principal of and interest and premium, if any, on the Bonds when due, subject to the limitations of the Refunding Act, (ii) expenses and costs of the District arising from the activities of the District (such activities being the financing of certain public infrastructure purposes including the issuance of the Bonds) including particularly, but not by way of limitation, expenses and costs for agents or third parties required to administer the Bonds, levy and collect taxes for payment of the Bonds, prepare annual audits, budgets and materials with respect to continuing disclosure and provide for any purposes otherwise related to such activities of the District and (iii) amounts due with regard to Rebate.

"*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 District for budgeting and appropriate purposes.

"*Governmental Obligations*" means (1) direct obligations of, or obligations the timely payment of principal of which 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 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 for purposes of defeasing the Bonds, have been assigned ratings in the highest rating categories of S&P or Moody's, but in the case of both Clause (1) and Clause (2) of this paragraph, for purposes of defeasing the Bonds, 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 Obligation also includes for purposes other than defeasing the Bonds, 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 has a rating by S&P of "AAAm-G," "AAm" or "AAm" or better and a rating of Moody's of "VMIG-1" or better.

"*Holder*" when used with respect to any Bond means the person in whose name such Bond is registered in the bond register maintained by the Trustee.

"*Initial Letter of Credit*" means the irrevocable, single-draw, stand-by 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 $_____[*].

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

"*Letter of Credit Bank*" means _____, a national banking association in its capacity as issuer of the Initial Letter of Credit and not as the Trustee or as the Depository, 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 sixty (60) days after the Letter of Credit then in effect is no longer rated in one of the four highest rating categories of a Rating Agency 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.

"*Moody's*" means Moody's Investors Service, or any entity succeeding the duties and obligations thereof.

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

"*Outstanding*" when used with respect to Bonds means, as of the date of determination, all Bonds theretofore authenticated and delivered under the 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 the 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 the Indenture;

[*] Preliminary, subject to change.

4. Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in the Indenture; 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 under the heading "Defeasance" below.

"*Permitted Investments*" means certain investments described in the Indenture.

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

"*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.

"*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 the 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 the Indenture, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"*S&P*" means Standard & Poor's Financial Consulting Services, LLC, or any successor thereto.

"*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.

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

Trust Estate Under the Indenture

The District has granted a security interest to the Trustee in all money and investments held for the credit of the "Tax Account" of the Bond Fund and the District's interest in the Standby Contribution Agreement and the Depository Agreement. The Trustee is required to hold all such property in trust for the benefit of all of the Holders of the Bonds.

Bond Fund

The money deposited to the Bond Fund is required to be held by the Trustee in trust and applied solely as provided in the Indenture. The District is required to deposit to the Tax Account of the Bond Fund, among other amounts, (i) amounts collected by or remitted to the District as *ad valorem* property taxes to the extent provided in the Indenture, and (ii) amounts paid for deposit therein pursuant to the Standby Contribution Agreement and the Depository Agreement. The Tax Account of the Bond Fund is required to be applied by the Trustee solely to pay Debt Service in any form and in the order described below under "Application of Moneys Collected: Second."

The Indenture provides that money held for the credit of (i) the Bond Fund will be invested by the Trustee in Governmental Obligations will be invested by the Trustee in Permitted Investments, and on each September 14 and March 10 of each Fiscal Year the resulting investment income will be transferred by the Trustee to the Tax Account of the Bond Fund. The Trustee will sell or present for redemption any obligations so purchased as an investment pursuant to the Indenture whenever it is necessary to do so in order to provide money to make any payment or transfer of money required thereby. Investments will mature, or will 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 pursuant to the Indenture will 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 will be credited to such fund and any loss resulting from such investment will be charged to such fund. All money held by the Trustee pursuant to the Indenture will 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 will 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 District.

Remedies under the Trust Indenture

The Trustee in its discretion, subject to the other provisions of the Indenture, may proceed to protect and enforce its rights and the rights of the Holders of the Bonds under the 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 the Indenture, the Standby Contribution Agreement or the Depository Agreement or in aid of the execution of any power granted in the Indenture, the Standby Contribution Agreement, or the Depository Agreement or for the enforcement of any other legal, equitable, or other remedy, as the Trustee, being advised by counsel, deems most effectual to protect and enforce any of the rights of the Trustee or the Holders of the Bonds. The Indenture provides that, in addition to all rights and remedies of any Holder of a Bond provided therein, in the event the District 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 or the causing of the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution, the Indenture, the Standby Contribution Agreement or the Depository Agreement, the Trustee will be entitled, to the extent available pursuant to applicable law, to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the members of the Board and other officers of the District to make such payment or to observe and perform or cause the observation or performance of any covenant, obligation, or condition prescribed in the Bond Resolution, the Indenture, the Standby Contribution Agreement or the Depository Agreement. (Notwithstanding the foregoing, if the Trustee is unwilling or unable to perform any of the foregoing with respect to the Standby Contribution Agreement or the Depository Agreement and the result will be an increase of the levy of property taxes 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. The Indenture contains no provision for acceleration of maturity of principal of the Bonds in the event of default. The remedy of mandamus described above would have to be exercised upon each separate default and may, therefore, prove costly, time consuming, and difficult to enforce. The rights and remedies of Holders of the Bonds and the enforceability of the Bonds may also be limited by bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally. See "RISK FACTORS."

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 District will pay or cause to be paid to the Trustee for the benefit on 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 will be sufficient to cover the costs and expenses of administration and collection, including the reason-able compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the District 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, will be entitled to sue for and recover judgment against the District for the amount then so due and unpaid.

The Trustee will 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 the Indenture, and in case of a sale of the trust estate established pursuant to the Indenture and the application of the proceeds of sale as aforesaid, the Trustee, in its own name and as trustee of an express trust, will 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 will 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 District will affect or impair the lien on the Indenture upon the trust estate or any rights, powers, or remedies of the Trustee thereunder, or any rights, powers, or remedies of the Holders of the Bonds.

Application of Money Collected

Any money collected by the Trustee pursuant to the "Remedies under the Trust Indenture" above, together with any other sums then held by the Trustee as part of the trust estate established pursuant to the Indenture, will 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 the applicable provisions of the Indenture;

B. Second: To the payment of any amounts due for Rebate and then the whole amount then due and unpaid upon the Outstanding Bonds, for principal of and premium, if any, and interest on the Bonds and (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 will be sufficient 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 District, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Control by Holders of the Bonds

The Holders of a majority in principal amount of the Outstanding Bonds affected thereby will have the right (subject to providing indemnity to the Trustee as described below)

1. to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, the sale of the trust estate established pursuant to the Indenture, 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 under the Indenture, provided that

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

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

    c. the Trustee has not determined 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.

Before taking action pursuant to the Indenture, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by

reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the District will reimburse the Trustee for all of the expenses of the Trustee pursuant to the Indenture.

Each Holder of any Bond by his acceptance thereof will 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 the 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. However, the provisions of the Indenture will not apply to any suit instituted by or against the Trustee, to any suit instituted by any Holder of a Bond or group of Holders of the Bonds affected thereby, holding in aggregate more than ten percent in principal amount of the Outstanding Bonds, or to any suit instituted by any Holder of a Bond for the enforcement of the payment of the principal of or interest on any Bond on or after the Stated Maturity expressed in such Bond (or, in the case of redemption, on or after the Redemption Date).

Supplemental Indentures and Amendments to Certain Documents

Without the consent of the Holders of any Bonds and, under certain circumstances described in the Indenture, the District and the Trustee may from time to time enter into indentures supplemental to the Indenture or adopt a resolution amending the Bond Resolution or amend the Standby Contribution Agreement or the Depository Agreement (i) to correct or amplify the description of any property subject to the lien of the Indenture, or better to assure, convey, and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property; (ii) to add to the conditions, limitations and restrictions on the authorized amount, terms, or purposes of issue, authentication and delivery of Bonds any additional conditions, limitations and restrictions thereafter to be observed; (iii) to evidence the succession of another entity to the District and the assumption by any such successor of the covenants of the District in the Bonds, the Indenture, the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement; (iv) to add to the covenants of the District for the benefit of the Holders of all the Bonds; (v) 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 (vi) to cure any ambiguity, to correct or supplement any provision in the Indenture, the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement which may be inconsistent with any other provisions thereof, or to make any other provisions with respect to matters or questions arising thereunder which will not be inconsistent with the provisions thereof, if such actions will not adversely affect the interests of the Holders of the Bonds.

With the consent of the Holders of not less than a majority in principal amount of the Bonds affected by such supplemental Indenture or amendment to the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement and, under certain circumstances described in the Indenture, the District and the Trustee may also enter into indentures supplemental to the Indenture or amendments to the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement for the purpose of adding any other provisions to or changing in any other manner or eliminating any of the provisions of the Indenture, the Standby Contribution Agreement or the Depository Agreement or of modifying in another manner the rights of the Holders of the Bonds under the Indenture, the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement. However, no supplemental indenture or amendment, without the consent of the Holder of each Outstanding Bond affected thereby, is permitted by the Indenture to (i) change the Stated Maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount of or the interest on, any Bond, or change any place of payment where, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the Redemption Date); (ii) reduce the percentage in principal amount of the Outstanding Bonds the consent of the Holders of which is required for any supplemental indenture or amendment to the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement, or the consent of Holders of which is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences; (iii) modify or alter the provisions of the proviso to the definition of the term "Outstanding" in the Indenture; or (iv) modify any of the provisions of the Indenture concerning approval of supplemental indentures or amendments to the Bond Resolution, the Standby Contribution

Agreement or the Depository Agreement except to increase any percentage of the Holders of Bonds necessary for approval or to provide that certain provisions of the Indenture cannot be modified or waived without the consent of the Holder of each Bond affected thereby. The Trustee may in its discretion determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement and any such determination will be conclusive upon each Holder of the Bonds, whether theretofore or thereafter authenticated and delivered under the Trust Indenture. The Trustee will not be liable for any such determination made in good faith.

Concerning the Trustee

The Trustee has undertaken to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations should be read into the Indenture against the Trustee. In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture. However, in the case of any such certificates or opinions which by any provision of the Indenture are specifically required to be furnished to the Trustee, the Trustee will be under a duty to examine the same to determine whether or not they conform on their face to the requirements of the Indenture.

No provision of the Indenture will 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 paragraph will not be construed to limit the effect of the preceding paragraph;

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

3. the Trustee will 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 Holders of a majority in principal amount of the Outstanding Bonds or to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture; and

4. no provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in the Indenture.

Except as otherwise provided in the Indenture:

1. the Trustee may rely and will 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; and

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

2. any request or direction of the District mentioned in the Indenture will be sufficiently evidenced by a request of the District, and any order or resolution of the District may be sufficiently evidenced by a resolution of the board of the District;

3. whenever in the administration of the Indenture the Trustee will deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action described hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of an officer of the District;

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

5. the Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Holders of the Bonds pursuant to the Indenture, unless such Holders of the Bonds 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;

6. the Trustee will 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 determines to make such further inquiry or investigation, it will be entitled to examine the books, records, and premises of the District, personally or by agent or attorney; and

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

There will at all times be a trustee under the Indenture which will 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 the Indenture the combined capital and surplus of such corporation will 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 ceases to be eligible in accordance with the provisions of the Indenture, it will resign immediately in the manner and with the effect specified in the Indenture.

The Trustee may resign at any time by giving written notice thereof to the District. If an instrument of acceptance by a successor Trustee will not have been delivered to the Trustee within 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.

The Trustee may be removed at any time by act of the Holders of a majority in principal amount of the Outstanding Bonds, delivered to the Trustee and the District.

If at any time:

1. the Trustee ceases to be eligible under the Indenture and fails to resign after written request therefor by the District or any such Holder of a Bond, or

2. the Trustee becomes incapable of acting or adjudged insolvent or a receiver of the Trustee or of its property is appointed or any public officer takes 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, the District may remove the Trustee or subject to the provisions of the Indenture, any Holder of a Bond 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.

If the Trustee resigns, is removed, or becomes incapable of acting, the District will promptly appoint a successor Trustee. In case all or substantially all of the trust estate held pursuant to the Indenture will 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 is appointed by the Holders of the Bonds. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee is appointed by act of the Holders of a majority in principal amount of the Outstanding Bonds and delivered to the District and the retiring Trustee, then the successor Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the District or by such receiver or trustee. If no successor Trustee is so appointed by the District or the Holders of the Bonds and has accepted appointment in the manner hereinafter provided, any Holder of a Bond 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.

Defeasance

The Indenture, and the lien, rights, and interests created thereby, will terminate, at the request of the District, when the following conditions exist:

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

    a. Bonds for the payment of which money has been deposited with the Trustee or a paying agent, as provided by the provisions of the Indenture relating to redemption of the Bonds;

    b. Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in the Indenture, except for any such Bond which prior to the satisfaction and discharge of the 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 of which there has been deposited with the Trustee in accordance with the provisions of the Indenture in trust for such purpose an amount sufficient to pay and discharge the entire indebtedness on such Bonds for principal and interest to the Stated Maturity or Redemption Date of such Bonds, as the case may be; and

    d. Bonds deemed no longer outstanding as a result of the deposit or escrow or money or Governmental Obligations as described below; and

2. the District has paid or caused to be paid all other sums payable by the District under the Indenture.

Any Bond will be deemed to be no longer Outstanding when payment of the principal of such Bond, plus interest thereon to its Maturity (whether such Maturity is by reason of the Stated Maturity or by call for redemption, if notice of such call has been given or waived or irrevocable arrangements for such notice satisfactory to the Trustee have been made) has been provided by depositing (i) money sufficient to make such payment or (ii) money and Governmental Obligations certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as will, 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 have been paid or the payment thereof has been provided for to the satisfaction of the Trustee. Any deposit described above must be made either with the Trustee or, if notice of such deposit is given to the Trustee, or with a state or nationally chartered bank with a minimum combined capital surplus or $50,000,000 as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or to 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. In the event such deposit is made with respect to some but not all of the Bonds then outstanding, the Trustee is required to select the Outstanding Bonds with respect to which such deposit is made in the same manner as provided in the Trust Indenture for the selection of Bonds to be redeemed.

No such deposit will have the effect specified above, however, (i) if made during the existence of a default under the Trust Indenture, unless made with respect to all of the Bonds then Outstanding, and (ii) unless there is delivered to the Trustee an opinion of counsel to the effect that such deposit will 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 is required to 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, is required to be disbursed solely to pay the principal of and interest on such Bonds when due. No money or Governmental Obligations so deposited pursuant to this Section will 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 so paid, it will no longer be secured by or entitled to the benefits of the Indenture, except for purposes of any such payment from such money or Governmental Obligations.

$_____
GLADDEN FARMS COMMUNITY FACILITIES DISTRICT
(MARANA, ARIZONA)
GENERAL OBLIGATION AND GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

BOND PURCHASE AGREEMENT

_____, 2016

GLADDEN FARMS COMMUNITY
FACILITIES DISTRICT
c/o Town of Marana, Arizona
11555 W. Civic Center Drive
Marana, Arizona 85653

The undersigned, RBC Capital Markets, LLC, acting on its own behalf (the "Underwriter"), offers to enter into the following agreement with the Gladden Farms Community Facilities District (the "Issuer"), which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriter. This offer is made subject to the Issuer's written acceptance hereof on or before 11:59 p.m., Arizona time, on the date first written above, and, if not so accepted, this offer will be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. The offer of the Underwriter is made by signing the signature line provided and delivering the signed page to the Issuer. The acceptance is made by the Issuer signing the signature line provided and delivering the signed page to the Underwriter. Delivery includes sending in the form of a facsimile or telecopy or via the internet as a portable document format (PDF) file or other replicating image attached to an electronic message. Terms not otherwise defined in this Bond Purchase Agreement (this "Agreement") shall have the same meanings set forth in the Bond Resolution or the Official Statement (both as defined herein).

In addition to acceptance of this Agreement by the Issuer, as provided above, the obligations of the Underwriter under this Agreement shall be conditioned on receipt of a fully-executed Indemnity Letter (the "Indemnity Letter"), dated the date hereof, from Gladden Phase I, LLC (the "Owner"), the form of which is attached hereto as Attachment I.

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter, all, but not less than all, of the Issuer's General Obligation and General Obligation Refunding Bonds, Series 2016 (the "Bonds"). The Bonds shall be as described in, and shall be

issued and secured under the provisions of, the Series 2016 Indenture of Trust and Security Agreement, dated as of _____ 1, 2016 (the "Indenture"), between the Issuer and _____, as trustee (the "Trustee") and authorized by a resolution adopted by the District Board (the "Board") on _____, 2016 (the "Bond Resolution"), under authority of Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "Enabling Act") and Title 35, Chapter 3, Article 4, Arizona Revised Statutes (the "Refunding Act").

Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer acknowledges and agrees that (i) the Underwriter is not acting as an agent or fiduciary of the Issuer, but rather is acting solely in its capacity as underwriter for itself and its own account; (ii) the transaction contemplated by this Agreement is an "arm's length," commercial transaction between the Issuer and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer; (iii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters); (iv) the only obligations the Underwriter has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (v) the Issuer has consulted its own legal, accounting, tax, and other advisors, as applicable, to the extent it has deemed appropriate.

The principal amount, the maturities, the redemption provisions and the interest rates per annum and resulting yields for the Bonds are set forth in the Schedule hereto.

The $_____ principal amount of Bonds maturing on July 15 in the years ____ through ____, inclusive, will be referred to herein as the "Improvement Bonds" and the $_____ principal amount of Bonds maturing on July 15 in the years _____ through and including ____ ($_____ principal amount) and _____ ($_____ principal amount) will be referred to herein as the "Refunding Bonds."

The Bonds will be dated as of the date of the initial authentication and delivery thereof.

The Bonds will be purchased by the Underwriter at the net purchase price of $_____, consisting of the par amount of the Bonds, [plus/less] original issue [premium/discount] of $_____ and less the Underwriter's discount of $_____.

2. Public Offering. The Underwriter agrees to make a bona fide public offering of all of the Bonds at a price not to exceed the public offering price set forth on the inside front cover page of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower or higher than the public offering price stated on the inside front cover page of the Official Statement.

3. The Official Statement.

(a) The Preliminary Official Statement, dated _____, 2016 (including the cover page, the inside front cover page and Appendices thereto, the "Preliminary Official Statement"), of the Issuer relating to the Bonds, as to be subsequently revised to

reflect the changes resulting from the sale of the Bonds and including amendments or supplements thereto, is hereinafter called the "Official Statement."

(b) The Preliminary Official Statement has been prepared by the Issuer for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds by the Underwriter. The Issuer hereby deems the Preliminary Official Statement "final" as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(c) The Issuer represents that the Board has reviewed and approved the information in the Official Statement and hereby authorizes the Official Statement and the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Bonds. The Issuer ratifies the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Issuer's acceptance of this Agreement (but, in any event, not later than within seven business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "MSRB").

(d) If, after the date of this Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Issuer or the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the

Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Underwriter hereby agrees to file the Official Statement with the MSRB. Unless otherwise notified in writing by the Underwriter, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the Closing Date (as defined herein).

4. Representations, Warranties, and Covenants of the Issuer. The undersigned, on behalf of the Issuer, but not individually, hereby represents and warrants to and covenants with the Underwriter that:

(a) The Issuer is a community facilities district duly organized and validly existing pursuant to the Enabling Act, and has full legal right, power and authority under the Enabling Act, and, in the case of the Refunding Bonds, the Refunding Act, and the Bond Resolution to (i) authorize, execute, deliver and issue, as applicable (A) this Agreement, (B) the Bonds, (C) the Indenture, (D) a Series 2016 Standby Contribution Agreement, dated as of _____, 2016 (the "Standby Contribution Agreement"), among the Issuer, the Trustee and the Owner, (E) an Escrow Trust Agreement described in the Official Statement relating to the Refunding Bonds (the "Escrow Trust Agreement"), (F) a Series 2016 Letter of Credit Depository Agreement, dated as of _____ 1, 2016 (the "Letter of Credit Depository Agreement"), by and between the Issuer and _____, as depository (the "Depository") and the Series 2016 Surety Depository Agreement, dated as of _____ 1, 2016 (the "Surety Depository Agreement" and, together with the Letter of Credit Depository Agreement, the "Depository Agreements"), by and between the Issuer and the Depository, (G) an Undertaking which satisfies the requirements of Section (b)(5)(i) of the Rule (the "Undertaking"), (H) a Dissemination Agency Agreement, dated as of _____, 2016 (the "Agency Agreement" and, together with this Agreement, the Indenture, the Standby Contribution Agreement, the Escrow Trust Agreement, the Depository Agreements and the Undertaking, the "Issuer Documents"), by and between the Issuer and the Underwriter, as dissemination agent; (ii) to sell, issue and deliver the Bonds to the Underwriter as provided herein and; (iii) to carry out and consummate the transactions contemplated by the Bond Resolution, the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with the terms of the Enabling Act, the Refunding Act, the Bond Resolution and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Resolution and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement and the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(c) The Issuer Documents constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and, in the case of the Undertaking, annual appropriation of amounts to pay for compliance therewith, and the Bonds, when issued, delivered and paid for, in accordance with the Bond Resolution and this Agreement, will constitute legal, valid and binding general obligations of the Issuer, entitled to the benefits of the Bond Resolution and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and all actions necessary to create a legal, valid and binding levy on all of the taxable property in the Issuer of a direct, annual, ad valorem tax, unlimited as to rate, sufficient to pay all the principal of and interest on the Bonds as the same become due; provided, however, that the total aggregate of taxes levied to pay the principal of and interest on the Refunding Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the bonds being refunded with proceeds of the sale of the Refunding Bonds (the "Bonds Being Refunded") from the date of issuance of the Refunding Bonds to the final maturity date of the Bonds Being Refunded, shall have been or shall be taken to the extent such action may be taken at or prior to the Closing;

(d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing, and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Bond Resolution, and compliance with the provisions on the Issuer's part contained therein, will not conflict materially with or constitute a material breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Bond Resolution, the Issuer Documents and the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the "blue sky" or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds, the Bond Resolution and the application of the proceeds of the sale of the Bonds conform to the descriptions thereof contained in the Official Statement under the caption "THE BONDS" and "PLAN OF REFUNDING" and the Undertaking

conforms to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE";

(g) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or overtly threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the levying, assessment or collection of the property taxes for the payment of the Bonds pursuant to the Bond Resolution or in any way contesting or affecting the adoption of the Bond Resolution or the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, provided that, as to information provided by the Owner relating to the Owner or the Project (as defined in the Official Statement), the Issuer is relying solely on the information provided;

(i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, provided that, as to information provided by the Owner relating to the Owner or the Project, the Issuer is relying solely on the information provided;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading, provided that, as to information provided by the Owner relating to the Owner or the Project, the Issuer is relying solely on the information provided;

(k) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Resolution and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes or State income tax purposes of the interest on the Bonds;

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (A) to (y) qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The Issuer has fully submitted to the Arizona Department of Revenue and the Arizona State Treasurer's Office, as applicable, the information required with respect to previous issuances of bonds, securities and lease-purchase agreements of the Issuer pursuant to Section 35-501(B), Arizona Revised Statutes, as amended, and will file the information relating to the Bonds required to be submitted to the Arizona State Treasurer's Office pursuant thereto within 60 days of the Closing Date;

(n) The Issuer has executed and delivered or shall execute and deliver prior to the Closing, and in time for the Closing to occur at its specified time, the documents required to cause the Bonds to be eligible for deposit with DTC (as herein defined) or other securities depositories;

(o) Except as otherwise indicated in the Official Statement, the Issuer has been and is in material compliance during the previous five years with the terms of all continuing disclosure undertakings previously executed by the Issuer pursuant to the Rule;

(p) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, in each case payable from the same source as the Bonds, without the prior approval of the Underwriter and

(q) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Agreement shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein.

5. Closing.

(a) Before 10:00 a.m., Arizona time, on _____, 2016 (the "Closing Date"), or at such other time and date as shall have been mutually agreed upon by the Issuer and the Underwriter, the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Agreement by wire transfer payable in immediately available funds to the order of the Issuer (the "Closing"). Payment for the Bonds as aforesaid shall be made at the offices of Greenberg Traurig, LLP ("Bond Counsel") or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

(b) Delivery of the Bonds shall be made through the facilities of The Depository Trust Company, New York, New York ("DTC"), or, in the case of a "Fast Automated Securities Transfer" with the bond registrar and paying agent for purposes of the Bond Registrar and Paying Agent Agreement or by such other means as shall have been mutually agreed upon by the Issuer and the Underwriter. The Bonds shall be prepared in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Bond Resolution, and shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection.

6. Closing Conditions. The Underwriter has entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein and of the Owner contained in the Indemnity Letter, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and by the Owner of its obligations pursuant to the Indemnity Letter and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Issuer contained herein and the representations and warranties of the Owner in the Indemnity Letter shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Bond Resolution, the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case

as may have been agreed to by the Underwriter and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and counsel to the Underwriter to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds, the Bond Resolution and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) At or prior to the Closing, the Bond Resolution shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered and the registrar for the Bonds shall have duly authenticated the Bonds;

(f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or operations of the Issuer or the Owner from that set forth in the Official Statement that, in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(g) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter;

(i) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) The Official Statement, executed on behalf of the Issuer by the Chairman of the Board or such other official as may have been agreed to by the Underwriter, and the reports and audits referred to or appearing in the Official Statement;

(2) The Bond Resolution with such supplements or amendments as may have been agreed to by the Underwriter;

(3) The Issuer Documents;

(4) the approving opinion of Bond Counsel, dated the Closing Date, with respect to the Bonds, in substantially the form attached to the Official Statement along with a reliance letter with respect thereto, dated the Closing Date and addressed to the Underwriter;

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

(6) An opinion of Fennemore Craig P.C., as counsel to the Owner, dated the Closing Date, addressed to the Underwriter and the Issuer and in substantially the form attached hereto as Exhibit B;

(7) An opinion of counsel to the Underwriter, dated the Closing Date, addressed to the Underwriter and in substantially the form attached hereto as Exhibit C;

(8) A certificate from the Owner, dated the Closing Date, to the effect that the representations and warranties contained in the Indemnity Letter and in the documents executed in connection with the issuance of the Bonds are true and correct in all material respects as of the Closing Date;

(9) A certificate, dated the Closing Date, of appropriate representatives of the Issuer substantially to the effect that:

(i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(ii) no litigation or proceeding against it is pending or, to the best of such representatives' knowledge, threatened in any court or administrative body which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and levying, assessing and collecting the property taxes from which the Bonds are payable pursuant to the Bond Resolution, nor, to the best of such representatives' knowledge, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially, adversely affect the validity or enforceability of the Bonds or the Issuer Documents or have a material, adverse effect on the financial condition of the Issuer;

(iii) the Bond Resolution has been duly adopted by the Issuer, is in full force and effect and has not been modified, amended or repealed;

(iv) to the best of their knowledge and belief, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the Closing does not, contain any untrue statement of a material fact or omit to

state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading in any material respect, provided that, as to information provided by the Owner relating to the Owner or the Project, the Issuer is relying solely on the information provided.

(10) A certificate, dated the Closing Date, of appropriate representatives of the Issuer in form and substance satisfactory to Bond Counsel (i) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (ii) certifying that to the best of their knowledge and belief, there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(11) Any other certificates and opinions required by the Bond Resolution for the issuance thereunder of the Bonds;

(12) Evidence satisfactory to the Underwriter that the Bonds have been rated "__" by _____ and "__" by _____, and that such ratings are in effect as of the Closing Date;

(13) A copy of a special report prepared by Grant Thornton LLP, independent certified public accountants, addressed to the Issuer, Bond Counsel and the Underwriter, verifying the arithmetical computations of the adequacy of the maturing principal and interest on the obligations and uninvested cash on hand under the Escrow Trust Agreement to pay, when due, the principal of and interest on the Bonds Being Refunded and the yields on the Refunding Bonds and amounts held under the Escrow Trust Agreement;

(14) A certificate of the Depository, to the effect that the Letter of Credit (the "Letter of Credit") issued by _____ (the "Bank") meeting the requirements contained in the Letter of Credit Depository Agreement and as described in the Official Statement have been received and are held by the Depository under the Letter of Credit Depository Agreement, together with the opinion of counsel to the Bank, dated the date of the Closing, addressed to the Underwriter and the Issuer, regarding the due execution, delivery and enforceability of the Letter of Credit against the Bank;

(15) A certificate of _____, as escrow trustee under the Escrow Trust Agreement, to the effect that moneys or obligations sufficient to effectuate the refunding of the Bonds Being Refunded have been received and that such moneys or obligations have been deposited under the Escrow Trust Agreement (the "Escrow Trust");

(16) Such other opinions of counsel as are required in connection with the refunding of the Bonds Being Refunded;

(17) The filing copy of the Information Return Form 8038-G (IRS) for the Bonds;

(18) The filing copy of the Report of Bond and Security Issuance for the Arizona State Treasurer's Office pursuant to Section 35-501(B), Arizona Revised Statutes, as amended, and

(19) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations and warranties of the Issuer and the Owner, contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer and the Owner on or prior to the Closing Date of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer and the Owner, respectively.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Issuer or the Owner shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriter set forth in Sections 4 and 8(c) hereof shall continue in full force and effect.

7. Termination. The Underwriter shall have the right to cancel its obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or

other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon income of the general character to be derived by the Issuer pursuant to the Bond Resolution, or upon interest received on obligations of the general character of the Bonds or, with respect to State taxation, of the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Bond Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state "blue sky" or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(f) any amendment to the federal or State Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property or income securities (or interest thereon);

(g) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official

Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Issuer or the Owner;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(j) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;

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

(l) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; and

(m) the debt ceiling of the United States is such that the obligations required to fund the Escrow Trust Agreement are not available for delivery on the date of the delivery of the Bonds, and the Issuer has not, in the opinion of Bond Counsel, successfully obtained equivalent open market securities.

8. Expenses.

(a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of the preparation and printing of the Bond Resolution, the Issuer Documents, the Preliminary Official Statement and the Official Statement (including any amendments or supplements thereto); (ii) the cost of preparation and printing of the Bonds, (iii) the fees and disbursements of Bond Counsel; (iv) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer and (v) the fees for bond ratings and credit enhancement fees or premiums, if any. The Issuer shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Agreement, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs.

(b) The Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Bonds; (ii) the fees and disbursements of counsel to the

Underwriter; and (iii) all other expenses incurred by it in connection with the public offering of the Bonds.

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

(d) The Issuer acknowledges that it has had an opportunity to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

9. 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 address set forth on the first page of this Agreement, and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to RBC Capital Markets, LLC, 2398 East Camelback Road, Suite 700, Phoenix, Arizona 85016, Attention: Nicholas Dodd.

10. Parties in Interest. This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Agreement and (iii) any termination of this Agreement.

11. Effectiveness. This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. Choice of Law. This Agreement shall be governed by and construed in accordance with the law of the State.

13. Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. Business Day. For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

15. Section Headings. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. Counterparts. This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

17. Notice Concerning Cancellation of Contracts. As required by the provisions of Arizona Revised Statutes, Section 38-511, notice is hereby given that the State, its political subdivisions (including the Issuer) or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions, or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions, or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the 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 38-511. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section 38-511 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.

[Remainder of page left blank intentionally]

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriter. This Agreement shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

RBC CAPITAL MARKETS, LLC

By_____
Nicholas Dodd, Managing Director

ACCEPTED AND AGREED AT
__:__ _.M., M.S.T., THIS ___ DAY
OF _____, 2016:

GLADDEN FARMS COMMUNITY
FACILITIES DISTRICT

By_____
Chairman

[Signature page of Bond Purchase Agreement]

SCHEDULE

$_____
GLADDEN FARMS COMMUNITY FACILITIES DISTRICT
(MARANA, ARIZONA)
GENERAL OBLIGATION AND GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2016

DATED DATE: CLOSING DATE

Maturity Date (July 15)	Principal Amount	Interest Rate	Yield
	$	%	%
			*

* Yield calculated to first optional redemption date.

Redemption

Optional Redemption. The Bonds maturing on July 15, __ will not be subject to redemption prior to their stated maturity date. The Bonds maturing on and after July 15, __ will be subject to optional redemption prior to maturity, at the direction of the Issuer, in whole or in part in denominations of $5,000 or integral multiples thereof from maturities selected by the Issuer, on July 15, __ and on any date thereafter, at a redemption price equal to the principal amount of Bonds being redeemed plus accrued interest to the date fixed for redemption, without premium.

Mandatory Redemption. The Bonds maturing on July 15 of the following years will be redeemed from funds of the Issuer prior to maturity on the following redemption dates and in the following amounts, 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, but without premium:

Term Bond Maturing July 15, _____

Redemption Date (July 15)	Principal Amount Redeemed
	$

(maturity)

Term Bond Maturing July 15, _____

Redemption Date (July 15)	Principal Amount Redeemed
	$

(maturity)

ATTACHMENT I

INDEMNITY LETTER

_____, 2016

RBC Capital Markets, LLC,
as Underwriter
2398 East Camelback Road
Suite 700
Phoenix, Arizona 85016

Gladden Farms Community Facilities District
c/o Town of Marana, Arizona
11555 W. Civic Center Drive
Marana, Arizona 85653

Re: $_____ Gladden Farms Community Facilities District (Marana, Arizona) General Obligation and General Obligation Refunding Bonds, Series 2016

This Indemnity Letter is delivered by Gladden Phase I, LLC, an Arizona limited liability company (the "*Owner*"), in order to induce RBC Capital Markets, LLC (the "*Underwriter*") and Gladden Farms Community Facilities District (the "*District*") to enter into the Bond Purchase Agreement, dated _____, 2016 (the "*Bond Purchase Agreement*"), related to the purchase by the Underwriter of the captioned bonds (the "*Bonds*"). Terms that are defined in the Bond Purchase Agreement have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Bond Purchase Agreement, the Owner represents and warrants to the Underwriter and the District that:

(a) The Owner is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Arizona.

(b) The information in the Official Statement with respect to the Bonds under the headings "LAND DEVELOPMENT" (except the information under the subheadings "The Direct – General" and "District Board and Administrative Staff" as to which no view is expressed) and "RISK FACTORS" is true and correct in all material respects for the purposes for which its use is or was authorized, and such information does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein in light of the circumstances under which they are or were made, not misleading.

(c) Neither the execution or delivery of this Indemnity Letter, the Series 2016 Standby Contribution Agreement, to be dated as of _____, 2016, among the

District, the Owner and _____, as trustee, the Continuing Disclosure Undertaking, to be dated as of the date of initial delivery of the Bonds, from the Owner, the Dissemination Agency Agreement, to be dated as of _____, 2016, between the Owner and RBC Capital Markets, LLC or the Frist Amendment to District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District), dated as of _____, 2016 (collectively, hereinafter referred to as the "*Documents*"), by and among the District, the Owner and the Town of Marana, Arizona, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of, or compliance with, the terms hereof or thereof, shall contravene the organizational documents of the Owner or conflict with or result in a breach by the Owner of any of the terms, conditions or provisions of, or constitute a default by the Owner under, any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Owner is a party or by which it is or may be bound or to which any of the property or assets of the Owner is or may be subject, or any law or any order, rule or regulation applicable to the Owner of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over the Owner or any of its properties or operations, or (except as contemplated by the Documents) will result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Owner under the terms of any such restriction, bond, debenture, note, mortgage, indenture, agreement, instrument, law, order, rule or regulation.

(d) There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending and served or, to the best knowledge of the Owner, threatened against the Owner wherein an adverse decision, ruling or finding would (i) result in any material adverse change in the condition (financial or otherwise), results of operations, business or prospects of the Owner, or materially and adversely affect the properties (taken as a whole) of the Owner, and that has not been disclosed in the Official Statement, (ii) materially adversely affect the transactions contemplated by the Bond Purchase Agreement or the Documents or (iii) adversely affect the validity or enforceability of the Documents.

(e) The Owner has the full power and authority to execute and deliver the Documents and perform its obligations hereunder and thereunder and engage in the transactions contemplated by the Bond Purchase Agreement and the Documents, and the Documents have been duly authorized by the Owner and, when executed by all applicable parties thereto will constitute valid, binding and enforceable obligations of the Owner except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and/or by general principles of equity and except as the indemnification provisions hereof may be limited by applicable securities laws or public policy.

(f) No consent, approval, authorization or other action by any governmental or regulatory authority that has not been obtained is or will be required by Owner for the consummation of the transactions contemplated by the Bond Purchase Agreement and the Documents.

2. To the extent permitted by law, the Owner shall indemnify and hold harmless the Underwriter and the District and each director, trustee, partner, member, officer,

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

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

3. All of the representations, warranties, and agreements of the Owner contained in the Documents shall remain operative and in full force and effect, regardless of (i)

any investigation made by or on behalf of the Underwriter, any controlling person referred to in paragraph 2 hereof or the Owner or (ii) delivery of and payment for the Bonds.

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

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

6. The Owner consents to the references to the Owner in the Official Statement.

7. The Owner shall pay all costs and expenses of its counsel with respect to the issuance and delivery of the Bonds.

[Remainder of page intentionally left blank.]

Respectfully submitted,

GLADDEN PHASE I, LLC, an Arizona limited liability company

By:_____
Printed Name:_____
Title: Authorized Agent

Attachment I, Page 1

EXHIBIT A

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

[LETTERHEAD OF GREENBERG TRAURIG LLP]

[TO BE UPDATED BY BOND COUNSEL]

_____, 2016

RBC Capital Markets Corporation,
as representative of the Underwriters
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Re: $_____ Gladden Farms Community Facilities District (Marana, Arizona) General Obligation and General Obligation Refunding Bonds, Series 2016

This supplemental opinion is rendered pursuant to Section 6(i)(5) of the Bond Purchase Agreement, dated as of _____, 2016 (the "Bond Purchase Agreement"), between Gladden Farms Community Facilities District (the "Issuer") and RBC Global Markets, LLC, as underwriter (the "Underwriter"), and is given in connection with the issuance on this date by the Issuer of bonds designated its General Obligation and General Obligation Refunding Bonds, Series 2016, in the aggregate principal amount of $_____ (the "Bonds"). The Bonds are issued and secured by a Series 2016 Indenture of Trust and Security Agreement, dated as of _____ 1, 2016 (the "Indenture"), from the Issuer to _____, as trustee (the "Trustee"), are the subject of an Official Statement, dated _____, 2016 (the "Official Statement"), and are being sold pursuant to the Bond Purchase Agreement, in each case in accordance with a resolution authorizing the issuance of, and certain other matters relating to, the Bonds, adopted by the governing board of the Issuer on _____, 2016 (the "Resolution"), including a Series 2016 Standby Contribution Agreement, dated as of _____ 1, 2016 (the "Standby Contribution Agreement"), by and among the Issuer, the Trustee and Gladden Phase I, LLC (the "Owner"), a Series 2016 Letter of Credit Depository Agreement, dated as of _____ 1, 2016 (the "Letter of Credit Depository Agreement"), by and between the Issuer and _____, as depository (the "Depository") and a Series 2016 Surety Depository Agreement, dated as of _____ 1, 2016 (the "Surety Depository Agreement" and, together with the Letter of Credit Depository Agreement, the "Depository Agreements"), by and between the Issuer and the Depository. A portion of the proceeds of Bonds will be deposited with _____, as escrow trustee (the "Escrow Trustee"), pursuant an Escrow Trust Agreement, dated as of _____, 2016 (the "Escrow Trust Agreement"). In connection with the issuance and sale of the Bonds, the Issuer will execute and deliver a Series 2016 Continuing Disclosure Undertaking, dated of even date herewith (the "Undertaking"). (The Indenture, the Bond Purchase Agreement, the Standby Contribution Agreement, the Depository Agreements,

the Resolution, the Escrow Trust Agreement and the Undertaking are hereinafter collectively referred to as the "Issuer Documents"). (You may rely on our opinion as Bond Counsel, dated of even date herewith, with regard to the Bonds as if addressed to you.)

In connection with such issuance, we have examined and relied upon:

(i) An execution copy of the Indenture;

(ii) An executed copy of the Official Statement;

(iii) An executed copy of the Bond Purchase Agreement;

(iv) An executed copy of the Standby Contribution Agreement;

(v) Executed copies of the Depository Agreements;

(vi) An executed copy of the Escrow Trust Agreement;

(vii) A certified copy of the Resolution (which authorized, among other matters, execution and delivery of the Bond Purchase Agreement);

(viii) An executed copy of the Undertaking;

(ix) Such other agreements, certificates (including particularly, but not by way of limitation, a certificate of Gladden Phase I, LLC (the "Owner"), dated of even date herewith, opinions, letters and other documents, including all documents delivered or distributed at the closing of the sale of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein; and

(x) Such provisions of the Constitution and laws of the State of Arizona and the United States of America as we believe necessary to enable us to render the opinions set forth herein.

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

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

1. The Issuer is a duly organized and validly existing special purpose district, a tax levying public improvement district and a municipal corporation for purposes set forth in Section 48-708(B), Arizona Revised Statutes, pursuant to the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder (a) to cause the adoption of the Resolution, (b) to authorize, execute, deliver and issue, as applicable, the Issuer Documents and the Bonds, (c) to approve, execute and authorize the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement, dated _____, 2016 (the "Preliminary Official Statement"), with respect to the Bonds), and (d) to carry out and consummate the transactions contemplated by the Official Statement, the Resolution, the Issuer Documents and the Bonds (including performing the applicable obligations thereunder).

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

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

4. The Issuer has duly (a) caused the adoption of the Resolution and (b) authorized (i) the authorization, execution, delivery and issuance, as applicable of, and the performance of its obligations under, the Issuer Documents and the Bonds and (ii) the taking of the actions required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by the Official Statement, the Resolution, the Issuer Documents and the Bonds. The Issuer has complied with all applicable provisions of law and has taken all actions required to be taken by it to the date hereof in connection with the transactions contemplated by the aforesaid documents.

5. The Issuer Documents have been duly authorized, executed and delivered by the Issuer and, in the case of the Indenture, the Bond Purchase Agreement, the Standby Contribution Agreement, the Depository Agreements and the Escrow Trust Agreement assuming due and valid authorization, execution and

delivery by the other party thereto, and, in the case of the Undertaking, subject to annual appropriation to cover the costs of compliance therewith, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

6. Based solely upon a search of the computerized docket records available for review on _____, 2016, in the office of the Maricopa County Superior Court and U.S. District Court, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or overtly threatened against or affecting the Issuer, and there is no basis therefor, (i) that in any way questions the powers of the Issuer referred hereinabove or the validity of the proceedings taken by the Issuer in connection with the issuance and sale of the Bonds, (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Official Statement, the Resolution, the Issuer Documents or the Bonds or would in any way adversely affect the validity or enforceability of the Resolution, the Issuer Documents or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or hereby or by the Official Statement), (iii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or (iv) that questions the right of the Issuer to levy, receive and pledge special assessments or taxes, nor lawsuits pending or overtly threatened against the Issuer that, if decided adversely to the Issuer, would, individually or in the aggregate, have a material adverse effect on the financial condition of the Issuer or impair the ability of the Issuer to comply with all the requirements set forth in the Official Statement, the Resolution, the Issuer Documents or the Bonds.

7. The information contained in the Official Statement under the headings "THE BONDS" (except the information incorporated by reference to other headings or the appendices not otherwise included hereinbelow as to which we express no opinion), "PLAN OF REFUNDING" (except the information incorporated by reference to other headings not otherwise included hereinabove as to which we express no opinion), "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" (except under the subheading "Ad Valorem Taxation in the District" as to which we express no opinion), "TAX MATTERS" and "CONTINUING DISCLOSURE" (but only as it relates to the Issuer and except for the information incorporated by reference to the appendices and the status of the Issuer with respect to compliance with its previous undertakings as to which we express no opinion) therein and in Appendix B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and Appendix C - "FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL" fairly summarizes the information that it purports to summarize. Otherwise, we have not undertaken to determine independently the accuracy, completeness or fairness of the information contained in the Official Statement, and the knowledge available to us is such that we are unable to assume, and do no assume, any responsibility for the accuracy, completeness, or fairness of such information.

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

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

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

Respectfully submitted,

EXHIBIT B

FORM OF OPINION OF COUNSEL TO OWNER

[LETTERHEAD OF FENNEMORE CRAIG P.C.]

[Closing Date]

RBC Capital Markets, LLC, as
as Underwriter
2398 East Camelback Road
Suite 700
Phoenix, Arizona 85016

Gladden Farms Community Facilities District
c/o Town of Marana, Arizona
11555 W. Civic Center Drive
Marana, Arizona 85653

Re: $_____ Gladden Farms Community Facilities District (Marana, Arizona) General Obligation and General Obligation Refunding Bonds, Series 2016 (the "Bonds")

Ladies and Gentlemen:

We have acted as counsel to Gladden Phase I, LLC, an Arizona limited liability company (the "Owner"), particularly in connection with the transactions provided for by the documents referred to herein (collectively, the "Transaction"), including the issuance and sale of the Bonds, sold pursuant to a Bond Purchase Agreement, dated _____, 2016 (the "Bond Purchase Agreement"), by and between RBC Capital Markets, LLC (the "Underwriter"), and Gladden Farms Community Facilities District (the "District"). Any capitalized term used and not defined herein will have the meaning assigned to it in the Bond Purchase Agreement.

As such counsel, we have made such examinations and inquiries as we have deemed necessary as a basis for this opinion, including the examination of the following documents:

1. The following documents pertaining to the Transaction:

   a. First Amendment to District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District), dated _____ (the "Development Agreement"), executed by the Town of Marana, Arizona, the District and the Owner.

b. Official Statement, dated _____, 2016 (the "Official Statement"), executed by the District.

c. The executed Indemnity Letter, dated as of _____, 2016, by the Owner to the Underwriter and the District (together with the Development Agreement, the "Owner Bond Documents").

2. The following entity documents pertaining to the Owner:

a. Articles of Organization of the Owner, filed with the Arizona Corporation Commission on _____ (the "Owner Articles").

b. Operating Agreement of Owner, effective as of _____ (collectively, with the Owner Articles, the "Owner Organizational Documents").

c. Certificate of Good Standing of Owner, dated _____, 2016, issued by the Arizona Corporation Commission.

d. Certificate of Manager of Owner, dated _____, 2016.

3. The executed Closing Certificate of Owner, dated _____, 2016.

We have relied upon the above-referenced certificates of public officials and of the Owner with respect to the accuracy of material or factual matters contained in such certificates, which were not independently established.

In rendering this opinion, we have assumed that:

1. (a) Each of the other parties to the Bond Documents (the "Other Parties") is duly formed and validly existing; (b) the execution, delivery and performance of the Bond Documents by each of the applicable Other Parties has been duly authorized by all corporate or limited liability company action required of such Other Party; (c) each of the Other Parties has obtained all necessary governmental consents, authorizations, approvals, permits or certificates that are required as a condition to the execution and delivery of the Bond Documents by such Other Party and to the consummation of the Transaction; (d) the Bond Documents constitute legal, valid, binding and enforceable obligations of each of the Other Parties under federal law, the laws of the State of Arizona, and the laws of any other applicable jurisdiction; (e) except for the Bond Documents, there are no other documents or agreements between any of the Other Parties and others that would expand or otherwise modify the obligations of the parties under the Bond Documents; (f) each of the Other Parties has the power and authority under applicable laws and regulations to enter into and perform the Transaction and has complied in all material respects with all applicable laws and regulations with respect thereto; and (g) each of the Other Parties will at all times during the term of the Bond Documents act in good faith and only in a manner that under the circumstances is commercially reasonable.

2. The Bond Documents accurately and completely describe and contain the parties' mutual intent, understanding and business purposes, and there are no oral or written statements, agreements, understandings or negotiations, nor any usage of trade or counsel of prior dealing among the Other Parties that directly or indirectly modify, define, amend, supplement, or vary or purport to modify, define, amend, supplement or vary any of the terms of the Bond Documents or any of the parties' rights or obligations thereunder by waiver or otherwise, and there are no facts or events (such as fraud or duress) that have occurred in connection with the execution, acknowledgment and delivery of the Bond Documents that would impair their enforceability.

3. No fraud, misrepresentation, unilateral mistake or concealment has occurred in connection with the Bond Documents or any aspect of the Transaction.

4. The opinion recipient has complied with any requirement of good faith, fair dealing, and conscionability and has acted in good faith and without notice of any defense against enforcement of any rights created by, or any adverse claim to any property transferred as a part of or contemplated by, the Owner Bond Documents.

5. The parties' representations and warranties contained in the Bond Documents are truthful and accurate.

6. The Bond Documents to the extent required to be executed, ratified, notarized, filed, recorded or indexed to be effective (and any UCC-1 or other financing statements required to perfect same) have been or will be timely and properly executed, ratified, notarized, filed, recorded or indexed in the appropriate governmental offices and the filing party will timely file any and all necessary continuation statements, and that all fees, charges, and taxes due are owing as of this date have been paid.

7. No interest, fees, charges or other benefits or compensation in the nature of interest will be collected with respect to the Transaction that are not clearly specified in the Bond Documents and that are not permitted by applicable law.

8. At the time any of the Other Parties seeks to enforce its rights under the Bond Documents, such Other Party will not be in breach thereof, the document will still be in force, and no applicable statute of limitations will have expired.

9. Each of the Other Parties will diligently and timely pursue its rights and remedies under the Bond Documents in a commercially reasonable manner and in accordance with the law, and the required standards of good faith and fair dealing.

10. All consents, approvals, licenses or authorizations by, and all notifications of and filings with, any court, governmental body or other person required to be obtained or made in connection with the Bond Documents and the Transaction have been so obtained or made; provided, however, that the foregoing does not limit the opinions expressed herein as they relate to the Owner.

11. Without investigation the completeness, genuineness and authenticity of any document submitted to us as an original, the conformity to the original of any document submitted to us as a copy, the authenticity of the original of such latter documents, the conformity to the executed document of any document submitted to us as the form to be

executed, the genuineness of all signatures, and the legal competency and capacity of natural persons. We have assumed without investigation that any certificate, representation (oral or otherwise), telegram, telex, telecopy, email or other document on which we have relied, whether or not given or dated earlier than the date hereof, is authentic and remains accurate insofar as relevant to this opinion from such earlier date through and including the date hereof, and we are not aware of any facts inconsistent with this assumption.

12. The Owner holds the requisite title and rights to any real or personal property involved in the Transactions or otherwise purported to be owned by it.

13. All reports and other documents prepared by third party consultants relating to the Transaction or any of the property within the District are true and accurate.

14. The result of the application of Arizona law as specified in the Bond Documents will not be contrary to a fundamental policy of the law of any other state with which the parties may have material or relevant contact in connection with the Transaction and as to which there is a materially greater interest in determining an issue of choice of law.

The opinions expressed in this letter are subject to the following qualifications, limitations and exceptions:

1. Our opinions are limited by the internal laws of the State of Arizona (notwithstanding Arizona choice-of-law rules). Accordingly, we express no opinion as to the possible impact upon the matters of the laws, orders or judgments of any jurisdiction other than the local laws of the State of Arizona (notwithstanding Arizona choice-of-law rules).

2. Whenever we indicate that our opinion is based on "our knowledge," or words of similar import, such opinion is based solely on the current actual knowledge, after due inquiry, of the firm's attorneys who have devoted substantive attention to matters related to the Transaction and knowledge obtained as a result of conferences with officers and other representatives of the Owner. We have not made any independent investigation or review of any matters whatsoever except as specifically set forth herein, and we are relying solely on such specifically stated investigation or review.

3. We express no opinion concerning the legal validity and sufficiency of the acts of any of the Other Parties.

4. The opinions herein are based upon and limited to the laws and facts now in effect, and we assume no obligation to update, revise or supplement the opinion.

5. Our opinion is limited to the matters set forth herein and to the date hereof. No opinion may be inferred or implied beyond the matters expressly stated herein. Our opinion is applicable only to the addressee of this opinion and will not be applicable to any other person.

6. The enforceability of the Bond Documents is subject to:

a. Bankruptcy, insolvency, fraudulent transfer or conveyance, reorganization, arrangement, receivership, conservatorship, moratorium and other similar laws now or hereafter enacted affecting the enforcement of creditors' and property rights generally.

b. The doctrines of waiver, estoppel, election of remedies or commercial reasonableness, the implied covenant of good faith and fair dealing, or by the application of other equitable principles, whether remedies are sought in equity or at law.

c. The qualification that certain waivers, procedures, remedies, indemnities, consents to jurisdiction and other provisions of the Bond Documents may be unenforceable under or limited by the law of the State of Arizona; provided, however, such possible unenforceability or limitations will not render the Bond Documents invalid as a whole or substantially prevent the practical realization of the principal benefits intended by the Bond Documents, except for the economic consequences of any procedural delay, and except that the application of the principles of guaranty and suretyship to the Owner Bond Documents may, under certain circumstances, prevent the practical realization of the benefits intended by the Owner Bond Documents against the Owner through a release or discharge of Owner..

7. We express no opinion as to the enforceability of any indemnity provision with respect to any claims or other matters that result from the negligence or misconduct of any indemnitee or the failure of any indemnitee to act in a commercially reasonable manner.

8. We express no opinion as to the enforceability of any indemnity or contribution provision with respect to any claims or other matters relating to or arising under federal or state securities laws, as they may be held to violate public policy.

9. We express no opinion as to the compliance of the Bond Documents or the offer and sale of the Bonds with any securities law or regulation.

10. Any opinion as to the enforceability of any document is limited to enforceability as between the original parties thereto.

11. We express no opinion as to the effect on enforceability of the Owner Bond Documents of any covenants that might be implied under the doctrine of good faith and fair dealing.

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

1. The Owner is a limited liability company validly existing under the laws of the State of Arizona.

2. The Owner has the requisite limited liability company power and limited liability company authority under the laws of the State of Arizona: (i) carry out the terms and conditions applicable to it under the Bond Documents; (ii) to own and operate its properties and assets as described in the Official Statement, and (iii) to carry out its business as such business is currently being conducted as described in the Official Statement.

3. The execution, delivery and performance of the Owner Bond Documents by the Owner and the carrying out, giving effect to and consummation of the transactions contemplated thereby have been duly authorized by all necessary limited liability company, corporate and partnership action on the part of the Owner and its Members, and the Owner Bond Documents have been duly executed and delivered by the Owner.

4. The Owner Bond Documents constitute valid and binding obligations of the Owner.

5. The execution and delivery of the Owner Bond Documents by the Owner, and the performance of its obligations thereunder, do not and will not violate the Owner Organizational Documents.

6. To our actual knowledge, the execution and delivery of the Owner Bond Documents by the Owner will not cause a breach or default of (i) any material contract, indenture, instrument or other agreement to which the Owner is a party or by which it or its properties are bound, or (ii) the laws of the State of Arizona or any court order by which the Owner or its properties are bound.

7. To our actual knowledge, no consent, approval, authorization, or other action by, or filing with, any federal, State or local governmental authority is required in connection with the execution and delivery by the Owner of the Owner Bond Documents, or consummation of the transaction contemplated thereby and, to our actual knowledge, the Owner has obtained all consents, approvals and authorizations, and has made all filings, required by applicable federal, state and/or local governmental authorities in order to own and operate its properties and assets as described in the Official Statement and to carry out its business as such business is currently being conducted as described in the Official Statement.

8. We have no actual knowledge that the Owner is in violation of any provision of, or in default under, the Owner Organizational Documents or any other agreement or instrument, the violation of which or default under which would materially and adversely affect the execution, delivery and/or performance of the agreements and obligations of the Owner under the Owner Bond Documents.

9. We have no actual knowledge of any legal or governmental actions, proceedings, inquiries or investigations pending or overtly threatened by any governmental authorities or to which the Owner is a party or of which any property of the Owner is subject, which would materially and adversely affect (i) the execution, delivery and/or performance of the agreements and obligations of the Owner under the Owner Bond Documents, or (ii) the financial condition or operations of the Owner as described in the Official Statement.

10. To our actual knowledge, the information contained in the Official Statement under the headings "LAND DEVELOPMENT" (except the information under the subheadings "The Direct – General" and "District Board and Administrative Staff" as to which no opinion is expressed) and "RISK FACTORS" does not contain any untrue statement of material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. In connection with our review of the Official Statement, we have not undertaken to

independently determine the accuracy, completeness or fairness of the statements contained therein, except as and to the extent provided in this paragraph, and the knowledge available to us is such that we are unable to assume, and do not assume, any responsibility for the accuracy, completeness or fairness of such information. However, on the basis of such review, we have acquired no actual knowledge that the information contained in the Official Statement (except for the financial information and notes thereto and the schedules and other financial or statistical data included therein or in any appendix thereto, as to which we express no opinion) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The phrase "to our actual knowledge", or words of similar import, means the actual knowledge of the Fennemore Craig attorneys that have provided substantive services in connection with this transaction ascertained solely from a review of our internal files relating to Owner and the certificates and Owner authority documents listed above, nor have we consulted with any federal, state or local government, commission, bureau, agency, court or licensing authority, except as listed above. The phrase "consummation of the transaction" means the closing of the transaction and the performance of obligations to be performed prior to the closing of the transaction, but does not include performance of obligations or compliance with terms and conditions of the Owner Bond Documents after the closing of the transaction.

We are furnishing this letter of opinion to you solely for your benefit and may be relied on by you only for the purpose contemplated in the Transaction. Our opinion is not to be reproduced or filed publicly, or used or relied on by, or quoted or delivered to any other person or entity, or used or relied upon for any purpose other than the purpose contemplated in the Transaction without, in each instance, our prior written consent.

Very truly yours,

FENNEMORE CRAIG P.C.

EXHIBIT C

FORM OF OPINION OF COUNSEL TO UNDERWRITER

[LETTERHEAD OF SQUIRE PATTON BOGGS (US) LLP]

[Closing Date]

RBC Capital Markets, LLC,
as Underwriter
2398 East Camelback Road
Suite 700
Phoenix, Arizona 85016

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with your purchase from Gladden Farms Community Facilities District (the "Issuer") of its $_____ General Obligation and General Obligation Refunding Bonds, Series 2016 (the "Bonds"), dated as of the date of this letter, pursuant to the Bond Purchase Agreement, dated _____, 2016 (the "Purchase Agreement"), between you and the Issuer. This letter is provided pursuant to Section 6(i)(7) of the Purchase Agreement in connection with your purchase of the Bonds. Capitalized terms not otherwise defined in this letter are used as defined in the Purchase Agreement.

In our capacity as counsel to the Underwriter, we have reviewed: (a) the Preliminary Official Statement, dated _____, 2016 (the "Preliminary Official Statement") and the Official Statement, dated _____, 2016 (the "Final Official Statement" and together with the Preliminary Official Statement, the "Official Statement"), each relating to the Bonds; (b) the Bond Resolution; (c) executed counterparts of the Purchase Agreement; and (d) such other proceedings, documents, matters and law as we deem necessary to provide this letter in accordance with the terms of our engagement. In accordance with the terms of our engagement, we have not reviewed any minutes of the meetings of the Issuer or the Town of Marana, Arizona (the "Town") other than those included in the transcript of proceedings for the Bonds.

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

Based upon the foregoing and subject to the limitations contained in this letter, we are of the opinion that, under existing law, the Bonds are exempt from registration under the Securities

Act of 1933, as amended, and the Bond Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended.

In accordance with the terms of our engagement, we have provided certain legal advice and assistance to the Underwriter in connection with the Underwriter's responsibilities with respect to the Official Statement. We have not been engaged to pass upon, and we do not assume any responsibility for and have not independently verified, the accuracy, completeness or fairness of any of the statements contained in the Official Statement. As part of our engagement, however, certain of our lawyers participated in telephone conferences with your representatives, representatives of the Issuer, the Town, Gladden Phase I, LLC, financial consultants to the Town and the Issuer, Fennemore Craig P.C., as counsel to Gladden Phase I, LLC, Greenberg Traurig, LLP, as Bond Counsel, and others, during which telephone conferences the contents of the Official Statement and related matters were discussed. In reliance on those discussions and the proceedings, documents, matters and assumptions described above and subject to the qualifications set forth herein, we advise you that, during the course of our engagement on this matter, no facts came to the attention of the lawyers in our firm responsible for this matter that cause us to believe that the information and statements in the Preliminary Official Statement (except for any information listed in the following sentence, as to which we express no view) and the Final Official Statement (except for any information listed in the following sentence, as to which we express no view), as of its date and as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. We express no view as to: (a) the information under the caption "TAX MATTERS," in the Official Statement; (b) any financial, technical, statistical or demographic data or forecasts included or incorporated by reference in the Official Statement or the Appendices thereto; (c) any information about the book-entry system and The Depository Trust Company; and (d) the information in Appendices B, and C.

We also have rendered legal advice and assistance to you as to the requirements of Rule 15c2-12 prescribed under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with your review, for purposes of the Rule, of the Continuing Disclosure Undertaking, dated as of the date of this letter (the "Continuing Disclosure Undertaking"). Based upon our examination of the items referenced in this letter, including the Continuing Disclosure Undertaking and the Rule, and subject to the limitations expressed above, we are of the opinion that, under existing law, the Continuing Disclosure Undertaking satisfies paragraph (b)(5)(i) of the Rule, which requires an undertaking for the benefit of the holders, including beneficial owners, of the Bonds to provide certain annual financial information and event notices at the time and in the manner required by the Rule. For purposes of rendering the foregoing opinion, we have relied upon the legal conclusions of Greenberg Traurig, LLP, as Bond Counsel, as to the validity and enforceability against the Issuer of the Continuing Disclosure Undertaking.

Reference in this letter to "the lawyers in our firm responsible for this matter" includes only those lawyers now with this firm who rendered legal services in connection with this matter. This letter is delivered to you for your benefit in connection with the original issuance of the Bonds and may not be relied upon for any other purpose or by any other person, including the holders, owners or beneficial owners of the Bonds. The opinions and advice set forth in this letter are stated only as of this date, and no other opinion or statements shall be implied or

inferred as a result of anything contained in or omitted from this letter. Our engagement with respect to this matter has concluded on this date.

Respectfully submitted,

DRAFT
07/27/16
08/05/16
08/09/16

When recorded, return to:

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

AMENDS DOCKET 12248, PAGE 3874, RECORDED AT 16:37 ON MARCH 1, 2004

FIRST AMENDMENT
TO
DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND
INTERGOVERNMENTAL AGREEMENT
(GLADDEN FARMS COMMUNITY FACILITIES DISTRICT)

THIS FIRST AMENDMENT, dated as of _____ 1, 2016 (hereinafter referred to as this "*Amendment*"), TO THE DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (GLADDEN FARMS COMMUNITY FACILITIES DISTRICT), dated as of February 1, 2004, by and among the Town of Marana, Arizona, a municipal corporation duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Municipality*"), Gladden Farms Community Facilities District, a community facilities district formed by the Town of Marana, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "*District*"), Petrus Land Investors II, L.P., a limited partnership duly organized and validly existing pursuant to the laws of the State of Delaware (hereinafter referred to as "*Petrus*") and Gladden Phase I, LLC, a limited liability company duly

organized and validly existing pursuant to the laws of the State of Delaware (hereinafter referred to as "*Gladden Phase I*");

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 and certain entities which at various times have had an interest in real property within the boundaries of the District entered into a District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District, dated as of February 1, 2004 (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 the Exhibit hereto (hereinafter referred to as the "*Property*") which makes up the real property included within the District, the Municipality, the District and certain of such entities specified some of such matters in the Agreement, particularly matters relating to the construction or acquisition of certain public infrastructure by the District, the acceptance thereof by the Municipality and the reimbursement or repayment of certain of such entities with respect thereto, all pursuant to the Act, such public infrastructure being necessary for the Property to be developed 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. Notwithstanding any other provision hereof and prospectively from January 30, 2016 (hereinafter referred to as the "Effective Date"), Forest City Enterprises (as that entity is identified in the Agreement) shall be released from and shall no longer be bound by the Agreement with respect to acts, omissions or events first arising after the Effective Date. Prospectively from the Effective Date, Petrus shall be bound by the terms of the Agreement whenever, pursuant to the Agreement, Forest City Enterprises would have been so bound with respect to acts, omissions or events first arising after the Effective Date. All notices, certificates or other communications under the Agreement (including in the Exhibits thereto) shall be sufficiently given and shall be deemed to have been received 48 hours after deposit in the United States mail in registered or certified form with postage fully prepaid addressed to Petrus at 1350

Avenue of the Americas, New York, New York, 10019-4801, Attention: Frank J. Walter III and Christopher F. Bennett, with a copy to Fennemore Craig, P.C., 2394 East Camelback Road, Suite 600, Phoenix, Arizona 85016-3429, Attention: Jay S. Kramer. Any of the foregoing, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 2. **(a)(i)** The definition of "Bonds" in Article I of the Agreement is amended to include the following immediately after the word "Agreement" therein: "after the Refunding and, for purposes of the definitions of "District Expenses", Sections 6.3, 8.1, 9.1, 10.2 and, after giving effect to any amendment hereto, 10.10, the bonds issued to refund the Bonds. "Bonds" as used in Section 8.1 includes the bonds issued to accomplish the Refunding."

(ii) The definition of "Deposit Amount" in Article I of the Agreement is deleted in its entirety.

(iii) The text after the word "if" in the definition of "Depository Agreement" in Article I of the Agreement is deleted in its entirety.

(iv) The definition of "Forest City" in Article I of the Agreement is deleted in its entirety and replaced with the following, and, except as limited by Section 1 of this Amendment, any reference in the Agreement to "Forest City" shall be deemed to be to "Petrus" instead.

"Petrus" means Petrus Land Investors II, L.P., a limited partnership duly organized and validly existing pursuant to the laws of the State of Delaware.

(v) The definitions of "Gladden Forest" and "Gladden Forest Engineer" in Article I of the Agreement are deleted in their entirety and replaced with the following and any reference in the Agreement to "Gladden Forest" shall be deemed to be to "Gladden Phase I" instead and any reference in the Agreement to "Gladden Forest Engineer" shall be deemed to be to "Gladden Phase I Engineer" instead except that for purposes of Section 5 of the Agreement, all references to Gladden Phase I shall also include its predecessors-in-ownership.

"*Gladden Phase I*" means Gladden Phase I, LLC, a limited liability company organized and existing pursuant to the laws of the State of Delaware.

"*Gladden Phase I Engineer*" means any firm of professional engineers hired by Gladden Phase I after approval thereof by the District Manager to perform the services required therefrom for the purposes hereof.

(vi) The definition of "Initial Expenses" in Article I of the Agreement is deleted in its entirety.

(vii) The dollar amount of $300,000 in the definition of "Letter of Credit" in Article I of the Agreement is replaced with the dollar amount of "$100,000".

(viii) The following definitions in Article I of the Agreement are added after the definition of Letter of Credit in Article I of the Agreement:

"*Letter of Credit (Bonds)*" means a standby letter of credit or substitute therefor issued under the terms provided herein in favor of the District, which is

presentable for payment in Tucson or Phoenix, Arizona, and drawable as provided herein, which include provisions requiring (i) immediate notice to the District if the uninsured, unsecured and unguaranteed obligations of the issuer thereof are reduced below "BBB-" by S&P and (ii) sixty (60) days' notice to the District of any cancellation, termination or non-renewal thereof and which otherwise shall be acceptable to the District Treasurer in the exercise of commercially reasonable standards. The face amount of the Letter of Credit (Bonds) shall be equal to Maximum Annual Debt Service.

"*Maximum Annual Debt Service*" means maximum annual debt service with respect to the Bonds for any succeeding Fiscal Year.

(ix) The following definition in Article I of the Agreement is added after the definition of Property in Article I of the Agreement:

"*Refunding*" means the issuance by the District of its General Obligation and General Obligation Refunding Bonds, Series 2016, dated _____, 2016.

(x) The definition of "Payment Agreement" in Article I of the Agreement is deleted in its entirety.

(b) All references in the Agreement to "assessed valuation" are replaced with the words "net assessed limited property valuation," and all references in the Agreement to "secondary assessed

valuation" are replaced with the words "net assessed limited property valuation."

(c) (i) Insert the words "with respect to any Construction Contracts wherein the District is the "owner" for purposes of such Construction Contract" between "(a)" and "(1)" in Section 5.1(a).

(ii) Insert the words "with respect to any Construction Contracts wherein the District is the "owner" for purposes of such Construction Contract" between "(b)" and "(1)" in Section 5.1(b).

(d) (i) The words "in other than a public sale" (as such term is used in the Act) and "in Section 6.2(a) of the Agreement are deleted in their entirety.

(ii) Sections 6.2(c) and (d) of the Agreement are deleted in their entirety and replaced with the following:

> (c) Unless the provisions of subsection (d) of this section are satisfied, a series of the Bonds shall only be issued if the debt service therefor can be amortized with substantially equal amounts of annual debt service from amounts generated by a tax rate of not to exceed $2.50 per one hundred dollars of net limited assessed property valuation of property within the boundaries of the District as indicated on the tax roll for the current tax year. For purposes of the foregoing, a delinquency factor for tax collections equal to the greater of five percent (5%) and the historic, average, annual,

percentage delinquency factor for the District as of such Fiscal Year shall be assumed; all property in the District owned by Petrus or Gladden Phase I or any entity owned or controlled (as such term is used in the Securities Act) by Petrus or Gladden Phase I or which owns or controls (as such terms is used in the Securities Act) Petrus or Gladden Phase I shall be assigned the last value such property had when categorized as "vacant" for purposes of net assessed limited property valuation and the debt service for any outstanding series of the Bonds theretofore issued shall be taken into account in determining whether such tax rate will produce adequate debt service tax collections.

(d) (1) If necessary in the sole discretion of the District Board to regulate the tax rate to be levied to pay debt service on each series of the Bonds, in consideration of the obligations of the District as of the date of delivery of the Bonds and as a condition to the issuance of the corresponding series of the Bonds, (A) a Standby Contribution Agreement shall be executed and delivered which provides, among the other matters provided for in this section, that on the date of initial issuance and delivery of the corresponding series of the Bonds and in each Fiscal Year thereafter, Gladden Phase I shall be liable and obligated to pay to the District, or to provide adequate assurances in the sole and absolute discretion of the District Board which provide, an amount necessary to

maintain the tax rate with respect to the Bonds at no more than $2.50 per $100.00 of net assessed limited property valuation for Total Debt Service, based upon the application of such secondary tax rate in light of the actual net secondary assessed valuation of such property, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual, percentage delinquency factor for the District as of such tax year and after giving credit with respect to any such payment for any balance in any debt service fund for the Bonds. To provide adequate assurances for payment of the amount due pursuant to each Standby Contribution Agreement, cash or a Letter of Credit (Bonds), or a combination of both, shall be deposited with a depository pursuant to a Depository Agreement. The Standby Contribution Agreement and the Depository Agreement shall have general terms acceptable to the District Board and shall be in a final form acceptable in the sole and absolute discretion of the District Manager. Such agreements shall specifically provide that amounts shall be payable pursuant to the Standby Contribution Agreement and the Letter of Credit (Bonds) only if the District has for that tax year adopted a resolution authorizing the levy of a tax rate for Total Debt Service of at least $2.50 per $100.00 of net assessed limited property valuation. Notwithstanding the foregoing sentence, a tax rate of less than $2.50 may be levied for

such purpose without affecting the obligation that such amounts be so payable if there are tax collections which must be applied by applicable law to reduce such rate that cannot otherwise be applied legally before such rate must be set (but Gladden Phase I shall have no liability for any shortfall if such lower rate would produce secondary ad valorem tax revenues sufficient to pay in full total debt service and the applicable Depository Agreement has been, or is in the process of being, terminated pursuant to its terms.

(2) Each Standby Contribution Agreement shall have specific terms which provide that (A) amounts due pursuant to a Standby Contribution Agreement shall be reduced by any interest earnings on the amounts held pursuant to the Depository Agreement which shall be paid to the District to provide for such offset (if not needed for such purpose, such interest earnings shall be deposited in the debt service fund for the Bonds) and (B) the obligation of Gladden Phase I shall terminate upon the earlier of (i) payment in full of all of the outstanding Bonds or provision for such payment and (ii) the first Fiscal Year after which principal of all of the Bonds has started to be amortized and in which, for at least three (3) consecutive tax years, a tax rate with respect to the Bonds of no more than $2.50 per $100 of net assessed limited property valuation of property within the

boundaries of the District was sufficient to pay the Maximum Annual Debt Service, based upon the application of such tax rate in light of the actual net assessed limited property valuation of such property not including property owned by Petrus or Gladden Phase I any entity owned or controlled (as such term is used in the Securities Act) by, or which owns or controls (as such term is used in the Securities Act), Petrus or Gladden Phase I, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual, percentage delinquency factor for the District as of such tax year. (After receipt of proof of satisfaction of clause (B) satisfactory to the District Manager, the District Board shall approve in writing by affirmative action such termination, such approval not to be withheld unreasonably).

(3) Each Depository Agreement shall have specific terms which provide that the Letter of Credit (Bonds) shall be drawn to its full amount, payable to the District, upon the written demand by the indenture trustee appointed with respect to the applicable series of the Bonds, to the institution supplying the Letter of Credit (Bonds) if any of the following occurs: (i) the nonpayment by Gladden Phase I of any amount due pursuant to the Standby Contribution Agreement by Gladden Phase I (after expiration of any applicable notice and cure periods

thereunder); (ii) the cancellation, termination or non-renewal of the Letter of Credit (Bonds) and a failure by Gladden Phase I to substitute cash or the Letter of Credit (Bonds), or a combination thereof, not less than thirty (30) days before its cancellation, termination or expiration date or (iii) a reduction below "BBB-" by S&P of the rating of the uninsured, unsecured and unguaranteed obligations of the issuer of the Letter of Credit (Bonds) without the District having received within sixty (60) days after the date of such reduction, cash or a substitute for the Letter of Credit (Bonds), or a combination thereof (which Letter of Credit (Bonds) is in all respects the same as the prior Letter of Credit (Bonds) but from an issuer with a rating for its uninsured, unsecured and unguaranteed obligations of at least "BBB-" by S&P). The Depository Agreement shall also have specific terms which provide that the cash and Letter of Credit (Bonds) shall be released to Gladden Phase I upon the payment in full of all of the outstanding Bonds or provision for such payment. The Depository Agreement and the Letter of Credit (Bonds) shall have specific terms which provide that, if at any time prior to the termination of the Standby Contribution Agreement for three tax years in a row, a tax rate with respect to the Bonds of no more than $2.50 per $100 of net assessed limited property valuation of property within the boundaries of the District, based upon the application of

such tax rate in light of the actual net secondary assessed valuation of such property not including property owned by Petrus or Gladden Phase I or any entity owned or controlled (as such term is used in the Securities Act) by, or which owns or controls (as such term is used in the Securities Act), Petrus or Gladden Phase I, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual percentage delinquency factor for the District as of such tax year, results in no amount required to be paid pursuant to the Standby Contribution Agreement, the face amount of the Letter of Credit (Bonds) shall be subject to reduction to zero and any cash held by the Depository shall be returned to, or at the direction of, Gladden Phase I. (After receipt of proof of satisfaction 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). Each of the Standby Contribution Agreements shall specifically provide that, upon termination of the applicable Standby Contribution Agreement and Depository Agreement, any remaining cash shall be paid to Gladden Phase I.

(e) (i) Section 6.3 of the Agreement is deleted in its entirety and replaced with the following:

Other than (1) this Agreement, (2) the Bonds, (3) any refundings bonds issued pursuant to the Act so long

as the related refunding results in a present value debt service savings, net of costs associated with such refunding bonds, of at least three percent (3%) and (4) any obligations necessary in connection with any of foregoing, the District shall not incur, or otherwise become obligated with respect to, any other obligations.

(f) Section 9.2 of the Agreement is deleted in its entirety and replaced with the following:

Section 9.2. To provide for the payment of the District Expenses and the O/M Expenses, the District Board shall levy all or a portion of the O/M Tax and shall apply the collections of the O/M Tax *first* to pay the District Expenses and *second* to pay the O/M Expenses. To the extent the collections of the O/M Tax are not sufficient to pay the District Expenses and the O/M Expenses, Gladden Phase I shall, to the extent of reasonable amounts necessary therefor, be liable and obligated to pay or, on a reasonable basis acceptable to the District Manager in his sole discretion, obligate a homeowner's or similar association to pay, to the District on July 1 of each Fiscal Year of the District the amount of any shortfall indicated in the District Budget with respect to the District Expenses and the O/M Expenses, including any amount required because of any shortfall in the prior Fiscal Year as provided in such District Budget and no matter how such shortfall was otherwise funded. The

District shall only levy the O/M Tax in an amount necessary for the District Expenses and the O/M Expenses reflected in the District Budget for the Fiscal Year of the District and only in reasonable amounts therefor. The obligations of Gladden Phase I pursuant to this Section shall not exceed $100,000 per Fiscal Year and shall only be effective until the July 1 after the levy of the O/M Tax at $0.30 per $100.00 of net assessed limited property valuation of property within the boundaries of the District as indicated on the tax roll for the current tax year could first result in collections of $100,000, given the tax base of the District for the applicable tax year. For purposes of the foregoing, a delinquency factor for tax collections equal to the greater of five percent (5%) and the historic, average, annual, percentage delinquency factor for the District as of such Fiscal Year shall be assumed, and all property in the District owned by Petrus or Gladden Phase I or any entity owned or controlled (as such term is used in the Securities Act) by Petrus or Gladden Phase I or which owns or controls (as such terms is used in the Securities Act) Petrus or Gladden Phase I shall be assigned the last value such property had when categorized as "vacant" for purposes of net assessed limited property valuation. The Letter of Credit shall be provided by Gladden Phase I by _____, 2016, and otherwise until the July 1 after the levy of the O/M Tax as described in the preceding sentence

first results in collections of $100,000 and shall be drawn to its full amount, payable to the District, upon the written demand of the District Manager or the District Treasurer to the institution supplying the Letter of Credit if any of the following occurs: (a) the nonpayment by July 31 of any Fiscal Year of any amount due pursuant to this Section by Gladden Phase I; (b) the cancellation, termination or non-renewal of the Letter of Credit and a failure by Gladden Phase I to substitute the Letter of Credit not less than thirty (30) days before its cancellation, termination or expiration date or (c) a reduction of the rating for the uninsured, unsecured and unguaranteed obligations of the issuer of the Letter of Credit as promulgated by S&P below "BBB-" without the District having received within sixty (60) days after the date of such reduction a substitute for the Letter of Credit.

(g) Section 9.3 of the Agreement is deleted in its entirety.

(h) Section 10.10 is deleted in its entirety and replaced with the following:

The term of the Agreement shall be as of the date of the execution and delivery of the Agreement by each of the parties thereto and shall expire upon the earlier of the agreement of the District, the Municipality, Gladden Phase I and Petrus to the termination of the Agreement,

February 1, 2053, and the date on which all of the Bonds (as such term is defined in the Agreement) are paid in full or defeased to the fullest extent possible pursuant to the Act.

Section 3. The following are added to Exhibit "B" to the Agreement _____.

[Status of Disclosure Statement]

Section 4. 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 5. 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 6. 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 7. The Agreement, as amended by 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. The Agreement, as amended by 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 8. This Amendment shall be governed by and interpreted in accordance with the laws of the State of Arizona.

Section 9. 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 10. 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 11. (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 is, at any time while this Amendment is in effect, an employee or agent of Petrus or Gladden Phase I 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 District from Petrus or Gladden Phase I arising as the result of this Amendment. Neither Petrus or Gladden Phase I has taken or shall take any action which would cause any person described in the preceding sentence to be or become an employee or agent of Petrus or Gladden Phase I 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, Petrus and Gladden Phase I 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 this Amendment and may result in termination as this Amendment relates to the offender. To the extent, and subject to the limitations, of applicable law, the Municipality and the District retain the legal right to randomly inspect the papers and records of Petrus and Gladden Phase I to ensure that they are complying with the above-mentioned warranty. To the extent, and subject to the limitations, of applicable law, Petrus and Gladden Phase I shall keep such papers and records open for random inspection during normal business hours by the Municipality and the District. To the extent, and subject to the limitations, of applicable law, Petrus and Gladden Phase I shall cooperate with the random inspections by the Municipality and the

District including granting the Municipality and the District entry rights onto their property to perform such random inspections and waiving their respective rights to keep such papers and records confidential. In connection with such inspections, the Municipality and the District shall keep such papers and records confidential, except to the extent that disclosure may be required pursuant to applicable law.

(c) Pursuant to Section 35-393 et seq., Arizona Revised Statutes, Petrus and Gladden Phase I 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 Petrus or Gladden Phase I's certification above is false or that either has breached such agreement, the Municipality or the District may impose remedies as provided by law, including, without limitation, terminating this Amendment.

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, Gladden Phase I shall on behalf of the District 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 Town and the District have duly affixed their signatures and attestations, and the officers of Petrus and Gladden Phase I their signatures, all as of the day and year first written above.

TOWN OF MARANA, ARIZONA

By.....
Ed Honea, Mayor

ATTEST:

.....
Jocelyn Bronson, Town Clerk

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT

By.....
Ed Honea, Chairman, District Board

ATTEST:

.....
Jocelyn Bronson, District Clerk

PETRUS LAND INVESTORS II, L.P. LIMITED PARTNERSHIP a Delaware limited partnership

By.....
Printed Name: .....
Authorized Agent

GLADDEN PHASE I, LLC, a Delaware limited liability company

By .....
Printed Name: .....
Authorized Representative

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this ..... day of ....., 2016, by _____, as Mayor of the Town of Marana, Arizona, a municipal corporation.

.....
Notary Public

My commission expires:

.....

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this ..... day of ....., 2016, by _____, as Chairman, District Board of Gladden Farms Community Facilities District, an Arizona community facilities district.

.....
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 To District Development, Financing Participation and Intergovernmental Agreement, dated _____ 1, 2016, executed by Gladden Farms Community Facilities District, an Arizona community facilities district (the "Notarized Document"). The Notarized Document contains a total of ..... pages.

STATE OF NEW YORK)
) ss
COUNTY OF .....)

On this day, personally appeared before me ...., as ....., and ...., as ..... of J_____, who are known to me to be the persona whose names are above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal on ....., 2016.

.....
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 To District Development, Financing Participation and Intergovernmental Agreement, dated _____ 1, 2016, executed by Gladden Farms Community Facilities District, an Arizona community facilities district (the "Notarized Document"). The Notarized Document contains a total of ..... pages.

STATE OF NEW YORK)
) ss
COUNTY OF .....)

On this day, personally appeared before me ...., as ..... of _____, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal on ....., 2016.

.....
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 To District Development, Financing Participation and Intergovernmental Agreement, dated _____ 1, 2016, executed by Gladden Farms Community Facilities District, an Arizona community facilities district (the "Notarized Document"). The Notarized Document contains a total of ..... pages.

ATTACHMENTS:

EXHIBIT -- Legal Description Of Property To Be Included In The District

EXHIBIT

LEGAL DESCRIPTION OF PROPERTY
INCLUDED IN THE DISTRICT

ALL OF **GLADDEN FARMS BLOCKS 1 THRU 25 AND A THRU F**, EXCEPT BLOCK D, AS SHOWN ON THE PLAT RECORDED IN BOOK 55 OF MAPS AND PLATS AT PAGE 60, RECORDS OF THE PIMA COUNTY RECORDER, PIMA COUNTY, ARIZONA, BEING PORTIONS OF SECTIONS 33 AND 34 OF TOWNSHIP 11 SOUTH, RANGE 11 EAST, GILA AND SALT RIVER MERIDIAN, PIMA COUNTY, ARIZONA, FURTHER DESCRIBED AS FOLLOWS:

COMMENCING AT A ½" IRON PIN (NO TAG) AT THE NORTHEAST CORNER OF SAID SECTION 34;

THENCE SOUTH 0°30'09" EAST 322.00 FEET UPON THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 34 TO THE **POINT OF BEGINNING**;

THENCE CONTINUE SOUTH 0°30'09" EAST 2322.59 FEET UPON SAID EAST LINE AND UPON THE EAST LINE OF SAID **GLADDEN FARMS** TO A ½" ALUMINUM CAPPED PIN, LS 7599, AT THE EAST QUARTER CORNER OF SAID SECTION 34;

THENCE SOUTH 0°30'03" EAST 2644.34 FEET UPON THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 34 AND UPON SAID EAST LINE OF **GLADDEN FARMS** TO A ½" IRON PIN, NO TAG, AT THE SOUTHEAST CORNER OF SAID SECTION 34;

THENCE SOUTH 89°22'30" WEST 187.66 FEET UPON THE SOUTH LINE OF SAID SOUTHEAST QUARTER AND UPON THE SOUTH LINE OF SAID **GLADDEN FARMS** TO THE SOUTHEAST CORNER OF CMID WELL SITE NO. 18 AS SHOWN ON SAID PLAT;

THENCE NORTH 0°37'30" WEST 100.00 FEET UPON THE EAST LINE OF SAID WELL SITE TO THE NORTHEAST CORNER THEREOF;

THENCE SOUTH 89°22'30" WEST 75.00 FEET UPON THE NORTH LINE OF SAID WELL SITE TO THE NORTHWEST CORNER THEREOF;

THENCE SOUTH 0°37'30" EAST 100.00 FEET UPON THE WEST LINE OF SAID WELL SITE TO THE SOUTHWEST CORNER THEREOF BEING ON SAID SOUTH LINE OF THE SOUTHEAST QUARTER;

THENCE SOUTH 89°22'30" WEST 3885.00 FEET CONTINUING UPON THE SOUTH LINE OF SAID SOUTHEAST QUARTER AND UPON THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 34, BEING THE SOUTH LINE OF SAID **GLADDEN FARMS**, TO THE SOUTHWEST CORNER OF BLOCK B OF **GLADDEN FARMS** AS SHOWN ON SAID PLAT, BEING ON THE NORTHEASTERLY RIGHT OF WAY LINE OF SANDARIO ROAD AND A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY, THE RADIUS POINT OF SAID CURVE BEARS SOUTH 68°20'49" WEST, FOR REFERENCE, AN ALUMINUM CAPPED PIN, RLS 7599, AT THE SOUTHWEST CORNER OF SAID SECTION 34 BEARS SOUTH 89°22'30" WEST AT A DISTANCE OF 1124.04 FEET;

THENCE THE FOLLOWING THREE COURSES UPON SAID RIGHT OF WAY LINE AND UPON SAID SOUTHWEST LINE OF BLOCK B:

1) NORTHWESTERLY UPON SAID ARC, TO THE LEFT, HAVING A RADIUS OF 746.20 FEET AND A CENTRAL ANGLE OF 48°17'38", FOR AN ARC DISTANCE OF 628.96 FEET TO A TANGENT LINE;
2) NORTH 69°56'49" WEST 593.45 FEET TO A POINT ON THE ARC OF A TANGENT CURVE CONCAVE NORTHEASTERLY;

3) NORTHWESTERLY UPON SAID ARC, TO THE RIGHT, HAVING A RADIUS OF 160.99 FEET AND A CENTRAL ANGLE OF 69°26'33", FOR AN ARC DISTANCE OF 195.12 FEET TO A THE TANGENT EAST RIGHT OF WAY LINE OF SAID SANDARIO ROAD BEING THE WEST LINE OF SAID **GLADDEN FARMS**;

THENCE NORTH 0°30'16" WEST 1862.79 FEET UPON SAID EAST RIGHT OF WAY LINE AND UPON SAID WEST LINE TO AN ANGLE POINT;

THENCE SOUTH 89°29'44" WEST 30.04 FEET UPON SAID WEST LINE TO A ½" IRON PIN, NO TAG, AT THE WEST QUARTER CORNER OF SAID SECTION 34, BEING ALSO THE EAST QUARTER CORNER OF SAID SECTION 33;

THENCE SOUTH 89°17'57" WEST 1321.01 FEET UPON SAID WEST LINE AND UPON THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 33 TO AN ANGLE POINT;

THENCE NORTH 0°34'17" WEST 2610.03 FEET UPON SAID WEST LINE TO THE NORTHWEST CORNER OF SAID **GLADDEN FARMS**, BEING A POINT ON THE SOUTH RIGHT OF WAY LINE OF MOORE ROAD PRIOR TO THE DEDICATION OF ADDITIONAL RIGHT OF WAY AS SHOWN ON SAID PLAT, BEING A LINE 30.00 FEET SOUTHERLY OF AND PARALLEL WITH THE NORTH LINE OF SAID NORTHEAST QUARTER OF SECTION 33;

THENCE NORTH 89°20'24" EAST 1320.79 FEET UPON THE NORTH LINE OF SAID **GLADDEN FARMS**, UPON SAID PRIOR RIGHT OF WAY LINE AND UPON SAID PARALLEL LINE TO AN ANGLE POINT;

THENCE NORTH 89°25'03" EAST 2634.98 FEET UPON SAID NORTH LINE, UPON SAID PRIOR RIGHT OF WAY LINE AND UPON A LINE PARALLEL WITH AND 30.00 FEET SOUTHERLY OF THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 34 TO AN ANGLE POINT;

THENCE NORTH 89°25'03" EAST 2283.27 FEET UPON SAID NORTH LINE, UPON SAID PRIOR RIGHT OF WAY LINE AND UPON A LINE PARALLEL WITH AND 30.00 FEET SOUTHERLY OF THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 34;

THENCE SOUTH 0°30'13" EAST 292.00 FEET;

THENCE NORTH 89°25'03" EAST 357.00 FEET TO THE **POINT OF BEGINNING**.

DRAFT
07/27/16

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT,

ZIONS FIRST NATIONAL BANK,**[???]**
as Trustee,

and

GLADDEN PHASE I, LLC

SERIES 2016 STANDBY CONTRIBUTION AGREEMENT

Dated as of _____ 1, 2016

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* * *

THIS SERIES 2016 STANDBY CONTRIBUTION AGREEMENT, dated as of _____ 1, 2016 (hereinafter referred to as this "*Agreement*"), by and among Gladden Farms Community Facilities District, a community facilities district duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"); Zions First National Bank, a national banking association with trust powers having a corporate trust office in the City of Phoenix, Maricopa County, Arizona, as trustee (hereinafter together with its successors referred to as the "*Trustee*"); and Gladden Phase I, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of _____ (hereinafter referred to as "*Gladden Phase I*"),

W I T N E S S E T H:

WHEREAS, pursuant to the Bond Resolution (as such term and all other initially capitalized, undefined terms used in these recitals are defined in the hereinafter defined Series 2016 Indenture), the Board has authorized, among other things, the sale and issuance of the Series 2016 Bonds and, in order to provide terms for, to secure and to provide for authentication and delivery of the Series 2016 Bonds, has duly authorized the execution and delivery of a Series 2016 Indenture of Trust and Security Agreement, dated as of even date herewith (hereinafter referred to as the "*Series 2016 Indenture*"), from the Issuer to Zions First National Bank, as trustee; and

WHEREAS, in consideration for the issuance of the Series 2016 Bonds, and the actions taken and to be taken in the Development Agreement and the Series 2016 Indenture, by the Issuer and as a condition precedent to the execution and delivery of this Agreement and the issuance of the Series 2016 Bonds, Gladden Phase I shall be obligated, 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 2016 Bonds when due; and

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

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

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 1.01. *Definitions.*

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

1. The terms defined hereinabove, hereinafter and in the Series 2016 Indenture have the meanings assigned to them hereinabove, hereinafter and in Article One of the Series 2016 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 or Gladden Phase I 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 Marana, Arizona, 11555 West Civic Center Drive, Marana, Arizona 85653, Attention: District Clerk, or at any other address previously furnished in writing to such Person by the Issuer,

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

3. Gladden Phase I shall be sufficient for every purpose hereunder if in writing and mailed, first-class

postage prepaid to Gladden Phase I addressed to 333 East Wetmore Road, Suite 250, Tucson, Arizona 85705, Attention: Dean Wingert, Senior Vice President, or at any other address furnished previously in writing to such Person by Gladden Forest.

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 and Gladden Phase I 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 or Gladden Phase I in any capacity or a consultant to any of the Trustee or Gladden Phase I 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 or Gladden Phase I arising as the result of this Agreement. None of the Trustee or Gladden Phase I 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 or Gladden Phase I in any capacity or a consultant to any of the Trustee or Gladden Phase I with respect to the subject matter of this Agreement.

B. To the extent applicable under Section 41-441, Arizona Revised Statutes, the Trustee and Gladden Phase I 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 any of the Trustee or Gladden Phase I of the foregoing shall be deemed a material breach of this Agreement and may result in the termination of the services of the Trustee or Gladden Phase I, as applicable. The Issuer retains the legal right to randomly inspect the papers and records of the Trustee and Gladden Phase I to ensure that the Trustee and Gladden Phase I are complying with the above-mentioned warranty. The Trustee and Gladden Phase I shall keep such papers and records open for random inspection during normal business hours by the Issuer. The Trustee and Gladden Phase I 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 and Gladden Phase I hereby certify that neither is 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 either's certification above is false or that either has breached such agreement, the Issuer may impose remedies as provided by law, including, without limitation, terminating this Agreement.

SECTION 1.09. *Further Assurances.*

A. The Issuer, the Trustee and Gladden Phase I 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. Gladden Phase I 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 Gladden Phase I 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 2016 Indenture, this Agreement may be amended by an instrument in writing executed and delivered by each of the Issuer, the Trustee and Gladden Phase I.

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 the payment in full of all of the outstanding Series 2016 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 July 15, 201___), a tax rate of $2.50 per $100 of limited assessed valuation of property within the boundaries of the Issuer owned by other than Petrus, Gladden Phase I or any entity owned or controlled (as such term is used in the federal Securities Act of 1933, as amended) by, or which owns or controls, either of them for each such Fiscal Year would have been sufficient to pay the Annual Debt Service Requirement for such Fiscal Years. Such evidence shall consist of a written projection, prepared by the Issuer Representative upon a written request of Gladden Farms, that is based upon the application of such secondary tax rate in light of the actual limited assessed valuation of the property within the boundaries of the Issuer for each such Fiscal Year, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual percentage delinquency factor for the Issuer as of such Fiscal Year and no credit for any fund balances or investment income accruing during such Fiscal Year. After receipt of proof of satisfaction of such condition, the Board shall approve in writing such termination, such approval not to be withheld unreasonably.

SECTION 1.13. *Beneficiaries.*

This Agreement is entered into by Gladden Phase I with the Trustee and the Issuer for the benefit of the Issuer, the Trustee and the Holders, from time to time, of the Series 2016 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 2016 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 2017, the Issuer shall certify to the Trustee the amount of property taxes which would be produced based upon (a) the current limited assessed valuation of taxable property within the boundaries of the Issuer and (b) a tax rate of $2.50 per $100 (or such lower rate as may be permitted as hereinafter provided) of limited assessed valuation (assuming a five percent (5%) delinquency factor) (hereinafter referred to as the "Tax Year Tax Amount").

2. On September 15 of each Fiscal Year commencing the Fiscal Year ending in 2017, the Trustee shall determine (a) Debt Service (without regard to any optional redemption) due on the next succeeding January 15 plus Debt Service due on the next succeeding July 15 (hereinafter referred to as the "Total Debt Service"), (b) the amount in the Series 2016 Tax Account available to pay Debt Service (hereinafter referred to as the "September Available Moneys"), and (c) the difference, if any, between (x) one-half (1/2) of the Total Debt Service and (y) the sum of (A) the September Available Moneys and (B) one-half (1/2) of the Tax Year Tax Amount (such difference being referred to hereinafter as the "October Payment").

3. On March 11 of each Fiscal Year commencing the Fiscal Year ending in 2017, the Trustee shall determine (a) the amount in the Series 2016 Tax Account available to pay Debt Service (hereinafter referred to as the "March Available Moneys"), and (b) the difference, if any, between (x) one-half (1/2) of the Total Debt Service and (y) the sum of (A) the March Available Moneys and (B) one-half (1/2) of the Tax Year Tax Amount (such difference being referred to hereinafter as the "April Payment").

4. On September 15 and March 11 of each Fiscal Year commencing the Fiscal Year ending in 2017, the Trustee shall submit a written request to Gladden Phase I for, and on the October 12 and April 11, respectively, immediately succeeding thereafter, Gladden Phase I shall be obligated to pay and shall pay to the Trustee, the October Payment and the April Payment, respectively.

C. 1. On December 15 of each Fiscal Year commencing the Fiscal Year ending in 2017, the Trustee shall determine the difference between the amount in the Series 2016 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 hereinafter as the "December Payment").

2. On June 15 of each Fiscal Year commencing the Fiscal Year ending in 2017, the Trustee shall determine the difference between the amount in the Series 2016 Tax Account on such date and the amount necessary to pay Debt Service on the next succeeding July 15 (such difference being referred to hereinafter as the "June Payment").

3. On December 21 and June 20 of each Fiscal Year commencing the Fiscal Year ending 2017, the Trustee shall submit a written request to Gladden Phase I for, and on the next succeeding December 31 and June 30, respectively, Gladden Phase I shall be obligated to pay and shall pay to the Trustee, the December Payment and the June Payment, respectively.

D. Gladden Phase I 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 that Fiscal Year a tax rate pursuant to Section 10.01(A) of the Series 2016 Indenture of at least $2.50 per $100 of limited assessed valuation and with respect to any Interest Payment Date occurring on July 15 levied such tax rate for the immediately preceding Fiscal Year; provided, however that the tax rate in any such Fiscal Year for such purpose may be less than $2.50 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 2016 Letter of Credit Depository Agreement has been, or is in the process of being, terminated pursuant to its terms.

E. All payments by Gladden Phase I 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 Gladden Phase I Obligations.*

The obligations of Gladden Phase I 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, Gladden Phase I:

A. the compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Issuer or Gladden Phase I under the Series 2016 Indenture, the Series 2016 Letter of Credit Depository Agreement, the Development Agreement or this Agreement; or

B. the failure to give notice to Gladden Phase I of the occurrence of an event of default under the terms and provisions of the Series 2016 Indenture, the Series 2016 Letter of Credit Depository Agreement, the Development Agreement or this Agreement; or

C. the waiver of the payment, performance or observance by the Issuer or Gladden Phase I of any of the obligations, covenants or agreements of any of them contained in the Series 2016 Indenture, the Series 2016 Letter of Credit 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 2016 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 2016 Indenture, the Series 2016 Letter of Credit 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 2016 Indenture, the Series 2016 Letter of Credit 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 2016 Indenture, the Series 2016 Letter of Credit 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 or Gladden Phase I to enforce, assert or exercise any right, power or remedy conferred on the Issuer or the Trustee in the Series 2016 Indenture, the Series 2016 Letter of Credit 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 2016 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 or Gladden Phase I or any of the assets of any of them or any allegation or contest of the validity of the Series 2016 Indenture, the Series 2016 Letter of Credit Depository Agreement, the Development Agreement or this Agreement in any such proceeding; or

I. the release or discharge of the Issuer or Gladden Phase I from the performance or observance of any obligations, covenant or agreement contained in the Series 2016 Indenture, the Series 2016 Letter of Credit Depository Agreement, the Development Agreement or this Agreement by operation of law; or

J. the default or failure of Gladden Phase I fully to perform any of their obligations set forth in the Series 2016 Letter of Credit Depository Agreement, the Development Agreement or this Agreement; or

K. the invalidity of the Series 2016 Indenture, the Series 2016 Letter of Credit Depository Agreement, the Development Agreement, this Agreement or the Series 2016 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 Gladden Phase I has or may have against the Issuer or the Trustee or which the Issuer may have against the Trustee shall be available hereunder to Gladden Phase I against the Trustee.

SECTION 2.04. *Remedies.*

Upon the occurrence of any failure (1) to pay amounts due hereunder or (2) to provide the information required by Section 2.01(F)(2), the Trustee shall proceed directly against Gladden Phase I, jointly and severally, 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, in the case of clause (1) for the amounts so due and in the case of clause (2) for the security which would be required under Section 2.01(F)(1) if such section was treated as if it was not being complied with. 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.*

Gladden Phase I hereby expressly waives notice from the Trustee or the owners from time to time of any of the Series 2016 Bonds of their acceptance and reliance on this Agreement. Gladden Phase I shall be liable and obligated, jointly and severally, 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 Gladden Phase I 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 3.04A(3).

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

SECTION 3.02. *Certain Rights of Trustee.*

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

A. any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, telex or other paper, document or communication reasonably believed by

it to be genuine and to have been signed or presented by the proper Persons;

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

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

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

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

F. the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records, and premises of the Issuer, personally or by agent or attorney and

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

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

The recitals contained herein shall be taken as the statements of the other parties hereto, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the amounts held hereunder or as to the security afforded thereby or hereby, or as to the validity or genuineness of any securities at any time pledged and deposited with the Trustee hereunder, or as to the validity or sufficiency of this Agreement.

SECTION 3.04. *Compensation and Reimbursement.*

A. The Issuer shall

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

2. except as otherwise expressly provided herein, reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provisions of this Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence or bad faith and

3. indemnify, to the extent permitted by applicable law, the Trustee for, and to hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this 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. 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.

D. If the Trustee shall resign, be removed, or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Issuer by Board Resolution, shall promptly appoint a successor Trustee. In case all or substantially all of the amounts held hereunder shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee shall be so appointed, then the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer or by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner hereinafter provided, either the Issuer or Gladden Farms 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 resigna-

tion or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 3.04. Upon request of any such successor Trustee, the Issuer and Gladden Farms 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.

* * *

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.

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT

By.....
Issuer Representative

ATTEST:

.....
District Clerk

ZIONS FIRST NATIONAL BANK, as Trustee

By.....
Authorized Officer

GLADDEN PHASE I, LLC, a _____ limited liability company

By: _____, a _____ limited liability company, its sole and managing member

By: _____, an _____ limited partnership, its sole and managing member

By: _____, a _____ limited liability company, its General Partner

By .....
Printed Name: .....
Title: .....

331757242.1-7/27/2016

DRAFT
07/27/16

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT

and

ZIONS FIRST NATIONAL BANK**[???]**,
as Depository

SERIES 2016 LETTER OF CREDIT DEPOSITORY AGREEMENT

Dated as of _____ 1, 2016

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* * *

THIS SERIES 2016 LETTER OF CREDIT DEPOSITORY AGREEMENT, dated as of _____ 1, 2016 (hereinafter referred to as this "*Agreement*"), by and between Gladden Farms Community Facilities District, a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"), and Zions First National Bank, a national banking association with trust powers having a corporate trust office in the City of Phoenix, Maricopa County, Arizona, as depository (hereinafter together with any successor to the trust herein granted referred to as the "*Depository*"),

W I T N E S S E T H:

WHEREAS, pursuant to the Bond Resolution (as such term and all other initially capitalized, undefined terms used in these recitals are defined in the hereinafter defined Series 2016 Indenture), the Board has authorized, among other things, the sale and issuance of the Series 2016 Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Series 2016 Bonds, has duly authorized the execution and delivery of a Series 2016 Indenture of Trust and Security Agreement, dated as of even date herewith (hereinafter referred to as the "*Series 2016 Indenture*"), from the Issuer to Zions First National Bank, as trustee; and

WHEREAS, in consideration for the issuance of the Series 2016 Bonds, and the actions taken and to be taken in the Series 2016 Indenture, by the Issuer and as a condition precedent to the execution and delivery of this Agreement and the issuance of the Series 2016 Bonds, Gladden Phase I has had established by _____ 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 2016 Indenture have the meanings assigned to them hereinabove, hereinafter and in Article One of the Series 2016 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 6001 North 24th Street, 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 Marana, Arizona, 11555 West Civic Center Drive, Marana, Arizona 85653, Attention: District Clerk or at any other address previously furnished in writing to such Person by the Issuer, or

3. Gladden Phase I shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to Gladden Phase I addressed to 333 East Wetmore Road, Suite 250, Tucson, Arizona 85705, Attention: Dean Wingert, Senior Vice President, or at any other address furnished previously in writing to such Person by Gladden Forest.

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, 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 2016 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 41-441, 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, including, without limitation, terminating this Agreement.

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 2016 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 earlier of (A) the payment or the provision for payment in full of all of the outstanding Series 2016 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 July 15, 201__), a tax rate of $2.50 per $100 of net limited assessed valuation of property within the boundaries of the Issuer owned by other than Petros, Gladden Phase I or any entity owned or controlled (as such term is used in the federal Securities Act of 1933, as amended) by, or which owns or controls, any of them for such Fiscal Year would have been sufficient to pay the Annual Debt Service Requirement for such Fiscal Years. 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 Gladden Phase I and otherwise at the discretion of the Issuer Representative, that is based upon the application of such secondary tax rate in light of the actual limited assessed valuation of the property within the boundaries of the Issuer for such Fiscal Year, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual percentage delinquency factor for the Issuer as of such Fiscal Year and no credit for any balance or investment income accruing during such Fiscal Year. After receipt of proof of satisfaction of such condition, the Board shall approve in writing such termination, such approval not to be withheld unreasonably.

SECTION 1.13. *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.*

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 that Fiscal Year a tax rate pursuant to Section 10.01(A) of the Series 2016 Indenture of at least $2.50 per $100 of limited assessed valuation and with respect to any Interest Payment Date occurring on the July 15 immediately preceding the Draw levied such tax rate for the immediately preceding Fiscal Year:

1. The failure of Gladden Phase I to pay any amount due on the applicable date due pursuant to, or to provide any security as required by, the Series 2016 Standby Contribution Agreement.

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

3. The Letter of Credit Bank (i) commences a proceeding 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.

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 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 Gladden Phase I 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 2016 Principal Account" and apply the same as provided in Section 2.02.

C. Gladden Phase I 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 rating of the issuer of the Alternate Letter of Credit is as 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 2016 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 his sole and absolute discretion 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.

SECTION 2.02. *Application.*

A. After the Draw, the Depository shall pay to the Trustee from amounts on deposit in the Series 2016 Principal Account the amounts requested pursuant to Section 5.02(C)(1)(c) of the Series 2016 Indenture.

B. Upon the written consent of the District Chief Financial Officer, the Depository shall pay to Gladden Phase I all amounts held by the Depository hereunder upon the termination of this Agreement.

C. The Depository shall return the Letter of Credit to Gladden Farms 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 2016 Principal Account shall be invested in the Permitted Investments described in clause A of the definition thereof and 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 2016 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 2016 Principal Account as well as all deposits to, and payments from, the Series 2016 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. 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.

D. 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.

* * *

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.

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT

By.....
Issuer Representative

ATTEST:

.....
District Clerk

ZIONS FIRST NATIONAL BANK, as Depository

By.....
Authorized Officer

331757237.1-7/27/2016

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT

and

RBC CAPITAL MARKETS, LLC

DISSEMINATION AGENCY AGREEMENT

Dated as of _____, 2016

$_____
Gladden Farms Community Facilities District
(Marana, Arizona)
General Obligation and General Obligation Refunding Bonds, Series 2016

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DISSEMINATION AGENCY AGREEMENT

THIS DISSEMINATION AGENCY AGREEMENT, dated as of _____, 2016 (hereinafter referred to as this "Agreement"), by and between Gladden Farms Community Facilities District (hereinafter together with its successors referred to as the "Issuer"), and RBC Capital Markets, LLC (hereinafter together with its successors referred to as the "Agent");

W I T N E S S E T H:

WHEREAS, pursuant to a Resolution of the district board of the Issuer (hereinafter referred to as the "Board") adopted on September 3, 2008, as supplemented on _____, 2016, the Board has authorized the issuance of certain general obligation bonds (hereinafter referred to as the "Securities") pursuant to Title 35, Chapter 3, Article 4, Arizona Revised Statutes (hereinafter referred to as the "Bond Act") to provide funds for certain public infrastructure purposes provided for in Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Enabling Act" and, together with the Bond Act, the "Act"); and

WHEREAS, in order to provide for compliance with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, with respect to the Securities, the Board has duly authorized the Issuer to execute and deliver a Continuing Disclosure Undertaking, dated the date of initial delivery of the Securities (hereinafter referred to as the "Undertaking"); and

WHEREAS, in order to assist the Issuer in complying with the Undertaking, the Issuer and the Agent have determined to enter into this Agreement; and

WHEREAS, pursuant to the Act, the Issuer may enter into agreements to process the issuance of the Securities, including this Agreement;

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

ARTICLE ONE

SECTION 1.01. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) The terms in this Agreement have the meanings assigned to them hereinabove and in the Section 1 of the Undertaking.

(b) The terms used herein include the plural as well as the singular.

(c) All references in this instrument to designated "Articles," "Sections," "Clauses" and other subdivisions are to the designated Articles, Sections, Clauses and other subdivisions of this instrument as originally executed.

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

SECTION 1.02. Notices, etc.

(a) Unless otherwise specifically provided herein, any request, demand, authorization, direction, notice, consent, waiver, payment or other document provided or permitted by this Agreement by the Issuer or the Agent to be made upon, given or furnished to or filed with,

(i) 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 Marana, 11555 W. Civic Center Drive, Marana, Arizona 85653, Attention: District Clerk or at any other address furnished previously in writing to such person by the Issuer, and

(ii) the Agent shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to it at 2398 East Camelback Road, Suite 700, Phoenix, Arizona 85016, Attention: Nicholas Dodd, Managing Director, or at any other address furnished previously in writing to such person by the Agent.

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

SECTION 1.03. Effect of Headings and Table of Contents. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.04. Successors and Assigns. All covenants and agreements in this Agreement by the Issuer and the Agent shall bind their successors and assigns, whether so expressed or not.

SECTION 1.05. Severability Clause. In case any provision in this Agreement or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

SECTION 1.06. Benefits of Agreement. Nothing in this Agreement, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

SECTION 1.07. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Arizona and the federal laws of the United States of America.

SECTION 1.08. Incorporation of State Statutes.

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

(b) To the extent applicable under Section 41-440, Arizona Revised Statutes, as amended, the Agent shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes, as amended. The breach by the Agent of the foregoing shall be deemed a material breach of this Agreement and may result in the termination of the services of the Agent. The Issuer retains the legal right to randomly inspect the papers and records of the Agent to ensure that the Agent is complying with the above-mentioned warranty. The Agent shall keep such papers and records open for random inspection during normal business hours by the Issuer. The Agent shall cooperate with the random inspections by the Issuer including granting the Issuer entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

SECTION 1.09. Further Assurances; Recording. The Agent shall do, execute, acknowledge and deliver all and every such further acts, conveyances and assurances as shall be reasonably required for accomplishing the purposes of this Agreement.

SECTION 1.10. Amendments. This Agreement may be amended by an instrument in writing executed and delivered by each of the Issuer and the Agent.

SECTION 1.11. Termination. The Issuer or the Agent may terminate this Agreement by giving written notice to the other party at least 30 days prior to such termination. Otherwise, this Agreement shall terminate coincident with the termination of the Undertaking. The Issuer is not required to appoint a successor to the Agent. The absence of the Agent or a successor to the Agent shall not relieve the Issuer of its responsibilities pursuant to the Undertaking.

SECTION 1.12. Integration. This Agreement, when executed and delivered by the parties hereto, shall constitute the entire agreement between the Issuer and the Agent with regard to the matters provided for herein.

ARTICLE TWO

SECTION 2.01. Annual Reports. The Agent shall compile and deliver each Annual Report to the Issuer by December 1 of each year for review by the Issuer, and the Issuer shall

thereafter deliver to the Agent any revisions to each Annual Report by the next succeeding January 15 for dissemination as set forth in Section 2.03.

SECTION 2.02. Listed Events.

(a) The Issuer shall provide a written description to the Agent of the occurrence of any Listed Event which, if applicable, the Issuer has determined to be material as described in Section 3(b) of the Undertaking in a timely manner, signed by an appropriate representative of the Issuer. Upon the Agent becoming aware of any such Listed Event, the Agent shall promptly notify the Issuer of such Listed Event. (The Agent shall have no duty or responsibility to review the determination of the Issuer that such Listed Event is material or the written description of such Listed Event.)

(b) The Agent shall disseminate Notices of Listed Events as set forth in Section 2.04.

SECTION 2.03. Dissemination of Annual Reports.

(a) The Agent shall disseminate each Annual Report to the entities, in the manner and on the dates provided in Section 2 of the Undertaking.

(b) The Agent shall disseminate such information in the form delivered to the Agent by the Issuer pursuant to Section 2.01. (Any information furnished by the Agent hereunder for such purpose may contain a legend to such effect.)

(c) The Agent shall promptly provide a copy of each Annual Report to the Issuer, along with a notice stating the date and the identities of the entities with which such Annual Report was filed.

(d) The Agent shall also, if necessary, file the notices required pursuant to Sections 2(a)(ii) and 2(b)(i)(B) of the Undertaking with respect to inability or failure to provide an Annual Report and change of fiscal year of the Issuer, respectively, and shall provide a copy thereof to the Issuer.

SECTION 2.04. Dissemination of Notices of Listed Events.

(a) The Agent shall disseminate each Notice of Listed Event to the entities and in the manner provided in Section 3 of the Undertaking within one business day after receipt of such information by the Agent pursuant to Section 2.02.

(b) The Agent shall disseminate such information in the form delivered to it by the Issuer pursuant to Section 2.02. (Any information furnished by the Agent hereunder for such purpose may contain a legend to such effect.)

(c) The Agent shall promptly provide a copy of each Notice of Listed Event to the Issuer, along with a notice stating the date and the identities of the entities with which such Notice of Listed Event was filed.

SECTION 2.05. Dissemination of Other Notices. The Agent shall file the notices required pursuant to Sections 4 and 5(b) of the Undertaking with respect to termination of the Undertaking and changes in accounting principles of the Issuer, respectively, and shall provide a copy thereof to the Issuer.

SECTION 2.06. Duty to Update. One business day prior to the date the Issuer is required to file information with the Municipal Securities Rulemaking Board, the Agent shall determine, in the manner the Agent deems appropriate, the manner and medium by which information is to be transmitted and filed with the Municipal Securities Rulemaking Board.

SECTION 2.07. Consequences of Default by Agent; Standard of Care.

(a) In the event of a failure of the Agent to comply with any provisions of this Agreement, the Issuer may take any action at law or in equity to enforce the obligations of the Agent hereunder.

(b) In the absence of bad faith on its part, the Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Agent or matters of public record.

(c) The Agent shall have only such duties as are specifically set forth in this Agreement and the Undertaking.

(d) To the extent permitted by applicable law, the Issuer shall indemnify and save the Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities that the Agent may incur arising out of or in the exercise or performance of the powers and duties of the Agent pursuant to this Agreement and the Undertaking, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Agent and payment of the Securities.

SECTION 2.08. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from delivering any other information to the Agent, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or Notice of Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any such information, then the Issuer shall have no obligation pursuant to this Agreement to update such information or include it in any future disclosure or notice.

SECTION 2.09. Compensation. The Issuer shall compensate the Agent for the services provided and the expenses incurred pursuant to this Agreement in an amount to be agreed upon from time to time.

SECTION 2.10. Recordkeeping. The Agent shall maintain records of the Annual Reports and the Notices of Listed Events including the names of the entities with which the same were filed and the date of filing, and copies thereof shall be available to the Issuer upon reasonable request and the payment of reasonable copying and delivery charges.

SECTION 2.11. Counterparts. 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.

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT

By_____
Chairman, District Board

ATTEST:

_____
District Clerk

RBC CAPITAL MARKETS, LLC

By: _____
Name: Nicholas Dodd
Title: Managing Director

DRAFT
07/27/16

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT

and

ZIONS FIRST NATIONAL BANK, **[???]**
as Trustee

SERIES 2016

INDENTURE OF TRUST

AND

SECURITY AGREEMENT

Dated as of _____ 1, 2016

GLADDEN FARMS
COMMUNITY FACILITIES DISTRICT
(PEORIA, ARIZONA)
GENERAL OBLIGATION AND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016

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* * *

THIS SERIES 2016 INDENTURE OF TRUST AND SECURITY AGREEMENT, dated as of _____ 1, 2016 (hereinafter referred to as this "*Indenture*"), from Gladden Farms Community Facilities District, a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"), to Zions First National Bank, a national banking association with a corporate trust office in the City of Phoenix, Maricopa County, Arizona, as trustee (hereinafter together with any successor to the trust herein granted referred to as the "*Trustee*"),

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "*Enabling Act*"), a general obligation bond election was held on May 18, 2004 (hereinafter referred to as the "*Election*"), submitting to those persons who were qualified to vote pursuant to the Enabling Act the question of authorizing the district board of the Issuer (hereafter referred to as the "*Board*") to issue general obligation bonds of the Issuer in the principal amount of $69,000,000 to provide moneys for any "public infrastructure purposes" (as such term is defined in the Enabling Act) consistent with the General Plan for the Proposed Gladden Farms Community Facilities District filed with the Clerk of the City of Peoria, Arizona, before or on February 17, 2004; 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 July 6, 2004, the Board (1) authorized the sale and issuance of its General Obligation Bonds, Series 2004, in the aggregate principal amount of $2,105,000 (hereinafter referred to as the "*Series 2004 Bonds*") to provide funds for a portion of the public infrastructure purposes provided for in the Enabling Act and in the hereinafter described Development Agreement to the extent authorized by the Election and (2) entered in its minutes a record of the Series 2004 Bonds sold and their numbers and dates and is levying and causing 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 with respect to the Series 2004 Bonds when due with the limitations provided in the Series 2004 Bonds; and

WHEREAS, pursuant to a Resolution of the Board adopted on June 20, 2006, the Board (1) authorized the sale and issuance of its General Obligation Bonds, Series 2006, in the aggregate principal amount of $3,250,000 (hereafter referred to as the "*Series 2006 Bonds*") to provide funds for a portion of the public infrastructure purposes provided for in the Enabling Act and in the Development Agreement to the extent authorized by the Election and (2) entered in its minutes a record of the Series 2006 Bonds sold and their numbers

and dates and is levying and causing 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 with respect to the Series 2006 Bonds when due with the limitations provided in the Series 2006 Bonds; and

WHEREAS, pursuant to a Resolution of the Board adopted on July 17, 2007, the Board (1) authorized the sale and issuance of its General Obligation Bonds, Series 2007, in the aggregate principal amount of $3,075,000 (hereafter referred to as the "*Series 2007 Bonds*") to provide funds for a portion of the public infrastructure purposes provided for in the Enabling Act and in the Development Agreement to the extent authorized by the Election and (2) entered in its minutes a record of the Series 2006 Bonds sold and their numbers and dates and is levying and causing 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 with respect to the Series 2007 Bonds when due with the limitations provided in the Series 2007 Bonds; and

WHEREAS, pursuant to a Resolution of the Board adopted on September 3, 2008, and supplemented on August 17, 2010, the Board (1) authorized the sale and issuance of general obligation bonds in the aggregate principal amount of $1,000,000 (hereinafter referred to as the "*Series 2010 Bonds*" and, collectively with the Series 2004 Bonds, the Series 2006 Bonds and the Series 2010 Bonds, the *"Bonds Being Refunded"*) to provide funds for a portion of the public infrastructure purposes provided for in the Enabling Act and in the Development Agreement to the extent authorized in the Election and (2) entered in its minutes a record of the Series 2010 Bonds sold and their numbers and dates and is levying and causing 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, to pay debt service with respect to the Series 2010 Bonds when due with the limitations provided in the Series 2010 Bonds; and

WHEREAS, pursuant to a Resolution of the Board adopted on August 16, 2016 (hereinafter referred to as the "*Bond Resolution*"), the Board (1) has determined that it is expedient to refund all of the Bonds Being Refunded and that the issuance of general obligation refunding bonds (hereinafter referred to as the "*Refunding Bonds*") and the application of the net proceeds thereof to pay at maturity or earlier redemption the Bonds Being Refunded are necessary and advisable and in the best interests of the Issuer and shall result in a present value debt service savings, net of costs associated with the Bonds, of not less than _____ percent (_____%), (2) has authorized the sale and issuance of the general obligation bonds described herein

(hereinafter referred to as the "*Project Bonds*" and, collectively with the Refunding Bonds, the *"Bonds"*) to provide funds for a portion of the public infrastructure purposes provided for in the Enabling Act and in the Development Agreement to the extent authorized in the Election and (3) entered in its minutes a record of the Bonds sold and their numbers and dates and will levy and cause an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the Issuer sufficient, together with moneys from the sources described herein, to pay Debt Service (as such term is hereinafter defined) when due with the limitations provided in the Bonds and specifically provided that the total aggregate of taxes levied to pay principal of and interest on the Refunding Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Refunding Bonds to the final date of maturity of the Bonds Being Refunded; and

WHEREAS, pursuant to (1) the Enabling Act and (2) Section 9-500.05, Arizona Revised Statutes, the Town of Marana, Arizona, a municipality incorporated and existing pursuant to the laws of the State of Arizona, (hereinafter called the "*Municipality*"), the Issuer, Gladden Phase I, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of _____ and having an interest in real property within the boundaries of the Issuer (hereinafter referred to as "*Gladden Phase I*"), and Petrus Land Industries II, L.P., a limited duly organized and validly existing pursuant to the laws of the State of _____, are now the parties to a District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District), dated as of February 1, 2004, as amended by a First Amendment to District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District), dated as of _____ 1, 2016, (hereinafter referred to, as so amended, as the "*Development Agreement*"), as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Enabling Act) and the financing of public infrastructure and, with regard to the property which makes up the real property included within the boundaries of the Issuer, particularly matters relating to the acquisition of certain public infrastructure by the Issuer and the acceptance thereof by the Municipality, all pursuant to the Enabling Act; and

WHEREAS, pursuant to the Enabling Act, the Issuer has also entered into a Series 2016 Standby Contribution Agreement, dated as of even date herewith (hereinafter referred to as the "*Series 2016 Standby Contribution Agreement*"), by and among the Issuer, the Trustee and Gladden Phase I 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 2016 Letter of Credit Depository Agreement, dated as of even date herewith (hereinafter referred to as the "*Series*

2016 Letter of Credit Depository Agreement"), by and between the Issuer and Zions First National Bank, as depository, to provide for certain moneys to be available to the Issuer; and

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

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

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

GRANTING CLAUSES

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

GRANTING CLAUSE FIRST

All money and investments held for the credit of the Series 2016 Tax Account established with the Trustee as hereinafter described, unless necessary to pay Rebate (as such term is hereinafter defined) and

GRANTING CLAUSE SECOND

Any and all interest of the Issuer in and to the Series 2016 Standby Contribution Agreement and the Series 2016 Letter of Credit Depository Agreement and

GRANTING CLAUSE THIRD

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

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

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

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

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

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL 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 rated by a Rating Agency in one of the four highest rating categories of a Rating Agency 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.

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

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

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

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

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

"*Bond Resolution*" means the Board Resolution adopted on _____, 2016, which, among other things provided for the issuance of the Bonds.

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

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

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

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

"*Bonds Being Refunded*" means the Issuer's General Obligation Bonds, Series 2004, Series 2006, Series 2007 and Series 2010, dated July 29, 2004, August 3, 2006, August 15, 2007 and September 14, 2010, respectively.

"*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 city where the designated corporate trust office of the Trustee or the office of the account bank of the Letter of Credit Bank is located.

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

"*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, 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 2016 Standby Contribution Agreement, the Series 2016 Letter of Credit Depository Agreement and the Escrow 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.

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

"*Debt Service*" means, collectively, (i) the principal of and interest and premium, if any, on the Bonds when due, subject to the limitations of the Refunding Act; (ii) expenses and costs of the Issuer arising from the activities of the Issuer (such activities being the financing of the "Acquired Infrastructure" described in the Development Agreement including the issuance of the Bonds Being Refunded and the refunding of the Bonds Being Refunded) including particularly, but not by way of limitation, expenses and costs for agents or third parties required to administer the Bonds, levy and collect taxes for payment of the Bonds, prepare annual audits, budgets and materials with respect to continuing disclosure and provide for any purposes otherwise related to such activities of the Issuer and (iii) amounts due with respect to Rebate.

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

"*Depository*" means the Person named as "Depository" in the first paragraph of the Series 2016 Letter of Credit Depository Agreement until a successor Depository shall have become such pursuant to the applicable provisions of the Series 2016 Letter of Credit Depository Agreement, and thereafter "Depository" shall mean such successor Depository.

"*Development Agreement*" means that certain District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District), dated as of February 1, 2004, with respect to the District, as amended by the Development Agreement Amendment.

"*Development Agreement Amendment*" means that certain First Amendment to District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District), dated as of _____ 1, with respect to the District.

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

"*Election*" means the election of the Issuer held on May 18, 2004, to authorize the issuance of the Bonds.

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

"*Escrow Agreement*" means the Escrow Trust Agreement, dated as of even date herewith, by and between the Issuer and the Escrow Trustee.

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

"*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.

"*Gladden Phase I*" means Gladden Phase I, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of _____.

"*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 the 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, which is the initial offering price to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters of wholesalers) at which price a substantial amount of the Bonds was sold, less any bond insurance premium and reserve surety bond premium. Issue price shall be determined as provided in Regulations section 1.148-1(b).

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

"*Issuer Representative*" means the District Chief Financial Officer 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 and (b) upon the issuance and effectiveness thereof, any Alternate Letter of Credit.

"*Letter of Credit Bank*" means _____, a national banking association**[???]** 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 sixty (60) days after the Letter of Credit then in effect is no longer rated in one of the four highest rating categories of a Rating Agency 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.

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

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

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

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

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

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

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

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

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

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

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

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

"*Parity Debt Service*" means, for any Fiscal Year and subject to the limitations of the Refunding Act with respect thereto, principal of and interest on all outstanding general obligation and general obligation refunding bonds of the Issuer 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, 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.

"*Project Bonds*" has meaning provided in the Form of Bond in Section 2.01(B).

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

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

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

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

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

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

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

"*Refunding Bonds*" has the meaning provided in the Form of Bonds in Section 2.01(B).

"*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 2016 Bonds*" has the same meaning as "Bonds."

"*Series 2016 Expenses Account*" means the account of the Bond Fund so defined in Section 5.01.

"*Series 2016 Letter of Credit Depository Agreement*" means that certain Series 2016 Letter of Credit Depository Agreement, dated as of even date herewith, by and between the Issuer and the Depository.

"*Series 2016 Standby Contribution Agreement*" means that certain Series 2016 Standby Contribution Agreement, dated as of even date herewith, by and among the Issuer, Gladden Phase I and the Trustee.

"*Series 2016 Tax Account*" means the account of the Bond Fund so defined in Section 5.01.

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

"*State*" means the State of Arizona.

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

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

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

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

"*Underwriter*" means RBC Capital Markets, LLC.

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 First National Bank, 6001 North 24th Street, 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 Marana, Arizona, 11555 West Civic Center Drive, Marana, Arizona 85653, Attention: District Clerk, or at any other address previously furnished in writing to such Person by the Issuer.

3. the Underwriter shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Underwriter addressed to it at Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016, Attention: Managing Director, or at any other address furnished previously in writing to such Person by the Underwriter, or

4. Gladden Phase I shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to Gladden Phase I addressed to 333 East Wetmore Road, Suite 250, Tucson, Arizona 85705, Attention: Dean Wingert, Senior Vice President, or at any other address furnished previously in writing to such Person by Gladden Phase I.

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 Bond-holders 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 construc-tion hereof.

SECTION 1.06. *Successors and Assigns.*

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

SECTION 1.07. *Severability Clause.*

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

SECTION 1.08. *Benefits of Indenture.*

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

SECTION 1.09. *Governing Law.*

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

SECTION 1.10. *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, including, without limitation, terminating this Indenture.

SECTION 1.11. *Business Days.*

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

* * *

ARTICLE TWO

FORM OF BONDS

SECTION 2.01. *Forms Generally.*

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

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

SECTION 2.02. *Forms of Bonds and Matters Relating to Certain Necessary Documentation.* The Bonds shall be in the following form:

[FORM OF BOND]

REGISTERED REGISTERED

NO. ..... $.....

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

United States of America
State of Arizona

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT
(PEORIA, ARIZONA)
GENERAL OBLIGATION REFUNDING BOND, SERIES 2016

Interest Rate	Maturity Date	Original Issue Date	CUSIP NO.
.....	July 15, ...	_____, 2016	376420 ....

REGISTERED OWNER CEDE & CO.

PRINCIPAL AMOUNT ..... DOLLARS

Gladden Farms Community Facilities District, a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (hereinafter referred to as the "Holder"), on the "Maturity Date" specified above, the "Principal Amount" specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "Original Issue Date" specified above, or from the most recent "Interest Payment Date" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as such term is defined in the hereinafter described "Indenture"), semiannually on each January 15 and July 15 commencing January 15, 2016 (each an "Interest Payment Date"), at the per annum "Interest Rate" specified above.

As provided in the Indenture hereinafter referred to, the interest so payable on any Interest Payment Date shall be paid to the

Person (as such term is defined in the Indenture) in whose name this Bond (or one or more Predecessor Bonds evidencing the same debt) is registered in the Bond Register (as such term is defined in the Indenture) of the Issuer at the close of business on the "Regular Record Date" therefor, which shall be the 1st day (whether or not a Business Day as such term is defined in the Indenture) of the calendar month of such Interest Payment Date. Any such interest not so punctually paid or duly provided for within 15 days after such Interest Payment Date shall forthwith cease to be payable to the Holder on such Regular Record Date and shall be paid to the Person in whose name this Bond (or one or more such Predecessor Bonds) is registered at the close of business on a "Special Record Date" for the payment of such defaulted interest to be fixed by the hereinafter referred to "Trustee" in accordance with the Indenture, notice whereof being given to the Holder hereof not less than 10 days prior to such Special Record Date. All such interest shall be payable at the agency of the Issuer for such purpose (hereinafter referred to as the "Paying Agent") which shall initially be the designated corporate trust office of Zions First National Bank, by check mailed to the Holder as of the relevant record date at the address specified in the Bond Register or pursuant to customary arrangements made by such Holder acceptable to the Paying Agent. The principal and Redemption Price (as such term is defined in the Indenture) of this Bond are payable at the designated corporate trust office of the Paying Agent, upon presentation and surrender of this Bond.

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

This Bond is one of a duly authorized issue of bonds of the Issuer having the designation specified in its title (hereinafter referred to as the "Bonds"), issued and to be issued in one series under, and all equally and ratably secured by, a Series 2016 Indenture of Trust and Security Agreement, dated as of _____ 1, 2016 (hereinafter, together with all indentures supplemental thereto, referred to as the "Indenture"), from the Issuer to Zions First National Bank, as trustee (hereinafter referred to as the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Holders of the Bonds, the Trustee and the Issuer and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference

to the terms of which each Holder of this Bond hereby consents. The Bonds are authorized to be issued by a Resolution of the District Board of the Issuer adopted on July 7, 2016 (hereinafter referred to as the "Bond Resolution"), for the purposes therein described and in strict conformity with Title 35, Chapter 3, Article 4 and Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the latter hereinafter referred to as the "Enabling Act"). (The Bonds maturing in the years 20... through and including 20... are the "Project Bonds" and the remainder of the Bonds are the "Refunding Bonds" which were issued to provide funds to refund certain previously issued and outstanding general obligation bonds of the District. If a portion of the Project Bonds and of the Refunding Bonds mature in the same year or years, the Paying Agent shall select, by lot in such manner as the Paying Agent may determine, which of such of the Bonds shall be the Project Bonds and the Refunding Bonds.)

The Bonds are payable, equally and ratably with, with the limitations described herein, such other general obligation and general obligation refunding bonds of the Issuer from the proceeds of an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer, sufficient together with any other moneys from sources available pursuant to the Enabling Act (including the Standby Contribution Agreement described hereinbelow) to pay debt service on the Bonds when due; provided, however, that the issuance of the Refunding Bonds shall in no way infringe upon the rights of the owners of the bonds being refunded with the proceeds of the sale of the Refunding Bonds (hereinafter referred to as the "*Bonds Being Refunded*") to rely upon a tax levy for payment of the principal and interest on the Bonds Being Refunded if the obligations of the United States government in which net proceeds of the Refunding Bonds are held to provide funds to pay when due, or called for redemption, the Bonds Being Refunded together with interest thereon, and with other funds legally available for such purposes deposited in the respective principal and interest redemption funds and held for the payment of such Bonds Being Refunded with interest on maturity or upon an available redemption date prove insufficient and further that the total aggregate of taxes levied to pay principal and interest on the Refunding Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Refunding Bonds to the final date of maturity of the Bonds Being Refunded. The owners of the Refunding Bonds (but not the Project Bonds) must rely on the sufficiency of the funds and securities held irrevocably in trust for payment of the Bonds Being Refunded. An entity has entered into a Series 2016 Standby Contribution Agreement, dated as of _____ 1, 2016 (the "Standby Contribution Agreement"), with the Issuer and the Trustee pursuant to which they are obligated to make payments to the Trustee to supplement tax revenues to pay principal and interest with respect to the Refunding Bonds. The Issuer and Zions First National Bank, as depository, have entered into a Series 2016 Letter of Credit Depository Agreement, dated as of _____ 1, 2016 (hereinafter referred to as 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 Refunding 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 REFUNDING BONDS BY THE ISSUER UPON SATISFACTION OF CERTAIN CONDITIONS SET FORTH THEREIN.

Notwithstanding any provision hereof or of the Bond Resolution, however, the Indenture may be released and the obligation of the Issuer to make money available to pay this Bond may be defeased by the deposit of money and/or Governmental Obligations (as such term is defined in the Indenture) sufficient for such purpose as described in the Indenture.

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

The Bonds are subject to redemption, at the option of the Issuer as a whole or from time to time in part, on July 15, 20__, and any date thereafter, upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price (as such term is defined in the Indenture), which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date (as such term is defined in the Indenture), without a premium.

The Bonds maturing on July 15 of the following years shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days 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:

Redemption Date (July 15)	Principal Amount
Maturing 20__	
20__	$____,000
20__	____,000
Maturing 20__	
20__	$____,000
20__	____,000
Maturing 20__	
20__	$____,000
Maturing 20__	
20__	$____,000

Redemption Date (July 15)	Principal Amount
Maturing 20__	
202__	$____,000
Maturing 20__	
20__	$____,000
Maturing 20__	
20__	$____,000
Maturing 20__	
20__	$____,000

Bonds of a denomination larger than $5,000 may be redeemed in part ($5,000 of principal amount or an integral multiple thereof) and upon any partial redemption of any such Bond the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Bonds of the same Stated Maturity (as such term is defined in the Indenture) in authorized form for the unredeemed portion of principal. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If less than all the Outstanding Bonds of a Stated Maturity are to be redeemed, the particular Bonds of that Stated Maturity to be redeemed shall be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds which have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and which may provide for the selection for redemption of portions (equal to $5,000 of principal amount or a multiple thereof) of the principal of Bonds of a denomination larger than $5,000. The Trustee shall promptly notify the Issuer in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and of the Standby Contribution Agreement and the Depository Agreements 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 Holders of a majority in principal amount of the Bonds at the time Outstanding (as such term is defined in the Indenture) affected by such modification. The Bond Resolution and Indenture also contain provisions permitting the Holders of specified percentages in original aggregate principal amount of the Bonds and in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Holders of all the

Bonds, to waive compliance by the Issuer with certain past defaults under the Bond Resolution or the Indenture and their consequences. Any such consent or waiver by the Holder of this Bond or any Predecessor Bond (as such term is defined in the Indenture) evidencing the same debt shall be conclusive and binding upon such Holder and upon all future Holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

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

As provided in the Indenture and subject to certain limitations therein set forth, Bonds are exchangeable for a like Stated Maturity and original aggregate principal amount of Bonds in authorized denominations, as requested by the Holder, upon surrender of the Bonds to be exchanged to the Paying Agent at the designated corporate trust office thereof.

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 CITY OF PEORIA, 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 hereinafter described Bond Resolution or the Indenture or be valid or obligatory for any purpose.

It is hereby certified, covenanted and represented that all acts, conditions and things required to be performed, exist and be done precedent to or in the issuance of this Bond in order to render the same a legal, valid and binding general obligation refunding bond 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.

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT

By.....
.....

ATTEST:

.....
.....

SECTION 2.03. *Form of Certificate of Authentication.*

Each of the Bonds shall also include the following form:

CERTIFICATE OF AUTHENTICATION

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

[Name of Trustee], as Trustee

By.....
Authorized Representative

DATE: .....

SECTION 2.04. *Form of Assignment.*

Each of the Bonds shall further include the following form:

ASSIGNMENT

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

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

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

DATED: .....

.....
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.

Signature(s) guaranteed:
[Insert proper legend]

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

UNIF GIFT MIN ACT

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

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

* * *

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

"GLADDEN FARMS COMMUNITY FACILITIES DISTRICT
(PEORIA, ARIZONA)
GENERAL OBLIGATION AND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016"

(hereinafter referred to as the "Bonds")

B. The Bonds shall be issued in denominations of $5,000 of principal amount and integral multiples in excess thereof.

C. The aggregate principal amount of the Bonds which may be authenticated and delivered and Outstanding is limited to $_____,000, and the Stated Maturities, the principal amounts thereof maturing thereon and the rates of interest the Bonds so maturing shall bear shall be as follows:

Year (July 15)	Principal Amount	Interest Rate
20__	$____,000	%
20__	____,000	
20__	____,000	
20__	____,000	
20__	____,000	
20__	____,000	
20__	____,000	
20__	____,000	
20__	____,000	
20__	____,000	
20__	____,000	

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__ (hereinafter each referred to as an "Interest Payment Date").

E. The principal of, Redemption Price for and premium, if any, on the Bonds shall be payable upon surrender of the Bonds to the

Paying Agent at the designated corporate trust office thereof when due. Interest on the Bonds payable on any Interest Payment Date shall be payable as provided in Section 3.07.

SECTION 3.02. *Redemption of Bonds.*

A. The Bonds shall be redeemable from funds of the Issuer at the option of the Issuer prior to their Stated Maturity in accordance with Article Four in whole or from time to time in part on July 15, 20__, and any date thereafter, upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date without a premium.

B. The Bonds maturing on July 15 of the following years, 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 upon not less than sixty (60) nor more than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which consists of the principal amount of the Bonds so redeemed 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
Maturing 20__	
20__	$____,000
20__	____,000
Maturing 20__	
20__	$____,000
20__	____,000
Maturing 20__	
20__	$____,000
Maturing 20__	
20__	$____,000
Maturing 20__	
20__	$____,000
Maturing 20__	
20__	$____,000

Maturing 20__

20__ $____,000

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

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

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

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

2. the Series 2016 Standby Contribution Agreement, duly and validly executed and delivered by the parties thereto, and evidence satisfactory to the Trustee of performance of the obligations of Gladden Phase I and the Issuer thereunder to be performed by Gladden Phase I and the Issuer prior to or simultaneously with the delivery of the Bonds,

3. the Series 2016 Letter of Credit 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 thereunder to be performed by the Issuer prior to or simultaneously with the delivery of the Bonds,

4. the Escrow 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 Escrow Trustee and the Issuer thereunder to be performed by the Escrow Trustee and the Issuer prior to or simultaneously with the delivery of the Bonds,

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

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

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

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

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

SECTION 3.04. *Registration, Transfer and Exchange.*

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

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

C. At the option of the Holder, Bonds may be exchanged for other Bonds of the same Stated Maturity, of any authorized denominations (provided, however, that no Bond shall ever be issued in a denomination less than the minimum applicable authorized denomination of such Bond) and of like aggregate principal amount upon surrender of the Bonds to a Paying Agent therefor at the designated corporate trust office thereof. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Bonds which the Holder of Bonds making the exchange is entitled to receive.

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

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

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

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

H. 1. The Trustee and the Issuer shall at all times have an arrangement with a "clearing agency" (securities depository) registered under Section 17A of the Securities Exchange Act of 1934, as amended, which is the owner of the Bonds, to establish procedures with respect to the Bonds not inconsistent with the provisions of this Indenture; provided, that, notwithstanding any other provisions of this Indenture, any such agreement may provide that different provisions for notice to such securities depository may be set forth herein and that a legend shall appear on each Bond so long as the Bonds are subject to such agreement.

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

3. It is hereby acknowledged that the Issuer entered into a "letter of representations" with DTC in connection with the issuance of the Bonds, and while such letter of representations is in effect, the procedures established therein shall apply to the Bonds notwithstanding any other provisions of this Indenture to the contrary. As long as DTC is such a securities depository with respect to the Bonds, the Trustee shall be a "DTC Direct Participant."

SECTION 3.05. *Temporary Bonds.*

A. Pending the preparation of definitive Bonds, the Issuer may execute, and upon Issuer Request the Trustee shall authen-

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

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

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

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

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

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

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

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

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

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

B. Any interest on any Bond which is payable on, but is not punctually paid or duly provided for on, any Interest Payment Date (hereinafter referred to as "*Defaulted Interest*") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder. Such Defaulted Interest shall thereupon be paid by the Issuer to the Persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such portion of Defaulted Interest as may then be paid from the sources herein provided. The Issuer shall promptly notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Holders entitled to such Defaulted Interest as in this Subsection provided and not to be deemed part of the Trust Estate for the other then Outstanding Secured Bonds. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment by the Trustee and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall

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

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

SECTION 3.08. *Cancellation.*

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

SECTION 3.09. *Persons Deemed Owners.*

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

* * *

ARTICLE FOUR

REDEMPTION OF BONDS

SECTION 4.01. *General Applicability of Article.*

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

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

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

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

A. If less than all the Outstanding Bonds of a Stated Maturity of the Bonds are to be redeemed, the particular Bonds of such Stated Maturity of the Bonds to be redeemed shall be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds which have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and which may provide for the selection for redemption of portions (equal to $5,000 of principal amount or an integral multiple thereof) of the principal of Bonds of a denomination larger than the authorized denomination of that Bond.

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

SECTION 4.04. *Notice of Redemption.*

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

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

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

5. that Bonds to be redeemed are to be surrendered for payment of the Redemption Price to the Paying Agent at the designated corporate trust office thereof and the address of such Paying Agent.

C. Notices of redemption shall also be sent pursuant to this Section for receipt no later than the close of business on the second Business Day prior to the mailing of such notice by (1) registered or certified mail, (2) overnight delivery service or (3) facsimile transmission to the repositories specified in the continuing disclosure undertaking delivered simultaneously with the Bonds.

D. Notices of redemption shall further also be sent on the date of the mailing of the notice pursuant to this Section by (1) registered or certified mail, (2) overnight delivery service or (3) facsimile transmission to the repositories specified in the continuing disclosure undertaking delivered simultaneously with the Bonds.

E. Neither the failure to mail any notice required by Subsection C or D hereof, nor any defect in any notice so mailed, shall affect the sufficiency of such notice or the redemption otherwise effected by such notice.

SECTION 4.05. *Deposit of Redemption Price.*

On or before the Business Day preceding the earliest date for mailing of the notice required by Section 4.04 with regard to any Redemption Date relating to Sections 3.02(A)(1), 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 all the Bonds then to be redeemed and interest, if any, accrued thereon to the Redemption Date. Such money and amounts shall be segregated and shall be held in trust, uninvested, for the benefit of the Holders entitled to such Redemption Price and shall not be deemed to be part of the Trust Estate.

SECTION 4.06. *Bonds Payable on Redemption Date.*

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

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

SECTION 4.07. *Bonds Redeemed in Part.*

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

* * *

ARTICLE FIVE

FUNDS

SECTION 5.01. *Bond Fund.*

There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "General Obligation and General Obligation Refunding Bonds, Series 2016 Bond Fund" (hereinafter referred to as the "*Bond Fund*") and within the Bond Fund (1) a special account designated the Series 2016 Tax Account" and (2) a special account separate and apart from the Trust Estate and designated the "*Series 2016 Expenses Account*." The money deposited to the Series 2016 Tax Account and the Series 2016 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 2016 Tax Account:

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 2016 Standby Contribution Agreement for which the Trustee shall submit written requests as required by such sections of the Series 2016 Standby Contribution Agreement;

c. amounts, if any, paid to the Trustee pursuant to Sections 2.02(A) of the Series 2016 Letter of Credit 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 2016 Expenses Account:

a. the amount, if any, received from proceeds of the sale of the Bonds and

b. amounts transferred from the Series 2016 Tax Account to the extent provided in Section 5.02(B)(1)(b).

B. 1. a. Amounts deposited in the Series 2016 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 2016 Tax Account pursuant to, and for the purposes described in, Section 5.02(A)(1)(a)(ii) shall be transferred to the Series 2016 Expenses Account.

2. Amounts deposited in the Series 2016 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 8.1 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 2016 Letter of Credit 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 2016 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 2016 Letter of Credit 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 2016 Letter of Credit Depository Agreement shall be paid as otherwise directed in the Issuer Request to enforce performance of the obligations of the parties to the Series 2016 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, the Underwriter and, while the Series 2016 Letter of Credit Depository Agreement is in effect, Gladden Phase I 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 2006 (Remaining Proceeds) Acquisition and Construction Fund" (hereinafter referred to as the "*Acquisition and Construction Fund*"). Amounts deposited to the Acquisition and Construction Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Sections 5.04 and 5.05.

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

A. The Issuer shall deposit to the credit of the Acquisition and Construction Fund the 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 2016 Tax Account; provided, however, that if any such amounts remain on deposit in the Acquisition and Construction Fund on July 15, 2016, such amounts shall be transferred by the Trustee to the Series 2016 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 and General Obligation Refunding Bonds, Series 2016 Costs of Issuance Fund" (hereinafter referred to as 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 2016 Tax Account; provided, however, that if any such amounts remain on deposit in the Acquisition and Construction Fund on December 1, 2016, such amounts shall be transferred by the Trustee to the Series 2016 Tax Account.

SECTION 5.07. *Disposition of Proceeds of Bonds and Remaining Proceeds of Series 2006 Bonds.*

Simultaneously with delivery of the Bonds to the initial purchasers thereof, the Issuer shall cause the Trustee to deposit $_____ of the proceeds thereof with the Escrow Trustee, $_____ of the proceeds thereof in the Acquisition and Construction Fund and the remaining proceeds thereof ($_____) 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 2016 Tax Account.

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

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

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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 4.05,

b. Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 3.06, except for any such Bond which, prior to the satisfaction and discharge of this Indenture, has been presented to the Trustee with a claim of ownership and enforceability by the 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 or exchange of Bonds herein or therein provided for), and the Trustee and each co-trustee and separate trustee, if any, then acting as such hereunder shall, at the expense of the Issuer, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver to the Issuer or upon Issuer Request all cash, securities and other personal property then held by it hereunder as a part of the Trust Estate.

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

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

SECTION 6.02. *Defeasance.*

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

(1) if made during the existence of default hereunder of which the Trustee has received written notice unless made with respect to all of the Bonds then Outstanding and (2) unless there shall be delivered to the Trustee an Opinion of Counsel to the effect that such deposit shall not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose shall be held by the Trustee in a segregated account in trust for the 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. Subject to the provisions of Section 4.03, such money or Governmental Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent as the Trustee may determine) to the 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.

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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 2016 Standby Contribution Agreement or the Series 2016 Letter of Credit Depository Agreement or in aid of the execution of any power granted in this Indenture, the Series 2016 Standby Contribution Agreement or the Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement or the Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement or the Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement and the Series 2016 Letter of Credit Depository Agreement.

C. Notwithstanding the foregoing, if the Trustee is unwilling or unable to perform any of the foregoing with respect to the Series 2016 Standby Contribution Agreement or the Series 2016 Letter of Credit Depository Agreement and the result will be an increase of the levy required by Section 10.01 for the next Fiscal

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

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

A. If

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

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

then upon demand of the Trustee, the Issuer shall pay or cause to be paid to the Trustee for the benefit of the Holders of such Bonds the amount so due and payable on the Bonds for principal (and premium, if any), but not any such amounts due in the future, and interest and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of administration and collection, including the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the Issuer fails to pay or cause to be paid such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to sue for and recover judgment against the Issuer for the amount then so due and unpaid.

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

SECTION 7.03. *Application of Money Collected.*

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

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

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

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

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

A. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceeding relative to the Issuer or the property of the Issuer, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the Issuer for the payment of overdue principal, premium, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

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

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

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Bondholder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Bondholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses,

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 any Bond shall have the right which is absolute and unconditional to receive, after payment of all amounts due to the Trustee hereunder, payment of the principal of and (subject to Section 7.10) interest on any such Bond on the respective Stated Maturities expressed in such Bond (or, in the case of redemption, on the Redemption Date), and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such 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 Bondholders.*

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

1. to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of this Indenture, the sale of the Trust Estate, or otherwise; and

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

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

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

c. the Trustee shall not determine that the action so directed would be unjustly prejudicial to the 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 Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds affected thereby may, by Act of such Bondholders delivered to the Trustee and the Issuer, on behalf of the Holders of all the Bonds waive any past default hereunder and its consequences, except a default in respect of a covenant or provision hereof which under Article Twelve cannot be modified or amended without the consent of the Holder of each Outstanding Bond affected.

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

SECTION 7.11. *Undertaking for Costs.*

All parties to this Indenture agree, and each 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, to any suit instituted by any Bondholder, or group of Bondholders the Bonds affected thereby, holding in the aggregate more than ten percent (10%) in principal amount of the Outstanding Bonds, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the Stated Maturity expressed in such Bond (or, in the case of redemption, on or after the Redemption Date).

SECTION 7.12. *Remedies Subject to Applicable Law.*

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

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ARTICLE EIGHT

THE TRUSTEE

SECTION 8.01. *Certain Duties and Responsibilities.*

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

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

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

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

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

4. no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in 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 at any time by Act of the Holders of a majority in principal amount of the Outstanding Bonds, delivered to the Trustee and the Issuer.

D. If at any time:

1. the Trustee shall cease to be eligible under Section 8.07 and shall fail to resign after written request therefor by the Issuer or any such 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 Holders of a majority in principal amount of the Outstanding Bonds and delivered to the Issuer and the retiring Trustee, then the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer or by such receiver or trustee. If no successor Trustee shall have been so appointed by the Issuer or the Bondholders and accepted appointment in the manner hereinafter provided, any Bondholder who has been a bona fide Holder of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

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

SECTION 8.09. *Acceptance of Appointment by Successor.*

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

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

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

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

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

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ARTICLE NINE

SUPPLEMENTAL INDENTURES; AMENDMENTS TO BOND RESOLUTION, SERIES 2016 STANDBY CONTRIBUTION AGREEMENT, SERIES 2016 LETTER OF CREDIT DEPOSITORY AGREEMENT AND SERIES 2016 SURETY DEPOSITORY AGREEMENT

SECTION 9.01. *Supplemental Indentures or Amendments to Bond Resolution, Series 2016 Standby Contribution Agreement or Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement and the Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement, in the Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement, in the Series 2016 Letter of Credit Depository Agreement or in the Bond Resolution which may be inconsistent with any other provision herein in the Series 2016 Standby Contribution Agreement, in the Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement, the Series 2016 Letter of Credit Depository Agreement or the Bond Resolution, which shall not be inconsistent with the provisions of this Indenture, the Series 2016 Standby Contribution Agreement, the Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement or Series 2016 Letter of Credit Depository Agreement With Consent of Bondholders.*

A. With the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds affected by such supplemental indenture or amendment to the Series 2016 Standby Contribution Agreement, the Series 2016 Letter of Credit Depository Agreement or the Bond Resolution, by Act of such Holders 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 2016 Standby Contribution Agreement, the Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement, the Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement, the Series 2016 Letter of Credit Depository Agreement or the Bond Resolution; provided, however, that no such supplemental indenture or amendment to the Series 2016 Standby Contribution Agreement, the Series 2016 Letter of Credit Depository Agreement or the Bond Resolution shall, without the consent of the Holder of each Outstanding Bond affected thereby

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

2. reduce the percentage in principal amount of the Outstanding Bonds the consent of the Holders of which is required for any such supplemental indenture or amendment to the Series 2016 Standby Contribution Agreement, the Series 2016 Letter of Credit Depository Agreement and the Bond Resolution, or the consent of Holders of which is required for any waiver provided for in this Indenture of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences; or

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

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

B. The Trustee may in its discretion determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Series 2016 Standby Contribution Agreement, the Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement, the Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement and Series 2016 Letter of Credit Depository Agreement.*

In executing, or accepting the additional trusts created by, any supplemental indenture or amendment to the Series 2016 Standby Contribution Agreement, the Series 2016 Letter of Credit Depository Agreement or the Bond Resolution permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive and, subject to Section 8.01, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture or adoption or execution of such amendment is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture or amendment to the Series 2016 Standby Contribution Agreement or the Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement or Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement or the Series 2016 Letter of Credit Depository Agreement under this Article, the Bond Resolution, the Series 2016 Standby Contribution Agreement or the Series 2016 Letter of Credit Depository Agreement, as applicable, shall be modified in accordance therewith, and such amendment shall form a part of the Bond Resolution, the Series 2016 Standby Contribution Agreement or the Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement or Series 2016 Letter of Credit Depository Agreement.*

Bonds authenticated and delivered after the execution of any supplemental indenture or amendment to the Bond Resolution, the Series 2016 Standby Contribution Agreement or the Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement or the Series 2016 Letter of Credit 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 2016 Standby Contribution Agreement or the Series 2016 Letter of Credit 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, subject to the limitations of the Refunding Act with respect to the Bonds, and any general obligation bonds and, subject to the limitations of the Refunding Act with respect to general obligation refunding bonds, other general obligation and general obligation refunding bonds of the Issuer hereafter issued will be secured on a parity basis in the collection and application of property tax revenues of the Issuer and that such property taxes will be allocated to each series of general obligation bonds and general obligation refunding bonds in accordance with any Debt Service or Parity Debt Service then due and, in either case, taking into account other funds held by the Issuer for such payment. Property tax revenues allocated for any series of bonds shall be deposited into the applicable fund or account set aside for such series.) Notwithstanding the foregoing, the total aggregate of taxes levied to pay principal and interest on the Refunding Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Refunding Bonds to the final date of maturity on the Bonds Being Refunded, and the owners of the Refunding Bonds (but not the Project Bonds) shall rely upon the sufficiency of the funds deposited as described in the form of the Refunding Bonds in Section 2.02 for the payment of the Bonds Being Refunded. The issuance of the Bonds shall in no way infringe upon the rights of the owners of the Bonds Being Refunded to rely upon a tax levy for the payment of principal and interest on the Bonds Being Refunded if such redemption funds prove insufficient.

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

C. The Board shall make annual statements and estimates of the amount to be raised to pay Debt Service [including the amounts to be allocated as described in Sections 5.02(A)(1)(a)]. The Board shall file the annual statements and estimates with the Clerk of the Municipality and shall publish a notice of the filing of the estimate. The Board, on or before the date set by law for certifying the annual budget of the Municipality, shall fix, levy and assess the amounts to

be raised by ad valorem taxes of the Issuer and shall cause certified copies of the order to be delivered to the Board of Supervisors of Maricopa 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, exchanged or converted may be presented or surrendered for registration, transfer, exchange or conversion, and where notices and demands to or upon the Issuer in respect of the Bonds and this Indenture may be served. The Trustee is hereby, appointed as Paying Agent for such purposes. The Issuer shall give prompt written notice to the Trustee of the location, and of any change in the location, of any such agency. If at any time the Issuer shall fail to maintain such an agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices, and demands may be made or served at the designated corporate trust office of the Trustee, and the Issuer hereby appoints the Trustee its agent to receive all such presentations, surrenders, notices, and demands.

SECTION 10.03. *Money for Bond Payments to be Held in Trust; Repayment of Unclaimed Money.*

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

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

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

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

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

D. In the event any check for payment of interest on a Bond is returned to any Paying Agent unendorsed or is not presented for payment within two (2) years from its payment date or any Bond is not presented for payment of principal at Maturity or Redemption Date, if funds sufficient to pay such interest or principal due upon such Bond shall have been made available to such Paying Agent for the benefit of the Holder thereof, it shall be the duty of such Paying Agent to hold such funds or invest the same in Government Obligations, without liability for interest thereon, for the benefit of the Holder of such Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. Such obligation of the Paying Agent to hold such funds shall continue for two (2) years and six (6) months following the date on which such interest or principal payment became due, whether at Maturity or Stated Maturity, or at the Redemption Date, or otherwise, at which time such Paying Agent shall surrender such unclaimed funds so held to the Issuer, whereupon any claim of whatever nature by the Holder of such Bond arising under such Bond shall be made upon the Issuer.

SECTION 10.04. *Further Assurances; Recording.*

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

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

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

A. As more particularly provided in the Tax Certificate, the 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 requirements of Revenue Procedure 97-13 or such other authority as may control at the time or (ii) any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion of the Facilities. Also, the payment of principal 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 such term is 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 such term is defined in the next section).

D. Written procedures have been established for the District 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 District will comply.

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.

* * *

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.

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT

By.....
Issuer Representative

ATTEST:

.....
District Clerk

ZIONS FIRST NATIONAL BANK, as Trustee

By.....
Authorized Officer

331758772.1-7/27/2016

DRAFT
08/05/16

WRITTEN POLICIES AND PROCEDURES FOR TAX-ADVANTAGED OBLIGATIONS

Gladden Farms Community Facilities District No. 2 (the "Issuer"), has issued and may in the future issue tax-exempt obligations (including, without limitation, bonds, notes, loans, leases and certificates) (together, "tax-advantaged obligations") that are subject to certain requirements under the Internal Revenue Code of 1986, as amended (the "Code").

The Issuer has established the policies and procedures contained herein (the "Procedures") as of March 29, 2016, in order to ensure that the Issuer complies with the requirements of the Code that are applicable to its tax-advantaged obligations. The Procedures, coupled with requirements contained in the arbitrage and tax certificate or other operative documents (the "Tax Certificate") executed at the time of issuance of the tax-advantaged obligations, are intended to constitute written procedures for ongoing compliance with the federal tax requirements applicable to the tax-advantaged obligations and for timely identification and remediation of violations of such requirements.

A. GENERAL MATTERS.

1. Responsible Officer. The District Manager of the Issuer will have overall responsibility for ensuring that the ongoing requirements described in the Procedures are met with respect to tax-advantaged obligations (the "Responsible Officer").

2. Establishment of Procedures. The Procedures will be included with other written procedures of the Issuer.

3. Identify Additional Responsible Employees. The Responsible Officer shall identify any additional persons who will be responsible for each section of the Procedures, notify the current holder of that office of the responsibilities, and provide that person a copy of the Procedures. (For each section of the Procedures, this may be the Responsible Officer or another person who is assigned the particular responsibility.)

    a. Upon employee or officer transitions, new personnel should be advised of responsibilities under the Procedures and ensure they understand the importance of the Procedures.

    b. If employee or officer positions are restructured or eliminated, responsibilities should be reassigned as necessary to ensure that all Procedures have been appropriately assigned.

4. Training Required. The Responsible Officer and other responsible persons shall receive appropriate training that includes the review of and familiarity with the contents of the Procedures, review of the requirements contained in the Code applicable to each tax-advantaged obligation, identification of all tax-advantaged obligations that must be monitored, identification of all facilities (or portions thereof) financed with proceeds of tax-advantaged obligations, familiarity with the requirements contained in the Tax Certificate or other operative documents contained in the transcript, and familiarity with the procedures that must be taken in order to correct noncompliance with the requirements of the Code in a timely manner.

5. Periodic Review. The Responsible Officer or other responsible person shall periodically review compliance with the Procedures and with the terms of the Tax Certificate to determine whether any violations have occurred so that such violations can be timely remedied through the "remedial action" regulations or the Voluntary Closing Agreement Program available through the Internal Revenue Service ("IRS") (or successor guidance). Such periodic review shall occur at least annually.

6. Change in Terms. If any changes to the terms of the tax-advantaged obligations are contemplated, bond counsel should be consulted. Such modifications could jeopardize the status of tax-advantaged obligations.

B. IRS INFORMATION RETURN FILING. The Responsible Officer will confirm that bond counsel has filed the applicable information reports (such as Form 8038-G) for such issue with the IRS on a timely basis, and maintain copies of such form including evidence of timely filing as part of the transcript of the issue. The Responsible Officer shall file the IRS From 8038-T relating to the payment of rebate or yield reduction payments in a timely manner as discussed in Section G.12. below. The Responsible Officer shall also monitor the extent to which the Issuer is eligible to receive a refund of prior rebate payments and provide for the timely filing for such refunds using an IRS Form 8038-R.

C. USE OF PROCEEDS. The Responsible Officer or other responsible person shall:

1. Consistent Accounting Procedures. Maintain or confirm maintenance of clear and consistent accounting procedures for tracking the investment and expenditures of proceeds, including investment earnings on proceeds.

2. Reimbursement Allocations at Closing. At or shortly after closing of an issue, ensure that any allocations for reimbursement expenditures comply with the Tax Certificate.

3. Timely Expenditure of Proceeds. Monitor that sale proceeds and investment earnings on sale proceeds of tax-advantaged obligations are spent in a timely fashion consistent with the requirements of the Tax Certificate.

4. Requisitions. Utilize or confirm the utilization of requisitions to draw down proceeds, and ensure that each requisition contains (or has attached to it) detailed information in order to establish when and how proceeds were spent; review requisitions carefully before submission to ensure proper use of proceeds to minimize the need for reallocations.

5. Final Allocation. Ensure that a final allocation of proceeds (including investment earnings) to qualifying expenditures is made if proceeds are to be allocated to project expenditures on a basis other than "direct tracing" (direct tracing means treating the proceeds as spent as shown in the accounting records for draws and project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the private business use of bond proceeds that would otherwise result from "direct tracing" of proceeds to project expenditures. *This allocation must be made within 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than five years and 60 days after the date the tax-advantaged obligations are issued (or 60 days after the issue is retired, if earlier).* Bond counsel can assist with the final allocation of proceeds to project costs. Maintain a copy of the final allocation in the records for the tax-advantaged obligation.

6. Maintenance and Retention of Records Relating to Proceeds. Maintain or confirm the maintenance of careful records of all project and other costs (e.g., costs of issuance, credit enhancement and capitalized interest) and uses (e.g., deposits to a reserve fund) for which proceeds were spent or used. These records should be maintained separately for each issue of tax-advantaged obligations for the period indicated under Section H. below.

D. MONITORING PRIVATE BUSINESS USE. The Responsible Officer or other responsible person shall:

1. Identify Financed Facilities. Identify or "map" which outstanding issues financed which facilities and in what amounts.

2. Review of Contracts with Private Persons. Review all of the following contracts or arrangements with non-governmental persons or organizations or the federal government (collectively referred to as "private persons") with respect to the financed facilities which could result in private business use of the facilities:

   a. Sales of financed facilities;

   b. Leases of financed facilities;

   c. Management or service contracts relating to financed facilities;

   d. Research contracts under which a private person sponsors research in financed facilities; and

e. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a private person with respect to financed facilities.

3. Bond Counsel Review of New Contracts or Amendments. Before amending an existing agreement with a private person or entering into any new lease, management, service, or research agreement with a private person, consult bond counsel to review such amendment or agreement to determine whether it results in private business use.

4. Establish Procedures to Ensure Proper Use and Ownership. Establish procedures to ensure that financed facilities are not used for private use without written approval of the Responsible Officer or other responsible person.

5. Analyze Use. Analyze any private business use of financed facilities and, for each issue of tax-advantaged obligations, determine whether the 10 percent limit on private business use (5 percent in the case of "unrelated or disproportionate" private business use) is exceeded, and contact bond counsel or other tax advisors if either of these limits appears to be exceeded.

6. Remediation if Limits Exceeded. If it appears that private business use limits are exceeded, immediately consult with bond counsel to determine if a remedial action is required with respect to nonqualified tax-advantaged obligations of the issue or if the IRS should be contacted under its Voluntary Closing Agreement Program. If tax-advantaged obligations are required to be redeemed or defeased in order to comply with remedial action rules, such redemption or defeasance must occur within 90 days of the date a deliberate action is taken that results in a violation of the private business use limits.

7. Maintenance and Retention of Records Relating to Private Use. Retain copies of all of the above contracts or arrangements (or, if no written contract exists, detailed records of the contracts or arrangements) with private persons for the period indicated under Section H. below.

E. LOAN OF BOND PROCEEDS. Consult bond counsel if a loan of proceeds of tax-advantaged obligations is contemplated. If proceeds of tax-advantaged obligations are permitted under the Code to be loaned to other entities and are in fact so loaned, require that the entities receiving a loan of proceeds institute policies and procedures similar to the Procedures to ensure that the proceeds of the loan and the facilities financed with proceeds of the loan comply with the limitations provided in the Code. Require the recipients of such loans to annually report to the Issuer ongoing compliance with the Procedures and the requirements of the Code.

F. ARBITRAGE AND REBATE COMPLIANCE. The Responsible Officer or other responsible person shall:

1. Review Tax Certificate. Review each Tax Certificate to understand the specific requirements that are applicable to each tax-advantaged obligation issue.

2. Arbitrage Yield. Record the arbitrage yield of the issue, as shown on IRS Form 8038-G or other applicable form. If the tax-advantaged obligations are variable rate, yield must be determined on an ongoing basis over the life of the tax-advantaged obligations as described in the Tax Certificate.

3. Temporary Periods. Review the Tax Certificate to determine the "temporary periods" for each issue, which are the periods during which proceeds of tax-advantaged obligations may be invested without yield restriction.

4. Post-Temporary Period Investments. Ensure that any investment of proceeds after applicable temporary periods is at a yield that does not exceed the applicable yield, unless yield reduction payments can be made pursuant to the Tax Certificate.

5. Monitor Temporary Period Compliance. Monitor that proceeds (including investment earnings) are expended promptly after the tax-advantaged obligations are issued in accordance with the expectations for satisfaction of three-year or five-year temporary periods for investment of proceeds and to avoid "hedge bond" status.

6. Monitor Yield Restriction Limitations. Identify situations in which compliance with applicable yield restrictions depends upon later investments (e.g., the purchase of 0 percent State and Local Government Securities from the U.S. Treasury for an advance refunding escrow). Monitor and verify that these purchases are made as contemplated.

7. Establish Fair Market Value of Investments. Ensure that investments acquired with proceeds satisfy IRS regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintaining records to demonstrate satisfaction of such safe harbors. Consult the Tax Certificate for a description of applicable rules.

8. Credit Enhancement, Hedging and Sinking Funds. Consult with bond counsel before engaging in credit enhancement or hedging transactions relating to an issue, and before creating separate funds that are reasonably expected to be used to pay debt service. Maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions that are entered into relating to an issue.

9. Grants/Donations to Governmental Entities. Before beginning a capital campaign or grant application that may result in gifts that are restricted to financed projects

(or, in the absence of such a campaign, upon the receipt of such restricted gifts), consult bond counsel to determine whether replacement proceeds may result that are required to be yield restricted.

10. Bona Fide Debt Service Fund. Even after all proceeds of a given issue have been spent, ensure that debt service funds, if any, meet the requirements of a "bona fide debt service fund," i.e., one used primarily to achieve a proper matching of revenues with debt service that is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the debt service on the issue for the immediately preceding bond year. To the extent that a debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year.

11. Debt Service Reserve Funds. Ensure that amounts invested in reasonably required debt service reserve funds, if any, do not exceed the least of: (i) 10 percent of the stated principal amount of the tax-advantaged obligations (or the sale proceeds of the issue if the issue has original issue discount or original issue premium that exceeds 2 percent of the stated principal amount of the issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual debt service on the issue; or (iii) 125% of average annual debt service on the issue.

12. Rebate and Yield Reduction Payment Compliance. Review the arbitrage rebate covenants contained in the Tax Certificate. Subject to certain rebate exceptions described below, investment earnings on proceeds at a yield in excess of the yield (i.e., positive arbitrage) generally must be rebated to the U.S. Treasury, even if a temporary period exception from yield restriction allowed the earning of positive arbitrage.

    a. Ensure that rebate and yield reduction payment calculations will be timely performed and payment of such amounts, if any, will be timely made. Such payments are generally due 60 days after the fifth anniversary of the date of issue, then in succeeding installments every five years. The final rebate payment for an issue is due 60 days after retirement of the last obligation of the issue. The Issuer should hire a rebate consultant if necessary.

    b. Review the rebate section of the Tax Certificate to determine whether the "small issuer" rebate exception applies to the issue.

    c. If the 6-month, 18-month, or 24-month spending exceptions from the rebate requirement (as described in the Tax Certificate) may apply to the tax-advantaged obligations, ensure that the spending of proceeds is monitored prior to semiannual spending dates for the applicable exception.

d. Make rebate and yield reduction payments and file Form 8038-T in a timely manner.

e. Even after all other proceeds of a given issue have been spent, ensure compliance with rebate requirements for any debt service reserve fund and any debt service fund that is not exempt from the rebate requirement (see the Arbitrage Rebate covenants contained in the Tax Certificate).

13. Maintenance and Retention of Arbitrage and Rebate Records. Maintain records of investments and expenditures of proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and yield reduction payments, and any other records relevant to compliance with the arbitrage restrictions for the period indicated in Section H. below.

G. RECORD RETENTION. The Responsible Officer or other responsible person shall ensure that for each issue of obligations, the transcript and all records and documents described in these Procedures will be maintained while any of the obligations are outstanding and during the three-year period following the final maturity or redemption of that issue, or if the obligations are refunded (or re-refunded), while any of the refunding obligations are outstanding and during the three-year period following the final maturity or redemption of the refunding obligations.

ATTACHMENT I TO
WRITTEN PROCEDURES

REMEDIAL ACTION PROCEDURES

Capitalized terms used herein but not defined have the meaning assigned thereto in Section 5 below and in the Written Policies and Procedures for Tax-Advantaged Obligations to which these Remedial Action Procedures are attached. This attachment describes written procedures that may be required to be taken by, or on behalf of, an issuer of Obligations.

1. **Background**. The maintenance of the tax status of the Obligations (*e.g.,* as tax-exempt obligations under federal tax law) depends on the compliance with the requirements set forth in the Internal Revenue Code of 1986, as amended (the "Code"). *The purpose of this attachment is to set forth written procedures to be used in the event that any deliberate actions are taken that are not in compliance with the tax requirements of the Code (each, a "Deliberate Action") with respect to the Obligations, the proceeds thereof, or the property financed or refinanced by the Obligations (the "Financed Property").*

2. **Consultation with bond counsel**. If a Deliberate Action is taken with respect to the Obligations and the Financed Property subsequent to the issuance or execution and delivery of the Obligations, then the Town must consult with Greenberg Traurig, LLP or other nationally recognized bond counsel ("bond counsel") regarding permissible Remedial Actions that may be taken to remediate the effect of any such Deliberate Action upon the federal tax status of the Obligations. Note that remedial actions or corrective actions other than those described in this attachment may be available with respect to the Obligations and the Financed Property, including remedial actions or corrective actions that may be permitted by the Commissioner through the voluntary closing agreement programs (VCAP) provided by the Internal Revenue Service from time to time.

3. **Conditions to Availability of Remedial Actions**. None of the Remedial Actions described in this attachment are available to remediate the effect of any Deliberate Action with respect to the Obligations and the Financed Property unless the following conditions have been satisfied and unless bond counsel advises otherwise:

(a) The issuer of the Obligations reasonably expected on the date the Obligations were originally issued or executed and delivered that the Obligations would meet neither the Private Business Tests nor the Private Loan Financing Test of Section 141 of the Code and the Treasury Regulations thereunder for the entire term of the Obligations (such expectations may be based on the representations and expectations of the applicable conduit borrower, if there is one);

(b) The weighted average maturity of the Obligations did not, as of such date, exceed 120 percent of the Average Economic Life of the Financed Property;

(c) Unless otherwise excepted under the Treasury Regulations, the Town delivers a certificate, instrument, or other written records satisfactory to bond counsel

demonstrating that the terms of the arrangement pursuant to which the Deliberate Action is taken is *bona fide* and arm's-length, and that the non-exempt Person using either the Financed Property or the proceeds of the Obligations as a result of the relevant Deliberate Action will pay fair market value for the use thereof;

(d) Any disposition must be made at fair market value and any Disposition Proceeds actually or constructively received by the Town as a result of the Deliberate Action must be treated as gross proceeds of the Obligations and may not be invested in obligations bearing a yield in excess of the yield on the Obligations subsequent to the date of the Deliberate Action; and

(e) Proceeds of the Obligations affected by the Remedial Action must have been allocated to expenditures for the Financed Property or other allowable governmental purposes before the date on which the Deliberate Action occurs (except to the extent that redemption or defeasance, if permitted, is undertaken, as further described in Section 4(A) below).

4. **Types of Remedial Action**. Subject to the conditions described above, and only if the Town obtains an opinion of bond counsel prior to taking any of the actions below to the effect that such actions will not affect the federal tax status of the Obligations, the following types of Remedial Actions may be available to remediate a Deliberate Action subsequent to the issuance of the Obligations:

(a) Redemption or Defeasance of Obligations.

(i) If the Deliberate Action causing either the Private Business Use Test or the Private Loan Financing Test to be satisfied consists of a fair market value disposition of any portion of the Financed Property exclusively for cash, then the Town may allocate the Disposition Proceeds to the redemption of Nonqualified Obligations pro rata across all of the then-outstanding maturities of the Obligations at the earliest call date of such maturities of the Obligations after the taking of the Deliberate Action. If any of the maturities of the Obligations outstanding at the time of the taking of the Deliberate Action are not callable within 90 days of the date of the Deliberate Action, the Town may (subject generally to the limitations described in (iii) below) allocate the Disposition Proceeds to the establishment of a Defeasance Escrow for any such maturities of the Obligations within 90 days of the taking of such Deliberate Action.

(ii) If the Deliberate Action consists of a fair market value disposition of any portion of the Financed Property for other than exclusively cash, then the Town may use any funds (other than proceeds of the Obligations or proceeds of any obligation the interest on which is excludable from the gross income of the registered owners thereof for federal income tax purposes) for the redemption of all Nonqualified Obligations within 90 days of the date that such Deliberate Action was taken. In the event that insufficient maturities of the Obligations are callable by the date which is within 90 days after the date of the Deliberate Action, then such funds may be used for the establishment of a Defeasance

Escrow within 90 days of the date of the Deliberate Action for all of the maturities of the Nonqualified Obligations not callable within 90 days of the date of the Deliberate Action.

(iii) If a Defeasance Escrow is established for any maturities of Nonqualified Obligations that are not callable within 90 days of the date of the Deliberate Action, written notice must be provided to the Commissioner of Internal Revenue Service at the times and places as may be specified by applicable regulations, rulings, or other guidance issued by the Department of the Treasury or the Internal Revenue Service. Note that the ability to create a Defeasance Escrow applies only if the Obligations to be defeased and redeemed all mature or are callable within ten and one-half (10.5) years of the date the Obligations are originally issued or executed and delivered. If the Obligations are not callable within ten and one-half years, and none of the other remedial actions described below are applicable, the remainder of this attachment is for general information only, and bond counsel must be contacted to discuss other available options.

(b) Alternative Use of Disposition Proceeds. Use of any Disposition Proceeds in accordance with the following requirements may be treated as a Remedial Action with respect to the Obligations:

(i) the Deliberate Action consists of a disposition of all or any portion of the Financed Property for not less than the fair market value thereof for cash;

(ii) the Town reasonably expects to expend the Disposition Proceeds resulting from the Deliberate Action within two years of the date of the Deliberate Action;

(iii) the Disposition Proceeds are treated as Proceeds of the Obligations for purposes of Section 141 of the Code and the Regulations thereunder, and the use of the Disposition Proceeds in the manner in which such Disposition Proceeds are in fact so used would not cause the Disposition Proceeds to satisfy the Private Activity Bond Tests;

(iv) no action is taken after the date of the Deliberate Action to cause the Private Activity Bond Tests to be satisfied with respect to the Obligations, the Financed Property, or the Disposition Proceeds (other than any such use that may be permitted in accordance with the Treasury Regulations);

(v) Disposition Proceeds used in a manner that satisfies the Private Activity Bond Tests or that are not expended within two years of the date of the Deliberate Action must be used to redeem or defease Nonqualified Obligations in accordance with the requirements set forth in Section 4(a) hereof; and

(c) Alternative Use of Financed Property. The Town may be considered to have taken sufficient Remedial Actions to cause the Obligations to continue their

applicable treatment under federal tax law if, subsequent to taking any Deliberate Action with respect to all or any portion of the Financed Property:

(i) the portion of the Financed Property subject to the Deliberate Action is used for a purpose that would be permitted for qualified tax-exempt obligations;

(ii) the disposition of the portion of the Financed Property subject to the Deliberate Action is not financed by a person acquiring the Financed Property with proceeds of any obligation the interest on which is exempt from the gross income of the registered owners thereof under Section 103 of the Code for purposes of federal income taxation or an obligation described in Sections 54A-54F, 54AA, or 6431 of the Code; and

(iii) any Disposition Proceeds other than those arising from an agreement to provide services (including Disposition Proceeds arising from an installment sale) resulting from the Deliberate Action are used to pay the debt service on the Obligations on the next available payment date or, within 90 days of receipt thereof, are deposited into an escrow that is restricted as to the investment thereof to the yield on the Obligations to pay debt service on the Obligations on the next available payment date.

Absent an opinion of bond counsel, no Remedial Actions are available to remediate the satisfaction of the Private Security or Payment Test regarding the same with respect to the Obligations. Nothing herein is intended to prohibit Remedial Actions not described herein that may become available subsequent to the date the Obligations are originally issued or executed and delivered to remediate the effect of a Deliberate Action taken with respect to the Obligations, the proceeds thereof or the Financed Property.

5. **Additional Defined Terms**. For purposes of this attachment, the following terms have the following meanings:

"*Commissioner*" means the Commissioner of Internal Revenue, including any successor person or body.

"*Defeasance Escrow*" means an irrevocable escrow established to redeem obligations on their earliest call date in an amount that, together with investment earnings thereon, is sufficient to pay the entire principal of, and interest and call premium on, obligations from the date the escrow is established to the earliest call date. A Defeasance Escrow may not be invested in higher yielding investments or in any investment under which the obligor is a user of the proceeds of the obligations.

"*Deliberate Action*" means any action, occurrence, or omission by the Town (or, if applicable, by a conduit borrower) that is within the control of the Town (or, if applicable, by such conduit borrower) that causes either (1) the Private Business Use Test to be satisfied with respect to the Obligations or the Financed Property (without regard to the Private Security or Payment Test), or (2) the Private Loan Financing Test to be satisfied with respect to the

Obligations or the proceeds thereof. An action, occurrence, or omission is not a Deliberate Action if (1) the action, occurrence, or omission would be treated as an involuntary or compulsory conversion under Section 1033 of the Code, or (2) the action, occurrence, or omission is in response to a regulatory directive made by the government of the United States.

"*Disposition Proceeds*" means any amounts (including property, such as an agreement to provide services) derived from the sale, exchange, or other disposition of property (other than Investments) financed with the proceeds of the Obligations.

"*Nonqualified Obligations*" means that portion of the Obligations outstanding at the time of a Deliberate Action in an amount that, if the outstanding Obligations were issued or executed and delivered on the date on which the Deliberate Action occurs, the outstanding Obligations would not satisfy the Private Business Use Test or the Private Loan Financing Test, as applicable. For this purpose, the amount of private business use is the greatest percentage of private business use in any one-year period commencing with the Deliberate Action.

"*Private Activity Bond Test*s" means, collectively, the Private Business Use Test, the Private Security or Payment Test, and the Private Loan Financing Test.

"*Private Business Tests*" means the Private Business Use Test and the Private Security or Payment Test.

"*Private Business Use Test*" has the meaning set forth in Section 141(b)(1) of the Code.

"*Private Loan Financing Test*" has the meaning set forth in Section 141(c) of the Code.

"*Private Security or Payment Test*" has the meaning set forth in Section 141(b)(2) of the Code.

"*Remedial Action*" means any of the applicable actions described in Section 4 hereof, or such other actions as may be prescribed from time to time by the Department of the Treasury or the Internal Revenue Service, which generally have the effect of rectifying noncompliance by the Town with certain provisions of Section 141 of the Code and the Regulations thereunder and are undertaken by the Town to maintain the federal tax status of the Obligations.

6. **Change in Law**. This attachment is based on law in effect as of this date. Statutory or regulatory changes, including but not limited to clarifying Treasury Regulations, may affect the matters set forth in this attachment.

DRAFT
08/05/16

PROCEDURES FOR COMPLIANCE WITH OBLIGATIONS UNDER CONTINUING DISCLOSURE UNDERTAKINGS

These Procedures for Compliance with Obligations under Continuing Disclosure Undertakings (these "Procedures") are established as of March 29, 2016, and set forth specific procedures of Gladden Farms Community Facilities District No. 2 (the "Issuer"), designed to assist in compliance with applicable requirements set forth in undertakings ("Continuing Disclosure Undertakings") providing for ongoing disclosure in connection with the offering of obligations to investors for obligations (whether or not tax-exempt/tax-advantaged) subject to the continuing disclosure requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

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

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

General Policies and Procedures

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

1. The District Manager (the "Compliance Officer") shall be responsible for monitoring post-issuance compliance issues.

2. The Compliance Officer will coordinate procedures for record retention and review of such records.

3. All documents and other records relating to obligations issued by the Issuer shall be maintained by or at the direction of the Compliance Officer.

4. The Compliance Officer will review post-issuance compliance procedures and systems on a periodic basis, but not less than annually.

5. The Compliance Officer will review the annual information required to be filed pursuant to each Continuing Disclosure Undertaking.

Continuing Disclosure

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

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

A. Compilation of Currently Effective Continuing Disclosure Undertakings

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

B. Annual Review and Annual Reporting Requirements

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

- The financial information and operating data required to be reported under a particular Continuing Disclosure Undertaking may differ from the financial information and operating data required to be reported under another Continuing Disclosure Undertaking; and

- The timing requirements for reporting under a particular Continuing Disclosure Undertaking may differ from the timing requirements for filing under another Continuing Disclosure Undertaking.

C. Calendar; EMMA Notification System

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

D. Annual Review of Prior Filings

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

E. Monitoring of Listed events

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

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

- Bankruptcy, insolvency, receivership or similar event of the Issuer;

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

- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

F. Review of Official Statements

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

G. Record Retention

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

H. Annual Review Checklist

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

CONTINUING DISCLOSURE ANNUAL REVIEW CHECKLIST

1. Fiscal Year Ending: _____

2. Compliance Officer: _____

3. Checklist Completion Date: _____

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

$_____, _____, dated _____, 20___

$_____, _____, dated _____, 20___

$_____, _____, dated _____, 20___

$_____, _____, dated _____, 20___

$_____, _____, dated _____, 20___

$_____, _____, dated _____, 20___

$_____, _____, dated _____, 20___

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

_____ No

_____ Yes (Add Agreement to Currently Effective Continuing Disclosure Undertakings) If Yes, did the Compliance Officer review the Offering Document's Description of the Issuer's Continuing Disclosure Compliance History within the Prior 5 Years?
Circle: Y/ N (If N, review and discuss any issues with counsel.)

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

_____ No

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

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

_____ Yes

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

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

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

Have any of the Following Events Occurred this Year?

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

If any such Event Occurred, was Proper Notice Provided?

_____ Yes

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

_____ N/A

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

_____ Yes: Name/Contact: _____

_____ No

331775372.1

Council-Regular Meeting **A2**

Meeting Date: 08/16/2016

To: Mayor and Council

Submitted For: Erik Montague, Finance Director

From: Frank Cassidy, Town Attorney

Date: August 16, 2016

Strategic Plan Focus Area:
Not Applicable

Subject: Resolution No. 2016-084: Consideration and adoption of a resolution approving and authorizing the execution and delivery of a First Amendment to District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District) and declaring an emergency (Erik Montague)

Discussion:

This item proposes the Mayor and Council's approval of a "First Amendment to District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District)" ("1st Gladden CFD DA Amendment") in connection with the items on tonight's agenda for the Marana Town Council acting as the Board of Directors of the Gladden Farms Community Facilities District. The proposed form of the 1st Gladden CFD DA Amendment is included in the backup materials for this item. Among other things, the 1st Gladden CFD DA Amendment proposes the following amendments to the original Gladden Farms CFD development agreement:

- Removes Forest City Enterprises (the parent corporation of the former Gladden Farms project developer) from all CFD and developer obligations, and inserts the names of the new development entities.
- Amends certain definitions and terms to accommodate the refunding and refinancing of previously issued Gladden Farms CFD bonds and the issuance of new bonds.
- Modifies the terms associated with the standby letter of credit (LOC) securing repayment of the bonds, requiring this LOC to be in an amount sufficient to cover maximum annual debt service with respect to the Bonds for any succeeding fiscal year, and requiring any replacement LOC to meet certain requirements.

- Reduces the face amount of the LOC securing developer operation and maintenance (O&M) obligations from $300,000 to $100,000.
- Requires Gladden Phase I LLC to cover any shortfall in annual debt payments or O&M obligations, and provides for the District to draw on the applicable LOC in the event of Gladden Phase I LLC's failure to cover a shortfall.
- Clarifies and amends provisions regarding when secondary property tax collections reach a level where the LOCs are no longer necessary.

The Town's staff and consultants support these revisions in recognition of the reduced financial risks and substantial annual secondary tax collections associated with this more mature CFD. Within a few years, the Gladden Farms project (Gladden I) is expected to be mostly built out.

Staff Recommendation:

Staff recommends adoption of Resolution 2016-084, approving and authorizing the execution and delivery of a First Amendment to District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District) and declaring an emergency.

Suggested Motion:

I move to adopt Resolution 2016-084, approving and authorizing the execution and delivery of a First Amendment to District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District) and declaring an emergency.

Attachments

Resolution No. 2016-084

1st Amd GF CFD DA

RESOLUTION NO. 2016-084

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF MARANA, ARIZONA APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (GLADDEN FARMS COMMUNITY FACILITIES DISTRICT) AND DECLARING AN EMERGENCY

BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF MARANA, ARIZONA, as follows:

1. Findings.

a. On February 13, 2004, there was presented to the governing body of the Town of Marana, Arizona, an incorporated municipality of the State of Arizona (hereinafter called the "Municipality"), a Petition for Adoption of a Resolution Declaring Formation of Gladden Farms Community Facilities District, dated February 13, 2004 (hereinafter referred to as the "Petition"), signed by the entities which, on the date thereof, were the owners of all real property as shown on the assessment roll for State and county taxes for Pima County, Arizona (hereinafter referred to as, the "Petitioners"), in Gladden Farms Community Facilities District (herein after called the "District"), the formation of which, among other things, was prayed for by the Petitioners in the Petition, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Act").

b. Pursuant to the Act and Section 9-500.05, Arizona Revised Statutes, in connection with the formation of the District, the Municipality, the District, Gladden Forest, LLC (hereinafter called "Gladden Forest") and Forest City Enterprises, Inc.

(hereinafter called "Forest City") entered into a District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District), dated as of February 1, 2004 (hereinafter referred to as the "Development Agreement"), by and among the Municipality, the District, Gladden Forest and Forest City, to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Act); the financing of public infrastructure and subsequent reimbursements or repayments over time and, with respect to the advance of moneys for public infrastructure and the repayment of such advances and to obtain credit enhancement for, and process disbursement and investment of proceeds of, general obligation bonds of the District to be thereafter issued.

c. Pursuant to the Act and Title 11, Chapter 7, Article 3, Arizona Revised Statutes, in connection with the formation of the District, the District and the Municipality entered into an "intergovernmental agreement" with one another for joint or cooperative action for services and to jointly exercise any powers common to them and for the purposes of the planning, design, inspection, ownership, control, maintenance, operation or repair of public infrastructure.

d. The Petition was granted, and, by Resolution No. 2004-23, adopted on February 17, 2004 (hereinafter referred to as the "2004 Resolution"), by the Mayor and Common Council of the Municipality, the District was formed as a district pursuant to the terms and provisions of, and with the powers and authority established

by, the Act, subject to the restrictions and modifications set forth in the Petition, and as the Petition was signed by the owner of all the property in the District and there were not within fifty (50) days preceding the first anticipated election of the District, residents on such property, requirements of posting, publication, mailing, notices, hearing and election otherwise required by the Act with respect to formation of the District were found to be unnecessary.

e. The Development Agreement was approved by the 2004 Resolution.

f. Section 10.5 of the Development Agreement provides that the Development Agreement cannot be altered or otherwise amended except pursuant to an instrument in writing signed by each of the parties thereto; provided, however, that such an amendment shall be effective against the Municipality only if such amendment only amends Section 7.1 or 9.3 of the Development Agreement as it relates to the Municipality.

g. The Mayor and Common Council of the Municipality have determined to enter into a First Amendment to the Development Agreement, to be dated as of the first day of the month of the dated date of the bonds issued to refund the Bonds described therein (hereinafter referred to as the "Development Agreement Amendment"), to provide for certain amendments to the Development Agreement with respect to Section 9.3 of the Development Agreement.

h. There have been placed on file with the Town Clerk of the Municipality and presented to the Mayor and Common

Council of the Municipality, in connection with the amendment of the Development Agreement, the proposed form of the Development Agreement.

2. Authorization and Approval of Development Agreement Amendment. The Development Agreement Amendment is hereby approved in substantially the form submitted herewith, with such changes, additions, deletions, insertions and omissions, if any, as the Mayor of the Municipality, with the advice of the Chief Financial Officer of the Municipality and the Town Attorney of the Municipality, shall authorize, the execution and delivery of the Development Agreement Amendment to be conclusive evidence of the propriety of such document and the authority of the persons or persons executing the same. The Mayor of the Municipality, with the advice of the Chief Financial Officer of the Municipality and the Town Attorney of the Municipality, is hereby authorized and directed to execute, and the Town Clerk of the Municipality to attest and deliver, the Development Agreement Amendment on behalf of the Municipality.

3. No Liability of or for the Municipality. Neither the Municipality nor the State of Arizona or any political subdivision of either (other than the District) shall be directly, indirectly or morally liable or obligated for the costs of the public infrastructure contemplated by the Development Agreement nor for the payment or repayment of any indebtedness, liability, cost, expense or obligation of the District, and neither the credit nor the taxing power of the Municipality, the State of Arizona or any political subdivision of either (other than the District) shall be pledged therefor.

4. Effect of Resolution.

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 remaining provisions of this Resolution.

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

c. The 2004 Resolution is hereby ratified and confirmed in all respects from its date to the date hereof.

5. Emergency Clause. The immediate operation of the provisions of this Resolution is necessary to the orderly development of property within the Municipality and the resulting preservation of the public peace, health and safety, an EMERGENCY is hereby declared to exist. This Resolution shall be in full force and effect from and after its passage, adoption and approval by us, as required by law, and is hereby exempted from the referendum provision of the constitution and laws of the State of Arizona pursuant to Section 19-142(B), Arizona Revised Statutes and the Code of the Municipality.

PASSED by the Mayor and Council of the Town of Marana, Arizona, this 16th day of August, 2016.

.....
Mayor, Town of Marana, Arizona

ATTEST:

.....
Town Clerk, Town of Marana, Arizona

APPROVED AS TO FORM:

.....
Town Attorney, Town of Marana, Arizona

REVIEWED BY:

.....
Town Manager, Town of Marana, Arizona

331768893.2-8/4/16

DRAFT
07/27/16
08/05/16
08/09/16

When recorded, return to:

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

AMENDS DOCKET 12248, PAGE 3874, RECORDED AT 16:37 ON MARCH 1, 2004

FIRST AMENDMENT
TO
DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND
INTERGOVERNMENTAL AGREEMENT
(GLADDEN FARMS COMMUNITY FACILITIES DISTRICT)

THIS FIRST AMENDMENT, dated as of _____ 1, 2016 (hereinafter referred to as this "*Amendment*"), TO THE DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (GLADDEN FARMS COMMUNITY FACILITIES DISTRICT), dated as of February 1, 2004, by and among the Town of Marana, Arizona, a municipal corporation duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Municipality*"), Gladden Farms Community Facilities District, a community facilities district formed by the Town of Marana, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "*District*"), Petrus Land Investors II, L.P., a limited partnership duly organized and validly existing pursuant to the laws of the State of Delaware (hereinafter referred to as "*Petrus*") and Gladden Phase I, LLC, a limited liability company duly

organized and validly existing pursuant to the laws of the State of Delaware (hereinafter referred to as "*Gladden Phase I*");

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 and certain entities which at various times have had an interest in real property within the boundaries of the District entered into a District Development, Financing Participation and Intergovernmental Agreement (Gladden Farms Community Facilities District, dated as of February 1, 2004 (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 the Exhibit hereto (hereinafter referred to as the "*Property*") which makes up the real property included within the District, the Municipality, the District and certain of such entities specified some of such matters in the Agreement, particularly matters relating to the construction or acquisition of certain public infrastructure by the District, the acceptance thereof by the Municipality and the reimbursement or repayment of certain of such entities with respect thereto, all pursuant to the Act, such public infrastructure being necessary for the Property to be developed 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. Notwithstanding any other provision hereof and prospectively from January 30, 2016 (hereinafter referred to as the "Effective Date"), Forest City Enterprises (as that entity is identified in the Agreement) shall be released from and shall no longer be bound by the Agreement with respect to acts, omissions or events first arising after the Effective Date. Prospectively from the Effective Date, Petrus shall be bound by the terms of the Agreement whenever, pursuant to the Agreement, Forest City Enterprises would have been so bound with respect to acts, omissions or events first arising after the Effective Date. All notices, certificates or other communications under the Agreement (including in the Exhibits thereto) shall be sufficiently given and shall be deemed to have been received 48 hours after deposit in the United States mail in registered or certified form with postage fully prepaid addressed to Petrus at 1350

Avenue of the Americas, New York, New York, 10019-4801, Attention: Frank J. Walter III and Christopher F. Bennett, with a copy to Fennemore Craig, P.C., 2394 East Camelback Road, Suite 600, Phoenix, Arizona 85016-3429, Attention: Jay S. Kramer. Any of the foregoing, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 2. **(a)(i)** The definition of "Bonds" in Article I of the Agreement is amended to include the following immediately after the word "Agreement" therein: "after the Refunding and, for purposes of the definitions of "District Expenses", Sections 6.3, 8.1, 9.1, 10.2 and, after giving effect to any amendment hereto, 10.10, the bonds issued to refund the Bonds. "Bonds" as used in Section 8.1 includes the bonds issued to accomplish the Refunding."

(ii) The definition of "Deposit Amount" in Article I of the Agreement is deleted in its entirety.

(iii) The text after the word "if" in the definition of "Depository Agreement" in Article I of the Agreement is deleted in its entirety.

(iv) The definition of "Forest City" in Article I of the Agreement is deleted in its entirety and replaced with the following, and, except as limited by Section 1 of this Amendment, any reference in the Agreement to "Forest City" shall be deemed to be to "Petrus" instead.

"Petrus" means Petrus Land Investors II, L.P., a limited partnership duly organized and validly existing pursuant to the laws of the State of Delaware.

(v) The definitions of "Gladden Forest" and "Gladden Forest Engineer" in Article I of the Agreement are deleted in their entirety and replaced with the following and any reference in the Agreement to "Gladden Forest" shall be deemed to be to "Gladden Phase I" instead and any reference in the Agreement to "Gladden Forest Engineer" shall be deemed to be to "Gladden Phase I Engineer" instead except that for purposes of Section 5 of the Agreement, all references to Gladden Phase I shall also include its predecessors-in-ownership.

"*Gladden Phase I*" means Gladden Phase I, LLC, a limited liability company organized and existing pursuant to the laws of the State of Delaware.

"*Gladden Phase I Engineer*" means any firm of professional engineers hired by Gladden Phase I after approval thereof by the District Manager to perform the services required therefrom for the purposes hereof.

(vi) The definition of "Initial Expenses" in Article I of the Agreement is deleted in its entirety.

(vii) The dollar amount of $300,000 in the definition of "Letter of Credit" in Article I of the Agreement is replaced with the dollar amount of "$100,000".

(viii) The following definitions in Article I of the Agreement are added after the definition of Letter of Credit in Article I of the Agreement:

"*Letter of Credit (Bonds)*" means a standby letter of credit or substitute therefor issued under the terms provided herein in favor of the District, which is

presentable for payment in Tucson or Phoenix, Arizona, and drawable as provided herein, which include provisions requiring (i) immediate notice to the District if the uninsured, unsecured and unguaranteed obligations of the issuer thereof are reduced below "BBB-" by S&P and (ii) sixty (60) days' notice to the District of any cancellation, termination or non-renewal thereof and which otherwise shall be acceptable to the District Treasurer in the exercise of commercially reasonable standards. The face amount of the Letter of Credit (Bonds) shall be equal to Maximum Annual Debt Service.

"*Maximum Annual Debt Service*" means maximum annual debt service with respect to the Bonds for any succeeding Fiscal Year.

(ix) The following definition in Article I of the Agreement is added after the definition of Property in Article I of the Agreement:

"*Refunding*" means the issuance by the District of its General Obligation and General Obligation Refunding Bonds, Series 2016, dated _____, 2016.

(x) The definition of "Payment Agreement" in Article I of the Agreement is deleted in its entirety.

(b) All references in the Agreement to "assessed valuation" are replaced with the words "net assessed limited property valuation," and all references in the Agreement to "secondary assessed

valuation" are replaced with the words "net assessed limited property valuation."

(c) (i) Insert the words "with respect to any Construction Contracts wherein the District is the "owner" for purposes of such Construction Contract" between "(a)" and "(1)" in Section 5.1(a).

(ii) Insert the words "with respect to any Construction Contracts wherein the District is the "owner" for purposes of such Construction Contract" between "(b)" and "(1)" in Section 5.1(b).

(d) (i) The words "in other than a public sale" (as such term is used in the Act) and "in Section 6.2(a) of the Agreement are deleted in their entirety.

(ii) Sections 6.2(c) and (d) of the Agreement are deleted in their entirety and replaced with the following:

> (c) Unless the provisions of subsection (d) of this section are satisfied, a series of the Bonds shall only be issued if the debt service therefor can be amortized with substantially equal amounts of annual debt service from amounts generated by a tax rate of not to exceed $2.50 per one hundred dollars of net limited assessed property valuation of property within the boundaries of the District as indicated on the tax roll for the current tax year. For purposes of the foregoing, a delinquency factor for tax collections equal to the greater of five percent (5%) and the historic, average, annual,

percentage delinquency factor for the District as of such Fiscal Year shall be assumed; all property in the District owned by Petrus or Gladden Phase I or any entity owned or controlled (as such term is used in the Securities Act) by Petrus or Gladden Phase I or which owns or controls (as such terms is used in the Securities Act) Petrus or Gladden Phase I shall be assigned the last value such property had when categorized as "vacant" for purposes of net assessed limited property valuation and the debt service for any outstanding series of the Bonds theretofore issued shall be taken into account in determining whether such tax rate will produce adequate debt service tax collections.

(d) (1) If necessary in the sole discretion of the District Board to regulate the tax rate to be levied to pay debt service on each series of the Bonds, in consideration of the obligations of the District as of the date of delivery of the Bonds and as a condition to the issuance of the corresponding series of the Bonds, (A) a Standby Contribution Agreement shall be executed and delivered which provides, among the other matters provided for in this section, that on the date of initial issuance and delivery of the corresponding series of the Bonds and in each Fiscal Year thereafter, Gladden Phase I shall be liable and obligated to pay to the District, or to provide adequate assurances in the sole and absolute discretion of the District Board which provide, an amount necessary to

maintain the tax rate with respect to the Bonds at no more than $2.50 per $100.00 of net assessed limited property valuation for Total Debt Service, based upon the application of such secondary tax rate in light of the actual net secondary assessed valuation of such property, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual, percentage delinquency factor for the District as of such tax year and after giving credit with respect to any such payment for any balance in any debt service fund for the Bonds. To provide adequate assurances for payment of the amount due pursuant to each Standby Contribution Agreement, cash or a Letter of Credit (Bonds), or a combination of both, shall be deposited with a depository pursuant to a Depository Agreement. The Standby Contribution Agreement and the Depository Agreement shall have general terms acceptable to the District Board and shall be in a final form acceptable in the sole and absolute discretion of the District Manager. Such agreements shall specifically provide that amounts shall be payable pursuant to the Standby Contribution Agreement and the Letter of Credit (Bonds) only if the District has for that tax year adopted a resolution authorizing the levy of a tax rate for Total Debt Service of at least $2.50 per $100.00 of net assessed limited property valuation. Notwithstanding the foregoing sentence, a tax rate of less than $2.50 may be levied for

such purpose without affecting the obligation that such amounts be so payable if there are tax collections which must be applied by applicable law to reduce such rate that cannot otherwise be applied legally before such rate must be set (but Gladden Phase I shall have no liability for any shortfall if such lower rate would produce secondary ad valorem tax revenues sufficient to pay in full total debt service and the applicable Depository Agreement has been, or is in the process of being, terminated pursuant to its terms.

(2) Each Standby Contribution Agreement shall have specific terms which provide that (A) amounts due pursuant to a Standby Contribution Agreement shall be reduced by any interest earnings on the amounts held pursuant to the Depository Agreement which shall be paid to the District to provide for such offset (if not needed for such purpose, such interest earnings shall be deposited in the debt service fund for the Bonds) and (B) the obligation of Gladden Phase I shall terminate upon the earlier of (i) payment in full of all of the outstanding Bonds or provision for such payment and (ii) the first Fiscal Year after which principal of all of the Bonds has started to be amortized and in which, for at least three (3) consecutive tax years, a tax rate with respect to the Bonds of no more than $2.50 per $100 of net assessed limited property valuation of property within the

boundaries of the District was sufficient to pay the Maximum Annual Debt Service, based upon the application of such tax rate in light of the actual net assessed limited property valuation of such property not including property owned by Petrus or Gladden Phase I any entity owned or controlled (as such term is used in the Securities Act) by, or which owns or controls (as such term is used in the Securities Act), Petrus or Gladden Phase I, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual, percentage delinquency factor for the District as of such tax year. (After receipt of proof of satisfaction of clause (B) satisfactory to the District Manager, the District Board shall approve in writing by affirmative action such termination, such approval not to be withheld unreasonably).

(3) Each Depository Agreement shall have specific terms which provide that the Letter of Credit (Bonds) shall be drawn to its full amount, payable to the District, upon the written demand by the indenture trustee appointed with respect to the applicable series of the Bonds, to the institution supplying the Letter of Credit (Bonds) if any of the following occurs: (i) the nonpayment by Gladden Phase I of any amount due pursuant to the Standby Contribution Agreement by Gladden Phase I (after expiration of any applicable notice and cure periods

thereunder); (ii) the cancellation, termination or non-renewal of the Letter of Credit (Bonds) and a failure by Gladden Phase I to substitute cash or the Letter of Credit (Bonds), or a combination thereof, not less than thirty (30) days before its cancellation, termination or expiration date or (iii) a reduction below "BBB-" by S&P of the rating of the uninsured, unsecured and unguaranteed obligations of the issuer of the Letter of Credit (Bonds) without the District having received within sixty (60) days after the date of such reduction, cash or a substitute for the Letter of Credit (Bonds), or a combination thereof (which Letter of Credit (Bonds) is in all respects the same as the prior Letter of Credit (Bonds) but from an issuer with a rating for its uninsured, unsecured and unguaranteed obligations of at least "BBB-" by S&P). The Depository Agreement shall also have specific terms which provide that the cash and Letter of Credit (Bonds) shall be released to Gladden Phase I upon the payment in full of all of the outstanding Bonds or provision for such payment. The Depository Agreement and the Letter of Credit (Bonds) shall have specific terms which provide that, if at any time prior to the termination of the Standby Contribution Agreement for three tax years in a row, a tax rate with respect to the Bonds of no more than $2.50 per $100 of net assessed limited property valuation of property within the boundaries of the District, based upon the application of

such tax rate in light of the actual net secondary assessed valuation of such property not including property owned by Petrus or Gladden Phase I or any entity owned or controlled (as such term is used in the Securities Act) by, or which owns or controls (as such term is used in the Securities Act), Petrus or Gladden Phase I, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual percentage delinquency factor for the District as of such tax year, results in no amount required to be paid pursuant to the Standby Contribution Agreement, the face amount of the Letter of Credit (Bonds) shall be subject to reduction to zero and any cash held by the Depository shall be returned to, or at the direction of, Gladden Phase I. (After receipt of proof of satisfaction 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). Each of the Standby Contribution Agreements shall specifically provide that, upon termination of the applicable Standby Contribution Agreement and Depository Agreement, any remaining cash shall be paid to Gladden Phase I.

(e) (i) Section 6.3 of the Agreement is deleted in its entirety and replaced with the following:

Other than (1) this Agreement, (2) the Bonds, (3) any refundings bonds issued pursuant to the Act so long

as the related refunding results in a present value debt service savings, net of costs associated with such refunding bonds, of at least three percent (3%) and (4) any obligations necessary in connection with any of foregoing, the District shall not incur, or otherwise become obligated with respect to, any other obligations.

(f) Section 9.2 of the Agreement is deleted in its entirety and replaced with the following:

Section 9.2. To provide for the payment of the District Expenses and the O/M Expenses, the District Board shall levy all or a portion of the O/M Tax and shall apply the collections of the O/M Tax *first* to pay the District Expenses and *second* to pay the O/M Expenses. To the extent the collections of the O/M Tax are not sufficient to pay the District Expenses and the O/M Expenses, Gladden Phase I shall, to the extent of reasonable amounts necessary therefor, be liable and obligated to pay or, on a reasonable basis acceptable to the District Manager in his sole discretion, obligate a homeowner's or similar association to pay, to the District on July 1 of each Fiscal Year of the District the amount of any shortfall indicated in the District Budget with respect to the District Expenses and the O/M Expenses, including any amount required because of any shortfall in the prior Fiscal Year as provided in such District Budget and no matter how such shortfall was otherwise funded. The

District shall only levy the O/M Tax in an amount necessary for the District Expenses and the O/M Expenses reflected in the District Budget for the Fiscal Year of the District and only in reasonable amounts therefor. The obligations of Gladden Phase I pursuant to this Section shall not exceed $100,000 per Fiscal Year and shall only be effective until the July 1 after the levy of the O/M Tax at $0.30 per $100.00 of net assessed limited property valuation of property within the boundaries of the District as indicated on the tax roll for the current tax year could first result in collections of $100,000, given the tax base of the District for the applicable tax year. For purposes of the foregoing, a delinquency factor for tax collections equal to the greater of five percent (5%) and the historic, average, annual, percentage delinquency factor for the District as of such Fiscal Year shall be assumed, and all property in the District owned by Petrus or Gladden Phase I or any entity owned or controlled (as such term is used in the Securities Act) by Petrus or Gladden Phase I or which owns or controls (as such terms is used in the Securities Act) Petrus or Gladden Phase I shall be assigned the last value such property had when categorized as "vacant" for purposes of net assessed limited property valuation. The Letter of Credit shall be provided by Gladden Phase I by _____, 2016, and otherwise until the July 1 after the levy of the O/M Tax as described in the preceding sentence

first results in collections of $100,000 and shall be drawn to its full amount, payable to the District, upon the written demand of the District Manager or the District Treasurer to the institution supplying the Letter of Credit if any of the following occurs: (a) the nonpayment by July 31 of any Fiscal Year of any amount due pursuant to this Section by Gladden Phase I; (b) the cancellation, termination or non-renewal of the Letter of Credit and a failure by Gladden Phase I to substitute the Letter of Credit not less than thirty (30) days before its cancellation, termination or expiration date or (c) a reduction of the rating for the uninsured, unsecured and unguaranteed obligations of the issuer of the Letter of Credit as promulgated by S&P below "BBB-" without the District having received within sixty (60) days after the date of such reduction a substitute for the Letter of Credit.

(g) Section 9.3 of the Agreement is deleted in its entirety.

(h) Section 10.10 is deleted in its entirety and replaced with the following:

The term of the Agreement shall be as of the date of the execution and delivery of the Agreement by each of the parties thereto and shall expire upon the earlier of the agreement of the District, the Municipality, Gladden Phase I and Petrus to the termination of the Agreement,

February 1, 2053, and the date on which all of the Bonds (as such term is defined in the Agreement) are paid in full or defeased to the fullest extent possible pursuant to the Act.

Section 3. The following are added to Exhibit "B" to the Agreement _____.

[Status of Disclosure Statement]

Section 4. 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 5. 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 6. 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 7. The Agreement, as amended by 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. The Agreement, as amended by 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 8. This Amendment shall be governed by and interpreted in accordance with the laws of the State of Arizona.

Section 9. 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 10. 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 11. (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 is, at any time while this Amendment is in effect, an employee or agent of Petrus or Gladden Phase I 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 District from Petrus or Gladden Phase I arising as the result of this Amendment. Neither Petrus or Gladden Phase I has taken or shall take any action which would cause any person described in the preceding sentence to be or become an employee or agent of Petrus or Gladden Phase I 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, Petrus and Gladden Phase I 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 this Amendment and may result in termination as this Amendment relates to the offender. To the extent, and subject to the limitations, of applicable law, the Municipality and the District retain the legal right to randomly inspect the papers and records of Petrus and Gladden Phase I to ensure that they are complying with the above-mentioned warranty. To the extent, and subject to the limitations, of applicable law, Petrus and Gladden Phase I shall keep such papers and records open for random inspection during normal business hours by the Municipality and the District. To the extent, and subject to the limitations, of applicable law, Petrus and Gladden Phase I shall cooperate with the random inspections by the Municipality and the

District including granting the Municipality and the District entry rights onto their property to perform such random inspections and waiving their respective rights to keep such papers and records confidential. In connection with such inspections, the Municipality and the District shall keep such papers and records confidential, except to the extent that disclosure may be required pursuant to applicable law.

(c) Pursuant to Section 35-393 et seq., Arizona Revised Statutes, Petrus and Gladden Phase I 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 Petrus or Gladden Phase I's certification above is false or that either has breached such agreement, the Municipality or the District may impose remedies as provided by law, including, without limitation, terminating this Amendment.

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, Gladden Phase I shall on behalf of the District 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 Town and the District have duly affixed their signatures and attestations, and the officers of Petrus and Gladden Phase I their signatures, all as of the day and year first written above.

TOWN OF MARANA, ARIZONA

By.....
Ed Honea, Mayor

ATTEST:

.....
Jocelyn Bronson, Town Clerk

GLADDEN FARMS COMMUNITY FACILITIES DISTRICT

By.....
Ed Honea, Chairman, District Board

ATTEST:

.....
Jocelyn Bronson, District Clerk

PETRUS LAND INVESTORS II, L.P. LIMITED PARTNERSHIP a Delaware limited partnership

By.....
Printed Name: .....
Authorized Agent

GLADDEN PHASE I, LLC, a Delaware limited liability company

By .....
Printed Name: .....
Authorized Representative

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this ..... day of ....., 2016, by _____, as Mayor of the Town of Marana, Arizona, a municipal corporation.

.....
Notary Public

My commission expires:

.....

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this ..... day of ....., 2016, by _____, as Chairman, District Board of Gladden Farms Community Facilities District, an Arizona community facilities district.

.....
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 To District Development, Financing Participation and Intergovernmental Agreement, dated _____ 1, 2016, executed by Gladden Farms Community Facilities District, an Arizona community facilities district (the "Notarized Document"). The Notarized Document contains a total of ..... pages.

STATE OF NEW YORK)
) ss
COUNTY OF .....)

On this day, personally appeared before me ...., as ....., and ...., as ..... of J_____, who are known to me to be the persona whose names are above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal on ....., 2016.

.....
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 To District Development, Financing Participation and Intergovernmental Agreement, dated _____ 1, 2016, executed by Gladden Farms Community Facilities District, an Arizona community facilities district (the "Notarized Document"). The Notarized Document contains a total of ..... pages.

STATE OF NEW YORK)
) ss
COUNTY OF .....)

On this day, personally appeared before me ...., as ..... of _____, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal on ....., 2016.

.....
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 To District Development, Financing Participation and Intergovernmental Agreement, dated _____ 1, 2016, executed by Gladden Farms Community Facilities District, an Arizona community facilities district (the "Notarized Document"). The Notarized Document contains a total of ..... pages.

ATTACHMENTS:

EXHIBIT -- Legal Description Of Property To Be Included In The District

EXHIBIT

LEGAL DESCRIPTION OF PROPERTY
INCLUDED IN THE DISTRICT

ALL OF **GLADDEN FARMS BLOCKS 1 THRU 25 AND A THRU F**, EXCEPT BLOCK D, AS SHOWN ON THE PLAT RECORDED IN BOOK 55 OF MAPS AND PLATS AT PAGE 60, RECORDS OF THE PIMA COUNTY RECORDER, PIMA COUNTY, ARIZONA, BEING PORTIONS OF SECTIONS 33 AND 34 OF TOWNSHIP 11 SOUTH, RANGE 11 EAST, GILA AND SALT RIVER MERIDIAN, PIMA COUNTY, ARIZONA, FURTHER DESCRIBED AS FOLLOWS:

COMMENCING AT A ½" IRON PIN (NO TAG) AT THE NORTHEAST CORNER OF SAID SECTION 34;

THENCE SOUTH 0°30'09" EAST 322.00 FEET UPON THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 34 TO THE **POINT OF BEGINNING**;

THENCE CONTINUE SOUTH 0°30'09" EAST 2322.59 FEET UPON SAID EAST LINE AND UPON THE EAST LINE OF SAID **GLADDEN FARMS** TO A ½" ALUMINUM CAPPED PIN, LS 7599, AT THE EAST QUARTER CORNER OF SAID SECTION 34;

THENCE SOUTH 0°30'03" EAST 2644.34 FEET UPON THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 34 AND UPON SAID EAST LINE OF **GLADDEN FARMS** TO A ½" IRON PIN, NO TAG, AT THE SOUTHEAST CORNER OF SAID SECTION 34;

THENCE SOUTH 89°22'30" WEST 187.66 FEET UPON THE SOUTH LINE OF SAID SOUTHEAST QUARTER AND UPON THE SOUTH LINE OF SAID **GLADDEN FARMS** TO THE SOUTHEAST CORNER OF CMID WELL SITE NO. 18 AS SHOWN ON SAID PLAT;

THENCE NORTH 0°37'30" WEST 100.00 FEET UPON THE EAST LINE OF SAID WELL SITE TO THE NORTHEAST CORNER THEREOF;

THENCE SOUTH 89°22'30" WEST 75.00 FEET UPON THE NORTH LINE OF SAID WELL SITE TO THE NORTHWEST CORNER THEREOF;

THENCE SOUTH 0°37'30" EAST 100.00 FEET UPON THE WEST LINE OF SAID WELL SITE TO THE SOUTHWEST CORNER THEREOF BEING ON SAID SOUTH LINE OF THE SOUTHEAST QUARTER;

THENCE SOUTH 89°22'30" WEST 3885.00 FEET CONTINUING UPON THE SOUTH LINE OF SAID SOUTHEAST QUARTER AND UPON THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 34, BEING THE SOUTH LINE OF SAID **GLADDEN FARMS**, TO THE SOUTHWEST CORNER OF BLOCK B OF **GLADDEN FARMS** AS SHOWN ON SAID PLAT, BEING ON THE NORTHEASTERLY RIGHT OF WAY LINE OF SANDARIO ROAD AND A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY, THE RADIUS POINT OF SAID CURVE BEARS SOUTH 68°20'49" WEST, FOR REFERENCE, AN ALUMINUM CAPPED PIN, RLS 7599, AT THE SOUTHWEST CORNER OF SAID SECTION 34 BEARS SOUTH 89°22'30" WEST AT A DISTANCE OF 1124.04 FEET;

THENCE THE FOLLOWING THREE COURSES UPON SAID RIGHT OF WAY LINE AND UPON SAID SOUTHWEST LINE OF BLOCK B:

1) NORTHWESTERLY UPON SAID ARC, TO THE LEFT, HAVING A RADIUS OF 746.20 FEET AND A CENTRAL ANGLE OF 48°17'38", FOR AN ARC DISTANCE OF 628.96 FEET TO A TANGENT LINE;
2) NORTH 69°56'49" WEST 593.45 FEET TO A POINT ON THE ARC OF A TANGENT CURVE CONCAVE NORTHEASTERLY;

3) NORTHWESTERLY UPON SAID ARC, TO THE RIGHT, HAVING A RADIUS OF 160.99 FEET AND A CENTRAL ANGLE OF 69°26'33", FOR AN ARC DISTANCE OF 195.12 FEET TO A THE TANGENT EAST RIGHT OF WAY LINE OF SAID SANDARIO ROAD BEING THE WEST LINE OF SAID **GLADDEN FARMS**;

THENCE NORTH 0°30'16" WEST 1862.79 FEET UPON SAID EAST RIGHT OF WAY LINE AND UPON SAID WEST LINE TO AN ANGLE POINT;

THENCE SOUTH 89°29'44" WEST 30.04 FEET UPON SAID WEST LINE TO A ½" IRON PIN, NO TAG, AT THE WEST QUARTER CORNER OF SAID SECTION 34, BEING ALSO THE EAST QUARTER CORNER OF SAID SECTION 33;

THENCE SOUTH 89°17'57" WEST 1321.01 FEET UPON SAID WEST LINE AND UPON THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 33 TO AN ANGLE POINT;

THENCE NORTH 0°34'17" WEST 2610.03 FEET UPON SAID WEST LINE TO THE NORTHWEST CORNER OF SAID **GLADDEN FARMS**, BEING A POINT ON THE SOUTH RIGHT OF WAY LINE OF MOORE ROAD PRIOR TO THE DEDICATION OF ADDITIONAL RIGHT OF WAY AS SHOWN ON SAID PLAT, BEING A LINE 30.00 FEET SOUTHERLY OF AND PARALLEL WITH THE NORTH LINE OF SAID NORTHEAST QUARTER OF SECTION 33;

THENCE NORTH 89°20'24" EAST 1320.79 FEET UPON THE NORTH LINE OF SAID **GLADDEN FARMS**, UPON SAID PRIOR RIGHT OF WAY LINE AND UPON SAID PARALLEL LINE TO AN ANGLE POINT;

THENCE NORTH 89°25'03" EAST 2634.98 FEET UPON SAID NORTH LINE, UPON SAID PRIOR RIGHT OF WAY LINE AND UPON A LINE PARALLEL WITH AND 30.00 FEET SOUTHERLY OF THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 34 TO AN ANGLE POINT;

THENCE NORTH 89°25'03" EAST 2283.27 FEET UPON SAID NORTH LINE, UPON SAID PRIOR RIGHT OF WAY LINE AND UPON A LINE PARALLEL WITH AND 30.00 FEET SOUTHERLY OF THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 34;

THENCE SOUTH 0°30'13" EAST 292.00 FEET;

THENCE NORTH 89°25'03" EAST 357.00 FEET TO THE **POINT OF BEGINNING**.