

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

December 10, 2013

CLOSING INDEX

BOND DOCUMENTS

The following are to be delivered as a condition precedent to the issuance and delivery of the above-referenced bonds (the “*Bonds*”) of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the “*District*”):

FINANCING DOCUMENTS

1. Pulte Cover Letter and Feasibility Report for the issuance of the Bonds.
2. Affidavit of publication of the Notice of Hearing on the report of the feasibility and benefits of certain projects to be financed with proceeds of the sale of the District’s general obligation Bonds.
3.
 - (a) Agenda, minutes of meeting of November 5, 2013
 - (b) District Resolution No. 13-13, approving the feasibility report and other matters.
4.
 - (a) Agenda, minutes of meeting of November 5, 2013
 - (b) District Resolution No. 14-13, authorizing the issuance and sale of the Bonds to Stifel, Nicolaus & Company, Incorporated, as the underwriter of the Bonds (the “*Underwriter*”) in accordance with the Purchase Contract.
5. Bond Registrar, Transfer Agent and Paying Agent Contract.
6. Purchase Contract between the District Board and the Underwriter.
7. Letter of Indemnity from Pulte Home Corporation.
8. Continuing Disclosure Undertaking.
9. Dissemination Agency Agreement.
10. County Assessor’s Certificate.

11. Closing Certificate of the District.
12. Tax Certificate of the District.
13. Certificate of District Treasurer Regarding Official Statement and Rule 15c2-12.
14. Closing Certificate of Town of Buckeye, Arizona.
15. Closing Certificate of Pulte Home Corporation.
16. Receipt and Request for Authentication.
17. Registrar's Certificate of Completion and Authentication.
18. Settlement, Delivery and Closing Procedures; Debt Retirement Schedule.
19. Certificate of the Underwriter Regarding Initial Offering Prices and Qualified Guarantee.
20. Receipt for Bonds and Documents.
21. Certificate of Financial Advisor as to Yield on the Bonds.
22. Specimen bond.
23. Copy of Blanket Letter of Representations.
24. Internal Revenue Service Form 8038-G; certificate of mailing.
25. Report to the Arizona Department of Revenue; certificate of mailing.
26. Municipal Bond Insurance Policy from Build America Mutual Assurance Company (the "Insurer").
27. Supplemental Agreement between the District and the Insurer.
28. Disclosure, No Default and Tax Certificate of the Insurer.
29. Primary Market Disclosure Certificate of the Insurer.
30. Rating Letters
 - A. Rating with Insurance (Standard & Poor's "AA")
 - B. Underlying Rating (Standard & Poor's "BBB").
31. Official Statement dated November 19, 2013.
32. Preliminary Official Statement dated November 7, 2013.

OPINIONS

33. Approving opinion of Gust Rosenfeld P.L.C.
34. Disclosure opinion of Gust Rosenfeld P.L.C.
35. Supplemental opinion of Gust Rosenfeld P.L.C.
36. Reliance opinion of Gust Rosenfeld P.L.C.
37. Opinion of Counsel to Underwriter.
38. Opinions of Counsel to Pulte Home Corporation.
39. Opinion of Counsel to the Insurer.

Executed counterparts or copies thereof of the documents will be distributed to the following parties:

Festival Ranch Community Facilities District (3 CDs)
Clerk, Town of Buckeye (1 CD, 1 paper)
Finance Director, Town of Buckeye (1 CD)
Pulte Home Corporation (CD)
Gust Rosenfeld P.L.C. (CD)
Zions First National Bank (CD)
Wedbush Securities (CD)
Greenberg Traurig, LLP (CD)
Berens, Kozub, Kloberdanz and Blonstein, PLC (CD)
Stifel, Nicolaus & Company, Incorporated (CD)
Build America Mutual Assurance Company (3 CDs)



October 29, 2013

Community Facilities District (CFD) Board
Town of Buckeye
530 East Monroe Avenue
Buckeye, AZ 85326

Re: Festival Ranch - General Obligation Bond Series 2013 Feasibility Report

Dear CFD Board:

The information in the attached Feasibility Report was provided by several sources including Pulte Home Corporation, the Town of Buckeye, and Stifel-Nicholaus. Along with the other sources, Pulte Home Corporation has reviewed and believes the information is accurate.

Thank you for your consideration.

Very truly yours,
PulteGroup, Inc.

Michael E. Brilz, P.E.
VP Land - Arizona Division

FEASIBILITY REPORT

**FOR THE ISSUANCE OF NOT TO EXCEED
\$1,800,000 PRINCIPAL AMOUNT**

OF

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)**

**GENERAL OBLIGATION BONDS,
SERIES 2013**

November 5, 2013

TABLE OF CONTENTS

	<u>SECTION</u>
Introduction; Purpose of Feasibility Report and General Description of District.....	ONE
Description, Estimate of Cost and Timetable for Completion of Public Infrastructure.....	TWO
Map of the District	THREE
Plan of Finance and Preliminary Debt Service Schedule (Table One)	FOUR

APPENDIX

Legal Description of the Festival Ranch Community Facilities District	A
---	---

SECTION ONE

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

INTRODUCTION

This Feasibility Report (this "Report") has been prepared for presentation to the Board of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "District") in connection with the proposed issuance by the District of its District General Obligation Bonds, Series 2013 (the "Bonds") in an aggregate principal amount not to exceed \$1,800,000 pursuant to the Community Facilities Act of 1988, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act"). The District is authorized to issue not-to-exceed \$175,000,000 in principal amount of general obligation bonds pursuant to an election held on May 25, 2005. To date, the District has issued \$800,000 aggregate principal amount of General Obligation Bonds, Series 2006; \$1,535,000 aggregate principal amount of General Obligation Bonds, Series 2007, \$7,600,000, aggregate principal amount of General Obligation Bonds, Series 2009, and \$5,400,000 aggregate principal amount of General Obligation Bonds, Series 2012, for a total amount of \$15,335,000.

PURPOSE OF FEASIBILITY REPORT

This Report has been prepared for consideration of the feasibility and benefits of certain public infrastructure (as defined in A.R.S. 48-701) to be financed by the Bonds, if any are issued ("Public Infrastructure"), and of the plan for financing the Public Infrastructure in accordance with the provisions of A.R.S. 48-715. Pursuant to A.R.S. 48-715, this Report includes (i) a description of the Public Infrastructure and an estimate of cost and timetable to acquire the Public Infrastructure [Section Two]; (ii) a map showing, in general, the location of the Public Infrastructure and area to be benefited by the Public Infrastructure [Section Three]; (iii) and a plan for financing the Public Infrastructure [Section Four].

This Report has been prepared for the consideration of the Board of Directors of the District only. It is not intended or anticipated that this Report will be relied upon by other persons, including, but not limited to, purchasers of the Bonds. This Report does not attempt to address the quality of the Bonds as investments or the likelihood of repayment of the Bonds, if any are issued. In preparing this Report, employees of PulteGroup, the master developer of the property within the District, if any are issued ("Pulte"), the underwriter, the financial advisor, bond counsel and staff of the Town of Buckeye, Arizona (the "Town") that provide services to the District and other persons and experts have been consulted as deemed appropriate.

GENERAL DESCRIPTION OF DISTRICT

Formation of the District was approved by the Town on April 19, 2005 upon the request of all of the landowners within the District. The District consists of approximately 4,015 acres within the approximately 10,354 acre master-planned community called Festival Ranch (the "Project"). The Project is located along the Sun Valley Parkway generally between 259th Avenue and the 291st Avenue alignments. Single-family residential units are planned for approximately 3,190 acres within the Project. As of September 30, 2013, Pulte has closed 1,698 residential homes at Sun City Festival (age restricted) and 411 homes at Festival Foothills (non-age restricted), for a total of 2,109 residential homes. It is estimated that the Project will consist of approximately 8,550 homes when build-out is complete. Pulte currently has one selling effort within Festival Foothills and is investigating the opportunity to open a second selling effort in calendar year 2014 depending on market conditions.

In addition to residential development, several community amenities are planned for construction within the District, including two golf courses and multiple recreation centers. Currently, one 18 hole golf course is completed along with a 15,000 sq. ft. golf clubhouse, a 30,000 sq. ft. recreation center, a softball complex, a 9,000 sq. ft. arts and crafts center and a community park. There is a convenience store and gas station to serve the commercial needs of the community.

The total District acreage can be categorized as follows:

<u>Total Project</u>	<u>Approximate District Acres</u>
Single Family Residential Units	3,190
2 Golf Courses	600
Commercial	150
Recreation Centers	75
Total	<u>4,015</u>

The District was created to finance the construction or acquisition of Public Infrastructure within the District, including to finance the acquisition of the Public Infrastructure. See Section Two for a description of the Public Infrastructure. A legal description of the District is included in Appendix A. Maps of the District are included in Section Three. The acquisition of the Public Infrastructure as defined in this Report is consistent with and furtherance of the approved General Plan of the Town.

SECTION TWO

**DESCRIPTION, ESTIMATE OF COST AND TIMETABLE FOR
COMPLETION OF PUBLIC INFRASTRUCTURE**

DESCRIPTION OF PUBLIC INFRASTRUCTURE

The Public Infrastructure, which has been publicly bid and constructed pursuant to State statutes and the acquisition of which is to be financed by the Bonds, consists of the following:

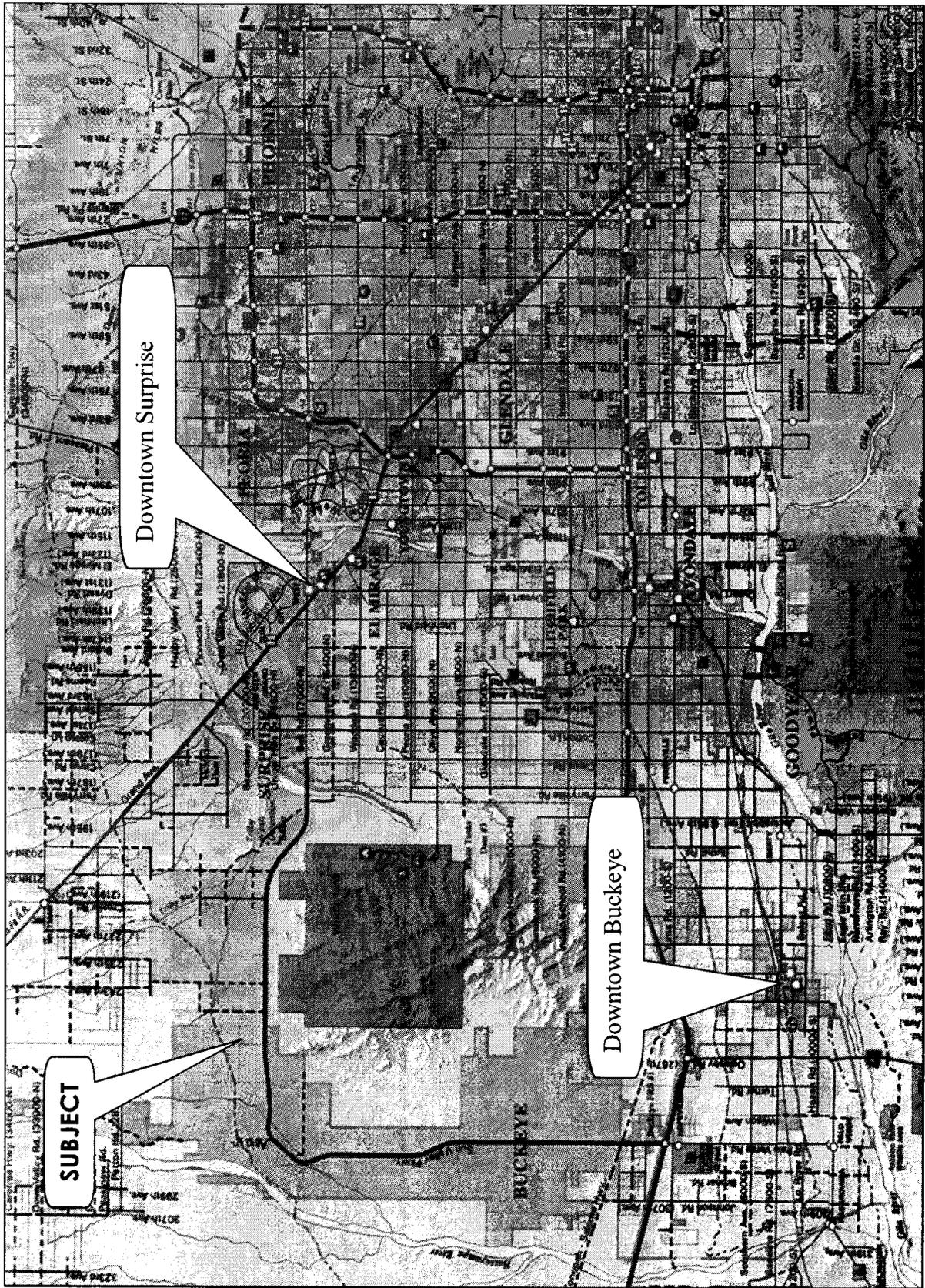
Project Descriptions	Total Estimated Costs	Certified Engineer's Costs	Paid by Prior Bonds	To be Paid by Series 2013 Bonds	Eligible for funding from Future Bonds
1. Festival Ranch Wastewater Infrastructure Trunk Sewer Lines - installation of approx. 11,121 linear feet of sewer lines including engineering, survey, permits and fees, and other labor, tools, and equipment	\$3,220,619	\$3,220,619	\$3,220,619	\$0	\$0
2. Sun City Festival Phase I Roadways and Landscaping (Canyon Springs, Desert Oasis, Mountain Ridge & Sun Valley Parkway) - installation of approx. 4,874 linear feet of Arterial Roadway and ROW Landscaping and 5,942 of Collector Roadway and ROW Landscaping including concrete, paving, storm drainage, landscaping, engineering, survey, permits and fees, and other labor, tools, and equipment	\$7,416,732	\$7,416,732	\$7,416,732	\$0	\$0
3. Sun City Festival Phase I Infrastructure Water (Parcel AI, BI, CI & VI) - installation of approx. 25,600 linear feet of water lines including engineering, survey, permits and fees, and other labor, tools, and equipment	\$1,841,756	\$1,841,756	\$1,841,756	\$0	\$0
4. Festival Ranch Water Reclamation Facility - installation of a 1 MG Water Reclamation Facility including engineering, survey, permits and fees, and other labor, tools, and equipment	\$8,966,703	\$8,966,703	\$0	\$0	\$8,966,703
5. Sun City Festival Phase I Offsite Sewer (Alignment through Parcels DI, EI, SI & TI) - installation of approximately 8,663 linear feet of sewer lines including engineering, survey, permits and fees, and other labor, tools, and equipment	\$997,203	\$997,203	\$0	\$0	\$997,203

Project Descriptions	Total Estimated Costs	Certified Engineer's Costs	Paid by Prior Bonds	To be Paid by Series 2013 Bonds	Eligible for funding from Future Bonds
6. Sun City Festival Water Plant #1, Well #1, Well #2 - Installation of 1.2 MG storage tank and booster pumps at Water Plant #1, and the drilling and equipping of Well #1 and Well #2 producing 6,150 GPM, including the eligible costs for engineering, survey, permit fees, and other required labor, tools, and equipment.	\$6,754,018	\$6,754,018	\$2,361,890	\$1,800,000	\$2,592,128
	\$29,197,031	\$29,197,031	\$14,840,997	\$1,800,000	\$12,556,034

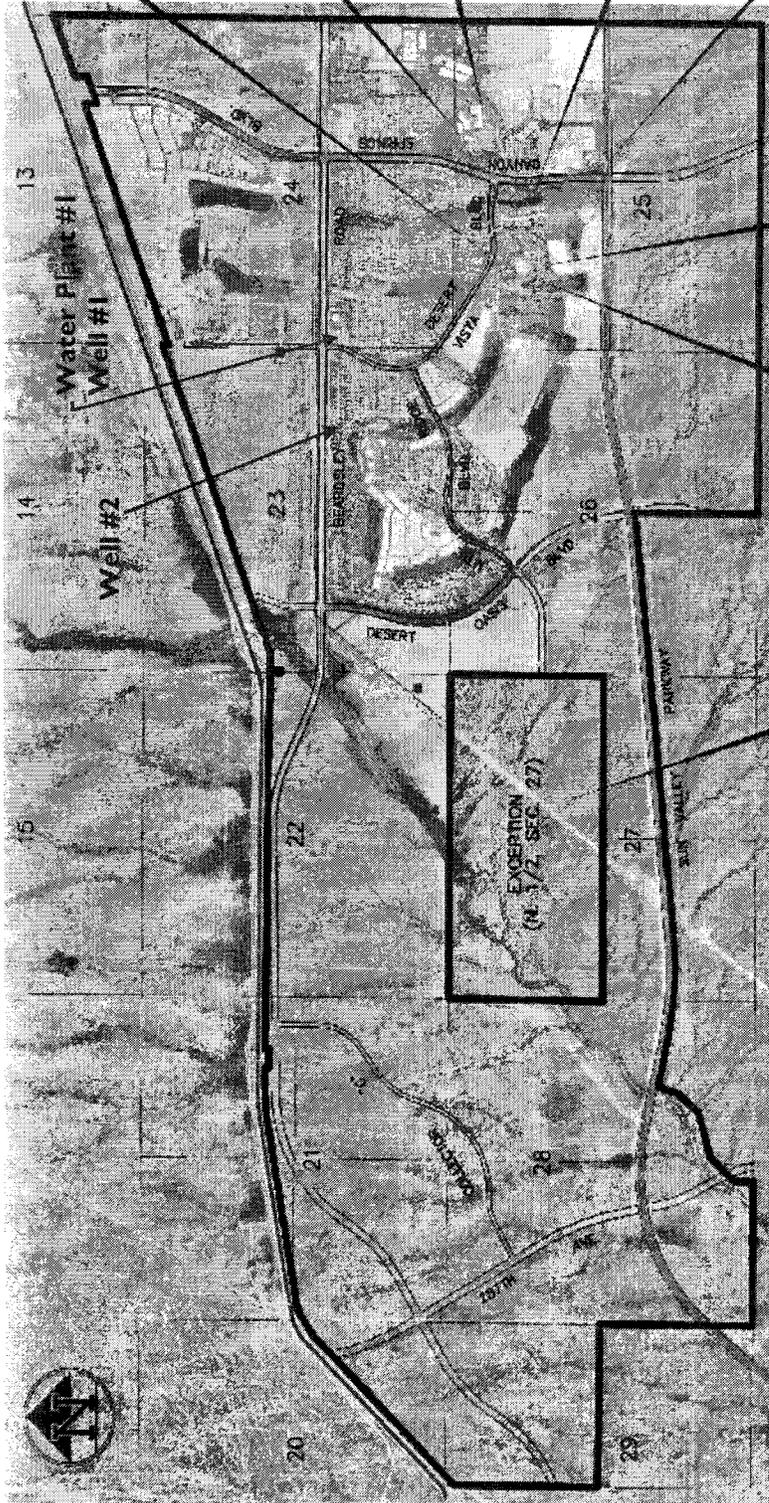
The Public Infrastructure described above was completed from 2006 to present. Proceeds of the Bonds will be used to finance the acquisition of a portion of the Public Infrastructure. Additional portions of public infrastructure have been completed but are awaiting administrative approval by the District before such public infrastructure is eligible for funding from future bonds. Additional public infrastructure as contemplated by the District's formational documents will be constructed in the future.

SECTION THREE
MAP OF THE DISTRICT

Location Map



Aerial Photograph of the District



FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT EXHIBIT

DATE: 12/25/99
FILE: 103241P

WATER PLANT #1
WELL #1



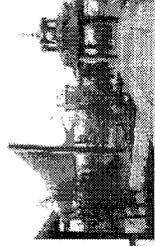
WATER PLANT #1
WELL #1



WELL #2



SAGE CENTER



HSIVA BOOTH IN PARK



PARK BOOTH IN PARK STEP

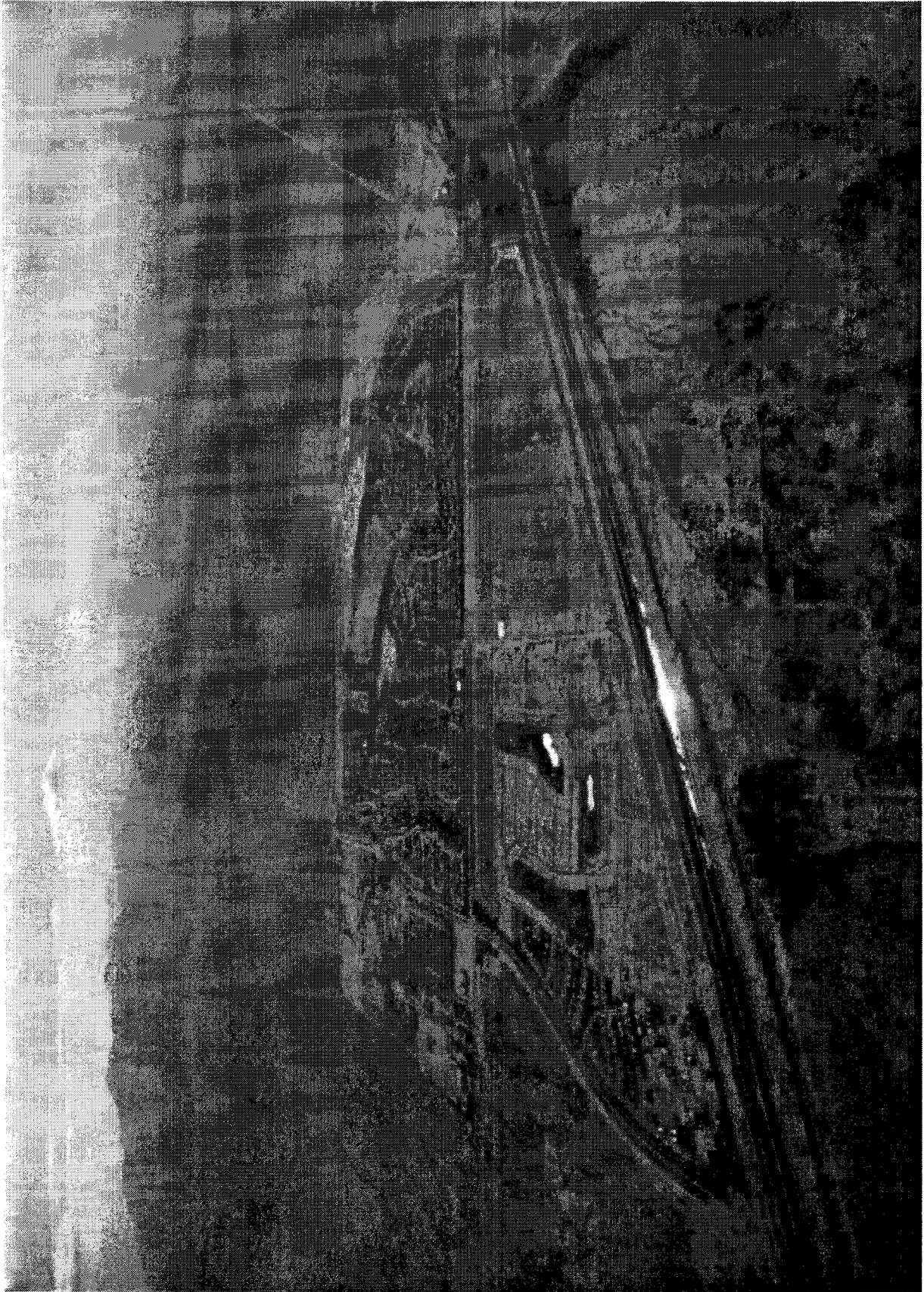


COPPER CANYON GOLF



MAIN STREET

10-515 10-515
C. 02/16/2000



SECTION FOUR

**PLAN OF FINANCE AND PRELIMINARY DEBT SERVICE
SCHEDULE (TABLE ONE)**

PLAN OF FINANCE

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.

(i) Formation and Authorization:

In response to a petition from the owners of 100% of the property within the District, the Town Council formed the District on April 19, 2005. The landowner (Pulte Home Corporation) authorized, through an election at the time of formation of the District, general obligation bond debt in an amount not to exceed \$175,000,000. The remaining authorization prior to the closing of the Bonds is \$159,665,000.

The District has previously issued the following series of general obligation bonds:

\$800,000, General Obligation Bonds, Series 2006
\$1,535,000, General Obligation Bonds, Series 2007
\$7,600,000, General Obligation Bonds, Series 2009
\$5,400,000, General Obligation Bonds, Series 2012

(ii) Proposed Debt Issuance:

The Bonds are anticipated to be issued in November 2013. As indicated in Table One herein, it is currently estimated that the Bonds will have a final maturity of approximately 20-years with principal amortized such that when combined with the debt service on the previous issues referenced above, the result will be aggregate level debt service along with a targeted secondary tax rate of not to exceed \$3.00 per \$100 of secondary assessed valuation (not including the \$0.30 per \$100 of secondary assessed valuation Maintenance and Operation Tax).

(iii) Sources and Uses of Funds:

The estimated sources and uses of funds associated with the sale of the Bonds (exclusive of accrued interest and original issue discount or premium, if any), is as follows:

<u>Sources of Funds:</u>	
Principal Amount of Bonds	\$ 1,800,000
<u>Uses of Funds*:</u>	
Cost of Public Infrastructure	\$ 1,800,000

* All costs of issuance and underwriter fees will be paid by Pulte (estimated at \$130,000). Pulte will also deposit into the interest fund approximately \$36,000 to help pay the July 15, 2014 interest payment.

(iv) Disclosure of Taxes and Assessments:

A.R.S. Section 32-2181 et seq. requires the disclosure of all property taxes and assessments to be paid by a homeowner in the Arizona Department of Real Estate Subdivision Public Report (the "Public Report"). Each home buyer must be supplied a Public Report and, prior to any home sale, the home buyer must acknowledge by signature that they have read and accepted the Public Report.

In addition, Pulte requires the home buyer to sign an additional form that highlights and discloses the additional taxes as a result of the District financing.

(v) Operation and Maintenance Estimated Revenues and Expenditures:

The Public Infrastructure that may be financed by the District has been dedicated to the Town. The obligations pertaining to the operation and maintenance of the Public Infrastructure have been and was the subject of that certain Acceptance and Service Agreement for Water/Wastewater Infrastructure and related appurtenance dated April 3, 2012, relating to Festival Ranch Water Plant No. 1, including Well No. 1 and Well No. 2, negotiated between the Town, the District and Pulte and are set forth in various agreements among the parties.

Some or all of the public infrastructure heretofore or hereafter constructed may be and may continue to be supported by Town monies (after acceptance of any such public infrastructure by the Town), the Maintenance & Operation Tax described herein, Home Owner's Association ("HOA") fees, developer contributions, or some combination of one or more of such revenue sources. Currently the Maintenance & Operation Tax in the District is levied at a rate of \$0.30 per \$100 of secondary assessed value. Pursuant to a development agreement among the Project property owners and the Town, the master HOA is responsible for the operation and maintenance costs of landscaping for the roadways, trails, and open space within the District. All homeowners are required to participate in the HOA. Monthly fees for the HOA are anticipated to be approximately \$97 per homeowner.

Pursuant to a development agreement among the Project property owners and the Town, Pulte is required to maintain and repair all infrastructure comprised of streets, parkways and alleys and all appurtenances thereto at its expense for a period of two years from the date the Town accepts the infrastructure. Such maintenance shall consist of all maintenance and repair actions reasonably required by customary engineering industry standards for each item of the Public Infrastructure.

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)**

**TABLE 1
Estimated Debt Service Requirements and Impact on the Secondary Tax Rate**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Fiscal Year Ending (July 15)	Net Secondary Assessed Valuation (a)	Principal	Federal Interest Subsidy	Total Net Debt Service	Debt Service Tax Rate (b)	Principal (July 15)	Estimated Interest (c)	Estimated Total Debt Service	Estimated Debt Service Tax Rate (b)	Total Combined Debt Service	Estimated Debt Service Tax Rate (b)
2013/14	\$41,112,232	\$400,000	\$670,080	\$1,070,080	\$2.3000					\$1,070,080	\$2.3000
2014/15	41,112,232	420,000	653,105	1,073,105	2.6885		\$103,317 (d)	\$103,317	\$0.2588	1,176,423	2.9473
2015/16	41,112,232	440,000	635,230	1,075,230	2.6938	\$15,000	85,325	100,325	0.2513	1,175,555	2.9452
2016/17	41,112,232	430,000	610,155	1,040,155	2.6059	50,000	85,025	135,025	0.3383	1,175,180	2.9442
2017/18	41,112,232	445,000	590,782	1,035,782	2.5950	55,000	84,025	139,025	0.3483	1,174,807	2.9433
2018/19	41,112,232	460,000	569,935	1,029,935	2.5803	60,000	82,375	142,375	0.3567	1,172,310	2.9370
2019/20	41,112,232	490,000	551,611	1,041,611	2.6096	55,000	80,575	135,575	0.3397	1,177,186	2.9492
2020/21	41,112,232	510,000	526,093	1,036,093	2.5958	60,000	78,788	138,788	0.3477	1,174,881	2.9435
2021/22	41,112,232	540,000	499,026	1,039,026	2.6031	60,000	76,688	136,688	0.3424	1,175,713	2.9456
2022/23	41,112,232	565,000	470,361	1,035,361	2.5939	65,000	74,438	139,438	0.3493	1,174,798	2.9433
2023/24	41,112,232	600,000	439,958	1,039,958	2.6054	55,000	71,838	126,838	0.3178	1,166,796	2.9232
2024/25	41,112,232	630,000	407,371	1,037,371	2.5990	60,000	69,088	129,088	0.3234	1,166,458	2.9224
2025/26	41,112,232	665,000	370,731	1,035,731	2.5949	65,000	66,088	131,088	0.3284	1,166,818	2.9233
2026/27	41,112,232	705,000	332,001	1,037,001	2.5980	65,000	62,838	127,838	0.3203	1,164,838	2.9183
2027/28	41,112,232	745,000	290,876	1,035,876	2.5952	70,000	59,588	129,588	0.3247	1,165,463	2.9199
2028/29	41,112,232	785,000	247,336	1,032,336	2.5863	75,000	55,913	130,913	0.3280	1,163,248	2.9143
2029/30	41,112,232	835,000	201,481	1,036,481	2.5967	75,000	51,975	126,975	0.3181	1,163,456	2.9148
2030/31	41,112,232	885,000	152,671	1,037,671	2.5997	75,000	48,038	123,038	0.3083	1,160,708	2.9080
2031/32	41,112,232	625,000	100,856	725,856	1.8185	375,000	44,100	419,100	1.0500	1,144,956	2.8685
2032/33	41,112,232	540,000	51,470	591,470	1.4818	465,000	24,413	489,413	1.2261	1,080,882	2.7080
2033/34	41,112,232		17,528	562,528	1.4093					562,528	1.4093
		<u>\$12,260,000</u>	<u>\$8,373,852</u>	<u>\$20,633,852</u>		<u>\$1,800,000</u>	<u>\$1,304,430</u>	<u>\$3,104,430</u>			

PLUS:

\$1,800,000
General Obligation Bonds
Series 2013
Dated: 11/25/13

OUTSTANDING DEBT SERVICE

Series 2006, Series 2007, Series 2009A,
Taxable Series 2009B (BABS), Series 2012

(a) Fiscal year 2013/14 is actual. Subsequent years assume 0.00% growth.
 (b) Fiscal year 2013/14 represents actual secondary tax rates for bond debt service only. Subsequent years include 3.00% delinquency factor
 (c) Interest estimated at approximately 5.25%.
 (d) Net of approximately \$36,521 contribution by Pulte required to achieve \$2.95 secondary bond tax rate. Subject to change.

SUBJECT TO CHANGE BASED ON A VARIETY OF CREDIT AND ECONOMIC FACTORS TO BE DETERMINED.

APPENDIX A

**LEGAL DESCRIPTION OF THE FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT**

December 9, 2004

LEGAL DESCRIPTION FOR
FESTIVAL RANCH
COMMUNITY FACILITY DISTRICT

That part of Sections 13, 20, 21, 22, 23, 24, 25, 26, 27, 28 and 29, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Beginning at the G.L.O. Brass Cap marking the Northeast Corner of said Section 24;

Thence South $00^{\circ}26'24''$ West, along the East line of the Northeast Quarter of said Section 24, a distance of 2,640.87 feet to the G.L.O. Brass Cap marking the East Quarter Corner thereof;

Thence South $00^{\circ}23'56''$ West, along the East line of the Southeast Quarter of said Section 24, a distance of 2,639.68 feet to the Northeast Corner of said Section 25;

Thence South $00^{\circ}23'04''$ West, along the East line of the Northeast Quarter of said Section 25, a distance of 2,642.69 feet to the East Quarter Corner of said Section 25;

Thence South $00^{\circ}24'50''$ West, along the East line of the Southeast Quarter of said Section 25, a distance of 2,641.16 feet to the Southeast Corner of said Section 25;

Thence North $89^{\circ}35'08''$ West, along the South line of the Southeast Quarter of said Section 25, a distance of 2,641.48 feet to the South Quarter Corner of said Section 25;

Thence North $89^{\circ}35'25''$ West, along the South line of the Southwest Quarter of said Section 25, a distance of 2,639.43 feet to the Southeast Corner of said Section 26;

Thence North $89^{\circ}42'22''$ West, along the South line of the Southeast Quarter of said Section 26, a distance of 2,630.35 feet to the South Quarter Corner of said Section 26;

Thence North $00^{\circ}19'01''$ East, along the North-South mid-section line of said Section 26, a distance of 2,126.51 feet to a point on a 5,575.00 foot radius non-tangent curve, whose center bears North $10^{\circ}31'05''$ West, said point also being on the Southerly right-of-way line of Sun Valley Parkway, as recorded in Book 309 of Maps, Page 12, Maricopa County Records;

Thence, along said Southerly right-of-way line of Sun Valley Parkway, the following courses:

Thence Southwesterly, along said curve, through a central angle of $05^{\circ}06'05''$, a distance of 496.37 feet;

Legal Description for
Festival Ranch
Community Facility District
December 9, 2004

Thence South $84^{\circ}32'16''$ West, a distance of 6,380.94 feet to a point on a 5,575.00 foot radius non-tangent curve, whose center bears North $05^{\circ}28'11''$ West;

Thence Westerly, along said curve, through a central angle of $18^{\circ}10'52''$, a distance of 1,769.07 feet;

Thence North $77^{\circ}17'35''$ West, a distance of 734.70 feet;

Thence South $18^{\circ}15'19''$ West, departing said Southerly right-of-way line of Sun Valley Parkway, a distance of 374.09 feet;

Thence South $40^{\circ}58'02''$ West, a distance of 464.78 feet;

Thence South $74^{\circ}21'22''$ West, a distance of 761.00 feet;

Thence South $41^{\circ}37'56''$ West, a distance of 588.43 feet;

Thence South $03^{\circ}22'04''$ East, a distance of 301.48 feet to a point on the South line of the Southwest Quarter of said Section 28;

Thence North $89^{\circ}31'12''$ West, along said South line, a distance of 2,364.77 feet to the Southwest Corner of said Section 28;

Thence North $00^{\circ}27'37''$ East, along the West line of the Southwest Quarter of said Section 28, a distance of 2,642.29 feet to the East Quarter Corner of said Section 29;

Thence North $89^{\circ}37'25''$ West, along the East-West mid-section line of said Section 29, a distance of 2,642.10 feet to the Center of said Section 29;

Thence North $00^{\circ}30'30''$ East, along the North-South mid-section line of said Section 29, a distance of 2,481.52 feet to a point on the Southerly right-of-way line of the Central Arizona Project Canal;

Thence, along said Southerly right-of-way line of the Central Arizona Project Canal, the following courses:

Thence North $44^{\circ}33'22''$ East, a distance of 3,419.52 feet;

Thence North $56^{\circ}59'46''$ East, a distance of 496.13 feet;

Thence North $80^{\circ}26'29''$ East, a distance of 3,220.32 feet;

Thence North $85^{\circ}39'45''$ East, a distance of 497.23 feet;

Thence South $89^{\circ}08'59''$ East, a distance of 293.06 feet;

Thence South $00^{\circ}51'01''$ West, a distance of 74.97 feet;

Thence South $89^{\circ}07'56''$ East, a distance of 300.00 feet;

Thence North $01^{\circ}19'16''$ East, a distance of 75.03 feet;

Legal Description for
Festival Ranch
Community Facility District
December 9, 2004

Thence South $89^{\circ}08'59''$ East, a distance of 6,130.87 feet to a point on the West line of the Northwest Quarter of said Section 23;

Thence South $00^{\circ}22'19''$ West, departing said Southerly right-of-way line, along the West line of the Northwest Quarter of said Section 23, a distance of 200.79 feet to a point on the Southerly line of certain parcel of land described in Docket 13238, Page 640, Maricopa County Records;

Thence, along said Southerly line of Docket 13238, Page 640, the following courses:

Thence South $89^{\circ}36'50''$ East, a distance of 33.00 feet;
Thence North $00^{\circ}22'19''$ East, a distance of 200.50 feet;
Thence South $89^{\circ}06'32''$ East, a distance of 285.89 feet;

Thence North $69^{\circ}27'36''$ East, a distance of 174.40 feet to a point on the South line of the North 792.00 feet of the West 660.00 feet of the South Half of the Northwest Quarter of said Section 23;

Thence South $89^{\circ}36'50''$ East, departing said Southerly line of Docket 13238, Page 640, and along said South line of the North 792.00 feet of the West 660.00 feet, a distance of 178.21 feet to a point on the East line of said West 660.00 feet of the North 792.00 feet;

Thence North $00^{\circ}22'19''$ East, along said East line, a distance of 68.14 feet to a point on the Southerly right-of-way line of the Central Arizona Project Canal;

Thence, along said Southerly right-of-way line of the Central Arizona Project Canal, the following courses:

Thence North $69^{\circ}27'36''$ East, a distance of 2,026.68 feet to a point on the North line of the South Half of the Northwest Quarter of said Section 23;

Thence South $89^{\circ}36'50''$ East, along said North line, a distance of 90.13 feet to the Northeast corner of the South Half of the Northwest Quarter of said Section 23;

Thence North $00^{\circ}27'52''$ East, along the North-South mid-section line of said Section 23, a distance of 34.37 feet;

Thence North $69^{\circ}28'27''$ East, a distance of 2,820.53 feet to a point on the West line of the Northwest Quarter of said Section 24;

Thence South $00^{\circ}22'48''$ West, along said West line, a distance of 106.56 feet;

Thence North $69^{\circ}28'05''$ East, a distance of 1,086.54 feet to a point on the South line of the Southwest Quarter of said Section 13;

Legal Description for
Festival Ranch
Community Facility District
December 9, 2004

Thence North 69°27'37" East, a distance of 1,740.17 feet to a point on the North-South mid-section line of said Section 13;

Thence North 69°27'38" East, a distance of 1,296.88 feet;

Thence South 00°00'00" East, departing said Southerly right-of-way line, a distance of 213.58 feet to a point on a line which is parallel with and 200.00 feet Southerly, as measured at right angles, from the Southerly right-of-way line of the Central Arizona Project Canal;

Thence North 69°27'38" East, along said parallel line, a distance of 464.53 feet;

Thence North 00°00'00" East, a distance of 213.58 feet to a point on the Southerly right-of-way line of the Central Arizona Project Canal;

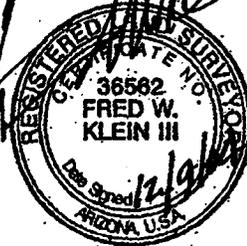
Thence North 69°27'38" East, along said Southerly right-of-way line, a distance of 1,067.33 feet to a point on the East line of the Southeast Quarter of said Section 13;

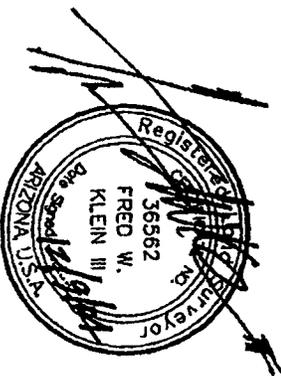
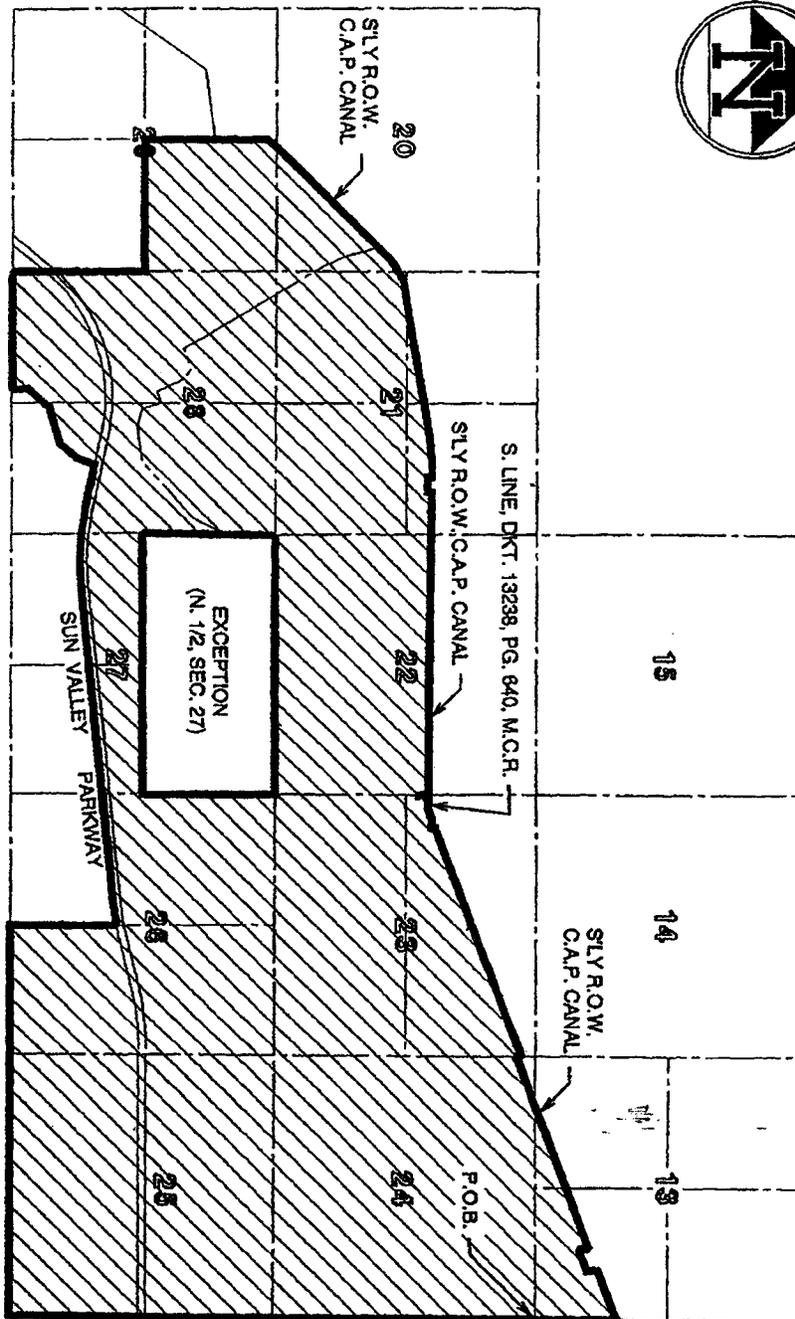
Thence South 00°24'51" West, departing said Southerly right-of-way line along said East line, a distance of 1,633.09 feet to the Point of Beginning.

EXCEPT THE FOLLOWING DESCRIBED PARCEL OF LAND:

The North Half of Section 27, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona,

Containing 4,015.490 Acres, more or less.





EXHIBIT

N:\680001\LAND\EH-CFD.DGN
 4550 NORTH 12TH STREET
 PHOENIX, ARIZONA 85014
 TELEPHONE (602) 264-6831

**FESTIVAL RANCH
 COMMUNITY FACILITY DISTRICT**

COE & VAN LOO
 PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO

680001

SHEET

1 OF 1

PUBLIC NOTICE

NOTICE OF PUBLIC HEARING

TO THE GENERAL PUBLIC AND THE MEMBERS OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA):

NOTICE IS HEREBY GIVEN that the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) will meet on November 5, 2013, immediately following the regularly scheduled Town Council meeting which begins at 6:00.m., in the Town Council Chambers, 530 E. Monroe Avenue, Buckeye, Arizona 85326, to conduct a public hearing on, and to consider and review a feasibility report relative to a proposed project to be financed by the issuance of not to exceed \$1,800,000 of general obligation bonds of the District. A copy of the feasibility report may be reviewed at the office of the District Clerk, 530. Monroe Avenue, Buckeye, Arizona 85326.

Published in the Buckeye Valley News October 3, 2013

AFFIDAVIT OF PUBLICATION

BUCKEYE VALLEY NEWS, LLC.

STATE OF ARIZONA }
COUNTY OF MARICOPA } SS.

Marlene M. Turner, being first duly sworn, upon oath deposes and says: That she is a legal advertising representative of the Buckeye Valley News, LLC., a newspaper of general circulation in the county of Maricopa, State of Arizona, published in Buckeye, Arizona, and that the copy hereto attached is a true copy of the advertisement published in the said paper on the dates as indicated.

Buckeye Valley News, LLC.

PUBLIC NOTICE:NOTICE OF PUBLIC HEARING TO THE GENERAL PUBLIC AND THE MEMBERS OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA):

Publication Dates:
October 3rd, 2013

Marlene M. Turner

Authorized Representative of
Buckeye Valley News, LLC.
Marlene M. Turner

Subscribed and sworn to before me this 3rd day of October, 2013

Karen Williams
Notary Public/Karen Williams



PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES. THANK YOU.

NOTICE OF POSSIBLE QUORUM OF THE TOWN OF BUCKEYE PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION: PLEASE NOTE THAT THERE MAY BE A QUORUM PRESENT BUT THERE WILL BE NO VOTING TAKING PLACE BY THE TOWN PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION AT THIS MEETING.

**JOINT MEETING
OF THE COMMUNITY FACILITIES DISTRICTS TOWN OF BUCKEYE, ARIZONA
PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1
ARIZONA REVISED STATUTES, AS AMENDED, TAKE NOTICE THAT A JOINT MEETING
OF THE
GOVERNING BOARDS OF
ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT
ELIANTO COMMUNITY FACILITIES DISTRICT
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
MIRIELLE COMMUNITY FACILITIES DISTRICT
SUNDANCE COMMUNITY FACILITIES DISTRICT
TARTESSO WEST COMMUNITY FACILITIES DISTRICT
TRILLIUM COMMUNITY FACILITIES DISTRICT
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
WATSON ROAD COMMUNITY FACILITIES DISTRICT and
WESTPARK COMMUNITY FACILITIES DISTRICT**

NOVEMBER 5, 2013

AGENDA

**Town Council Chambers
530 E. Monroe Avenue
Buckeye, AZ 85326
Immediately following the 6:00 p.m. Regular Council Meeting**

1. Call to Order/Roll Call

Board Action: None.

**2. Board to Approve/Ratify Expenditures for 1st Quarter of Fiscal Year 2013-2014 for the following
Community Facilities Districts:**

Anthem Sun Valley
Elianto
Festival Ranch
Mirielle
Sundance
Tartesso West
Trillium
Verrado District 1
Verrado Western Overlay
Watson Road
Westpark

Board Action: Motion to approve.

3. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Public Hearing and Action Resolution No. 13-13 Approving the Feasibility Report Relating to the Acquisition and Financing of Certain Improvements Benefiting the District; Declaring its Preliminary Intention to Issue Not to Exceed \$1,800,000 General Obligation Bonds to Finance the Acquisition of Certain Improvements as Described in the Feasibility Report Relating to Such Improvements.

Board to:

1. Open a Public Hearing to hear citizen input regarding the Feasibility Report relating to the acquisition and financing of certain improvements benefiting the District.
2. Receive Staff Report.
3. Receive Public Comment.
4. Close Public Hearing.
5. Adopt Resolution No. 13-13 (Festival Ranch) approving the feasibility report relating to the acquisition and financing of certain improvements benefiting the District; declaring its preliminary intention to issue not to exceed \$1,800,000 general obligation bonds to finance the acquisition of certain improvements as described in the feasibility report relating to such improvements pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all amendments thereto.

Board Action: Public hearing and motion to approve.

4. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Action Resolution No. 14-13 Authorizing the Issuance of its General Obligation Bonds, Series 2013; Approving the Form and Authorizing the Execution and Delivery of a Bond Registrar, Transfer Agent and Paying Agent Contract, a Purchase Contract Relating to the Bonds and Certain Other Documents Relating to the Bonds; Awarding the Bonds to the Purchaser Thereof; Ratifying and Approving a Preliminary Official Statement Relating to the Bonds; Approving a Final Official Statement Relating to the Bonds; Levying an Ad Valorem Tax on Taxable Property in the District; and Appointing a Registrar, Transfer Agent and Paying Agent For the Bonds. Board to Approve Resolution No. 13-13 (Festival Ranch) Approving the Feasibility Report Relating to the Acquisition and Financing of Certain Improvements Benefiting the District; Declaring Its Preliminary Intention to Issue Not To Exceed \$1,800,000 General Obligation Bonds to Finance the Acquisition of Certain Improvements as Described in the Feasibility Report Relating to Such Improvements Pursuant to the Provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and All Amendments Thereto

Board to adopt Resolution No. 14-13 authorizing the issuance of the District's General Obligation Bonds, Series 2013 in the amount of not to exceed \$1,800,000; approving the form and authorizing execution and delivery of related documents.

Board Action: Motion to approve.

5. SUNDANCE COMMUNITY FACILITIES DISTRICT

Action Authorize an Expenditure from the Sundance Community Facilities District Operations and Maintenance Fund for the Purpose of Installing a Necessary Pedestrian Crosswalk and School Zone Flasher System, Located at the Intersection of Dean Road and Sundance Parkway

Board to authorize an expenditure in an amount up to \$10,000 from the Sundance Community Facilities District Operations and Maintenance Fund for the purpose of installing a necessary pedestrian crosswalk and school zone flasher system, located at the intersection of Dean Road and Sundance Parkway.

Board Action: Motion to approve.

6. VERRADO DISTRICT 1

Action Resolution No. 12-13 Acknowledging Town of Buckeye Acceptance of the Conveyance of Segment by DMB White Tank, LLC, an Arizona Limited Liability Company, For Public Park Infrastructure and Related Appurtenances For Walton Park Restrooms

Board to adopt Resolution No. 12-13 acknowledging the Town of Buckeye's acceptance of the Conveyance of Segment by DMB White Tank, LLC, an Arizona limited liability company, for public park infrastructure and related appurtenances for Walton Park Restrooms, and authorizing the District Finance Director to release reimbursement from existing bond proceeds.

Board Action: Motion to approve.

7. Citizen Input / Appearances from the Floor

Board Action: None.

8. Adjournment

Board Action: Motion to adjourn.

PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES. THANK YOU.

NOTICE OF POSSIBLE QUORUM OF THE TOWN OF BUCKEYE PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION: PLEASE NOTE THAT THERE MAY BE A QUORUM PRESENT BUT THERE WILL BE NO VOTING TAKING PLACE BY THE TOWN PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION AT THIS MEETING.

**JOINT MEETING
OF THE COMMUNITY FACILITIES DISTRICTS TOWN OF BUCKEYE, ARIZONA
PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1
ARIZONA REVISED STATUTES, AS AMENDED, TAKE NOTICE THAT A JOINT MEETING
OF THE
GOVERNING BOARDS OF
ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT
ELIANTO COMMUNITY FACILITIES DISTRICT
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
MIRIELLE COMMUNITY FACILITIES DISTRICT
SUNDANCE COMMUNITY FACILITIES DISTRICT
TARTESSO WEST COMMUNITY FACILITIES DISTRICT
TRILLIUM COMMUNITY FACILITIES DISTRICT
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
WATSON ROAD COMMUNITY FACILITIES DISTRICT and
WESTPARK COMMUNITY FACILITIES DISTRICT**

**NOVEMBER 5, 2013
AGENDA
MOTIONS**

**Town Council Chambers
530 E. Monroe Avenue
Buckeye, AZ 85326
Immediately following the 6:00 p.m. Regular Council Meeting**

1. Call to Order/Roll Call

Board Action: None.

**2. Board to Approve/Ratify Expenditures for 1st Quarter of Fiscal Year 2013-2014 for the following
Community Facilities Districts: *APPROVED***

Anthem Sun Valley
Elianto
Festival Ranch
Mirielle
Sundance
Tartesso West
Trillium
Verrado District 1
Verrado Western Overlay
Watson Road
Westpark

Board Action: Motion to approve.

3. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Public Hearing and Action Resolution No. 13-13 Approving the Feasibility Report Relating to the Acquisition and Financing of Certain Improvements Benefiting the District; Declaring its Preliminary Intention to Issue Not to Exceed \$1,800,000 General Obligation Bonds to Finance the Acquisition of Certain Improvements as Described in the Feasibility Report Relating to Such Improvements. APPROVED

Board to:

1. Open a Public Hearing to hear citizen input regarding the Feasibility Report relating to the acquisition and financing of certain improvements benefiting the District.
2. Receive Staff Report.
3. Receive Public Comment.
4. Close Public Hearing.
5. Adopt Resolution No. 13-13 (Festival Ranch) approving the feasibility report relating to the acquisition and financing of certain improvements benefiting the District; declaring its preliminary intention to issue not to exceed \$1,800,000 general obligation bonds to finance the acquisition of certain improvements as described in the feasibility report relating to such improvements pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all amendments thereto.

Board Action: Public hearing and motion to approve.

4. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Action Resolution No. 14-13 Authorizing the Issuance of its General Obligation Bonds, Series 2013; Approving the Form and Authorizing the Execution and Delivery of a Bond Registrar, Transfer Agent and Paying Agent Contract, a Purchase Contract Relating to the Bonds and Certain Other Documents Relating to the Bonds; Awarding the Bonds to the Purchaser Thereof; Ratifying and Approving a Preliminary Official Statement Relating to the Bonds; Approving a Final Official Statement Relating to the Bonds; Levying an Ad Valorem Tax on Taxable Property in the District; and Appointing a Registrar, Transfer Agent and Paying Agent For the Bonds. Board to Approve Resolution No. 13-13 (Festival Ranch) Approving the Feasibility Report Relating to the Acquisition and Financing of Certain Improvements Benefiting the District; Declaring Its Preliminary Intention to Issue Not To Exceed \$1,800,000 General Obligation Bonds to Finance the Acquisition of Certain Improvements as Described in the Feasibility Report Relating to Such Improvements Pursuant to the Provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and All Amendments Thereto APPROVED

Board to adopt Resolution No. 14-13 authorizing the issuance of the District's General Obligation Bonds, Series 2013 in the amount of not to exceed \$1,800,000; approving the form and authorizing execution and delivery of related documents.

Board Action: Motion to approve.

5. SUNDANCE COMMUNITY FACILITIES DISTRICT

Action Authorize an Expenditure from the Sundance Community Facilities District Operations and Maintenance Fund for the Purpose of Installing a Necessary Pedestrian Crosswalk and School Zone Flasher System, Located at the Intersection of Dean Road and Sundance Parkway APPROVED

Board to authorize an expenditure in an amount up to \$10,000 from the Sundance Community Facilities District Operations and Maintenance Fund for the purpose of installing a necessary pedestrian crosswalk and school zone flasher system, located at the intersection of Dean Road and Sundance Parkway.

Board Action: Motion to approve.

6. VERRADO DISTRICT 1

Action Resolution No. 12-13 Acknowledging Town of Buckeye Acceptance of the Conveyance of Segment by DMB White Tank, LLC, an Arizona Limited Liability Company, For Public Park Infrastructure and Related Appurtenances For Walton Park Restrooms *APPROVED*

Board to adopt Resolution No. 12-13 acknowledging the Town of Buckeye's acceptance of the Conveyance of Segment by DMB White Tank, LLC, an Arizona limited liability company, for public park infrastructure and related appurtenances for Walton Park Restrooms, and authorizing the District Finance Director to release reimbursement from existing bond proceeds.

Board Action: Motion to approve.

7. Citizen Input / Appearances from the Floor

Board Action: None.

8. Adjournment

Board Action: Motion to adjourn.

PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES. THANK YOU.

NOTICE OF POSSIBLE QUORUM OF THE TOWN OF BUCKEYE PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION: PLEASE NOTE THAT THERE MAY BE A QUORUM PRESENT BUT THERE WILL BE NO VOTING TAKING PLACE BY THE TOWN PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION AT THIS MEETING.

**JOINT MEETING OF THE COMMUNITY FACILITIES DISTRICTS TOWN OF BUCKEYE,
ARIZONA**

**PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1
ARIZONA REVISED STATUTES, AS AMENDED, TAKE NOTICE THAT A JOINT MEETING
OF THE GOVERNING BOARDS OF
ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT
ELIANTO COMMUNITY FACILITIES DISTRICT
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
MIRIELLE COMMUNITY FACILITIES DISTRICT
SUNDANCE COMMUNITY FACILITIES DISTRICT
TARTESSO WEST COMMUNITY FACILITIES DISTRICT
TRILLIUM COMMUNITY FACILITIES DISTRICT
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
WATSON ROAD COMMUNITY FACILITIES DISTRICT and
WESTPARK COMMUNITY FACILITIES DISTRICT**

**NOVEMBER 5, 2013
MINUTES**

**Town Council Chambers
530 E. Monroe Avenue
Buckeye, AZ 85326
Immediately following the 6:00 p.m. Regular Council Meeting**

1. Call to Order/Roll Call

Chairman Meck called the meeting to order at 7:20 p.m.

Members Present: Board Member Garza, Board Member Strauss, Board Member Hess, Board Member Heustis, Vice Chairman McAchran and Chairman Meck.

Members Absent: Board Member Orsborn.

Departments Present: District Manager Stephen Cleveland, District Attorney Scott Ruby, District Clerk, Lucinda Aja, Deputy District Clerk Deborah Harrell, Assistant to Board Carol Conley, and District Finance Director Larry Price.

2. A motion was made by Vice Chairman McAchran and seconded by Board Member Heustis to Approve/Ratify Expenditures for 1st Quarter of Fiscal Year 2013-2014 for the following Community Facilities Districts:

Anthem Sun Valley
Elianto
Festival Ranch
Mirielle
Sundance
Tartesso West
Trillium
Verrado District 1
Verrado Western Overlay
Watson Road
Westpark

Motion passed unanimously.

3. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Public Hearing and Action Resolution No. 13-13 Approving the Feasibility Report Relating to the Acquisition and Financing of Certain Improvements Benefiting the District; Declaring its Preliminary Intention to Issue Not to Exceed \$1,800,000 General Obligation Bonds to Finance the Acquisition of Certain Improvements as Described in the Feasibility Report Relating to Such Improvements.

Chairman Meck opened a public hearing at 7:21 p.m. to hear citizen input regarding the Feasibility Report relating to the acquisition and financing of certain improvements benefiting the District. Mr. Price presented the Board an overview of the Feasibility Report and discussed the debt service.

Councilmember Hess confirmed the rate has a cap. There being no further public comment Chairman Meck closed the public hearing at 7:34 p.m. A motion was made by Board Member Heustis and seconded by Vice Chairman McAchran to adopt Resolution No. 13-13 (Festival Ranch) approving the feasibility report relating to the acquisition and financing of certain improvements benefiting the District; declaring its preliminary intention to issue not to exceed \$1,800,000 general obligation bonds to finance the acquisition of certain improvements as described in the feasibility report relating to such improvements pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all amendments thereto. Motion passed unanimously.

4. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Action Resolution No. 14-13 Authorizing the Issuance of its General Obligation Bonds, Series 2013; Approving the Form and Authorizing the Execution and Delivery of a Bond Registrar, Transfer Agent and Paying Agent Contract, a Purchase Contract Relating to the Bonds and Certain Other Documents Relating to the Bonds; Awarding the Bonds to the Purchaser Thereof; Ratifying and Approving a Preliminary Official Statement Relating to the Bonds; Approving a Final Official Statement Relating to the Bonds; Levying an Ad Valorem Tax on Taxable Property in the District; and Appointing a Registrar, Transfer Agent and Paying Agent For the Bonds. Board to Approve Resolution No. 13-13 (Festival Ranch) Approving the Feasibility Report Relating to the Acquisition and Financing of Certain Improvements Benefiting the District; Declaring Its Preliminary Intention to Issue Not To Exceed \$1,800,000 General Obligation Bonds to Finance the Acquisition of Certain Improvements as Described in the Feasibility Report Relating to Such Improvements Pursuant to the Provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and All Amendments Thereto

A motion was made by Board Member Heustis and seconded by Board Member Strauss to adopt Resolution No. 14-13 authorizing the issuance of the District's General Obligation Bonds, Series 2013 in the amount of not to exceed \$1,800,000; approving the form and authorizing execution and delivery of related documents. Motion passed unanimously.

5. SUNDANCE COMMUNITY FACILITIES DISTRICT

Action Authorize an Expenditure from the Sundance Community Facilities District Operations and Maintenance Fund for the Purpose of Installing a Necessary Pedestrian Crosswalk and School Zone Flasher System, Located at the Intersection of Dean Road and Sundance Parkway

Mr. Cleveland provided Council an overview reporting Staff and the District Engineer reviewed options for improvements at the pedestrian crosswalk located at the intersection of Dean Road and Sundance Parkway; the improvements would be complete by the end of November. Mr. Lowe informed Council there would be four stop signs, and thermoplastic would be used, not paint. A motion was made by Board Member Hess and seconded by Board Member Strauss to authorize an expenditure in an amount not to exceed \$10,000 from the Sundance Community Facilities District Operations and Maintenance Fund for the purpose of installing a necessary pedestrian crosswalk, located at the intersection of Dean Road and Sundance Parkway. Motion passed unanimously.

6. VERRADO DISTRICT 1

Action Resolution No. 12-13 Acknowledging Town of Buckeye Acceptance of the Conveyance of Segment by DMB White Tank, LLC, an Arizona Limited Liability Company, For Public Park Infrastructure and Related Appurtenances For Walton Park Restrooms

Ms. Johnson presented a brief overview reporting this is for conveyance and Walton Park is a public park. Board Member Heustis confirmed Walton Park is a Town Park but maintained by the homeowners association. A motion was made by Board Member Heustis and seconded by Board Member Hess to adopt Resolution No. 12-13 acknowledging the Town of Buckeye's acceptance of the Conveyance of Segment by DMB White Tank, LLC, an Arizona limited liability company, for public park infrastructure and related appurtenances for Walton Park Restrooms, and authorizing the District Finance Director to release reimbursement from existing bond proceeds. Motion passed unanimously.

7. Citizen Input / Appearances from the Floor-None.

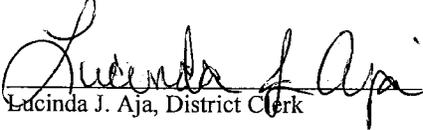
8. Adjournment

A motion was made by Board Member Hess and seconded by Board Member Heustis to adjourn the meeting at 7:50 p.m. Motion passed unanimously.



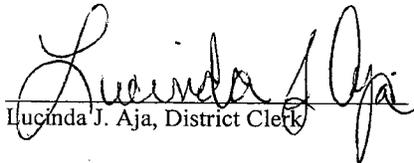
Jackie A. Meck, Chairman

ATTEST:



Lucinda J. Aja, District Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the Joint Community Facilities Districts Meeting on the 5th day of November, 2013. I further certify that a quorum was present.



Lucinda J. Aja, District Clerk

RESOLUTION NO. 13-13 (Festival Ranch)

RESOLUTION OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), APPROVING THE FEASIBILITY REPORT RELATING TO THE ACQUISITION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITING THE DISTRICT; DECLARING ITS PRELIMINARY INTENTION TO ISSUE NOT TO EXCEED \$1,800,000 GENERAL OBLIGATION BONDS TO FINANCE THE ACQUISITION OF CERTAIN IMPROVEMENTS AS DESCRIBED IN THE FEASIBILITY REPORT RELATING TO SUCH IMPROVEMENTS PURSUANT TO THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO.

WHEREAS, pursuant to Arizona Revised Statutes ("A.R.S.") § 48-715, as amended, the Board of Directors of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), has caused a study of the feasibility and benefits of the Project (as such term and all other initially capitalized terms are defined hereinafter) to be prepared, relating to certain public infrastructure (as defined in the Act) provided for in the General Plan of the District and to be financed with the proceeds of the sale of general obligation bonds of the District (the "*Report*"), which Report includes, among other things, a description of certain public infrastructure to be acquired and all other information useful to understand the Project, an estimate of the cost to acquire, operate and maintain the Project, an estimated schedule for completion of the Project, a map or description of the area to be benefited by the Project and a plan for financing the Project, a copy of which is on file with the District Clerk; and

WHEREAS, pursuant to A.R.S. § 48-715, as amended, a public hearing on the Report was held on the date hereof, after provision for publication and mailing of notice thereof as provided by law;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), that:

Section 1. Definitions. In this resolution, the following terms shall have the following meanings:

"*Act*" shall mean Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended.

"*Board*" shall mean this Board of Directors of the District.

"*Bonds*" shall mean the District's General Obligation Bonds, Series 2013.

"*District*" shall mean Festival Ranch Community Facilities District (Town of Buckeye, Arizona).

"*District Clerk*" shall mean the Clerk of the District.

"*Project*" shall mean the acquisition of public infrastructure (as such term is defined in the Act) described in the Report, including particularly the acquisition by the District of the improvements described on Exhibit A hereto.

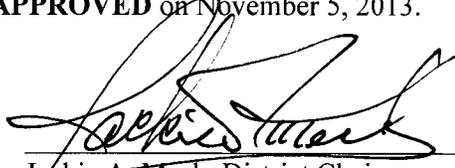
"Report" shall mean the Feasibility Report dated November 5, 2013, pertaining to the Project on file with the Clerk prior to the date and time hereof, discussing the matters required by A.R.S. § 48-715, as amended, as such matters relate to the Project.

Section 2. Approval of Feasibility Report. Published notice of the public hearing on the Report has been provided by the District Clerk not less than ten (10) days in advance of the date of the public hearing on the Report and such publication is hereby ratified and approved. The District Clerk has provided the Report and notice of public hearing on the Report to the governing body of the Town of Buckeye, Arizona, not less than ten (10) days in advance of the date of the public hearing. Based on the review by the Board and the presentation of the Report at the public hearing on November 5, 2013, the Report is hereby adopted and approved in the form submitted to the Board.

Section 3. Resolution of Intent. Pursuant to A.R.S. § 48-715, as amended, this Board hereby identifies the public infrastructure of the Project, the areas benefited, the expected method of financing and the system of providing revenues to operate and maintain the Project, all as identified and provided for in the Report, for any and all purposes of the Act. Any portion of the costs of the Project not financed by the proceeds of the Bonds shall remain eligible to be financed through the sale of future bonds of the District.

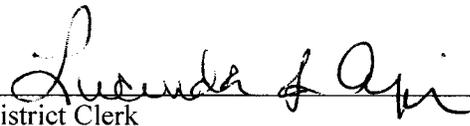
Section 4. Preliminary Intent to Issue and Sell Bonds. The Board hereby declares its intent to proceed with the financing of the Project in substantially the manner presented in the Report, and if such financing is consummated, to acquire the Project. Nothing contained in this Resolution shall be construed to limit the Board's sole, unfettered discretion in making its final decision to issue bonds to finance the Project.

PASSED, ADOPTED AND APPROVED on November 5, 2013.



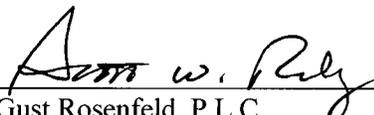
Jackie A. Meck, District Chairman

ATTEST:



District Clerk

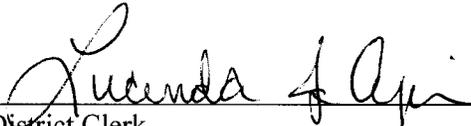
APPROVED AS TO FORM:



Gust Rosenfeld, P.L.C.
Bond Counsel

CERTIFICATE

I hereby certify that the above and foregoing Resolution was duly passed by the District Board of Directors of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on November 5, 2013, and that a quorum was present thereat and that the vote thereon was 6 ayes and 0 nays; 1 did not vote or were absent.



District Clerk

EXHIBIT A

"Project" shall mean the acquisition of public infrastructure (as such term is defined in the Act) described in the Report, including particularly the acquisition by the District of the following:

<u>Description</u>	<u>Total Estimated Costs</u>	<u>Certified Engineer's Costs</u>	<u>Paid by Prior Bonds</u>	<u>To be paid by Series 2013 Bonds</u>	<u>Eligible for Funding from Future Bonds</u>
Sun City Festival Water Plant #1, Well #1, Well #2, – installation of 1.2 MG storage tank and booster pumps at Water Plant #1, and the drilling and equipping of Well #1 and Well #2 producing 6,150 GPM, including the eligible costs for engineering, survey, permit fees, and other required labor, tools, and equipment.	\$6,754,018	\$6,754,018	\$2,361,890	\$1,800,000	\$2,592,128

PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES. THANK YOU.

NOTICE OF POSSIBLE QUORUM OF THE TOWN OF BUCKEYE PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION: PLEASE NOTE THAT THERE MAY BE A QUORUM PRESENT BUT THERE WILL BE NO VOTING TAKING PLACE BY THE TOWN PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION AT THIS MEETING.

**JOINT MEETING
OF THE COMMUNITY FACILITIES DISTRICTS TOWN OF BUCKEYE, ARIZONA
PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1
ARIZONA REVISED STATUTES, AS AMENDED, TAKE NOTICE THAT A JOINT MEETING
OF THE
GOVERNING BOARDS OF
ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT
ELIANTO COMMUNITY FACILITIES DISTRICT
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
MIRIELLE COMMUNITY FACILITIES DISTRICT
SUNDANCE COMMUNITY FACILITIES DISTRICT
TARTESSO WEST COMMUNITY FACILITIES DISTRICT
TRILLIUM COMMUNITY FACILITIES DISTRICT
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
WATSON ROAD COMMUNITY FACILITIES DISTRICT and
WESTPARK COMMUNITY FACILITIES DISTRICT**

NOVEMBER 5, 2013

AGENDA

**Town Council Chambers
530 E. Monroe Avenue
Buckeye, AZ 85326
Immediately following the 6:00 p.m. Regular Council Meeting**

1. Call to Order/Roll Call

Board Action: None.

**2. Board to Approve/Ratify Expenditures for 1st Quarter of Fiscal Year 2013-2014 for the following
Community Facilities Districts:**

Anthem Sun Valley
Elianto
Festival Ranch
Mirielle
Sundance
Tartesso West
Trillium
Verrado District 1
Verrado Western Overlay
Watson Road
Westpark

Board Action: Motion to approve.

3. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Public Hearing and Action Resolution No. 13-13 Approving the Feasibility Report Relating to the Acquisition and Financing of Certain Improvements Benefiting the District; Declaring its Preliminary Intention to Issue Not to Exceed \$1,800,000 General Obligation Bonds to Finance the Acquisition of Certain Improvements as Described in the Feasibility Report Relating to Such Improvements.

Board to:

1. Open a Public Hearing to hear citizen input regarding the Feasibility Report relating to the acquisition and financing of certain improvements benefiting the District.
2. Receive Staff Report.
3. Receive Public Comment.
4. Close Public Hearing.
5. Adopt Resolution No. 13-13 (Festival Ranch) approving the feasibility report relating to the acquisition and financing of certain improvements benefiting the District; declaring its preliminary intention to issue not to exceed \$1,800,000 general obligation bonds to finance the acquisition of certain improvements as described in the feasibility report relating to such improvements pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all amendments thereto.

Board Action: Public hearing and motion to approve.

4. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Action Resolution No. 14-13 Authorizing the Issuance of its General Obligation Bonds, Series 2013; Approving the Form and Authorizing the Execution and Delivery of a Bond Registrar, Transfer Agent and Paying Agent Contract, a Purchase Contract Relating to the Bonds and Certain Other Documents Relating to the Bonds; Awarding the Bonds to the Purchaser Thereof; Ratifying and Approving a Preliminary Official Statement Relating to the Bonds; Approving a Final Official Statement Relating to the Bonds; Levying an Ad Valorem Tax on Taxable Property in the District; and Appointing a Registrar, Transfer Agent and Paying Agent For the Bonds. Board to Approve Resolution No. 13-13 (Festival Ranch) Approving the Feasibility Report Relating to the Acquisition and Financing of Certain Improvements Benefiting the District; Declaring Its Preliminary Intention to Issue Not To Exceed \$1,800,000 General Obligation Bonds to Finance the Acquisition of Certain Improvements as Described in the Feasibility Report Relating to Such Improvements Pursuant to the Provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and All Amendments Thereto

Board to adopt Resolution No. 14-13 authorizing the issuance of the District's General Obligation Bonds, Series 2013 in the amount of not to exceed \$1,800,000; approving the form and authorizing execution and delivery of related documents.

Board Action: Motion to approve.

5. SUNDANCE COMMUNITY FACILITIES DISTRICT

Action Authorize an Expenditure from the Sundance Community Facilities District Operations and Maintenance Fund for the Purpose of Installing a Necessary Pedestrian Crosswalk and School Zone Flasher System, Located at the Intersection of Dean Road and Sundance Parkway

Board to authorize an expenditure in an amount up to \$10,000 from the Sundance Community Facilities District Operations and Maintenance Fund for the purpose of installing a necessary pedestrian crosswalk and school zone flasher system, located at the intersection of Dean Road and Sundance Parkway.

Board Action: Motion to approve.

6. VERRADO DISTRICT 1

Action Resolution No. 12-13 Acknowledging Town of Buckeye Acceptance of the Conveyance of Segment by DMB White Tank, LLC, an Arizona Limited Liability Company, For Public Park Infrastructure and Related Appurtenances For Walton Park Restrooms

Board to adopt Resolution No. 12-13 acknowledging the Town of Buckeye's acceptance of the Conveyance of Segment by DMB White Tank, LLC, an Arizona limited liability company, for public park infrastructure and related appurtenances for Walton Park Restrooms, and authorizing the District Finance Director to release reimbursement from existing bond proceeds.

Board Action: Motion to approve.

7. Citizen Input / Appearances from the Floor

Board Action: None.

8. Adjournment

Board Action: Motion to adjourn.

PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES. THANK YOU.

NOTICE OF POSSIBLE QUORUM OF THE TOWN OF BUCKEYE PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION: PLEASE NOTE THAT THERE MAY BE A QUORUM PRESENT BUT THERE WILL BE NO VOTING TAKING PLACE BY THE TOWN PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION AT THIS MEETING.

**JOINT MEETING
OF THE COMMUNITY FACILITIES DISTRICTS TOWN OF BUCKEYE, ARIZONA
PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1
ARIZONA REVISED STATUTES, AS AMENDED, TAKE NOTICE THAT A JOINT MEETING
OF THE
GOVERNING BOARDS OF
ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT
ELIANTO COMMUNITY FACILITIES DISTRICT
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
MIRIELLE COMMUNITY FACILITIES DISTRICT
SUNDANCE COMMUNITY FACILITIES DISTRICT
TARTESSO WEST COMMUNITY FACILITIES DISTRICT
TRILLIUM COMMUNITY FACILITIES DISTRICT
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
WATSON ROAD COMMUNITY FACILITIES DISTRICT and
WESTPARK COMMUNITY FACILITIES DISTRICT**

**NOVEMBER 5, 2013
AGENDA
MOTIONS**

**Town Council Chambers
530 E. Monroe Avenue
Buckeye, AZ 85326
Immediately following the 6:00 p.m. Regular Council Meeting**

1. Call to Order/Roll Call

Board Action: None.

**2. Board to Approve/Ratify Expenditures for 1st Quarter of Fiscal Year 2013-2014 for the following
Community Facilities Districts: *APPROVED***

Anthem Sun Valley
Elianto
Festival Ranch
Mirielle
Sundance
Tartesso West
Trillium
Verrado District 1
Verrado Western Overlay
Watson Road
Westpark

Board Action: Motion to approve.

3. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Public Hearing and Action Resolution No. 13-13 Approving the Feasibility Report Relating to the Acquisition and Financing of Certain Improvements Benefiting the District; Declaring its Preliminary Intention to Issue Not to Exceed \$1,800,000 General Obligation Bonds to Finance the Acquisition of Certain Improvements as Described in the Feasibility Report Relating to Such Improvements. APPROVED

Board to:

1. Open a Public Hearing to hear citizen input regarding the Feasibility Report relating to the acquisition and financing of certain improvements benefiting the District.
2. Receive Staff Report.
3. Receive Public Comment.
4. Close Public Hearing.
5. Adopt Resolution No. 13-13 (Festival Ranch) approving the feasibility report relating to the acquisition and financing of certain improvements benefiting the District; declaring its preliminary intention to issue not to exceed \$1,800,000 general obligation bonds to finance the acquisition of certain improvements as described in the feasibility report relating to such improvements pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all amendments thereto.

Board Action: Public hearing and motion to approve.

4. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Action Resolution No. 14-13 Authorizing the Issuance of its General Obligation Bonds, Series 2013; Approving the Form and Authorizing the Execution and Delivery of a Bond Registrar, Transfer Agent and Paying Agent Contract, a Purchase Contract Relating to the Bonds and Certain Other Documents Relating to the Bonds; Awarding the Bonds to the Purchaser Thereof; Ratifying and Approving a Preliminary Official Statement Relating to the Bonds; Approving a Final Official Statement Relating to the Bonds; Levying an Ad Valorem Tax on Taxable Property in the District; and Appointing a Registrar, Transfer Agent and Paying Agent For the Bonds. Board to Approve Resolution No. 13-13 (Festival Ranch) Approving the Feasibility Report Relating to the Acquisition and Financing of Certain Improvements Benefiting the District; Declaring Its Preliminary Intention to Issue Not To Exceed \$1,800,000 General Obligation Bonds to Finance the Acquisition of Certain Improvements as Described in the Feasibility Report Relating to Such Improvements Pursuant to the Provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and All Amendments Thereto APPROVED

Board to adopt Resolution No. 14-13 authorizing the issuance of the District's General Obligation Bonds, Series 2013 in the amount of not to exceed \$1,800,000; approving the form and authorizing execution and delivery of related documents.

Board Action: Motion to approve.

5. SUNDANCE COMMUNITY FACILITIES DISTRICT

Action Authorize an Expenditure from the Sundance Community Facilities District Operations and Maintenance Fund for the Purpose of Installing a Necessary Pedestrian Crosswalk and School Zone Flasher System, Located at the Intersection of Dean Road and Sundance Parkway APPROVED

Board to authorize an expenditure in an amount up to \$10,000 from the Sundance Community Facilities District Operations and Maintenance Fund for the purpose of installing a necessary pedestrian crosswalk and school zone flasher system, located at the intersection of Dean Road and Sundance Parkway.

Board Action: Motion to approve.

6. VERRADO DISTRICT 1

Action Resolution No. 12-13 Acknowledging Town of Buckeye Acceptance of the Conveyance of Segment by DMB White Tank, LLC, an Arizona Limited Liability Company, For Public Park Infrastructure and Related Appurtenances For Walton Park Restrooms APPROVED

Board to adopt Resolution No. 12-13 acknowledging the Town of Buckeye's acceptance of the Conveyance of Segment by DMB White Tank, LLC, an Arizona limited liability company, for public park infrastructure and related appurtenances for Walton Park Restrooms, and authorizing the District Finance Director to release reimbursement from existing bond proceeds.

Board Action: Motion to approve.

7. Citizen Input / Appearances from the Floor

Board Action: None.

8. Adjournment

Board Action: Motion to adjourn.

PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES. THANK YOU.

NOTICE OF POSSIBLE QUORUM OF THE TOWN OF BUCKEYE PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION: PLEASE NOTE THAT THERE MAY BE A QUORUM PRESENT BUT THERE WILL BE NO VOTING TAKING PLACE BY THE TOWN PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION AT THIS MEETING.

**JOINT MEETING OF THE COMMUNITY FACILITIES DISTRICTS TOWN OF BUCKEYE,
ARIZONA**

**PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1
ARIZONA REVISED STATUTES, AS AMENDED, TAKE NOTICE THAT A JOINT MEETING
OF THE GOVERNING BOARDS OF
ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT
ELIANTO COMMUNITY FACILITIES DISTRICT
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
MIRIELLE COMMUNITY FACILITIES DISTRICT
SUNDANCE COMMUNITY FACILITIES DISTRICT
TARTESSO WEST COMMUNITY FACILITIES DISTRICT
TRILLIUM COMMUNITY FACILITIES DISTRICT
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
WATSON ROAD COMMUNITY FACILITIES DISTRICT and
WESTPARK COMMUNITY FACILITIES DISTRICT**

**NOVEMBER 5, 2013
MINUTES**

**Town Council Chambers
530 E. Monroe Avenue
Buckeye, AZ 85326
Immediately following the 6:00 p.m. Regular Council Meeting**

1. Call to Order/Roll Call

Chairman Meck called the meeting to order at 7:20 p.m.

Members Present: Board Member Garza, Board Member Strauss, Board Member Hess, Board Member Heustis, Vice Chairman McAchran and Chairman Meck.

Members Absent: Board Member Orsborn.

Departments Present: District Manager Stephen Cleveland, District Attorney Scott Ruby, District Clerk, Lucinda Aja, Deputy District Clerk Deborah Harrell, Assistant to Board Carol Conley, and District Finance Director Larry Price.

2. A motion was made by Vice Chairman McAchran and seconded by Board Member Heustis to Approve/Ratify Expenditures for 1st Quarter of Fiscal Year 2013-2014 for the following Community Facilities Districts:

Anthem Sun Valley
Elianto
Festival Ranch
Mirielle
Sundance
Tartesso West
Trillium
Verrado District 1
Verrado Western Overlay
Watson Road
Westpark

Motion passed unanimously.

3. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Public Hearing and Action Resolution No. 13-13 Approving the Feasibility Report Relating to the Acquisition and Financing of Certain Improvements Benefiting the District; Declaring its Preliminary Intention to Issue Not to Exceed \$1,800,000 General Obligation Bonds to Finance the Acquisition of Certain Improvements as Described in the Feasibility Report Relating to Such Improvements.

Chairman Meck opened a public hearing at 7:21 p.m. to hear citizen input regarding the Feasibility Report relating to the acquisition and financing of certain improvements benefiting the District. Mr. Price presented the Board an overview of the Feasibility Report and discussed the debt service.

Councilmember Hess confirmed the rate has a cap. There being no further public comment Chairman Meck closed the public hearing at 7:34 p.m. A motion was made by Board Member Heustis and seconded by Vice Chairman McAchran to adopt Resolution No. 13-13 (Festival Ranch) approving the feasibility report relating to the acquisition and financing of certain improvements benefiting the District; declaring its preliminary intention to issue not to exceed \$1,800,000 general obligation bonds to finance the acquisition of certain improvements as described in the feasibility report relating to such improvements pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all amendments thereto. Motion passed unanimously.

4. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Action Resolution No. 14-13 Authorizing the Issuance of its General Obligation Bonds, Series 2013; Approving the Form and Authorizing the Execution and Delivery of a Bond Registrar, Transfer Agent and Paying Agent Contract, a Purchase Contract Relating to the Bonds and Certain Other Documents Relating to the Bonds; Awarding the Bonds to the Purchaser Thereof; Ratifying and Approving a Preliminary Official Statement Relating to the Bonds; Approving a Final Official Statement Relating to the Bonds; Levying an Ad Valorem Tax on Taxable Property in the District; and Appointing a Registrar, Transfer Agent and Paying Agent For the Bonds. Board to Approve Resolution No. 13-13 (Festival Ranch) Approving the Feasibility Report Relating to the Acquisition and Financing of Certain Improvements Benefiting the District; Declaring Its Preliminary Intention to Issue Not To Exceed \$1,800,000 General Obligation Bonds to Finance the Acquisition of Certain Improvements as Described in the Feasibility Report Relating to Such Improvements Pursuant to the Provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and All Amendments Thereto

A motion was made by Board Member Heustis and seconded by Board Member Strauss to adopt Resolution No. 14-13 authorizing the issuance of the District's General Obligation Bonds, Series 2013 in the amount of not to exceed \$1,800,000; approving the form and authorizing execution and delivery of related documents. Motion passed unanimously.

5. SUNDANCE COMMUNITY FACILITIES DISTRICT

Action Authorize an Expenditure from the Sundance Community Facilities District Operations and Maintenance Fund for the Purpose of Installing a Necessary Pedestrian Crosswalk and School Zone Flasher System, Located at the Intersection of Dean Road and Sundance Parkway

Mr. Cleveland provided Council an overview reporting Staff and the District Engineer reviewed options for improvements at the pedestrian crosswalk located at the intersection of Dean Road and Sundance Parkway; the improvements would be complete by the end of November. Mr. Lowe informed Council there would be four stop signs, and thermoplastic would be used, not paint. A motion was made by Board Member Hess and seconded by Board Member Strauss to authorize an expenditure in an amount not to exceed \$10,000 from the Sundance Community Facilities District Operations and Maintenance Fund for the purpose of installing a necessary pedestrian crosswalk, located at the intersection of Dean Road and Sundance Parkway. Motion passed unanimously.

6. VERRADO DISTRICT 1

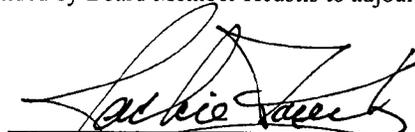
Action Resolution No. 12-13 Acknowledging Town of Buckeye Acceptance of the Conveyance of Segment by DMB White Tank, LLC, an Arizona Limited Liability Company, For Public Park Infrastructure and Related Appurtenances For Walton Park Restrooms

Ms. Johnson presented a brief overview reporting this is for conveyance and Walton Park is a public park. Board Member Heustis confirmed Walton Park is a Town Park but maintained by the homeowners association. A motion was made by Board Member Heustis and seconded by Board Member Hess to adopt Resolution No. 12-13 acknowledging the Town of Buckeye's acceptance of the Conveyance of Segment by DMB White Tank, LLC, an Arizona limited liability company, for public park infrastructure and related appurtenances for Walton Park Restrooms, and authorizing the District Finance Director to release reimbursement from existing bond proceeds. Motion passed unanimously.

7. Citizen Input / Appearances from the Floor-None.

8. Adjournment

A motion was made by Board Member Hess and seconded by Board Member Heustis to adjourn the meeting at 7:50 p.m. Motion passed unanimously.



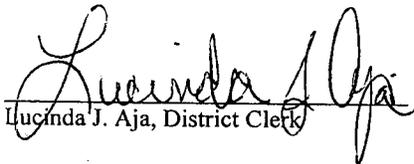
Jackie A. Meck, Chairman

ATTEST:



Lucinda J. Aja, District Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the Joint Community Facilities Districts Meeting on the 5th day of November, 2013. I further certify that a quorum was present.



Lucinda J. Aja, District Clerk

RESOLUTION NO. 14-13 (Festival Ranch)

A RESOLUTION OF THE DISTRICT BOARD OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANCE OF ITS GENERAL OBLIGATION BONDS, SERIES 2013; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT CONTRACT, A PURCHASE CONTRACT RELATING TO THE BONDS AND CERTAIN OTHER DOCUMENTS RELATING TO THE BONDS; AWARDED THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS; APPROVING A FINAL OFFICIAL STATEMENT RELATING TO THE BONDS; LEVYING AN AD VALOREM TAX ON TAXABLE PROPERTY IN THE DISTRICT; AND APPOINTING A REGISTRAR, TRANSFER AGENT AND PAYING AGENT FOR THE BONDS.

BE IT RESOLVED by the Board of Directors ("*District Board*") of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") as follows:

1. **Findings.** (a) Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*") and a resolution adopted by the District Board, an election was ordered and called to submit to the qualified electors of the District or to those persons who are otherwise qualified to vote (the "*Election*") the question of authorizing the District Board to issue general obligation bonds of the District to provide moneys for certain public infrastructure purposes consistent with the General Plan of the District.

(b) The District Board canvassed the Election and resolved that such bonds were authorized to be issued.

(c) Pursuant to the Enabling Act, the District Board has caused a study of the feasibility and benefits of the projects relating to certain public infrastructure (as defined in the Enabling Act) provided for in the General Plan of the District and to be financed with proceeds of the sale of a portion of such bonds, such study having been prepared by or on behalf of the District and including 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, the costs of constructing the projects, an estimate of the cost to acquire, operate and maintain the projects, a map or description of the area to be benefited by the projects, and a plan for financing the projects (the "*Feasibility Report*"). A public hearing on the Feasibility Report was held November 5, 2013, after provision of publication of notice of the hearing as provided by law. Pursuant to the Enabling Act and a resolution adopted on November 5, 2013, the Feasibility Report was approved in all respects.

(d) The District Board has determined, exercising its sole and unfettered discretion, to authorize the issuance of the general obligation bonds described herein (the "*Bonds*") to provide funds for all or a portion of the public infrastructure purposes provided for in the Enabling Act and the Feasibility Report, to the extent authorized in the Election. Upon issuance of the Bonds, the District Board (1) shall enter in its minutes a record of the Bonds sold and their numbers and dates and (2) shall 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 defined in the Enabling Act).

(e) Pursuant to the Enabling Act, the District has also determined to enter into a Bond Registrar, Transfer Agent and Paying Agent Contract, dated as of November 1, 2013 or such other

date as set forth therein (the "*Registrar/Paying Agent Contract*"), between the District and Zions First National Bank, as registrar, transfer agent and paying agent (the "*Registrar*" and the "*Paying Agent*" as the case may be), to secure, and process the issuance, registration, transfer and payment of the Bonds. The District Board has determined by this resolution to authorize the issuance of the Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Bonds by the Registrar, to authorize the execution and delivery of the Registrar/Paying Agent Contract.

(f) There have been presented in connection herewith (1) the proposed form of the Registrar/Paying Agent Contract, (2) the proposed form of the Purchase Contract relating to the Bonds (the "*Purchase Contract*"), by and between the District and Stifel, Nicolaus & Company, Incorporated (the "*Underwriter*"), (3) the proposed form of the Dissemination Agency Agreement between the District and David Taussig & Associates, Inc., as dissemination agent, (4) the proposed form of the Preliminary Official Statement relating to the Bonds (the "*Preliminary Official Statement*"), and which, with such completions and changes as may be necessary will constitute the form of the Final Official Statement for the Bonds (the "*Final Official Statement*"), and (5) the proposed form of the Continuing Disclosure Undertaking (the documents described in Clauses (1) through (5), inclusive, are referred to, collectively, as the "*Bond Documents*".)

(g) The District Board hereby finds and determines that (1) the amount of indebtedness evidenced by the Bonds does not exceed the estimated cost of the public infrastructure improvements plus all costs connected with the public infrastructure purposes and issuance and sale of the Bonds to be financed therewith as indicated in the Feasibility Report and (2) the total aggregate outstanding amount of the Bonds and bonds previously issued does not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is acquired by the District with proceeds of the Bonds all as provided in the Enabling Act.

(h) The Underwriter has made the District Board aware of the fact that the Bonds are expected to receive an underlying rating from Standard & Poor's Financial Services, LLC in one of the four highest investment grade ratings. The District Board hereby delegates to the District Manager the authority to finalize and accept such rating. If such rating is determined by the District Manager to be one of the four highest invest grade ratings, such rating will qualify the Bonds to be sold in a public offering for purposes of the Enabling Act and all other purposes.

2. **Approval of Issuance.** The Bonds are hereby authorized to be issued as a series of general obligation bonds of the District to be designated "*Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2013*" in an aggregate principal amount of not to exceed \$1,800,000. The Bonds shall be in fully registered form only, shall be dated as of their date of initial issuance and shall bear interest at rates and mature on the dates and in the amounts as set forth in the Purchase Contract. The first interest payment date will be as set forth in the Purchase Contract, and interest will be payable semiannually thereafter on each succeeding January 15 and July 15 (each such date shall be referred to as an "*Interest Payment Date*") during the term of the Bonds. The interest rate on the Bonds shall not exceed the rate authorized in the ballot approved at the Election and the final maturity of the Bonds shall be no later than July 15, 2033. As initially issued, the Bonds shall be in the denomination of \$5,000 each or integral multiples of \$5,000 in excess thereof and shall be in fully registered form.

The principal of and premium, if any, on the Bonds shall be payable upon surrender thereof at the principal corporate trust office of the Paying Agent. Interest due on the Bonds on each Interest Payment Date shall be payable by check mailed, when due, to the persons (the "*Owners*") in whose names the Bonds are registered by the Registrar at the close of business on the last day of the

calendar month next preceding the applicable Interest Payment Date or, if such day is not a business day, the previous business day (the "*Record Date*").

In the event that interest is not paid on an Interest Payment Date, the Registrar shall establish a special record date for the payment of such interest, if and when funds for the payment of such interest have been received. Notice of the special record date and of the scheduled payment date of the past due interest will be sent at least ten (10) days prior to the special record date, to the address of each owner appearing on the Register (as such term is hereafter defined).

The Bonds shall have such additional terms and provisions as are set forth in the Purchase Contract and in the form of Bond attached hereto as Exhibit A, which is a part of this resolution.

3. Prior Redemption.

A. **Optional Redemption.** The Bonds shall be subject to call for redemption prior to their stated maturity dates, at the option of the District, on such dates and at such redemption prices as are set forth in the Purchase Contract.

B. **Mandatory Redemption.** The Bonds may be subject to mandatory redemption prior to their stated maturity dates, by lottery, at a redemption price of par plus interest accrued to the date of redemption, but without premium, on such dates and in such amounts as are set forth in the Purchase Contract.

Whenever Bonds which are subject to mandatory redemption are purchased, redeemed (other than pursuant to mandatory redemption) or are delivered by the District to the Registrar for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited against any mandatory redemption requirements for the Bonds for such years as the District may direct.

C. **Notice.** (1) So long as the Bonds are held under the Book-Entry-Only System, notices of redemption will be sent to the Depository Trust Company ("*DTC*") in the manner required by *DTC*. If the Book-Entry-Only System is discontinued, notice of redemption of any Bond will be mailed to the registered owner of the Bonds being redeemed at the address shown on the bond register maintained by the Registrar for the Bonds not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Neither the failure of *DTC* nor any registered owner of Bonds to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for redemption of Bonds to which proper notice of redemption was given.

(2) Notice of any redemption of the Bonds will also be sent to the Municipal Securities Rulemaking Board (the "*MSRB*"), currently through the *MSRB*'s Electronic Municipal Market Access system ("*EMMA*"), in the manner required by the *MSRB*, but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

(3) If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the District, or a Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

D. **Effect of Call for Redemption.** On the date designated for redemption by notice given as herein provided, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, and, if moneys for payment of the redemption price are held in separate accounts by the Paying Agent for the Bonds, interest on such Bonds or portions of such Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security hereunder and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and such Bonds shall be deemed paid and no longer outstanding.

E. **Redemption of Less Than All of a Bond.** The District may redeem an amount which is included in a Bond in the denomination in excess of \$5,000, but divisible by, \$5,000. In that event, the registered owner shall submit the Bond for partial redemption and the Paying Agent shall make such partial payment and the Registrar shall cause to be issued a new Bond in a principal amount which reflects the redemption so made to be authenticated and delivered to the registered owner thereof.

4. **Use of Proceeds.** After payment of the expenses of issuance, the net proceeds from the sale of the Bonds shall be set aside and deposited by the District Treasurer in a separate account and used to provide funds for any and all of the public infrastructure purposes provided for in the Enabling Act, the Feasibility Report and the Election.

5. **Form of Bonds.** The Bonds shall be in substantially the form of *Exhibit A*, attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Purchase Contract and are approved by those officers executing the Bonds and execution thereof by such officers shall constitute conclusive evidence of such approval.

The Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each Bond shall be dated the date of its authentication and registration.

6. **Execution of Bonds and Other Documents.**

A. **Execution of Bonds.** The Bonds shall be executed for and on behalf of the District by the District Chairman and attested by the District Clerk by their manual or facsimile signatures. If the signatures are affixed or imprinted by facsimile, the District Chairman and District Clerk shall execute a certificate adopting as their signatures the facsimile signatures appearing on the Bonds. If an officer whose signature is on a Bond no longer holds that office at the time the Bond is authenticated and registered, the Bond shall nevertheless be valid. A Bond shall not be valid or binding until authenticated by the manual signature of an authorized officer of the Registrar. The signature shall be conclusive evidence that the Bond has been authenticated and issued under this resolution.

B. **Other Documents.** The District Board hereby approves the form and orders and directs the execution of the Bond Documents, each in substantially the form presented to the District Board.

The District Chairman, any member of the District Board, the District Manager or the District Treasurer are authorized and directed to determine and approve the actual dated date, maturity dates and amounts, interest rates, redemption provisions, and the purchase price to be paid by the Underwriter, and to execute and deliver such agreements in substantially the form presented to this District Board with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing such agreements on behalf of the District.

Execution of the Bond Documents by such officers shall be conclusive evidence of such approval. The District Clerk is authorized and directed to attest such signatures. Where applicable, any of the foregoing officers may affix their signatures by manual, mechanical or photographic means.

7. **Mutilated, Lost or Destroyed Bonds.** In case any Bond becomes mutilated or destroyed or lost, the District shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, upon the registered owner's paying the reasonable expenses and charges of the District in connection therewith and, in the case of the Bond destroyed or lost, filing with the District Clerk by the registered owner evidence satisfactory to the District that such Bond was destroyed or lost, and furnishing the District with a sufficient indemnity bond pursuant to A.R.S. § 47-8405, as amended.

8. **Acceptance of Proposal.** The Bonds are hereby sold to the Underwriter in accordance with the terms of the Purchase Contract. The actual terms of the Bonds and the Purchase Contract shall be reviewed and approved by the District Chairman (which approval shall be deemed conclusive by the execution and delivery of the Purchase Contract by the District Chairman or any member of the District Board).

The District Treasurer is hereby authorized and directed to cause the Bonds to be delivered to or upon the order of the Underwriter upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the sale.

9. **Registrar and Paying Agent.** Pursuant to the Registrar/Paying Agent Contract, the Registrar will maintain an office or agency where Bonds may be presented for registration of transfer and the Paying Agent will maintain an office or agency where Bonds may be presented for payment. The District may appoint one or more co-registrars or one or more additional paying agents. The Registrar and the Paying Agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the owners of the Bonds.

Initially, Zions First National Bank, Phoenix, Arizona, will act as Registrar and Paying Agent with respect to the Bonds. The District may change the Registrar or Paying Agent without notice to or consent of owners of the Bonds and the District may act in any such capacity.

Each Paying Agent will be required to agree in writing that the Paying Agent will hold in trust for the benefit of the owners of the Bonds all moneys held by the Paying Agent for the payment of principal of and interest and any premium on the Bonds.

The Registrar may appoint an authenticating agent acceptable to the District to authenticate Bonds. An authenticating agent may authenticate Bonds whenever the Registrar may do so. Each reference herein to authentication by the Registrar includes authentication by an authenticating agent acting on behalf and in the name of the Registrar and subject to the Registrar's direction.

The Registrar shall keep a register of the Bonds (the "*Register*"), the registered owners of the Bonds and of transfer of the Bonds. When Bonds are presented to the Registrar or a co-registrar with a request to register transfer, the Registrar will register the transfer on the registration books if its requirements for transfer are met and will authenticate and deliver one or more Bonds registered in the name of the transferee of the same principal amount, maturity and rate of interest as the surrendered Bonds. Bonds presented to the Registrar for transfer after the close of business on the Record Date and before the close of business on the next subsequent Interest Payment Date will be registered in the name

of the transferee but the interest payment will be made to the registered owners shown on the books of the Registrar as of the close of business on the Record Date.

The Registrar may but need not register the transfer of a Bond which has been selected for redemption and need not register the transfer of any Bond for a period of fifteen (15) days before a selection of Bonds to be redeemed; if the transfer of any Bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor will be binding upon the transferee and a copy of the notice of redemption will be delivered to the transferee along with the Bond or Bonds.

The Registrar shall authenticate Bonds for original issue up to \$1,800,000 in aggregate principal amount upon the written request of the District Treasurer. The aggregate principal amount of Bonds outstanding at any time may not exceed that amount except for replacement Bonds as to which the requirements of the Registrar and the District are met.

So long as the Bonds are administered under the Book-Entry-Only System described herein, interest payments and principal payments that are part of periodic principal and interest payments shall be paid to Cede & Co. or its registered assigns in same-day funds no later than the time of payment established by DTC on each interest or principal payment date (or in accordance with then existing arrangements between the District and DTC). The District has previously entered into an agreement (the "*Letter of Representations*") with DTC in connection with the issuance of its bonds and, while the Letter of Representations is in effect, the procedures established therein shall apply to the Bonds.

If the Book-Entry-Only System is discontinued, the Registrar's registration books will show the registered owners of the Bonds (collectively, the owner or owners of the Bonds as shown on the Registrar's registration books shall be referred to as "*Owner*" or "*Owners*"). While the Bonds are subject to the Book-Entry-Only System, the Bonds shall be registered in the name of Cede & Co., or its registered assigns. The Bonds will be administered by the Registrar in a manner which assures against double issuance and provides a system of transfer of ownership on the books of the Registrar in the manner set forth in the Bonds.

If the Book-Entry-Only System is discontinued, interest on the Bonds will be payable on each Interest Payment Date by check mailed to the Owner thereof at the Owner's address all as shown on the registration books maintained by the Registrar as of the close of business of the Registrar on the Record Date (as hereinafter defined).

If the Book-Entry-Only System is discontinued, principal of the Bonds will be payable, when due, only upon presentation and surrender of the Bond at the designated corporate trust office of the Paying Agent. Upon written request of a registered owner of at least \$1,000,000 in principal amount of Bonds not less than twenty (20) days prior to an Interest Payment Date, all payments of interest and, if adequate provision for surrender is made, principal shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by such Owner.

Notwithstanding any other provision of this resolution, payment of principal of and interest on any Bond that is held by a securities depository or Bonds subject to a Book-Entry-Only System may be paid by the Paying Agent by wire transfer in "same day funds".

10. Other Actions Necessary. The District Chairman (or any other member of the District Board in the event the District Chairman is absent or unable to timely take the desired action), the District Manager, the District Clerk and the officers of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by the

Bond Documents and the Final Official Statement, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the sale and delivery of the Bonds.

11. **Distribution of Disclosure Documents.** The Preliminary Official Statement is hereby deemed final for all purposes of SEC Rule 15c(2)(12), its distribution by the Underwriter is hereby authorized and approved, and any member of the District Board or the District Manager is hereby authorized and directed to complete, execute and deliver the Final Official Statement in substantially the form of the Preliminary Official Statement with, in each case, such completions and changes as may be acceptable to such District Manager or member of the District Board, and the distribution and use of the Final Official Statement by the Underwriter is hereby approved.

12. **Tax Levy.**

(a) For each year while any Bond is outstanding, the District Board shall annually levy and thereafter forward to Maricopa County for collection 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 authorized in the Enabling Act and provided for under the Bond Documents, to pay Debt Service when due.

(b) Moneys derived from the levy of the tax provided for in this Section when collected and allocated to the Bonds constitute funds to pay Debt Service and shall be deposited in the Bond fund for the Bonds and shall be kept separately from other funds of the District.

(c) The District Board shall make annual statements and estimates of the amount to be raised to pay Debt Service on the Bonds and such other costs of the District as are permitted under "public infrastructure purposes" as provided in the Enabling Act. The District Board shall file the annual statements and estimates with the District Clerk 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 District, shall fix, levy and assess the amounts to be raised by ad valorem taxes of the District and shall cause certified copies of the order to be delivered to the Board of Supervisors of Maricopa 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.

13. **No Obligation of Town.** Neither the full faith and credit nor the general taxing power of the Town of Buckeye, Arizona, or the State of Arizona 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 of Buckeye, Arizona, the State of Arizona, or any political subdivision thereof (other than the District) will have any obligation with respect to Debt Service for the Bonds.

14. **Ratification of Actions.** All actions of the officers and agents of the District which conform to the purposes and intent hereof and which further the issuance and sale of the Bonds as contemplated hereby whether heretofore or hereafter taken shall be and are hereby ratified, confirmed and approved. Any change made in the Purchase Contract, which does not conform to the prior order or resolution of the District Board, is hereby ratified. The proper officers and agents of the District are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the District as may be necessary to carry out the terms and intent of this resolution.

15. **Tax Covenants.** In consideration of the purchase and acceptance of the Bonds by the owners thereof and, as authorized by A.R.S. Title 35, Article 7, enacted as Chapter 226, Laws of 1986, and in consideration of retaining the exclusion of interest income on the Bonds from gross income for federal income tax purposes, the District covenants with the owners from time to time of the Bonds to neither take nor fail to take any action, which action or failure to act is within its power and authority and would result in interest on the Bonds becoming subject to federal income taxes.

The District agrees that it will comply with such requirements as in the opinion of Gust Rosenfeld P.L.C. ("*Bond Counsel*") are necessary to prevent interest on the Bonds becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements to be prepared by Bond Counsel; to pay to the United States of America any required amounts representing rebates of arbitrage profits relating to the Bonds; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys relating to the Bonds; and limiting the use of the proceeds of the Bonds and property financed thereby.

16. **Qualified Tax-Exempt Obligations.** In the event the District Chairman, any member of the District Board or the District Manager determines that the District reasonably expects to issue less than \$10,000,000 in principal amount of tax-exempt obligations in this current calendar year, the District hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "*Code*"). The District Chairman, any member of the District Board or the District Manager shall certify in the closing certificates that it is reasonably anticipated that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which shall be issued for or by the District in the current calendar year shall not exceed \$10,000,000.

17. **Repeal of Resolution.** After any of the Bonds are authenticated and delivered by the Registrar to the Underwriter upon receipt of payment therefor, this resolution shall be and remain irrevocable until the Bonds and the interest thereon shall have been fully paid, canceled and discharged.

18. **Severability.** If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

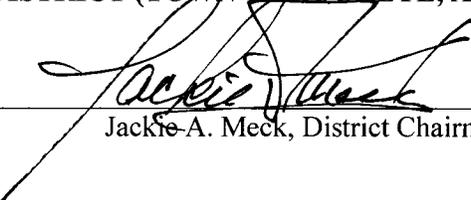
19. **Cancellation of Agreement.** The District hereby gives notice to the Registrar, the Paying Agent and the Underwriter that A.R.S. § 38-511, as amended, provides that, within three years after execution of any agreement, the District may cancel such agreement without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of the District or any of its departments or agencies is at any time while the agreement or any extension of the agreement is in effect an employee or agent of the Registrar, the Paying Agent or the Underwriter in any capacity or a consultant to the Registrar, the Paying Agent or the Underwriter with respect to the subject matter of the agreement.

20. **Bond Insurance.** The District Chairman, any member of the District Board, the District Manager or the District Treasurer are hereby authorized and directed to purchase municipal bond insurance, surety bonds or other credit enhancement as may be deemed appropriate and beneficial to the District by the District Chairman, any member of the District Board, the District Manager or the District Treasurer, to pay or cause to be paid all premiums attendant thereto and to enter into any obligations or agreements on behalf of the District to repay amounts paid thereon by the providers thereof.

21. **Effective Date.** This resolution shall be effective immediately.

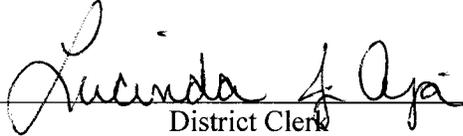
PASSED by the District Board of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) on November 5, 2013.

**FESTIVAL RANCH COMMUNITY FACILITIES
DISTRICT (TOWN OF BUCKEYE, ARIZONA)**



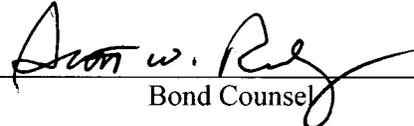
Jackie A. Meck, District Chairman

ATTEST:



District Clerk

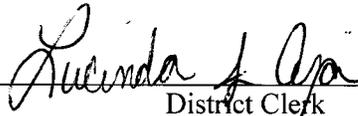
APPROVED AS TO FORM:



Bond Counsel

CERTIFICATE

I hereby certify that the above and foregoing Resolution was duly passed by the District Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on November 5, 2013, and that a quorum was present thereat and that the vote thereon was 6 ayes and 0 nays; 1 did not vote or were absent.



District Clerk

EXHIBIT A

No. R- _____

\$ _____

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**

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BOND, SERIES 2013**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL DATED DATE</u>	<u>CUSIP NO.:</u>
_____ %	July 15, ____	_____, 2013	315598 ____

REGISTERED OWNER: CEDE & CO

PRINCIPAL AMOUNT:

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) (the "*District*"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

This bond is subject to call for redemption prior to maturity in accordance with the terms hereinafter set forth.

Interest is payable on January 15 and July 15 of each year (each an "*Interest Payment Date*"), commencing _____, 20__, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original dated date set forth above. Interest will be computed on the basis of a year comprised of 360 days consisting of twelve (12) months having thirty (30) days each.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed to the registered owner when due at the address shown on the registration books maintained by the registrar at the close of business on the last day or, if not a business day, then the prior business day, of the calendar month next preceding the applicable Interest Payment Date (the "*Record Date*"). The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the paying agent.

In the event that interest is not paid on an Interest Payment Date, the registrar shall establish a special record date for the payment of such interest, if and when funds for the payment of such interest have been received. Notice of the special record date and of the scheduled payment date of the past due interest will be sent at least ten (10) days prior to the special record date, to the address of each owner appearing on the registration books of the registrar.

This bond is one of a series of bonds in the aggregate principal amount of \$1,800,000 of like tenor except as to amount and number issued by the District to provide funds to make those certain acquisitions and public improvements approved by a majority vote of qualified electors voting at an election duly called and held in and for the District, pursuant to a resolution of the District Board duly adopted prior to the issuance hereof and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of general obligation bonds, and all amendments thereto, and all other laws of the State of Arizona.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes on all taxable property within the District sufficient for that purpose, the full faith and credit of the District are hereby irrevocably pledged.

Neither the full faith and credit nor the general taxing power of the Town of Buckeye, Arizona, or the State of Arizona, or any political subdivision thereof (other than the District) is pledged to the payment of the bonds.

[DESCRIBE OPTIONAL AND/OR MANDATORY REDEMPTION, IF ANY]

So long as the book-entry-only system is in effect, the registrar shall notify DTC of redemption in the manner required by DTC. If the book-entry-only system is discontinued, notice of redemption of any bond redeemed prior to its stated maturity date shall be mailed by first class mail to each registered owner of the bond or bonds not more than sixty (60) days nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. The registrar also agrees to send notice of redemption to the Municipal Securities Rulemaking Board (the "MSRB"), currently through the MSRB's Electronic Municipal Market Access system in the manner required by the MSRB. Failure to properly give notice of redemption shall not affect the redemption of any bond for which notice was properly given. When so called for redemption, the bonds will cease to bear interest on the date fixed for redemption if on that date sufficient funds for such redemption are on deposit at the place of payment.

The registrar and the paying agent on the original issue date is Zions First National Bank, Phoenix, Arizona. The registrar or the paying agent may be changed by the District without notice.

So long as the book-entry-only system is in effect, this bond is non-transferable. If the book-entry-only system is discontinued, this bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the registrar upon surrender and cancellation of this bond, but only in the manner and subject to the limitation on transfer and upon payment of the charges provided in the authorizing resolution. Upon such transfer a new bond or bonds of the same aggregate principal amount, maturity and interest rate will be issued to the transferee in exchange. The registrar may require an owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the authorizing resolution. Should this bond be submitted to the registrar for transfer during the period commencing after the close of business on the Record Date and continuing to and including the next subsequent Interest Payment Date, ownership

will be transferred in the normal manner but the interest payment will be made payable to and mailed to the registered owner as shown on the registrar's books at the close of business on the Record Date.

The registrar may but need not register the transfer of a bond which has been selected for redemption and need not register the transfer of any bond for a period of fifteen (15) days before a selection of bonds to be redeemed; if the transfer of any bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor will be binding upon the transferee and a copy of the notice of redemption will be delivered to the transferee along with the bond or bonds.

Bonds of this series are issuable only in fully registered form in the denomination of \$5,000 each or integral multiples of \$5,000.

The District, the registrar and the paying agent may treat the registered owner of this bond as the absolute owner for the purpose of receiving principal, interest and any premium and for all other purposes and none of them shall be affected by any notice to the contrary.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the District, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon all of the taxable property in the District for the payment of this bond and of the interest hereon as each becomes due.

The District has caused this bond to be executed by the District Chairman of its District Board and attested by its District Clerk, which signatures may be manual or by facsimile signatures. This bond is not valid or binding upon the District without the manually affixed signature of an authorized representative of the registrar.

**FESTIVAL RANCH COMMUNITY
FACILITIES DISTRICT (TOWN OF BUCKEYE,
ARIZONA)**

(facsimile)
District Chairman

ATTEST:

(facsimile)
District Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2013, described in the resolution mentioned herein.

Zions First National Bank, as Registrar

By _____
Authorized Representative

DATE: _____

(INSERT INSURANCE STATEMENT HERE, IF APPLICABLE)

FORM OF ASSIGNMENT

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

TEN COM - as tenants in common	UNIF GIFT/TRANS MIN ACT - _____ (Custodian)
TEN ENT - as tenants by the entireties	Custodian for _____ (Minor) Under Uniform
JT TEN - as joint tenants with right of survivorship and not as tenants in common	Gifts/Transfers to Minors Act of _____ (State)

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

ASSIGNMENT

For Value Received the undersigned subject to the transfer restrictions described in the within Bond, 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 book kept for registration thereof, with full power of substitution in the premises.

DATED: _____

NOTICE: The signature(s) on this assignment

Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Registrar and Paying Agent.

must correspond with the name(s) of the registered owner(s) appearing on the face of the within Bond in every particular.

ALL FEES AND TRANSFER COSTS SHALL BE PAID BY THE TRANSFEROR

FEDERAL TAXPAYER I.D. NO. 35-2264191

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT CONTRACT FOR BONDS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

This Bond Registrar, Transfer Agent and Paying Agent Contract dated as of December 1, 2013 (this "*Contract*"), is made and entered into between the **FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)** (hereinafter called the "*District*"), and Zions First National Bank, Phoenix, Arizona (hereinafter called the "*Bank*"), and witnesseth as follows:

Pursuant to Resolution No. 14-13 (Festival Ranch) (the "*Bond Resolution*"), the District will issue its General Obligation Bonds, Series 2013 (the "*Bonds*") in the aggregate principal amount of \$1,800,000. The Board of Directors of the District has determined that the services of a bond registrar, transfer agent and paying agent are necessary and in the best interests of the District. Initially, the Bonds will be issued in book-entry-only form through The Depository Trust Company ("*DTC*") and, so long as the book-entry-only system (the "*Book-Entry-Only System*") is in effect, the Bonds will be registered in the name of Cede & Co., the nominee name of DTC.

The Bank desires to perform Registrar, Transfer Agent and Paying Agent services during the life of Bonds.

For and in consideration of the mutual promises, covenants, conditions and agreements hereinafter set forth, the parties do agree as follows:

1. **Services.** The Bank hereby agrees to provide the following services:

A. Registrar services which shall include, but not be limited to: (1) authentication and verification of the Bonds to persons or entities meeting the qualifications set forth in the Bond Resolution; (2) keeping registration books sufficient to comply with Section 149 of the Internal Revenue Code of 1986, as amended (the "*Code*"); (3) recording transfers of ownership of the Bonds promptly as such transfers occur; (4) protecting against double or overissuance; (5) authenticating new Bonds prepared for issuance to transferees of original and subsequent purchasers; (6) informing the District of the need for additional printings of the Bonds should the forms printed prior to initial delivery prove inadequate; and (7) lodging with the District the signatures of the persons authorized and designated from time to time to authenticate the Bonds.

B. Transfer agent services which shall include, but not be limited to, (1) receiving and verifying all Bonds tendered for transfer; (2) preparing new Bonds for delivery to transferees who sign a Certificate in the form attached to the Bond Resolution and delivering same either by delivery or by mail, as the case may be; (3) destroying Bonds submitted for transfer; and (4) providing proper information for recordation in the registration books.

C. Paying agent services which shall include, but not be limited to, (1) providing a billing to the District at least thirty (30) days prior to a Bond interest payment date setting forth the amount of principal and interest due on such date; (2) preparing, executing, wiring or mailing all interest payments to each registered owner of the Bonds one (1) business day prior to the scheduled

payment date or as soon as money for payment of such interest has been transferred to the paying agent but in no event later than 2:30 p.m., eastern time, on the date such payments are due; (3) verifying all matured Bonds upon their surrender; (4) paying all principal due upon the Bonds as they are properly surrendered therefor to the Bank; (5) preparing a semiannual reconciliation showing all principal and interest paid during the period and providing copies thereof to the District; (6) inventorying all cancelled checks, or microfilm proof of such checks for six (6) years after payment; and (7) making proof of such payments available to the District or any owner or former owner.

2. **Record Date.** The “*Record Date*” for the payment of interest will be the close of business on the last day of the calendar month next preceding an interest payment date. Normal transfer activities will continue after the Record Date but the interest payments will be mailed to the registered owners of Bonds as shown on the books of the Bank on the close of business on the Record Date. Principal shall be paid only on surrender of the particular Bond at or after its maturity or prior redemption date, if applicable.

3. **Redemption Notices.** The Bank agrees to provide certain notices to the Bond owners as required to be provided by the Bank in, and upon being provided with a copy of, the Bond Resolution. So long as the Book-Entry-Only system is in effect, the Bank shall send notices of redemption to DTC in the manner required by DTC. If the Book-Entry-Only system is discontinued, the Bank shall mail notice of redemption of any Bond to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the Bank not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Neither the failure of DTC nor any registered owner of Bonds to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for redemption of Bonds as to which proper notice of redemption was given.

The Bank also agrees to send notice of any redemption to the Municipal Securities Rulemaking Board (the “*MSRB*”), currently through the MSRB’s Electronic Municipal Market Access system, in the manner required by the MSRB, but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the District or by a paying agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

Each redemption notice must contain, at a minimum, the complete official name of the issue with series designation, CUSIP number, certificate numbers, amount of each Bond called (for partial calls), date of issue, interest rate, maturity date, publication date (date of release to the general public, or the date of general mailing of notices to Bond owners and information services), redemption date, redemption price, redemption agent and the name and address of the place where Bonds are to be tendered, including the name and phone number of the contact person. Such redemption notices may contain a statement that no representation is made as to the accuracy of the CUSIP numbers printed therein or on the Bonds.

4. **Issuance and Transfer of Bonds.** The Bank will issue the Bonds to registered owners, require the Bonds to be surrendered and cancelled and new Bonds issued upon transfer, and maintain a set of registration books showing the names and addresses of the owners from time to time of the Bonds. The Bank shall promptly record in the registration books all changes in ownership of the Bonds.

5. **Payment Deposit.** The District will transfer immediately available funds to the Bank no later than one (1) business day prior to or, if agreed to by the parties hereto, on the date on which the interest and principal are due on the Bonds, but in no event later than 1:00 p.m., eastern time, on the date such payments are due. The Bank shall not be responsible for payments to Bond owners from any source other than moneys transferred to it by the District.

6. **Collateral.** The Bank shall collateralize the funds on deposit at the Bank in accordance with A.R.S. §§ 35-323 and 35-491.

7. **Turnaround Time.** The Bank will comply with the three (3) business day turnaround time required by Securities and Exchange Commission Rule 17Ad-2 on routine transfer items.

8. **Fee Schedule; Initial Fee.** For its services under this Contract, the District will pay the Bank in accordance with the fee schedule set forth in the attached *Exhibit A*, which is incorporated herein by reference. The fee for the Bank's initial services hereunder and services to be rendered until the end of the District's current fiscal year is \$250.00 and shall be due at the initial delivery of the Bonds and shall be payable from amounts contributed by Pulte Home Corporation. Subsequent payments shall be made in accordance with this Contract.

9. **Fees for Services in Subsequent Fiscal Years.** The Bank will bill the District prior to June 1, 2014, and prior to each June 1 thereafter.

10. **Costs and Expenses.** The District hereby agrees to pay all costs and expenses of the Registrar pursuant hereto. If, for any reason, the amounts the District agrees to pay herein may not be paid from the annual tax levy for debt service on the Bonds, such costs shall be paid by the District from any funds lawfully available therefor and the District agrees to take all actions necessary to budget for and authorize expenditure of such amounts.

11. **Hold Harmless.** The Bank shall indemnify and hold harmless the District, its District Board, the Treasurer of the District and all boards, commissions, officials, officers and employees of the District, individually and collectively, from the Bank's failure to perform to its standard of care as herein stated.

12. **Standard of Care Required.** In the absence of bad faith on its part in the performance of its services under this Contract, the Bank shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be authorized hereby or within the rights and powers conferred upon it hereunder, nor for action taken or omitted to be taken by it in good faith and in accordance with advice of counsel, and shall not be liable for any mistakes of fact or errors of judgment or for any actions or omissions of any kind unless caused by its own willful misconduct or negligence.

13. **Entire Contract.** This Contract and *Exhibit A* attached hereto contain the entire understanding of the parties with respect to the subject matter hereof, and no waiver, alteration or modification of any of the provisions hereof, shall be binding unless in writing and signed by a duly authorized representative of all parties hereto.

14. **Amendment.** The Bank and the District each reserves the right to amend any individual service set forth herein or all of the services upon providing sixty (60) days' prior written notice. Any corporation, association or agency into which the Bank may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from such conversion, sale merger, consolidation or transfer to which it is a party, *ipso facto*, shall be and become successor bond registrar and paying agent under this Contract and vested with all or the same rights, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

15. **Resignation or Replacement.** The Bank may resign or the District may replace the Bank as registrar, transfer agent and paying agent at any time by giving thirty (30) days' written notice of resignation or replacement to the District or to the Bank, as applicable. The resignation shall take effect upon the appointment of a successor registrar and paying agent. A successor registrar and paying agent will be appointed by the District; provided, that if a successor registrar and paying agent is not so appointed within ten (10) days after a notice of resignation is received by the District, the Bank may apply to any court of competent jurisdiction to appoint a successor registrar and paying agent.

In the event the Bank resigns or is replaced, the District reserves the right to appoint a successor registrar, transfer agent and paying agent who may qualify pursuant to A.R.S. § 35-491, et seq., or any subsequent statute pertaining to the registration, transfer and payment of bonds. In such event the provisions hereof with respect to payment by the District shall remain in full force and effect, but the District shall then be authorized to use the funds collected for payment of the costs and expenses of the Bank hereunder to pay the successor registrar, transfer agent and paying agent or as reimbursement if the District acts as registrar, transfer agent and paying agent.

16. **Reports to Arizona Department of Revenue.** The Bank shall make such reports to the Arizona Department of Revenue (the "*Department*") pertaining to the retirement of any Bonds and of all payments of interest thereon immediately upon such retirement or payment as may be required by the Department pursuant to A.R.S. § 35-502.

17. **Form of Records.** The Bank's records shall be kept in compliance with standards as have been or may be issued from time to time by the Securities and Exchange Commission, the MSRB, the requirements of the Code and any other securities industry standard. The Bank shall retain such records in accordance with the applicable record keeping standard of the Internal Revenue Service.

18. **Advice of Counsel and Special Consultants.** When the Bank deems it necessary or reasonable, it may apply to Gust Rosenfeld P.L.C. or such other law firm or attorney approved by the District for instructions or advice. Any fees and costs incurred shall be added to the next fiscal year's fees, costs and expenses to be paid to the Bank.

19. **Examination of Records.** The District, or its duly authorized agents may examine the records relating to the Bonds at the office of the Bank where such records are kept at reasonable times as agreed upon with the Bank and such records shall be subject to audit from time to time at the request of the District, the Bank or the Auditor General of the State of Arizona.

20. **Payment of Unclaimed Amounts.** In the event any check for payment of interest on a Bond is returned to the Bank 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 the maturity or redemption date, if funds sufficient to pay such interest or principal due upon such Bond shall have been made available to the Bank for the benefit of the owners thereof, it shall be the duty of the Bank to hold such funds, without liability for interest thereon, for the benefit of the owners of such Bonds who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. The Bank's obligation 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 at the date fixed for redemption, or otherwise, at which time the Bank shall surrender such unclaimed funds so held to the District, whereupon any claim of whatever nature by the owner of such Bonds arising under such Bond shall be made upon the District.

21. **Invalid Provisions.** If any provision hereof is held to be illegal, invalid or unenforceable under present or future laws, this Contract shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

22. **Mutilated, Lost or Destroyed Bonds.** With respect to Bonds which are mutilated, lost or destroyed, the Bank shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond lost or destroyed, upon the registered owner's paying the reasonable expenses and charges in connection therewith and, in the case of any Bond destroyed or lost, filing by the registered owner with the Bank and the District of evidence satisfactory to the Bank and the District that such Bond was destroyed or lost, and furnishing the Bank with a sufficient indemnity bond pursuant to A.R.S. § 47-8405.

23. **Conflict of Interest.** Each party gives notice to the other parties that A.R.S. § 38-511 provides that the State of Arizona (the "State"), its political subdivisions or any department or agency of either, may within three (3) years after its execution cancel any contract without penalty or further obligation made by the State, its political subdivisions or any of the departments or agencies of either, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either, is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

24. **Covenants.** The District has agreed in its authorizing resolution to take all necessary actions required to preserve the tax-exempt status of the Bonds. Such actions may require the calculation of amounts of arbitrage rebate which may be due and owing to the United States. The calculation of such rebate amount may be performed by an individual or firm qualified to perform such calculations and who or which may be selected and paid by the District. If the District does not retain a consultant to do the required calculations concerning arbitrage rebate and if a rebate

calculation is required to permit interest on the District's Bonds to be and remain exempt from gross income for federal income tax purposes, the District may include, in addition to all other bills payable under this Contract, the costs and expenses and fees of an arbitrage consultant. The District may contract with a consultant to perform such arbitrage calculations as are necessary to meet the requirements of the Code. All fees, costs and expenses so paid may be deducted from moneys of the District or from tax levies made to pay the interest on the Bonds. Such costs, fees and expenses shall be considered as interest payable on the Bonds. The Bank shall have no responsibilities in connection with this Section.

25. **Arbitrage Rebate Expenses.** Except for the initial fiscal year's costs and expenses, all costs and expenses incurred with respect to services for registration, transfer and payment of the Bonds and, if applicable, for costs and expenses in connection with the calculation of arbitrage rebate shall be treated as interest on the Bonds and the District agrees to include the same in the assessments levied for interest debt service during each of the ensuing fiscal years. The transferor of the Bonds will be responsible for all fees and costs relating to the transfer of ownership of the Bonds.

26. **Waiver of Trial by Jury.** Each party hereto hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to this Contract, or any claim, counterclaim or other action arising in connection herewith. This waiver of right to trial by jury is given knowingly and voluntarily by each party, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue.

27. **Governing Law.** This Contract is governed by the laws of the State.

28. **Transfer Expenses.** The transferor of any Bond will be responsible for all fees and costs relating to such transfer of ownership.

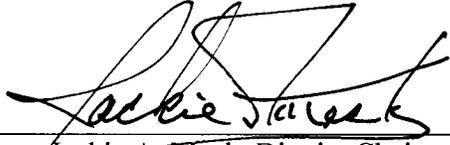
29. **E-verify Requirements.** To the extent applicable under A.R.S. § 41-4401, the Bank and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). The Bank's, or a subcontractor's, breach of the above-mentioned warranty shall be deemed a material breach of this Contract and may result in the termination of the Contract by the District. The District retains the legal right to randomly inspect the papers and records of the Bank and its subcontractors who works on the Contract to ensure that the Bank and its subcontractors are complying with the above-mentioned warranty.

The Bank and its subcontractors warrant to keep the papers and records open for random inspection by the District during normal business hours. The Bank and its subcontractors shall cooperate with the District's random inspections including granting the District entry rights onto its property to perform the random inspections and waiving their respective rights to keep such papers and records confidential.

30. **Counterparts.** This Contract may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute but one instrument.

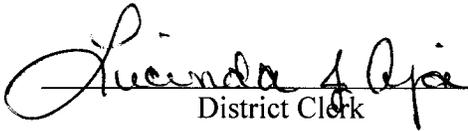
This Contract is dated and effective as of December 1, 2013.

**FESTIVAL RANCH COMMUNITY
FACILITIES DISTRICT (TOWN OF
BUCKEYE, ARIZONA)**

By 

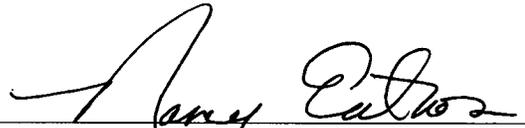
Jackie A. Meck, District Chairman

ATTEST:



District Clerk

ZIONS FIRST NATIONAL BANK, as Registrar

By 

Authorized Representative

Attach as Exhibit A the fee schedule of the Registrar.

ZIONS BANK[®]

Corporate Trust

Zions First National Bank
Corporate Trust Department
an affiliate of National Bank of Arizona

October 25, 2013

SERVICES AND COMPENSATION PROPOSAL

Bond Registrar and Paying Agent services for:

\$1,800,000

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2013

Acceptance Fee **\$0.00**

This one-time fee includes review and acceptance of the account in accordance with governing documents, administrative review of supporting documents and registration and authentication and delivery of the securities at closing. This one-time fee is payable at closing.

Annual Administration Fee **\$250.00**

This fee compensates Zions First National Bank for regular administrative services which include, but are not limited to, the following: identification and processing of all ticklers in accordance with the Paying Agent/Registrar Agreement; maintenance of administrative records; furnishing information to issuer's auditors and responding to correspondence and telephone inquiries. The first year's fee is payable in advance at closing.

Costs of Issuance Payment Fee (if required) **\$250.00**

This one-time fee compensates Zions First National Bank for administrative services and expenses duties performed in accordance with the Depository Trust Agreement, if applicable. This one-time fee is payable at closing.

Legal Counsel *Waived, if no Counsel opinion required*

Out-of-Pocket Expenses (postage, overnight mail, etc.) **Billed At Cost**

Extraordinary and travel expenses, such as those incurred to attend meetings and/or pre-closing activity, if required, will be billed at actual cost.

Extraordinary Services **By Appraisal**

Zions First National Bank reserves the right to modify this bid if the actual transaction differs from the assumptions used in preparing this bid. This bid only indicates Zions First National Bank's willingness to participate in the solicitation process. After acceptance of this proposal and commencement of review and negotiation of documents, if the transaction fails to close for reasons beyond the control of Zions First National Bank, we expect payment of our acceptance fee, legal fees and out-of-pocket expenses.

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2013

PURCHASE CONTRACT

November 19, 2013

District Board
Festival Ranch Community Facilities District
c/o Town of Buckeye, Arizona
530 East Monroe Avenue
Buckeye, Arizona 85326
Attention: District Manager

Stifel, Nicolaus & Company, Incorporated (hereinafter referred to as the "Underwriter"), acting not as agent or fiduciary for Festival Ranch Community Facilities District (hereinafter referred to as the "District"), but for and on behalf of the Underwriter, offers to enter into the following purchase contract (hereinafter referred to as this "Purchase Contract") with the District, which upon execution by the District shall be binding upon the District and the Underwriter. This offer is made upon the terms and conditions and the basis of the representations, warranties and agreements hereinafter set forth and is subject to acceptance by the District by execution and delivery of this Purchase Contract to the Underwriter on or before 5:00 p.m., Arizona time on the date hereof and, until so accepted, shall be subject to withdrawal by the Underwriter upon notice delivered to the District at any time prior to the acceptance hereof by the District.

In addition to acceptance of this Purchase Contract by the District as provided hereinabove, the obligations of the Underwriter and the District under this Purchase Contract shall be conditioned on the execution and delivery of the Indemnity Letter, dated the date

hereof (hereinafter referred to as the "Indemnity Letter"), by Pulte Home Corporation (hereinafter referred to as "Pulte") attached as the Attachment hereto.

1. Purchase and Sale.

(a) The Underwriter shall purchase from the District, and the District shall sell to the Underwriter, all (but not less than all) of the \$1,800,000 principal amount of "Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2013" (hereinafter referred to as the "Bonds").

(b) The Bonds shall be dated the date of the Closing (as such term is hereinafter defined), shall mature in the principal amounts on the dates or be redeemable, and shall bear interest at the rates with respect to each of such maturities, in each case as provided on the Schedule attached hereto. Interest on the Bonds shall be payable on January 15 and July 15 of each year, commencing July 15, 2014, and the Bonds shall have the other terms, all as provided in the resolution adopted by the District Board of the District on November 5, 2013 (hereinafter referred to as the "Bond Resolution").

(c) The Bonds shall be purchased by the Underwriter for an aggregate purchase price of \$1,764,524.05 (comprised of the par amount thereof, plus original issue premium in the amount of \$18,524.05, minus Underwriter's discount (paid from amounts contributed by Pulte) in the amount of \$54,000.00). For convenience, the Underwriter shall pay by the Closing, on behalf of the District, \$16,498.06 from the proceeds of the Bonds to the Insurer (as hereinafter defined) as payment of the premium for the Policy (as hereinafter defined). The payment and delivery and the other actions contemplated hereby to take place at the time of such payment and delivery of the Bonds is herein sometimes called the "Closing" and is to be on December 10, 2013, or on such other date, as well as at a time and place, as may be mutually agreeable to the Underwriter and the District. The District hereby expressly acknowledges that such purchase price, if the Bonds are sold to the public at the prices or yields set forth on the Schedule attached hereto and on the inside front cover page of the Official Statement, dated the date hereof (together with all appendices thereto, and with such supplements and amendments thereto which are consented to in writing by the Underwriter, hereinafter referred to as the "Official Statement"), shall result in remuneration to the Underwriter of \$54,000.00.

(d) Between the time of acceptance hereof and the Closing, the District shall not, without the prior written consent of the Underwriter, issue any bonds or securities other than the Bonds.

2. Matters Relating to Official Statement.

(a) The District approves, and consents to and authorizes the distribution and use by the Underwriter prior to the

date hereof of, the Preliminary Official Statement, dated November 7, 2013 (together with all appendices thereto, hereinafter referred to as the "Preliminary Official Statement"), relating to the Bonds in connection with the public offering of the Bonds. The District has caused the Preliminary Official Statement to be prepared and deems the Preliminary Official Statement "final" as of its date for purposes of Section 240.15c2-12(b)(1), General Rules and Regulations, Securities Exchange Act of 1934, as amended (the "Rule"), subject to completion with certain information to be established at the time of sale of the Bonds as permitted by the Rule.

(b) As of the date thereof and at the time of the acceptance by the District hereof, the Preliminary Official Statement was true, correct and complete in all material respects and did not and does not, respectively, 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 such statements were made, not misleading.

(c) The Underwriter shall provide to the District such information relating to the Bonds which is not within the scope of knowledge of the District (including, but not limited to, the selling compensation of the Underwriter, offering price(s), interest rate(s), delivery date and other terms of the Bonds dependent upon such matters). The Official Statement shall be substantially in the form of the Preliminary Official Statement with only such changes therein as shall be necessary to conform to the terms hereof and with such other changes to the date thereof as have been accepted by the Underwriter. The execution and delivery of the Official Statement shall evidence the determination by the District that the Official Statement is "final" for all purposes of the Rule.

(d) The Bonds shall be as described in the Official Statement, and the District authorizes the use of the Official Statement in connection with the public offering and sale of the Bonds.

(e) As of the date thereof and at all times subsequent thereto up to and including the Closing, the Official Statement was and shall be, respectively, true, correct and complete in all material respects and did not and shall not, respectively, 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 such statements were made, not misleading.

(f) If, at any time between the date of this Purchase Contract and until ninety (90) days after the end of the underwriting period (as such term is hereinafter defined), unless the Official Statement is provided to the Municipal Securities Rulemaking Board (the "MSRB") and then until twenty-five (25) days thereafter, any event shall occur which might or would cause the Official Statement to

contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in light of the circumstances under which such statements were made, not misleading, the District shall notify the Underwriter and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District shall supplement or amend the Official Statement in a form and manner approved by the Underwriter. (Unless otherwise notified in writing by the Underwriter by the Closing, the District can assume that the "end of the underwriting period" shall be the date of the Closing. In the event such notice is so given by the Underwriter, the Underwriter shall notify the District in writing following the occurrence of the end of the underwriting period.) If the Official Statement is so supplemented or amended, such approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Purchase Contract, and, if the Official Statement is so supplemented or amended, the Underwriter may terminate this Purchase Contract by written notification to the District at any time prior to the date of the Closing if, in the reasonable judgment of the Underwriter, such supplement or amendment has or will have a material adverse effect on the marketability of the Bonds.

(g) Otherwise, the District shall advise the Underwriter promptly of any proposal to make any material supplement or amendment to the Official Statement and shall effect any such supplement or amendment only as provided in the preceding subsection.

(h) The District shall advise the Underwriter promptly of the institution of any proceeding known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(i) The District shall furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may reasonably designate; provided, however, that the District shall not incur any additional expense with respect to such actions and further that the District shall not be required to subject itself or any of its agents or employees to service of process outside the State through or in connection with any of the foregoing.

(j) The District shall provide to the Underwriter within seven (7) business days of the date hereof sufficient copies of the Official Statement to enable the Underwriter to comply with the requirements of the Rule and the rules of the MSRB.

3. Public Offering.

(a) The Underwriter intends to make an initial public offering of the Bonds at the offering price(s) (or yield(s)) as shown on the Schedule attached hereto and the inside front cover page of the Official Statement.

(b) Subsequent to the initial distribution, the Underwriter reserves the right to change the offering price(s) (or yield(s)) as it deems necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers (including the Underwriter and other dealers depositing the Bonds into investment trusts) and others, including at price(s) lower than the initial offering price(s) or at yield(s) higher than the initial yield(s) shown on the Schedule attached hereto and the inside front cover page of the Official Statement.

(c) The Underwriter also reserves the right (1) to over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and (2) to discontinue such stabilizing, if commenced, at any time.

(d) Such sale may include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold.

4. Representations and Warranties of the District. The undersigned on behalf of the District, but not individually, represents and warrants to the Underwriter as follows:

(a) Existence and Powers. The District is a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "State") and has full legal right, power and authority to (1) adopt the Bond Resolution; (2) authorize, execute, deliver and issue, as applicable, this Purchase Contract, the Bonds, the Bond Registrar, Transfer Agent and Paying Agent Contract, dated as of December 1, 2013 (the "Bond Registrar Contract") between the District and Zions First National Bank as the bond registrar (the "Bond Registrar"), a written undertaking by the District to provide certain continuing disclosure for the benefit of certain beneficial owners of the Bonds as required under paragraph (b)(5) of the Rule in form and substance satisfactory to the Underwriter which shall be substantially in the form set forth in the Official Statement with such changes as may be agreed in writing by the Underwriter, to be dated the date of initial delivery of the Bonds (hereinafter referred to as the "Undertaking"), and the Dissemination Agency Agreement, to be dated as of December 1, 2013 (hereinafter referred to as the "Dissemination Agency Agreement" and collectively with this Purchase Contract, the Bond Registrar Contract and the Undertaking as the "District Documents"), by and between the

Issuer and an agent to be named by the District (hereinafter referred to as the "Dissemination Agent"); (3) approve, execute and authorize the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement) and (4) carry out and consummate all other transactions contemplated by the Preliminary Official Statement, the Bond Resolution, the District Documents and the Bonds. The District has complied with all applicable provisions of law and has taken all actions required to be taken by it in connection with the transactions contemplated by the aforesaid documents.

(b) Due Authorization. The District has duly authorized (1) the authorization, execution, delivery and issuance, as applicable, of and the due performance of the obligations of the District under the District Documents and the Bonds and (2) the taking of any and all actions as may be required on the part of the District to carry out, give effect to and consummate the transactions contemplated by the Official Statement, the Bond Resolution, the District Documents and the Bonds. The District shall take any and all actions necessary or appropriate to consummate the transactions described in the Official Statement, the Bond Resolution, the District Documents and the Bonds.

(c) Due Execution and Delivery. The District Documents have been or shall be, as applicable, duly executed and delivered by the District. The District Documents (when executed and delivered by the other party hereto) shall be legal, valid and binding obligations of the District enforceable in accordance with their terms, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and to the availability of equitable relief.

(d) Bond Resolution Valid. The Bond Resolution (i) authorizes the authorization, execution, delivery and issuance, as applicable, of the District Documents and the Bonds as well as the approval, execution and authorization of the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement) and the selling of the Bonds to the Underwriter, (ii) has been duly and validly adopted by the District and (iii) is in full force and effect.

(e) Officers and Officials. The officers and officials of the District executing the Official Statement, the Bond Resolution, the District Documents and the Bonds and the officers and officials of the District listed on the certificate of the District to be delivered at the Closing have been or will have been duly appointed and are or will be qualified to serve as such officers and officials of the District.

(f) The Bonds. The form, terms, authorization, execution, delivery and issuance of the Bonds have been duly and validly authorized and, when authenticated by the Bond Registrar, and

delivered and paid for by the Underwriter at the Closing in accordance with the terms of this Purchase Contract, shall (i) have been duly authorized, executed, delivered and issued and (ii) constitute legal, valid and binding obligations of the District enforceable in accordance with their terms and entitled to the benefits and security of the Bond Resolution, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and to the availability of equitable relief.

(g) Governmental Approvals. No approval, permit, consent, authorization or order of any court or any governmental or public agency, authority or person not already obtained (other than any approvals that may be required under the "blue sky" laws of any jurisdiction) is required with respect to the District in connection with the issuance and sale of the Bonds or the execution and delivery by the District of, or the performance by the District of its obligations under, the District Documents and the Bonds, and the consummation of the transactions contemplated by the Official Statement.

(h) No Conflicts. The adoption by the District of the Bond Resolution and the authorization, execution, delivery and issuance, as applicable, by the District of the District Documents, the Bonds and all other documents executed and delivered by the District in connection with the issuance of the Bonds as well as the approval, execution and authorization of the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement) and the compliance by the District with the provisions thereof do not and will not materially conflict with or result in a material breach or violation of any of the terms or provisions of, or constitute a default under any resolution, ordinance, indenture, deed of trust, mortgage commitment, agreement or other instrument to which the District is a party or by which the District is bound, or any constitutional provision, existing law, administrative regulation, court order or consent decree to which the District or property of the District is subject.

(i) No Defaults. As of the time of acceptance hereof and as of the Closing, except as otherwise to be disclosed in the Official Statement, the District is not and will not be in breach of or in default under any applicable law or administrative regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject, the consequence of any of the foregoing of which or the correction of any of the foregoing of which materially and adversely affects the operations of the District as of such dates, and, as of such times, except as to be disclosed in the Official Statement, the authorization, execution, delivery and issuance, as applicable, of the District Documents and the Bonds and compliance with the provisions thereof do not and shall not conflict with or constitute a material breach of or material default under any

applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject.

(j) Litigation. 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 District, and there is no basis therefor, (i) which in any way questions the powers of the District referred hereinabove, or the validity of the proceedings taken by the District in connection with the issuance and sale of the Bonds or (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Official Statement, the Bond Resolution, the District Documents or the Bonds or would in any way adversely affect the validity or enforceability of the Bond Resolution, the District 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), or (iii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement. Further, there are no lawsuits pending or threatened against the District which question the right of the District to levy, receive and pledge special assessments or taxes, nor lawsuits pending or overtly threatened against the District which, if decided adversely to the District, would, individually or in the aggregate, have a material adverse effect on the financial condition of the District, or impair the ability of the District to comply with all the requirements set forth in the Preliminary Official Statement, the Bond Resolution, the District Documents or the Bonds.

(k) Certificates and Representations. Any certificate signed by an authorized officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter as to the statements made therein. The representations and warranties of the District set forth herein and in the District Documents and the Bond Resolution are, and as of the Closing shall be, true and correct unless modified as provided herein or therein, and, between the date hereof and the Closing, the District shall not take any action that shall cause the representations and warranties made herein to be untrue as of the Closing.

(l) Disclosure of Agreements, Contracts and Restrictions. Except as disclosed in the Preliminary Official Statement, the District is not a party to any contract or agreement or subject to any restriction, the performance of or compliance with which may have a material adverse effect on the financial condition, operations or prospects of the District or ability of the District to comply with all the requirements set forth in the Official Statement, the Bond Resolution, the District Documents or the Bonds.

5. Closing.

(a) At the Closing, the Bonds shall be delivered to the Underwriter through the facilities of The Depository Trust Company (hereinafter referred to as "DTC") in New York City, New York, or, if by the means of a "Fast Automated Securities Transfer," with the Bond Registrar. The Bonds shall be in registered form as a single typewritten bond per maturity as described in the Official Statement and registered in the name of Cede & Co., as nominee of DTC, duly executed and authenticated, together with the items identified in Section 6. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Purchase Contract.

(b) At the Closing, the Underwriter shall accept delivery of the Bonds and pay the purchase price of the Bonds in federal or other immediately available funds to the order of the District.

6. Closing Conditions. The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties herein and in the Indemnity Letter and the performance by the District of the obligations of the District pursuant to this Purchase Contract and of Pulte pursuant to the Indemnity Letter, both as of the date hereof and as of the Closing. The obligations of the Underwriter under this Purchase Contract are and shall also be subject to the following conditions:

(a) The representations and warranties of the District contained herein and of Pulte contained in the Indemnity Letter shall be true, complete and correct in all material respects at the date hereof and on the date of the Closing, as if made on the date of the Closing.

(b) At the date of the Closing, (i) the Bond Resolution, the District Documents and this Purchase Contract shall be in full force and effect and shall not have been amended, modified or supplemented from the proposed form delivered to the Underwriter, except as disclosed or contemplated by the Official Statement and (ii) the District shall perform or have performed all of its obligations required under or specified in this Purchase Contract and the Official Statement to be performed at or prior to the Closing.

(c) At the date of the Closing, no "event of default" shall have occurred or be existing under this Purchase Contract nor shall any event have occurred which, with the passage of time or the giving of notice, or both, shall constitute an event of default under this Purchase Contract nor shall the District be in default in the payment of principal or interest on any of its obligations for borrowed money.

(d) In recognition of the desire of the District and the Underwriter to effect a successful public offering of the Bonds and in view of the potential adverse impact of any of the following events on such an offering, the Underwriter shall have the right to terminate this Purchase Contract by written notification to the District if at any time prior to or as of the Closing:

(i) the Official Statement shall have been amended, modified or supplemented without the consent of the Underwriter; or

(ii) any event shall occur which makes untrue any statement of a material fact in the Official Statement or makes a material omission which should be included in the Official Statement in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading; or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State shall be rendered, which materially adversely affects the market price of the Bonds; or

(iv) a stop order, ruling, regulation or statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Bond Resolution needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that obligations of the general character of the Bonds, or the Bonds, including all the underlying obligations, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Bond Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or

(vi) legislation shall have been passed 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 United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress or the Arizona Legislature or a decision shall have been rendered by a court of the United States or of the State or by the Tax Court of the United States, or a ruling or statement (including a press release) or proposal shall have been made or a regulation shall have been proposed or made by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or other federal or Arizona authority, with respect to federal or Arizona taxation upon revenues or other income of the general character to be derived by the District pursuant to the Bond Resolution, or upon interest on obligations of the general character of the Bonds, or, with respect to Arizona 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 Arizona income tax consequences of any of the transactions contemplated in connection herewith, or any other action or events shall have occurred which, in the judgment of the Underwriter, materially adversely affect the market for the Bonds or the market price generally of obligations of the general character of the Bonds (it being agreed by the Underwriter that there is no legislative, judicial or regulatory circumstance of such character as of the date hereof); or

(vii) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(viii) a general banking moratorium shall have been established by federal, Arizona or New York authorities; or

(ix) 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 of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially or adversely the ability of the Underwriter to market the Bonds (it being agreed by the Underwriter that there is no outbreak, calamity or crisis of such character as of the date hereof) or

(x) any action, suit or proceeding described in Section 4(j) hereof shall have been commenced.

(e) At or prior to the Closing, the Underwriter shall receive two copies of the transcript of all proceedings of the District relating to the authorization and issuance of the Bonds, certified, as necessary, by appropriate officials of the District, including, but not limited to, the following opinions, letter, certificate and other documents:

(1) An unqualified approving opinion of Gust Rosenfeld P.L.C., "Bond Counsel," as to the Bonds, dated the date of the Closing, addressed to the District and substantially in the form included in the Official Statement;

(2) The supplemental opinion of such counsel, as Bond Counsel and counsel to the District, dated the date of the Closing, addressed to the Underwriter and substantially in the form attached hereto as Exhibit A;

(3) An opinion of Berens, Kozub, Kloberdanz & Blonstein, PLC, counsel to Pulte, dated the date of the Closing, addressed to the Underwriter and the Issuer and substantially in the form attached hereto as Exhibit B;

(4) An opinion of Greenberg Traurig, LLP, counsel to the Underwriter, dated the date of the Closing, addressed to the Underwriter and substantially in the form attached hereto as Exhibit C;

(5) A certificate or certificates of representatives of the District, dated the date of the Closing, signed by an authorized official of the District and in form and substance satisfactory to Bond Counsel and to the Underwriter, in which such official, to the best of his knowledge, information and belief, states:

(i) That the representations and warranties contained herein are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing;

(ii) That, except as described in the Official Statement, no litigation is pending or threatened before any judicial, quasi-judicial or administrative forum (A) to restrain or enjoin the issuance or delivery of the Bonds, the application of the proceeds thereof or the performance by the District of the provisions of the District Documents or the levy and receipt of ad valorem taxes for payment of the Bonds; (B) in any way contesting or affecting the authority for, or the validity of, this Purchase Contract or the application of the proceeds of the

Bonds or (C) in any way contesting the existence or powers of the District;

(iii) That no authority or proceedings for the issuance of the Bonds has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the Bonds has been filed with or received by any of the signors;

(iv) That the District has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the Closing and

(v) That the Official Statement is true, correct and complete in all material respects and does not include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading and no event affecting the District has occurred since the date of the Official Statement which should be disclosed in the Official Statement which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect;

(6) A certificate or certificates of Pulte, signed by authorized officials of Pulte and in form and substance satisfactory to the Underwriter, to the effect that the representations and warranties contained in the Indemnity Letter and in the documents executed by Pulte in connection with the issuance of the Bonds are true and correct in all material respects as of the Closing;

(7) A specimen of the Bonds;

(8) A certified copy of the Bond Resolution;

(9) A counterpart original of the Official Statement, manually executed on behalf of the District by the Chairman of the District Board of the District and with respect thereto;

(10) A certificate of the District, in form and substance satisfactory to Bond Counsel, setting forth 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 the Code and any applicable regulations whether final, temporary or proposed), issued pursuant to the Code;

(11) The filing copy of the Information Return Form 8038-G (IRS) for the Bonds and of the Report Relating to Bond and Security Issuance of the Arizona Department of Revenue for the Bonds;

(12) Evidence that Build America Mutual Assurance Company (the "Insurer") has issued its municipal bond insurance policy with respect to the Bonds (the "Policy") as well as appropriate opinions and certificates from the Insurer relating to the Policy;

(13) Evidence that Standard & Poor's Financial Services LLC ("S&P") has issued a rating of "AA" for the Bonds based on issuance of the Policy and that S&P has issued an underlying rating for the Bonds of "BBB" (collectively, the "Ratings"), and that the Ratings are then in effect;

(14) An executed copy of each of the District Documents and

(15) Such additional opinions, letters, certificates, instruments and other documents as the Underwriter or its counsel may reasonably deem necessary to satisfy conditions to the issuance of the Bonds required by the Bond Resolution, to evidence the truth and accuracy as of the Closing, or prior to such time, of the representations, warranties and covenants of the District and of Pulte and the due performance or satisfaction by the District and by Pulte of all agreements then to be performed and all conditions then to be satisfied by the District or by Pulte.

(All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter and its counsel; provided, however, that acceptance by the Underwriter of the Bonds shall be deemed by the Underwriter to be satisfaction of the foregoing.)

If the District shall be unable to satisfy the conditions contained in this Purchase Contract or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract (except the warranties and representations of the District herein) shall terminate and neither the Underwriter nor the District shall be under further obligation hereunder, except as further set forth in Section 7. However, the Underwriter may, in its sole discretion, waive one or more of the conditions imposed by this Purchase Contract and proceed with the Closing.

7. Expenses.

(a) The District shall pay from amounts contributed by Pulte the expenses incident to the performance of its obligations hereunder, including but not limited to (1) the cost of printing, engraving or typewriting and mailing or delivering the definitive Bonds and the Preliminary Official Statement, the Official Statement, the Bond Resolution and the District Documents in reasonable quantities and all other documents (other than as set forth in the next succeeding paragraph) prepared in connection with the transactions contemplated hereby; (2) the fees and disbursements of Wedbush Securities Inc., "Financial Advisor," the Bond Registrar and the Dissemination Agent in connection with the issuance of the Bonds; (3) the fees and expenses incurred for the Rating; (4) the fees and disbursements of Bond Counsel, counsel to the Underwriter and counsel to the District; (5) the fees and disbursements of any other experts or consultants retained by the District in connection with the transactions contemplated hereby; (6) fees and expenses incurred by the District or the Underwriter for the Policy and the Ratings and (7) reasonable miscellaneous, normally occurring, "out-of-pocket" expenses incurred by the Underwriter in connection with the issuance and sale of the Bonds.

(b) The Underwriter shall pay (1) all advertising expenses in connection with the public offering of the Bonds and (2) all other expenses incurred by it in connection with its public offering and distribution of the Bonds, except the fees and disbursements of counsel to the Underwriter and the other expenses provided for in the immediately preceding paragraph.

(c) If this Purchase Contract shall be terminated by the Underwriter because of any failure or refusal on the part of the District to comply with the terms or to fulfill any of the conditions of this Purchase Contract, or if for any reason the District shall be unable to perform its obligations under this Purchase Contract, the District will reimburse, solely from amounts contributed by Pulte, the Underwriter for all "out-of-pocket" expenses (including the fees and disbursements of counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Purchase Contract or the offering contemplated hereunder.

8. Notice. Any notice or other communication to be given to the District pursuant to this Purchase Contract may be given by delivering the same in writing to the address set forth on the first page of this Purchase Contract, and any notice or other communication to be given to the Underwriter pursuant to this Purchase Contract may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, Suite 750, 2325 East Camelback Road, Phoenix, Arizona 85016, Attention: Mr. B. Mark Reader, Managing Director.

9. Notice Concerning Cancellation of Contracts. As required by the provisions of Section 38-511, Arizona Revised

Statutes, as amended, notice is hereby given that the State, its political subdivisions (including the District) 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 District hereunder except as required by such Section. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section which would adversely affect the enforceability of this Purchase Contract and covenants that it shall take no action which would result in a violation of such Section.

10. Miscellaneous.

(a) Entire Agreement, Parties in Interest, Etc. This Purchase Contract, when executed by the District, shall constitute the entire agreement between the District and the Underwriter and is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter). This Purchase Contract may not be assigned by the District. No other person shall acquire or have any right hereunder by virtue hereof. All the representations, warranties and agreements by the District in this Purchase Contract shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of the Underwriter, (ii) delivery of any payment for the Bonds hereunder and (iii) any termination of this Purchase Contract.

(b) No Recourse. No recourse shall be had for any claim based on this Purchase Contract or any resolution, certificate, document or instrument delivered pursuant hereto against any member, officer or employee, past, present or future, of the District or of any successor body, either directly or through the District or any such successor body.

(c) Execution in Counterparts; Section Headings. This Purchase Contract may be executed in any number of counterparts, all of which, taken together, shall be one and the same instrument, and any parties hereto may execute this Purchase Contract by signing any such counterpart. Section headings have been inserted in this Purchase Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Contract and will not be used in the interpretation of any provisions of this Purchase Contract.

(d) Severability. The invalidity or unenforceability of any provision hereof as to any one or more jurisdictions shall not affect the validity or enforceability of the balance of this Purchase Contract as to such jurisdiction or jurisdictions or affect in any way such validity or enforceability as to any other jurisdiction. If any provision of this Purchase Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

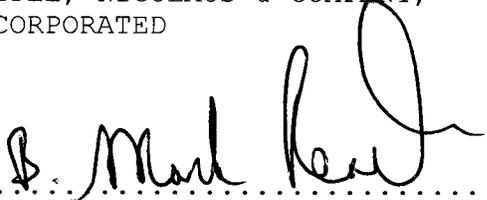
(e) Waiver or Modification. No waiver or modification of any one or more of the terms and conditions of this Purchase Contract shall be valid unless in writing and signed by the party or parties making such waiver or agreeing to such modification.

(f) State of Arizona Law Governs. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State.

(g) Electronic Signatures. The electronic signature of a party to this Purchase Contract shall be as valid as an original signature of such party and shall be effective to bind such party to this Purchase Contract. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format (pdf) or other replicating image attached to an email or internet message.

(h) Effectiveness. This Purchase Contract shall become effective upon the acceptance hereof by the District and shall be valid and enforceable at the time of such acceptance.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By 
B. Mark Reader, Managing Director

Accepted at o'clock P.M. on
....., 2013.

FESTIVAL RANCH COMMUNITY FACILITIES
DISTRICT

By
Jackie Meck, Chairperson, District
Board

ATTEST:

.....
District Clerk

APPROVED AS TO FORM:

GUST ROSENFELD P.L.C.,
Attorney for the District

By

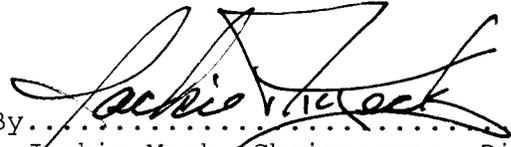
(h) Effectiveness. This Purchase Contract shall become effective upon the acceptance hereof by the District and shall be valid and enforceable at the time of such acceptance.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By.....
B. Mark Reader, Managing Director

Accepted at o'clock P.M. on
....., 2013.

FESTIVAL RANCH COMMUNITY FACILITIES
DISTRICT

By.....

Jackie Meck, Chairperson, District
Board

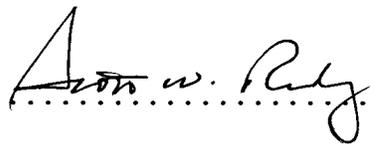
ATTEST:

.....

District Clerk

APPROVED AS TO FORM:

GUST ROSENFELD P.L.C.,
Attorney for the District

By.....


SCHEDULE

<u>Maturity (July 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2015	\$ 10,000	2.00%	1.00%
2016	10,000	2.00	1.25
2017	45,000	2.00	1.75
2018	50,000	2.00	2.00
2019	55,000	2.50	2.50
2020	50,000	3.00	3.00
2021	55,000	3.50	3.50
2022	55,000	3.75	3.75
2023	60,000	3.85	3.85
2024	55,000	4.00	4.00
2026	125,000	4.25	4.25
2028	135,000	4.50	4.50
2030	150,000	4.75	4.75
2033	945,000	5.25	5.00*

* Priced to July 15, 2023, the first optional redemption date.

Optional Redemption. The Bonds are subject to redemption prior to maturity, at the option of the District, on or after July 15, 2023, in whole or in part on any date, at the redemption price of the principal amount of the Bonds or portion thereof being redeemed plus interest accrued to the date of redemption, but without premium.

Mandatory Redemption. The Bonds maturing on July 15 of the following years will be redeemed on July 15 of the following years and in the following principal amounts at a price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium:

<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>
Term Bond Maturing 2026	
2025	\$60,000
2026 (maturity)	65,000
Term Bond Maturing 2028	
2027	\$65,000
2028 (maturity)	70,000

Term Bond Maturing 2030		
2029		\$75,000
2030	(maturity)	75,000
Term Bond Maturing 2033		
2031		\$ 75,000
2032		390,000
2033	(maturity)	480,000

EXHIBIT A

[LETTERHEAD OF GUST ROSENFELD P.L.C.]

[Closing Date]

Stifel, Nicolaus & Company, Incorporated
Suite 750
2325 East Camelback Road
Phoenix, Arizona 85016

Re: Festival Ranch Community Facilities District (Town of
Buckeye, Arizona) General Obligation Bonds, Series
2013

WE HAVE ACTED as Bond Counsel to Festival Ranch Community Facilities District (hereinafter referred to as the "Issuer"), in connection with the issuance this date by the Issuer of bonds designated its General Obligation Bonds, Series 2013 in the aggregate principal amount of \$1,800,000 (hereinafter referred to as the "Bonds") and otherwise as counsel to the Issuer. The Bonds are issued under the resolution adopted by the District Board of the Issuer on November 5, 2013 (hereinafter referred to as the "Resolution"), are the subject of an Official Statement, dated November 19, 2013 (hereinafter referred to as the "Official Statement"), and are being sold pursuant to a Purchase Contract, dated November 19, 2013 (hereinafter referred to as the "Purchase Contract"), by and between the Issuer and Stifel, Nicolaus & Company, Incorporated (hereinafter referred to as the "Underwriter"), a Bond Registrar, Transfer Agent and Paying Agent Contract, dated as of December 1, 2013, by and between the Issuer and Zions First National Bank, as registrar (the "Bond Registrar Contract"), in each case in accordance with the Resolution, a Continuing Disclosure Undertaking, dated even date hereof (hereinafter referred to as the "Undertaking"), from the Issuer, and a Dissemination Agency Agreement, dated as of December 1, 2013 (hereinafter referred to as the "Dissemination Agency Agreement" and collectively with the Bond Registrar Contract, the Undertaking and the Purchase Contract, as the "District Documents"), by and between the Issuer and David Taussig & Associates, Inc. (You may rely on our opinion as Bond Counsel, dated of even date herewith, with regard to the Bonds as if addressed to you.)

IN OUR CAPACITY as Bond Counsel, and as counsel as described hereinabove to the Issuer, we have examined and relied upon:

- (i) A certified copy of the Resolution (which authorized, among other matters, execution and delivery of the Purchase Contract);
- (ii) An executed copy of the Bond Registrar Contract;
- (iii) An executed copy of the Official Statement;
- (iv) An executed copy of the Purchase Contract;
- (v) An executed copy of the Undertaking;
- (vi) An executed copy of the Dissemination Agency Agreement;
- (vii) Such other agreements, certificates (including particularly, but not by way of limitation, certificates of Pulte Home Corporation (hereinafter referred to as "Pulte"), 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
- (viii) 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 in the capacities described above, we have also participated in conferences from time to time with representatives of and counsel to the Issuer, the Underwriter and Pulte relating to the District Documents.

We are of the opinion, based upon the foregoing and subject to the reliance hereinabove indicated and the qualifications herein-after set forth, that under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Issuer is duly organized and validly existing as a community facilities district for purposes set forth

in Section 48-708(B), Arizona Revised Statutes, as amended, pursuant to the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder (a) to adopt the Resolution, (b) to authorize, execute, deliver and issue, as applicable, the District 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 November 7, 2013 (hereinafter referred to as 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 District Documents and the Bonds (including performing the applicable obligations thereunder).

2. Adoption of the Resolution; authorization, execution, delivery and issuance, as applicable, of, and the due performance of the obligations of the District under, the District 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. 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 District Documents and the Bonds and the consummation of the transactions contemplated by the Official Statement.

4. The Issuer has duly (a) adopted the Resolution and (b) authorized (i) the authorization, execution, delivery and issuance, as applicable of, and the performance of its obligations under, the District 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

Bond Resolution, the District 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 District Documents have been duly authorized, executed and delivered by the Issuer and, assuming due and valid authorization, execution and delivery by the other party thereto, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

6. Based solely upon a search of the records of the Superior Court in and for the State of Arizona, County of Maricopa and the United States District Court for the District of Arizona through, 2013, 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) which 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 Bond Resolution, the District Documents or the Bonds or would in any way adversely affect the validity or enforceability of the Bond Resolution, the District Documents or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or by the Purchase Contract or by the Official Statement) or (iii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement. Further, there are no lawsuits pending or threatened against the Issuer which question the right of the Issuer to levy, receive and pledge special assessments or taxes, nor lawsuits pending or overtly threatened against the Issuer which, if decided adversely to the Issuer, would, individually or in the aggregate, have a material adverse effect on the financial condition of the Issuer or impair the ability of the Issuer to comply with all the requirements set forth in the Official Statement, the Bond Resolution, the District Documents or the Bonds.

7. The information contained in the Official Statement in the tax caption on the cover thereof, under

the headings "THE DISTRICT," "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT" (except the information included under the subheading "Ad Valorem Property Taxation in the District"), "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District," "LITIGATION," "TAX EXEMPTION," "BOND PREMIUM," "QUALIFIED TAX-EXEMPT OBLIGATIONS," "CONTINUING DISCLOSURE" (except as it relates to compliance with prior undertakings) and "RELATIONSHIP AMONG PARTIES" (only as it relates to Bond Counsel) therein and in Appendix B - "FORM OF LEGAL OPINION OF BOND COUNSEL" and Appendix D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" insofar as such information purports to summarize certain provisions of federal or state law or of the Bonds, fairly summarizes the information which it purports to summarize.

8. It is not necessary in connection with the issuance and sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution under the Trust Indenture Act of 1939, as amended.

9. The sale of the Bonds pursuant to the terms described in the Official Statement complies with the requirements of Section 48-719(C), Arizona Revised Statutes, as amended.

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the District Documents is dependent upon the due authorization, execution and delivery of (and authority to perform lawfully) the District Documents by the other party thereto and to the extent that the enforceability of the District 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 District 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 District Documents (other than the Issuer) any rights or remedies not specifically set forth therein.

Stifel, Nicolaus & Company, Incorporated
Page 6

This opinion is furnished by us as bond counsel. No attorney-client relationship has existed or exists between our firm and the addressee in connection with the Bonds or by virtue of this opinion. This opinion is solely for the addressee's benefit and, except as specifically stated herein, is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This opinion speaks only as of its date, and no republication is intended upon the sale, assignment, conveyance or transfer of the Bonds by the Underwriter.

Respectfully submitted,

EXHIBIT B

[LETTERHEAD OF BERENS, KOZUB, KLOBERDANZ & BLONSTEIN PLC]

[Closing Date]

Stifel, Nicolaus & Company, Incorporated
Suite 750
2325 East Camelback Road
Phoenix, Arizona 85016

District Board
Festival Ranch Community Facilities District
c/o Town of Buckeye, Arizona
530 East Monroe Avenue
Buckeye, Arizona 85326

Re: Festival Ranch Community Facilities District (Town of
Buckeye, Arizona) General Obligation Bonds, Series
2013

WE HAVE ACTED as counsel to Pulte Home Corporation, a corporation incorporated and existing pursuant to the laws of the State of Michigan (hereinafter referred to as "Pulte"), particularly in connection with the transactions provided for by the documents referred to herein and in connection with the issuance and sale of the captioned Bonds, sold pursuant to a Purchase Contract, dated November 19, 2013 (hereinafter referred to as the "Purchase Contract"), by and between Stifel, Nicolaus & Company, Incorporated (hereinafter referred to as the "Underwriter"), and Festival Ranch Community Facilities District (hereinafter referred to as the "District"). Any capitalized term used and not defined herein shall have the meaning assigned to it in the Purchase Contract.

For purposes of this opinion, we have examined the following:

- (1) The executed Purchase Contract;
- (2) The executed Official Statement, dated November 19, 2013 (hereinafter referred to as the "Official Statement"), of the District;

- (3) The executed Pulte Indemnity Letter, dated the date of sale of the Bonds by Pulte;
- (..)
.....; and
- (..) Such other documents and instruments as we have considered necessary or appropriate for the purposes of this opinion

and received such other information from representatives of Pulte as we have deemed necessary for the purposes of this opinion (hereinafter referred to, collectively, as "due inquiry"). (The document listed in paragraph (3) above is hereinafter referred to as the "Pulte Document." The documents listed in paragraphs (..) through (..) above are hereinafter referred to as the "Organizational Documents.").

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures to the Pulte Document, except for the signatures of Pulte on the Pulte Document, and the legal capacity of each natural person executing the Pulte Document;

(b) The authenticity and completeness of documents submitted as originals and the conformity to originals of documents submitted as copies;

(c) The due authorization, execution, acknowledgment where necessary, and delivery, and the validity and binding effect, of the Pulte Document with regard to the parties to that agreement other than Pulte;

(d) The Pulte Document accurately describes and contains the agreement and mutual understanding of the parties thereto and that there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms of the Pulte Document;

(e) That any certificate, representation (oral or otherwise), telegram, telex, telecopy, email or other documents on which we have relied, whether or not given or dated earlier than the date hereof, is authentic and remains accurate insofar as relevant to this opinion from such earlier date through and including the date hereof, and we are not aware of any facts inconsistent with this assumption; and

(f) After due inquiry, the parties' representations and warranties contained in the Pulte Document are truthful and accurate and all reports and other documents prepared by third party consultants, relating to the transactions contemplated by the Pulte Document or any of the property within the District are truthful and accurate.

Based on the foregoing, and subject to the limitations, qualifications and assumptions set forth herein, it is our opinion that:

1. Pulte is a corporation duly incorporated and validly existing under the laws and Constitution of the State of Michigan.

2. Pulte is qualified to do business under the laws of the State of Arizona.

3. Pulte has the requisite power and authority under the laws of the State of Arizona as well as all consents, approvals, authorizations and other actions by, and filings with, all federal, State and local governmental authorities required (i) to execute and deliver the Pulte Document and carry out the terms and conditions applicable to it under, and consummate all transactions contemplated by, the Pulte Document; (ii) to own and operate its properties and assets as described in the Official Statement and (iii) to carry out its business as such business is currently being conducted as described in the Official Statement.

4. The execution, delivery and performance of the Pulte Document by Pulte and the carrying out, giving effect to and consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of Pulte, and the Pulte Document has been duly executed and delivered by Pulte.

5. The Pulte Document is in full force and effect as of the date hereof and constitutes a legal, valid and binding obligation of Pulte, enforceable in accordance with its terms.

6. The execution and delivery of the Pulte Document by Pulte, and the performance of its obligations thereunder, do not and will not conflict with or result in a violation of, or a default pursuant to, the Organizational Documents.

7. To our actual knowledge, the execution and delivery of the Pulte Document by Pulte will not conflict with or result in a violation of any contract, indenture, instrument or other agreement to which Pulte is a party or by which it or its properties are bound.

8. To our actual knowledge, no consent, approval, authorization or other action by, or filing with, any federal, State or local governmental authority is required in connection with the execution and delivery by Pulte of the Pulte Document which consent, approval, authorization or other action has not already been obtained.

9. We have no actual knowledge that Pulte is in violation of any provision of, or in default under, its Organizational Documents or any agreement or other instrument, violation of or default under which would materially and adversely affect the business, properties, assets, liabilities or conditions (financial or other) of Pulte.

10. We have no actual knowledge of any legal or governmental actions, proceedings, inquiries or investigations pending or overtly threatened by any governmental authorities or to which Pulte is a party or of which any property of Pulte is subject, except as described in the Official Statement.

11. To our actual knowledge, the information contained in the Official Statement under the headings "LAND DEVELOPMENT," "THE PUBLIC INFRASTRUCTURE," "PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS," "PULTE" 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 participation with 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 participation, we have not acquired any knowledge that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

The opinions set forth above are subject to the following qualifications and limitations: (i) enforceability of the Pulte Document may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, arrangement or laws or court decisions affecting the enforcement of creditors' rights generally; (ii) enforceability of the Pulte Document is subject to general principles of equity, whether remedies are sought in equity or at law; (iii) enforceability of the Pulte Document is further subject to the qualification that certain waivers, procedures, remedies, indemnities and other provisions of the Pulte Document may be unenforceable under

or limited by Arizona law; however, such law does not, in our opinion, substantially prevent the practical realization of the benefits intended by the Pulte Document; (iv) we are expressing no opinion as to the enforceability of any indemnity provision with respect to any claims or other matters that result from the negligence or misconduct of any indemnitee or the failure of any indemnitee to act in a commercially reasonable manner and (v) we are expressing no opinion as to the compliance of the Pulte Document or the offer and sale of the Bonds with any securities law or regulation except as provided in paragraph 11 hereof.

Whenever we indicate that our opinion is based on "our knowledge," or words of similar import, such opinion is based solely on the current actual knowledge of the firm's attorneys who have devoted substantive attention to matters related hereto after due inquiry. Except as specifically set forth herein, we have not made any independent investigation, verification, or review of any matters whatsoever and we are relying solely on such specifically stated investigation or review. We express no opinion concerning the legal validity and sufficiency of the acts of any of the other parties to the Pulte Document.

We are qualified to practice law in the State of Arizona, and we do not purport to express any opinion herein concerning any law other than the laws of the State of Arizona and, for the limited subject of the corporate authority and corporate existence of Pulte, the laws of the State of Michigan. Our opinions are as to what the law is or might reasonably be expected to be at the date hereof, and we assume no obligation to revise or supplement this opinion due to any change in the law by legislative action, judicial decision or otherwise. Any opinion as to the enforceability of any document is limited to enforceability as between the original parties thereto.

This opinion is being furnished to you solely for your benefit and only with respect to the captioned Bonds. Accordingly, it may not be relied upon or quoted to any person or entity without, in each instance, our prior written consent.

Respectfully submitted,

EXHIBIT C

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[Closing Date]

Stifel, Nicolaus & Company, Incorporated
Suite 750
2325 East Camelback Road
Phoenix, Arizona 85016

Re: Festival Ranch Community Facilities District (Town of
Buckeye, Arizona) General Obligation Bonds, Series
2013

This opinion is rendered pursuant to the Purchase Contract, dated November 19, 2013 (hereinafter referred to as the "Purchase Contract"), by and between the Festival Ranch Community Facilities District (hereinafter referred to as the "District") and Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), relating to the purchase by the Underwriter from the District of its \$____,000 principal amount of General Obligation Bonds, Series 2013 (hereinafter referred to as the "Bonds"), and as counsel to the Underwriter solely for its use in connection with the issuance and the sale of the Bonds to the Underwriter by the District.

We have examined the Official Statement relating to the Bonds, dated as of even date with the Purchase Contract (hereinafter referred to as the "Official Statement"). We have also examined originals, or copies certified or otherwise identified to our satisfaction, of other documents, resolutions, instruments, records, certificates and opinions, have reviewed such laws and information and have made investigations, as we have considered necessary or appropriate for the purpose of rendering this opinion.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigations pertaining to, and your participation in the preparation of, the Official Statement including the aforesaid examination. That assistance involved, among other things, inquiries concerning various legal and related matters, our review of certain corporate records, documents and proceedings, and our participation in discussions with your representatives and other persons involved in the preparation of information for the Official Statement and representa-

tives of the District, concerning the contents of the Official Statement and related matters. While we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the contents of the Official Statement, on the basis of the information which was developed in the course of our performance of the services referred to above and without having undertaken to verify independently that accuracy, completeness or fairness, nothing has come to our attention which leads us to believe that the Official Statement, at its date or as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements made in the Official Statement, in light of the circumstances under which they were made, not misleading. Reference in this paragraph to the Official Statement does not include the information included in the Official Statement under the headings "LAND DEVELOPMENT," "THE PUBLIC INFRASTRUCTURE," "PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS" and "PULTE," the financial information or other technical or statistical data included in the Official Statement or the information included in Appendix C (or any other information about the Depository Trust Company, New York, New York, therein) to the Official Statement, as to all of which we express no opinion.

Respectfully submitted,

ATTACHMENT

"Pulte Indemnity Letter"

November 19, 2013

Stifel, Nicolaus & Company, Incorporated
Suite 750
2325 East Camelback Road
Phoenix, Arizona 85016

District Board
Festival Ranch Community Facilities District
c/o Town of Buckeye, Arizona
530 East Monroe Avenue
Buckeye, Arizona 85326

Re: Festival Ranch Community Facilities District (Town of
Buckeye, Arizona) General Obligation Bonds, Series
2013

This Indemnity Letter is delivered by Pulte Home Corporation, a corporation incorporated and existing pursuant to the laws of the State of Arizona (hereinafter referred to as "Pulte"), in order to induce Stifel, Nicolaus & Company, Incorporated (hereinafter referred to as the "Underwriter"), and Festival Ranch Community Facilities District, a community facilities district organized and existing pursuant to the laws of the State of Arizona (the "District"), to enter into the Purchase Contract, dated even date herewith (hereinafter referred to as the "Purchase Contract") related to the purchase by the Underwriter and sale by the District of the captioned Bonds (hereinafter referred to as the "Bonds"). Terms which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Purchase Contract, Pulte represents and warrants to the Underwriter and the District that:

(a) Pulte is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Arizona and is qualified to transact business in the State of Arizona.

(b) The information in the Official Statement with respect to the Bonds under the headings "LAND DEVELOPMENT," "THE PUBLIC INFRASTRUCTURE," "PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS," "PULTE" and "RISK FACTORS" (but not the other information, opinions, assumptions or projections contained therein) 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 (hereinafter referred to as the "Pulte Document") nor the consummation of any other of the transactions herein contemplated, nor the fulfillment of, or compliance with, the terms hereof, shall contravene the organizational documents of Pulte or conflict with or result in a breach by Pulte of any of the terms, conditions or provisions of, or constitute a default by Pulte under, any bond, debenture, note, mortgage, indenture, agreement or other instrument to which Pulte is a party or by which it is or may be bound or to which any of the property or assets of Pulte is or may be subject, or any law or any order, rule or regulation applicable to Pulte of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over Pulte or any of the properties or operations of Pulte, or (except as contemplated by the Pulte Document) 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 Pulte 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 or, to the best knowledge of Pulte, threatened against Pulte 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 Pulte, or which would materially and adversely affect the properties (taken as a whole) of Pulte, and which has not been disclosed in the Official Statement, (ii) materially adversely affect the transactions contemplated by the Purchase Contract or the Pulte Document or (iii) adversely affect the validity or enforceability of the Pulte Document.

(e) Pulte has the full power and authority to execute and deliver the Pulte Document and perform its obligations hereunder and engage in the transactions contemplated by the Purchase Contract

and the Pulte Document, and the Pulte Document has been duly authorized by Pulte and, when executed and delivered by the respective parties thereto, will constitute a valid, binding and enforceable obligation of Pulte except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and except as the indemnification provisions hereof may be limited by applicable securities laws or public policy.

(f) No consent, approval, authorization or other action by any governmental or regulatory authority that has not been obtained is or will be required for the consummation by Pulte of the transactions contemplated by the Purchase Contract and the Pulte Document.

2. Pulte shall indemnify and hold harmless the Underwriter, the District, the Financial Advisor and, as applicable each director, trustee, partner, member, officer, official, legal counsel, independent contractor or employee thereof and each person, if any, who controls the Underwriter, the District or the Financial Advisor within the meaning of the Securities Act of 1933, as amended (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 an 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 which is necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading in any material respect, except such indemnification shall not extend to any other statements in the Official Statement and (ii) 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 Pulte (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 Pulte, notify Pulte in writing of the commencement thereof. Failure of the Indemnified Party to give such notice shall reduce the liability of Pulte by the amount of damages attributable to

the failure of the Indemnified Party to give such notice to Pulte, but the omission to notify Pulte of any such action shall not relieve Pulte 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 Pulte of the commencement thereof, Pulte 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 Pulte (it being understood that, except as hereinafter provided, Pulte shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from Pulte to such Indemnified Party of an election so to assume the defenses thereof, Pulte shall 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 Pulte assumes the defense of any such action at the request of such Indemnified Party, Pulte shall have the right to participate at its own expense in the defense of any such action. If Pulte shall not have employed counsel to have charge of the defense of any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to Pulte (in which case Pulte 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 Pulte.

3. All of the representations, warranties, and agreements of Pulte contained in the Pulte Document shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Underwriter, the District, the Financial Advisor, any controlling person referred to in paragraph 2 hereof or Pulte or (ii) delivery of and payment for the Bonds.

4. This letter is solely for the benefit of the Underwriter, the District, the Financial Advisor 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. Pulte shall pay all costs with respect to the issuance and delivery of the Bonds.

Stifel, Nicolaus & Company, Incorporated
Festival Ranch Community Facilities District
Page 5

6. Pulte consents to the references to Pulte in the Official Statement.

7. The letter shall be governed by, and construed in accordance with, the laws of the State of Arizona.

Respectfully submitted,

PULTE HOME CORPORATION, an Arizona
corporation

By.....
Printed Name:.....
Title:.....



November 19, 2013

Stifel, Nicolaus & Company, Incorporated
Suite 750
2325 East Camelback Road
Phoenix, Arizona 85016

District Board
Festival Ranch Community Facilities District
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
District General Obligation Bonds, Series 2013

This Indemnity Letter is delivered by Pulte Home Corporation, a corporation incorporated and existing pursuant to the laws of the State of Arizona (hereinafter referred to as "Pulte"), in order to induce Stifel, Nicolaus & Company, Incorporated (hereinafter referred to as the "Underwriter"), and Festival Ranch Community Facilities District, a community facilities district organized and existing pursuant to the laws of the State of Arizona (the "District"), to enter into the Purchase Contract, dated even date herewith (hereinafter referred to as the "Purchase Contract") related to the purchase by the Underwriter and sale by the District of the captioned Bonds (hereinafter referred to as the "Bonds"). Terms which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Purchase Contract, Pulte represents and warrants to the Underwriter and the District that:

(a) Pulte is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Arizona and is qualified to transact business in the State of Arizona.

(b) The information in the Official Statement with respect to the Bonds under the headings "LAND DEVELOPMENT," "THE PUBLIC INFRASTRUCTURE," "PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS," "PULTE" and "RISK FACTORS" (but not the other information, opinions, assumptions or projections contained therein) 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 (hereinafter referred to as the "Pulte Document") nor the consummation of any other of the transactions herein contemplated, nor the fulfillment of, or compliance with, the terms hereof, shall contravene the organizational documents of Pulte or conflict with or result in a breach by Pulte of any of the terms, conditions or provisions of, or constitute a default by Pulte under, any bond, debenture, note, mortgage, indenture, agreement or other instrument to which Pulte is a party or by which it is or may be bound or to which any of the property or assets of Pulte is or may be subject, or any law or any order, rule or regulation applicable to Pulte of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over Pulte or any of the properties or operations of Pulte, or (except as contemplated by the Pulte Document) 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 Pulte 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 or, to the best knowledge of Pulte, threatened against Pulte 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 Pulte, or which would materially and adversely affect the properties (taken as a whole) of Pulte, and which has not been disclosed in the Official Statement, (ii) materially adversely affect the transactions contemplated by the Purchase Contract or the Pulte Document or (iii) adversely affect the validity or enforceability of the Pulte Document.

(e) Pulte has the full power and authority to execute and deliver the Pulte Document and perform its obligations hereunder and engage in the transactions contemplated by the Purchase Contract and the Pulte Document, and the Pulte Document has been duly authorized by Pulte and, when executed and delivered by the respective parties thereto, will constitute a valid, binding and enforceable obligation of Pulte except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and except as the indemnification provisions hereof may be limited by applicable securities laws or public policy.

(f) No consent, approval, authorization or other action by any governmental or regulatory authority that has not been obtained is or will be required for the consummation by Pulte of the transactions contemplated by the Purchase Contract and the Pulte Document.

2. Pulte shall indemnify and hold harmless the Underwriter, the District, the Financial Advisor and, as applicable each director, trustee, partner, member, officer, official, legal counsel, independent contractor or employee thereof and each person, if any, who controls the Underwriter, the District or the Financial Advisor within the meaning of the Securities Act of 1933, as amended (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 an 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 which is necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading in any material respect, except such indemnification shall not extend to any other statements in the Official Statement and (ii) 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 Pulte (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 Pulte, notify Pulte in writing of the commencement thereof. Failure of the Indemnified Party to give such notice shall reduce the liability of Pulte by the amount of damages attributable to the failure of the Indemnified Party to give such notice to Pulte, but the omission to notify Pulte of any such action shall not relieve Pulte 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 Pulte of the commencement thereof, Pulte 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 Pulte (it being understood that, except as hereinafter provided, Pulte shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from Pulte to such Indemnified Party of an election so to assume the defenses thereof, Pulte shall 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 Pulte assumes the defense of any such action at the request of such Indemnified Party, Pulte shall have the right to participate at its own expense in the defense of any such action. If Pulte shall not have employed counsel to have charge of the defense of any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to Pulte (in which case Pulte 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 Pulte.

3. All of the representations, warranties, and agreements of Pulte contained in the Pulte Document shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Underwriter, the District, the Financial Advisor, any controlling person referred to in paragraph 2 hereof or Pulte or (ii) delivery of and payment for the Bonds.

4. This letter is solely for the benefit of the Underwriter, the District, the Financial Advisor 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.

- Bonds.
5. Pulte shall pay all costs with respect to the issuance and delivery of the
 6. Pulte consents to the references to Pulte in the Official Statement.
 7. The letter shall be governed by, and construed in accordance with, the laws of the State of Arizona.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

[SIGNATURE APPEARS ON THE FOLLOWING PAGE.]

Respectfully submitted,

PULTE HOME CORPORATION, an Arizona
corporation

By: B E R

Printed Name: Bruce E. Robinson

Title: Vice President and Treasurer

CONTINUING DISCLOSURE UNDERTAKING

\$1,800,000

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2013

(CUSIP BASE NUMBER 315598)

This Undertaking is executed and delivered by Festival Ranch 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/submission>.

"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, 2014, 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 (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 2, 3, 4, and 5 of the Official Statement, dated November 19, 2013, with respect to the Securities as well as with respect to tax collections and delinquencies in the preceding tax year of the Issuer.

(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 obtain audited financial statements.) **IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.**

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, 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 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 under the Authorizing Document, 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 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 of the Securities, 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.

(a) 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.**

(b) To the extent applicable by provision of law, this Undertaking is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provision of which are incorporated herein.

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 the 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: December 10, 2013

FESTIVAL RANCH COMMUNITY FACILITIES
DISTRICT

By.....
Jackie Meck, Chairperson, District
Board

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

and

DAVID TAUSSIG & ASSOCIATES, INC.

DISSEMINATION AGENCY AGREEMENT

Dated as of December 1, 2013

\$1,800,000
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
General Obligation Bonds, Series 2013

TABLE OF CONTENTS

	<u>Page</u>
PARTIES	1
RECITALS	1

ARTICLE ONE

SECTION 1.01.	Definitions.....	1
SECTION 1.02.	Notices, etc.....	2
SECTION 1.03.	Effect of Headings and Table of Contents.....	2
SECTION 1.04.	Successors and Assigns.....	2
SECTION 1.05.	Severability Clause.....	3
SECTION 1.06.	Benefits of Agreement.....	3
SECTION 1.07.	Governing Law.....	3
SECTION 1.08.	Incorporation of State Statutes.....	3
SECTION 1.09.	Further Assurances; Recording.....	4
SECTION 1.10.	Amendments.....	4
SECTION 1.11.	Termination.....	4
SECTION 1.12.	Integration.....	4

ARTICLE TWO

SECTION 2.01.	Annual Reports.....	4
SECTION 2.02.	Listed Events.....	4
SECTION 2.03.	Dissemination of Annual Reports.....	5
SECTION 2.04.	Dissemination of Notices of Listed Events.....	5
SECTION 2.05.	Dissemination of Other Notices.....	5
SECTION 2.06.	Duty to Update.....	6
SECTION 2.07.	Consequences of Default by Agent; Standard of Care.....	6
SECTION 2.08.	Additional Information.....	6
SECTION 2.09.	Compensation.....	6
SECTION 2.10.	Recordkeeping.....	7

SIGNATURES	8
------------------	---

THIS DISSEMINATION AGENCY AGREEMENT, dated as of December 1, 2013 (hereinafter referred to as this "Agreement"), by and between Festival Ranch 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 David Taussig & Associates, Inc., a corporation duly incorporated and validly existing pursuant to the laws of the State of California (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 November 5, 2013, the Board has authorized the issuance of certain general obligation bonds (hereinafter referred to as the "Securities") to provide funds for certain public infrastructure purposes provided for in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Enabling Act"); and

WHEREAS, in order to provide terms for providing 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 execution and delivery of 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 Board has determined to enter into this Agreement; and

WHEREAS, pursuant to the Enabling 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 and include the plural as well as the singular.

B. 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.

C. 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,

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 Buckeye, Arizona, 530 East Monroe Avenue, Buckeye, Arizona 85326, Attention: District Clerk or at any other address furnished previously in writing to such person by the Issuer, and

2. the Agent shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to it at Suite 6000, 5000 Birch Street, Newport Beach, California 92660, Attention: Andrea R. Roess, 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 Lease 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 Agent and the Issuer.

SECTION 1.11. *Termination.*

The Issuer or the Agent may terminate this Agreement by giving written notice to the other party at least thirty (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 the responsibilities of the Issuer 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 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 such Annual Report was filed 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 (1) 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 Section 4(a) 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 (1) 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 which 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, 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.

* * *

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.

FESTIVAL RANCH COMMUNITY FACILITIES
DISTRICT

By..... 
Jackie Meek, Chairperson, District
Board

ATTEST:


District Clerk

DAVID TAUSSIG & ASSOCIATES, INC., a
California corporation

By: *Andrea Roess*

Printed Name: *Andrea Roess*

Title: *Managing Director*

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

COUNTY ASSESSOR'S CERTIFICATE

I, the undersigned, hereby certify that the full cash value of all the taxable property within the Festival Ranch Community Facilities District (Town of Buckeye, Arizona), is \$382,641,533.

DATED: December 10, 2013.

MARICOPA COUNTY ASSESSOR



Tracy J. Bruesel, Chief Deputy

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

CLOSING CERTIFICATE OF THE DISTRICT

We, the undersigned Chairman and Clerk of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), hereby certify as follows:

A. To partially finance the projects listed on Exhibit A hereto, we have executed \$1,800,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2013 (the "*Bonds*"); and we are the duly elected, qualified and acting officers indicated therein and authorized to execute the typewritten Bonds. We further certify that we have executed the Bonds by having our signatures affixed to the Bonds by mechanical reproduction and we hereby adopt as and for our respective signatures the respective signatures shown on the Bonds. The Bonds are dated December 10, 2013, and are in the denomination of \$5,000 each or any integral multiples in excess thereof. The Bonds mature on July 15 in the years and bear interest at the rates set forth on the attached Exhibit B.

The Bonds are subject to call for redemption prior to maturity in accordance with the terms set forth in the attached Exhibit B.

Interest is payable on January 15 and July 15 of each year during the term of each of the Bonds, commencing on July 15, 2014.

B. We further certify that, to the best of our knowledge, information and belief:

(i) (a) On November 5, 2013, Resolution No. 14-13 (Festival Ranch) of the District Board (the "*Resolution*") was duly adopted at a duly called meeting (the "*Meeting*") of the District Board, at which a quorum was present and acting throughout; that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notice of the Meeting was posted more than twenty-four (24) hours prior to the Meeting and that the Meeting was open to the public.

(b) The Resolution duly authorized the issuance and sale of the Bonds and execution and delivery of the Purchase Contract for the Bonds, dated November 19, 2013 (the "*Purchase Contract*"), by and between the District and Stifel, Nicolaus & Company, Incorporated (the "*Underwriter*"), the Bond Registrar, Transfer Agent and Paying Agent Contract, dated as of December 1, 2013 (the "*Registrar Contract*"), by and between the District and Zions First National Bank, the Dissemination Agency Agreement, dated as of December 1, 2013 (the "*Dissemination Agency Agreement*"), by and between the District and David Taussig & Associates, Inc., and the Continuing Disclosure Undertaking, dated December 10, 2013 (the "*Continuing Disclosure Undertaking*"), executed by the District (collectively, the Purchase Contract, the Registrar Contract, the Dissemination Agency Agreement and the Continuing Disclosure Undertaking are hereafter referred to as the "*District Documents*").

(c) The District has no rules of procedure which would invalidate or make ineffective the Resolution.

(d) The copy of the Resolution included in the transcript of proceedings for the captioned Bonds is a true and correct copy of the Resolution.

(ii) The representations, warranties and covenants contained in the Purchase Contract are true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof.

(iii) Except as described in the Official Statement, dated November 19, 2013 relating to the Bonds (the "*Official Statement*"), no litigation is pending or threatened before any judicial, quasi-judicial or administrative forum (a) to restrain or enjoin the issuance or delivery of the Bonds, the application of the proceeds thereof or the performance by the District of the provisions of the District Documents or the levy and receipt of ad valorem taxes for payment of the Bonds; (b) in any way contesting or affecting the authority for, or the validity of, the Purchase Contract or the application of the proceeds of the Bonds or (c) in any way contesting the existence or powers of the District.

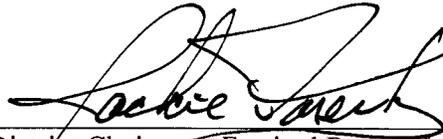
(iv) No authority or proceedings for the issuance of the Bonds, including but not limited to the Resolution, has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the Bonds has been filed with or received by any of the undersigned.

(v) The District has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the date of the payment for and initial delivery of the Bonds.

(vi) Based on the Assessor's Certificate included in the transcript of proceedings for the captioned Bonds, the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged does not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District has been completed.

(vii) The Official Statement was, as of its date and is, as of the date hereof, true, correct and complete in all material respects and did not, as of its date, and does not, as of the date hereof, include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading, and no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; provided that, as to the information provided by Pulte Home Corporation ("*Pulte*") relating to Pulte and Pulte's project, and The Depository Trust Company and the book-entry system, the District relies solely on the information so provided.

DATED: December 10, 2013.

A handwritten signature in black ink, appearing to read "Patrick Smith", written over a horizontal line.

District Chairman, Festival Ranch Community
Facilities District (Town of Buckeye, Arizona)

A handwritten signature in black ink, appearing to read "Lucinda J. Apa", written over a horizontal line.

District Clerk, Festival Ranch Community Facilities
District (Town of Buckeye, Arizona)

EXHIBIT A

**LIST OF PROJECTS TO BE PARTIALLY FINANCED
WITH BOND PROCEEDS**

"Project" shall mean the acquisition of public infrastructure (as such term is defined in the Arizona Revised Statutes Title 48, Chapter 4, Article 6) described in the Feasibility Report, including particularly the acquisition by the District of the following:

<u>Description</u>	<u>Total Estimated Costs</u>	<u>Certified Engineer's Costs</u>	<u>Paid by Prior Bonds</u>	<u>To be paid by Series 2013 Bonds</u>	<u>Eligible for Funding from Future Bonds</u>
Sun City Festival Water Plant #1, Well #1, Well #2, – installation of 1.2 MG storage tank and booster pumps at Water Plant #1, and the drilling and equipping of Well #1 and Well #2 producing 6,150 GPM, including the eligible costs for engineering, survey, permit fees, and other required labor, tools, and equipment.	\$6,754,018	\$6,754,018	\$2,361,890	\$1,800,000	\$2,592,128

EXHIBIT B

Maturity Schedule

\$1,800,0000
General Obligation Bonds, Series 2013

<u>Maturity (July 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2015	\$ 10,000	2.00%	1.00%
2016	10,000	2.00	1.25
2017	45,000	2.00	1.75
2018	50,000	2.00	2.00
2019	55,000	2.50	2.50
2020	50,000	3.00	3.00
2021	55,000	3.50	3.50
2022	55,000	3.75	3.75
2023	60,000	3.85	3.85
2024	55,000	4.00	4.00
2026	125,000	4.25	4.25
2028	135,000	4.50	4.50
2030	150,000	4.75	4.75
2033	945,000	5.25	5.00*

* Priced to July 15, 2023, the first optional redemption date.

Optional Redemption. The Bonds are subject to redemption prior to maturity, at the option of the District, on or after July 15, 2023, in whole or in part on any date, at the redemption price of the principal amount of the Bonds or portion thereof being redeemed plus interest accrued to the date of redemption, but without premium.

Mandatory Redemption. The Bonds maturing on July 15 of the following years will be redeemed on July 15 of the following years and in the following principal amounts at a price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium:

<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>
Term Bond Maturing 2026	
2025	\$60,000
2026 (maturity)	65,000
Term Bond Maturing 2028	
2027	\$65,000
2028 (maturity)	70,000

Term Bond Maturing 2030		
2029		\$75,000
2030 (maturity)		75,000
Term Bond Maturing 2033		
2031		\$ 75,000
2032		390,000
2033 (maturity)		480,000

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

TAX CERTIFICATE OF THE DISTRICT

The undersigned are the District Chairman and District Clerk of the Board of Directors (the "*Board*") of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*").

This Certificate is executed for the purpose of establishing certain facts existing as of the date hereof and the reasonable expectations of the District as to future events regarding the \$1,800,000 principal amount of the District's General Obligation Bonds, Series 2013 (the "*Bonds*"), dated December 10, 2013. The Bonds mature on the dates and in the amounts and bear interest as shown on Exhibit D attached hereto.

The Bonds are authorized and issued pursuant to Resolution No. 14-13 (Festival Ranch) adopted by the Board on November 5, 2013 and are being sold pursuant to a Purchase Contract dated November 19, 2013 (the "*Purchase Contract*") by and between the District and Stifel, Nicolaus & Company, Incorporated (the "*Underwriter*") and an Official Statement dated November 19, 2013 (the "*Official Statement*").

This Certificate also sets forth certain terms and conditions relating to the restrictions on the use and investment of the proceeds of the Bonds in order that the interest on the Bonds will be exempt from taxation under the Internal Revenue Code of 1986, as amended (the "*Code*").

The certifications, covenants and representations contained herein are made on behalf of the District for the benefit of the owners from time to time of the Bonds. We hereby certify, covenant and represent for the District the following:

ARTICLE 1
GENERAL

Section 1.1. Authorization. The undersigned are duly authorized officers of the District charged, with others, with the responsibility for executing and delivering this Certificate on the date hereof.

Section 1.2 Reliance on Other Parties. In making the representations herein, the District relies on (i) the pricing information provided by the Underwriter as set forth in the Purchase Contract dated November 19, 2013; (ii) the representations and certifications of the Underwriter as set forth in the Certificate of Underwriter Regarding Initial Offering Prices and the Receipt for Bonds and Documents and Certificate Regarding Qualified Guarantee

(collectively, the "*Underwriter's Certificate*"); (iii) the representations and certifications of Wedbush Securities (the "*Financial Advisor*") as set forth in the Certificate of Financial Advisor as to Yield on the Bonds (the "*Financial Advisor's Certificate*"); and (iv) the representations and certifications of officers and counsel of Build America Mutual Assurance Company (the "*Bond Insurer*") as set forth in certain opinions and certificates thereof. The District is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of the representations and certifications of the Underwriter, the Financial Advisor and the Bond Insurer.

Section 1.3. Purpose of the Bonds. The Bonds are being issued to provide funds for the acquisition of the projects set forth in the District's Closing Certificate dated December 10, 2013 (the "*Project*").

Section 1.4. Bond Counsel. "*Bond Counsel*" means Gust Rosenfeld P.L.C. or any other nationally recognized firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by underwriters of municipal bonds.

Section 1.5 Bond Insurance. The term "*Bond Insurance*" as used in this certificate and its attachments means the policy of municipal bond insurance issued by the Bond Insurer.

Section 1.6. Additional Definitions. The definitions and cross-references set forth in *Exhibit A*, attached hereto, apply to this Certificate and its attachments. The terms used herein and not otherwise defined in this Certificate and *Exhibit A* shall have the same meanings as defined in Sections 103 and 141 through 150 of the Code and the Treasury Regulations promulgated thereunder.

Section 1.7. Reasonable Expectations. To the best of each of the undersigned's knowledge, information and belief, the expectations contained in this Certificate are reasonable. On the basis of the information contained in this Certificate and its attachments, it is not expected that the Bonds will be "arbitrage bonds" within the meaning of Section 148 of the Code.

ARTICLE 2 ISSUE DATA

Section 2.1. Governmental Unit. The District is a Governmental Unit.

Section 2.2. Bond Terms. The Bonds shall have such terms as are set forth above. The Bonds are dated December 10, 2013, and are in the denomination of \$5,000 each or \$5,000 integral multiples in excess thereof. Interest on the Bonds shall be payable semiannually on January 15 and July 15 of each year during the term of the Bonds, commencing on July 15, 2014.

Section 2.3. Sources and Uses of Proceeds. The total sources and uses of the proceeds of the Bonds and other moneys are as shown on *Exhibit B*, attached hereto.

Section 2.4. Issue Price, Sale Proceeds and Net Sale Proceeds. The Issue Price, Sale Proceeds and Net Sale Proceeds of the Bonds are as set forth on *Exhibit C* hereto.

Section 2.5. Single Issue. No obligations other than the Bonds are (a) being sold at substantially the same time (within 15 days) as the Bonds, (b) being sold pursuant to the same plan of financing as the Bonds, and (c) reasonably expected to be paid from substantially the same source of funds as the Bonds, determined without regard to guarantees from unrelated parties. Accordingly, no obligations other than those that comprise the Bonds are a part of the same issue with the Bonds.

ARTICLE 3 ARBITRAGE (NONREBATE) MATTERS

Section 3.1. Disposition of Sale Proceeds and Pre-Issuance Accrued Interest; Temporary Periods. As shown on Exhibit B, attached hereto, the following funds and accounts will be funded at Closing: Debt Service Fund and Acquisition Fund. A breakdown of the uses of such funds and the relevant Temporary Period, if applicable, is provided below:

(i) Underwriter's Discount. An amount of \$54,000.00 will be contributed by Pulte Home Corporation ("Pulte") to be deposited in the Acquisition Fund and paid to the Underwriter as Underwriter's discount.

(ii) Capitalized Interest. An amount of \$48,851.28 will be contributed by Pulte and deposited in the Debt Service Fund as capitalized interest to pay a portion of interest on the Bonds through January 15, 2015.

(iii) Issuance Costs. An amount of \$92,000.00 will be contributed by Pulte to be deposited in the Acquisition Fund and used to pay Issuance Costs of the Bonds.

(iv) Bond Insurance Premium. An amount of \$16,498.06 of the proceeds of the Bonds representing premium will not be invested but will be expended on the date hereof and treated as paid to the Bond Insurer as the premium for the Bond Insurance covering the Bonds.

(v) Excess Proceeds. An amount of \$2,025.99 of the proceeds of the Bonds representing premium, shall be deposited in the Debt Service Fund and used to pay the interest on the Bonds, as the same become due, within one year from the date hereof. Such amounts may be invested without restriction as to yield during such period.

(vi) Project Costs.

(a) An amount of \$1,800,000.00 will be deposited in the Acquisition Fund and used by the District to acquire certain facilities and improvements.

(b) The District expects that the Net Sale Proceeds allocable to the Bonds will be used to pay costs of the Project within three (3) years from the date hereof and will be applied in a manner that satisfies the requirements of Section 1.148-2(e)(2) of the Treasury Regulations pertaining to the general 3-year Temporary Period for capital projects set forth below:

(1) Expenditure Test. At least eighty-five percent (85%) of the Net Sale Proceeds allocable to the Bonds will be allocated to expenditures for the Project within three (3) years from the date hereof.

(2) Time Test. The District has incurred, or within six (6) months from the date hereof will incur, binding obligations with third parties to commence, acquire or construct the Project and to expend thereon at least five percent (5%) of the Net Sale Proceeds allocable to the Bonds. The binding obligation consists, or will consist, of one or more contracts for acquisition or construction of the Project which are not subject to contingencies which are within the District's or a Related Party's control.

(3) Due Diligence Test. Completion of the Project and the allocation of the Net Sale Proceeds allocable to the Bonds to expenditures will proceed with due diligence.

(c) The Net Sale Proceeds allocable to the Bonds deposited in the Acquisition Fund may be invested at a yield in excess of the yield of the Bonds and shall be subject to the arbitrage rebate requirements provided in Section 148 of the Code and the Treasury Regulations promulgated thereunder. On or after December 10, 2016, the District shall make appropriate yield reduction payments for any moneys in the Construction Fund which are allocable to the Bonds and invested at a yield in excess of the yield of the Bonds.

(d) Interest realized from investment of proceeds of the Bonds deposited in the Acquisition Fund may be invested in obligations without regard to yield limitation for the period ending on December 10, 2016 or, if longer, one year from the date of receipt, and shall be subject to the arbitrage rebate requirements provided in Section 148 of the Code and the Treasury Regulations promulgated thereunder.

Section 3.2. Bona Fide Debt Service Fund; Temporary Period.

(i) Bona Fide Debt Service Fund; Capitalized Interest. The Debt Service Fund will be held as a bona fide debt service fund which will be used to pay the principal of and interest on the Bonds, as the same become due and which will be depleted once a year (except for a reasonable carryover amount not to exceed the greater of one-twelfth of the annual debt service on the Bonds or one year's interest earnings on such fund). It is reasonably expected that all amounts received as income from the investment of the Bona Fide Debt Service Fund will be expended to pay the principal of and interest on the Bonds within one year of the receipt thereof. \$48,851.28 of Pulte's contribution will be held by the District and used to pay capitalized interest on the Bonds through January 15, 2015.

(ii) Thirteen-Month Temporary Period. Other than Bond proceeds to be used to pay capitalized interest, any moneys held in the Bona Fide Debt Service Fund and allocated to the Bonds, which are to be used to pay principal or interest on the Bonds within 13 months of the receipt thereof, may be invested in obligations that bear a yield in excess of the Bonds. Any other allocable moneys in the Bona Fide Debt Service Fund may be invested in obligations that bear a yield that does not exceed the yield of the Bonds. Moneys in the Bona Fide Debt Service Fund are not subject to the arbitrage rebate requirements provided in Section 148 of the Code and the Treasury Regulations promulgated thereunder to the extent earnings on such fund do not exceed \$100,000 per year.

Section 3.3. No Other Sinking or Pledged Funds. The District has not established and does not expect to establish or use any sinking fund, debt service fund, redemption fund, reserve or replacement fund, or similar fund, or any other fund to pay principal or interest on the Bonds other than the Debt Service Fund.

Section 3.4. No Replacement. That portion of the Bonds that is to be used to finance capital expenditures (meaning costs of a type that are properly chargeable to a capital account, or would be so chargeable with a proper election, under general federal income tax principles) has a weighted average maturity that does not exceed 120% of the weighted average reasonably expected economic life of such capital expenditures. Amounts received from the sale of the Bonds, and amounts derived from investment of such amounts will not replace, directly or indirectly, moneys used, directly or indirectly, to acquire investments which could legally and practically be used to finance the Project, the District having no funds which could be used to finance the Project which are not pledged, budgeted, earmarked or expected to be used for other purposes. Therefore, it is not expected that amounts will replace, directly or indirectly, moneys used directly or indirectly to acquire investments which could be used for the purposes for which the Bonds are being used.

Section 3.5. No Reimbursement. Other than any reimbursement expenditures meeting the requirements of Section 1.150-2(d) or (f) of the Treasury Regulations, no portion of the proceeds from the sale of the Bonds and the earnings from the investment of such proceeds will be used to reimburse the District for expenditures paid by the District prior to the date hereof.

Section 3.6. No Over-issuance. The total proceeds to be received from the sale of the Bonds and anticipated investment earnings thereon do not exceed the total of the amount necessary to finance the governmental purposes for which the Bonds are issued as set forth in Section 1.3 hereof.

Section 3.7. Disposition of Project; Purchase of Bonds. The District does not expect to dispose of the Project prior to the maturity or retirement of the Bonds, except for such minor parts or portions thereof as may be disposed of due to normal wear, obsolescence or depreciation. The District does not intend to purchase, directly or indirectly, any portion of the Bonds in a transaction or series of transactions that would reduce the yield of the Bonds.

Section 3.8. Investment of Proceeds. No portion of the Bonds is being issued solely for the purpose of investing the proceeds at a yield higher than the yield of the Bonds or to

replace funds which were used, directly or indirectly, to acquire investments with a yield higher than the yield of the Bonds.

Section 3.9. No Abusive Arbitrage Device. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates to obtain a material advantage and does not overburden the tax-exempt bond market in that the District is not issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than otherwise reasonably necessary to accomplish the governmental purposes of the Bonds.

ARTICLE 4 YIELD AND YIELD LIMITATIONS

Section 4.1. Yield and Yield Limits.

(i) Yield. For purposes of this certificate and its attachments, yield is calculated as set forth in Section 148(h) of the Code and Sections 1.148-4 and 1.148-5 of the Treasury Regulations. Hence, in general, yield means that discount rate that, when used in computing the present value, as of the issue date, of all unconditionally payable payments of principal and interest to be paid on an obligation and the cost of Qualified Guarantees paid and to be paid with respect to such obligation, produces an amount equal to the present value, as of the issue date, using the same discount rate, of the aggregate issue price of the Bonds. In determining the yield on the Bonds, the issue price of the Bonds is the aggregate of the issue price of each maturity of the Bonds. The issue price of each maturity of the Bonds is that initial offering price to the public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Bonds of that maturity (i.e. not less than ten percent (10%) of such maturity) were reasonably expected to be sold as of the sale date. The issue price does not change if part of the issue is later sold at a different price. The issue price of Bonds that are not substantially identical is determined separately. The issue price of the Bonds for which a bona fide public offering is made is determined as of the sale date based on reasonable expectations regarding the initial public offering price. The issue price of the Bonds may not exceed their fair market value as of the sale date. The Underwriter certified in the Underwriter's Certificate that the initial offering prices of the Bonds to the public was \$1,818,524.05, which represents the price at which the Underwriter reasonably expected to sell at least ten percent (10%) of each maturity of the Bonds to the public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers). For purposes hereof, all calculations of yield have been made on the basis of semiannual compounding using a 360-day year.

Bond Counsel has instructed the Financial Advisor that the yield on the Bonds is to be computed under the economic accrual method using an assumed 30-day month/360-day year, and semi-annual compounding, as further described in this certificate. Based upon these instructions provided by Bond Counsel, the yield on the Bonds as computed by the Financial Advisor is 4.8036%.

(ii) Yield Limits. Except for the investment of Gross Proceeds in Higher Yielding Investments during a Temporary Period described in Section 3.1 (vi) of this Certificate

or as a Minor Portion, the Gross Proceeds of the Bonds shall not be directly or indirectly invested in Higher Yielding Investments.

Section 4.2. Continuing Nature of Yield Limits. Subject to Section 7.2 hereof, once moneys are subject to the yield limits of Section 4.1 hereof, they remain yield restricted until they cease to be Gross Proceeds of the Bonds.

Section 4.3. Qualified Guarantee. The Bond Insurance is a Qualified Guarantee within the meaning of Section 1.148-4(f) of the Treasury Regulations with respect to the Bonds. Thus, the premiums paid to the Bond Insurer for the Bond Insurance are treated as interest on the Bonds in computing the yield thereon.

ARTICLE 5 ARBITRAGE REBATE REQUIREMENTS

Section 5.1 Small Issuer Exception to Rebate Requirement. The District reasonably expects that the aggregate face amount of all tax-exempt bonds or other tax-exempt obligations, as described in the Code, which will be issued by the District (including any subordinate entities thereof) for local government activities during calendar year 2013 will not exceed \$5,000,000. As such, the District is a small issuer for purposes of Section 148 of the Code, and the Bonds are exempt from the Code's rebate requirements.

Section 5.2. Compliance with Code Provisions. With respect to the statements contained in Section 5.1, the undersigned certify that:

(a) the District is a governmental unit with taxing, condemnation and limited police powers; and

(b) no bond issued as part of the Bonds will be an industrial development bond (as defined in the Code) or a private loan bond (as defined in the Code, without regard to any exception from such definition).

Section 5.3. Compliance with Rebate Requirements. Notwithstanding any provision of this Article 5, the District will comply with, if applicable, the Rebate Requirements of the Code and Treasury Regulations.

ARTICLE 6 OTHER TAX MATTERS

Section 6.1. Not Private Activity Bonds. The Bonds are not Private Activity Bonds because they do not satisfy both the Private Use Test and the Private Payment or Security Test or the Private Loan Financing Test.

(i) Private Use Test. No portion of the Proceeds of the Bonds will be used to finance an output facility (within the meaning of the Code). The District will not use any of the Proceeds of the Bonds or any of the property acquired, constructed, remodeled, renovated or

equipped out of the Proceeds of the Bonds or any proceeds of disposition of such property or suffer or permit such property or proceeds to be used in such a manner that (a) ten percent (10%) or more of the Proceeds of the Bonds are used directly or indirectly in any activity constituting a trade or business by entities other than state or local governmental units (except for use on the same basis as the general public), (b) five percent (5%) or more of the Proceeds of the Bonds are used as described in (a) either (I) in a manner unrelated to the governmental purpose for which the Bonds are issued or (II) in a manner related to a governmental purpose for which the Bonds are issued, but in an amount in excess of the amount used for the governmental purpose to which such use relates.

(ii) Private Payment or Security Test. The District will not cause the payment of the principal of, or interest on more than ten percent (10%) of the proceeds of the Bonds (or five percent (5%) or more of the Proceeds of the Bonds for an unrelated purpose or use that is disproportionate to the government use financed by the Bonds) to be (under the terms of the issue or any underlying arrangement), directly or indirectly, (a) secured by any interest in (i) property used or to be used in a trade or business carried on by a person other than a state or local governmental unit (except for use on the same basis as the general public), or (ii) payments in respect of such property; or (b) derived from payments (whether or not the District) in respect of property, or borrowed money, used or to be used in a trade or business carried on by a person other than a state or local governmental unit (except for use on the same basis as the general public). For the purpose of this paragraph, any activity of a person other than a natural person shall be treated as a trade or business.

(iii) Private Loan Financing Test. The District will not use any of the Proceeds of the Bonds in a manner that five percent (5%) (or \$5,000,000, if less) of the Proceeds of the Bonds are used directly or indirectly to make or finance loans to entities other than state or local governmental units (other than being used to acquire or carry investments which are not being acquired for the purpose of carrying out the purpose for which the Bonds are issued).

Section 6.2. Bonds Not Federally Guaranteed. Except for the investments of the type described in the last sentence of this Section 6.2, no portion of the payment of principal or interest on the Bonds or any credit enhancement or liquidity device relating to the foregoing is or will be guaranteed, directly or indirectly (in whole or in part), by the United States (or any agency or instrumentality thereof). No portion of the Gross Proceeds of the Bonds has been or will be used to make loans the payment of principal or interest with respect to which is or will be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), or invested (directly or indirectly) in federally insured deposits or accounts. The foregoing provisions shall not apply to (A) proceeds of the Bonds invested for an initial temporary period, as described in Section 148(a) of the Code, until such proceeds are needed for the purpose for which said obligations were issued, (B) investments in a *bona fide* debt service fund (as defined in Section 1.148-1(b) of the Treasury Regulations), (C) investments in a reasonably required reserve or replacement fund that meets the requirements of Section 148(d) of the Code, (D) investments in obligations issued by the United States Treasury, or (E) any other investments permitted under the Treasury Regulations.

Section 6.3. Information Return. The District will file with the Internal Revenue Service Form 8038-G (and all other required reporting forms) within the time and in the manner prescribed by the Internal Revenue Service under Section 149(e) of the Code.

Section 6.4. Qualified Tax-Exempt Obligations. In the Resolution, the District designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. The District certifies that it is reasonably anticipated that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which will be issued for or by the District in calendar year 2013 will not exceed \$10,000,000.

**ARTICLE 7
MISCELLANEOUS**

Section 7.1. Future Events. The District acknowledges that any changes in facts or expectations from those set forth in this certificate could give rise to different yield restrictions or rebate requirements from those set forth herein. The District shall promptly contact Bond Counsel if such changes do occur.

Section 7.2. Permitted Changes; Opinion of Bond Counsel. In the Resolution, the District covenanted to comply with requirements necessary in order for interest on the Bonds to remain tax exempt for federal income tax purposes under the provisions of the Code. To implement the covenants in the Resolution, the District, certifies, represents to and covenants with the owners from time to time of the Bonds to comply with the provisions of this certificate unless and until it receives the opinion of Bond Counsel to the effect that continued compliance with such provision or provisions is not necessary for interest on the Bonds to remain tax exempt under the Code.

Section 7.3. Successors and Assigns. The terms, provisions and conditions hereof shall bind and inure to the benefit of the respective successors and assigns of the District.

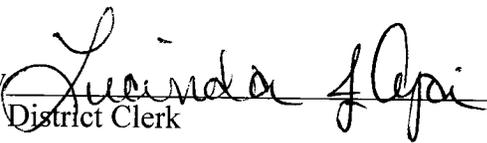
Section 7.4. Headings. The headings hereof are inserted for convenience only and shall not be deemed to constitute a part hereof.

DATED: December 10, 2013.

**FESTIVAL RANCH COMMUNITY
FACILITIES DISTRICT (TOWN OF
BUCKEYE, ARIZONA)**

By 

Jackie A. Meck, District Chairman

By 

District Clerk

EXHIBIT A

DEFINITIONS

The following terms, as used in this Exhibit A and in the Tax Certificate to which it is attached and in the other Exhibits to the Tax Certificate, have the following meanings:

“Bona Fide Debt Service Fund” means a fund, including a portion of or an account in that fund (or in the case of a fund established for two or more bond or note issues, the portion of that fund allocable to an issue pursuant to applicable Treasury Regulations) or a combination of such funds, accounts or portions that is used primarily to achieve a proper matching of revenues and Debt Service on an issue within each Bond Year and that is depleted at least once each Bond Year except for a reasonable carryover amount (not to exceed the greater of the earnings on the fund for the immediately preceding Bond Year or one-twelfth of the principal and interest payments on the Bonds for the immediately preceding Bond Year).

“Bond Year” means the annual period relevant to the application of Section 148(f) to the issue, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the Issuance Date of the issue unless the Issuer selects another date on which to end a Bond Year in the manner permitted by the Code.

“Certificates of Deposit” means an instrument that has a fixed interest rate, a fixed principal payment schedule, a fixed maturity and a substantial penalty for early withdrawal.

“Code” means the Internal Revenue Code of 1986, as amended.

“Controlled” or **“Controlled Group”** means a group of entities controlled directly or indirectly by the same entity or group of entities within the meaning of Section 1.150-1(e) of the Treasury Regulations.

“Fair Market Value” means the fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the Non-purpose Investment becomes binding (i.e., the trade date rather than the settlement date). An investment that is not of a type traded on an established securities market, within the meaning of Section 1273 of the Code, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

(A) Certificates of Deposit Safe Harbor. A certificate of deposit that has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal shall be treated as purchased at its fair market value if the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States; and (ii) 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.

(B) Guaranteed Investment Contracts. The purchase price of a guaranteed investment contract is treated as its fair market value on the purchase date if (i) the issuer makes a bona fide solicitation from at least three reasonably competitive providers (i.e., a provider that has an established industry reputation as a competitive provider of the type of investments being purchased) for a specified guaranteed investment contract and receives at least three bona fide bids from providers (one of which is from a reasonably competitive provider) that have no material financial interest in the issue (i.e., a lead

underwriter, financial advisor or broker); (ii) the issuer purchases the highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's or other third party's fees); (iii) the yield on the guaranteed investment contract (determined net of broker's or other third party's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to other persons from a source of funds other than gross proceeds of tax-exempt bonds; (iv) the determination of the terms of the guaranteed investment contract takes into account as a significant factor the issuer's reasonably expected drawdown schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds; (v) the terms of the guaranteed investment contract, including collateral security requirements, are reasonable; (vi) the obligor on the guaranteed investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the guaranteed investment contract; (vii) the fee for each guaranteed investment contract or investments purchased for a yield restricted defeasance escrow does not exceed the lesser of (a) \$34,000 or (b) the greater of (A) .2% of the amount of gross proceeds the issuer reasonably expects, as of the date the contract is acquired, to be deposited in the contract over the term of the contract, or (B) \$3,000; and (viii) for any issue, the fees do not exceed \$95,000 for all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with the gross proceeds of the issue.

"501(c)(3) Organization" means an organization described in Section 501(c)(3) of the Code and exempt from federal income taxation under Section 501(a) of the Code.

"Governmental Unit" means a state, territory or possession of the United States, the District of Columbia, or any political subdivision thereof referred to as a "state or local governmental unit" in Section 1.103-1(a) of the Treasury Regulations. "Governmental Unit" does not include the United States or any agency or instrumentality of the United States.

"Gross Proceeds" means Proceeds plus Replacement Proceeds of an issue. See Section 1.148-1(b) of the Treasury Regulations.

"Guaranteed Investment Contract" includes (i) any investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate and (ii) any agreement to supply investments on two or more future dates (e.g., a forward supply contract).

"Higher Yielding Investments" means any investment property (as defined in Sections 148(b)(2) and (b)(3) of the Code) that produces a yield that (i) in the case of investment property allocable to Replacement Proceeds of an issue and investment property in a refunding escrow, is more than one thousandth of one percentage point (.00001) higher than the yield on the applicable issue, and (ii) for all other purposes of this Certificate, is more than one-eighth of one percentage point (.00125) higher than the yield on the applicable issue.

"Issuance Costs" means any financial, legal administrative and other fees or costs incurred in connection with the issuance of an issue, including underwriter's compensation withheld from the Issue Price. See Section 1.150-1(b) of the Treasury Regulations.

"Issuance Date" means the date of physical delivery of an issue by the Issuer in exchange for the purchase price of the issue. See Section 1.150-1(b) of the Treasury Regulations.

"Issue Price" has the meaning set forth in the Tax Certificate and the Underwriter's Certificates.

“Minor Portion” means an amount equal to the lesser of \$100,000 or 5% of the Sale Proceeds of an issue. See Section 1.148-1(b) of the Treasury Regulations.

“Non-purpose Investments” means any investment property that is acquired with Gross proceeds as an investment and not in carrying out any governmental purpose of the issue. “Non-purpose Investments” does not include any investment that is not regarded as “investment property” or a “non-purpose investment” for the particular purposes of Section 148 (such as certain investments in U.S. Treasury obligations in the State and Local Government Series and certain temporary investments), but does include any other investment that is a “Non-purpose Investment” within the applicable meaning of Section 148 of the Code and the Treasury Regulations promulgated thereunder.

“Pre-Issuance Accrued Interest” means interest on an obligation that accrued for a period not greater than one year before its Issuance Date and that will be paid within one year after the Issuance Date.

“Private Activity Bonds” means obligations of an issue where both the Private Business use Test and the Private Security or Payment Tests are met or where the Private Loan Financing Test is met.

(A) Private Business Use Test. Generally, an issue of bonds will meet the Private Business Use Test if more than ten percent (10%) of the proceeds of the bonds are to be used for any Private Business Use. See Section 141(b)(1) of the Code.

(B) Private Security or Payment Test. Generally, an issue of bonds will meet the Private Security or Payment Test if the payment of the principal of (or interest on) bonds representing more than ten percent (10%) of the proceeds of the issue (I) is secured by (a) any interest in property used in or for a Private Business Use or (b) payments with respect to such property or (ii) is to be derived from payments in respect of property or borrowed money used for a Private Business Use. See Section 141(b)(2) of the Code.

(C) Private Loan Financing Test. Obligations of an issue are also Private Activity Bonds if more than five percent (5%) of the proceeds (or \$5 million, if less) of the issue are to be used to make or finance loans to Private Persons.

“Private Business Use” means any use (direct or indirect) in a trade or business carried on by any person other than a Governmental Unit. Any activity by a corporation, association, or partnership is treated as a trade or business activity.

“Private Person” means any natural person or any artificial person, including a corporation, partnership, trust or other entity, that is not a Governmental Unit and that is not acting solely and directly as an officer or employee of or on behalf of the issuer or another Governmental Unit.

“Qualified Guarantee” means any guarantee of an obligation that constitutes a “qualified guarantee” within the meaning of Section 1.148-4(f) of the Treasury Regulations.

“Rebate Amount” means with respect to an issue as of any date the excess of future value, as of that date, of all receipts on Non-purpose Investments acquired with Gross Proceeds of the issue over the future value, as of that date, of all payments on Non-purpose Investments acquired with Gross Proceeds of the issue, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

“Related Party” means in reference to a Governmental Unit or 501(c)(3) Organization, any member of the same Controlled Group, and, in reference to any person that is not a Governmental Unit or 501(c)(3) Organization, a related person is defined in Section 144(a)(3) of the Code.

“Replacement Proceeds” means with respect to an issue, amounts (including any investment income but excluding any proceeds of that issue) replaced by proceeds of that issue pursuant to Section 148(a)(2) of the Code. Replacement Proceeds may include amounts held in a sinking fund, pledged fund or reserve or replacement fund for an issue.

“Sale Proceeds” means that portion of the Issue Price actually or constructively received by the issuer upon the sale or other disposition of an issue, including any underwriter’s compensation withheld from the Issue Price, but excluding Pre-Issuance Accrued Interest. See Section 1.148-1(b) of the Treasury Regulations.

“Temporary Period” means the period of time, as set forth in the Tax Certificate, applicable to particular categories of Proceeds of an issue during which such category of Proceeds may be invested in Higher Yielding Investments without the issue being treated as arbitrage bonds under Section 148 of the Code.

“Transferred Proceeds” means that portion of the proceeds of an issue (including Transferred Proceeds of that issue) that remains unexpended at the time that any portion of the principal of that issue is discharged with the proceeds of a refunding issue and that thereupon becomes proceeds of the refunding issue in accordance with Section 1.148-9(b) of the Treasury Regulations. Transferred Proceeds do not include Replacement Proceeds.

The terms **“bond”**, **“reasonable retainage”**, **“reasonably required reserve or replacement fund”**, **“loan”**, **“sinking fund”**, **“multipurpose issue”**, **“purpose investment”**, **“variable yield issue”** and other terms relating to Code provisions used but not defined in this Certificate shall have the meanings given to them for purposes of Sections 103 and 141 to 150 unless the context indicates another meaning.

EXHIBIT B

SOURCES AND USES OF BOND PROCEEDS AND OTHER MONEYS

SOURCES

Principal amount of Bonds	\$1,800,000.00
Premium	18,524.05
Developer Contribution	<u>194,851.28</u>
TOTAL SOURCES	<u>\$2,013,375.33</u>

USES

Deposit to Acquisition Fund	\$1,800,000.00
Deposit to Acquisition Fund to pay Costs of Issuance (from Developer contribution)	92,000.00
Underwriter's Compensation (from Developer contribution)	54,000.00
Deposit to Debt Service Fund (\$48,851.28 from Developer contribution and \$2,025.99 from Bond Premium)	50,877.27
Bond Insurance Premium (from Bond Premium)	<u>16,498.06</u>
TOTAL USES	<u>\$2,013,375.33</u>

EXHIBIT C

Principal Amount of Bonds	\$1,800,000.00
Premium	<u>18,524.05</u>
ISSUE PRICE	\$1,818,524.05
SALE PROCEEDS	\$1,818,524.05
Less: Minor Portion	<u>(92,926.20)</u>
NET SALE PROCEEDS	<u>\$1,727,597.85</u>

EXHIBIT D

TERMS OF THE BONDS

<u>Maturity (July 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2015	\$ 10,000	2.00%	1.00%
2016	10,000	2.00	1.25
2017	45,000	2.00	1.75
2018	50,000	2.00	2.00
2019	55,000	2.50	2.50
2020	50,000	3.00	3.00
2021	55,000	3.50	3.50
2022	55,000	3.75	3.75
2023	60,000	3.85	3.85
2024	55,000	4.00	4.00
2026	125,000	4.25	4.25
2028	135,000	4.50	4.50
2030	150,000	4.75	4.75
2033	945,000	5.25	5.00*

* Priced to July 15, 2023, the first optional redemption date.

Optional Redemption. The Bonds are subject to redemption prior to maturity, at the option of the District, on or after July 15, 2023, in whole or in part on any date, at the redemption price of the principal amount of the Bonds or portion thereof being redeemed plus interest accrued to the date of redemption, but without premium.

Mandatory Redemption. The Bonds maturing on July 15 of the following years will be redeemed on July 15 of the following years and in the following principal amounts at a price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium:

<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>
Term Bond Maturing 2026	
2025	\$60,000
2026 (maturity)	65,000
Term Bond Maturing 2028	
2027	\$65,000
2028 (maturity)	70,000
Term Bond Maturing 2030	
2029	\$75,000
2030 (maturity)	75,000

Term Bond Maturing 2033

2031	\$ 75,000
2032	390,000
2033 (maturity)	480,000

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

CERTIFICATE OF THE DISTRICT TREASURER
REGARDING OFFICIAL STATEMENT AND RULE 15C2-12

On behalf of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), the undersigned hereby represents and warrants to Stifel, Nicolaus & Company, Incorporated (the "*Underwriter*") with respect to the District's General Obligation Bonds, Series 2013 (the "*Bonds*"), in the aggregate principal amount of \$1,800,000 as to certain matters in compliance with Rule 15c2-12 of the Securities and Exchange Commission promulgated pursuant to the Securities Exchange Act of 1934 (the "*Disclosure Rule*"). Representatives of the District (including, but not limited to the District's Financial Advisor) have reviewed the Preliminary Official Statement dated November 7, 2013 (the "*Preliminary Official Statement*"), with respect to the offering of the Bonds and such Preliminary Official Statement was deemed "final" as of its date for purposes of the Disclosure Rule.

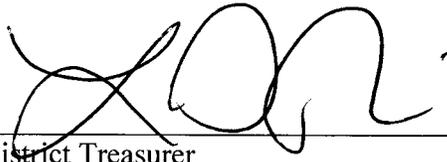
As permitted by the Disclosure Rule, certain information was omitted from the Preliminary Official Statement, including: (a) offering price(s); (b) interest rates; (c) selling compensation; (d) delivery date; and (e) other terms of the Bonds depending on such matters. The Underwriter furnished the necessary offering price information, selling compensation information, all other terms of the sale depending on such matters and any Underwriter information needed to complete the final Official Statement. The District caused to be prepared the final Official Statement in substantially the form of the Preliminary Official Statement, with such additions, deletions or revisions as the District deemed necessary.

The undersigned hereby certifies to the Underwriter that representatives of the District have reviewed the final Official Statement dated November 19, 2013 with respect to the offering of the Bonds and such Official Statement was deemed "final" as of its date for purposes of the Disclosure Rule. To the best of my knowledge, information and belief, the descriptions and statements contained in the Official Statement are at the time of issuance of the Bonds, true, correct and complete in all material respects and do not contain an untrue statement of a material fact, or omit to state a material fact required to be stated therein in order to make the statements, in light of the circumstances under which they are made, not misleading.

[Signature Page to Follow]

Dated: December 10, 2013.

**FESTIVAL RANCH COMMUNITY
FACILITIES DISTRICT (TOWN OF
BUCKEYE, ARIZONA)**

By  _____
District Treasurer

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

CLOSING CERTIFICATE OF
TOWN OF BUCKEYE, ARIZONA

The undersigned, the Mayor, the Town Clerk and the Town Manager of the Town of Buckeye, Arizona (the "*Town*"), acting for and on behalf of the Town, hereby certify as follows:

1. That they are the duly chosen, qualified and acting Mayor, Town Clerk and Town Manager of the Town, respectively, and as such are familiar with the properties, affairs, books and corporate records of the Town.

2. That the Town is a duly incorporated and validly existing municipal corporation of the State of Arizona and is governed by duly elected and qualified Mayor and six Council Members and that on December 10, 2013, the following persons are the duly qualified and acting Mayor and members of the Council of the Town:

Jackie A. Meck	Mayor
Brian McAchran	Vice Mayor
Robert Garza	Council Member
Michelle Hess	Council Member
Ray Strauss	Council Member
Craig Heustis	Council Member
Eric Orsborn	Council Member

3. (a) That on April, 19, 2005 Resolution No. 39-05 (the "*Formation Resolution*") of the Mayor and Council of the Town Ordering Formation of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") was duly adopted by the Mayor and Council of the Town at a duly called meeting (the "*Meeting*") of the Mayor and Council of the Town at which a quorum was present and acting throughout; that the Formation Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notice of the Meeting was posted more than twenty-four (24) hours prior to the Meeting and that the Meeting was open to the public.

(b) That the Town has no rules of procedure which would invalidate or make ineffective the Formation Resolution.

(c) That the Formation Resolution has not been repealed, revoked or rescinded.

4. That, on the date hereof, the persons named below are the duly qualified and acting incumbents of the offices of the Town set forth below their respective signatures and the signatures appearing above their respective names are the genuine official signatures of said officers.

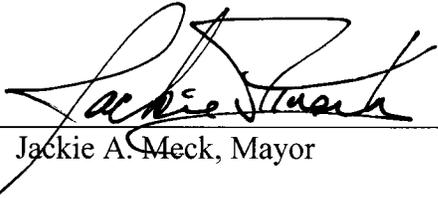
5. That, to the actual knowledge of the undersigned, no litigation or proceeding is pending or threatened in any court or administrative body contesting the due organization and valid existence of the Council of the Town or the Town, the titles of the Mayor and members of the Council of the Town to their respective offices or the validity, due authorization and execution of the Formation Resolution; restricting or preventing the Town from performing its obligations under the Formation Resolution; or attempting to limit, enjoin or otherwise restrict or prevent the Mayor and Council of the Town or the Town from functioning pursuant to the terms of the Formation Resolution.

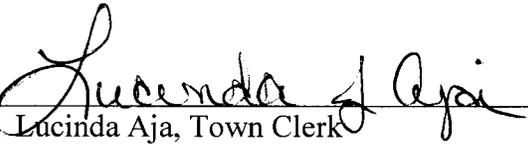
6. That all of the findings and the representations and warranties of the Town made and contained in the Formation Resolution (which findings and representations and warranties, respectively, are hereby incorporated and stated herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said findings and representations and warranties, respectively, were set forth herein as of the date hereof.

[Signature Page to Follow]

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and the seal of the Town December 10, 2013.

TOWN OF BUCKEYE, ARIZONA

By 
Jackie A. Meck, Mayor

By 
Lucinda Aja, Town Clerk

By 
Stephen S. Cleveland, Town Manager

\$1,800,000.00
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

CLOSING CERTIFICATE OF
PULTE HOME CORPORATION

The undersigned, Vice President and Treasurer of Pulte Home Corporation, a Michigan corporation (the "*Company*"), acting for and on behalf of the Company, HEREBY CERTIFIES as follows:

1. That he is duly qualified and acting for and on behalf of the Company and as such is familiar with the books and corporate records of the Company.
2. That the Company is duly organized and validly existing under the laws of the State of Michigan, and authorized to transact business in the State of Arizona. The Company has no proceedings pending or contemplated with a view to liquidation or dissolution.
3. That the Company has the power and authority to execute and deliver the following documents (collectively, the "*Documents*") and that as executed and delivered by the duly authorized representative of the Company were approved or the execution and delivery thereof was authorized by the Company such approvals and authorizations remain in full force and effect and have not been repealed, revoked or rescinded and, except as noted below, such Documents have not been modified or amended:
 - (a) The Development, Financing Participation and Intergovernmental Agreement (Festival Ranch Community Facilities District) recorded in Maricopa County, Arizona on April 22, 2005, at Docket No. 2005-1333865 (the "*Development Agreement*"); and
 - (b) The Letter of Indemnity, dated as of November 19, 2013, from the Company to the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") and Stifel, Nicolaus & Company, Incorporated (the "*Underwriter*").
4. That the representative executing and delivering the Documents had the authority to execute and deliver the Documents.
5. That the undersigned was on the date or dates of the execution or acceptance of the Documents, and is on the date hereof, the duly qualified and acting incumbent of the office of the Company appearing below.

NAME

TITLE

Bruce E. Robinson

Vice President and Treasurer

6. The Documents will not conflict with or result in a violation of any contract, indenture, instrument or other agreement to which the Company is a party or by which it or its properties are bound.

7. The consummation of the transactions contemplated by the Documents and the Development Agreement and compliance by the Company with the provisions thereof will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any material indenture, agreement or other instrument to which the Company is a party or by which the Company may be bound, which would materially affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Company taken as a whole.

8. No material consent, approval, authorization or other action by, or filing with, any federal, state or local government authority is required in connection with the execution, delivery and performance by the Company of the obligations of the Company under the Documents or to conduct the business of the Company as presently being conducted.

9. The information in the Official Statement with respect to the Bonds under the headings "LAND DEVELOPMENT," "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE," "THE OWNER" 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.

10. No litigation or administrative action or proceeding is pending or, to the knowledge of the undersigned, threatened, restraining or enjoining, or seeking to restrain or enjoin, the effectiveness or validity of any the proceedings relating to the formation of the District, or the issuance of the captioned Bonds (the "Bonds") or the Documents or the performance by the Company of its obligations set forth in the Documents or contesting or questioning the proceedings and authority under which the Documents have been authorized and are delivered and executed.

11. Attached hereto as *Exhibit A* is a true, complete and correct copy of a Certificate of Good Standing as to the Company issued by the State of Michigan dated November 26, 2013. Nothing has occurred since the date of the Certificate of Good Standing that would cause the Company to no longer be in good standing.

12. Attached hereto as *Exhibit B* is a true, complete and correct copy of a Certificate of Good Standing as to the Company issued by the Arizona Corporation Commission dated November 25, 2013. Nothing has occurred since the date of the Certificate of Good Standing that would cause the Company to no longer be in good standing.

stated herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said representations and warranties were made as of the date hereof.

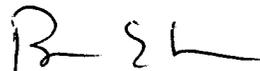
14. The Company is not now insolvent, nor did the levy of the assessments against property in the District owned by the Company render such Company insolvent or incapable of the performance of any of its obligations including without limitation the Company's ability to pay future assessments against such property nor does the levy of the assessments or the current financial standing of the Company leave the Company with unreasonably small capital or assets rendering the Developer incapable of developing the development.

15. The Company certifies that all improvements financed with the Bonds have been or will be transferred to the District or a governmental entity in due course.

[SIGNATURE APPEARS ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on
December 10, 2013.

PULTE HOME CORPORATION,
a Michigan corporation

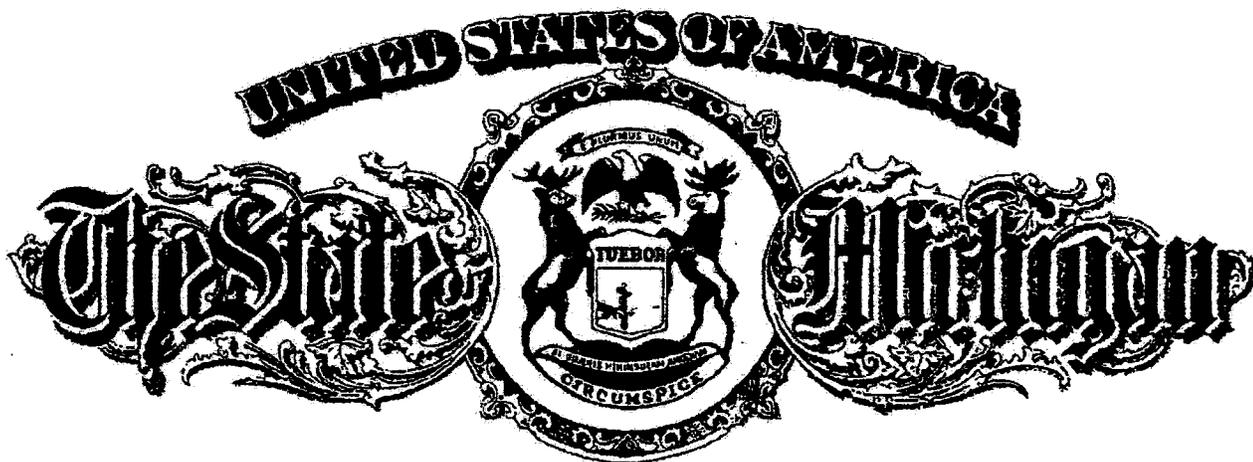
By: 
Name: Bruce E. Robinson
Title: Vice President and Treasurer

ATTACHMENTS

Exhibit A – Certificate of Good Standing – Michigan
Exhibit B – Certificate of Good Standing – Arizona

EXHIBIT A

CERTIFICATE OF GOOD STANDING – MICHIGAN



Department of Licensing and Regulatory Affairs

Lansing, Michigan

This is to Certify That

PULTE HOME CORPORATION

was validly incorporated on January 24, 1985, as a Michigan profit corporation, and said corporation is validly in existence under the laws of this state.

This certificate is issued pursuant to the provisions of 1972 PA 284, as amended, to attest to the fact that the corporation is in good standing in Michigan as of this date and is duly authorized to transact business and for no other purpose.

This certificate is in due form, made by me as the proper officer, and is entitled to have full faith and credit given it in every court and office within the United States.



Sent by Facsimile Transmission
1178309

In testimony whereof, I have hereunto set my hand, in the City of Lansing, this 25th day of November, 2013.

Alan J. Schefke, Director
Corporations, Securities & Commercial Licensing Bureau

EXHIBIT B

CERTIFICATE OF GOOD STANDING – ARIZONA

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Jodi A. Jerich, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****PULTE HOME CORPORATION*****

a foreign corporation organized under the laws of Michigan did obtain authority to transact business in the State of Arizona on the 21st day of March 1985.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 25th Day of November, 2013, A. D.





Jodi A. Jerich, Executive Director

By: _____ 990561

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

Closing: December 10, 2013

RECEIPT AND REQUEST FOR AUTHENTICATION

I, the undersigned District Treasurer of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona), hereby certify that I received from Stifel, Nicolaus & Company, Incorporated and from Pulte Home Corporation on the date of this Certificate the following amounts of money for the purchase of Festival Ranch Community Facilities District (Town of Buckeye, Arizona), General Obligation Bonds, Series 2013, and as a developer contribution, respectively:

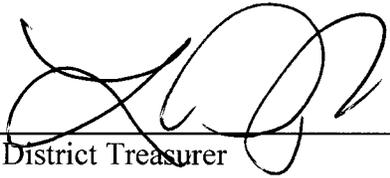
Principal	\$1,800,000.00
Original Issue Premium	<u>18,524.05</u>
TOTAL GROSS PROCEEDS	\$1,818,524.05
Plus: Developer Contribution	<u>\$194,851.28</u>
AMOUNT RECEIVED AT CLOSING	<u>\$2,013,375.33</u>

The undersigned hereby requests that Zions First National Bank, acting as registrar, authenticate \$1,800,000 in aggregate principal amount of the above-captioned Bonds in the respective amounts and interest rates and maturing on the dates shown in the Purchase Contract of the District appearing in the transcript of which this Certificate is a part and cause the Bonds to be delivered to the order of the Underwriter thereof.

[Signature Page to Follow]

Dated: December 10, 2013.

**FESTIVAL RANCH COMMUNITY
FACILITIES DISTRICT (TOWN OF
BUCKEYE, ARIZONA)**

By  _____
District Treasurer

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

REGISTRAR'S CERTIFICATE OF COMPLETION
AND AUTHENTICATION

The undersigned, an authorized representative of Zions First National Bank, as registrar and paying agent (the "*Registrar*") under the Bond Registrar, Transfer Agent and Paying Agent Contract dated as of December 1, 2013 (the "*Contract*"), by and between Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") and the Registrar hereby certifies that:

(a) The performance of its duties and obligations under the Contract has been duly authorized by all necessary corporate action on the part of the Registrar and under present law does not contravene the Articles of Association or By-Laws of the Registrar or to the best of its knowledge, after due inquiry, conflict with or constitute a breach of or default under any law, administrative regulation, consent decree or any material agreement or instrument to which the Registrar is subject.

(b) By all necessary action, the Registrar has authorized the execution, delivery and due performance by it of the Contract and the execution, delivery and due performance by it of the Certificate of Authentication appearing on the Bonds and such other agreements and documents as may be required to be executed, delivered and performed in order to consummate the transactions contemplated by the resolution of the District adopted on November 5, 2013, authorizing the issuance and sale of the captioned Bonds (the "*Bonds*").

(c) Pursuant to the written request and authorization from the District, the Registrar has executed the Bonds and caused the Bonds to be delivered in accordance with such written authorization and direction to the Registrar. The persons executing the Bonds and all documents relating to the Bonds on behalf of the Registrar were and are representatives duly authorized to execute the Bonds and all documents relating to the Bonds on behalf of the Registrar. Their signatures appearing on the Bonds and other documents are their true and correct signatures.

(d) The Bonds have been properly and accurately completed.

(e) Attached hereto is a true, complete and correct copy of a resolution of the Registrar demonstrating the authority of the officer executing documents in the name of the Registrar to act on behalf of the Registrar. Said authority was in effect on the date or dates that said officer acted and remains in full force and effect on the date hereof.

[Signature Page to Follow]

Dated: December 10, 2013.

ZIONS FIRST NATIONAL BANK

By 
Authorized Representative

ZIONS FIRST NATIONAL BANK

Certificate of the Corporate Secretary

I, KAY B. HALL, do hereby certify that I am duly elected Secretary of the Board of Directors of Zions First National Bank, a corporation organized and existing under the laws of the United States, and that the Resolution attached hereto as Exhibit A was duly and legally adopted by the Board of Directors of Zions First National Bank at a duly called and convened regular meeting held on April 16, 2013.

I also certify that the attached Resolution has not been amended and is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate this nineteenth day of April, 2013.

Kay B. Hall

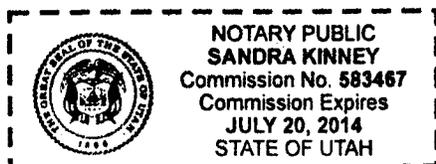
Kay B. Hall, Secretary
Board of Directors

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On this nineteenth day of April, 2013, personally appeared before me Kay B. Hall, Secretary of the Board of Directors of Zions First National Bank, who acknowledged that he executed the foregoing.

Sandra Kinney

Notary Public



Residing at: Davis County

My commission expires: July 20, 2014

RESOLUTION OF THE BOARD OF DIRECTORS OF ZIONS FIRST NATIONAL BANK

BE IT HEREBY RESOLVED, that with respect to bonding arrangements, including, but not limited to, tax warrants, interim warrants, general obligation bonds, special assessment bonds, revenue bonds and industrial development revenue bonds, each in an amount not exceeding \$10,000,000.00 in which Zions First National Bank participates as trustee and/or as purchaser, the following officers are hereby authorized to execute, authenticate and attest for and on behalf of Zions First National Bank any and all agreements, documents and certificates, including, but not limited to, any Indenture of Trust, as may be necessary in connection with the issuance of bonds pursuant to such arrangement and the finalization of such transaction:

Richard J. Sullivan, III - Sr. Vice President & Trust Officer
Annette Langheinrich - Vice President
Carl J. Mathis - Vice President & Trust Officer
Carmelita M. Paras - Trust Officer
Dan Ellison - Trust Officer
Daniel J. Dixon - Sr. Vice President & Trust Officer
David Van Wagoner - Vice President & Trust Officer
David W. Bata - Sr. Vice President & Trust Officer
Dawn Richards - Vice President & Trust Officer
Deirdre Ward - Vice President & Trust Officer
Gina Reina - Trust Officer
Gregory G. Cross - Vice President & Trust Officer
James E. Becker - Officer
Jennifer Eckert - Trust Officer
Joni D'Amico - Vice President & Trust Officer
Kathlyn Shen - Assistant Vice President & Trust Officer
Kathleen Jakubowicz - Vice President & Trust Officer
Keith Papantonio - Trust Officer
Lorrie Letchworth - Trust Officer
Mark D. Petrasso - VP & Business Development Officer
Mark Henson - Vice President & Trust Officer
Mary Jane Henson - Vice President
Nancy Eatros - Vice President & Trust Officer
Neil B. Witoff - Vice President & Trust Officer
Pathricia O'Connor - Vice President & Trust Officer
Ramona K. Johns - Trust Officer
Sandi Kinney - Vice President & Trust Officer
Sandra D. Stevens - Vice President & Trust Officer
Shelene Brown - Vice President & Trust Officer
Stephanie Nicholls - Vice President & Trust Officer
Twyla D. Lehto - Vice President & Trust Officer

BE IT FURTHER RESOLVED, with respect to those bonding transactions in which Zions First National Bank is named as trustee, that Zions First National Bank does accept the trust imposed upon it, under and by virtue of the documentation in connection with such transaction and agrees to perform said trust subject to the express terms and conditions set forth in said documentation.

STIFEL

2325 E. Camelback Road, Suite 750, Phoenix, Arizona 85016 (602) 794-4000

14 Pages Total via Email

FINAL CLOSING MEMORANDUM

	<u>Phone</u>	<u>Email Address</u>
TO:	Those included on the attached Closing Distribution List –Attachment A	
FROM:		
Mark Reader – Stifel, Nicolaus & Company, Incorporated	(602) 794-4011	mreader@stifel.com
Sandra Park – Stifel, Nicolaus & Company, Incorporated	(602) 794-4010	spark@stifel.com
Scott Given – Stifel, Nicolaus & Company, Incorporated	(602) 794-4026	sgiven@stifel.com
Terra Timmons – Stifel, Nicolaus & Company, Incorporated	(602) 794-4005	ttimmons@stifel.com
CC:		
Ruth Hunter – Stifel, Nicolaus & Company, Incorporated	(415) 445-2315	rhunter@stifel.com
Peggy Hickey – Stifel, Nicolaus & Company, Incorporated	(415) 445-2603	phickey@stifel.com
DATE:	December 9, 2013	
RE:	\$1,800,000	
	FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT	
	(TOWN OF BUCKEYE, ARIZONA)	
	GENERAL OBLIGATION BONDS, SERIES 2013	

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") priced the above-referenced issue (the "Bonds") for Festival Ranch Community Facilities District (the "District") on Tuesday, November 19, 2013. The Bond Purchase Contract was subsequently signed that afternoon and is dated Tuesday, November 19, 2013. This document provides the final pricing, wire information, underwriting data and bond proceeds disposition necessary to close the transaction.

Closing is scheduled for Tuesday, December 10, 2013 at 8:00 a.m. (MST) in the offices of Gust Rosenfeld P.L.C., One E Washington Street, Suite 1600, Phoenix, AZ 85004, Attention: Jim Giel, Esq. (602) 257-7495.

The following data is included within the Attachment B:

Attachment B – Bonds Data	
Sources and Uses of Funds	Cost of Issuance
Bond Debt Service	Form 8038 Statistics
Bond Pricing	Proof of Arbitrage Yield
Bond Summary Statistics	

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2013
December 9, 2013
Page 2

I. Payment to the District from PulteGroup (the "Developer")

On **Monday, December 9, 2013, no later than 8:00 a.m. (MST)**, the Developer will wire **\$194,851.28** to the District for the for the amount of the costs of issuance (\$92,000.00) and Underwriter's compensation (\$54,000.00) and capitalized interest (\$48,851.28) with respect to the Bonds. Wire instructions for the delivery are as follows:

National Bank of AZ Routing No.: 122105320 Account No.: 7610000042 For Credit To: Festival Ranch CFD – GO 2013 Attn: Kim Sandstrom (623) 349-6163

II. Payment to the District from the Underwriter

On **Tuesday, December 10, 2013, no later than 8:00 a.m. (MST)**, the Underwriter will wire **\$1,802,025.99** to the District with respect to the Bonds, determined as follows:

Purchase Price of the Bonds	
Par Amount	\$1,800,000.00
Plus: Net Original Issue Premium	18,524.05
Less: Bond Insurance Premium	(16,498.06)
PURCHASE PRICE	\$1,802,025.99

Wire instructions for the delivery are as follows:

National Bank of AZ Routing No.: 122105320 Account No.: 7610000042 For Credit To: Festival Ranch CFD – GO 2013 Attn: Kim Sandstrom (623) 349-6163

III. Payment to Build America Mutual Assurance Company (the "Insurer")

As a courtesy to the Issuer (and as described in the Bond Purchase Agreement), the Underwriter will wire **\$16,498.06**, the Bond Insurance premium to the Insurer.

Wire instructions for the delivery are as follows:

First Republic Bank Routing No.: 321081669 Account Name: Build America Mutual Assurance Company Account No.: 80001613703 Policy No.: 2013B0482 Attn: Miranda Ganzer (212) 235-2535

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2013
December 9, 2013
Page 3

IV. Disposition of Bond Proceeds and Payment from PulteGroup

Upon receipt of such amounts from the Underwriter, the District will allocate the funds as follows:

Deposit to the Acquisition Fund (includes monies for COI and Underwriter's Compensation)	\$1,946,000.00
Deposit to the Debt Service Fund (includes capitalized interest)	50,877.27
TOTAL	\$1,996,877.27

The District will pay the Underwriter's compensation and fees and expenses set forth on the attached Cost of Issuance page upon receipt of invoices/requests.

V. Payment to the Developer from the District

Pursuant to Resolution Nos. 05-12 and 14-13 the District will wire \$1,800,000.00 to the Developer.

Wire instructions for the delivery are as follows:

Bank of America ABA No.: 026009593 Credit to the Account of: Pulte Home Corporation 16767 N. Perimeter Drive Scottsdale, AZ 85260 Account Numbers: East Division – 3756555262, Pulte Home Corporation Attn: Kristi Herbst (480) 391-6213
--

VI. Debt Service and CUSIP Numbers

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION BONDS, SERIES 2013 \$1,800,000 Dated Date: 12/10/2013 Delivery Date: 12/10/2013 DEBT SERVICE SCHEDULE						
CUSIP No.	Date	Principal	Coupon	Interest	Total Debt Service	Fiscal Year Debt Service
	7/15/2014			\$ 48,851.28*	\$ 48,851.28*	\$ 48,851.28*
	1/15/2015			40,898.75	40,898.75	
BP6	7/15/2015	10,000	2.000%	40,898.75	50,898.75	91,797.50
	1/15/2016			40,798.75	40,798.75	
BQ4	7/15/2016	10,000	2.000%	40,798.75	50,798.75	91,597.50
	1/15/2017			40,698.75	40,698.75	
BR2	7/15/2017	45,000	2.000%	40,698.75	85,698.75	126,397.50
	1/15/2018			40,248.75	40,248.75	
BS0	7/15/2018	50,000	2.000%	40,248.75	90,248.75	130,497.50
	1/15/2019			39,748.75	39,748.75	
BT8	7/15/2019	55,000	2.500%	39,748.75	94,748.75	134,497.50
	1/15/2020			39,061.25	39,061.25	
BU5	7/15/2020	50,000	3.000%	39,061.25	89,061.25	128,122.50
	1/15/2021			38,311.25	38,311.25	
BV3	7/15/2021	55,000	3.500%	38,311.25	93,311.25	131,622.50
	1/15/2022			37,348.75	37,348.75	
BW1	7/15/2022	55,000	3.750%	37,348.75	92,348.75	129,697.50
	1/15/2023			36,317.50	36,317.50	
BX9	7/15/2023	60,000	3.850%	36,317.50	96,317.50	132,635.00
	1/15/2024			35,162.50	35,162.50	
BY7	7/15/2024	55,000	4.000%	35,162.50	90,162.50	125,325.00
	1/15/2025			34,062.50	34,062.50	
BZ4	7/15/2025 ⁽¹⁾	60,000	4.250%	34,062.50	94,062.50	128,125.00
	1/15/2026			32,787.50	32,787.50	
BZ4	7/15/2026	65,000	4.250%	32,787.50	97,787.50	130,575.00
	1/15/2027			31,406.25	31,406.25	
CA8	7/15/2027 ⁽²⁾	65,000	4.500%	31,406.25	96,406.25	127,812.50
	1/15/2028			29,943.75	29,943.75	
CA8	7/15/2028	70,000	4.500%	29,943.75	99,943.75	129,887.50
	1/15/2029			28,368.75	28,368.75	
CB6	7/15/2029 ⁽³⁾	75,000	4.750%	28,368.75	103,368.75	131,737.50
	1/15/2030			26,587.50	26,587.50	
CB6	7/15/2030	75,000	4.750%	26,587.50	101,587.50	128,175.00
	1/15/2031			24,806.25	24,806.25	
CC4	7/15/2031 ⁽⁴⁾	75,000	5.250%	24,806.25	99,806.25	124,612.50
	1/15/2032			22,837.50	22,837.50	
CC4	7/15/2032	390,000	5.250%	22,837.50	412,837.50	435,675.00
	1/15/2033			12,600.00	12,600.00	
CC4	7/15/2033	480,000	5.250%	12,600.00	492,600.00	505,200.00
TOTAL		\$ 1,800,000		\$ 1,312,841.28	\$ 3,112,841.28	\$ 3,112,841.28

* Capitalized Interest to be paid by the Developer.

⁽¹⁾ Represents mandatory redemption requirement for term bond due July 15, 2026.

⁽²⁾ Represents mandatory redemption requirement for term bond due July 15, 2028.

⁽³⁾ Represents mandatory redemption requirement for term bond due July 15, 2030.

⁽⁴⁾ Represents mandatory redemption requirement for term bond due July 15, 2033.

ATTACHMENT A

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) \$1,800,000 (est), GENERAL OBLIGATION BONDS, SERIES 2013

FINANCING TEAM DISTRIBUTION LIST

Issuer:

Festival Ranch Community Facilities District
530 E. Monroe Ave.
Buckeye, AZ 85326
Fax: (623) 349-6099

Stephen Cleveland, District Manager
(623) 349-6000
e-mail: scleveland@buckeyeaz.gov

Larry Price, District Treasurer
(623) 349-6164
e-mail: lprice@buckeyeaz.gov

Kim Sandstrom, Senior CFD Accountant
(623) 349-6163
e-mail: ksandstrom@buckeyeaz.gov

Lucinda Aja, District Clerk
(623) 349-6911
e-mail: laja@buckeyeaz.gov

Bond Counsel:

Gust Rosenfeld P.L.C.
One E. Washington Street, Suite 1600
Phoenix, AZ 85004
Fax: (602) 340-1538

Scott Ruby, Esq.
(602) 257-7432
e-mail: swruby@gustlaw.com

James Giel, Esq.
(602) 257-7495
e-mail: jgiel@gustlaw.com

Eric McGlothlin, Esq.
(602) 257-7453
e-mail: emcglathlin@gustlaw.com

Financial Advisor:

Wedbush Securities
3200 E. Camelback Road, Suite 290
Phoenix, AZ 85018
Fax: (602) 952-0220

Larry Given, Managing Director
(602) 952-6851
e-mail: larry.given@wedbush.com

Janelle Gold, Associate
(602) 952-6844
e-mail: janelle.gold@wedbush.com

Underwriter:

Stifel, Nicolaus & Company, Inc.
2325 E. Camelback Road, Suite 750
Phoenix, AZ 85016
Fax: (602) 794-4046

Mark Reader, Managing Director
(602) 794-4011
Cell: (602) 432-4889
e-mail: mreader@stifel.com

Sandra Park, Assistant Vice President
(602) 794-4010
e-mail: spark@stifel.com

Scott Given, Analyst
(602) 794-4026
e-mail: sgiven@stifel.com

Terra Timmons, Closing Coordinator
(602) 794-4005
e-mail: ttimmons@stifel.com

One Ferry Building
San Francisco, CA 94111
Fax: (415) 445-2395

Ruth Hunter, Closing Specialist
(415) 445-2315
e-mail: rhunter@stifel.com

Underwriter Counsel:

Greenberg Traurig, LLP
2375 E. Camelback Road, Suite 700
Phoenix, AZ 85016
Fax: (602) 445-8100

Michael Cafiso, Esq.
(602) 445-8451
e-mail: cafisom@gtlaw.com

Paul Gales, Esq.
(602) 445-8404
e-mail: galesp@gtlaw.com

ATTACHMENT A

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
\$1,800,000 (est), GENERAL OBLIGATION BONDS, SERIES 2013

FINANCING TEAM DISTRIBUTION LIST (continued)

Landowner/Developer:

PulteGroup, Inc.

16767 N. Perimeter Drive, Suite 100
Scottsdale, AZ 85260
Fax: (480) 391-6109

Richard Lopez, P.E., Land Project Manager
(480) 391-6068
Cell: (602) 615-5791
e-mail: Richard.Lopez@PulteGroup.com

Michelle Gregorec, Vice President of Finance
(480) 391-6190
e-mail: michelle.gregorec@pultegroup.com

Kristi Herbst
(480) 391-6213
e-mail: Kristi.herbst@pultegroup.com

Developer Counsel:

Berens Kozub Lord & Kloberdanz

7047 E. Greenway Pkwy, Suite 140
Scottsdale, AZ 85254
Fax: (480) 607-2215

Matt Berens, Esq.
(480) 624-2777
e-mail: mberens@bkl-az.com

Registrar & Paying Agent:

Zions Bank Corporate Trust

6001 North 24th Street
Phoenix, AZ 85016

Nancy Eatros, Vice President
(602) 212- 5412
e-mail: nancy.eatros@zionsbank.com

Insurance Agency:

Build America Mutual Assurance Company

101 California Street, 29th Fl.
San Francisco, CA 94111

Mark Capell, Vice President
(415) 858-1007
e-mail: mcapell@buildamerica.com

1 World Financial Center, 27th Floor
200 Liberty Street
New York, NY 10281

Miranda Ganzer, Closing Coordinator
(212) 235-2535
e-mail: mganzer@buildamerica.com

ATTACHMENT B

	<u>Page</u>
Sources and Uses of Funds.....	1
Bond Debt Service	2
Bond Pricing.....	3
Bond Summary Statistics.....	4
Cost of Issuance.....	5
Form 8038 Statistics	6
Proof of Arbitrage Yield.....	7

SOURCES AND USES OF FUNDS

Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
General Obligation Bonds, Series 2013
'BBB' (S&P) / BAM-Insured

Dated Date 12/10/2013
Delivery Date 12/10/2013

Sources:

Bond Proceeds:	
Par Amount	1,800,000.00
Premium	18,524.05
	1,818,524.05
Other Sources of Funds:	
Developer Contribution (Capitalized Interest)	48,851.28
Developer Contribution (Costs of Issuance)	146,000.00
	194,851.28
	2,013,375.33

Uses:

Project Fund Deposits:	
Project Fund	1,800,000.00
Other Fund Deposits:	
Capitalized Interest Fund thru 7/15/14	48,851.28
Delivery Date Expenses:	
Cost of Issuance	92,000.00
Underwriter's Discount	54,000.00
Bond Insurance (BAM @ 0.53% of P&I)	16,498.06
	162,498.06
Other Uses of Funds:	
Deposit to Debt Service Fund	2,025.99
	2,013,375.33

Note: COI, Capitalized Interest and Underwriter's Discount paid for by Pulte.

BOND DEBT SERVICE

Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
 General Obligation Bonds, Series 2013
 'BBB' (S&P) / BAM-Insured

Dated Date 12/10/2013
 Delivery Date 12/10/2013

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
07/15/2014			48,851.28	48,851.28	48,851.28
01/15/2015			40,898.75	40,898.75	
07/15/2015	10,000	2.000%	40,898.75	50,898.75	91,797.50
01/15/2016			40,798.75	40,798.75	
07/15/2016	10,000	2.000%	40,798.75	50,798.75	91,597.50
01/15/2017			40,698.75	40,698.75	
07/15/2017	45,000	2.000%	40,698.75	85,698.75	126,397.50
01/15/2018			40,248.75	40,248.75	
07/15/2018	50,000	2.000%	40,248.75	90,248.75	130,497.50
01/15/2019			39,748.75	39,748.75	
07/15/2019	55,000	2.500%	39,748.75	94,748.75	134,497.50
01/15/2020			39,061.25	39,061.25	
07/15/2020	50,000	3.000%	39,061.25	89,061.25	128,122.50
01/15/2021			38,311.25	38,311.25	
07/15/2021	55,000	3.500%	38,311.25	93,311.25	131,622.50
01/15/2022			37,348.75	37,348.75	
07/15/2022	55,000	3.750%	37,348.75	92,348.75	129,697.50
01/15/2023			36,317.50	36,317.50	
07/15/2023	60,000	3.850%	36,317.50	96,317.50	132,635.00
01/15/2024			35,162.50	35,162.50	
07/15/2024	55,000	4.000%	35,162.50	90,162.50	125,325.00
01/15/2025			34,062.50	34,062.50	
07/15/2025	60,000	4.250%	34,062.50	94,062.50	128,125.00
01/15/2026			32,787.50	32,787.50	
07/15/2026	65,000	4.250%	32,787.50	97,787.50	130,575.00
01/15/2027			31,406.25	31,406.25	
07/15/2027	65,000	4.500%	31,406.25	96,406.25	127,812.50
01/15/2028			29,943.75	29,943.75	
07/15/2028	70,000	4.500%	29,943.75	99,943.75	129,887.50
01/15/2029			28,368.75	28,368.75	
07/15/2029	75,000	4.750%	28,368.75	103,368.75	131,737.50
01/15/2030			26,587.50	26,587.50	
07/15/2030	75,000	4.750%	26,587.50	101,587.50	128,175.00
01/15/2031			24,806.25	24,806.25	
07/15/2031	75,000	5.250%	24,806.25	99,806.25	124,612.50
01/15/2032			22,837.50	22,837.50	
07/15/2032	390,000	5.250%	22,837.50	412,837.50	435,675.00
01/15/2033			12,600.00	12,600.00	
07/15/2033	480,000	5.250%	12,600.00	492,600.00	505,200.00
	1,800,000		1,312,841.28	3,112,841.28	3,112,841.28

BOND PRICING

Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
 General Obligation Bonds, Series 2013
 'BBB' (S&P) / BAM-Insured

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bond:									
	07/15/2015	10,000	2.000%	1.000%	101.580				158.00
	07/15/2016	10,000	2.000%	1.250%	101.910				191.00
	07/15/2017	45,000	2.000%	1.750%	100.867				390.15
	07/15/2018	50,000	2.000%	2.000%	100.000				
	07/15/2019	55,000	2.500%	2.500%	100.000				
	07/15/2020	50,000	3.000%	3.000%	100.000				
	07/15/2021	55,000	3.500%	3.500%	100.000				
	07/15/2022	55,000	3.750%	3.750%	100.000				
	07/15/2023	60,000	3.850%	3.850%	100.000				
	07/15/2024	55,000	4.000%	4.000%	100.000				
		445,000							739.15

Term Bond 2026:

125,000 4.250% 4.250% 100.000

Term Bond 2028:

135,000 4.500% 4.500% 100.000

Term Bond 2030:

150,000 4.750% 4.750% 100.000

Term Bond 2033:

945,000 5.250% 5.000% 101.882 C 07/15/2023 100.000 17,784.90

1,800,000 18,524.05

Dated Date	12/10/2013
Delivery Date	12/10/2013
First Coupon	07/15/2014
Par Amount	1,800,000.00
Premium	18,524.05
Production	1,818,524.05
Underwriter's Discount	-54,000.00
Purchase Price	1,764,524.05
Accrued Interest	98,029.114%
Net Proceeds	1,764,524.05

STIFEL

BOND SUMMARY STATISTICS

Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
 General Obligation Bonds, Series 2013
 'BBB' (S&P) / BAM-Insured

Dated Date	12/10/2013
Delivery Date	12/10/2013
First Coupon	07/15/2014
Last Maturity	07/15/2033
Arbitrage Yield	4.803652%
True Interest Cost (TIC)	5.098866%
Net Interest Cost (NIC)	5.005819%
All-In TIC	5.632289%
Average Coupon	4.874109%
Average Life (years)	14.964
Duration of Issue (years)	10.506
Par Amount	1,800,000.00
Bond Proceeds	1,818,524.05
Total Interest	1,312,841.28
Net Interest	1,348,317.23
Bond Years from Dated Date	26,935,000.00
Bond Years from Delivery Date	26,935,000.00
Total Debt Service	3,112,841.28
Maximum Annual Debt Service	505,200.00
Average Annual Debt Service	158,840.94
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	30.000000
Total Underwriter's Discount	30.000000
Bid Price	98.029114

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	Duration	PV of 1 bp change
Serial Bond	445,000.00	100.166	3.336%	7.013	12/14/2020	6.282	271.75
Term Bond 2026	125,000.00	100.000	4.250%	12.117	01/21/2026	9.592	121.25
Term Bond 2028	135,000.00	100.000	4.500%	14.116	01/21/2028	10.597	144.45
Term Bond 2030	150,000.00	100.000	4.750%	16.097	01/14/2030	11.429	171.00
Term Bond 2033	945,000.00	101.882	5.250%	19.026	12/19/2032	12.322	727.65
	1,800,000.00			14.964			1,436.10

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,800,000.00	1,800,000.00	1,800,000.00
+ Accrued Interest			
+ Premium (Discount)	18,524.05	18,524.05	18,524.05
- Underwriter's Discount	-54,000.00	-54,000.00	
- Cost of Issuance Expense			-92,000.00
- Other Amounts	-16,498.06	-16,498.06	-16,498.06
Target Value	1,748,025.99	1,656,025.99	1,802,025.99
Target Date	12/10/2013	12/10/2013	12/10/2013
Yield	5.098866%	5.632289%	4.803652%

COST OF ISSUANCE

Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
General Obligation Bonds, Series 2013
'BBB' (S&P) / BAM-Insured

Cost of Issuance	\$/1000	Amount
Bond Counsel - GR	17.22222	31,000.00
Underwriter's Counsel - GT	8.33333	15,000.00
Financial Advisor - Wedbush	13.88889	25,000.00
OS Printing & Prep - SN	5.55556	10,000.00
Credit Rating - S&P	4.55556	8,200.00
Bond Reg/Paying Agent - Zions	0.13889	250.00
DTC/CUSIPs - SN	0.61111	1,100.00
Contingency	0.80556	1,450.00
	51.11111	92,000.00

FORM 8038 STATISTICS

Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
 General Obligation Bonds, Series 2013
 'BBB' (S&P) / BAM-Insured

Dated Date 12/10/2013
 Delivery Date 12/10/2013

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	07/15/2015	10,000.00	2.000%	101.580	10,158.00	10,000.00
	07/15/2016	10,000.00	2.000%	101.910	10,191.00	10,000.00
	07/15/2017	45,000.00	2.000%	100.867	45,390.15	45,000.00
	07/15/2018	50,000.00	2.000%	100.000	50,000.00	50,000.00
	07/15/2019	55,000.00	2.500%	100.000	55,000.00	55,000.00
	07/15/2020	50,000.00	3.000%	100.000	50,000.00	50,000.00
	07/15/2021	55,000.00	3.500%	100.000	55,000.00	55,000.00
	07/15/2022	55,000.00	3.750%	100.000	55,000.00	55,000.00
	07/15/2023	60,000.00	3.850%	100.000	60,000.00	60,000.00
	07/15/2024	55,000.00	4.000%	100.000	55,000.00	55,000.00
Term Bond 2026:						
	07/15/2025	60,000.00	4.250%	100.000	60,000.00	60,000.00
	07/15/2026	65,000.00	4.250%	100.000	65,000.00	65,000.00
Term Bond 2028:						
	07/15/2027	65,000.00	4.500%	100.000	65,000.00	65,000.00
	07/15/2028	70,000.00	4.500%	100.000	70,000.00	70,000.00
Term Bond 2030:						
	07/15/2029	75,000.00	4.750%	100.000	75,000.00	75,000.00
	07/15/2030	75,000.00	4.750%	100.000	75,000.00	75,000.00
Term Bond 2033:						
	07/15/2031	75,000.00	5.250%	101.882	76,411.50	75,000.00
	07/15/2032	390,000.00	5.250%	101.882	397,339.80	390,000.00
	07/15/2033	480,000.00	5.250%	101.882	489,033.60	480,000.00
		1,800,000.00			1,818,524.05	1,800,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	07/15/2033	5.250%	489,033.60	480,000.00		
Entire Issue			1,818,524.05	1,800,000.00	14.9987	4.8037%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	146,000.00
Proceeds used for credit enhancement	16,498.06
Proceeds allocated to reasonably required reserve or replacement fund	0.00

PROOF OF ARBITRAGE YIELD

Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
General Obligation Bonds, Series 2013
'BBB' (S&P) / BAM-Insured

Date	Debt Service	PV Factor	Present Value to 12/10/2013 @ 4.8036523837%
07/15/2014	48,851.28	0.972048698	47,485.82
01/15/2015	40,898.75	0.949249378	38,823.11
07/15/2015	50,898.75	0.926984814	47,182.37
01/15/2016	40,798.75	0.905242463	36,932.76
07/15/2016	50,798.75	0.884010078	44,906.61
01/15/2017	40,698.75	0.863275696	35,134.24
07/15/2017	85,698.75	0.843027637	72,246.41
01/15/2018	40,248.75	0.823254495	33,134.96
07/15/2018	90,248.75	0.803945130	72,555.04
01/15/2019	39,748.75	0.785088665	31,206.29
07/15/2019	94,748.75	0.766674477	72,641.45
01/15/2020	39,061.25	0.748692192	29,244.85
07/15/2020	89,061.25	0.731131680	65,115.50
01/15/2021	38,311.25	0.713983048	27,353.58
07/15/2021	93,311.25	0.697236636	65,060.02
01/15/2022	37,348.75	0.680883009	25,430.13
07/15/2022	92,348.75	0.664912956	61,403.88
01/15/2023	36,317.50	0.649317478	23,581.59
07/15/2023	96,317.50	0.634087792	61,073.75
01/15/2024	35,162.50	0.619215316	21,773.16
07/15/2024	90,162.50	0.604691673	54,520.51
01/15/2025	34,062.50	0.590508681	20,114.20
07/15/2025	94,062.50	0.576658350	54,241.93
01/15/2026	32,787.50	0.563132877	18,463.72
07/15/2026	97,787.50	0.549924643	53,775.76
01/15/2027	31,406.25	0.537026207	16,865.98
07/15/2027	96,406.25	0.524430302	50,558.36
01/15/2028	29,943.75	0.512129834	15,335.09
07/15/2028	99,943.75	0.500117872	49,983.66
01/15/2029	28,368.75	0.488387649	13,854.95
07/15/2029	103,368.75	0.476932558	49,299.92
01/15/2030	26,587.50	0.465746145	12,383.03
07/15/2030	101,587.50	0.454822109	46,204.24
01/15/2031	24,806.25	0.444154294	11,017.80
07/15/2031	99,806.25	0.433736693	43,289.63
01/15/2032	22,837.50	0.423563435	9,673.13
07/15/2032	412,837.50	0.413628791	170,761.48
01/15/2033	12,600.00	0.403927162	5,089.48
07/15/2033	492,600.00	0.394453085	194,307.59
	3,112,841.28		1,802,025.99

Proceeds Summary

Delivery date	12/10/2013
Par Value	1,800,000.00
Premium (Discount)	18,524.05
Arbitrage expenses	-16,498.06
Target for yield calculation	1,802,025.99

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

CERTIFICATE OF UNDERWRITER
REGARDING INITIAL OFFERING PRICES
AND QUALIFIED GUARANTEE

This certificate is furnished by Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter") of the \$1,800,000 aggregate principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligations Bonds, Series 2013 (the "Bonds"). The Underwriter hereby certifies and represents the following, based upon the information available to it:

1. Issue Price.

1.1. As of November 19, 2013 (the "Sale Date"), we reasonably expected to sell a substantial amount of each maturity (i.e. at least 10%) of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriter or wholesalers) in a bona fide public offering at the prices listed on Schedule A.

1.2. In our opinion, and based upon our estimate as of the Sale Date, the initial offering prices of the Bonds set forth in Schedule A are within a reasonable range of, and do reflect, the fair market prices for such Bonds.

1.3. As of the date hereof, all of the Bonds have actually been offered to the general public at the prices listed in Schedule A.

1.4. As of the Sale Date, at least 10% of each maturity of the Bonds were sold or were reasonably expected to be sold at the prices referred to in Schedule A.

2. Bond Insurance.

2.1. The present value of the amounts paid to obtain the policy of municipal bond insurance ("*Bond Insurance*") issued by Build America Mutual Assurance Company (the "*Bond Insurer*") included in the transcript of proceedings of which this certificate is a part is less than the present value of the interest reasonably expected to be saved as a result of having the Bond Insurance, using the yield on the Bonds as the discount factor for this purpose.

2.2. To the best knowledge of the undersigned, the amount paid by the District to the Bond Insurer for the Bond Insurance is within a reasonable range of premiums charged for comparable credit enhancement for obligations comparable to the obligation evidenced and represented by the Bonds.

2.3 The fees paid and to be paid to obtain the Bond Insurance were determined in arm's-length negotiations and were required as a condition to the issuance by the Bond Insurer of the Bond Insurance.

2.4 To the best knowledge of the undersigned, the fees paid and to be paid for the Bond Insurance represent a commercially reasonable charge for the transfer of credit risk. Such fees do not include any direct or indirect payment for a cost, risk or other element that is not customarily borne by guarantors of tax-exempt bonds in transactions in which the guarantor has no involvement other than as guarantor. No non-guarantee services are being provided by the Bond Insurer.

To the extent that we provided Festival Ranch Community Facilities District (Town of Buckeye, Arizona) and Bond Counsel with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Bonds, these computations are based on our understanding of directions that we have received from Bond Counsel regarding interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by Bond Counsel.

All terms not defined herein have the meanings ascribed to those terms in the attached Tax Certificate. Nothing herein represents our interpretation of any laws or regulations under the Internal Revenue Code of 1986, as amended.

[Signature Page to Follow]

DATED: December 10, 2013.

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By:  _____
Authorized Representative

SCHEDULE A

<u>Maturity Date</u> <u>(July 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Offering</u> <u>Price</u>	<u>Total for Maturity</u> <u>(in dollars)</u>
2015	\$ 10,000	101.580%	\$10,158.00
2016	10,000	101.910%	10,191.00
2017	45,000	100.867%	45,390.15
2018	50,000	100.000%	50,000.00
2019	55,000	100.000%	55,000.00
2020	50,000	100.000%	50,000.00
2021	55,000	100.000%	55,000.00
2022	55,000	100.000%	55,000.00
2023	60,000	100.000%	60,000.00
2024	55,000	100.000%	55,000.00
2025 ¹	60,000	100.000%	60,000.00
2026	65,000	100.000%	65,000.00
2027 ²	65,000	100.000%	65,000.00
2028	70,000	100.000%	70,000.00
2029 ³	75,000	100.000%	75,000.00
2030	75,000	100.000%	75,000.00
2031 ⁴	75,000	101.882% ⁵	76,411.50
2032 ⁴	390,000	101.882% ⁵	397,339.80
2033	480,000	101.882% ⁵	489,033.60
TOTAL:	<u>\$1,800,000</u>		<u>\$1,818,524.05</u>

- (1) Mandatory Redemption Date of July 15, 2026 Term Bond
- (2) Mandatory Redemption Date of July 15, 2028 Term Bond
- (3) Mandatory Redemption Date of July 15, 2030 Term Bond
- (4) Mandatory Redemption Date of July 15, 2033 Term Bond
- (5) Priced to the first optional redemption date, July 15, 2023.

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

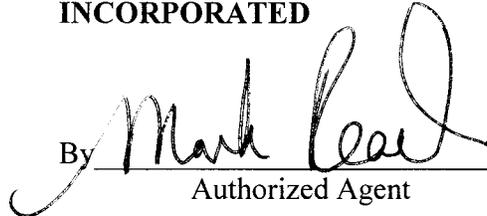
RECEIPT FOR BONDS AND DOCUMENTS

On behalf of Stifel, Nicolaus & Company, Incorporated, the purchaser (the "Underwriter") of the \$1,800,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2013 (the "Bonds"), the undersigned hereby acknowledges receipt of all such Bonds on the date set forth in this receipt, which Bonds are in fully registered form and are registered in the name of Cede & Co., as nominee for The Depository Trust Company, and which have been duly executed and authenticated by Zions First National Bank.

Further, the undersigned acknowledges receipt of all documentation required to be delivered at or prior to the closing pursuant to the Purchase Contract, dated November 19, 2013, by and between Festival Ranch Community Facilities District (Town of Buckeye, Arizona) and the Underwriter. All such documentation is satisfactory in form and substance to the Underwriter. The requirement to deliver any documents at or prior to the closing pursuant to the Purchase Contract and not yet delivered is hereby waived.

DATED: December 10, 2013

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By  _____
Authorized Agent

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

CERTIFICATE OF THE FINANCIAL ADVISOR
AS TO YIELD ON THE BONDS

Wedbush Securities Inc., as Financial Advisor to Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), with respect to the issuance of the above-referenced bonds (the "*Bonds*"), has agreed to determine the yield on the Bonds. The term "yield" in this context means the discount rate that, when used in computing the present value, as of the date hereof, of all unconditionally payable payments of principal of and interest on the Bonds, produces an amount equal to the present value, on the date hereof, using the same discount rate, of the aggregate issue price of the Bonds. In determining the yield on the Bonds, the issue price of the Bonds shall be the aggregate of the issue price of each maturity of the Bonds. The issue price of each maturity of the Bonds is that initial offering price to the public (excluding bond houses, brokers and similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of Bonds of that maturity (i.e., at least ten percent (10%) of such maturity) were reasonably expected, as of the sale date, to be sold. The issue price does not change if part of the Bonds is later sold at a different price. The issue price of Bonds that are not substantially identical is determined separately. The issue price of Bonds for which a bona fide public offering is made is determined as of the sale date, based on reasonable expectations regarding the initial offering price. The issue price of the Bonds may not exceed their fair market value as of the sale date. The initial purchaser of the Bonds has certified as to the initial offering prices of the Bonds to the public in the Certificate of Underwriter Regarding Initial Offering Prices and Qualified Guarantee contained in the closing transcript regarding the Bonds of which this certificate is a part. Based upon the initial offering price so certified, the undersigned hereby certifies that the yield on the above-referenced Bonds is at least 4.8036%. However, notwithstanding the foregoing, the Financial Advisor is not an accountant or actuary, nor is the Financial Advisor engaged in the practice of law. Accordingly, while the Financial Advisor believes the calculations described above to be correct, the Financial Advisor does not warrant them to be so, nor does the Financial Advisor warrant their validity for purposes of sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended.

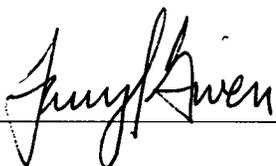
<u>Maturity Date</u> <u>(July 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Offering</u> <u>Price</u>	<u>Total for Maturity</u> <u>(in dollars)</u>
2015	\$ 10,000	101.580%	\$10,158.00
2016	10,000	101.910%	10,191.00
2017	45,000	100.867%	45,390.15
2018	50,000	100.000%	50,000.00
2019	55,000	100.000%	55,000.00
2020	50,000	100.000%	50,000.00
2021	55,000	100.000%	55,000.00

<u>Maturity Date</u> <u>(July 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Offering</u> <u>Price</u>	<u>Total for Maturity</u> <u>(in dollars)</u>
2022	55,000	100.000%	55,000.00
2023	60,000	100.000%	60,000.00
2024	55,000	100.000%	55,000.00
2025 ¹	60,000	100.000%	60,000.00
2026	65,000	100.000%	65,000.00
2027 ²	65,000	100.000%	65,000.00
2028	70,000	100.000%	70,000.00
2029 ³	75,000	100.000%	75,000.00
2030	75,000	100.000%	75,000.00
2031 ⁴	75,000	101.882% ⁵	76,411.50
2032 ⁴	390,000	101.882% ⁵	397,339.80
2033	480,000	101.882% ⁵	489,033.60
TOTAL:	<u>\$1,800,000</u>		<u>\$1,818,524.05</u>

- (1) Mandatory Redemption Date of July 15, 2026 Term Bond
- (2) Mandatory Redemption Date of July 15, 2028 Term Bond
- (3) Mandatory Redemption Date of July 15, 2030 Term Bond
- (4) Mandatory Redemption Date of July 15, 2033 Term Bond
- (5) Priced to the first optional redemption date, July 15, 2023.

DATED: December 10, 2013.

WEDBUSH SECURITIES INC.

By 

No. R-1

\$10,000

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

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BOND, SERIES 2013

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL DATED DATE</u>	<u>CUSIP NO.:</u>
2.000%	July 15, 2015	December 10, 2013	311508 BP6

REGISTERED OWNER: CEDE & CO

PRINCIPAL AMOUNT: TEN THOUSAND AND NO/100 DOLLARS (\$10,000.00)

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) (the "District"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

This bond is subject to call for redemption prior to maturity in accordance with the terms hereinafter set forth.

Interest is payable on January 15 and July 15 of each year (each an "Interest Payment Date"), commencing July 15, 2014 and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original dated date set forth above. Interest will be computed on the basis of a year comprised of 360 days consisting of twelve (12) months having thirty (30) days each.

Principal and interest are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed to the registered owner when due at the address shown on the registration books maintained by the registrar at the close of business on the last day or, if not a business day, then the prior business day, of the calendar month next preceding the applicable Interest Payment Date (the "Record Date"). The principal will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the paying agent.

In the event that interest is not paid on an Interest Payment Date, the registrar shall establish a special record date for the payment of such interest, if and when funds for the payment of such interest have been received. Notice of the special record date and of the scheduled payment date of the past due interest will be sent at least ten (10) days prior to the special record date, to the address of each owner appearing on the registration books of the registrar.

This bond is one of a series of bonds in the aggregate principal amount of \$1,800,000 of like tenor except as to amount and number issued by the District to provide funds to make those certain acquisitions and public improvements approved by a majority vote of qualified electors voting at an election duly called and held in and for the District, pursuant to a resolution of the District Board duly adopted prior to the issuance hereof and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of general obligation bonds, and all amendments thereto, and all other laws of the State of Arizona.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes on all taxable property within the District sufficient for that purpose, the full faith and credit of the District are hereby irrevocably pledged.

Neither the full faith and credit nor the general taxing power of the Town of Buckeye, Arizona, or the State of Arizona, or any political subdivision thereof (other than the District) is pledged to the payment of the bonds.

The bonds are subject to redemption prior to maturity, at the option of the District, on or after July 15, 2023, in whole or in part on any date, at the redemption price of the principal amount of the bonds or portion thereof being redeemed plus interest accrued to the date of redemption, but without premium.

The bonds maturing on July 15 of the following years will be redeemed on July 15 of the following years and in the following principal amounts at a price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium.

<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>
Term Bond Maturing 2026	
2025	\$60,000
2026 (maturity)	65,000
Term Bond Maturing 2028	
2027	\$65,000
2028 (maturity)	70,000
Term Bond Maturing 2030	
2029	\$75,000
2030 (maturity)	75,000
Term Bond Maturing 2033	
2031	\$ 75,000
2032	390,000
2033 (maturity)	480,000

So long as the book-entry-only system is in effect, the registrar shall notify DTC of redemption in the manner required by DTC. If the book-entry-only system is discontinued, notice of redemption of any bond redeemed prior to its stated maturity date shall be mailed by first class mail to each registered owner of the bond or bonds not more than sixty (60) days nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. The registrar also agrees to send notice of redemption to the Municipal Securities Rulemaking Board (the "MSRB"), currently through the MSRB's Electronic Municipal Market Access system in the manner required by the MSRB. Failure to properly give notice of redemption shall not affect the redemption of any bond for which notice was properly given. When so called for redemption, the bonds will cease to bear interest on the date fixed for redemption if on that date sufficient funds for such redemption are on deposit at the place of payment.

The registrar and the paying agent on the original issue date is Zions First National Bank, Phoenix, Arizona. The registrar or the paying agent may be changed by the District without notice.

So long as the book-entry-only system is in effect, this bond is non-transferable. If the book-entry-only system is discontinued, this bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the registrar upon surrender and cancellation of this bond, but only in the manner and subject to the limitation on transfer and upon payment of the charges provided in the authorizing resolution. Upon such transfer, a new bond or bonds of the same aggregate principal amount, maturity and interest rate will be issued to the transferee in exchange. The registrar may require an owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the authorizing resolution. Should this bond be submitted to the registrar for transfer during the period commencing after the close of business on the Record Date and continuing to and including the next subsequent Interest Payment Date, ownership will be transferred in the normal manner but the interest payment will be made payable to and mailed to the registered owner as shown on the registrar's books at the close of business on the Record Date.

The registrar may but need not register the transfer of a bond which has been selected for redemption and need not register the transfer of any bond for a period of fifteen (15) days before a selection of bonds to be redeemed; if the transfer of any bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor will be binding upon the transferee and a copy of the notice of redemption will be delivered to the transferee along with the bond or bonds.

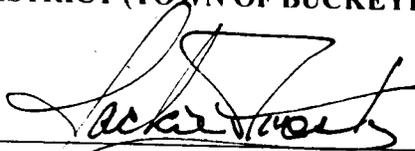
Bonds of this series are issuable only in fully registered form in the denomination of \$5,000 each or integral multiples of \$5,000.

The District, the registrar and the paying agent may treat the registered owner of this bond as the absolute owner for the purpose of receiving principal and interest and for all other purposes and none of them shall be affected by any notice to the contrary.

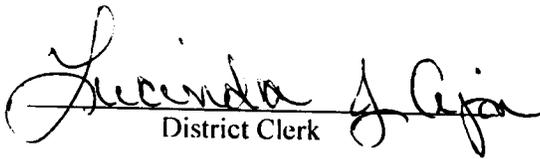
It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the District, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon all of the taxable property in the District for the payment of this bond and of the interest hereon as each becomes due.

The District has caused this bond to be executed by the District Chairman of its District Board and attested by its District Clerk, which signatures may be manual or by facsimile signatures. This bond is not valid or binding upon the District without the manually affixed signature of an authorized representative of the registrar.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)


District Chairman

ATTEST:


District Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2013, described in the resolution mentioned herein.

ZIONS FIRST NATIONAL BANK, as Registrar

By 
Authorized Representative

DATE: December 10, 2013

STATEMENT OF INSURANCE

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to Zions First National Bank, Phoenix, Arizona, or its successor, as paying agent for the bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more set forth in the Policy.

FORM OF ASSIGNMENT

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

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

UNIF GIFT/TRANS MIN ACT - _____ (Custodian)
Custodian for _____ (Minor) Under Uniform
Gifts/Transfers to Minors Act of _____
(State)

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

ASSIGNMENT

For Value Received the undersigned subject to the transfer restrictions described in the within Bond, 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 book kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Registrar and Paying Agent.

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.

ALL FEES AND TRANSFER COSTS SHALL BE PAID BY THE TRANSFEROR

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)

[Name of Issuer]

October 18, 2005

[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 50th Floor]
[For Corporate Issues:
General Counsel's Office; 49th Floor]
The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)

(Issuer)

By: CE Reynolds
(Authorized Officer's Signature)

Carroll Reynolds

(Print Name)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: Dennis Russo 100 N. Apache, Suite A
(Street Address)

Buckeye, Arizona USA 85326
(City) (State) (Country) (Zip Code)

(602) 386-4691
(Phone Number)

creynolds@buckeyeaz.gov
(E-mail Address)



The Depository Trust &
Clearing Corporation

(To Blanket Issuer Letter of Representations)

**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. 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 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name Festival Ranch Community Facilities District (Town of Buckeye, Arizona)		2 Issuer's employer identification number (EIN) 35-2264191	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) James T. Giel		3b Telephone number of other person shown on 3a 602-257-7422	
4 Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	5 Report number (For IRS Use Only)	
530 E. Monroe Avenue		3	
6 City, town, or post office, state, and ZIP code Buckeye, Arizona 85326		7 Date of issue 12/10/2013	
8 Name of issue General Obligation Bonds, Series 2013		9 CUSIP number 315598 CC4	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Larry Price, District Treasurer		10b Telephone number of officer or other employee shown on 10a 623-349-6164	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11	
12	Health and hospital	12	
13	Transportation	13	
14	Public safety	14	
15	Environment (including sewage bonds)	15	
16	Housing	16	
17	Utilities	17	1,818,524
18	Other. Describe ►	18	
19	If obligations are TANs or RANs, check only box 19a		<input type="checkbox"/>
	If obligations are BANs, check only box 19b		<input type="checkbox"/>
20	If obligations are in the form of a lease or installment sale, check box		<input type="checkbox"/>

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/15/2033	\$ 1,818,524	\$ 1,800,000	14.9987 years	4.8036 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

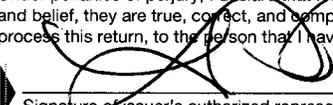
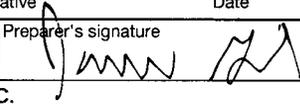
22	Proceeds used for accrued interest	22	0
23	Issue price of entire issue (enter amount from line 21, column (b))	23	1,818,524
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	0
25	Proceeds used for credit enhancement	25	16,498
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0
27	Proceeds used to currently refund prior issues	27	0
28	Proceeds used to advance refund prior issues	28	0
29	Total (add lines 24 through 28)	29	16,498
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	1,802,026

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded	_____ years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded	_____ years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	_____
34	Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	_____

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	
b Enter the final maturity date of the GIC ▶ _____		
c Enter the name of the GIC provider ▶ _____		
37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	
38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:		
b Enter the date of the master pool obligation ▶ _____		
c Enter the EIN of the issuer of the master pool obligation ▶ _____		
d Enter the name of the issuer of the master pool obligation ▶ _____		
39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box		<input type="checkbox"/>
40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box		<input type="checkbox"/>
41a If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:		
b Name of hedge provider ▶ _____		
c Type of hedge ▶ _____		
d Term of hedge ▶ _____		
42 If the issuer has superintegrated the hedge, check box		<input type="checkbox"/>
43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box		<input checked="" type="checkbox"/>
44 If the issuer has established written procedures to monitor the requirements of section 148, check box		<input checked="" type="checkbox"/>
45a If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____		
b Enter the date the official intent was adopted ▶ _____		

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	 Signature of issuer's authorized representative	December 10, 2013 Date	Larry Price, District Treasurer Type or print name and title	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	James T. Giel		12-10-13	PTIN P01085621
	Firm's name ▶ Gust Rosenfeld P.L.C.	Firm's EIN ▶ 86-0688020		Phone no. 602-257-7422
Firm's address ▶ One E. Washington, Suite 1600, Phoenix, AZ 85004				

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested, the Information Return for the above-captioned financing addressed to the Internal Revenue Service Center, Ogden, Utah 84201, on December 10, 2013.



Report of Bond and Security Issuance

Pursuant to A.R.S. § 35-501B

This information is due to the Department of Revenue within 60 days of the issue.

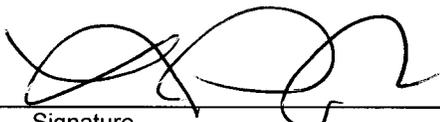
1. Jurisdiction: FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)	
2. Issue name/title: General Obligation Bonds, Series 2013	
3. Dated Date: December 10, 2013 Closing Date: December 10, 2013	4. Par Amount: \$1,800,000
5. Overall Interest Rate (TIC OR NIC): 5.005819% (NIC)	6. Type of Bond or Security: general obligation bond
7. Repayment sources: ad valorem taxes levied on property in the district	
8. Total amount outstanding: \$14,060,000	9. Total amount outstanding of senior or subordinate bonds: \$-0-
10. Original issue price: Attach Schedule 1 a. Par Amount (principal amount) \$1,800,000.00	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: For general obligation Bonds: a. Secondary net assessed value: N/A
b. Original Issue Discount (-) \$ 0.00	b. Debt limit percentage: 60% of market value plus value of improvements
c. Premium Amount (+) \$18,524.05	c. Total debt limit: not less than \$1,800,000
d. Original Issue Price (=) \$1,818,524.05	12. Available debt limit: not less than \$0
e. Underwriter Compensation (Discount) (-) (\$0.00)	13. Total amount authorized: \$175,000,000
f. Net Proceeds (=) \$1,818,524.05	
14. Remaining authorized amount: \$157,865,000	15. If voter authorized, election dates: May 25, 2005

16. Attach a detailed listing of Issue Costs.

17. Attach the Debt Service Schedule.

18. Attach Form 8038.

19. Attach Final Official Statement.



 Signature

December 10, 2013

 Date

Title, address and phone number

Trustee name, address and phone number

Political Subdivision Contact
name, address, phone number

Larry Price, District Treasurer
Festival Ranch Community Facilities District
530 E. Monroe Avenue
Buckeye, Arizona 85326

Zions First National Bank
6001 N. 24th St.
Phoenix, Arizona 85016

Larry Price, District Treasurer
Festival Ranch Community Facilities District
530 E. Monroe Avenue
Buckeye, Arizona 85326

Submit this form with attachments within 60 days of issuance to:

Arizona Department of Revenue
 Attention OERA, 9th Floor
 1600 W. Monroe
 Phoenix, AZ 85007

**Arizona Department of Revenue
Report of Bond and Security Issuance
Schedule 1**

For each maturity date, list either the Original Issue Discount or the Premium Amount. The total of these figures should equal the amounts listed on 10b and 10c on the form. In all cases, 10a-10b+10c-10e=10f.

Name of Issue: **FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) GENERAL OBLIGATION BONDS, SERIES 2013**

Par Amount: \$1,800,000

Date Closed: December 10, 2013

Maturity or Mandatory Redemption Date (July 15)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
2015	\$ 10,000	2.000%	1.000%	\$10,158.00	\$ 158.00
2016	10,000	2.000%	1.250%	10,191.00	191.00
2017	45,000	2.000%	1.750%	45,390.15	390.15
2018	50,000	2.000%	2.000%	50,000.00	0.00
2019	55,000	2.500%	2.500%	55,000.00	0.00
2020	50,000	3.000%	3.000%	50,000.00	0.00
2021	55,000	3.500%	3.500%	55,000.00	0.00
2022	55,000	3.750%	3.750%	55,000.00	0.00
2023	60,000	3.850%	3.850%	60,000.00	0.00
2024	55,000	4.000%	4.000%	55,000.00	0.00
2025 ¹	60,000	4.250%	4.250%	60,000.00	0.00
2026	65,000	4.250%	4.250%	65,000.00	0.00
2027 ²	65,000	4.500%	4.500%	65,000.00	0.00
2028	70,000	4.500%	4.500%	70,000.00	0.00
2029 ³	75,000	4.750%	4.750%	75,000.00	0.00
2030	75,000	4.750%	4.750%	75,000.00	0.00
2031 ⁴	75,000	5.250%	5.000% ⁵	76,411.50	1,411.50
2032 ⁴	390,000	5.250%	5.000% ⁵	397,339.80	7,339.80
2033	480,000	5.250%	5.000% ⁵	489,033.60	9,033.60
TOTAL	\$1,800,000	N/A	N/A	\$1,818,524.05	\$18,524.05
10e Underwriter's Discount and/or Placement Agent Fee, if any				(0.00)	
10f Net Proceeds (as shown on issuance form)				\$1,818,524.05	

- (1) Mandatory Redemption Date of July 15, 2026 Term Bond
- (2) Mandatory Redemption Date of July 15, 2028 Term Bond
- (3) Mandatory Redemption Date of July 15, 2030 Term Bond
- (4) Mandatory Redemption Date of July 15, 2033 Term Bond
- (5) Yield calculated to the first optional redemption date, July 15, 2023.

Name of Issue: **FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE,
ARIZONA) GENERAL OBLIGATION BONDS, SERIES 2013**

Costs of Issuance

Credit enhancement fees	<u>\$16,498.06</u>
TOTAL	<u>\$16,498.06</u>

VI. Debt Service and CUSIP Numbers

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION BONDS, SERIES 2013 \$1,800,000 Dated Date: 12/10/2013 Delivery Date: 12/10/2013 DEBT SERVICE SCHEDULE						
CUSIP No.	Date	Principal	Coupon	Interest	Total Debt Service	Fiscal Year Debt Service
	7/15/2014			\$ 48,851.28*	\$ 48,851.28*	\$ 48,851.28*
	1/15/2015			40,898.75	40,898.75	
BP6	7/15/2015	10,000	2.000%	40,898.75	50,898.75	91,797.50
	1/15/2016			40,798.75	40,798.75	
BQ4	7/15/2016	10,000	2.000%	40,798.75	50,798.75	91,597.50
	1/15/2017			40,698.75	40,698.75	
BR2	7/15/2017	45,000	2.000%	40,698.75	85,698.75	126,397.50
	1/15/2018			40,248.75	40,248.75	
BS0	7/15/2018	50,000	2.000%	40,248.75	90,248.75	130,497.50
	1/15/2019			39,748.75	39,748.75	
BT8	7/15/2019	55,000	2.500%	39,748.75	94,748.75	134,497.50
	1/15/2020			39,061.25	39,061.25	
BU5	7/15/2020	50,000	3.000%	39,061.25	89,061.25	128,122.50
	1/15/2021			38,311.25	38,311.25	
BV3	7/15/2021	55,000	3.500%	38,311.25	93,311.25	131,622.50
	1/15/2022			37,348.75	37,348.75	
BW1	7/15/2022	55,000	3.750%	37,348.75	92,348.75	129,697.50
	1/15/2023			36,317.50	36,317.50	
BX9	7/15/2023	60,000	3.850%	36,317.50	96,317.50	132,635.00
	1/15/2024			35,162.50	35,162.50	
BY7	7/15/2024	55,000	4.000%	35,162.50	90,162.50	125,325.00
	1/15/2025			34,062.50	34,062.50	
BZ4	7/15/2025 ⁽¹⁾	60,000	4.250%	34,062.50	94,062.50	128,125.00
	1/15/2026			32,787.50	32,787.50	
BZ4	7/15/2026	65,000	4.250%	32,787.50	97,787.50	130,575.00
	1/15/2027			31,406.25	31,406.25	
CAB	7/15/2027 ⁽²⁾	65,000	4.500%	31,406.25	96,406.25	127,812.50
	1/15/2028			29,943.75	29,943.75	
CAB	7/15/2028	70,000	4.500%	29,943.75	99,943.75	129,887.50
	1/15/2029			28,368.75	28,368.75	
CB6	7/15/2029 ⁽³⁾	75,000	4.750%	28,368.75	103,368.75	131,737.50
	1/15/2030			26,587.50	26,587.50	
CB6	7/15/2030	75,000	4.750%	26,587.50	101,587.50	128,175.00
	1/15/2031			24,806.25	24,806.25	
CC4	7/15/2031 ⁽⁴⁾	75,000	5.250%	24,806.25	99,806.25	124,612.50
	1/15/2032			22,837.50	22,837.50	
CC4	7/15/2032	390,000	5.250%	22,837.50	412,837.50	435,675.00
	1/15/2033			12,600.00	12,600.00	
CC4	7/15/2033	480,000	5.250%	12,600.00	492,600.00	505,200.00
TOTAL		\$ 1,800,000		\$ 1,312,841.28	\$ 3,112,841.28	\$ 3,112,841.28

* Capitalized Interest to be paid by the Developer.

⁽¹⁾ Represents mandatory redemption requirement for term bond due July 15, 2026.

⁽²⁾ Represents mandatory redemption requirement for term bond due July 15, 2028.

⁽³⁾ Represents mandatory redemption requirement for term bond due July 15, 2030.

⁽⁴⁾ Represents mandatory redemption requirement for term bond due July 15, 2033.

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
 ► See separate instructions.
 Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority If Amended Return, check here

1 Issuer's name Festival Ranch Community Facilities District (Town of Buckeye, Arizona)		2 Issuer's employer identification number (EIN) 35-2264191
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) James T. Giel		3b Telephone number of other person shown on 3a 602-257-7422
4 Number and street (or P.O. box if mail is not delivered to street address) 530 E. Monroe Avenue	Room/suite	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Buckeye, Arizona 85326		7 Date of issue 12/10/2013
8 Name of issue General Obligation Bonds, Series 2013		9 CUSIP number 315598 CC4
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Larry Price, District Treasurer		10b Telephone number of officer or other employee shown on 10a 623-349-6164

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities	17	1,818,524	
18 Other. Describe ►	18		
19 If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>			
If obligations are BANs, check only box 19b <input type="checkbox"/>			
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/15/2033	\$ 1,818,524	\$ 1,800,000	14.9987 years	4.8036 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22	0
23 Issue price of entire issue (enter amount from line 21, column (b))	23	1,818,524
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	0
25 Proceeds used for credit enhancement	25	16,498
26 Proceeds allocated to reasonably required reserve or replacement fund	26	0
27 Proceeds used to currently refund prior issues	27	0
28 Proceeds used to advance refund prior issues	28	0
29 Total (add lines 24 through 28)	29	16,498
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	1,802,026

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	►	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	►	_____ years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	►	_____
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	►	_____

Part VI Miscellaneous

- 35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)

35		
----	--	--
- 36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)

36a		
-----	--	--

 - b Enter the final maturity date of the GIC ▶ _____
 - c Enter the name of the GIC provider ▶ _____
- 37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units

37		
----	--	--
- 38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box and enter the following information:
 - b Enter the date of the master pool obligation ▶ _____
 - c Enter the EIN of the issuer of the master pool obligation ▶ _____
 - d Enter the name of the issuer of the master pool obligation ▶ _____
- 39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶
- 40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶
- 41a If the issuer has identified a hedge, check here and enter the following information:
 - b Name of hedge provider ▶ _____
 - c Type of hedge ▶ _____
 - d Term of hedge ▶ _____
- 42 If the issuer has superintegrated the hedge, check box ▶
- 43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶
- 44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶
- 45a If some portion of the proceeds was used to reimburse expenditures, check here and enter the amount of reimbursement ▶ _____
 - b Enter the date the official intent was adopted ▶ _____

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.				
	 Signature of issuer's authorized representative	December 10, 2013 Date	Larry Price, District Treasurer Type or print name and title		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	James T. Giel		12-10-13		P01085621
	Firm's name ▶ Gust Rosenfeld P.L.C.			Firm's EIN ▶ 86-0688020	
Firm's address ▶ One E. Washington, Suite 1600, Phoenix, AZ 85004			Phone no. 602-257-7422		

NEW ISSUE - BOOK-ENTRY-ONLY

RATINGS: See "RATINGS" herein.

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District, as mentioned under "TAX EXEMPTION" herein, interest income on the Bonds is excluded from gross income for federal income tax purposes. Interest income on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; however, such interest income must be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations, which income is subject to the federal alternative minimum tax. In the opinion of Bond Counsel, interest income on the Bonds is exempt from Arizona income taxes. See "TAX EXEMPTION" and "BOND PREMIUM" herein.

The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The District will certify that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations which will be issued by the District in calendar year 2013 will not exceed \$10,000,000. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

\$1,800,000

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2013**

Dated: Date of Initial Delivery

Due: As shown on the inside front cover

The \$1,800,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2013 (the "Bonds") will be issued 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 system maintained by DTC in amounts of \$5,000 of principal amount or 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 July 15, 2014. 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

The Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended, and an election held on May 25, 2005 and for Festival Ranch Community Facilities District, a community facilities district formed within the boundaries of the Town of Buckeye, Arizona (the "District") and will be issued pursuant to a resolution of the Board of Directors of the District adopted on November 5, 2013. The Bonds will be payable as to both principal and interest from *ad valorem* taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate or amount. See "SECURITY FOR AND SOURCES OF PAYMENT."

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 finance the acquisition of certain public infrastructure (including specifically underground water main lines, wells and facilities) and pay the premium for the Policy (as defined herein) by the District.

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

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN OF BUCKEYE, ARIZONA, THE STATE OF ARIZONA 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 OF BUCKEYE, ARIZONA, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.



The Bonds are offered when, as and if issued and subject to the approval of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona, for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for Pulte Home Corporation by its counsel, Berens, Kozub, Kloberdanz & Blonstein PLC, Scottsdale, Arizona. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about December 10, 2013.

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.

STIFEL

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

MATURITY SCHEDULE
Base CUSIP®⁽¹⁾ No. 315598

<u>Maturity Date (July 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP®⁽¹⁾ No.</u>
2015	\$ 10,000	2.00%	1.000%	BP6
2016	10,000	2.00	1.250	BQ4
2017	45,000	2.00	1.750	BR2
2018	50,000	2.00	2.000	BS0
2019	55,000	2.50	2.500	BT8
2020	50,000	3.00	3.000	BU5
2021	55,000	3.50	3.500	BV3
2022	55,000	3.75	3.750	BW1
2023	60,000	3.85	3.850	BX9
2024	55,000	4.00	4.000	BY7

\$125,000 Term Bonds @ 4.25% Due July 15, 2026 - Price 100.000% CUSIP® No. 315598BZ4

\$135,000 Term Bonds @ 4.50% Due July 15, 2028 - Price 100.000% CUSIP® No. 315598CA8

\$150,000 Term Bonds @ 4.75% Due July 15, 2030 - Price 100.000% CUSIP® No. 315598CB6

\$945,000 Term Bonds @ 5.25% Due July 15, 2033 - Price 101.882%* CUSIP® No. 315598CC4

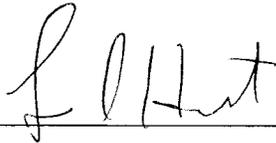
* Priced to July 15, 2023, the first optional redemption date.

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. Copyright© 1999-2013 Standard & Poor's Financial Services LLC. All rights reserved. CUSIP® data herein is provided by Standard & Poor's CUSIP Service Bureau. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. None of the District, Bond Counsel, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, the Report of Bond and Security Issuance for the above-captioned financing, addressed to the Arizona Department of Revenue, Office of Economic Research and Analysis, P.O. Box 29099, Phoenix, Arizona 85038, on December 10, 2013.





MUNICIPAL BOND INSURANCE POLICY

ISSUER: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)

Policy No: 2013B0482

MEMBER: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)

Effective Date: December 10, 2013

BONDS: \$1,800,000 in aggregate principal
amount of General Obligation Bonds
Series 2013

Risk Premium:	\$7,200.00
Member Surplus Contribution:	\$9,298.06
Total Insurance Payment:	\$16,498.06

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date

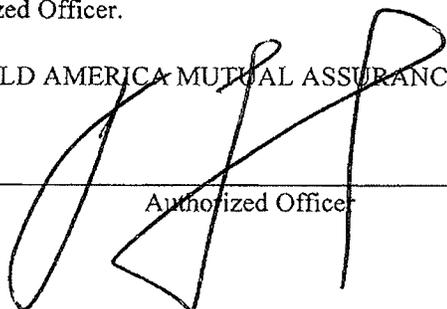
of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

IN WITNESS WHEREOF, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY
By:  _____
Authorized Officer

Schedule A

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

**SUPPLEMENTAL AGREEMENT
BETWEEN
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
AND
BUILD AMERICA MUTUAL ASSURANCE COMPANY**

THIS SUPPLEMENTAL AGREEMENT (this "Agreement") is entered into as of December 1, 2013, between the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), and Build America Mutual Assurance Company, a New York mutual insurance corporation (as further defined below, "*BAM*").

RECITALS

A. The District adopted Resolution No. 14-13 on November 5, 2013 (the "*Bond Resolution*") authorizing the issuance of \$1,800,000 aggregate principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2013 (the "*Bonds*"), the purchase of bond insurance or other credit enhancement in connection therewith, and certain District officers to enter into any obligations or agreements on behalf of the District to repay amounts paid on such bond insurance or other credit enhancement by the provider thereof.

B. BAM provided that certain Municipal Bond Insurance Commitment dated November 14, 2013 offering bond insurance for the Bonds (the "*Commitment*").

C. The District desires to purchase a policy of bond insurance pursuant to the Commitment (as further defined below, the "*Policy*"), and the District and BAM desire to enter into this Agreement to provide a portion of the consideration for the Policy in addition to the Insurance Payment specified in the Commitment.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference, the following mutual covenants and conditions, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the District and BAM hereby agree as follows:

1. Notice and Other Information to be given to BAM. The District, Zions First National Bank, as Paying Agent, or David Taussig & Associates, as Dissemination Agent, as the case may be, will provide BAM with all notices and other information the District is obligated to provide to the holders of the Bonds under the Bond Resolution. Notwithstanding the foregoing, the failure of BAM to receive any notice will not affect the validity of the proceedings noticed thereby for which proper notice was given.

The notice address of BAM is: Build America Mutual Assurance Company, 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, NY 10281, Attention: Surveillance, Re: Policy No. 2013B0482, Telephone: (212) 235-2500, Telecopier: (212) 235-1542, Email: notices@buildamerica.com. In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or

at Telecopier: (212) 235-5214 and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

2. Amendments, Supplements and Consents. After any of the Bonds are authenticated and delivered upon receipt of payment therefor pursuant to the Bond Resolution, the Bond Resolution shall be and remain irrevocable until the Bonds and the interest thereon shall have been fully paid, canceled and discharged. Wherever the Bond Resolution requires the consent of Bondholders, if at all, BAM's consent shall also be required. In addition, any proposed amendment, supplement or modification to the Bond Resolution that adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM and shall be subject to final approval and adoption by the District in its sole and absolute discretion.

3. BAM As Third Party Beneficiary. BAM is explicitly recognized as and shall be deemed to be a third party beneficiary of the Bond Resolution and may enforce any right, remedy or claim conferred, given or granted thereunder.

4. Policy Payments.

a. In the event that principal and/or interest due on the Bonds shall be paid by BAM pursuant to the Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the District, the pledge of *ad valorem* property taxes in an amount sufficient to pay Debt Service (as defined pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes) as security for the Bonds and all covenants, agreements and other obligations of the District to the beneficial owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such beneficial owners including, without limitation, any rights that such beneficial owners may have in respect of securities law violations arising from the offer and sale of the Bonds; provided, however, that any damages shall be limited to amounts actually paid by BAM in respect of such violations, if any.

b. The District agrees for the benefit of BAM that:

i. It recognizes that to the extent BAM makes payments directly or indirectly (e.g., by paying through a paying agent), on account of principal of or interest on the Bonds, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the District, with interest thereon, as provided and solely from the sources stated in the Bond Resolution and the Bonds; and

ii. It will accordingly pay to BAM the amount of such principal and interest, with interest thereon, but only from the sources and in the manner provided in the Bond Resolution and the Bonds for the payment of principal of and interest on the Bonds to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

c. *Special Provisions for Insurer Default:* If an Insurer Default (as hereinafter defined) shall occur and be continuing, then, notwithstanding anything in paragraph (b) above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other holder of the Bonds for all purposes under the Bond Resolution, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing

or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph (c), "Insurer Default" means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

5. Definitions.

a. "BAM" shall mean Build America Mutual Assurance Company, or any successor thereto.

b. "Policy" shall mean the Municipal Bond Insurance Policy No. 2013B0482 issued by BAM that guarantees the scheduled payment of principal of and interest on the Bonds when due.

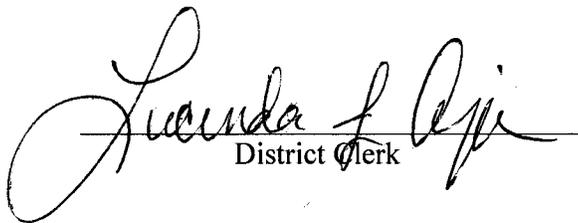
[Signature Page to Follow]

Dated this 1st day of December, 2013.

**FESTIVAL RANCH COMMUNITY
FACILITIES DISTRICT (TOWN OF
BUCKEYE, ARIZONA)**

By 
Larry Price, District Treasurer

ATTEST:


District Clerk

**BUILD AMERICA MUTUAL ASSURANCE
COMPANY**

By _____

Dated this 1st day of December, 2013.

**FESTIVAL RANCH COMMUNITY
FACILITIES DISTRICT (TOWN OF
BUCKEYE, ARIZONA)**

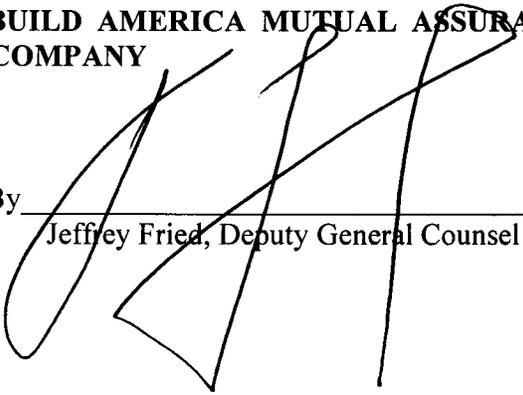
By _____
Larry Price, District Treasurer

ATTEST:

District Clerk

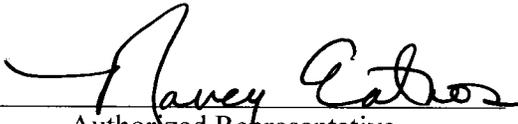
**BUILD AMERICA MUTUAL ASSURANCE
COMPANY**

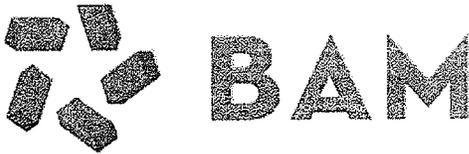
By _____
Jeffrey Fried, Deputy General Counsel



Zions First National Bank, the Paying Agent,
accepts and acknowledges the provisions set forth
in Section 1 and Section 3 hereof.

ZIONS FIRST NATIONAL BANK

By 
Authorized Representative



DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF
BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM Policy No.: 2013B0482

BONDS: \$1,800,000 in aggregate principal amount of
Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
General Obligation Bonds
Series 2013

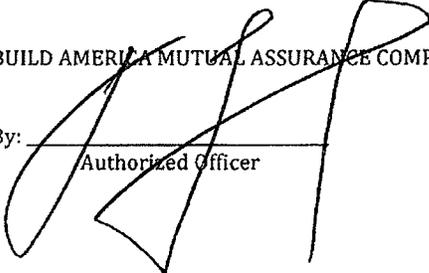
Date of the Official Statement: November 19, 2013

The undersigned hereby certifies on behalf of BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), in connection with the issuance by BAM of its Policy referenced above (the "Policy") in respect of the Bonds referenced above (the "Bonds") that:

- (i) The information set forth under the caption "BOND INSURANCE-BUILD AMERICA MUTUAL ASSURANCE COMPANY" in the official statement referenced above, relating to the Bonds (the "Official Statement") is true and correct;
- (ii) BAM is not currently in default nor has BAM ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation;
- (iii) The Policy is an unconditional and recourse obligation of BAM (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds when due in the event of Nonpayment by the Issuer (as set forth in the Policy);
- (iv) The insurance payment (inclusive of the sum of the Risk Premium and the Member Surplus Contribution) (the "Insurance Payment") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to BAM as a condition to the issuance of the Policy;
- (v) BAM will, for federal income tax purposes, treat the Insurance Payment as solely in consideration for the insurance risk it assumes in the Policy and not as consideration for an investment in BAM or its assets;
- (vi) No portion of such Insurance Payment represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by BAM to maintain its rating, which, together with all other overhead expenses of BAM, are taken into account in the formulation of its rate structure, or for the provision of additional services by BAM, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor);
- (vii) BAM is not providing any services in connection with the Bonds other than providing the Policy, and except for the Insurance Payment, BAM will not use any portion of the Bond proceeds;
- (viii) Except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by BAM, unless BAM has issued a debt service reserve insurance policy with respect to the Bonds;
- (ix) BAM does not expect that a claim will be made on the Policy; and
- (x) Neither the Issuer nor any other Obligor is entitled to a refund of the Insurance Payment for the Policy in the event a Bond is retired before the final maturity date.

BAM makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: 
Authorized Officer

Dated: December 10, 2013



Primary Market Disclosure Certificate
Festival Ranch Community Facilities District (Town of Buckeye, Arizona), General
Obligation Bonds, Series 2013 (the "Insured Bonds")

For the benefit of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "Issuer"), and acknowledging that the Issuer will be relying on the contents hereof in addressing certain tax and disclosure items and for other matters, Build America Mutual Assurance Company ("Build America") makes the following representations and warranties as of the date hereof:

1. Neither Build America nor any affiliate of Build America has purchased, or has committed to purchase, any of the Insured Bonds, whether at the initial offering or otherwise;
2. Neither Build America nor any affiliate of Build America has entered into any agreement or understanding regarding the purchase or sale of the Insured Bonds, except for the insurance policies that Build America has provided regarding payments due under the Insured Bonds and the documentation associated with said insurance policies.

For the purposes of this certificate, "affiliate of Build America" means a person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, Build America.

December 10, 2013

Build America Mutual Assurance Company

By: _____
Authorized Officer



55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212 438-2074
reference no.: 436702045

November 19, 2013

Build America Mutual Assurance Company
1 World Financial Center- 27th FL.
200 Liberty Street
New York, NY 10281
Attention: Ms. Laura Levenstein

**Re: \$1,800,000 Festival Ranch Community Facilities District (Town of Buckeye, Arizona),
General Obligation Bonds, Series 2013, dated: Date of Initial Delivery, due: July 15, 2015-
2024, 2026, 2028, 2030, 2033, (POLICY #2013B0482)**

Dear Ms. Levenstein:

Standard & Poor's Ratings Services ("Ratings Services") has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating from "BBB" to "AA" on the above obligations. The rating on the above obligations is based on the policy provided by your company.

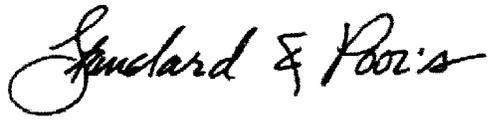
We may adjust the underlying rating and the capital charge as a result of changes in the financial position of the issuer or performance of the collateral, or of amendments to the documents governing the issue, as applicable. With respect to the latter, please notify us of any changes or amendments over the term of the debt.

The credit ratings and other views of Ratings Services are statements of opinion and not statements of fact. Credit ratings and other views of Ratings Services are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice.

Ratings Services is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing Ratings Services.

Page | 2

Sincerely yours,

A handwritten signature in black ink that reads "Standard & Poor's". The script is fluid and cursive, with the ampersand being particularly stylized.

Standard & Poor's Ratings Services

ak



Standard & Poor's Ratings Services Terms and Conditions Applicable To Public Finance Credit Ratings

General. The credit ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. Credit ratings and other views of Ratings Services are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice. Unless otherwise indicated, the term "issuer" means both the issuer and the obligor if the obligor is not the issuer.

All Credit Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a credit rating, and assign or revise an Outlook, at any time, in Ratings Services' sole discretion. Ratings Services may take any of the foregoing actions notwithstanding any request for a confidential or private credit rating or a withdrawal of a credit rating, or termination of a credit rating engagement. Ratings Services will not convert a public credit rating to a confidential or private credit rating, or a private credit rating to a confidential credit rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate a credit rating and any related analytical reports, including the rationale for the credit rating, unless the issuer specifically requests in connection with the initial credit rating that the credit rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private credit rating or the existence of a confidential or private credit rating subsequently becomes public through disclosure other than by an act of Ratings Services or its affiliates, Ratings Services reserves the right to treat the credit rating as a public credit rating, including, without limitation, publishing the credit rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of the issuer or at the issuer's request. Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public credit ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' credit ratings criteria from time to time and Ratings Services may modify or refine its credit ratings criteria at any time as Ratings Services deems appropriate.

Reliance on Information. Ratings Services relies on issuers and their agents and advisors for the accuracy and completeness of the information submitted in connection with credit ratings and the surveillance of credit ratings including, without limitation, information on material changes to information previously provided by issuers, their agents or advisors. Credit ratings, and the maintenance of credit ratings, may be affected by Ratings Services' opinion of the information received from issuers, their agents or advisors.

Confidential Information. Ratings Services has established policies and procedures to maintain the confidentiality of certain non-public information received from issuers, their agents or advisors. For these purposes, "Confidential Information" shall mean verbal or written information that the issuer or its agents or advisors have provided to Ratings Services and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential."

Ratings Services Not an Expert, Underwriter or Seller under Securities Laws. Ratings Services has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. Rating Services has not performed and will not perform the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with a credit rating engagement.

Disclaimer of Liability. Ratings Services does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a credit rating or the results obtained from the use of such information. RATINGS SERVICES GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. Ratings Services, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to any person for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to a credit rating or the related analytic services even if advised of the possibility of such damages or other amounts.

No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.



One California Street, 31st Floor
San Francisco, CA 94111-5432
tel 415 371-5000
reference no.: 1281725

October 30, 2013

Festival Ranch Community Facilities District
Town of Buckeye
530 East Monroe Avenue
Buckeye, AZ 85326
Attention: Mr. Larry Price, District Treasurer

Re: *US\$1,800,000 Festival Ranch Community Facilities District, Arizona, General Obligation Bonds, Series 2013, dated: Date of delivery, due: July 15, 2033*

Dear Mr. Price:

Pursuant to your request for a Standard & Poor's Ratings Services ("Ratings Services") rating on the above-referenced obligations, Ratings Services has assigned a rating of "BBB". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes Ratings Services' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, Standard & Poor's must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. You understand that Ratings Services relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@standardandpoors.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the

rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

Ratings Services is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing Ratings Services.

Sincerely yours,

A handwritten signature in cursive script that reads "Standard & Poor's". The signature is written in black ink and is positioned below the "Sincerely yours," text.

Standard & Poor's Ratings Services

sb
enclosures

cc: Ms. Sandra M. Park, Assistant Vice President
Stone & Youngberg, a Division of Stifel Nicholas



Standard & Poor's Ratings Services Terms and Conditions Applicable To Public Finance Credit Ratings

General. The credit ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. Credit ratings and other views of Ratings Services are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice. Unless otherwise indicated, the term "issuer" means both the issuer and the obligor if the obligor is not the issuer.

All Credit Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a credit rating, and assign or revise an Outlook, at any time, in Ratings Services' sole discretion. Ratings Services may take any of the foregoing actions notwithstanding any request for a confidential or private credit rating or a withdrawal of a credit rating, or termination of a credit rating engagement. Ratings Services will not convert a public credit rating to a confidential or private credit rating, or a private credit rating to a confidential credit rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate a credit rating and any related analytical reports, including the rationale for the credit rating, unless the issuer specifically requests in connection with the initial credit rating that the credit rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private credit rating or the existence of a confidential or private credit rating subsequently becomes public through disclosure other than by an act of Ratings Services or its affiliates, Ratings Services reserves the right to treat the credit rating as a public credit rating, including, without limitation, publishing the credit rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of the issuer or at the issuer's request. Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public credit ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' credit ratings criteria from time to time and Ratings Services may modify or refine its credit ratings criteria at any time as Ratings Services deems appropriate.

Reliance on Information. Ratings Services relies on issuers and their agents and advisors for the accuracy and completeness of the information submitted in connection with credit ratings and the surveillance of credit ratings including, without limitation, information on material changes to information previously provided by issuers, their agents or advisors. Credit ratings, and the maintenance of credit ratings, may be affected by Ratings Services' opinion of the information received from issuers, their agents or advisors.

Confidential Information. Ratings Services has established policies and procedures to maintain the confidentiality of certain non-public information received from issuers, their agents or advisors. For these purposes, "Confidential Information" shall mean verbal or written information that the issuer or its agents or advisors have provided to Ratings Services and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential."

Ratings Services Not an Expert, Underwriter or Seller under Securities Laws. Ratings Services has not consented and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. Rating Services has not performed and will not perform the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with a credit rating engagement.

Disclaimer of Liability. Ratings Services does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a credit rating or the results obtained from the use of such information. RATINGS SERVICES GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. Ratings Services, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to any person for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to a credit rating or the related analytic services even if advised of the possibility of such damages or other amounts.

No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.

OFFICIAL STATEMENT DATED NOVEMBER 19, 2013

NEW ISSUE - BOOK-ENTRY-ONLY

RATINGS: See "RATINGS" herein.

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District, as mentioned under "TAX EXEMPTION" herein, interest income on the Bonds is excluded from gross income for federal income tax purposes. Interest income on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; however, such interest income must be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations, which income is subject to the federal alternative minimum tax. In the opinion of Bond Counsel, interest income on the Bonds is exempt from Arizona income taxes. See "TAX EXEMPTION" and "BOND PREMIUM" herein.

The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The District will certify that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations which will be issued by the District in calendar year 2013 will not exceed \$10,000,000. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

\$1,800,000

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2013**

Dated: Date of Initial Delivery

Due: As shown on the inside front cover

The \$1,800,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2013 (the "Bonds") will be issued 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 system maintained by DTC in amounts of \$5,000 of principal amount or 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 July 15, 2014. 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

The Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended, and an election held on May 25, 2005 in and for Festival Ranch Community Facilities District, a community facilities district formed within the boundaries of the Town of Buckeye, Arizona (the "District") and will be issued pursuant to a resolution of the Board of Directors of the District adopted on November 5, 2013. The Bonds will be payable as to both principal and interest from *ad valorem* taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate or amount. See "SECURITY FOR AND SOURCES OF PAYMENT."

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 finance the acquisition of certain public infrastructure (including specifically underground water main lines, wells and facilities) and pay the premium for the Policy (as defined herein) by the District.

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

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN OF BUCKEYE, ARIZONA, THE STATE OF ARIZONA 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 OF BUCKEYE, ARIZONA, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.



The Bonds are offered when, as and if issued and subject to the approval of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona, for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for Pulte Home Corporation by its counsel, Berens, Kozub, Kloberdanz & Blonstein PLC, Scottsdale, Arizona. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about December 10, 2013.

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.

STIFEL

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

MATURITY SCHEDULE
Base CUSIP®⁽¹⁾ No. 315598

Maturity Date (July 15)	Principal Amount	Interest Rate	Yield	CUSIP® ⁽¹⁾ No.
2015	\$ 10,000	2.00%	1.000%	BP6
2016	10,000	2.00	1.250	BQ4
2017	45,000	2.00	1.750	BR2
2018	50,000	2.00	2.000	BS0
2019	55,000	2.50	2.500	BT8
2020	50,000	3.00	3.000	BU5
2021	55,000	3.50	3.500	BV3
2022	55,000	3.75	3.750	BW1
2023	60,000	3.85	3.850	BX9
2024	55,000	4.00	4.000	BY7

\$125,000 Term Bonds @ 4.25% Due July 15, 2026 - Price 100.000% CUSIP® No. 315598BZ4

\$135,000 Term Bonds @ 4.50% Due July 15, 2028 - Price 100.000% CUSIP® No. 315598CA8

\$150,000 Term Bonds @ 4.75% Due July 15, 2030 - Price 100.000% CUSIP® No. 315598CB6

\$945,000 Term Bonds @ 5.25% Due July 15, 2033 - Price 101.882%* CUSIP® No. 315598CC4

* Priced to July 15, 2023, the first optional redemption date.

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. Copyright© 1999-2013 Standard & Poor's Financial Services LLC. All rights reserved. CUSIP® data herein is provided by Standard & Poor's CUSIP Service Bureau. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. None of the District, Bond Counsel, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)**

DISTRICT BOARD

Jackie A. Meck, *District Chairman*
Brian McAchran, *District Vice Chairman*
Robert Garza, *District Board Member*
Michelle Hess, *District Board Member*
Ray Strauss, *District Board Member*
Craig Heustis, *District Board Member*
Eric Orsborn, *District Board Member*

DISTRICT STAFF

Stephen S. Cleveland, *District Manager*
Larry D. Price, *District Treasurer*
Lucinda Aja, *District Clerk*

FINANCIAL ADVISOR

Wedbush Securities Inc.
Phoenix, Arizona

BOND COUNSEL

Gust Rosenfeld P.L.C.
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

Zions First National Bank
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 Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "District"), General Obligation Bonds, Series 2013, (the "Bonds"), the hereinafter described Bond Resolution, the security for the Bonds, the District, Pulte Home Corporation ("Pulte") 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 and any other documents are qualified in their entirety by reference to such documents, copies of which may be obtained from Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), at 2325 East Camelback Road, Suite 750, Phoenix, Arizona 85016.

The information set forth herein has been obtained from the District, Pulte 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 the Underwriter or Wedbush Securities, Inc. (the "Financial Advisor"). This Official Statement contains, in part, estimates and matters of opinion which 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* 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 pursuant to its responsibilities to investors under federal securities laws, 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 Pulte 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 has covenanted to provide continuing disclosure pursuant to rule 15c2-12 of the Securities and Exchange Commission as described in this Official Statement under "CONTINUING DISCLOSURE" and in APPENDIX D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING."

In connection with this offering, the Underwriter may allow concessions or discounts from the initial public offering prices to dealers and others, and the Underwriter may overallocate or engage in transactions intended to stabilize the prices of the Bonds at levels above those which might otherwise prevail in the open market in order to facilitate their distribution. Such stabilization, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers, institutional, investors and others at prices lower than the public offering prices stated on the inside front cover page hereof and such public offering prices may be changed from time to time by the Underwriter.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and APPENDIX E - "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

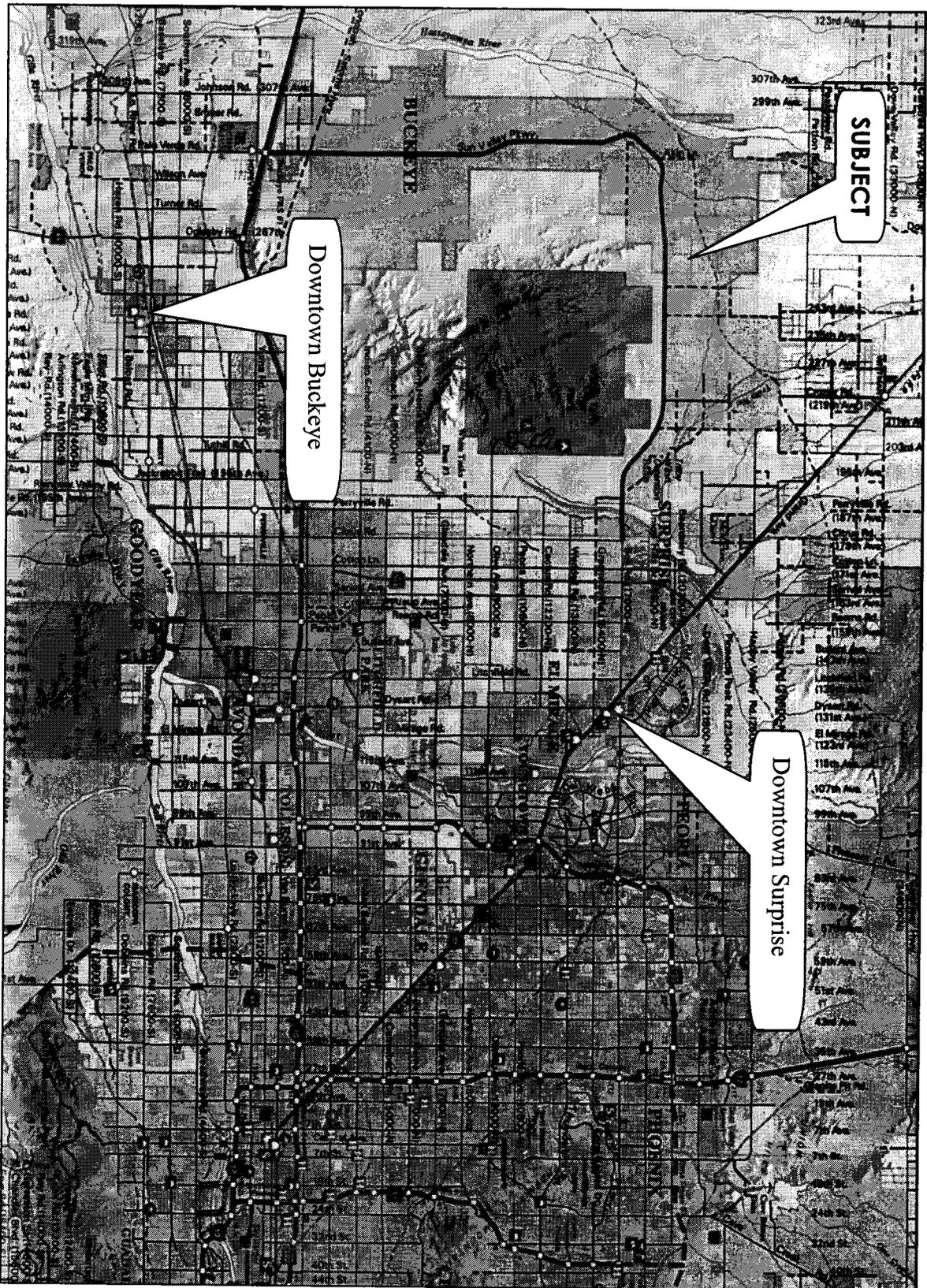
TABLE OF CONTENTS

	<u>Page</u>
MAP SHOWING LOCATION OF THE DISTRICT WITHIN METROPOLITAN PHOENIX AREA	(iii)
AERIAL PHOTOGRAPH OF THE DISTRICT	(iv)
THE DISTRICT	1
THE BONDS	1
Authority and Election	1
General Description	2
Bond Registrar and Paying Agent	2
Redemption Provisions	2
SECURITY FOR AND SOURCES OF PAYMENT	3
General	3
Ad Valorem Property Taxation in the District	4
OVERLAPPING, ADDITIONAL AND ADDITIONAL	12
OVERLAPPING INDEBTEDNESS	12
Overlapping General Obligation Bonded Indebtedness	12
Additional General Obligation Bonded Indebtedness of the District	13
Additional Overlapping General Obligation Bonded Indebtedness	14
Other Debt of the District	14
BOND INSURANCE	14
Bond Insurance Policy	14
Build America Mutual Assurance Company	15
BOND INSURANCE AND RELATED RISK FACTORS	15
LAND DEVELOPMENT	16
In General	16
Land Development Agreements/Community Master Plan	17
Additional Entitlements	17
Residential Development	18
THE PUBLIC INFRASTRUCTURE	19
Water Reclamation Facility	19
Water Production Campus	19
Assured Water Supply	20
Streets/Water and Sewer Lines	21
Police and Fire	21
Other	21
PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS	21
PULTE	22
SOURCES AND APPLICATION OF FUNDS	23
RISK FACTORS	23
General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences	23
Failure or Inability to Complete Proposed Development	24
Completion of the Public Infrastructure and the Other Infrastructure	24
Sale of Portions of the Land in the District	25
Availability of Utilities	25
Effect of Valuation of Property	25
Direct and Overlapping Indebtedness	25
Bankruptcy and Foreclosure Delays	25
Amendment of Documents Referenced	26
Environmental Matters	26
Projections	27
Cancellation of Contracts	27
LITIGATION	27

TABLE OF CONTENTS
(Continued)

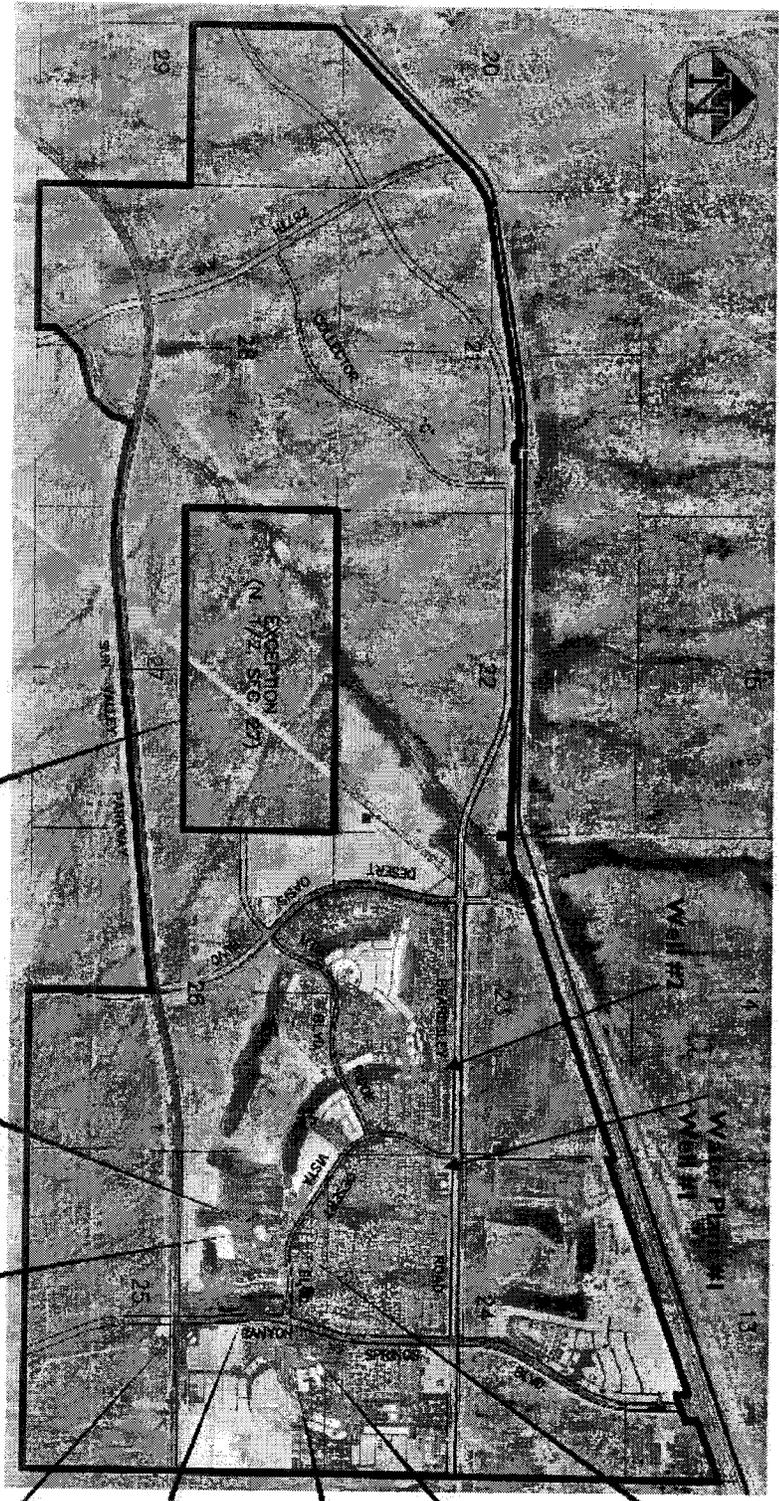
	<u>Page</u>
TAX EXEMPTION	27
BOND PREMIUM	28
QUALIFIED TAX-EXEMPT OBLIGATIONS	29
RATINGS	29
LEGAL MATTERS	29
UNDERWRITING	29
CONTINUING DISCLOSURE	30
FINANCIAL ADVISOR	30
RELATIONSHIP AMONG PARTIES	30
APPENDIX A: INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA	A-1
APPENDIX B: FORM OF LEGAL OPINION OF BOND COUNSEL	B-1
APPENDIX C: BOOK-ENTRY-ONLY SYSTEM	C-1
APPENDIX D: FORM OF CONTINUING DISCLOSURE UNDERTAKING	D-1
APPENDIX E: SPECIMEN MUNICIPAL BOND INSURANCE POLICY	E-1

MAP SHOWING LOCATION OF THE DISTRICT
WITHIN METROPOLITAN PHOENIX AREA



[THIS PAGE INTENTIONALLY LEFT BLANK]

AERIAL PHOTOGRAPH OF THE DISTRICT



**FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT EXHIBIT**

DATE: 3.28.20
BY: JAS/DAH

EXCEPTION N 1/2 SEC 63



SCENE 01 - W. EXHIBIT 02 05A



SCENE 02 - W. EXHIBIT 02 05B



SCENE 03 - W. EXHIBIT 02 05C



SAGE CHURCH



BISHOP - NORTH ISLAND



BISHOP - SOUTH ISLAND



COPPER CANYON COVE

APPROX. WALKS TO
CITY OF SUDBURY

[THIS PAGE INTENTIONALLY LEFT BLANK]

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2013

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, provides certain information concerning the issuance of \$1,800,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2013 (the "Bonds").

THE DISTRICT

Pursuant to the Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "Enabling Act"), and in response to a petition by Pulte Home Corporation, a corporation organized and existing pursuant to the laws of the State of Michigan ("Pulte"), the Mayor and Council (the "Town Council") of the Town of Buckeye, Arizona (the "Town"), adopted a resolution on April 19, 2005, which formed Festival Ranch Community Facilities District (the "District"). See APPENDIX A - "INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA" hereto for certain information about the Town and the information under the heading "PULTE" herein for specific information about Pulte.

The District encompasses approximately 4,015 acres within the Town and is located approximately 35 miles west of downtown Phoenix, Arizona, 17 miles north of Interstate 10 and nine miles west of the City of Surprise, Arizona. See the map on page (iii) with respect to the location of the District and the aerial photograph of the District on page (iv).

The District is a special purpose, tax levying public improvement district for purposes of the Constitution of the State of Arizona (the "State" or "Arizona") and a municipal corporation for certain purposes of the laws of the State. Except as otherwise provided in the Enabling Act, the District is considered to be a municipal corporation and political subdivision of the State, separate and apart from the Town. Members of the Town Council serve as members of the Board of Directors of the District (the "Board"), and the Town Manager of the Town currently serves as the District Manager.

The District has provided, pursuant to the terms of certain development agreements among the Town, Pulte and the District, financing for the acquisition of certain public infrastructure necessary for development of the land within the boundaries of the District. See "LAND DEVELOPMENT." The District has the authority to issue general obligation bonds payable from *ad valorem* taxes levied on all taxable property within the boundaries of the District, without limitation as to rate or amount, to finance, among other things, the acquisition costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds. The District also levies a \$0.30 *ad valorem* tax per \$100 of secondary assessed valuation, the proceeds of which are used to pay a portion of the operation and maintenance expenses of the District and the public infrastructure financed by the District.

THE BONDS

Authority and Election

The Bonds are authorized pursuant to the Enabling Act and an election held on May 25, 2005 (the "Election") and will be issued pursuant to a resolution adopted by the Board on November 5, 2013 (the "Bond Resolution"). The Bonds will be the sixth series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, \$157,865,000 principal amount of such general obligation bonds will remain authorized but unissued. See "SECURITY FOR AND SOURCES OF PAYMENT - *Ad Valorem* Property Taxation in the District" and "OVERLAPPING, ADDITIONAL, ADDITIONAL OVERLAPPING AND OTHER INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District." The Bonds are being issued in order to finance

a portion of the cost for the District to acquire the Public Infrastructure Financed by the Bonds (as hereinafter defined) from Pulte. See "PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS."

General Description

The Bonds will be dated the date of their initial delivery, and will mature and bear interest at the rates 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 July 15, 2014 (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. See APPENDIX C - "BOOK-ENTRY-ONLY SYSTEM."

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"). DTC will act as the securities depository of the Bonds for a book-entry-only system. The Bonds will be available initially to ultimate purchasers under such system in amounts of \$5,000 of principal amount or integral multiples in excess thereof due on specified maturity dates. No document of any nature whatsoever need be surrendered as a condition to payment of the principal and interest on the Bonds. See APPENDIX C - "BOOK-ENTRY-ONLY SYSTEM."

Bond Registrar and Paying Agent

Zions First National Bank will serve as the initial bond registrar, transfer agent and paying agent (the "Bond Registrar and Paying Agent") for the Bonds. The District may change the Bond Registrar and Paying Agent without notice to or consent of the owners of the Bonds.

Redemption Provisions

Optional Redemption. The Bonds will be subject to redemption prior to maturity, at the option of the District, on or after July 15, 2023, in whole or in part on any date, at the redemption price of the principal amount of the Bonds or portion thereof being redeemed plus accrued interest 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 Maturity July 15, 2026	
Redemption Date (July 15)	Principal Amount Redeemed
2025	\$60,000
2026 (maturity)	65,000
Term Bond Maturity July 15, 2028	
Redemption Date (July 15)	Principal Amount Redeemed
2027	\$65,000
2028 (maturity)	70,000

Term Bond Maturity July 15, 2030

Redemption Date (July 15)	Principal Amount Redeemed
2029	\$75,000
2030 (maturity)	75,000

Term Bond Maturity July 15, 2033

Redemption Date (July 15)	Principal Amount Redeemed
2031	\$ 75,000
2032	390,000
2033 (maturity)	480,000

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 payment shall be in an amount of at least \$5,000 of principal.

Notice of Redemption. Notice of redemption will be given by the Bond Registrar and Paying Agent, not less than 30 days nor more than 60 days before the date fixed for redemption, to DTC. See APPENDIX C - "BOOK-ENTRY-ONLY SYSTEM."

Effect of Redemption. If on the date of redemption of the Bonds sufficient moneys for payment of the redemption price and accrued interest are held by the Bond Registrar and Paying Agent, interest on the Bonds so called for redemption will cease to accrue and such Bonds will cease to be entitled to any benefit or security under the Bond Resolution except the right to receive payment from the moneys held for such Bonds.

SECURITY FOR AND SOURCES OF PAYMENT

General

The Board will 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 in the District, sufficient, together with any amounts from the sources described in the Enabling Act and available pursuant to the Bond Resolution, to pay debt service with respect to the Bonds (whether at maturity or prior redemption) when due. Amounts derived from the levy of such tax when collected constitute funds to pay the debt service on the outstanding general obligation bonds of the District (including debt service with respect to the hereinafter described Series 2006 Bonds, Series 2007 Bonds, Series 2009 Bonds, Taxable Series 2009 Bonds and Series 2012 Bonds and with respect to the Bonds) and will be kept separately from other funds of the District. With respect to *ad valorem* property taxes, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2009 Bonds, the Taxable Series 2009 Bonds, the Series 2012 Bonds and the Bonds will be payable from such taxes on the same basis as issues of general obligation bonds of the District which may be issued in the future. The Board also levies an additional *ad valorem* tax of \$0.30 per \$100 of secondary assessed valuation which amount will be used for operation and maintenance expenses of the District. See "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District."

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN NOR THE STATE NOR 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 DEBT SERVICE FOR THE BONDS.

Ad Valorem Property Taxation in the District

At the general election held November 6, 2012, the voters of the State ratified Senate Concurrent Resolution 1025, which amends a provision of the Arizona Constitution relating to the State's property tax system. Beginning in tax year 2015 (for operations during the District's fiscal year 2015-16), and for tax years thereafter, the constitutional amendment will limit the value of real property and improvements, including mobile homes, used for all ad valorem tax purposes (both primary and secondary) to the lesser of the full cash value of the property or an amount five percent greater than the taxable value of property determined for the prior year. The foregoing limitation does not apply to (1) equalization orders that the Arizona Legislature exempts from such limitation; (2) property used in the business of patented or unpatented producing mines, mills and smelters; (3) producing oil, gas and geothermal interests; (4) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (5) aircraft – regularly scheduled and operated by an aircraft company; (6) standing timber; (7) pipelines; and (8) personal property, except mobile homes. Statutory amendments to implement this Constitutional amendment were enacted in the 2013 legislative session.

The information which follows under the heading “**Ad Valorem Property Taxation in the District**” summarizes the assessment, levy and collection process as it currently exists.

General. The State has two different valuation bases for levying *ad valorem* property taxes. They are “limited property” and “full cash value.” Additionally, 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) which is multiplied by the limited or full cash values of the property to obtain the assessed valuations. (See “Assessment Ratios.”)

Primary Taxes. Taxes levied against the assessed limited property value (after application of the assessment ratio) are referred to as primary taxes, which are used for the maintenance and operation of counties, cities/towns, school districts, community college districts and the State. The State does not currently levy *ad valorem* taxes. With the exception of personal property (other than mobile homes) and utility, mining and producing oil, gas and geothermal property with limited values equal to full cash value, limited property value cannot exceed the full cash value and is derived statutorily using one of the following two procedures:

- (a) The limited property value for property in existence in the prior year that did not undergo modification through construction, destruction, split or change in use is established at the previous year's limited property value increased by the greater of either 10% of the previous year's limited property value or 25% of the difference between the previous year's limited property value and the current year's full cash value.
- (b) The limited property value for property that was omitted from the tax roll in the prior year, that underwent a change in use or modification through construction, destruction or demolition or that has been split, subdivided or consolidated is established at a level or percentage of the limited property value to full cash value of existing properties of the same use or legal classification.

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the prior year's levy limit 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). In November 2006, the maximum allowable primary property tax levy limit was rebased to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in prior years). The 2% limitation does not apply to primary taxes levied on behalf of school districts. The limited and full cash values of personal property (other than mobile homes) and for utility, mining and producing oil, gas and geothermal power are

the same. Property taxes on residential property only are constitutionally limited to 1% of the full cash value of such property.

As noted, primary taxes on residential property only are constitutionally limited to 1% of the full cash 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. See footnote (b) to TABLE 8.

Secondary Taxes. Taxes levied against the assessed value (after application of the assessment ratio to full cash value) are referred to as secondary taxes, which are used for debt retirement (including debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts. There is no limitation on the annual increases in full cash value of any property, and annual levies for voter-approved bonded indebtedness and special district assessments are unlimited.

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. Most property is valued by the various county assessors including for the county in which the District is located, Maricopa County, Arizona (the "County"), the Assessor of the County (the "County Assessor"), with the Arizona Department of Revenue valuing centrally assessed properties such as gas, water and electrical utilities, pipelines, mines, local and long distance telephone companies and airline flight property.

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 include the market approach, the cost approach and the income approach. As a general matter, the County Assessor uses a cost approach for commercial/industrial property and a sales data (market) 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.

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

Certain residential property owners 65 years of age and older may obtain a property valuation "freeze" against valuation increases (the "Property Valuation Protection Option") if the owners total income from all sources does not exceed 400 percent (500 percent 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 current full cash value. Any freeze on increases in full cash value will, as a result, freeze the secondary assessed value of the affected property as hereinafter described.

Assessment Ratios. The appropriate property classification ratio is applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized during the indicated tax years for each class of property are set forth herein:

TABLE 1

Property Tax Assessment Ratios (Tax Year)

Property Classification (a)	2009	2010	2011	2012	2013
Mining, Utilities, Commercial and Industrial (b)	22%	21%	20%	20%	19.5%
Agriculture and Vacant Land (b)	16	16	16	16	16
Owner Occupied Residential	10	10	10	10	10
Leased or Rented Residential	10	10	10	10	10
Railroad, Private Car Company and Airline Flight Property (c)	18	17	15	15	15

-
- (a) *Additional classes of property exist, but seldom amount to a significant portion of a municipal body's total valuation.*
- (b) *For tax year 2013, full cash values up to \$133,868 on commercial, industrial and agricultural personal property are exempt from taxation. 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, utilities, commercial and industrial property will be reduced to 19% for tax year 2014 and further reduced one-half of one percent for each year to 18% for tax year 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15% for tax year 2016 and thereafter.*
- (c) *This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation 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 (market) value of such properties.*

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

Collection. On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth the valuation by taxing district of all property in the County subject to taxation. The County Assessor 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 of the County (the "County Treasurer"). The County Assessor may, however, change such roll any time before December 20 of such year. *Any subsequent decrease in the volume of the tax roll as it existed on the date of the tax levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.*

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then applied to the 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 tax 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 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 *ad valorem* property taxes due the District pursuant to the assessment and tax roll delivered to the County Treasurer are billed along with State and County *ad valorem* property taxes and are due and payable in two equal installments on October 1 of that calendar year and on March 1 of the subsequent calendar year. The two *ad valorem* property tax installments become delinquent and begin to accrue interest at the rate of 16 percent per annum simple interest prorated monthly on November 1 of that calendar year and May 1 of the subsequent calendar year, respectively. Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.

All taxes become a lien upon the property assessed (they are not a personal obligation of the property owner), attaching on the first day of January of each tax year, subject to the possible exception of *ad valorem* property taxes levied against the real property of a property owner in bankruptcy. See "RISK FACTORS - Bankruptcy and Foreclosure Delays." Generally, a tax lien is not satisfied or removed until the taxes are paid or the property is finally vested in a purchaser under a tax lien sale. An *ad valorem* tax lien is prior and superior to all the liens and encumbrances on the property, except liens and encumbrances held by the State.

If the *ad valorem* property taxes are not paid when due, the County Treasurer is required to secure a payment through the sale of the tax lien. Not later than December 31 of each year, the County Treasurer must prepare a list of all real property upon which the *ad valorem* property taxes for prior years were unpaid and delinquent. The property so listed is advertised for sale and the sale of the tax lien for delinquent *ad valorem* property taxes must be held by the County Treasurer in February of the calendar year immediately following the publication of notice of the

tax lien sale. The County Treasurer will offer at the sale a tax lien on each delinquent property at a price equal to the amount of taxes, interest and penalties due on the property to the bidder willing to accept the lowest rate of interest on the amount paid by the bidder for the tax lien. If no bidder is willing to accept less than 16 percent per annum, the lien is assigned to the State and held for subsequent resale. If a tax lien is sold, the bidder is required to pay as the purchase price the amount of taxes, interest and penalties due on the property, in cash at the time of sale. If the lien is assigned to the State, the *ad valorem* property taxes due will remain unpaid until subsequent resale or redemption of the property.

Accordingly, delinquent *ad valorem* property taxes levied by the District should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered by the District within 15 months after the end of the calendar year in which such taxes were levied and assessed.

The holder of a tax lien is entitled to foreclose the right to redeem the tax lien by judicial sale after the third anniversary of the right to redeem tax lien sale and to foreclose the tax lien by administrative process, without judicial action, after the fifth anniversary of the tax lien sale.

The District's semiannual payments of debt service will be funded with installments of tax payments collected on or about the immediately preceding tax payment date. If, for any reason, a material portion of the *ad valorem* property taxes due and payable to the District are not paid in a timely manner, the payment of debt service could be delayed. It cannot be determined with any certainty when delinquent *ad valorem* property taxes could be collected and available for the payment of debt service and what impact such delay could have on the secondary market for the Bonds. See "RISK FACTORS - Bankruptcy and Foreclosure Delays."

Property Valuations. The full cash value and secondary assessed value of taxable property within the boundaries of the District for the indicated tax years are shown in the table below:

TABLE 2

Fiscal Year	Estimated Net Full Cash Valuation (a)	Secondary Assessed Valuation
2013-14	\$378,193,132	\$41,112,232
2012-13	368,948,293	40,563,577
2011-12	362,826,340	39,858,358
2010-11	338,229,476	37,850,349
2009-10	336,778,501	40,493,025

(a) *Estimated net full cash value is the total market value of the property within the District less the exempt property within the District.*

Source: *Property Tax Rates & Assessed Values*, Arizona Tax Research Association and Assessor of the County.

Net Secondary Assessed Valuation by Property Classification. The following is a breakdown of the above described secondary assessed valuation by property classifications:

TABLE 3

Legal Class	Description	2009-10 Secondary Assessed Valuation	2010-11 Secondary Assessed Valuation	2011-12 Secondary Assessed Valuation	2012-13 Secondary Assessed Valuation	2013-14 Secondary Assessed Valuation	2013-14 Percent of Total
1	Commercial, industrial, utilities & mines	\$ 6,571,398	\$ 2,482,083	\$ 1,468,134	\$ 1,905,169	\$ 1,788,803	4.4 %
2	Agricultural and vacant	7,779,585	6,144,711	6,184,734	5,915,290	5,270,949	12.8
3	Residential (owner occupied)	25,375,712	28,313,225	31,156,940	22,282,218	21,530,960	52.4
4	Residential (rental)	766,330	910,330	1,048,550	10,460,900	12,521,520	30.5
Totals*		<u>\$ 40,493,025</u>	<u>\$ 37,850,349</u>	<u>\$ 39,858,358</u>	<u>\$ 40,563,577</u>	<u>\$ 41,112,232</u>	100.0 %

* Totals may not add up due to rounding.

Source: *Property Tax Rates & Assessed Values*, Arizona Tax Research Association and Assessor of the County.

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

Net Secondary Assessed Valuations of Major Taxpayers. As reported by the County Assessor, shown below are the major property taxpayers located within the District, the then current net secondary assessed value of their property and its relative proportion of the total net secondary assessed value of property within the District.

TABLE 4

Taxpayer	2013-14 Secondary Assessed Valuation	As % of District's 2013-14 Secondary Assessed Valuation
Pulte Home Corporation (a)	\$6,042,869	14.70%
Transwestern Pipeline Company	435,477	1.06
Accipter Communications Inc.	358,991	0.87
FRCS LLC	168,918	0.41
Federal National Mortgage Association	160,720	0.39
Sun City Festival Community Association Inc (b)	118,390	0.29
	<u>\$7,285,365</u>	<u>17.72%</u>

(a) See "PULTE."

(b) Includes a golf course, the operation of which is currently subsidized by Pulte. See "LAND DEVELOPMENT – Residential Development."

Source: Assessor of the County.

See "RISK FACTORS - General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences."

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

TABLE 5

Fiscal Year	Adopted District Tax Levy (b)	Adjusted District Tax Levy as of June 30th	Collected to June 30th of Initial Fiscal Year (a)		Adjusted District Tax Levy as of 9-18-2013	Cumulative Collections to September 18, 2013	
			Amount	% of Adj. Levy as of		Amount	% of Adj. Levy as of
2013-14	\$1,068,918	N/A	(c)	(c)	\$1,066,603	\$7,429	0.70%
2012-13	1,298,034	\$1,295,719	\$1,283,172	99.03%	1,295,719	1,292,125	99.72
2011-12	1,315,335	1,315,117	1,307,247	99.40	1,315,118	1,315,100	100.00
2010-11	1,249,070	1,226,682	1,219,455	99.41	1,226,629	1,226,629	100.00
2009-10	1,336,277	1,335,923	1,321,559	98.92	1,296,091	1,296,091	100.00
2008-09	900,330	899,967	896,511	99.62	899,951	902,936	100.00

- (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 becomes 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 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above but are deposited in the County's General Fund. Interest and penalties with respect to the first half tax collections (delinquent November 1) are waived if the full year's taxes are paid by December 31.
- (b) 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 a tax rate up to \$3.00 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 2013-14 is \$2.60.
- (c) 2013-14 taxes in course of collection.

Source: Office of the Treasurer of the County.

[Remainder of page intentionally left blank.]

General Obligation Bonded Indebtedness to be Outstanding. The following table lists the general obligation bonded indebtedness of the District that will be outstanding after issuance of the Bonds:

TABLE 6

Issue Series	Original Principal Amount	Final Maturity Date (July 15)	Total Outstanding
Series 2006 (a)	\$ 800,000	2031	\$ 655,000
Series 2007 (b)	1,535,000	2032	1,315,000
Series 2009A (c)	5,435,000	2031	4,420,000
Series 2009B (d)	2,165,000	2034	2,165,000
Series 2012 (e)	5,400,000	2031	3,705,000
Total Outstanding			\$ 12,260,000
Plus: The Bonds			1,800,000
Total			<u>\$ 14,060,000</u>

-
- (a) Herein referred to as the Series 2006 Bonds.
 - (b) Herein referred to as the Series 2007 Bonds.
 - (c) Herein referred to as the Series 2009 Bonds.
 - (d) Herein referred to as the Taxable Series 2009 Bonds. These bonds were issued as "Build America Bonds," for which subsidy payments equal to 35% of the interest payments on such bonds are expected to be made by the federal government. Such payments received by the District are not pledged to the payment of the bonds; however, the District intends to spend such payments on debt service payments for such bonds. In addition, the amount expected to be received in association with the January 15, 2014 interest payment is expected to be reduced by 7.2%, or \$2,304.38, due to sequestration reductions imposed by the federal government. If such subsidy payment is reduced as expected, the District must pay any remaining unsubsidized interest. Additional sequestration reductions may also be imposed in future years.
 - (e) Herein referred to as the Series 2012 Bonds.

[Remainder of page intentionally left blank.]

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

TABLE 7

Fiscal Year Ending (July 15)	Total Debt Service Requirements for Outstanding Bonds (a)	Debt Service Requirements for the Bonds		Total Combined Debt Service Requirements
		Principal	Interest	
2013-14	\$ 1,127,690		\$ 48,851 (b)	\$ 1,176,541
2014-15	1,130,715	\$ 10,000	81,798	1,222,513
2015-16	1,132,840	10,000	81,598	1,224,438
2016-17	1,097,765	45,000	81,398	1,224,163
2017-18	1,088,100	50,000	80,498	1,218,598
2018-19	1,077,213	55,000	79,498	1,211,710
2019-20	1,083,723	50,000	78,123	1,211,845
2020-21	1,078,205	55,000	76,623	1,209,828
2021-22	1,081,138	55,000	74,698	1,210,835
2022-23	1,077,473	60,000	72,635	1,210,108
2023-24	1,082,070	55,000	70,325	1,207,395
2024-25	1,079,483	60,000	68,125	1,207,608
2025-26	1,077,843	65,000	65,575	1,208,418
2026-27	1,079,113	65,000	62,813	1,206,925
2027-28	1,077,988	70,000	59,888	1,207,875
2028-29	1,074,448	75,000	56,738	1,206,185
2029-30	1,078,593	75,000	53,175	1,206,768
2030-31	1,079,783	75,000	49,613	1,204,395
2031-32	767,968	390,000	45,675	1,203,643
2032-33	633,581	480,000	25,200	1,138,781
2033-34	592,006			592,006
	<u>\$ 21,597,733</u>	<u>\$ 1,800,000</u>		

(a) Interest is without reduction for the federal interest subsidy payments related to the Taxable Series 2009 Bonds. See footnote (d) to TABLE 6.

(b) To be paid from capitalized interest by Pulte.

(c) The first interest payment on the Bonds will be due on July 15, 2014. Thereafter, interest payments will be made semiannually on January 15 and July 15 until maturity or prior redemption.

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 valuation and combined tax rate per \$100 assessed valuation. 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 valuation which lies within the District's boundaries was derived from information obtained from the County Assessor. See "RISK FACTORS - Direct and Overlapping Indebtedness."

TABLE 8

Direct and Overlapping Jurisdiction	2013-14 Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)	Proportion Applicable to the District Based on 2013-14 Secondary Assessed Valuation		2013-14 Combined Tax Rate Per \$100 Assessed Valuation (b)
			Approximate Percent	Net Debt Amount	
State of Arizona (c)	\$52,598,341,678	None	0.08 %	None	\$0.5123
Maricopa County (d)	32,229,006,810	None	0.13	None	0.5290
Maricopa County Community College District	32,229,006,810	\$712,735,000	0.13	\$ 926,556	1.5340
Western Maricopa Education Center (West-MEC)	11,966,668,146	35,000,000	0.34	119,000	0.0592
Wickenburg Unified School District No. 9	147,501,465	11,045,000	27.87	3,078,242	4.3378
Town of Buckeye	287,873,371	None	14.28	None	None
The District (e)	41,112,232	14,060,000	100.00	<u>14,060,000</u>	2.6000
Total Net Direct and Overlapping General Obligation Bonded Debt				<u>\$18,183,797</u>	

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

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

Overlapping Jurisdiction	General Obligation Bonds Authorized but Unissued
Maricopa County Community College District	\$ 3,000
Western Maricopa Education Center (West-Mec)	39,900,000

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States Department of the Interior (the "Department of the Interior"), for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the

agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at \$1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the \$1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50-year repayment period, which commenced October 1, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to 14 cents per \$100 of secondary assessed valuation, of which 14 cents is being levied. (See Sections 48-3715 and 48-3715.02, Arizona Revised Statutes.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

- (b) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed 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 secondary assessed valuation of special districts such as the District.
- (c) Includes the "State Equalization Assistance Property Tax." The State Equalization Assistance Property Tax in fiscal year 2013-14 has been set at \$0.5123 and is adjusted annually pursuant to Arizona Revised Statutes, Section 41-1276. See "SECURITY FOR AND SOURCES OF PAYMENT - *Ad Valorem* Property Taxation in the District - Primary Taxes."
- (d) The County's tax rate includes the \$0.1400 tax rate of CAWCD, the \$0.1392 tax rate of the Maricopa County Flood Control District, the \$0.0438 tax rate of the County Free Library, the \$0.1939 tax rate of the Maricopa Special Health Care District and the \$0.0121 tax rate of the County Fire District contribution. It should be noted that the County Flood Control District does not levy taxes on personal property.
- (e) Includes the Bonds. Does not include special assessment revenue bonds outstanding in the aggregate principal amount of \$3,768,000. See "Other Debt of the District" herein.

Additional General Obligation Bonded Indebtedness of the District

In addition to the Series 2006 Bonds, the Series 2007 Bonds, the Series 2009 Bonds, the Taxable Series 2009 Bonds, the Series 2012 Bonds and 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 - *Ad Valorem* Property Taxation in the District -- General Obligation Bonded Indebtedness to be Outstanding." See also "RISK FACTORS - Direct and Overlapping Indebtedness."

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 - *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 \$175,000,000 and will have \$157,865,000 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 Town, the County, Wickenburg Unified School District No. 9 of Maricopa County, Arizona (“WUSD”), Western Maricopa Education Center, Maricopa 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.**”

Other Debt of the District

To finance costs to acquire certain public infrastructure for development of land in the District, the District has issued Special Assessment Revenue Bonds with the series designations, in principal amounts on the dates, with acreages of land within the District assessed to pay debt service with the district numbers and with amounts assessed per lot as described in the table below. All of the infrastructure financed with such bonds has been or will be dedicated to the Town.

TABLE 9

<u>Series Designation</u>	<u>Original Principal Amount</u>	<u>Date Issued</u>	<u>Acres Assessed</u>	<u>Assessment District No.</u>	<u>Assessment Per Lot</u>	<u>Total Outstanding</u>
2005	\$1,448,000	11/17/2005	152.2	1	\$2,000	\$ 293,000
2007	1,868,000	04/04/2007	275.8	2&3	2,000	1,314,000
2007	1,784,000	10/17/2007	245.2	4&5	2,000	1,358,000
2009	356,000	11/19/2009	43.5	6	2,000	251,000
2011	404,000	04/07/2011	79.3	7	2,000	366,000
2013	186,000	07/31/2013	25.6	8	2,000	186,000

Other series of assessment bonds payable solely from and secured by special, separate funds established and maintained by the District from installments due with respect to certain other special assessments may be issued by the District in the future.

The term “special assessments” as used hereinabove refers to the assessments which would be levied and assessed by the District in the related assessment area which would encompass portions of the District, each of which would constitute a first lien on the parcel so levied and assessed, subordinate and subject only to general property taxes (including that for the Bonds) and prior special assessments. The per lot assessment is approximately \$2,000 payable with interest in installments. If a lot owner fails to pay an assessment installment when due, the lot can be offered for sale by the District for the amount of the assessment together with interest, costs and penalties. Neither the District nor the Town is obligated to bid at the sale. The lien for the property taxes levied to pay the Bonds is senior to the lien of such assessments; however, the lien for such assessments is not extinguished by foreclosure with regard to taxes. There can be no assurance that additional amounts of such bonds payable from special assessments will not be issued in the future, increasing the amount of liens on property in the District for such purposes. SEE “**RISK FACTORS - Direct and Overlapping Indebtedness.**”

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX E – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY” to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2013 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$482.7 million, \$12.1 million and \$470.6 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

BOND INSURANCE AND RELATED RISK FACTORS

In the event of default of the payment of principal or interest with respect to any of the Bonds when all or some becomes due, any Beneficial Owner of the Bonds on which such principal or interest was not paid will have a claim under the Policy for such payments. In the event BAM is unable to make payment of principal and interest as such

payments become due under the Policy, the Bonds will remain payable solely from ad valorem property taxes as described under "SECURITY FOR AND SOURCES OF PAYMENT." In the event BAM becomes obligated to make payments with respect to the Bonds, no assurance will be given that such event will not adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds.

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

The obligations of BAM will be general obligations of BAM, and in an event of default by BAM, the remedies available may be limited by applicable bankruptcy law, state receivership or other similar laws related to insolvency of insurance companies.

None of the District, the Underwriter, or their respective attorneys, agents or consultants has made independent investigation into the claims paying ability of BAM and no assurance or representation regarding the financial strength or projected financial strength of BAM will be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds and the claims paying ability of BAM, particularly over the life of the investment.

LAND DEVELOPMENT

The information contained in this section relates to and has been obtained from Pulte, unless otherwise sourced or noted, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

In General

The District consists of approximately 4,015 acres being planned and developed as a mixed-use, master-planned community. The District is located approximately 35 miles northwest of downtown Phoenix, Arizona, in the northern portion of the Town, approximately 17 miles north of Interstate 10 on the Sun Valley Parkway. The District is approximately nine miles west of current development within the City of Surprise, Arizona, along the Sun Valley Parkway. See the map on page (iii) and the aerial photograph on page (iv). Pulte's current production operations within the District consist of 3,308 of the 4,015 acres within the District marketed as "Festival Ranch" (the "Project"), composed of an "age restricted" residential community marketed as "Sun City Festival" and a "conventional" community marketed as "Festival Foothills." Certain amenities such as a golf course and recreation centers have been constructed by Pulte and more are planned. Limited commercial development has been undertaken by other owners within the District.

Pulte acquired its portion of the property in the District in October, 2004, having commenced entitlements and pre-development prior to closing. Construction of infrastructure improvements and certain amenities commenced in August, 2005, and the first residential sales closed in 2006. Since that time, Pulte has spent approximately \$205,000,000 to provide water, sewer, streets, curbs, gutters, a golf course, a recreation center, an arts and crafts center, baseball fields and other facilities and has continued to ready additional property Pulte owns in the District for residential and commercial development. Pulte also has continued to market and sell its varied residential products. Overall, Pulte has commenced and/or completed improvements to approximately 1,600 acres of the property it owns in the District. See "Residential Development" and "THE PUBLIC INFRASTRUCTURE."

While other entities own approximately 707 acres of land in the District outside of Pulte's Festival Ranch, it is not anticipated that such other owners will be developing their property in the District in the foreseeable future. Pulte is the only homebuilder that owns land within the District.

Land Development Agreements/Community Master Plan

The real property in the District is subject to a Development Agreement with the Town, dated October 4, 2000 (the "Land Development Agreement"), which addresses the rights of, among others, owners to develop property in the District as provided in and subject to the conditions of such Agreement. The Land Development Agreement has been modified by way of several recorded amendments and references herein to the Land Development Agreement mean such Agreement as amended. The Land Development Agreement addresses various issues often times made the subject of development agreements in Arizona, such as, among other things, Town services, reimbursements to Pulte for certain public infrastructure, the Town's processing of plans and permits, and public bidding. The Land Development Agreement and certain subsequent agreements also address the legal right to obtain, and the legal obligation to provide, potable water and the required capital and operations contributions to the Town for water, sewer, police and fire services within the District. Police, fire and sanitation services are provided to the District by the Town. Pulte is obligated to assist in the funding of certain capital and operational costs associated with the provision of water, sewer, police and fire protection for the real property in the District that is subject to the Land Development Agreement. The real property in the District is also subject to a Development, Financing Participation and Intergovernmental Agreement No. 1 by and among the Town, the District and, among others, Pulte, relating to the formation and operation of the District.

The real property in the District is subject to a community master plan originally approved by the Town on October 4, 2000 (the "Community Master Plan"). Several amendments to the Community Master Plan have been adopted by the Town. The latest amendment, which added certain areas owned by Pulte to the Community Master Plan and the Land Development Agreement, was executed on October 21, 2008. References to the Community Master Plan mean such Plan as amended. The Community Master Plan covers substantially more property than the property in the District. An Area Plan, which includes the property within the District, was adopted by the Town on June 17, 1997.

Although the number of acres devoted to each particular land use may ultimately vary from those presented, the development of the District in accordance with the Community Master Plan by Pulte and other owners is currently expected to include the following land uses:

TABLE 10

<u>Total Project</u>	<u>Approximate District Acres</u>
Single Family Residential	3,190
2 Golf Courses and Recreation Centers	475
Commercial	350
Total	<u>4,015</u>

The Community Master Plan allows 14,226 residential units within the District, the vast majority of which are planned as single family residences. The Community Master Plan also allows development of approximately 7.3 million square feet of commercial space within the District. Development of the property within the District and construction of homes and other infrastructure is subject to obtaining various development and construction approvals and permits. As a condition to the sale of homes, homebuilders will be required to obtain building and any additional permits required for the construction and completion of all such homes and other infrastructure. See "RISK FACTORS."

Additional Entitlements

Development in areas with significant natural drainage such as Festival Ranch often requires the United States Army Corps of Engineers ("USACE") to determine if any such drainage areas are within the USACE's jurisdiction. If any drainage areas are in USACE's jurisdiction, a "Section 404" permit would be required to allow development or disturbance of such drainage areas. In December 2011, USACE approved the Jurisdictional Determination (the "Determination") as submitted by Pulte indicating that only Wagner Wash in Festival Ranch is within USACE's

jurisdiction. Since no additional development in Wagner Wash is anticipated within the defined Determination, no "Section 404" permit is required. The Determination is valid for five years and can be extended upon request and application for additional years, though there can be no assurance that such an extension will be granted as and when requested.

Even with the approved Community Master Plan, development still requires certain approvals from the Town for preliminary and final plats prior to construction of improvements. To date, Pulte has recorded 14 final plats (not including replatting of existing final plats) that include 3,323 lots within the District. Pulte also has obtained approval of six preliminary plats for 899 residential lots on property within the District. Combining preliminary plats and final plats there are 4,222 entitled lots. Of those lots included in final plats, 2,583 have been improved with utilities and paved streets, and of those, 2,103 have had homes constructed and closed on them as of September 30, 2013, while the balance of those lots (approximately 480 lots) are ready and available for immediate residential construction. Pulte is in the process of obtaining final plats for the lots which are subject to preliminary plats. See "RISK FACTORS." In addition, a site plan for a 17 acre commercial development including a convenience store has also been approved by the Town.

Residential Development

Pulte is responsible for the construction of all offsite infrastructure and subdivision improvements necessary to deliver fully finished lots. The "active adult" residences currently constructed by Pulte range in size from 1,565 to 2,532 square feet; and such homes are base priced from \$180,000 to \$255,000. Based on consumer feedback, Pulte has introduced new models to meet current market expectations as to style and features. The new models and updates were made available to consumers in early 2013. In early 2013, Pulte recommenced sales and the building of one model series within Festival Foothills, due to improved market conditions. An additional conventional model is anticipated to be added in late 2013. The following table shows the number of "active adult" and "conventional" home sales Pulte has closed for the periods indicated:

TABLE 11

<u>Year</u>	<u>Active Adult Home Closings</u>	<u>Conventional Home Closings</u>	<u>Total Residential Closings Per Year</u>
2006	143	0	143
2007	578	83	661
2008	318	184	502
2009	204	67	271
2010	120	48	168
2011	105	19	124
2012	129	0	129
2013 (a)(b)	101	10	111
Cumulative Totals	1,698	411	2,109

(a) Through September 30, 2013.

(b) As of September 30, 2013, there were 94 homes under construction in the District.

Pulte operates one model home complex located in Sun City Festival. In early 2013, new model homes were introduced into the community and previous models were discontinued. There are 5 new model homes located within the existing model home complex with 8 additional new model homes being delivered in early 2014 as part of a new model home complex. The existing model homes and existing model home complex have been converted for sale to homebuyers. The new model home complex is located within the District and is adjacent to the existing model home complex, and the existing 12,000 square foot Sun City Festival Sales Center. The 18-hole Copper Canyon Golf Course is owned and operated by the homeowners association for Sun City Festival and a 31,000+/-

square foot recreation center, a 15,000+/- square foot restaurant/clubhouse/cart barn, a softball complex, a 9,000 square foot arts and crafts center and related recreational amenities are also complete within Sun City Festival and will be owned and operated by the same homeowners association. The golf course and related facilities are operated by the homeowner's association, which is subsidized in part by Pulte. Festival Foothills includes a 12+/- acre neighborhood park, splash pad, and a linear park with trails throughout.

THE PUBLIC INFRASTRUCTURE

The information contained in this section relates to and has been obtained from Pulte, unless otherwise sourced or noted, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

In addition to the infrastructure described under the heading "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS – Other Debt of the District," certain infrastructure is being constructed in connection with the development and construction of residential and commercial development as described hereinbelow. Except as set forth under the heading "PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS," none of such infrastructure is being financed with proceeds of the sale of the Bonds, but instead will be financed by Pulte and may be the subject of acquisition from proceeds of future bond offerings by the District.

Water Reclamation Facility

Current plans for sewer service within the District call for a multi-phase water reclamation facility (the "WRF") which is designed to handle all development within the District. Such facility will ultimately be owned and operated by the Town. This facility may be constructed in multiple phases of 1.0 million gallons of capacity each. The Town has also secured an additional MAG 208 Amendment that includes areas outside the District and allows for a significant increase in the size of the WRF in the future. The primary effluent discharge method will be re-use for irrigation purposes on the golf courses. Such discharge is currently being used by the Town and will require certain permits before it will be available for irrigation use. Until additional effluent is available, the golf course will be irrigated in part with a portion of Pulte's Central Arizona Project water allotment. Pulte and certain other owners of property inside and outside of the District have entered into a joint development agreement for the cooperative development of future phases of the WRF. Pursuant to such joint agreement, Pulte has the right to construct additional phases for its own accord if need be.

Construction of the first phase of the WRF (the "First Phase") is complete, and such facility is being operated by the Town and is past the warranty period. The First Phase is able to service approximately 5,200 residential units within the District. Current development plans are for commencement of planning and construction of the second phase (an additional 1.0 million gallons per day capacity) in 2016, depending upon the market conditions and demand. The actual number of units which can be served will depend in part on whether the unit is an age restricted (active adult) or conventional unit. Active adult units generally have fewer residents per unit and generate less wastewater on a gallons per day basis than conventional units. Based upon residential sales to date, there should be sufficient sewer capacity in the First Phase for approximately 3,500 additional residences without construction of any additional phases of the WRF, depending upon the split of usage between active adult and conventional.

Water Production Campus

Water service for the District is planned to be provided by two water production campuses which, ultimately, will be owned and operated by the Town. The first water production campus (Water Plant #1 and Well #1), is located at the southeast corner of Desert Vista Boulevard and Beardsley Parkway. Well #2 is located approximately a quarter mile west of the water production campus. Water Plant #1 is planned for 2.4 million gallons of storage (constructed in two phases of 1.2 million gallons), a well and booster pumps. It is anticipated that four groundwater wells will ultimately be constructed as part of Water Plant #1. To date, two groundwater wells have been constructed and equipped. The two existing wells can serve approximately 2,075 active adult units and 475 conventional units. A third well ("Well #3") has been drilled and is planned to be completed and equipped in 2015 or sooner if required to

maintain required service. With Well #3 in operation, the system should be able to support approximately 5,200 active adult units and 1,350 conventional units. As with wastewater usage and capacity, there is a difference in water demand between active adult and conventional units, with active adult units utilizing significantly less water on a gallons per day basis. Construction of the fourth well will be dependent on the production rate of Well #3 and market conditions. All Arizona Department of Water Resources ("ADWR") permits and approvals have been secured for the first three wells. Construction of Water Plant #1 (except for the second phase storage tank of 1.2 million gallons and certain ancillary equipment) and the first two wells has been completed and all such facilities have been accepted by the Town.

Assured Water Supply

Currently, the Town is not designated as having an assured water supply pursuant to applicable Arizona law. The Town has submitted an application with the ADWR to obtain a designation of having an assured water supply. If the Town receives such designation, the Town will utilize Pulte water sources to supply water to property owned or developed by Pulte in the District. Until the Town receives such designation, in order to plat, subdivide and sell lots, owners of property in the District must obtain a Certificate of Assured Water Supply (a "Certificate") from ADWR. Obtaining Certificates requires, among other things, a hydrology study supporting determinations that sufficient water will be continuously available to satisfy the water needs of the proposed use for at least 100 years, that any projected groundwater use is consistent with the water management plan approved by ADWR and achievement of the management goal for the area, and that the financial capability to construct the delivery system exists. The Town has agreed to take all reasonable steps to assist Pulte in connection with applications for Certificates for portions of such area and entering into such contracts as may reasonably be required by the Central Arizona Groundwater Replenishment District pursuant to applicable Arizona law which are required in order for the area to qualify as "member land" under applicable Arizona law. See "RISK FACTORS."

The District lies within the Lower Hassayampa Groundwater Sub-Basin. Property within the District is expected to be served primarily from groundwater from the Lower Hassayampa Groundwater Sub-Basin.

On January 22, 2004, ADWR issued an Analysis of Assured Water Supply (the "Analysis") for the property within the District. In the Analysis, ADWR determined that 7,690 acre feet per year of groundwater will be physically available, which is equivalent to the projected build-out demands for the District. The proposed development evaluated by ADWR includes 3,208 single-family residential lots, 9,018 active adult single-family residential lots, 1,450 multi-family residential units and 1,122 nonresidential acres containing commercial areas, a hospital, schools, parks, rights-of-way, a community center, easements and golf courses.

The Analysis is used in support of applications for Certificates. With respect to the property covered by the Analysis, four Certificates have been issued by ADWR. The first was issued November 23, 2004, for 3,473 lots, with an estimated water demand of 2,130.14 acre feet per year. The second was issued May 7, 2006, for 819 lots, with an estimated water demand of 608.72 acre feet per year. The third was issued on February 5, 2009 for 608 lots with an estimated water demand of 646.81 acre feet per year. The fourth was issued on April 8, 2009 for 259 lots with an estimated water demand of 258.63 acre feet per year. A total of 5,159 lots have received Certificates which means Certificates for approximately 7,067 residential lots remain available. Applications for Certificates for the remainder of the property within the District have not yet been made.

Maintaining sufficient water supplies in the Lower Hassayampa Groundwater Sub-Basin may require efforts to supplement the groundwater supply through purchase of water for use or recharge and through recharge and reuse of treated effluent, all at levels greater than currently in place. The cost of facilities for effluent recharge and reuse are substantial. Failure to maintain sufficient supplies in the Lower Hassayampa Groundwater Sub-Basin may prevent further development from obtaining Certificates. ADWR may revoke a Certificate if an assured water supply does not exist, but cannot revoke a Certificate if any of the residential lots within the plat have been sold. As to the Certificates issued November 23, 2004, for 3,473 lots, May 7, 2006, for 819 lots and February 5, 2009, for 608 lots, at least one lot has been sold in such areas. Loss of, or inability to obtain, necessary Certificates may have adverse effects on development of land within the District and on repayment of the Bonds. See "RISK FACTORS - Completion of the Public Infrastructure and the Other Infrastructure."

Streets/Water and Sewer Lines

Pulte plans to construct on property it owns within the District all required arterial and collector roads (including related landscaping), all sewer trunk lines and any required wastewater treatment, and all water distribution and water supply facilities.

Completed improvements include the following: approximately 34,500 lineal feet of trunk sewer, approximately 52,770 lineal feet of water supply and distribution lines, storm drain, paving and concrete on (i) Canyon Springs Boulevard from Sun Valley Parkway past Beardsley Parkway to Tina Lane; (ii) Desert Vista Boulevard from Beardsley Parkway in Festival Foothills past Canyon Springs Boulevard looping back to Beardsley Parkway in Sun City Festival; (iii) Mountain Ridge Boulevard from Desert Vista Boulevard to Desert Oasis Boulevard; (iv) Desert Oasis Boulevard from Sun Valley Parkway to Beardsley Parkway; and (v) Beardsley Parkway from Desert Vista in Sun City Festival to Desert Vista in Festival Foothills. Construction of future roadways will be dependent on existing roadway capacities and the need to provide safe vehicular access within the District.

Approximately 19,020 linear feet of arterial roadway (3.60 miles) and 13,200 linear feet of collector roadway (2.5 miles) have been constructed in the District by Pulte. Such infrastructure also includes approximately 119,000 linear feet of local streets (22.54 miles). Such "Public Infrastructure" was completed as of September 2013 and has been or will be dedicated to the Town.

Pulte has, or plans in the future to, publicly bid the improvements outlined above and plans to pay for the construction of same. Pulte anticipates that these improvements will be eligible to be reimbursed from future bond offerings by the District.

Police and Fire

Pulte has provided a temporary police and fire facility at the southeast corner of Beardsley Parkway and Canyon Springs Boulevard. This facility is operational. Ultimately, the Town police and fire departments are planned to be housed in a permanent facility proposed in the vicinity of the southwest corner of Desert Oasis Boulevard and Beardsley Parkway. Timing of construction of the permanent facility will be determined by the Town based on operational needs.

Other

Electrical service for the District is provided by Arizona Public Service Company. Telephone and data service is provided by Cox Communications and Zona Communication. Cable television service is provided by Cox Communications.

The District is located in WUSD. A K-8 school is located within Festival Foothills. This school opened in the Fall of 2008.

The District receives primary vehicular access from Sun Valley Parkway. Provisions for arterial and collector vehicular access provide additional access within property subject to the District. A feasibility study is being prepared by the Maricopa County Department of Transportation regarding the location of a proposed parkway connecting Highway 85 to State Route 74 and Highway 60. Depending upon the results of such study, additional access may be available to the property in the District. However, Pulte is currently unsure of the final location of the proposed parkway.

PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS

The information contained in this section relates to and has been obtained from Pulte, unless otherwise sourced or noted, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

Proceeds of the Bonds will be used, and proceeds of prior bond issuances have been used, to finance certain public infrastructure (the "Public Infrastructure Financed by the Bonds"), which is comprised of approximately 34,500 linear feet of trunk sewer lines constructed throughout the District and approximately 19,000 linear feet of arterial roadway (2.3 miles) and 13,200 linear feet of collector roadway (3.6 miles) constructed in the District, including landscaping, approximately 119,000 linear feet of local streets (22 miles), Water Plant #1 and Wells #1, #2 and #3, approximately 52,770 linear feet (10 miles) of water line, approximately 49,500 linear feet (3 miles) of reclaimed water lines, the WRF and related facilities. The Public Infrastructure Financed by the Bonds was completed in or prior to September 2013 and has been or will be dedicated to the Town. The total estimated cost of the Public Infrastructure Financed by the Bonds is greater than the amount to be available from proceeds of the sale of the Bonds; the balance of the cost of the Public Infrastructure Financed by the Bonds has been paid by Pulte. Unreimbursed costs of Public Infrastructure Financed by the Bonds may be eligible to be reimbursed by the sale of bonds by the District in the future should the District elect to issue such additional bonds.

PULTE

The information contained in this section relates to and has been obtained from Pulte, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

Pulte is a wholly-owned subsidiary of PulteGroup, Inc., a Michigan corporation formerly known as Pulte Homes, Inc., which is a publicly traded company listed on the New York Stock Exchange ("PulteGroup"). PulteGroup is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and Northwestern Atrium Center, 400 West Madison Street, Suite 1400, Chicago, Illinois. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the NYSE at 20 Broad Street, New York, NY 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at <http://www.sec.gov>. None of the District, Gust Rosenfeld P.L.C. ("Bond Counsel"), the Underwriter or Greenberg Traurig, LLP ("Counsel to the Underwriter") has examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same. The Company operates in more than 900 communities across 29 states and the District of Columbia, and serves all major customer segments through its family of brands that includes Pulte Homes, Centex and Del Webb.

[Remainder of page intentionally left blank.]

SOURCES AND APPLICATION OF FUNDS

Sources

Par Amount of Bonds	\$ 1,800,000.00
Original Issue Premium	18,524.05
Pulte Contribution	<u>194,851.28</u>
Total	<u>\$ 2,013,375.33</u>

Applications

Cost of Acquisition	\$ 1,800,000.00
Payment of capitalized interest	48,851.28
Costs of Issuance (a)	162,498.06
Deposit to Debt Service Fund	<u>2,025.99</u>
Total	<u>\$ 2,013,375.33</u>

- (a) Includes compensation of the Underwriter and the premium for the Policy.

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.

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 incident to real estate investments and development including those described hereinbelow.

Construction of houses on the remaining lots within the District will be affected by the Determination and 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 Festival Foothills and Sun City Festival, 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.) See "LAND DEVELOPMENT – Additional Entitlements."

The residential development business, particularly with respect to communities such as Sun City Festival and Festival Foothills, is highly competitive in the Phoenix 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 Phoenix metropolitan area, many of which offer or intend to offer lots and parcels in similar communities to a similar target market.

Vacant lots also provide less security to the Bondholders should it be necessary for the District to foreclose due to nonpayment of ad valorem taxes. Furthermore, an inability to construct houses on the remaining lots within the District will likely reduce the diversity of ownership on land within the District, making the Bondholders 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, possibly including an extension of the Determination issued by USACE. Such approvals and permits are necessary to initiate development and 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 materially adversely affect the financial results Pulte receives from the Project.

Failure or Inability to Complete Proposed Development

The development of land in the District will be staged so that a particular phase isn't planned to be developed all at once. The financing for development of property in the District as a whole will be provided by third-party lenders, funds provided by Pulte and other sources. The availability of funding for the completion of Sun City Festival and Festival Foothills will depend upon the demand for residential lots or units within such communities and local, regional and national market and economic conditions. No assurance is given that funding will be obtained for development of property in the District, or, if obtained, will be in an amount sufficient to complete development of Festival Foothills and Sun City Festival. If satisfactory funding is unavailable, Pulte may be required to delay or suspend completion of the development of the balance of Sun City Festival and Festival Foothills.

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 "Direct and Overlapping Indebtedness."

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" and "THE PUBLIC INFRASTRUCTURE." 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, 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.

Sale of Portions of the Land in the District

It is possible that Pulte or other land owners within the District may sell portions of their land to other owners. Such new owners may not develop their land on the same schedule as Pulte or the other land owners, thus slowing the pace of growth and delaying increases in assessed valuation.

Availability of Utilities

Water and sewer service to the District will be provided by the Town as described under the subheading "THE PUBLIC INFRASTRUCTURE." Failure or inability to complete proposed development including development of necessary utilities could affect adversely development of the land in the District. See "Failure or Inability to Complete Proposed Development." Certain utilities are to be developed by the Town pursuant to certain development agreements including as described above. There can be no assurances that such utilities will be financed and developed.

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 - 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

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 (including taxes for the Series 2006 Bonds, the Series 2007 Bonds, the Series 2009 Bonds, the Taxable Series 2009 Bonds and the Series 2012 Bonds and, in the First Assessment Area, the assessment for the Series 2005 Assessment Bonds; in the Second and Third Assessment Areas, the assessment for the Series 2007 Assessment Bonds; in the Fourth and Fifth Assessment Areas, the assessment for a separate and additional series of Series 2007 Assessment Bonds; in the Sixth Assessment Area, the assessment for the Series 2009 Assessment Bonds; in the Seventh Assessment Area, the assessment for the Series 2011 Assessment Bonds; and in the Eighth Assessment Area, the assessment for the Series 2013 Assessment Bonds). The existing public debt relating to the District is set forth in "OVERLAPPING, ADDITIONAL, ADDITIONAL OVERLAPPING AND OTHER INDEBTEDNESS." In addition, other political subdivisions 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 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 junior liens in the case of, for instance, special assessments, 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 - 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.

In addition, 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.

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 only approximately 30 percent complete. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Accordingly, Pulte 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, Pulte 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 Festival Foothills and Sun City Festival 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. 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 Pulte believes to be significant and which Pulte 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.

Cancellation of Contracts

The State, its political subdivisions, including the District, or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions (including the District) or any of the departments or agencies of either is, while the contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. Cancellation of contracts entered into by the District may adversely affect the Bonds.

LITIGATION

At the time of delivery and payment for the Bonds, appropriate representatives of the District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or overtly threatened against the District, affecting the existence of the District, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the 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.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain restrictions, conditions and requirements by the District as described below, interest income on the Bonds is excluded from gross income for federal income tax purposes. In the opinion of Bond Counsel, interest income on the Bonds is exempt from State income taxes. The opinion of Bond Counsel will be dated as of the date of initial delivery of the Bonds. A form of such opinion is included as APPENDIX B attached hereto.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions, and requirements could result in the interest income on the Bonds being included in gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The Bonds do not provide for an adjustment in interest rate or yield in the event of taxability and an event of taxability does not cause an acceleration of the principal on the Bonds. The opinion of Bond Counsel assumes continuing compliance with such covenants.

The Code also imposes an "alternative minimum tax" upon certain corporations and individuals. A taxpayer's "alternative minimum taxable income" ("AMTI") is its taxable income with certain adjustments. Interest income on the Bonds is not an item of tax preference to be included in the AMTI of individuals or corporations.

Notwithstanding the preceding sentence, one of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess (if any) of the corporation's "adjusted current earnings" over the corporation's AMTI for the taxable year (determined without regard to such adjustment for excess book income and the alternative tax net operating loss deduction). A corporation's "adjusted current earnings" includes all tax-exempt interest, including the interest on the Bonds.

Although Bond Counsel will render an opinion that, as of the delivery date of the Bonds, interest income on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal tax liability of a Beneficial Owner of a Bond. Certain taxpayers may experience other tax consequences. Taxpayers who become Beneficial Owners of the Bonds, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the applicability of such tax consequences to the respective Beneficial Owner. The nature and extent of these other tax consequences will depend upon the Beneficial Owner's particular tax status and the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

The Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

Currently and from time to time, there are legislative proposals in Congress, which, if enacted or made effective, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. Any such change that occurs before initial delivery of the Bonds could cause Bond Counsel to deliver an opinion substantially different from the opinion shown in APPENDIX B. The extent of change in Bond Counsel's opinion cannot be determined at this time. It cannot be predicted whether, when or in what form any such proposal or proposals might be enacted or whether, if enacted, such proposal or proposals would apply to obligations (such as the Bonds) issued prior to the enactment or effective date. Prospective purchasers should consult with their own tax advisors regarding any other pending or proposed federal income tax legislation.

BOND PREMIUM

The initial public offering prices of the Bonds maturing on July 15, 2015 through and including July 15, 2017 and July 15, 2033 (collectively, the "Premium Bonds") are greater than the amount payable on such Premium Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial Beneficial Owner of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial Beneficial Owner must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial Beneficial Owner is determined by using such Beneficial Owner's yield to maturity. Beneficial Owners of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. At the time of delivery and payment for the Bonds, appropriate representatives of the District will certify that the District reasonably anticipates that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which will be issued by the District in calendar year 2013 will not exceed \$10,000,000. Bond Counsel will rely on such certification with respect to its opinion on this matter.

RATINGS

S&P is expected to assign the rating of "AA" (stable outlook) to the Bonds with the understanding that the Policy will be delivered by BAM simultaneously with the issuance of the Bonds. S&P has also assigned the underlying rating of "BBB" to the Bonds. Such ratings 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 ratings 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 ratings may have an adverse effect on the market price of the Bonds. The District has covenanted in its continuing disclosure undertaking that it will file notice of any formal change in any rating relating to the Bonds. See "CONTINUING DISCLOSURE" and APPENDIX D hereto.

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, a form of which is included herein as APPENDIX B. (See "TAX EXEMPTION" 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. Certain legal matters will be passed upon for the District by Bond Counsel, for the Underwriter by Counsel to the Underwriter; and for Pulte by its counsel, Berens, Kozub, Klobardanz & Blonstein, PLC, Scottsdale, Arizona.

The legal opinion to be delivered may vary from the text of APPENDIX B if necessary to reflect the facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Bond Counsel has reviewed or expressed any opinion concerning any matters relating to the Bonds subsequent to the original delivery of the Bonds.

Such 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 the Underwriter. The Underwriter has agreed to purchase the Bonds at a net effective aggregate purchase price of \$1,764,524.05 (reflecting the aggregate principal amount of the Bonds, plus original issue premium in the amount of \$18,524.05 less compensation of the Underwriter contributed by Pulte in the amount of \$54,000.00). The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing such Bonds into investment trusts) and others at prices lower than the public offering prices stated on the inside front cover page hereof. The offering prices set forth on the inside front cover page hereof may be changed after the initial offering by the Underwriter.

CONTINUING DISCLOSURE

The District will covenant for the benefit of certain owners of the Bonds to provide certain financial information and operating data relating to the District by not later than February 1 in each year commencing February 1, 2014 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the District as such will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system, each described in APPENDIX D – "FORM OF CONTINUING DISCLOSURE UNDERTAKING." The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is also set forth in APPENDIX D. These covenants will be made in order to assist the Underwriter in complying with the Securities and Exchange Commission's Rule 15c2-12(b)(5) (the "Rule"). A failure by the District to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. *Pursuant to Arizona Law, the ability of the District to comply with such covenants will be subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants.* Should the District not comply with such covenants due to a failure to appropriate for such purpose, the District has covenanted to provide notice of such fact to the MSRB. Absence of continuing disclosure, due to non-appropriation or otherwise, could adversely affect the Bonds and specifically their market price and transferability.

Continuing disclosure undertakings previously entered into by the District called for the District to file Annual Reports with respect to the fiscal years ended June 30, 2010 and June 30, 2012, by February 1 of the following fiscal year. The District filed the June 30, 2010 Annual Report on March 2, 2011. In 2013, the District timely filed its Annual Report with respect to the fiscal year ended June 30, 2012 on EMMA with respect to the Series 2006 Bonds, the Series 2007 Bonds, the Series 2009 Bonds, the Taxable Series 2009 Bonds and the Series 2012 Bonds, but failed to properly attribute the correct CUSIP numbers on EMMA for the Series 2012 Bonds. The correct CUSIP numbers for the Series 2012 Bonds have been identified on EMMA as of November 6, 2013. Except for the foregoing, the District is current and in compliance with its existing continuing disclosure undertakings in all material respects.

FINANCIAL ADVISOR

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.

RELATIONSHIP AMONG PARTIES

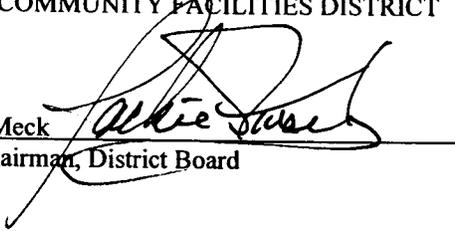
Bond Counsel has previously represented, and is currently representing, the Underwriter with respect to other financings and has acted or is acting as bond counsel with respect to other bonds underwritten by the Underwriter and may do so in the future. Bond Counsel also serves and has served as bond counsel for one or more of the political subdivisions that the District territorially overlaps. Counsel to the Underwriter has previously acted as bond counsel with respect to other bonds underwritten by the Underwriter and may continue to do so in the future if requested.

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.

This Official Statement has been approved, executed and delivered by the District.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By: /s/ Jackie A. Meck
District Chairman, District Board

A handwritten signature in black ink, appearing to read "Jackie Meck", is written over a horizontal line. The signature is stylized and cursive.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**INFORMATION REGARDING THE
TOWN OF BUCKEYE, ARIZONA**

The following information concerning the Town is for background information only as the District lies within the geographical limits of the Town. THE BONDS ARE NOT AN OBLIGATION OF THE TOWN IN ANY RESPECT. THE BONDS ARE DIRECT GENERAL OBLIGATIONS OF THE DISTRICT, PAYABLE FROM AD VALOREM TAXES LEVIED AGAINST ALL TAXABLE PROPERTY IN THE DISTRICT, AS DESCRIBED UNDER THE HEADING "SECURITY FOR AND SOURCES OF PAYMENT."

General

The Town is located approximately 30 miles from downtown Phoenix, Arizona ("Phoenix"), approximately four miles south of Interstate 10 on State Route 85. The Town was founded in 1888 and incorporated in 1929. The Town's municipal boundaries encompass approximately 650 square miles and sits at an elevation of 888 feet above sea level. Not all property within the perimeter boundaries of the Town are annexed into the Town, however over 392 square miles are annexed into the Town.

The following table illustrates respective population statistics for the Town, the County and the State.

POPULATION STATISTICS

<u>Calendar Years</u>	<u>Town of Buckeye</u>	<u>Maricopa County</u>	<u>State of Arizona</u>
2012 Estimate (a)	54,102	3,884,705	6,498,569
2010 Census	50,876	3,817,117	6,392,017
2000 Census	8,497	3,072,149	5,130,632
1990 Census	4,436	2,122,101	3,665,339
1980 Census	3,434	1,509,175	2,716,546
1970 Census	2,599	971,228	1,775,399

(a) Estimate as of July 2012.

Source: Arizona Department of Commerce, Population Statistics Unit and the U.S. Census Bureau.

Transportation

State Route 85, connecting the Town with Phoenix, runs north to south just west of the Town. Interstate 10 also traverses the northern portion of the Town. The Town has an airport adjacent to Interstate 10 with plans for a future runway extension. Buckeye Municipal Airport is used by small, general aviation aircraft. Sky Harbor International Airport in Phoenix provides passenger air service. Bus lines are also available in the Phoenix metropolitan area.

Government

The Town operates under a Council-Manager form of government. The Mayor and six council members are elected at large to four-year terms. The Town Council appoints a Manager who has full responsibility for carrying out council policies and administering operations.

The Town provides a portion of its residents with water and sewer services; electricity is provided by Arizona Public Service Company, natural gas is provided by Southwest Gas Company and telephone service is provided by CenturyLink. In some areas of the Town water and/or sewer services are provided by private utility companies.

Economy

The Roosevelt and Buckeye Irrigation canals provide a renewable supply of water for the Town's farming needs. Employment for the Town's residents is provided by agricultural activity services, education, government and the nearby Palo Verde Nuclear Plant. The Palo Verde Nuclear Plant is located outside the boundaries of the Town approximately 20 miles west. The close proximity of the Town to the greater Phoenix metropolitan area also provides employment. Part of the Town's agricultural production includes Pima cotton which is processed in local cotton gins and exported worldwide. See below for certain historic employment information and a list of major employers located in and within close proximity of the Town.

MAJOR EMPLOYERS Town of Buckeye, Arizona

<u>Employer</u>	<u>Description</u>	<u>Approximate Number of Employees</u>
Wal-Mart Stores Inc.	Distribution center and retail	650
Buckeye Elementary School District No. 33	Education	450
Town of Buckeye	Government	420
Buckeye Union High School District No. 201	Education	350
Liberty Elementary School District No. 25	Education	255
Arizona Department of Corrections	Prison	230
Lowe's Home Improvement	Retail	150
Hickman's Egg Ranch Inc.	Egg/dairy farming	100
Wadsworth Golf Construction Co.	Golf course construction	80

Source: Hoover's Inc., a D&B Company.

The table below illustrates the unemployment averages for the Town, the County, the State and the United States.

UNEMPLOYMENT AVERAGES

<u>Calendar Year</u>	<u>Town of Buckeye (a)</u>	<u>Maricopa County (a)</u>	<u>State of Arizona (a)</u>	<u>United States of America</u>
2013 (b)	9.3%	6.8%	8.1%	7.3%
2012	9.4	7.1	8.3	8.1
2011	10.7	8.4	9.4	8.9
2010	12.1	9.6	10.4	9.6
2009	11.4	9.0	9.8	9.3
2008	6.7	5.2	6.0	5.8

(a) On February 29, 2012, the U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics program released 2011 annual average labor force estimates for census regions and divisions for all states. Data was revised back to January 2007 to incorporate new population controls, updated inputs, re-estimation of models and adjustment to new census division and national control totals. On April 20, 2012, routine revisions were made to data from 2007 through 2011 for geographic areas below the State level. For all areas, estimation inputs were revised back to 2010, while the revisions for 2007 through 2009 consisted of controlling to the new State totals described above.

(b) Data through October 2013.

Source: Arizona Office of Unemployment and Population Statistics, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Economy

The County's economy is based on high technology manufacturing, light manufacturing and commercial activities (including construction and trade), tourism, government and agriculture. The tables below illustrate the employment structure of the County.

NON-AGRICULTURAL EMPLOYMENT STRUCTURE (a) Maricopa County, Arizona

	<u>Percent of Total</u>
Mining and construction	5.7%
Manufacturing	6.5
Trade, transportation and utilities	20.5
Information	1.7
Financial activities	8.7
Professional and business services	16.3
Educational and health services	14.9
Leisure and hospitality	10.5
Other services	3.4
Government	<u>11.8</u>
Total	<u>100.0%</u>

(a) Data through August 2013.

Source: Arizona Department of Commerce, Research Administration and the U.S. Department of Labor, Bureau of Labor Statistics.

LABOR FORCE AND NONFARM EMPLOYMENT Maricopa County, Arizona

	<u>2013 (a)</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Mining and construction	98,200	88,200	83,300	87,700	103,900	141,400
Manufacturing	113,500	110,300	108,300	106,400	118,900	131,100
Trade, transportation and utilities	355,700	349,000	344,500	352,400	348,000	372,500
Information	29,600	27,400	27,200	27,000	30,100	29,900
Financial activities	151,400	142,400	136,600	132,700	138,900	147,600
Professional and business services	282,100	278,600	260,900	272,100	271,400	313,800
Educational and health services	258,500	253,300	247,600	227,700	213,700	210,800
Leisure and hospitality	181,300	179,100	172,300	170,600	176,000	183,100
Other services	58,400	62,600	62,300	65,400	68,100	69,000
Government	205,500	212,400	211,600	214,700	218,000	220,800
	<u>1,734,200</u>	<u>1,703,300</u>	<u>1,654,600</u>	<u>1,656,700</u>	<u>1,687,000</u>	<u>1,820,000</u>

(a) Data through August 2013.

Source: Arizona Department of Commerce, Research Administration and the U.S. Department of Labor, Bureau of Labor Statistics.

Commerce

The following table illustrates sales tax collections for Buckeye.

PRIVILEGE TAX COLLECTIONS
Town of Buckeye, Arizona
(\$000s omitted)

<u>Fiscal Year</u>	<u>Amount</u>
2012/13	\$16,349
2011/12	14,540
2010/11	12,272
2009/10	10,180
2008/09	14,446

Source: Arizona Department of Revenue, Municipal Privilege Tax Collection Program and the Town.

Educational Facilities

Elementary and high school education is available through WUSD, Buckeye Elementary School District, Liberty Elementary School District and Buckeye Union High School District, respectively. Higher education is provided by Estrella Mountain Community College ten miles east of the Town; Arizona State University located in the eastern part of the greater Phoenix area in the City of Tempe, Arizona; and Arizona State University's west campus located in the northwestern part of the greater Phoenix area in the City of Glendale, Arizona.

Bank Deposits

The following table illustrates bank deposits for the County.

BANK DEPOSITS
Maricopa County, Arizona
(\$000s in millions)

<u>Fiscal Year</u>	<u>Amount</u>
2012/13	\$65,486
2011/12	61,674
2010/11	60,049
2009/10	61,926
2008/09	58,359

Source: Federal Deposit Insurance Corporation.

FORM OF LEGAL OPINION OF BOND COUNSEL

December 10, 2013

District Board
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)

Re: Festival Ranch Community Facilities District (Town of Buckeye,
Arizona) General Obligation Bonds, Series 2013

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of \$1,800,000 aggregate principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2013 (the "*Bonds*"), dated December 10, 2013, issued by the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 14-13, passed and adopted by the District Board on November 5, 2013 (the "*Resolution*"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly passed and adopted by the District Board.
3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid and binding general obligation of the District.
4. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the Bonds without limit as to rate or amount. It is required by law that there be levied, assessed and collected, at the same time and in the same manner as other taxes, an annual tax upon all taxable property in the District sufficient, together with any money from other sources lawfully available therefor, to pay the principal of and interest on the Bonds when due.
5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. The Bonds are not private activity bonds within the meaning of Section

141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the Bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and to collection of taxes may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

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 will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income 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"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct Participants 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 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not 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 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 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 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 redemption payments on the Bonds will be made by the Bond Registrar and Paying Agent to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 Participant and not of DTC (or its nominee), the Bond Registrar and Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and redemption proceeds 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 District or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates 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.

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

\$1,800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2013
(CUSIP BASE NUMBER 315598)

This Undertaking is executed and delivered by Festival Ranch 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/submission>.

"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, 2014, 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 (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 2, 3, 4 and 5 of the Official Statement, dated November 19, 2013, with respect to the Securities as well as with respect to tax collections and delinquencies in the preceding tax year of the Issuer.

(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 obtain audited financial statements.) ***IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, 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 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 under the Authorizing Document, 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 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 of the Securities, 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.

(a) 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.***

(b) To the extent applicable by provision of law, this Undertaking is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provision of which are incorporated herein.

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 the 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: December 10, 2013

FESTIVAL RANCH COMMUNITY FACILITIES
DISTRICT

By.....
Jackie Meck, Chairperson, District
Board

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds) for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurance Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud) whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIAL

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

NEW ISSUE - FULL BOOK-ENTRY FORM

**RATING: STANDARD & POOR'S - "___"
SEE "RATING" HEREIN**

In the opinion of Gust Rosenfeld P.L.C., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain covenants, restrictions, conditions and requirements by the District as mentioned under "TAX EXEMPTION" herein, interest income on the Bonds is excludable from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of preference to be included in the alternative minimum tax of individuals or corporations; however, such interest income must be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations, which income is subject to the federal alternative minimum tax. See "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT" and "BOND PREMIUM" herein.

The District has designated the Bonds as "qualified tax-exempt" obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The District will certify that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations which will be issued by the District in calendar year 2012 will not exceed \$10,000,000. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

\$5,400,000*

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS,
SERIES 2012**

DATED: Date of Initial Delivery

DUE: As shown on the inside front cover

The \$5,400,000* principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2012 (the "Bonds") will be issued 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 system maintained by DTC in amounts of \$5,000 of principal amount or 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 July 15, 2012. 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 for Maturity Schedule

The Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended, and an election in and for Festival Ranch Community Facilities District, a community facilities district formed within the boundaries of the Town of Buckeye, Arizona (the "District"), held on May 25, 2005, and will be issued pursuant to an Indenture of Trust and Security Agreement, to be dated as of June 1, 2012, from the District and a resolution of the District Board of the District. The Bonds will be payable as to both principal and interest from *ad valorem* taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate or amount.

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

Proceeds of the sale of the Bonds will be used to finance the acquisition of a portion of public infrastructure (including specifically sewer lines and roadways), by the District.

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

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA 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 OF BUCKEYE, ARIZONA, THE STATE OF ARIZONA, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

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

The Bonds are offered when, as and if issued and subject to the approval of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona, for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for Pulte Home Corporation by its counsel, Berens, Kozub, Kloberdanz & Blonstein PLC, Scottsdale, Arizona. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about June __, 2012.

STONE & YOUNGBERG
A DIVISION OF STIEBEL NICOLAUS

* Subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE*
Base CUSIP® No. 315598**

\$5,400,000*
DISTRICT GENERAL OBLIGATION BONDS,
SERIES 2012

<u>Year</u> <u>(July 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP®</u>
2012	\$1,540,000			
2013	110,000			
2014	120,000			
2015	125,000			
2016	135,000			
2017	145,000			
2018	150,000			
2019	160,000			
2020	170,000			
2021	180,000			
2022	195,000			
2023	205,000			
2024	215,000			
2025	230,000			
2026	245,000			
2027	260,000			
2028	275,000			
2029	295,000			
2030	315,000			
2031	330,000			

\$ _____ Term Bonds @ _____ % Due July 15, 20__ - Price _____ % CUSIP® No. 315598 _____
 \$ _____ Term Bonds @ _____ % Due July 15, 20__ - Price _____ % CUSIP® No. 315598 _____

* Subject to change.

** CUSIP® is a registered trademark of the American Bankers Association. Copyright© 1999-2012 Standard & Poor's, a Division of The McGraw Hill Companies, Inc. All rights reserved. CUSIP® data herein is provided by Standard & Poor's CUSIP Service Bureau. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)**

DISTRICT BOARD

Jackie A. Meck, Chairman
Brian McAchrn, Vice Chairman
Robert Garza, Board Member
Michelle Hess, Board Member
Ray Strauss, Board Member
Craig Heustis, Board Member
Eric Osborne, Board Member

DISTRICT STAFF

Stephen Cleveland, District Manager
Larry D. Price, District Treasurer
Lucinda Aja, District Clerk

FINANCIAL ADVISOR

Wedbush Securities, Inc.
Phoenix, Arizona

BOND COUNSEL

Gust Rosenfeld P.L.C.
Phoenix, Arizona

TRUSTEE

Wells Fargo Bank, N.A.
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 Indenture, the Bond Resolution, the security for the Bonds, the District, Pulte Home Corporation ("Pulte") 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 Indenture, the Bond Resolution and any other documents are qualified in their entirety by reference to such documents, copies of which may be obtained from Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus (the "Underwriter"), at 2555 East Camelback Road, Suite 280, Phoenix, Arizona 85016.

The information set forth herein has been obtained from the District, Pulte 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 the Underwriter or Wedbush Securities, Inc. (the "Financial Advisor"). This Official Statement contains, in part, estimates and matters of opinion which 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* 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 pursuant to its responsibilities to investors under the federal securities laws, 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 Pulte 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 has covenanted to provide continuing disclosure pursuant to rule 15c2-12 of the Securities and Exchange Commission as described in this Official Statement under "CONTINUING DISCLOSURE" and in Appendix D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING."

In connection with the offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at a level that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers, institutional, investors and others at prices lower than the public offering prices stated on the inside front cover page hereof and such public offering prices may be changed from time to time by the Underwriter.

The Trustee assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

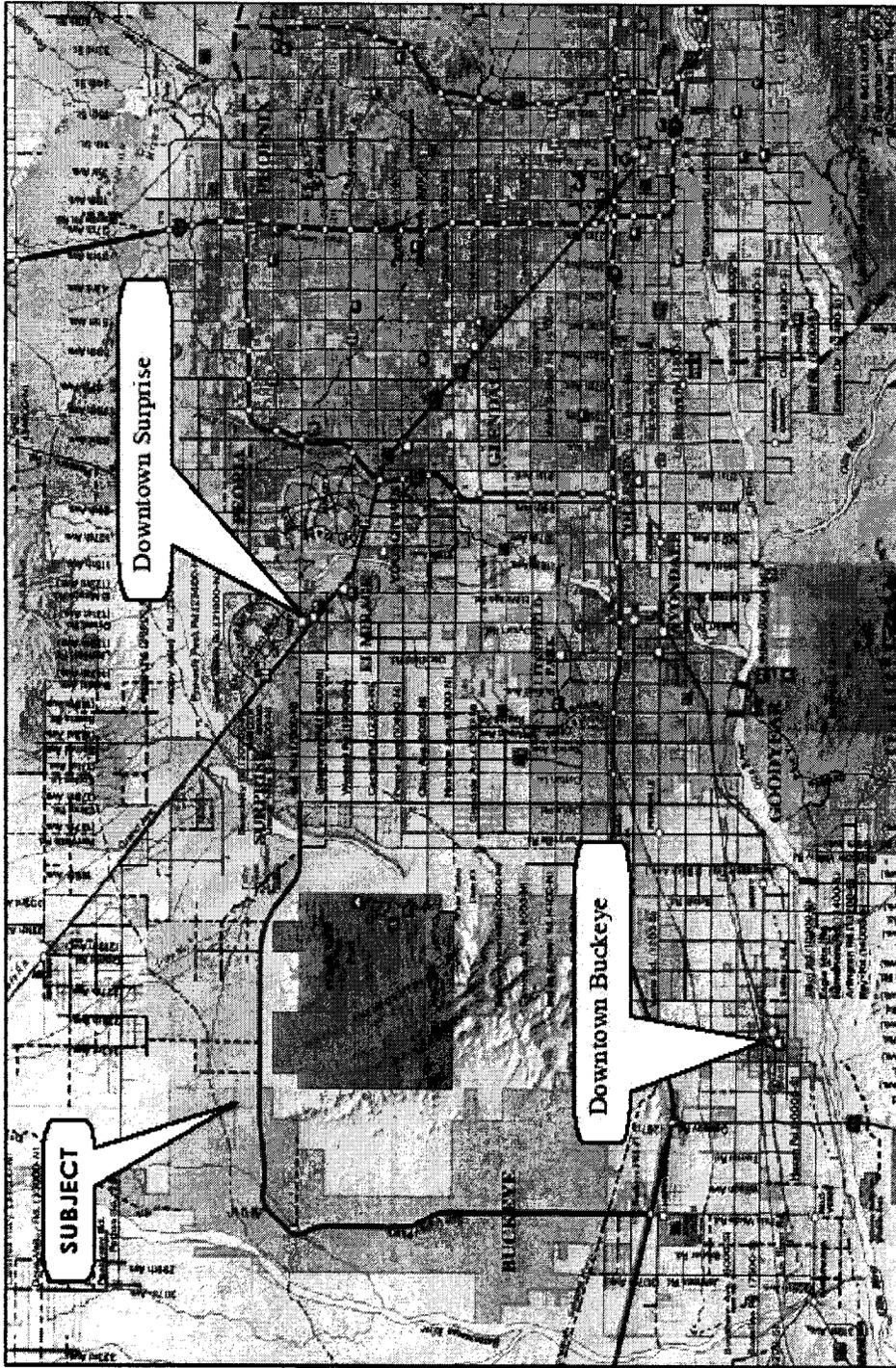
TABLE OF CONTENTS

	<u>Page</u>
MAP SHOWING LOCATION OF THE DISTRICT WITHIN METROPOLITAN PHOENIX	
AREA	(iii)
AERIAL PHOTOGRAPH OF THE DISTRICT	(iv)
THE DISTRICT	1
THE BONDS	1
Authority and Election	1
General Description.....	2
Redemption Provisions.....	2
SECURITY FOR AND SOURCES OF PAYMENT	3
General	3
Ad Valorem Property Taxation in the District.....	3
OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS	12
Overlapping General Obligation Bonded Indebtedness	12
Additional General Obligation Bonded Indebtedness of the District	13
Additional Overlapping General Obligation Bonded Indebtedness	14
Other Debt of the District.....	14
LAND DEVELOPMENT.....	15
In General.....	15
Land Development Agreements/Community Master Plan.....	15
United States Army Corps of Engineers.....	16
Additional Entitlements.....	16
Residential Development.....	17
Market Absorption Study	17
THE PUBLIC INFRASTRUCTURE	18
Water Reclamation Facility	18
Water Production Campus.....	18
Assured Water Supply.....	19
Streets/Water and Sewer Lines.....	19
Police and Fire.....	20
Other.....	20
PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS	20
PULTE.....	21
SOURCES AND APPLICATION OF FUNDS	22
RISK FACTORS	22
General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences	22
Failure or Inability to Complete Proposed Development	23
Completion of the Public Infrastructure and the Other Infrastructure	23
Foreclosures.....	23
Sale of Portions of the Land in the District	24
Availability of Utilities.....	24
Effect of Valuation of Property	24
Direct and Overlapping Indebtedness.....	24
Bankruptcy and Foreclosure Delays.....	25
Amendment of Documents Referenced.....	25
Environmental Matters	26
Projections	26
Cancellation of Contracts	26
LITIGATION	26
TAX EXEMPTION.....	27
ORIGINAL ISSUE DISCOUNT.....	27
BOND PREMIUM	28

TABLE OF CONTENTS (cont.)

	<u>Page</u>
QUALIFIED TAX-EXEMPT OBLIGATIONS.....	28
RATING	29
LEGAL MATTERS	29
UNDERWRITING	29
CONTINUING DISCLOSURE.....	29
FINANCIAL ADVISOR.....	30
RELATIONSHIP AMONG PARTIES	30
APPENDIX A: INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA	A-1
APPENDIX B: FORM OF LEGAL OPINION OF BOND COUNSEL.....	B-1
APPENDIX C: BOOK-ENTRY ONLY SYSTEM	C-1
APPENDIX D: FORM OF CONTINUING DISCLOSURE UNDERTAKING	D-1
APPENDIX E: SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE	E-1
APPENDIX F: EXECUTIVE SUMMARY OF MARKET & ABSORPTION ANALYSIS.....	F-1

MAP SHOWING LOCATION OF THE DISTRICT
WITHIN METROPOLITAN PHOENIX AREA



\$5,400,000*
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS,
SERIES 2012

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, provides certain information concerning the issuance of \$5,400,000* principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2012 (the "Bonds").

THE DISTRICT

Pursuant to the Community Facilities Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "Enabling Act"), and in response to a petition by Pulte Home Corporation, a corporation organized and existing pursuant to the laws of the State of Michigan ("Pulte"), the Mayor and Council (the "Town Council") of the Town of Buckeye, Arizona (the "Town"), adopted a resolution on April 19, 2005, which formed Festival Ranch Community Facilities District (the "District"). See Appendix A - "INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA" hereto for certain information about the Town and the information under the heading "PULTE" for specific information about Pulte.

The District encompasses approximately 4,015 acres within the Town and is located approximately 34 miles west of downtown Phoenix, Arizona, 17 miles north of Interstate 10 and nine miles west of the City of Surprise, Arizona. See the map on page (iii) with respect to the location of the District and the aerial photograph of the District on page (iv).

The District is a special purpose, tax levying public improvement district for purposes of the Constitution of Arizona and a municipal corporation for certain purposes of the laws of the State of Arizona (the "State" or "Arizona"). Except as otherwise provided in the Act, the District is considered to be a municipal corporation and political subdivision of the State, separate and apart from the Town. Members of the Town Council serve as members of the District Board of the District (the "Board"), and the Town Manager of the Town currently serves as the District Manager.

The District has provided, pursuant to the terms of certain development agreements among the Town, Pulte and the District, financing for the acquisition and construction of certain public infrastructure necessary for development of the land within the boundaries of the District. See "LAND DEVELOPMENT." The District has the authority to issue general obligation bonds payable from *ad valorem* taxes levied on all taxable property within the boundaries of the District, without limitation as to rate or amount, to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds. The District also levies a \$0.30 *ad valorem* tax per \$100 of secondary assessed valuation, the proceeds of which are used to pay the operation and maintenance expenses of the District and the public infrastructure financed by the District.

THE BONDS

Authority and Election

The Bonds are authorized pursuant to the Enabling Act and an election held on May 25, 2005 (the "Election") and will be issued pursuant to a resolution adopted by the Board on June 5, 2012 (the "Bond Resolution"), and the Indenture of Trust and Security Agreement, to be dated as of June 1, 2012 (the "Indenture"), from the District to Wells Fargo Bank, N.A. (the "Trustee"). (See Appendix E - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.") The Bonds will be the fourth series issued pursuant to the authorization

* Subject to change.

approved by the Election, and, after issuance of the Bonds, \$159,665,000* principal amount of such general obligation bonds will remain authorized but unissued. See "SECURITY FOR AND SOURCES OF PAYMENT - *Ad Valorem* Property Taxation in the District" and "OVERLAPPING, ADDITIONAL, ADDITIONAL OVERLAPPING AND OTHER INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District." The Bonds are being issued in order to finance a portion of the cost for the District to acquire the Public Infrastructure Financed by the Bonds (as hereinafter defined) from Pulte. See "PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS."

General Description

The Bonds will be dated the date of their initial delivery, and will mature and bear interest at the rates 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 July 15, 2012 (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. See Appendix C - "BOOK-ENTRY ONLY SYSTEM."

The principal of, redemption price for and premium, if any, 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"). DTC will act as the securities depository of the Bonds for a book-entry-only system. The Bonds will be available initially to ultimate purchasers under such system in amounts of \$5,000 of principal amount or integral multiples in excess thereof due on specified maturity dates. No document of any nature whatsoever need be surrendered as a condition to payment of the principal and interest on the Bonds. See Appendix C - "BOOK-ENTRY ONLY SYSTEM."

Redemption Provisions*

Optional Redemption. The Bonds will be subject to redemption prior to maturity, at the option of the District, on or after July 15, 20__, in whole or in part on any date, at the redemption price of the principal amount of the Bonds or portion thereof being redeemed plus accrued interest 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:

Redemption Date <u>(July 15)</u>	Principal Amount <u>Redeemed</u>
Term Bond Maturing 20__	
20__	\$ _____
20__	_____
20__ (maturity)	_____

* Subject to change.

Term Bond Maturing 20__

20__ \$ _____
20__ _____
20__ (maturity) _____

Whenever Bonds are redeemed (other than pursuant to mandatory redemption) or are delivered to the Trustee 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 payment shall be in an amount of at least \$5,000 of principal.

Notice of Redemption. Notice of redemption will be given by the Trustee, not less than 30 days nor more than 60 days before the date fixed for redemption, to DTC. See Appendix C - "BOOK ENTRY ONLY SYSTEM."

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

SECURITY FOR AND SOURCES OF PAYMENT

General

The Board will 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 in the District, sufficient, together with any amounts from the sources described in the Enabling Act and available pursuant to the Indenture, to pay debt service with respect to the Bonds (whether at maturity or prior redemption) when due. Amounts derived from the levy of such tax when collected constitute funds to pay the debt service on the outstanding general obligation bonds of the District (including debt service with respect to the hereinafter described Series 2006 Bonds, Series 2007 Bonds, Series 2009 Bonds and Taxable Series 2009 Bonds and with respect to the Bonds) and will be kept separately from other funds of the District. With respect to *ad valorem* property taxes, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2009 Bonds, the Taxable Series 2009 Bonds and the Bonds will be payable from such taxes on the same basis as issues of general obligation bonds of the District which may be issued in the future. The Board also levies an additional *ad valorem* tax of \$0.30 per \$100 of secondary assessed valuation which amount will be used for operation and maintenance expenses of the District. See "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District."

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN NOR THE STATE NOR 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 DEBT SERVICE FOR THE BONDS.

Ad Valorem Property Taxation in the District

General. The State has two different valuation bases for levying *ad valorem* property taxes. They are "limited property" and "full cash value." Additionally, 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) which is multiplied by the limited or full cash values of the property to obtain the assessed valuations. (See "Assessment Ratios.")

Primary Taxes. Taxes levied against the assessed limited property value (after application of the assessment ratio) are referred to as primary taxes, which are used for the maintenance and operation of counties,

cities/towns, school districts, community college districts and the State. The State does not currently levy *ad valorem* taxes. With the exception of personal property (other than mobile homes) and utility, mining and producing oil, gas and geothermal property with limited values equal to full cash value, limited property value cannot exceed the full cash value and is derived statutorily using one of the following two procedures:

(a) The limited property value for property in existence in the prior year that did not undergo modification through construction, destruction, split or change in use is established at the previous year's limited property value increased by the greater of either 10 percent of the previous year's limited property value or 25 percent of the difference between the previous year's limited property value and the current year's full cash value. The State Legislature has passed Senate Concurrent Resolution 1025, that beginning in tax year 2014, would, if approved by the voters of the State at the November 2012 general election, limit the primary and secondary assessed value for locally assessed property to the lesser of the full cash value or an amount 5 percent greater than the value of property determined for the prior year.

(b) The limited property value for property that was omitted from the tax roll in the prior year, that underwent a change in use or modification through construction, destruction or demolition or that has been split, subdivided or consolidated, is established at a level or percentage of the limited property value to full cash value of existing properties of the same use or legal classification.

The aggregate of primary taxes levied by a county, city/town and community college district are constitutionally limited to a maximum increase of 2 percent over the prior year's levy limit 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). In November 2006, the maximum allowable primary property tax levy limit was rebased to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in prior years). The 2 percent limitation does not apply to primary taxes levied on behalf of school districts. The limited and full cash values of personal property (other than mobile homes) and for utility, mining and producing oil, gas and geothermal power are the same. Property taxes on residential property are only constitutionally limited to 1 percent of the full cash value of such property.

As noted, primary taxes on residential property only are constitutionally limited to one percent of the full cash 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 districts by providing additional State aid. See footnote (b) to TABLE 8.

Secondary Taxes. Taxes levied against the assessed value (after application of the assessment ratio to full cash value) are referred to as secondary taxes, which are used for debt retirement (including debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts. There is no limitation on the annual increases in full cash value of any property, and annual levies for voter-approved bonded indebtedness and special district assessments are unlimited.

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. Most property is valued by the various county assessors including for the county in which the District is located, Maricopa County, Arizona (the "County"), the County Assessor for the County (the "Assessor"), with the Arizona Department of Revenue valuing centrally assessed properties such as gas, water and electrical utilities, pipelines, mines, local and long distance telephone companies and airline flight property.

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 include the market approach, the cost approach and the income approach. As a general matter, the Assessor uses a cost approach for commercial/industrial property and a sales data (market) approach for residential property. Arizona law allows taxpayers to appeal the Assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

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

Certain residential property owners 65 years of age and older may obtain a property valuation “freeze” against valuation increases (the “Property Valuation Protection Option”) if the owners total income from all sources does not exceed 400 percent (500 percent 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 current full cash value. Any freeze on increases in full cash value will, as a result, freeze the secondary assessed value of the affected property as hereinafter described.

Assessment Ratios. The appropriate property classification ratio is applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized during the indicated tax years for each class of property are set forth below:

TABLE 1

Property Classification (a)	2008	2009	2010	2011	2012
Mining, Utilities, Commercial and Industrial (b)	23%	22%	21%	20%	20%
Agriculture and Vacant Land (b)	16	16	16	16	16
Owner Occupied Residential	10	10	10	10	10
Leased or Rented Residential	10	10	10	10	10
Railroad, Private Car Company and Airline Flight Property (c)	20	18	17	15	15

- (a) Additional classes of property exist, but seldom amount to a significant portion of a municipal body’s total valuation.
- (b) For tax year 2012, full cash values up to \$68,079 on commercial, industrial and agricultural personal property are exempt from taxation. 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, utilities, commercial and industrial property will be reduced to 19.5 percent for tax year 2013 and further reduced 1/2 of 1 percent for each year to 18 percent for 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15 percent for tax year 2016 and thereafter.
- (c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation 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 (market) value of such properties.

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

Collection. On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth the valuation by taxing district of all property in the County subject to taxation. The Assessor 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 of the County. The Assessor may, however, change such roll any time before December 20 of such year. *Any subsequent decrease in the volume of the tax roll as it existed on the date of the tax levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.*

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then applied to the 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 tax 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 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 *ad valorem* property taxes due the District pursuant to the assessment and tax roll delivered to the Treasurer are billed along with State and County *ad valorem* property taxes and are due and payable in two equal installments on October 1 of that calendar year and on March 1 of the subsequent calendar year. The two *ad valorem* property tax installments become delinquent and begin to accrue interest at the rate of 16 percent per annum simple interest prorated monthly on November 1 of that calendar year and May 1 of the subsequent calendar year, respectively. Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.

All taxes become a lien upon the property assessed (they are not a personal obligation of the property owner), attaching on the first day of January of each tax year, subject to the possible exception of *ad valorem* property taxes levied against the real property of a property owner in bankruptcy. See "RISK FACTORS - Bankruptcy and Foreclosure Delays." Generally, a tax lien is not satisfied or removed until the taxes are paid or the property is finally vested in a purchaser under a tax lien sale. An *ad valorem* tax lien is prior and superior to all the liens and encumbrances on the property, except liens and encumbrances held by the State.

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

Accordingly, delinquent *ad valorem* property taxes levied by the District should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered by the District within 15 months after the end of the calendar year in which such taxes were levied and assessed.

The holder of a tax lien is entitled to foreclose the right to redeem the tax lien by judicial sale after the third anniversary of the right to redeem tax lien sale and to foreclose the tax lien by administrative process, without judicial action, after the fifth anniversary of the tax lien sale.

The District's semiannual payments of debt service will be funded with installments of tax payments collected on or about the immediately preceding tax payment date. If, for any reason, a material portion of the *ad valorem* property taxes due and payable to the District are not paid in a timely manner, the payment of debt service could be delayed. It cannot be determined with any certainty when delinquent *ad valorem* property taxes could be collected and available for the payment of debt service and what impact such delay could have on the secondary market for the Bonds. See "RISK FACTORS - Bankruptcy and Foreclosure Delays."

Property Valuations. The full cash value and secondary assessed value of taxable property within the boundaries of the District for the indicated tax years are shown in the table below:

TABLE 2

Fiscal Year	Estimated Net Full Cash Value (a)	Secondary Assessed Value
2012-13 (b)	\$369,506,925	\$40,650,704
2011-12	362,826,340	39,858,358
2010-11	338,229,476	37,850,349
2009-10	336,778,501	40,493,025
2008-09	224,796,614	27,282,628
2007-08	39,588,758	6,102,478

- (a) Estimated net full cash value is the total market value of the property within the District less the net exempt property within the District.
- (b) Although the final official valuations are not expected to differ materially from the estimated valuations, the valuations are subject to positive or negative adjustments until approved by the Board of Supervisors of the County no later than August 20, 2012.

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

Net Secondary Assessed Valuation by Property Classification. The following is a breakdown of the above described secondary assessed valuation by property classifications:

TABLE 3

Legal Class	Description	2008-09	2009-10	2010-11	2011-12	2012-13 (a)	2012-13 Percent of Total (a)
1	Commercial, industrial, utilities and mines	\$ 2,193,772	\$ 6,569,751	\$ 2,482,083	\$ 1,468,134	\$ 1,963,416	4.8%
2	Agricultural and vacant	9,445,982	7,777,635	6,144,711	6,184,734	5,931,210	14.6
3	Residential (owner occupied)	14,972,824	25,417,262	28,313,225	31,156,940	31,635,198	77.8
4	Residential (rental occupied)	<u>670,050</u>	<u>728,377</u>	<u>910,330</u>	<u>1,048,550</u>	<u>1,120,880</u>	<u>2.8</u>
Totals*		<u>\$27,282,628</u>	<u>\$40,493,025</u>	<u>\$37,850,349</u>	<u>\$39,858,358</u>	<u>\$40,650,704</u>	<u>100.0%</u>

* Totals may not add up due to rounding.

- (a) Although the final official valuations are not expected to differ materially from the estimated valuations, the valuations are subject to positive or negative adjustments until approved by the Board of Supervisors of the County no later than August 20, 2012.

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

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

Net Secondary Assessed Valuations of Major Taxpayers. As reported by the Assessor of the County, shown below with respect to tax year 2011-12 are the major property taxpayers located within the District, the then current net secondary assessed value of their property and its relative proportion of the total net secondary assessed value of property within the District.

TABLE 4

<u>Taxpayer</u>	<u>2011-12 Net Secondary Assessed Valuation</u>	<u>As Percent of District's 2011-12 Net Secondary Assessed Valuation</u>
Pulte Home Corporation (a)	\$ 7,392,738	18.55%
Transwestern Pipeline Company	414,872	1.04
FRCS LLC	176,816	0.44
Sun City Festival Community Assoc. Inc (b)	121,892	0.31
Federal National Mortgage Association	93,530	0.23

(a) See "PULTE."

(b) Includes the golf course, the operation of which is currently subsidized by Pulte.

Source: Maricopa County Assessor's Office.

See "RISK FACTORS - General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences."

[Remainder of page intentionally left blank.]

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

TABLE 5

Fiscal Year	Adopted Tax Levy (a)	Adjusted Tax Levy as of June 30 th	Collected to June 30 th (b)		Adjusted Tax Levy as of 5/7/12	Cumulative Collections to 5/7/12	
			Amount	Percent of Adjusted Tax Levy		Amount	Percent of Adjusted Tax Levy
2011-12	\$1,315,335	\$1,315,166	N/A	N/A	\$1,315,166	\$1,275,864	97.01%
2010-11	1,249,070	1,226,682	\$1,219,455	99.41%	1,226,629	1,226,629	100.00
2009-10	1,336,277	1,335,923	1,321,559	98.92	1,296,091	1,296,091	100.00
2008-09	900,330	899,967	896,511	99.62	899,951	902,936	100.00
2007-08	201,383	201,383	194,782	96.72	199,319	199,318	100.00
2006-07	69,297	69,297	68,998	99.57	69,297	69,297	100.00

- (a) Tax levy is as reported by the 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 a \$3.00 tax rate for debt service as well as a \$0.30 tax rate for maintenance and operation expenses for the District.
- (b) 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 the first day of October and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment becomes due the first day of March and is delinquent on May 1. Interest at the rate of 16 percent per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.

Source: Office of the Treasurer of the County.

[Remainder of page intentionally left blank.]

General Obligation Bonded Indebtedness to be Outstanding. The following table lists the general obligation bonded indebtedness of the District that will be outstanding after issuance of the Bonds:

TABLE 6

<u>Issue Series</u>	<u>Original Principal Amount</u>	<u>Maturity Date</u>	<u>Total Outstanding</u>
Series 2006 (a)	\$ 800,000	7/15/2016 – 2031	\$ 695,000
Series 2007 (b)	1,535,000	7/15/2012 – 2032	1,390,000
Series 2009A (c)	5,435,000	7/15/2010 – 2031	4,770,000
Series 2009B (d)	2,165,000	7/15/2019 – 2034	<u>2,165,000</u>
Total Outstanding			\$ 9,020,000
Plus: The Bonds			<u>5,400,000*</u>
Total			<u>\$14,420,000*</u>

-
- (a) Herein referred to as the Series 2006 Bonds.
 - (b) Herein referred to as the Series 2007 Bonds.
 - (c) Herein referred to as the Series 2009 Bonds.
 - (d) Herein referred to as the Taxable Series 2009 Bonds.

[Remainder of page intentionally left blank.]

* Subject to change.

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

TABLE 7

Fiscal Year Ending July 15)	Total Debt Service Requirements for the Outstanding Bonds (a)	Estimated Debt Service Requirement for the Bonds		Total Estimated Combined Debt Service Requirements*
		Principal*	Estimated Interest (b)	
2012	\$795,930	\$1,540,000	\$15,937	\$2,351,867
2013	820,753	110,000	241,250	1,172,003
2014	818,773	120,000	234,375	1,173,148
2015	821,298	125,000	226,875	1,173,173
2016	803,073	135,000	219,063	1,157,135
2017	793,778	145,000	210,625	1,149,403
2018	783,913	150,000	201,563	1,135,475
2019	773,388	160,000	192,188	1,125,575
2020	775,848	170,000	182,188	1,128,035
2021	772,080	180,000	171,563	1,123,643
2022	772,413	195,000	160,313	1,127,725
2023	771,548	205,000	148,125	1,124,673
2024	774,395	215,000	135,313	1,124,708
2025	770,733	230,000	121,875	1,122,608
2026	770,093	245,000	107,500	1,122,593
2027	772,863	260,000	92,188	1,125,050
2028	773,738	275,000	75,938	1,124,675
2029	767,698	295,000	58,750	1,121,448
2030	770,093	315,000	40,313	1,125,405
2031	775,283	<u>330,000</u>	20,625	1,125,908
2032	767,968			767,968
2033	633,581			633,581
2034	592,006			592,006
		<u>\$5,400,000</u>		

(a) Interest is without reduction for the federal interest subsidy payments related to the Taxable Series 2009 Bonds.

(b) Interest is estimated.

* Subject to change.

**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 valuation and combined tax rate per \$100 assessed valuation. 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 valuation which lies within the District's boundaries was derived from information obtained from the Assessor. See "RISK FACTORS - Direct and Overlapping Indebtedness."

TABLE 8

Direct and Overlapping Jurisdiction	2011-12 Secondary Assessed Valuation	Net Outstanding Bonded Debt (a)	Proportion Applicable to the District Based on 2011-12 Secondary Assessed Valuation		2011-12 Combined Tax Rate Per \$100 Assessed Valuation (b)
			Approx. Percent	Net Amount	
State of Arizona (c)	\$61,700,292,915	None	0.06%	None	None
Maricopa County (d)	38,760,296,714	None	0.10	None	\$1.6666
Maricopa County Community College District	38,760,296,714	\$671,250,000	0.10	\$671,250	1.2082
Western Maricopa Education Center (West-MEC)	13,686,180,419	None	0.29	None	0.0500
Wickenburg Unified School District No. 9	188,402,692	16,350,000	16.11	2,633,985	4.4520
Town of Buckeye	322,876,453	None	9.40	None	1.6061
The District (e)	39,858,358	14,420,000*	100.00	<u>14,420,000*</u>	<u>3.3000</u>
Total Net Direct and Overlapping General Obligation Bonded Debt				<u>\$17,725,235*</u>	

(a) Does not include outstanding principal amounts of certificates of participation, revenue obligations, loan obligations, improvement bonds, or other debt not secured by ad valorem property taxes. Includes total stated principal amount of general obligation bonds outstanding, however, does not include presently authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future as indicated in the following table. Additional bonds may be authorized by voters within overlapping jurisdictions pursuant to future elections.

Overlapping Jurisdiction	General Obligation Bonds Authorized but Unissued
Maricopa County Community College District	\$151,093,000

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States Department of the Interior (the "Department of the Interior"), for repayment of capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for

* Subject to change.

substantially all of the CAP features that have been constructed so far will be set at \$1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the \$1.646 billion repayment obligation, 73 percent will be interest bearing and the remaining 27 percent will be non-interest bearing. These percentages are fixed for the entire 50-year repayment period, which commenced October 1, 1993. Effectiveness of the agreement was subject to a number of conditions, including settlement of certain Indian community water claims and other water claims, and required certain State legislation. All of the conditions have been met and the agreement was deemed effective by a final judgment issued by the U.S. District Court on November 21, 2007. CAWCD is a water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to 14 cents per \$100 of secondary assessed valuation (10 cents per \$100 for carrying out the CAWCD's general purposes and 4 cents per \$100 for water banking, of which ten cents is currently being levied. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

- (b) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed 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 secondary assessed valuation of special districts such as the District.
- (c) Includes the "State Equalization Assistance Property Tax." The State Equalization Assistance Property Tax in fiscal year 2011-12 has been set at \$0.4259 and is adjusted annually pursuant to Arizona Revised Statutes, Section 41-1276. See "SECURITY FOR AND SOURCES OF PAYMENT - *Ad Valorem* Property Taxation in the District -- Primary Taxes."
- (d) The County's tax rate includes the \$0.1000 tax rate of the Central Arizona Water Conservation District, the \$0.1780 tax rate of the Maricopa County Flood Control District, the \$0.0492 tax rate of the County Free Library, the \$0.1494 tax rate of the Maricopa Special Health Care District, the \$0.0084 tax rate of the County Fire District contribution. It should be noted that the County Flood Control District does not levy taxes on personal property.
- (e) Includes the Bonds. Does not include special assessment revenue bonds outstanding in the aggregate principal amount of \$5,389,000. See "Other Debt of the District" herein.

Additional General Obligation Bonded Indebtedness of the District

In addition to the Series 2006 Bonds, the Series 2007 Bonds, the Series 2009 Bonds, the Taxable Series 2009 Bonds and 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 - *Ad Valorem* Property Taxation in the District -- General Obligation Bonded Indebtedness to be Outstanding." See also "RISK FACTORS - Direct and Overlapping Debt."

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 Assessor of the County, the Board has determined that issuance of the Bonds will meet the test set forth above. See "SECURITY FOR AND SOURCES OF PAYMENT - *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 \$175,000,000 and will have \$159,665,000* 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 Town, Maricopa County, Arizona, Wickenburg Unified School District No. 9 of Maricopa County, Arizona, Maricopa 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 Debt.”**

The following overlapping entities of the District have the indicated authorized but unissued general obligation bonds available for future issuance as of May 1, 2012:

Maricopa County Community College District \$151,093,000

Other Debt of the District

To finance costs to acquire certain public infrastructure for development of land in the District, the District has issued Special Assessment Revenue Bonds with the series designations, in principal amounts on the dates, with acreages of land within the District assessed to pay debt service with the district numbers and with amounts assessed per lot as described in the table below. All of the infrastructure financed with such bonds has been or will be dedicated to the Town.

TABLE 9

<u>Series Designation</u>	<u>Original Principal Amount</u>	<u>Date Issued</u>	<u>Acres Assessed</u>	<u>Assessment District No.</u>	<u>Assessment Per Lot</u>	<u>Total Outstanding</u>
2005	\$1,448,000	11/17/2005	152.2	1	\$2,000	\$ 449,000
2007	1,868,000	04/04/2007	275.8	2&3	2,000	1,463,000
2007	1,784,000	10/17/2007	245.2	4&5	2,000	1,481,000
2009	356,000	11/19/2009	43.5	6	2,000	317,000
2011	404,000	04/07/2011	79.3	7	2,000	395,000

Other series of assessment bonds payable solely from and secured by special, separate funds established and maintained by the District from installments due with respect to certain other special assessments may be issued by the District in the future. The term “special assessments” as used hereinabove refers to the assessments which would be levied and assessed by the District in the related assessment area which could encompass portions of the District, each of which would constitute a first lien on the parcel so levied and assessed, subordinate and subject only to general property taxes (including that for the Bonds) and prior special assessments. There can be no assurance that additional amounts of such bonds payable from special assessments will not be issued in the future, increasing the amount of liens on property in the District for such purposes. SEE **“RISK FACTORS - Direct and Overlapping Indebtedness.”**

* Subject to change.

LAND DEVELOPMENT

The information contained in this section relates to and has been obtained from Pulte, unless otherwise sourced or noted, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

In General

The District consists of approximately 4,015 acres being planned and developed as a mixed-use, master-planned community. The District is located approximately 35 miles northwest of downtown Phoenix, Arizona, in the northern portion of the Town, approximately 17 miles north of Interstate 10 on the Sun Valley Parkway. The District is approximately nine miles west of current development within the City of Surprise, Arizona, along the Sun Valley Parkway. See the map on page (iii) and the aerial photograph on page (iv). Pulte's current production operations within the District consist of 3,308 of the 4,015 acres within the District marketed as "Festival Ranch" (the "Project"), composed of an "age restricted" residential community marketed as "Sun City Festival" and a "conventional" community marketed as "Festival Foothills." Certain amenities such as a golf course and recreation centers have been constructed by Pulte and more are planned. Limited commercial development has been undertaken by other owners within the District.

Pulte acquired its portion of the property in the District in October 2004 having commenced entitlements and pre-development prior to closing. Construction of infrastructure improvements and certain amenities commenced in August 2005, and the first residential sales closed in 2006. Since that time, Pulte has spent approximately \$200,000,000 to provide water, sewer, streets, curbs, gutters, a golf course, a recreation center, an arts and crafts center, baseball fields and other facilities and has continued to ready additional property it owns in the District for residential and commercial development. Pulte also has continued to market and sell its varied residential products. Overall, Pulte has commenced and/or completed improvements to approximately 1,600 acres of the property it owns in the District. See "Residential Development" and "THE PUBLIC INFRASTRUCTURE."

While other entities own approximately 707 acres of land in the District outside of Pulte's Festival Ranch, it is not anticipated that such other owners will be developing their property in the District in the foreseeable future. Pulte is the only homebuilder that owns land within the District.

Land Development Agreements/Community Master Plan

The real property in the District is subject to a Development Agreement with the Town, dated October 4, 2000 (the "Land Development Agreement"), which addresses the rights of, among others, owners to develop property in the District as provided in and subject to the conditions of such agreement. The Land Development Agreement has been modified by way of several recorded amendments and references herein to the Land Development Agreement mean such Agreement as amended. The Land Development Agreement addresses various issues often times made the subject of development agreements in Arizona, such as, among other things, Town services, reimbursements to Pulte for certain public infrastructure, the Town's processing of plans and permits, and public bidding. The Land Development Agreement and certain subsequent agreements also address the legal right to obtain and legal obligation to provide potable water and the required capital and operations contributions to the Town for water, sewer, police and fire services within the District. Police, fire and sanitation services are provided to the District by the Town. Pulte is obligated to assist in the funding of certain capital and operational costs associated with the provision of water, sewer, police and fire protection for the real property in the District that is subject to the Land Development Agreement. The real property in the District is also subject to a Development, Financing Participation and Intergovernmental Agreement No. 1 by and among the Town, the District and, among others, Pulte, relating to the formation and operation of the District.

The real property in the District is subject to a community master plan originally approved by the Town on October 4, 2000 ("Community Master Plan"). Several amendments to the Community Master Plan have been adopted by the Town. The latest amendment, which added certain areas owned by Pulte to the Community Master Plan and the Land Development Agreement, was executed on October 21, 2008. References to the Community

Master Plan mean such Plan as amended. The Community Master Plan covers substantially more property than the property in the District. An Area Plan, which includes the property within the District, was adopted by the Town on June 17, 1997.

Although the number of acres devoted to each particular land use may ultimately vary from those presented, the development of the District in accordance with the Community Master Plan by Pulte and other owners is currently expected to include the following land uses:

TABLE 10

<u>Total Project</u>	<u>Approximate District Acres</u>
Single Family Residential	3,190
2 Golf Courses and Recreation Center	475
Commercial	<u>350</u>
Total	<u>4,015</u>

The Community Master Plan allows 14,226 residential units within the District, the vast majority of which are planned as single family residences. The Community Master Plan also allows development of approximately 7.3 million square feet of commercial space within the District. Development of the property within the District and construction of homes and other infrastructure is subject to obtaining various development and construction approvals and permits. As a condition to the sale of homes, homebuilders will be required to obtain building and any additional permits required for the construction and completion of all such homes and other infrastructure.

United States Army Corps of Engineers

When Pulte commenced commercial development in Festival Ranch, the project operated under a “Section 404” permit granted by the United States Army Corps of Engineers (“USACE”). The required permit was approved and issued in July 2005 (the “Permit”). Pulte operated under the Permit until December 11, 2009, when the U.S. District Court terminated the Permit after litigation was initiated over concerns about the Permit’s validity in light of new requirements stemming from litigation in other jurisdictions.

Even though the Permit was terminated, the U.S. District Court allowed development to proceed in accordance with the original land planning and other regulatory documents and approvals in areas disturbed or developed while the Permit was in force. The existing developed and disturbed areas account for approximately 3,500 residential units as well as some commercial parcels. In February 2011, Pulte submitted a Jurisdictional Determination Report to USACE for the remaining undeveloped land using the newly developed report requirements. In December 2011, USACE approved the Jurisdictional Determination (the “Determination”) as submitted ruling that only Wagner Wash was “jurisdictional” (i.e. subject to preservation and protection). Because Pulte’s plan had always accounted for Wagner Wash as jurisdictional, the Determination allows Pulte to continue to develop the Project as originally planned for at least five years with little or no loss in residential and commercial acreage. The Determination is valid for five years and can be extended upon request and application for additional years, though there can be no assurance that there will not be additional claims by environmental groups if and when such an extension is requested.

Additional Entitlements

Pulte has recorded 13 final plats that include 3,220 lots within the District. Pulte also has obtained approval of six preliminary plats for 899 residential lots on property within the District. Combining preliminary plats and final plat there are 4,119 entitled lots. Of those lots included in final plats, 2,474 have been improved with utilities and paved streets, and of those, 1,903 have had homes constructed and closed on them as of April 30, 2012, while the balance of those lots (approximately 383 lots) are ready and available for immediate residential construction. Pulte is in the process of obtaining final plats for the lots which are subject to preliminary plats. In

addition, a site plan for a 17 acre commercial development including a convenience store have also been approved by the Town.

Residential Development

Pulte operates one model complex located in the age restricted community. Currently, there are 15 models within the District and a 12,000 square foot sales center in operation for Sun City Festival. The 18-hole Copper Canyon Golf Course is already owned and operated by the homeowners association for Sun City Festival and a 31,000+/- square foot recreation center, a 15,000+/- square foot restaurant/clubhouse/cart barn, a softball complex, a 9,000 square foot arts and crafts center and related recreational amenities are also complete within Sun City Festival and will be owned and operated by the same homeowners association. Festival Foothills includes a 12+/- acre neighborhood park and a linear park with trails throughout.

Pulte is responsible for the construction of all offsite infrastructure and subdivision improvements necessary to deliver fully finished lots. The “active adult” residences currently constructed by Pulte range in size from 1,099 to 2,849 square feet; homes are base priced from \$140,000 to low \$300,000. Pulte is currently analyzing the introduction of new models and otherwise updating existing models to meet current market expectations as to style and features. It is anticipated these new models and updates will be available later in 2012 or early 2013. The “conventional” residences previously constructed by Pulte ranged in size from 1,230 to 4,068 square feet; such conventional homes were base priced from \$119,900 to \$214,900. Currently Pulte is not building in the conventional community of Festival Ranch due to market conditions. It is anticipated that construction will resume in 2014, but such construction depends on market conditions. The following table shows the number of “active adult” and “conventional” home sales Pulte has closed for the periods indicated:

TABLE 11

<u>Year</u>	<u>Active Adult Home Closings</u>	<u>Conventional Home Closings</u>	<u>Total Residential Closings Per Year</u>
2006	143	0	143
2007	578	83	661
2008	318	184	502
2009	204	67	271
2010	120	48	168
2011	105	19	124
2012 (a)	<u>38</u>	<u>0</u>	<u>38</u>
Cumulative Totals	<u>1,506</u>	<u>401</u>	<u>1,907</u>

(a) Through April 30, 2012.

Source: Pulte.

Market Absorption Study

A Market & Absorption Analysis, dated May 2012 (the “Study”), was performed by John Burns Real Estate Consulting, LLC at the request of the District for the purpose of determining the potential market demand for the proposed development and residences within the District. The Study is attached hereto as Appendix F - “MARKET ANALYSIS AND ABSORPTION STUDY.” The information, assumptions, conclusions and projections contained in the Study are those of John Burns Real Estate Consulting, LLC, unless otherwise sourced or noted therein, and none of the District, the Underwriter or Pulte has made any independent investigation regarding the accuracy or completeness thereof. There can be no assurance that the absorption levels projected in the Study will be realized. Further, the absorption levels set forth in the Study are forward looking in nature and, as such, may not be realized as projected. See “RISK FACTORS - Projections.”

THE PUBLIC INFRASTRUCTURE

The information contained in this section relates to and has been obtained from Pulte, unless otherwise sourced or noted, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

In addition to the infrastructure described under the subheading "Other Debt of the District" under the heading "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS, certain infrastructure is being constructed in connection with the development and construction of residential and commercial development as described hereinbelow. Except as set forth in "PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS," none of such infrastructure is being financed with proceeds of the sale of the Bonds, but instead will be financed by Pulte and may be the subject of acquisition from proceeds of future bond offerings by the District.

Water Reclamation Facility

Current plans for sewer service within the District call for a multi-phase water reclamation facility (the "WRF") which is designed to handle all development within the District. Such facility will ultimately be owned and operated by the Town. This facility may be constructed in three phases of 1.0 million gallons of capacity each. The Town has also secured an additional MAG 208 Amendment that includes areas outside the District and allows for a significant increase in the size of the WRF in the future. The primary effluent discharge method will be re-use for irrigation purposes on the golf courses. Pulte and certain other owners of property inside and outside of the District have entered into a joint development agreement for the cooperative development of future phases of the WRF. Pursuant to such joint agreement, Pulte has the right to construct additional phases for its own accord if need be.

Construction and equipping the first phase of the WRF (the "First Phase") is complete, and such facility is being operated by the Town and is past the warranty period. The First Phase is able to service approximately 5,200 residential units within the District. Current development plans are for construction of the second phase (an additional 1.0 million gallons per day capacity) in 2020, depending upon the market conditions and demand. The actual number of units which can be served will depend in part on whether the unit is an age restricted (active adult) or conventional unit. Active adult units generally have fewer residents per unit and generate less wastewater on a gallons per day basis than conventional units. Based upon residential sales to date, there should be sufficient sewer capacity in the First Phase for approximately 3,500 additional residences without construction of any additional phases of the WRF, depending upon the split of usage between active adult and conventional.

Water Production Campus

Water service for the District is planned to be provided by two water production campuses which, ultimately, will be owned and operated by the Town. The first water production campus (Water Plant #1 and Wells #1 and #2), is located at the southeast corner of Desert Vista Boulevard and Beardsley Parkway. Water Plant #1 is planned for 2.4 million gallons of storage (constructed in two phases of 1.2 million gallons), a well and booster pumps. It is anticipated that four groundwater wells will ultimately be constructed as part of Water Plant #1. To date, two groundwater wells have been constructed and equipped. The two existing wells can serve approximately 1,950 active adult units and 476 conventional units. A third well has been drilled and is planned to be completed and equipped in 2015 or when required for proper service. With Well #3 in operation, the system should be able to support approximately 3,900 active adult units and 1,350 conventional units. As with wastewater usage and capacity, there is a difference in water demand between active adult and conventional units, with active adult units utilizing significantly less water on a gallons per day basis. Construction of the fourth well will be dependent on the production rate of the third well and market conditions. All Arizona Department of Water Resources permits and approvals have been secured for the first three wells. Construction of Water Plant #1 (except for the second phase storage tank of 1.2 million gallons and certain ancillary equipment) and the first two wells has been completed and all such facilities have been accepted by the Town and are in the warranty period.

Assured Water Supply

Currently, the Town is not designated as having an assured water supply pursuant to applicable Arizona law. The Town has submitted an application with the Arizona Department of Water Resources ("ADWR") to obtain a designation of having an assured water supply. If the Town receives such designation, the Town will utilize Pulte water sources to supply water to property owned or developed by Pulte in the District. Until the Town receives such designation, in order to plat, subdivide and sell lots, owners of property in the District must obtain a Certificate of Assured Water Supply (a "Certificate") from ADWR. Obtaining Certificates requires, among other things, a hydrology study supporting determinations that sufficient water will be continuously available to satisfy the water needs of the proposed use for at least 100 years, that any projected groundwater use is consistent with the water management plan approved by ADWR and achievement of the management goal for the area, and that financial capability to construct the delivery system. The Town has agreed to take all reasonable steps to assist Pulte in connection with applications for Certificates for portions of such area and entering into such contracts as may reasonably be required by the Central Arizona Groundwater Replenishment District pursuant to applicable Arizona law which are required in order for the area to qualify as "member land" under applicable Arizona law.

The District lies within the Lower Hassayampa Groundwater Sub-Basin. Property within the District is expected to be served primarily from groundwater from the Lower Hassayampa Groundwater Sub-Basin.

On January 22, 2004, ADWR issued an Analysis of Assured Water Supply (the "Analysis") for the property within the District. In the Analysis, ADWR determined that 7,690 acre feet per year of groundwater will be physically available, which is equivalent to the projected build-out demands for the District. The proposed development evaluated by ADWR includes 3,208 single-family residential lots, 9,018 active adult single-family residential lots, 1,450 multi-family residential units and 1,122 nonresidential acres containing commercial areas, a hospital, schools, parks, rights-of-way, a community center, easements and golf courses.

The Analysis is used in support of applications for Certificates. With respect to the property covered by the Analysis, four Certificates have been issued by ADWR. The first was issued November 23, 2004, for 3,473 lots, with an estimated water demand of 2,130.14 acre feet per year. The second was issued May 7, 2006, for 819 lots, with an estimated water demand of 608.72 acre feet per year. The third was issued on February 5, 2009 for 608 lots with an estimated water demand of 646.81 acre feet per year. The fourth was issued on April 8, 2009 for 259 lots with an estimated water demand of 258.63 acre feet per year. A total of 5159 lots have received Certificates which means Certificates for approximately 3700 residential lots remain available. Applications for Certificates for the remainder of the property within the District have not yet been made.

Maintaining sufficient water supplies in the Lower Hassayampa Groundwater Sub-Basin may require efforts to supplement the groundwater supply through purchase of water for use or recharge and through recharge and reuse of treated effluent, all at levels greater than currently in place. The cost of facilities for effluent recharge and reuse are substantial. Failure to maintain sufficient supplies may prevent further development in the Lower Hassayampa Groundwater Sub-Basin from obtaining Certificates. ADWR may revoke a Certificate if an assured water supply does not exist, but cannot revoke a Certificate if any of the residential lots within the plat have been sold. As to the Certificates issued November 23, 2004, for 3,473 lots and May 7, 2006, for 819 lots, at least one lot has been sold in such areas. Loss of, or inability to obtain, necessary Certificates may have adverse effects on development of land within the District and on repayment of the Bonds. See "RISK FACTORS - Completion of the Public Infrastructure and the Other Infrastructure."

Streets/Water and Sewer Lines

Pulte plans to construct on property it owns within the District all required arterial and collector roads (including related landscaping), all sewer trunk lines and any required wastewater treatment, and all water distribution and water supply facilities.

Completed improvements include the following: approximately 34,500 lineal feet of trunk sewer, approximately 49,561 lineal feet of water supply and distribution lines, storm drain, paving and concrete on Canyon Springs Boulevard from Sun Valley Parkway past Beardsley Parkway to Tina Lane, on Desert Vista Boulevard from Beardsley Parkway on the conventional side past Canyon Springs Boulevard to Beardsley Parkway and on Mountain

Ridge Boulevard from Desert Vista Boulevard to Desert Oasis Boulevard, Desert Oasis Boulevard from Sun Valley Parkway to Beardsley Parkway and Beardsley Parkway from Desert Vista to Desert Vista on the conventional side. Construction of future roadways will be dependent on existing roadway capacities and the need to provide safe vehicular access within the District.

Approximately 19,020 linear feet of arterial roadway (3.60 miles) and 13,200 linear feet of collector roadway (2.5 miles) have been constructed in the District by Pulte. Such infrastructure also includes approximately 115,000 linear feet of local streets (21.72 miles). Such "Public Infrastructure" was completed in April 2012 and has been or will be dedicated to the Town.

Pulte has, or plans in the future to, publicly bid the improvements outlined above and plans to pay for the construction of same. Pulte anticipates that these improvements will be eligible to be reimbursed from future bond offerings by the District.

Police and Fire

Pulte has provided a temporary police and fire facility at the southeast corner of Beardsley Parkway and Canyon Springs Boulevard. This facility is operational. Ultimately, the Town police and fire departments are planned to be housed in a permanent facility proposed in the vicinity of the southwest corner of Desert Oasis Boulevard and Mountain Ridge Boulevard. Timing of construction of the permanent facility will be determined by the Town based on operations needs.

Other

Electrical service for the District is provided by Arizona Public Service Company. Telephone and data service is provided by Cox Communications and Zona Communication. Cable service is provided by Cox Communications.

The District is located in the Wickenburg Unified School District. A K-8 School is located within the "conventional" community of Festival Foothills. This school opened in the Fall of 2008.

The District receives primary vehicular access from Sun Valley Parkway. Provisions for arterial and collector vehicular access provide additional access within property subject to the District. A feasibility study is being prepared by the Maricopa County Department of Transportation regarding the location of a proposed parkway connecting Highway 85 to State Route 74 and Highway 60. Depending upon the results of such study, additional access may be available to the property in the District. However, Pulte is currently unsure of the final location of the proposed parkway.

PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS

The information contained in this section relates to and has been obtained from Pulte, unless otherwise sourced or noted, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

Proceeds of the Bonds will be used, and proceeds of prior bond issuances have been used, to finance certain public infrastructure (the "Public Infrastructure Financed by the Bonds"), which is comprised of approximately 34,500 linear feet of trunk sewer lines constructed throughout the District and approximately 19,000 linear feet of arterial roadway (2.3 miles) and 13,200 linear feet of collector roadway (3.6 miles) constructed in the District, including landscaping, approximately 115,000 linear feet of local streets (21 miles), Water Plant #1 and Wells #1, #2, #2A and #3, approximately 25,000 linear feet (9.3 miles) of water line, approximately 49,500 linear feet (3 miles) of reclaimed water lines, the WRF and related facilities. The Public Infrastructure Financed by the Bonds was completed in or prior to April 2012 and has been or will be dedicated to the Town. The total estimated cost of

the Public Infrastructure Financed by the Bonds is greater than the amount to be available from proceeds of the sale of the Bonds; the balance of the cost of the Public Infrastructure Financed by the Bonds has been paid by Pulte. Unreimbursed costs of Public Infrastructure Financed by the Bonds is eligible to be reimbursed by the sale of bonds by the District in the future.

PULTE

The information contained in this section relates to and has been obtained from Pulte, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

Pulte Home Corporation, a Michigan corporation ("Pulte"), is a wholly-owned subsidiary of PulteGroup, Inc., a Michigan corporation formerly known as Pulte Homes, Inc., which is a publicly traded company listed on the New York Stock Exchange ("PulteGroup"). PulteGroup is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and Northwestern Atrium Center, 400 West Madison Street, Suite 1400, Chicago, Illinois. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the NYSE at 20 Broad Street, New York, NY 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at <http://www.sec.gov>. None of the District, Bond Counsel, the Underwriter or Counsel to the Underwriter has examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

On August 18, 2009, Pulte Homes, Inc. merged (now PulteGroup, Inc.) with Centex Corporation by acquiring all outstanding shares of common stock of Centex Corporation in a stock-for-stock transaction. Based on the exchange rate, PulteGroup shareholders own approximately 68 percent of the combined company, and Centex shareholders own approximately 32 percent. The Company will operate more than 900 communities across 29 states and the District of Columbia, and will serve all major customer segments through its family of brands that includes Pulte Homes, Centex and Del Webb.

[Remainder of page intentionally left blank.]

SOURCES AND APPLICATION OF FUNDS

Sources

Par Amount of Bonds	\$5,400,000.00*
Net Original Issue Premium	
Pulte Contribution	

Total

Applications

Costs of Acquisition
Costs of Issuance (including Underwriter's Compensation)

Total

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 generated within 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.

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 incident to real estate investments and development including those described hereinbelow.

Construction of houses on the remaining lots within the District will be affected by future litigation regarding the Permit or the Determination and 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 Festival Foothills and Sun City Festival, which may render the sale of such homes difficult or unattractive; acts or 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 or USACE, over which the District has no control.) See "LAND DEVELOPMENT - United States Army Corps of Engineers."

* Subject to change.

The residential development business, particularly with respect to communities such as Sun City Festival and Festival Foothills, is highly competitive in the Phoenix 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 Phoenix metropolitan area, many of which offer or intend to offer lots and parcels in similar communities to a similar target market. As has been widely reported, there was a general slowdown in the single family housing sector in the Phoenix Metropolitan Area from 2007 through 2011, and decreased absorption rates associated with such slowdown adversely affected land values (including secondary assessed valuation for the purposes described herein under "SECURITY FOR AND SOURCES OF PAYMENT- Ad Valorem Property Taxation in the District") and actually reduced the ability of the property owners to pay the ad valorem taxes securing the Bonds. There can be no assurance that the market downturn will not continue and, in that event, the reduced property values and revenues could lead to a default in the payment of principal of and interest on the Bonds.

Vacant lots also provide less security to the Bondholders should it be necessary for the District to foreclose due to nonpayment of ad valorem taxes. Furthermore, an inability to construct houses on the remaining lots within the District will likely reduce the diversity of ownership on land within the District, making the Bondholders 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, possibly including an extension of the Determination issued by USACE. Such approvals and permits are necessary to initiate development and 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 for Pulte.

Failure or Inability to Complete Proposed Development

The development of land in the District will be staged so that a particular phase isn't planned to be developed all at once. The financing for development of property in the District as a whole will be provided by third-party lenders, funds provided by Pulte and other sources. The availability of funding for the completion of Sun City Festival and Festival Foothills will depend upon the demand for residential lots or units within such communities and local, regional and national market and economic conditions. No assurance is given that funding will be obtained for development of property in the District, or, if obtained, will be in an amount sufficient to complete development of Festival Foothills and Sun City Festival. If satisfactory funding is unavailable, Pulte may be required to delay or suspend completion of the development of the balance of Sun City Festival and Festival Foothills.

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 "Direct and Overlapping Indebtedness."

Completion of the Public Infrastructure and the Other Infrastructure

The construction of infrastructure for development of the land in the District is not yet complete. See "LAND DEVELOPMENT" and "THE PUBLIC INFRASTRUCTURE." 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, 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.

Foreclosures

As has been widely reported, there was a general slowdown in the single family housing sector in the United States and, in particular, in Arizona from 2007 through 2011, and decreased absorption rates associated with such slowdown adversely affected land values (including secondary assessed valuation for the purposes

described herein under "SECURITY FOR AND SOURCES OF PAYMENT- Ad Valorem Taxation in the District"). The housing and mortgage markets continue to be under pressure due to many economic factors, including the tightening of credit standards, reduction of access to mortgage capital, and interest rate adjustments on may adjustable rate mortgages which have caused property owners to default on their mortgages. Foreclosures have increased to record levels as a result of these factors, and residential property values in most areas of the county, including within the District, have generally declined. Such decreases in value and foreclosures may reduce ability or desire of the property owners to pay the ad valorem taxes securing the Bonds. In that event, there could be a default in the payment of principal of and interest on the Bonds.

It is anticipated that the assessed valuation of the taxable property in the District will 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."

Sale of Portions of the Land in the District

It is a possibility that Pulte or other land owners within the District may sell portions of their land to other owners. Such new owners may not develop their land on the same schedule as Pulte or the other land owners, thus slowing the pace of growth and delaying increases in assessed valuation.

Availability of Utilities

Water and sewer service to the District will be provided by the Town as described under the subheading "THE PUBLIC INFRASTRUCTURE." Failure or inability to complete proposed development including development of necessary utilities could affect adversely development of the land in the District. See "Failure or Inability to Complete Proposed Development." Certain utilities are to be developed by the Town pursuant to certain development agreements including as described above. There can be no assurances that such utilities will be financed and developed.

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- 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

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 (including taxes for the Series 2006 Bonds, the Series 2007 Bonds, the Series 2009 Bonds and the Taxable Series 2009 Bonds and, in the First Assessment Area, the assessment for the Series 2005 Assessment Bonds; in the Second and Third Assessment Area, the assessment for the Series 2007 Assessment Bonds; in the Fourth and Fifth Assessment Area, the assessment for the Series [2008??] Assessment Bonds; in the Sixth Assessment Area, the assessment for the Series 2009 Assessment Bonds and in the Seventh Assessment Area, the assessment for the Series 2011 Assessment Bonds). The existing public debt relating to the District is set forth in "OVERLAPPING, ADDITIONAL, ADDITIONAL OVERLAPPING AND OTHER INDEBTEDNESS." In addition, other political subdivisions 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 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 junior liens in the case of, for instance, special assessments, 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 - 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.

In addition, the various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) and relating to the Indenture 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.

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 only approximately 30 percent complete. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Accordingly, Pulte 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, Pulte 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, archeological, 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 Festival Foothills and Sun City Festival resulting from any contamination on the site or from the proximity of the site to other contaminated areas; or discovery of archeological 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 item, especially as set forth in the Study attached hereto as Appendix Fs. The projections for lot closings, completion dates, completion costs and other items are based on assumptions concerning future events and should be viewed with an abundance of caution. Circumstances that may not yet be ascertainable, which Pulte believes to be significant and which Pulte cannot control may also exist. There are usually differences between projections for lot closings, completion dates, completion costs and other items and actual lot closings, completion dates, completion costs and other items, because the lot closings, completion dates, completion costs and other items 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 Offering Memorandum can be achieved.

Cancellation of Contracts

The State, its political subdivisions, including the District, or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions (including the District) or any of the departments or agencies of either is, while the contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. Cancellation of contracts entered into by the District may adversely affect the Bonds.

LITIGATION

At the time of delivery and payment for the Bonds, appropriate representatives of the District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or overtly threatened against the District, affecting the existence of the District, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture 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.

TAX EXEMPTION

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continued compliance with certain restrictions, conditions and requirements by the District as described below, interest income on the Bonds is excludable from gross income for federal income tax purposes and is exempt from State of Arizona income taxes. The opinion of Bond Counsel will be dated as of the date of delivery of the Bonds. A form of such opinion is included as Appendix B attached hereto.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The Bonds do not provide for an adjustment in interest rate or yield in the event of taxability, and an event of taxability does not cause an acceleration of the principal amount of the Bonds. The opinion of Bond Counsel assumes continuing compliance with such covenants, restrictions, conditions and requirements.

The Code also imposes an "alternative minimum tax" ("AMT") upon certain corporations and individuals. A taxpayer's "alternative minimum taxable income" ("AMTI") is its taxable income with certain adjustments. Interest income on the Bonds is not an item of tax preference to be included in the AMT of individuals or corporations.

Notwithstanding the preceding sentence, one of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess (if any) of the corporation's "adjusted current earnings" over the corporation's AMTI for the taxable year (determined without regard to such adjustment for excess adjusted current earnings and the alternative tax net operating loss deduction). A corporation's "adjusted current earnings" includes all tax-exempt interest, including the interest on the Bonds.

Although Bond Counsel will render an opinion that, as of the delivery of the Bonds, interest income on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a Beneficial Owner's federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers who become Beneficial Owners of the Bonds, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations should consult their tax consultants as to the applicability of such tax consequences to the respective Beneficial Owner. The nature and extent of these other tax consequences will depend upon the Beneficial Owner's particular tax status and the respective Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such tax consequences.

The Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

From time to time, there are legislative proposals in Congress which, if enacted could alter or amend the federal tax matters referred to above 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) issued prior to enactment.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the Bonds maturing on July 1, 20__ through and including July 1, 20__ (collectively, the "Discount Bonds"), are less than the respective amounts payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price (the "Issue Price") of the Discount Bonds, and the amount payable at maturity, of the Discount

Bonds will be treated as "original issue discount." With respect to a Beneficial Owner who purchases an Discount Bond in the initial public offering at the Issue Price and who holds the Discount Bond to maturity, the full amount of original issue discount will constitute interest income which is not includible in the gross income of the Beneficial Owner of the Discount Bond for federal income tax purposes and Arizona income tax purposes and that Beneficial Owner will not, under present federal income tax law and present Arizona income tax law, realize a taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bond is treated for federal income tax purposes and Arizona income tax purposes as accreting daily over the term of such Discount Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 (with straight-line interpolation between compounding dates).

The amount of original issue discount accreting each period will be added to the Beneficial Owner's tax basis for the Discount Bond. The adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bond. An initial Beneficial Owner of an Discount Bond who disposes of the Discount Bond prior to maturity should consult his or her tax advisor as to the amount of the original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or disposition of the Discount Bond prior to maturity.

The Code contains certain provisions relating to the accretion of original issue discount in the case of subsequent Beneficial Owners of the Discount Bonds. Beneficial Owners who do not purchase the Discount Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of the ownership of Discount Bonds.

A portion of the original issue discount that accretes in each year to a Beneficial Owner of an Discount Bonds may result in certain collateral federal income tax consequences as described in "TAX EXEMPTION" herein. Beneficial Owners of Discount Bonds in states other than Arizona should consult their own tax advisors with respect to the state and local taxes.

BOND PREMIUM

The initial public offering price of the Bonds maturing on July 1, 20__ through and including July 1, 20__ (collectively, the "Premium Bonds") are greater than the amount payable on such Premium Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial Beneficial Owner of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial Beneficial Owner must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial Beneficial Owner is determined by using such Beneficial Owner's yield to maturity. Beneficial Owners of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The District has certified that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which will be issued by the District in calendar year 2012, will not exceed \$10,000,000. Bond Counsel will rely on such certification with respect to its opinion on this matter.

RATING

Standard & Poor's Financial Services, LLC ("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 Town has covenanted in its continuing disclosure undertaking that it will file notice of any formal change in any rating relating to the Bonds. See "CONTINUING DISCLOSURE" and APPENDIX E hereto.

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 Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, a form of which is included herein as Appendix B. (See "TAX EXEMPTION" 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. Certain legal matters will be passed upon for the District by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona; for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona; and for Pulte by their counsel, Berens, Kozub, Kloberdanz & Blonstein, PLC, Scottsdale, Arizona.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal 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 the Underwriter. The Underwriter has agreed to purchase the Bonds at a net effective aggregate purchase price of \$_____ (reflecting the aggregate principal amount of the Bonds, plus net original issue premium in the amount of \$_____ less compensation of the Underwriter in the amount of \$_____). The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing such Bonds into investment trusts) and others at prices lower than the public offering prices stated on the inside front cover page hereof. The offering prices set forth on the inside front cover page hereof may be changed after the initial offering by the Underwriter.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of beneficial owners of the Bonds to provide certain financial information and operating data relating to the District by not later than seven months after the end of their respective fiscal years (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The method of filing of, and specific nature of the information to be contained in, the Annual Reports and in the Notices of Listed Events are set forth herein in Appendix D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" which includes the form of undertaking which will be executed by the District with respect to the Bonds.

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 (the "Rule"). Should the District not comply with such covenants, it has covenanted to provide notice of such fact as it would for a Notice of Listed Event. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District has complied with all existing continuing disclosure undertakings entered into by it for purposes of the Rule in all material respects.

FINANCIAL ADVISOR

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.

RELATIONSHIP AMONG PARTIES

Greenberg Traurig, LLP, Phoenix, Arizona, Counsel to the Underwriter, and Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel and Counsel to the District, have acted as bond counsel in other transactions underwritten by the Underwriter and the Financial Advisor and have acted as underwriter's counsel to the Underwriter and the Financial Advisor in other transactions. Greenberg Traurig, LLP and Gust Rosenfeld P.L.C. have also acted as bond counsel and/or underwriter's counsel 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.

This Official Statement has been approved, executed and delivered by the District.

FESTIVAL RANCH COMMUNITY FACILITIES
DISTRICT

By
Chairman, District Board

APPENDIX A

INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA

The following information concerning the Town is for background information only as the District lies within the geographical limits of the Town. The Bonds are not an obligation of the Town in any respect. THE BONDS ARE DIRECT GENERAL OBLIGATIONS OF THE DISTRICT, PAYABLE FROM AD VALOREM TAXES LEVIED AGAINST ALL TAXABLE PROPERTY IN THE DISTRICT, AS DESCRIBED UNDER THE HEADING "SECURITY FOR AND SOURCES OF PAYMENT."

General

The Town is located approximately 30 miles from downtown Phoenix, Arizona ("Phoenix"), approximately four miles south of Interstate 10 on State Route 85. The Town was founded in 1888 and incorporated in 1929. The Town's municipal boundaries encompass approximately 650 square miles and sits at an elevation of 888 feet above sea level. Not all property within the perimeter boundaries of the Town are annexed into the Town, however over 200 square miles are annexed into the Town. The following table illustrates population statistics for the Town, the County and the State.

**Population Statistics
Town of Buckeye, Maricopa County
and the State of Arizona**

<u>Years</u>	<u>Town of Buckeye</u>	<u>Maricopa County</u>	<u>State of Arizona</u>
2011 Estimate*	52,334	3,843,370	6,438,178
2010 Census	50,876	3,817,117	6,392,017
2000 Census	8,497	3,072,149	5,130,632
1990 Census	4,436	2,122,101	3,665,339
1980 Census	3,434	1,509,175	2,716,546
1970 Census	2,599	971,228	1,775,399

* Estimate as of July 2011.

Source: Arizona Department of Commerce, Population Statistics Unit and the U.S. Census Bureau.

Transportation

State Route 85, connecting the Town with Phoenix, runs north to south just west of downtown Buckeye. Interstate 10 also traverses the northern portion of the Town. The Town has an airport adjacent to Interstate 10 with plans for a future runway extension. Buckeye Municipal Airport is used by small, general aviation aircraft. Sky Harbor International Airport in Phoenix provides passenger air service. Bus lines are also available in the Phoenix metropolitan area.

Government

The Town operates under a Council-Manager form of government. The Mayor and six council members are elected at large to four-year terms. The Town Council appoints a Manager who has full responsibility for carrying out council policies and administering operations.

The Town provides a portion of its residents with water and sewer services; electricity is provided by Arizona Public Service Company, natural gas is provided by Southwest Gas Company and telephone service is

provided by Qwest Communications Inc. In some areas of the Town water and/or sewer services are provided by private utility companies.

Economy

The Roosevelt and Buckeye Irrigation canals provide a renewable supply of water for the Town's farming needs. Employment for the Town's residents is provided by agricultural activity services, education, government and the nearby Palo Verde Nuclear Plant. The Palo Verde Nuclear Plant is located outside the boundaries of the Town approximately 20 miles west. The close proximity of the Town to the greater Phoenix metropolitan area also provides employment. Part of the Town's agricultural production includes Pima cotton which is processed in local cotton gins and exported worldwide. See below for certain historic employment information and a list of major employers located in and within close proximity of the Town.

**Major Employers
Town of Buckeye, Arizona**

[To be updated]

<u>Employer</u>	<u>Description</u>	<u>Approximate Number of Employees</u>
Wal-Mart Stores Inc.	Distribution center and retail	650
Buckeye Elementary School District No. 33	Education	450
Town of Buckeye	Government	420
Buckeye Union High School District No. 210	Education	350
Liberty Elementary School District No. 25	Education	255
Lowe's Home Improvement	Retail	150
Hickman's Egg Ranch Inc.	Egg/dairy farming	100
Wadsworth Golf Construction Co.	Golf course construction	80
Arizona Lewis Prison	Prison	70
Palo Verde Nuclear Power Plant	Energy plant	
CMH Manufacturing Inc.	Mobile home manufacturing	
Schult Homes Corp./Marlette Homes Inc.	Mobile homes	
SW Regional Juvenile Corrections Complex	Corrections	

Source: *Arizona Industrial Directory and Arizona Services Directory*, Harris Infosource and Estrella Mountain Community College Office of Planning & Institutional Effectiveness.

Area Unemployment Averages

<u>Calendar Year</u>	<u>United States</u>	<u>State of Arizona</u>	<u>Maricopa County</u>	<u>Town of Buckeye</u>
2012 (a)	8.3%	8.7%	7.6%	9.7%
2011	8.9	9.5	8.4	10.8
2010	9.6	10.0	9.1	11.4
2009	9.3	9.7	8.9	11.2
2008	5.8	5.9	5.1	5.0
2007	4.6	3.8	3.2	4.1

(a) Data through March 2012.

Source: Arizona Office of Unemployment and Population Statistics, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

**Non-Agricultural Wage and Salary Employment
Maricopa County**

<u>Industry</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 (a)</u>
Mining and construction	182,000	140,000	103,900	87,700	83,300	82,400
Manufacturing	135,300	127,400	118,900	106,400	108,300	109,300
Trade, transportation, and utilities	384,000	374,000	348,000	352,400	344,500	343,400
Financial activities	156,800	146,200	138,900	132,700	136,600	139,400
Professional and business services	335,200	313,800	271,400	272,100	260,900	273,900
Educational and health services	199,200	210,800	213,700	227,700	247,600	249,200
Services and miscellaneous	294,200	281,900	274,200	262,800	261,700	265,900
Government	<u>220,600</u>	<u>225,200</u>	<u>218,000</u>	<u>214,700</u>	<u>211,600</u>	<u>217,300</u>
Total	<u>1,907,300</u>	<u>1,819,300</u>	<u>1,687,000</u>	<u>1,656,500</u>	<u>1,654,500</u>	<u>1,680,800</u>

(a) Data through March 2012.

Source: Arizona Department of Commerce, Research Administration and the U.S. Department of Labor, Bureau of Labor Statistics.

Commerce

The following table illustrates taxable sales collections for Buckeye.

**MUNICIPAL PRIVILEGE TAX COLLECTIONS
Town of Buckeye, Arizona
(\$000s omitted)**

<u>Fiscal Year</u>	<u>Amount</u>
2010/11	\$12,272
2009/10	10,180
2008/09	14,446
2007/08	18,897
2006/07	21,176

Source: Arizona Department of Revenue, Municipal Privilege Tax Collection Program.

Educational Facilities

Elementary and high school education is available through Wickenburg Unified School District, Buckeye Elementary School District, Liberty Elementary School District and Buckeye Union High School District, respectively. Higher education is provided by Estrella Mountain Community College ten miles east of the Town; Arizona State University located in the eastern part of the greater Phoenix area in the City of Tempe, Arizona; and Arizona State University's west campus located in the northwestern part of the greater Phoenix area in the City of Glendale, Arizona.

Bank Deposits

The following table illustrates bank deposits for the County.

BANK DEPOSITS Maricopa County, Arizona (\$000s omitted)

<u>Fiscal Year</u>	<u>Amount</u>
2011	\$60,409,000
2010	61,926,000
2009	58,359,000
2008	55,055,000
2007	55,663,000

Source: Federal Deposit Insurance Corporation.

Construction

The following tables illustrate a building permit summary for residential and non-residential construction and new housing permits for Buckeye.

Town of Buckeye Value of Building Permits (\$ in 000s)

<u>Calendar Year</u>	<u>Residential</u>	<u>Commercial & Industrial</u>	<u>Other</u>	<u>Total</u>
2011 (a)	\$ 77,037	\$ 22,937	\$ 456	\$ 100,430
2010	79,956	23,813	12,537	116,306
2009	85,019	19,517	12,598	117,134
2008	288,975	18,094	23,221	330,290
2007	392,346	21,388	17,553	431,287
2006 (b)	298,868	473	13,921	313,262

(a) Data through September 2011.

(b) Incomplete data - one or more months unavailable.

Source: Realty Studies, W.P. Carey School of Business, Arizona State University Polytechnic campus. Note that the data is obtained from county and municipal divisions which issue such permits. Construction is valued on the basis of estimated cost, not on market price or value of construction at the time the permit is issued. The issuance of a building permit does not necessarily mean that construction will commence immediately or at all.

**Town of Buckeye
New Housing Permits**

<u>Calendar Year</u>	<u>New Housing Permits</u>
2011 (a)	371
2010	385
2009	441
2008	1,430
2007	2,300
2006 (b)	2,582

(a) Data through September 2011.

(b) Incomplete data - one or more months unavailable.

Source: Realty Studies, W.P. Carey School of Business, Arizona State University Polytechnic campus. Note that the data is obtained from county and municipal divisions which issue such permits. Construction is valued on the basis of estimated cost, not on market price or value of construction at the time the permit is issued. The issuance of a building permit does not necessarily mean that construction will commence immediately or at all.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

FORM OF LEGAL OPINION OF BOND COUNSEL

[Letterhead of Gust Rosenfeld P.L.C.]

(Dated the Date of Initial Delivery of the Bonds)

District Board of the Festival Ranch
Community Facilities District

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2012

At your request we have examined the official proceedings leading to the issuance of \$5,400,000* principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2012 (the "Bonds") issued by Festival Ranch Community Facilities District (the "District").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, FESTIVAL RANCH CFD RESOLUTION NO. 06-12, passed and adopted by the District Board on June 5, 2012 (the "Resolution"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly passed and adopted by the District Board, and the Indenture (as such term is defined in the Resolution) is valid and binding upon and enforceable against the District.

3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid and binding general obligation of the District.

4. All taxable property within the District is subject to the levy of a direct, annual, *ad valorem* tax to pay the principal of and interest on the Bonds without limit as to rate or amount. It is required by law that there be levied, assessed and collected, at the same time and in the same manner as other taxes, an annual tax upon all taxable property in the District sufficient, together with any money from other sources lawfully available therefor, to pay the principal of and interest on the Bonds when due.

* Subject to change.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; however such interest is taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the Bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and to collection of assessments may be subject to bankruptcy insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

Bond Counsel

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 will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income 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"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct Participants 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 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not 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 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 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 Trustee 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 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee 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 redemption payments on the Bonds will be made by the Trustee to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, 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 Participant and not of DTC (or its nominee), the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and redemption proceeds 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 Trustee, 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 District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates 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

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

\$5,400,000*

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2012

(CUSIP BASE NUMBER 315598)

This Undertaking is executed and delivered by Festival Ranch 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 Documents" shall mean, collectively, the indenture of trust and security agreements and the resolutions authorizing the issuance of the Securities.

"Dissemination Agent" shall mean any agent which has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

"EMMA" shall mean the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board. Information regarding submissions to EMMA is available at <http://emma.msrb.org/submission>.

"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, 2013, PROVIDE THROUGH EMMA AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.**

* Subject to change.

(ii) **IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, 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 2, 3, 4 and 5 of the Official Statement, dated June __, 2012, with respect to the Securities as well as with respect to tax collections and delinquencies in the preceding tax year of the Issuer.

(B) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principals as applied to governmental units. (The Issuer does not currently obtain audited financial statements.) **IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.**

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, 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 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 under the Authorizing Documents, 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 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 of the Securities, 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 School District,
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 4 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 Documents.

(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 MATERIAL EVENT OF SUCH OCCURRENCE THROUGH EMMA.**

Section 4. Termination of Reporting Obligation.

(a) 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.**

(b) To the extent applicable by provision of law, this Undertaking is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provision of which are incorporated herein.

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 the 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 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 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 Documents, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Issuer hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: [Closing Date]

FESTIVAL RANCH COMMUNITY FACILITIES
DISTRICT

By.....
Chairman, District Board

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Definitions of Certain Terms

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. The following are certain terms defined in the Indenture and used in this Official Statement.

"*Bond Fund*" means the fund of that name created pursuant to the Indenture.

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

"*Business Day*" means any day other than a Saturday; a Sunday; or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the place of payment or in the city where the principal corporate trust office of the Trustee is located.

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

"*Costs of Acquisition and Construction*" means all items of expense directly or indirectly relating to the cost of the public infrastructure purposes (as such term is defined in the Enabling Act) and in a study prepared for the District as required by the Enabling Act.

"*Costs of Issuance*" means all items of expense relating to the execution, sale and delivery of the Bonds and the execution and delivery of the Indenture, including but not limited to, filing and secondary 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 held to authorize the Bonds.

"*Debt Service*" means, collectively, (i) the principal of and interest and premium, if any, on the Bonds, when due either at Stated Maturity or redemption in advance of Maturity, (ii) fees and costs of registrars, trustees, paying agents or other agents necessary to handle the Bonds, (iii) amounts due with regard to Rebate, and (iv) fees and costs incurred in connection with complying with any undertaken to provide continuing secondary market disclosure if entered into the District with respect to the Bonds.

"*Fitch*" means Fitch Ratings or any entity succeeding the duties and obligations thereof.

"*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 or (2) obligations described in Section 103(a) of 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 pursuant to Section 6.02, have been assigned ratings in the highest rating categories of S&P Moody's, 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) REFCORP STRIPS as defined in "Permitted Investments." Governmental Obligation 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 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.

"*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, A Division of The McGraw Hill Companies, 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 this 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 Tax-Exempt 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;
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:

1. 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.
2. 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:
 - a. U.S. Export-Import Bank - direct obligations or fully guaranteed certificates of beneficial ownership

- b. Farmers Home Administration - certificates of beneficial ownership
 - c. Federal Financing Bank
 - d. Federal Housing Administration Debentures
 - e. General Services Administration - participation certificates
 - f. Government National Mortgage Association ("GNMA") - guaranteed Mortgage-backed bonds; guaranteed pass-through obligations
 - g. U.S. Maritime Administration - guaranteed Title XI financing
 - h. New Communities Debentures - U.S. Government guaranteed debentures
 - i. U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds
 - j. U.S. Department of Housing and Urban Development - Project Notes; Local Authority Bonds
3. 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):
- a. Federal Home Loan Bank System - senior debt obligations
 - b. Federal Home Loan Mortgage Corporation - Participation Certificates; senior debt obligations
 - c. Federal National Mortgage Association ("FNMA") - mortgage-backed securities and senior debt obligations
 - d. Student Loan Marketing Association - senior debt obligations
4. Money market funds registered with the Securities and Exchange Commission, meeting the requirements of Rule 2a(7) under the Investment Company Act of 1940, and having a rating by S&P of "AAAm-G"; "AAAm"; or "AAM." or better and being a rating by Moody's of "VMIG-1" or better.
5. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Company.
6. Investment Agreements provided by entities with ratings on their long term obligations or claims paying ability of "AA" or better by S&P and "Aa" or better by Moody's, and required to be collateralized by the then current requirements of S&P to always have a rating of at least "A" and the then current requirement of Moody's to have a rating of at least "A." An investment agreement may not be amended, and no investment agreement may be entered into in substitution for an investment agreement unless each rating agency which has rated the Bonds has confirmed that the rating of such rating agency on the Bonds will not be withdrawn or lowered upon the effective date of such amendment or substitute investment agreement.
7. Commercial paper rated, at the time of purchase, "A-1" or better by S&P and Moody's.
8. Bonds or notes issued by any state or municipality which are rated by S&P in one of the two highest rating categories assigned by such agencies.

9. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "A-1" or "A" or better by S&P and "P-1" by Moody's.
10. Repurchase agreements ("Repos") providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the issuer (buyer/lender), and the transfer of cash from the issuer to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the issuer in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria.

- a. Repos must be between the Issuer and a dealer bank or securities firm
 - (1) Primary dealers on the Federal Reserve reporting dealer list, or
 - (2) Banks rated "A" or above by S&P and "A" or above by Moody's.
 - b. The written repo contract must include the following:
 - (1) Securities which are acceptable for transfer are:
 - (a) Direct U.S. government, or
 - (b) Federal agencies backed by the full faith and credit of the U.S. government
 - (2) The term of the repo may be up to 180 days
 - (3) The collateral must be delivered to the Issuer, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities)
 - (4) Valuation of collateral
 - (a) The securities must be valued weekly, market-to-market at current market price plus accrued interest
 - (b) The value of collateral must be equal to 103% of the amount of cash transferred by the Issuer to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 103% of the value of the cash transferred by the Issuer, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA, then the value of collateral must equal 105%.
 - c. Legal opinion which must be delivered to the municipal entity:
 - (1) Repo meets guidelines under state law for legal investment of public funds
11. Governmental Obligations
 12. REFCORP Strips

"Rating Agency" means Fitch, 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 or 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 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 Ratings Group, a division of The McGraw Hill Companies, 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.

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 Bond Fund. The Trustee is required to hold all such property in trust for the benefit of all the Bondholders.

Funds

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 Bond Fund amounts collected by or remitted to the District as *ad valorem* taxes to the extent provided in the Indenture. The Bond Fund is required to be applied by the Trustee solely to pay Debt Service when due in any form and in the order described below under "**Application of Moneys Collected: Second.**"

Acquisition and Construction Fund. The District is required to deposit to the Acquisition and Construction Fund the proceeds of the sale of the Bonds. The money deposited to the Acquisition and Construction Fund is required to be applied to pay the Costs of Issuance (paid solely from a Developer contribution) and the Costs of Acquisition and Construction and, to the extent the funds deposited to the Acquisition and Construction Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the District to transfer such unexpended proceeds or income to the Bond Fund; provided, however, that if any such amounts remain on deposit in the Acquisition and Construction Fund on December 1, 2012, such amounts shall be transferred by the Trustee to the Bond Fund. It is anticipated that the Costs of Acquisition will be paid out immediately after delivery of the Bonds.

Investment of and Security for Funds. The Indenture provides that money held for the credit of (i) the Bond Fund will be invested by the Trustee in Governmental Obligations and (ii) the Acquisition and Construction Fund will be invested by the Trustee in Permitted Investments. 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 interest accruing 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 its own negligence.

Remedies under the Trust Indenture

The Trustee in its discretion, pursuant to the Indenture, may proceed to protect and enforce its rights and the rights of the Bondholders 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 or in aid of the execution of any power granted in the Indenture 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 Bondholders. The Indenture provides that, in addition to all rights and remedies of any Bondholder provided therein, in the event the District defaults in the payment of the principal of (or premium, if any, on) or interest on any of the Bonds when due, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution or the Indenture, the Trustee will be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the directors and other officers of the District to make such payment or to observe and perform any covenant, obligation, or condition prescribed in the Bond Resolution or the Indenture. 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 Bondholders 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) 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 reasonable 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 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, 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 Indenture;

- B. Second: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds, for principal of and premium, if any, and interest on the Bonds and (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 Bondholders

The Holders of a majority in principal amount of any series of Outstanding Bonds 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 of such series 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 (but only from amounts pledged under the Indenture) 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 Bondholder, or group of Bondholders of the series affected thereby, holding in the aggregate more than ten percent 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 of such Bond).

Supplemental Indentures

Without the consent of the Holders of any Bonds and, under certain circumstances described in the Indenture, the Issuer and the Trustee may from time to time enter into indentures supplemental to the Indenture or adopt a resolution amending the Bond Resolution (i) to correct or amplify the description of any property subject to the lien of the Indenture, or better to convey unto the Trustee 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 Indenture or the Bond Resolution; (iv) to add to the covenants of the District for the benefit of the Holders of all the Bonds; (v) to cure any ambiguity, to correct or supplement any provision in the Indenture or the Bond Resolution which may be inconsistent with any other provisions thereof, or to make any other provisions for matters arising thereunder which will not be inconsistent with the provisions thereof, if such actions will not adversely affect the interests of the Bondholders or (vi) to provide for the issuance of additional bonds.

With the consent of the Holders of not less than a majority in principal amount of the Bonds affected by such supplemental Indenture and, under certain circumstances described in the Indenture, the District and the Trustee may also enter into indentures supplemental to the Indenture or resolutions amending the Bond Resolution for the purpose of adding any other provisions to or changing in any other manner or eliminating any of the provisions of the Indenture or of modifying in another manner the rights of the Bondholders under the Indenture or the Bond Resolution. However, no supplemental indenture or amending resolution, 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 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 amending resolution 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 and any such determination will be conclusive upon each Bondholder, 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 Bondholders pursuant to the Indenture, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction;
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, subject to supervision or examination by federal or State authority, and having an office in the State of 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 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 Bondholder, 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 any such case, the District may remove the 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 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 Bondholders. 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 Bondholders and has 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.

At least one hundred (100) days prior to each Interest Payment Date with respect to the Bonds, the Trustee will deliver to the District (i) a completed Form 8038-CP, which is to be signed by the District Manager or other officer so designated by the District, and (ii) a certification by an Authorized Officer of the Trustee stating that, to its knowledge, the Form 8038-CP is accurate and complete. The District will return such signed Form 8038-CP to the Trustee not later than ninety (90) days prior to each Interest Payment Date with respect to the Bonds. The District may hire an independent consultant to review the Form 8038-CP.

Not more than ninety (90) and not less than forty-five (45) days prior to each Interest Payment Date for the Bonds, the Trustee will file, or cause to be filed a Form 8038-CP with the Internal Revenue Service Center, Ogden, Utah 84201, or any successor location specified by the Internal Revenue Service, or take such other or additional

actions as may be required from time to time under the Code as are within its power and are requested by the District and agreed to by the Trustee, to request the subsidy payment relating to the Taxable Bonds with respect to such Interest Payment Date. Upon completion and filing, the Trustee will deliver a copy of such Form 8038-CP to the District.

The Form 8038-CP will authorize the subsidy payment to be paid to the Trustee. Upon receipt of any subsidy payment, the Trustee will promptly deposit such payment in the Bond Fund as a credit against the next payment required to be made under the Indenture with respect to the Bonds.

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), calculated at the maximum permitted rate for any period in which the rate of interest on the Bonds is unknown and has been provided by depositing (i) money sufficient to make such payment or (ii) money and Governmental Obligations and/or REFCORP Strips as such term is defined in the definition of "Permitted Investments" 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.

APPENDIX F

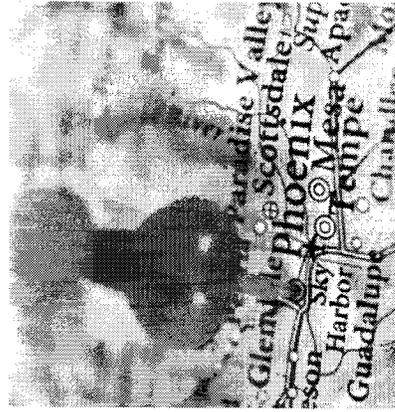
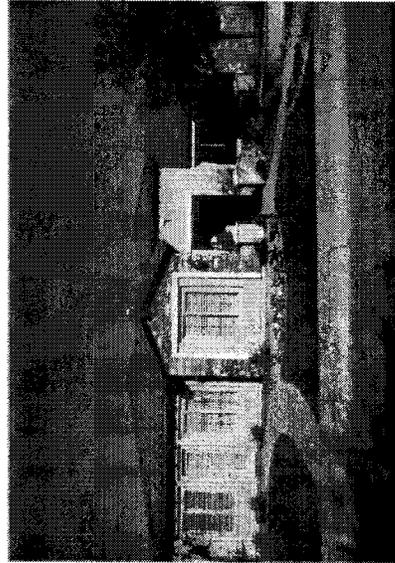
EXECUTIVE SUMMARY OF MARKET & ABSORPTION ANALYSIS

[THIS PAGE INTENTIONALLY LEFT BLANK]

EXECUTIVE SUMMARY – MARKET & ABSORPTION ANALYSIS
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
TOWN OF BUCKEYE, ARIZONA

MAY 2012

JOHN BURNS
REAL ESTATE CONSULTING



BACKGROUND AND OBJECTIVES

BACKGROUND AND OBJECTIVE:

Festival Ranch Community Facilities District asked John Burns Real Estate Consulting ("JBREC") to provide an independent third-party analysis of the residential market in the Phoenix MSA and the Buckeye market area to determine relevant market trends, to evaluate the implications for the residential development planned within the Festival Ranch CFD area and to develop updated pricing and absorption estimates for the Pulte Group portion of Festival Ranch. The report was completed at the end of March 2012 and market data reflects that time period.

CONTACT INFORMATION:

This analysis was prepared by John Burns Real Estate Consulting, LLC. It has been commissioned by the Festival Ranch Community Facilities District.

Peter Dennehy, Vice President, served as Project Director and oversaw all aspects of this assignment. Shaun McCutcheon, Senior Consultant, participated in the creation of this report. Follow-up questions should be directed to us at:

4250 Executive Square, Suite 540
La Jolla, CA 92037
858.558.8384 ext.118

TABLE OF CONTENTS



INTRODUCTION & LOCATION ANALYSIS	4
ABSORPTION PROJECTION	9
COMPETITIVE MARKET	17
SUN CITY FESTIVAL OVERVIEW	27
FESTIVAL FOOTHILLS OVERVIEW	44
ECONOMIC/DEMOGRAPHIC ANALYSIS	55
HOUSING MARKET TRENDS	64
LIMITING CONDITIONS	72

A Community Facility District (the "CFD") has been formed by the Town of Buckeye, Arizona (the "Town") to finance eligible public infrastructure related to the development of certain land, including a project within the CFD being developed by Pulte Group ("Pulte") known as "Festival Ranch" (also referred to herein as the "Project"). JBREC has been engaged to provide an independent analysis of the residential market in the Festival Ranch market area and the Phoenix MSA to determine relevant market trends, evaluate the implications for the CFD, and develop independent pricing and absorption estimates.

INTRODUCTION

The Project is located 34 miles west of downtown Phoenix and is 20 miles north of downtown Buckeye (primary access is from the Sun Valley Parkway) and approximately nine miles west of current development within the City of Surprise, Arizona along the Sun Valley Parkway. Festival Ranch is composed of approximately 3,200 acres of the 4,015 acres located within the CFD being developed by Pulte. The balance of the undeveloped land (approximately 700 acres) within the CFD is owned by another entity. This study assumes that Pulte will be the only party developing within the CFD for the foreseeable future. If other development in the area (but outside the Project) were to commence, that development may impact the absorption analysis set forth in this report.

Pulte is developing Festival Ranch with age-restricted (Sun City Festival) and primary housing (Festival Foothills) communities. Pulte is developing +/-8,500 residential units at Festival Ranch, with +/-7,200 units in Sun City Festival and +/-1,350 units in Festival Foothills. (The balance of the land in the CFD has entitlements for an additional +/-5,400 detached residential units and 7.3 million square feet of commercial space).

The active adult portion of the project known as Sun City Festival is being built under Pulte's "Del Webb" subsidiary. Del Webb is established in the Phoenix market and in the West Valley market area for offerings of active-adult housing in a series of "Sun City" projects that have been developed since the 1960s. Now, with earlier projects such as Sun City, Sun City West and Sun City Grand having been built out, Del Webb is continuing its brand at Sun City Festival.

Sun City West, located to the east in the Surprise area, totaled 9,500 homes that opened in 1996 and sold out in 2004, with annual sales of 900 to 1,200 units per year among four different home series. Sun City Festival was named the "Best Active Adult Community in the Nation for 2009" and it was the top-selling Phoenix active-adult community in the past two years. In addition to housing, Sun City Festival offers an amenity package, with a golf course and clubhouse (up to 36 holes of golf are ultimately planned), 31,000 square foot Community Center with pool, tennis, fitness center, a 9,000 sq. ft. Arts & Crafts center, softball complex, walking trails, learning and wellness programs, activities and special events.

The conventional aspect of the project, Festival Foothills, offers a K-8 elementary school and a 12-acre community park (built). At this time, there is no active home sales in Festival Foothills, with the most recent sales in 2011. The current plan is for Pulte to resume marketing in this part of the community in 2014 – but this date may be sooner or later and will depend on market conditions. When Pulte was selling in Festival Foothills, homes in this area were targeted at both families and empty nester/retiree buyers that preferred to live in a community that was not age-restricted.

Of the 8,550 homes currently planned at Pulte's Festival Ranch community, 1,869 have been sold and closed since opening in 2006 (through year-end 2011). Of these, 1,468 sales were at Sun City Festival (age-restricted) and 401 sales were at Festival Foothills (not age-restricted). Sun City Festival sold 60 homes in the first four months of 2012 and closed 38 units.

Festival Ranch offers a good draw for both conventional and age qualified housing. Positive attributes of the location include:

Sufficient regional retail opportunities. While there is limited commercial development in the Festival Ranch area presently (in the form of a gas station and convenience store), a wide array of shopping and services are located to the east in the Surprise area along the Bell Road corridor. Residents of Sun City Festival and Festival Foothills currently meet their needs in this area. As development progresses in the Festival Ranch project itself, additional commercial facilities will be developed.

Mountain views. The Project is located on the north side of the White Tank Mountain Regional Park and various homesites feature mountain views. A future phase of Sun City Festival will be built south of the Sun Valley Parkway up to the mountains and offer elevated locations that back up to the White Tank Mountains.

Local schools. A K-8 school, Festival Foothills Elementary, has been constructed and is operating in Festival Foothills (it is part of the Wickenburg School District). Other schools that serve the project include Vulture Peak Middle School and Wickenburg High School.

Proximity to Medical Services. Access to health services is a major consideration for active adult homebuyers. Medical facilities in the Festival Ranch area include Arrowhead Community Hospital in Glendale, Boswell Memorial Hospital in Sun City, Del E. Webb Memorial Hospital in Sun City West, Maryvale Hospital Medical Center in Phoenix, Samaritan West Valley Health Center in Goodyear, the Surprise Senior Center, and USAF Luke Hospital. The closest facilities are located in the Surprise area (about 10 miles).

Our research indicates that there are few location challenges associated with selling new homes at the subject property. Some buyers may object to the subject property's distance from Phoenix, but sales to-date suggest that this location works for some buyers and sales staff report that the "away from it all" location is appealing in particular to the active-adult buyers.

To-date, the additional costs resulting from the inclusion of the Project in the CFD are not a sales constraint for either component of the Festival Ranch community.

Tasks Completed

The primary objective of this assignment was to analyze the residential market in the Buckeye market (and the larger Phoenix Metropolitan Area which influences it) to determine relevant market trends, implications for the Project, and to develop corresponding absorption estimates for each residential component.

John Burns Real Estate Consulting conducted primary and secondary research and combined this research with our previous market experience in the Phoenix Metropolitan Area generally, and the Buckeye Area specifically, to complete this assignment. Specific tasks completed include:

- An analysis of demographic, housing market and socioeconomic statistics for the Phoenix Metropolitan Area;
- An assessment of active and proposed residential building activity in the Buckeye and Phoenix competitive market areas; and
- A build-out projection/absorption projection for the Project, namely Sun City Festival and Festival Foothills.

Critical Assumptions and Development Risks

The development and marketing of the subject neighborhoods is already underway and will continue. According to Pulte, through April 2012, a total of 1,907 units had been sold and closed in the two components of the Project, with 1,506 units sold in Sun City Festival and 401 units sold in Festival Foothills. With +/-6,695 units left to sell, development of the Project should continue to 2029 (as projected). Within that time frame, the economy of the nation as a whole, and Phoenix Metropolitan Area specifically (including the Town), will undergo cyclical changes. While those changes could significantly impact the marketability of the various Festival Ranch components, it is assumed that the periods of negative effect from cyclical downturns will be counteracted by the positive effects of ensuing recoveries.

The successful development and sale of the proposed residential neighborhoods within Festival Ranch will depend on national, regional and local economic conditions during the projected build-out period. Housing market trends in the Town are influenced largely by conditions in the Phoenix region. The Phoenix housing market, which was one of the strongest in the nation in the early part of the 2000s, went through a deep downturn in the second half of the 2000s, but is now showing some signs of recovery. Phoenix had positive job growth in 2011 and building permits and new home sales are on the upswing. The Phoenix region continues to offer a relatively low cost of living and attainably priced housing, particularly compared to major feeder markets (California, Pacific Northwest, Canada, etc).

The appropriateness of the Festival Ranch price positioning is based on current market values. It is assumed that Festival Ranch residential products of all types will be competitively positioned during projected build-out in the context of then-prevailing economic and market conditions and that pricing, marketing incentives and master marketing will be adjusted as needed.

The projected build out schedule assumes that Pulte maximizes the market potential to bring residential product into the housing market and requires strict product differentiation, appropriate pricing with other competitive products in light of location pluses and minuses and a smooth schedule of approvals processing, home construction and infrastructure completion. We assume no prolonged delays due to unusual weather conditions, lack of needed infrastructure such as sewer, roads, etc., environmental issues, construction worker shortages any or municipal delays in processing final maps, issuing permits, reviewing plans or approving any product plans.

JOHN G. BURNS
REAL ESTATE CONSULTING

ABSORPTION PROJECTION

Despite price points that are higher than most actively selling projects in the market today (but in-line with other active adult options), and superior levels of amenities and lifestyle that create a "destination", Sun City Festival (and other active adult projects) in the Phoenix region are achieving substantially higher overall absorption rates than are currently being achieved by most actively selling projects in the Phoenix region. While sales have continued to trend down relative to the early years of the community, Sun City Festival was still the top-selling active adult community in the Phoenix region in 2011 – with +/-150 sales in 2011, +/-130 of the sales at Sun City Festival (and 124 closings).

Going forward, we see the potential to improve sales rates as the community matures in an improving economy and as older competitive projects sell out. In 2012 (through April), the project sales rate has picked up somewhat, with 60 sales and 38 closings in the first four months of 2012 (typically a good sales period for active-adult communities given the increase in seasonal visitors) – putting the project on pace for +/-180 to 200 home sales in 2012 (we projected 195 sales).

This analysis targets absorption rates of 2.0 and 5.0 sales per product per month for Sun City Festival project, building up from current actual sales rates as the market improves and active house models are replaced with updated floorplans (Pulte typically replaces product every 5 to 6 years, the original product series introduced in 2006 are still selling, but will be replaced with fresh, up-to-date designs by early 2013).

The targeted per project sales rates consider several factors:

Sun City Festival has a national draw that includes Phoenix, as well as substantial out-of-state draw from California, the Pacific Northwest and the Midwest in particular (and other markets like Canada). The Sun City model has proven this ability in all of its locations over the last 15+ years. For perspective, Sun City Grand generated 30.0 to 50.0 sales per month per series from 1997 to 2004 when that project was routinely selling 1,000+ units per year. Sun City Grand enjoyed favorable market timing and had generally lower price points compared to Sun City Festival (average product prices of under \$200,000 in its peak sales period versus closer to \$300,000 at Sun City Festival today).

As the economy stabilizes and improves further, higher levels of consumer confidence and continued exposure of Sun City Festival to maturing boomers should lead to a stronger pace of absorption (many age-qualified households have been simply staying put given the state of the housing market, economy and stock market).

The actual per project sales rates for Sun City Festival are somewhat higher than rates being achieved at projects selling actively in area today (there are no projects around Festival Ranch, projects nearby in the Surprise area are averaging 2.0 to 3.0 sales per month). Given the current price points for Sun City Festival and considering the master plan's superior level of amenities (golf, 31,000 square foot clubhouse, open space) and lifestyle (that create a "destination") combined with Pulte's strong reputation for developing quality active adult developments, we believe that sales rates are attainable.

Overall housing market conditions (and absorption rates) for most residential product types in Phoenix slowed substantially from peak levels in the second half of the 2000s, but are now picking up again. The level of production is picking up, and sales levels for new projects have improved due to greater affordability, improved consumer confidence and continued low mortgage rates. It is reasonable to expect absorption rates going forward will be stronger than they were in 2006 to 2009 when Phoenix (and the nation as a whole) were experiencing a period of housing market downturn.

The development and marketing of the Sun City Festival is projected to take place over nearly two decades. Within that time frame, the national housing market overall, and that of the Phoenix Metropolitan Area specifically, will undergo cyclical changes. We are projecting that housing market conditions will improve in the coming years, but we also anticipate that peak absorption levels going forward will be lower than they were during the peak years of the market so peak sales of 400 to 500 sales a year appear more likely than the 1,000+ sales per year experienced in the early 2000s at Sun City Grand.

The annual absorption rate for the Project as a whole is a function of the absorption rates at individual projects and of the release dates for each neighborhood and phase. The hypothetical build-out scenario based on the targeted per project absorption rates, implies between approximately 200 to 400 new home sales annually for the Sun City Festival community in the period from 2012 to build-out in 2029, for an annual average of 301 sales/year from 2006 to 2029.

The annual totals also seem reasonable given that Sun City Festival actually sold 422 units in 2006 (its first year) and 338 units in 2007 as the market started to decline. The community sold 124 units in 2011 (105 closings) and has sold 43 units in the first two and a half months of 2012 (putting the project on pace for +/-170 sales in 2012).

For the conventional products in Festival Foothills, we estimated sales rates averaging 1.5 to 3.0 sales per month in today's market, to reflect the more competitive market conditions for conventional housing. Pulte expects to bring four products back to the market in 2014, with up to 150 to 170 sales per year projected (there was a peak of 188 closings in 2008).

These assumptions presume that Pulte will take advantage of an improved market and established community by maintaining and increasing marketing and production efforts to maximize sales potential and also by maintaining a competitive price positioning versus other available housing options.

FESTIVAL RANCH: REMAINING LOT COUNT

There are +/-5,700 remaining units at Sun City Festival and +/-949 units at Festival Foothills (which is not currently being marketed).

SUN CITY FESTIVAL (ACTIVE ADULT) - REMAINING LOT COUNT

Phase	Holiday Series	46'x110' Cottage Series	60'x110' 5,000 SF Classic Series	70'x110' 6,000 SF Premier Series	80'x110' 7,000 SF Estate Series	TOTAL
Phase 1	63	997	1,315	1,027	391	3,793
Phase 2		456	685	767	166	2,074
Phase 3		298	444	498	107	1,347
TOTAL	63	1,751	2,444	2,292	664	7,214
<u>Minus Sold Ph. 1</u>	<u>63</u>	<u>296</u>	<u>517</u>	<u>465</u>	<u>127</u>	<u>1,468</u>
TOTAL REMAIN	0	1,455	1,927	1,827	537	5,746

FESTIVAL FOOTHILLS (CONVENTIONAL) - REMAINING LOT COUNT

Phase	43'x115' 4,945 SF Adobe Series	48'x115' 5,520 SF Sonoran Series	58'x115' 6,670 SF Ridge Series	68'x115' 7,820 SF Peak Series	TOTAL
Phase 1	485	327	357	181	1,350
Phase 2	0	0	0	0	0
Phase 3	0	0	0	0	0
TOTAL	485	327	357	181	1,350
<u>Minus Sold Ph. 1</u>	<u>174</u>	<u>101</u>	<u>70</u>	<u>56</u>	<u>401</u>
TOTAL REMAIN	311	226	287	125	949

Source: DataQuick

FESTIVAL RANCH: ABSORPTION SCHEDULE AND MARKET CAPTURE PERSPECTIVE



The Phoenix MSA is slowly recovering from the housing market downturn, but it will likely be 2016 or beyond that market volume exceeds 20,000 units/year. In the Festival Ranch CMA, housing sales in the past decade averaged over 3,000 units/year, with just 668 sales in 2011 (Festival Ranch had 124 sales, or 1.5% of the MSA sales and 18.5% of CMA sales).

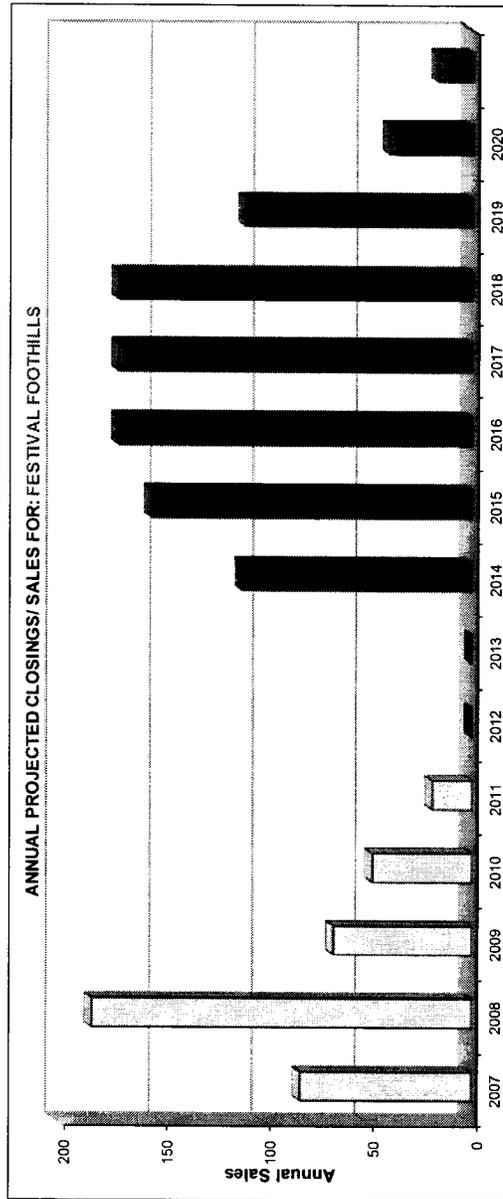
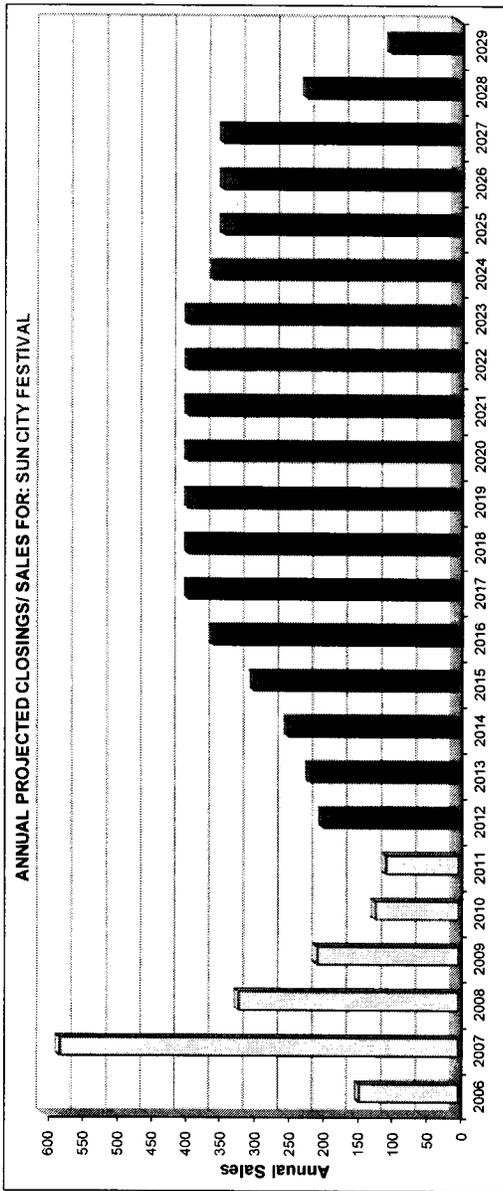
Year	Building Permits			PHOENIX MSA		FESTIVAL CMA	
	SF	MF	TOTAL	New Home Sales	Ratio of Sales to Permits	New Sales	% of MSA
1990	11,304	2,074	13,378				
1991	14,330	1,098	15,428				
1992	19,449	1,567	21,016				
1993	23,215	2,257	25,472				
1994	28,224	6,551	34,775				
1995	28,583	8,953	37,536				
1996	29,513	10,133	39,646				
1997	32,210	11,014	43,224				
1998	36,562	11,240	47,802				
1999	38,448	9,265	47,713				
2000	34,232	11,078	45,310	27,923	58%	1,953	7%
2001	37,170	8,930	46,100	32,342	68%	2,221	7%
2002	40,002	7,897	47,899	29,356	65%	2,454	8%
2003	47,285	7,575	54,860	30,490	66%	2,601	9%
2004	57,360	7,899	65,259	32,599	68%	2,445	8%
2005	60,926	8,304	69,230	36,952	67%	2,991	8%
2006	38,753	7,998	46,751	47,881	73%	6,073	13%
2007	28,939	10,868	39,807	62,058	90%	7,638	12%
2008	13,548	5,876	19,424	56,428	121%	5,525	10%
2009	8,643	674	9,317	42,092	106%	4,120	10%
2010	7,212	1,088	8,300	21,633	111%	2,198	10%
2011	7,389	1,620	9,009	12,000	129%	1,150	10%
2012P	10,000	2,500	12,500	9,285	112%	719	8%
2013P	13,500	4,500	18,000	8,480	94%	668	8%
2014P	17,000	6,000	23,000	9,000	72%		
2015P	22,000	7,000	29,000	11,000	61%		
2016P	25,000	6,000	31,000	14,000	61%		
Minimum	7,212	674	8,300	18,000	58%	668	7%
Maximum	60,926	11,240	69,230	62,058	129%	7,638	13%
Average	29,241	6,544	35,784	32,109	88%	3,054	9%
Median	29,226	7,898	39,727	31,416	82%	2,450	8%

By Year,	If Total New Home Sales Are:	Then Festival Ranch Absorption and Capture are:	
		Festival Ranch Absorption	% Capture
2006	56,428	143	0.3%
2007	42,092	661	1.6%
2008	21,633	502	2.3%
2009	12,000	271	2.3%
2010	9,285	168	1.8%
2011	8,480	124	1.5%
2012	9,000	195	2.2%
2013	11,000	215	2.0%
2014	14,000	359	2.6%
2015	18,000	452	2.5%
2016	21,000	527	2.5%
2017	25,000	563	2.3%
2018	25,000	563	2.3%
2019	25,000	502	2.0%
2020	25,000	432	1.7%
2021	25,000	408	1.6%
2022	25,000	391	1.6%
2023	25,000	391	1.6%
2024	25,000	356	1.4%
2025	25,000	341	1.4%
2026	25,000	341	1.4%
2027	25,000	341	1.4%
2028	25,000	220	0.9%
2029	25,000	99	0.4%
TOTAL	8,565		

Source: DataQuick

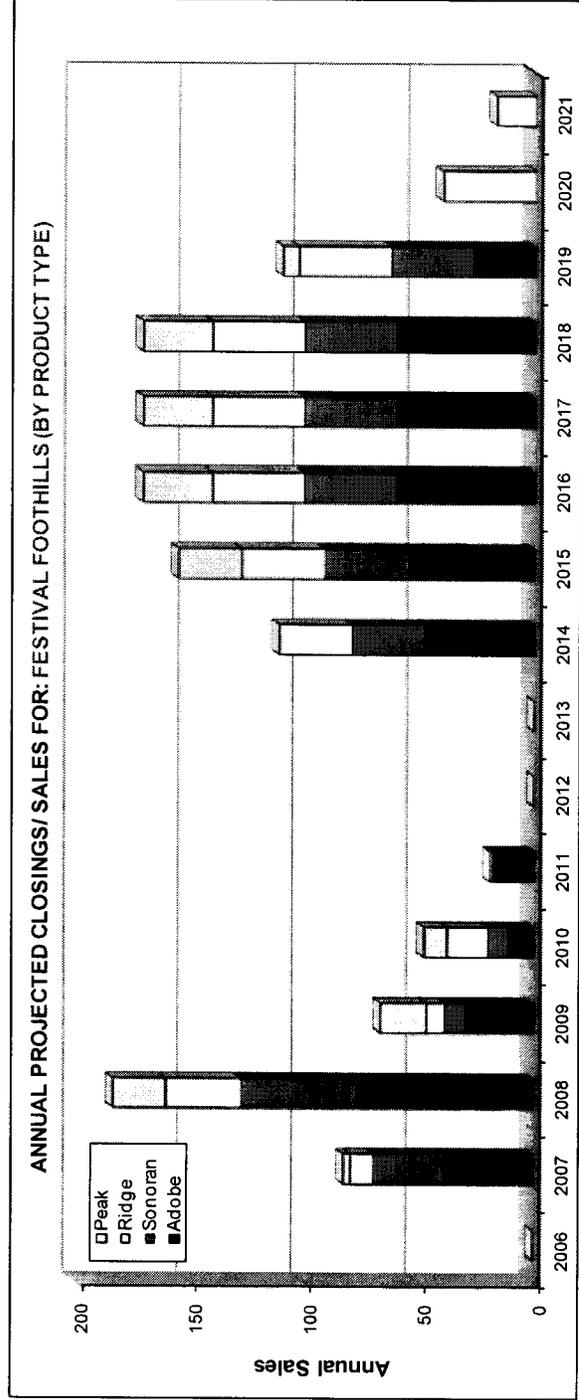
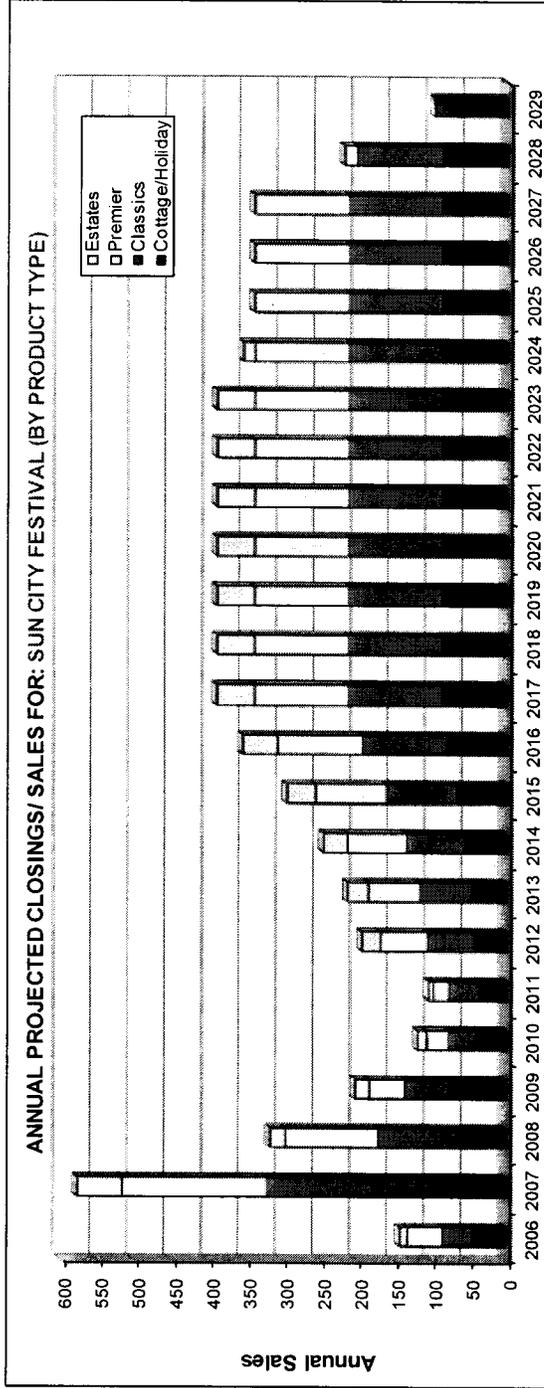
FESTIVAL RANCH: ABSORPTION SCHEDULE

After a strong sales start in 2006/2007, sales have trended down in Sun City Festival – but have picked up in Q1 2012 to an annualized pace of +/-170+ sales per year. Festival Foothills is not actively selling, it is projected to come back to the market after 2014 (as market conditions allow).



Source: DataQuick

FESTIVAL RANCH: ABSORPTION SCHEDULE BY PRODUCT TYPE



Source: DataQuick

JOHN BURNS
REAL ESTATE CONSULTING

COMPETITIVE MARKET

At Sun City Festival, five different residential product types are being offered in a series of different residential neighborhoods. According to Pulte, a total of 1,506 units have been sold in the Sun City Festival portion of Festival Ranch since sales started in 2006.

The currently offered programs range in size from 1,099 to 2,849 square feet, with current base pricing from the \$140,000s to the low \$300,000s. In addition to the above base prices, some locations in Sun City Festival command additional golf course premiums of \$30,000 to \$120,000 (average \$58,000), and the non-golf premiums are in the \$1,000 to \$10,000 range. Typical option packages range from \$25,000 at the Holiday Series to \$55,000 at the Estate Series. About 5% of lots in Sun City Festival are golf-oriented. All-in – the sales prices for Sun City Festival are in the upper \$100,000s to the mid \$300,000s.

Sun City Festival has dropped prices somewhat over the past 2+ years since we looked at absorption in late 2009 to adjust to continued market declines and slower sales. In late 2009, the asking prices ranged from the mid \$150,000s to the high \$300,000s, with premiums/options pushing some homes over \$400,000. Pricing has declined in all of the product types, with smaller reductions in the Holiday series and higher reductions in the other four products.

Pulte had introduced the lower-priced Holiday Series in 2009 to offer a lower priced product option, but sales never took off and this series is being discontinued to focus on the Cottage, Classic, Premier and Estate series. The majority of sales activity is now taking place in the Classic and Premier series – which offer homes from 1,600 to 2,350 square feet and base pricing in the low to mid-\$200,000s (all-in pricing under \$300,000).

The Sun City Festival project is attracting buyers from a wide variety of markets, including the Phoenix area itself, California, the Pacific Northwest, Colorado, the Midwest, Florida and Canada. Typical buyers are baby boomer couples in their 60s, with about 50% of buyers still engaged in some career activities. The competition for this project is other active age-restricted product in the Phoenix region (particularly the other Pulte project in the Southeast Valley and projects in the West Valley area like Pebble Creek, Vistancia and CantaMia). There is also competition from resale's at older Pulte/Del Webb projects that were built in the Surprise area (i.e. Sun City Grand).

According to Pulte, a total of 401 units have been sold in the Festival Foothills portion of the Festival Ranch project since sales started in 2007, with annual absorption of 120 to 166 units per year in the 2007-2008 period. Development is now stopped and there are +/-949 lots left in four lots sizes – 43' x 115', 48' x 115', 58' x 115' and 68' x 115'. We believe that this component of the community can be re-introduced as the regional market continues to recover – we assumed 2014+.

According to sales representatives, the buyers for this component of Festival Ranch (when it was selling) were primarily Phoenix area family buyers and/or more price conscious active adult households that wanted more affordable housing options with access to the Sun City Festival facilities (the golf course can be accessed by non-residents). The big selling point for Festival Foothills is that community amenities are already in-place to use and there is a golf course available within the community.

Key competition for Festival Foothills came from Sun City Festival (which is higher priced for similar-sized housing) and other conventional product in the West Valley area, particularly in closer-in locations to regional freeways, employment and services. Given a primary focus, affordability is more of an issue and product demand was strongest for homes priced under \$200,000.

Foreclosure inventory is somewhat more of a factor for these buyers, but our research suggests that new products are competing effectively with foreclosures as the Phoenix market starts to stabilize (many new home buyers are effectively "outbid" by investors on foreclosures and prefer not to deal with the hassle given that the new purchase process is less complicated).

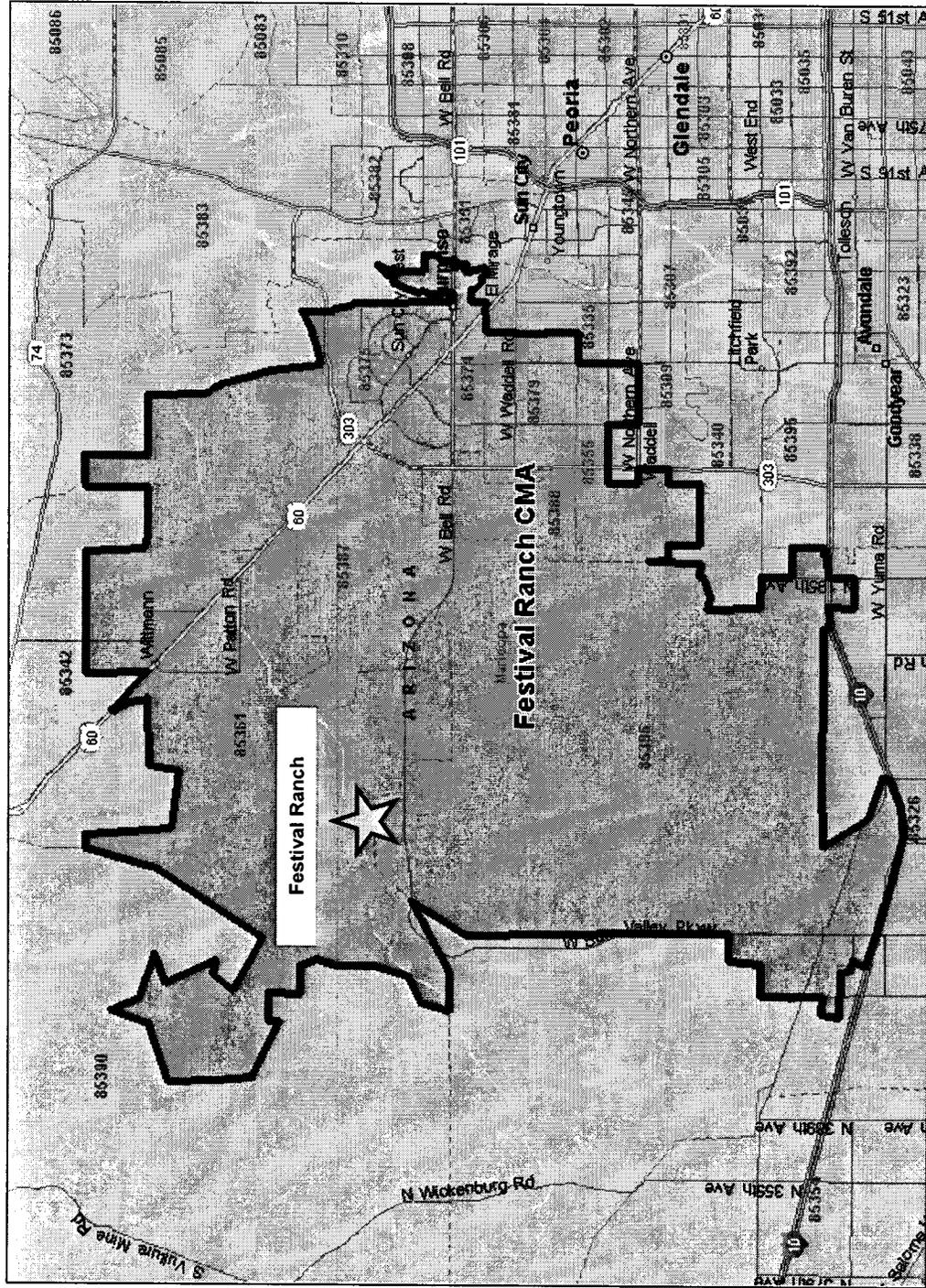
We assumed four products, with recommended unit sizes from 1,200 to 4,100 square feet and estimated pricing in the low to high \$100,000s. These unit sizes are consistent with the unit size range previously offered and/or found at active projects in the area (including active Pulte projects in the Surprise area – including the White Tank Foothills project).

At the recommended prices, the Festival Foothills products would represent a value-alternative – offering compelling pricing for new product in exchange for a more outlying location (other Phoenix builders are finding success with this strategy, but it does not maximize potential values. The recommended prices are above the recent resale's in the Festival Foothills project. Many of these sales are distressed and average selling prices in the low \$100,000s.

We do expect some price appreciation for new homes in the Phoenix between now and 2014 when we assume Festival Foothills might be brought back to market.

FESTIVAL RANCH: CMA MAP – BUCKEYE/ SURPRISE/ SUN CITY WEST CMA

Our Competitive Market Area (CMA) is comprised of select zip codes that surround the Festival Ranch site. The zip codes include 85355, 85361, 85374, 85375, 85379, 85387, 85388 and 85396. Much of this area is undeveloped, most new development in this area is taking place in areas like Surprise, Cortessa, White Tank Foothills, Verrado, etc. that are closer-in.

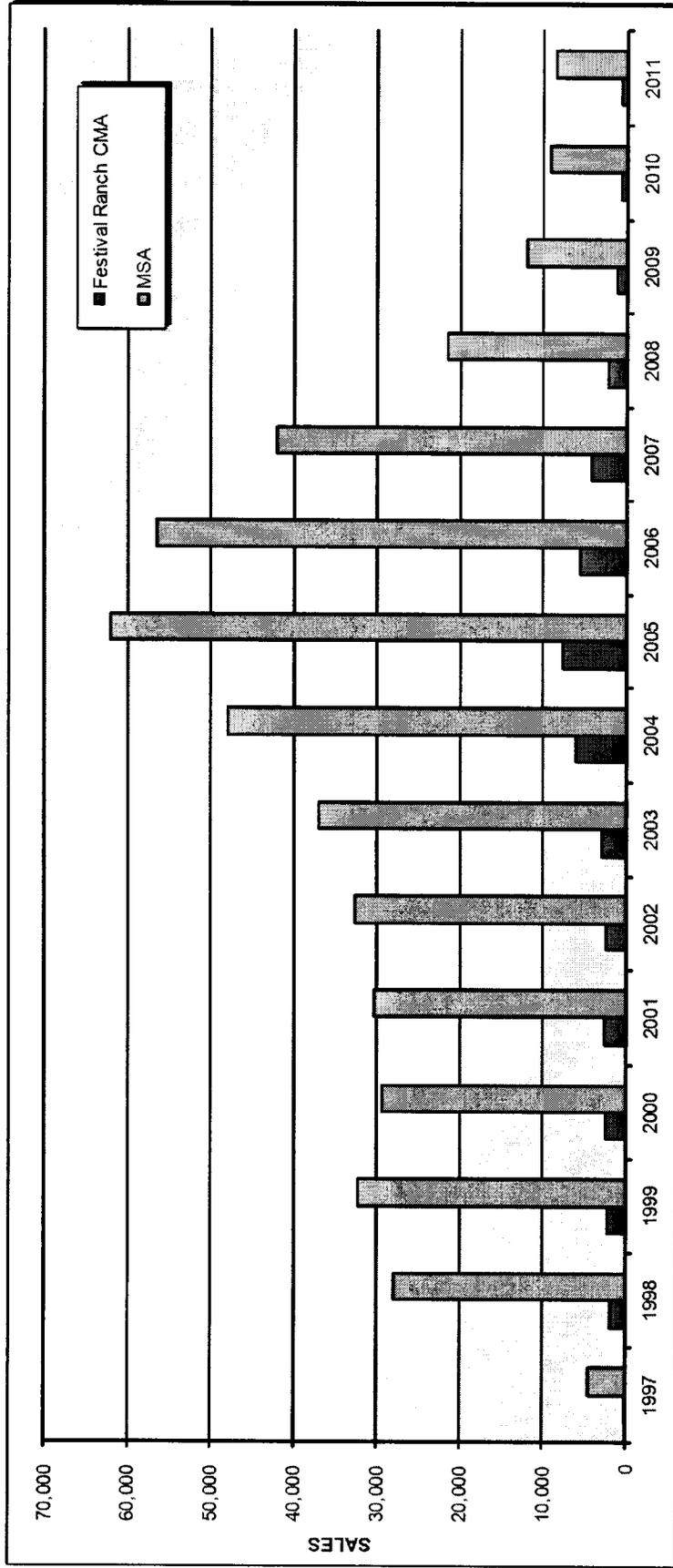


Source: MapPoint; John Burns Real Estate Consulting

FESTIVAL RANCH: NEW HOME SALES – COMPETITIVE MARKET AREA

JOHN BURNS
REAL ESTATE CONSULTING

New home sales peaked in the Festival Ranch CMA in 2005 with 7,638 sales, comprising 12.3% of the Phoenix MSA. The number of new home sales in the CMA is declined since then, to a low of just 668 new home sales in 2011. Market share has declined as well, below 8% in 2010 and 2011.



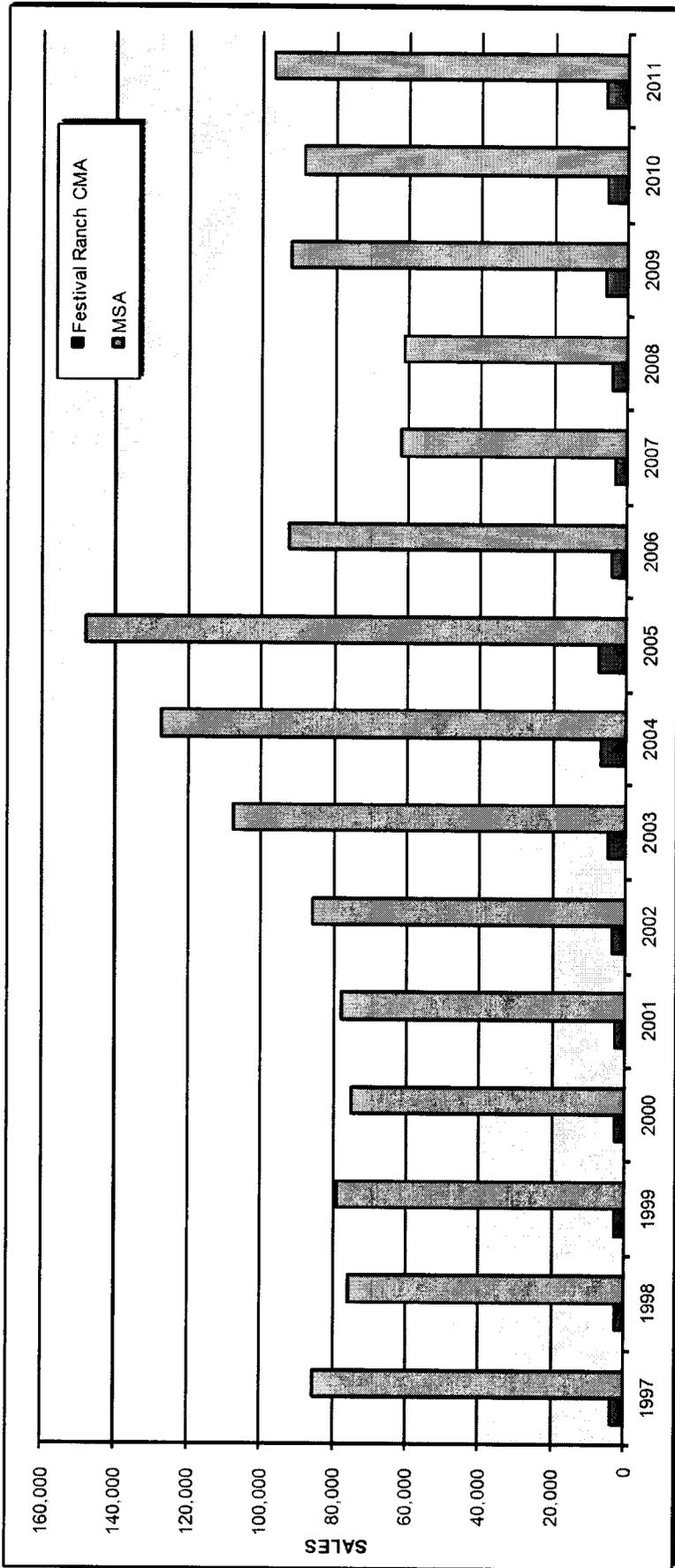
Sales	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Festival Ranch CMA	195	1,953	2,221	2,454	2,601	2,445	2,991	6,073	7,638	5,525	4,120	2,198	1,150	719	668
MSA	4,468	27,923	32,342	29,356	30,490	32,599	36,952	47,881	62,058	56,428	42,092	21,633	12,000	9,285	8,480
Capture	4.4%	7.0%	6.9%	8.4%	8.5%	7.5%	8.1%	12.7%	12.3%	9.8%	9.8%	10.2%	9.6%	7.7%	7.9%
OTMSA															
2010-11 % Cng															
	-7.1%														
	-8.7%														
Average	8.7%														

Source: DataQuick

FESTIVAL RANCH: REALES - COMPETITIVE MARKET AREA



After reaching a peak of 7,663 existing homes sold in 2005, the Festival Ranch CMA resales were at approximately 5,500 to 6,000 annually in 2009, 2010 and 2011. 2011 marked the highest resale total in six years.

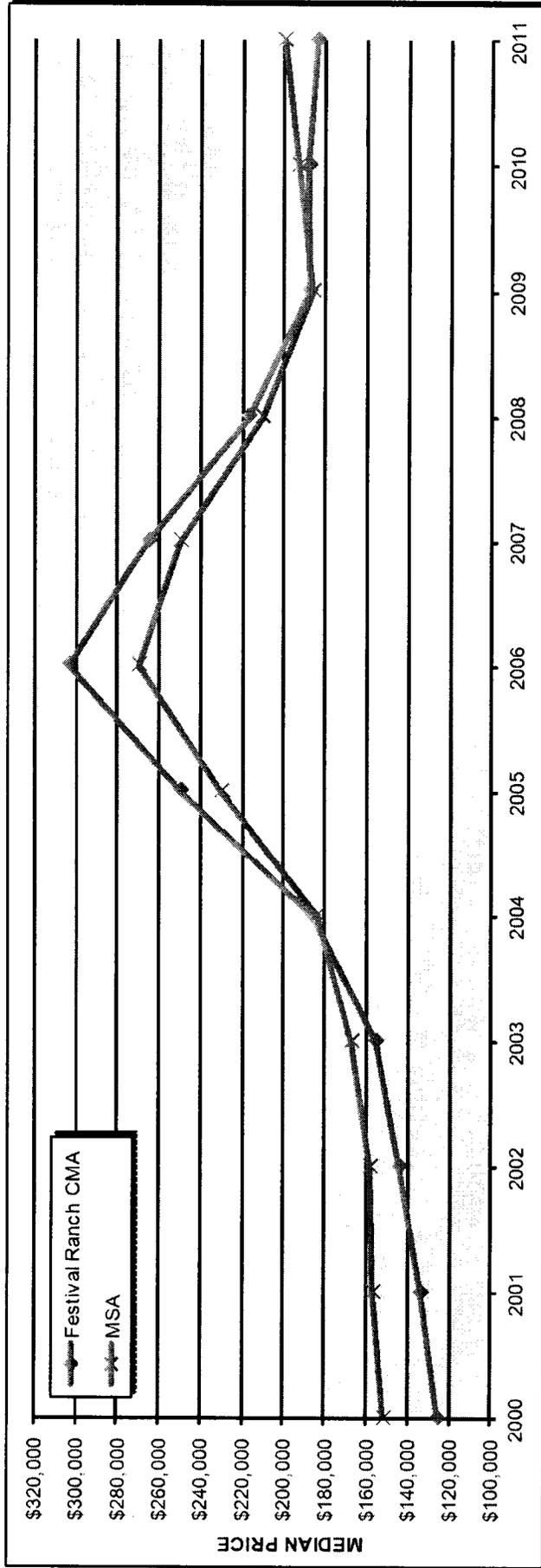


Sales	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2010-11 % Chg
Festival Ranch CMA	3,598	2,431	2,644	2,924	2,962	3,708	4,718	6,714	7,663	4,166	3,301	4,025	5,901	5,574	5,807	4.2%
MSA	85,373	75,960	79,092	75,255	77,774	85,945	107,499	127,465	147,918	92,407	62,104	61,251	91,936	88,616	97,030	9.5%
Capture	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Average
Of MSA	4.2%	3.2%	3.3%	3.8%	3.8%	4.3%	4.4%	5.3%	5.2%	4.5%	5.3%	6.6%	6.4%	6.3%	6.0%	4.8%

Source: DataQuick

FESTIVAL RANCH: MEDIAN NEW HOME PRICES – COMPETITIVE MARKET AREA

Annual new home median prices were higher than the Phoenix MSA during the market peak, but have since declined to lower median prices than the MSA overall.



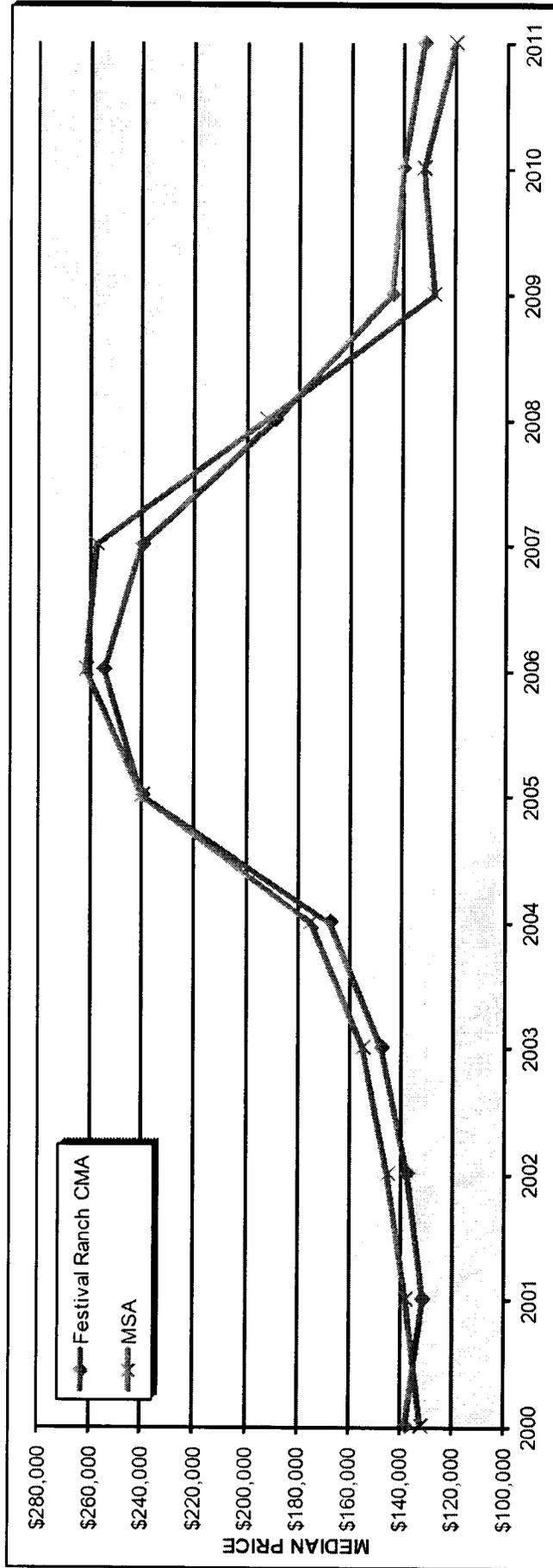
Median Price	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Festival Ranch CMA	\$125,465	\$133,805	\$144,095	\$155,610	\$186,181	\$249,612	\$303,150	\$265,000	\$217,000	\$187,822	\$188,000	\$184,000
MSA	\$151,455	\$156,790	\$158,390	\$167,180	\$184,015	\$229,850	\$269,715	\$249,650	\$210,351	\$185,990	\$192,948	\$199,807

% Change	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Festival Ranch CMA	-	6.6%	7.7%	8.0%	19.6%	34.1%	21.4%	-12.6%	-18.1%	-13.4%	0.1%	-2.1%
MSA	-	3.5%	1.0%	5.5%	10.1%	24.9%	17.3%	-7.4%	-15.7%	-11.6%	3.7%	3.6%

Source: DataQuick

FESTIVAL RANCH: MEDIAN EXISTING DETACHED HOME PRICES – COMPETITIVE MARKET AREA

The Festival Ranch CMA median detached home resale price continued to decline over the past five years. Declining home prices in the Festival Ranch CMA and Phoenix overall are a function of a large share of REO and distressed home sales over the past five years.



Median Price	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2010-2011 % Change
Festival Ranch CMA	\$138,000	\$131,500	\$137,500	\$147,500	\$167,427	\$240,000	\$255,000	\$240,000	\$189,000	\$144,000	\$140,000	\$132,000	-5.7%
MSA	\$132,000	\$138,000	\$145,000	\$154,710	\$175,000	\$240,000	\$262,000	\$258,000	\$192,450	\$128,000	\$132,000	\$120,000	-9.1%

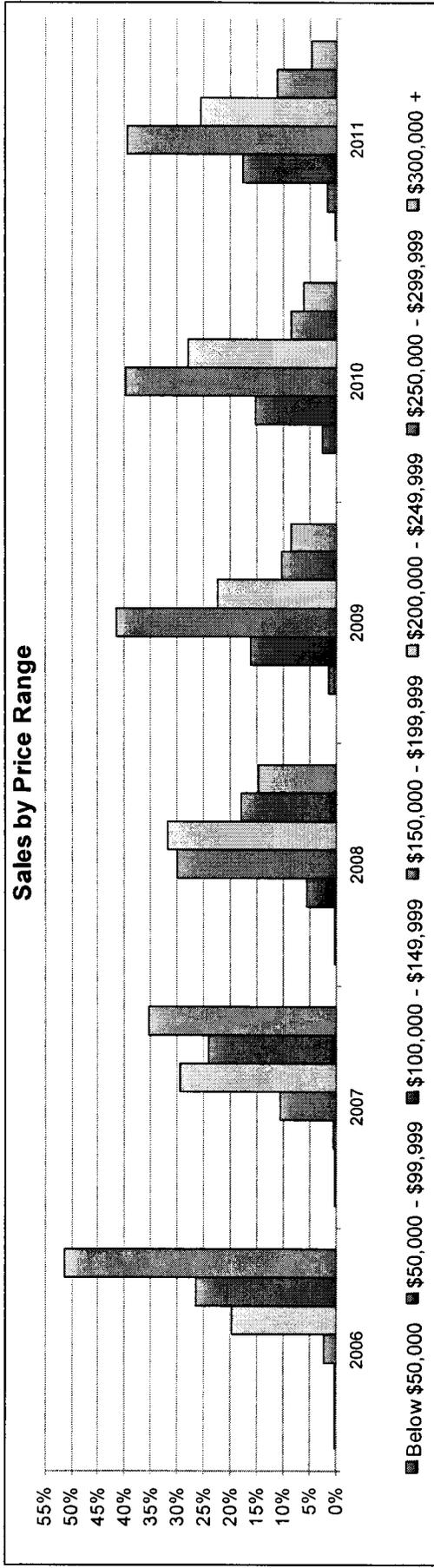
% Change	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Average
Festival Ranch CMA	--	-4.7%	4.6%	7.3%	13.5%	43.3%	6.3%	-5.9%	-21.3%	-23.8%	-2.8%	-5.7%	1.0%
MSA	--	4.5%	5.1%	6.7%	13.1%	37.1%	9.2%	-1.5%	-25.4%	-33.5%	3.1%	-9.1%	0.9%

Source: DataQuick

FESTIVAL RANCH: SALES BY PRICE RANGE – NEW HOME SALES – FESTIVAL RANCH CMA



The concentration of new home sales in the Festival Ranch CMA shifted from the \$300,000+ price range in 2005 – 2007, to a concentration of homes priced in the \$150,000 to \$200,000 range in 2011.



SALES BY PRICE COMPARISON

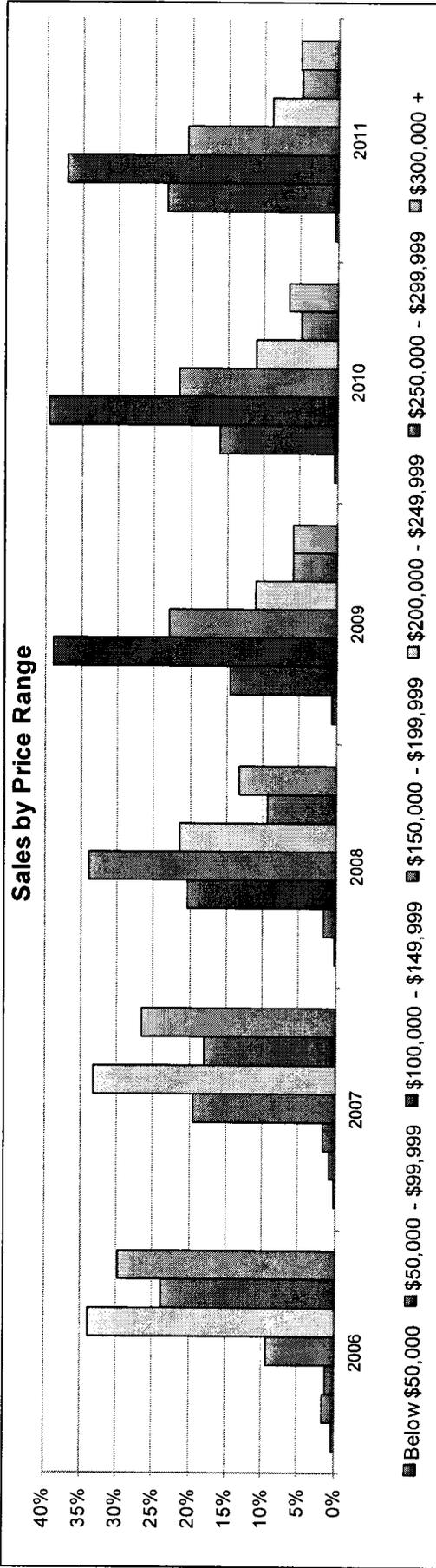
Price Range	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Below \$50,000	2	7	4	10	6	6	2	2	1	0	0	1
\$50,000 - \$99,999	177	65	9	12	83	43	3	4	2	15	18	10
\$100,000 - \$149,999	1,583	1,637	1,162	1,149	1,032	132	7	20	119	184	108	117
\$150,000 - \$199,999	417	548	589	959	2,324	1,343	127	427	656	475	285	261
\$200,000 - \$249,999	115	118	170	350	1,149	2,213	1,087	1,212	698	256	199	169
\$250,000 - \$299,999	49	67	62	107	599	1,575	1,449	986	395	116	61	74
\$300,000 +	67	58	84	110	693	2,129	2,811	1,444	320	97	43	31
Total	2,410	2,500	2,080	2,697	5,886	7,441	5,486	4,095	2,191	1,143	714	663

Source: DataQuick

FESTIVAL RANCH: SALES BY PRICE RANGE - DETACHED REALES - FESTIVAL RANCH CMA



The concentration of detached home sales in the Festival Ranch CMA shifted from the \$200,000 to 300,000+ price range in 2005 - 2007, to a concentration in the \$100,000's.



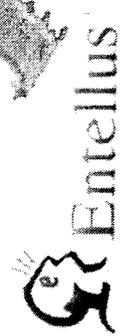
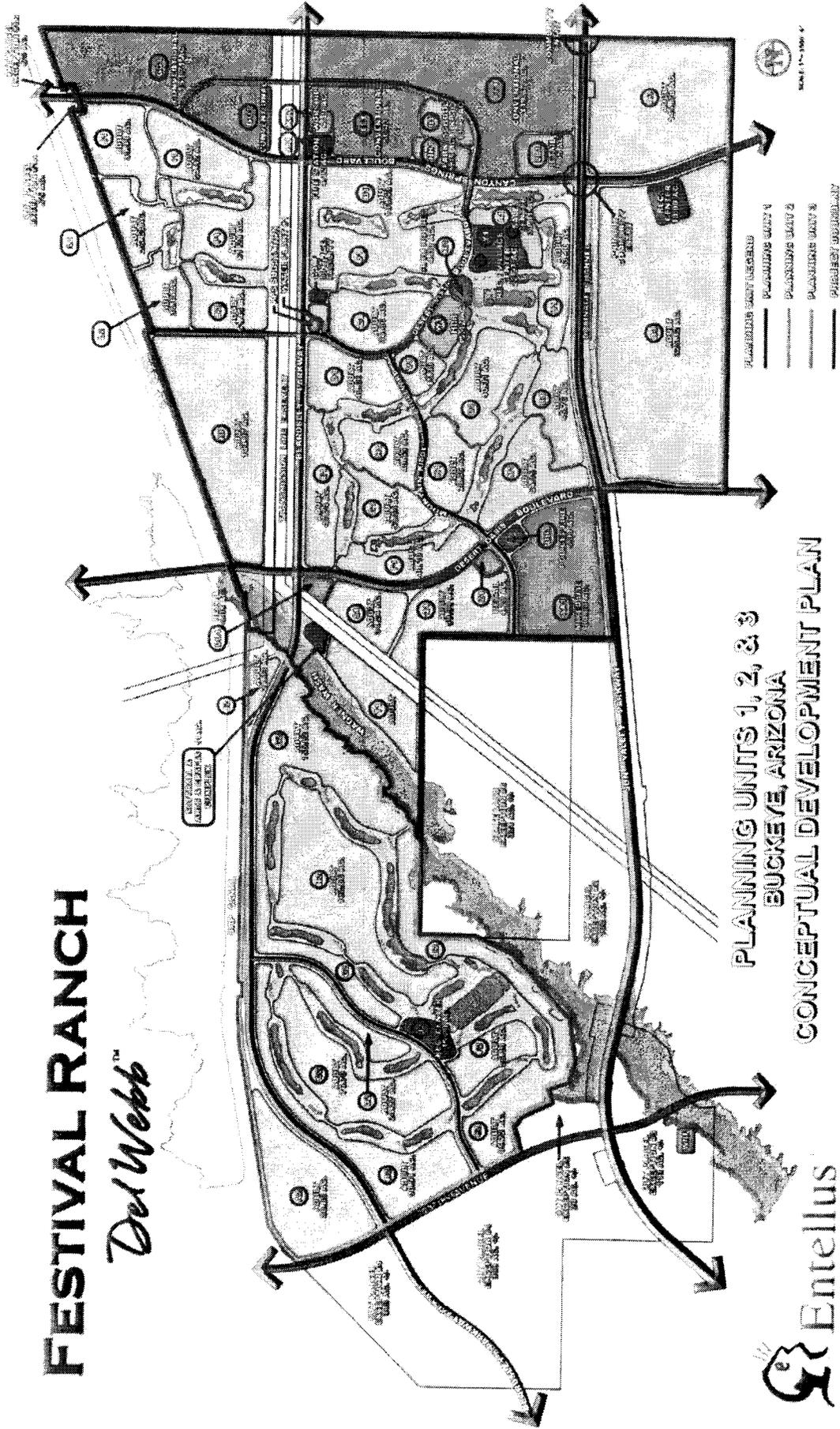
SALES BY PRICE COMPARISON

Price Range	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Below \$50,000	18	12	21	27	56	29	12	5	5	30	12	20
\$50,000 - \$99,999	271	350	232	175	65	88	65	21	60	810	824	1,227
\$100,000 - \$149,999	1,084	1,195	1,334	1,593	1,799	306	42	49	767	2,159	2,022	1,952
\$150,000 - \$199,999	579	503	631	1,015	2,276	1,393	357	569	1,271	1,276	1,108	1,082
\$200,000 - \$249,999	208	176	214	353	912	2,048	1,283	970	809	618	566	468
\$250,000 - \$299,999	90	84	107	146	371	1,550	897	520	350	327	245	253
\$300,000 +	110	93	108	163	345	1,519	1,128	776	498	325	339	262
Total	2,360	2,413	2,647	3,472	5,824	6,933	3,784	2,910	3,760	5,545	5,116	5,264

Source: DataQuick

FESTIVAL RANCH

Del Webb



FESTIVAL RANCH: SITE PLAN

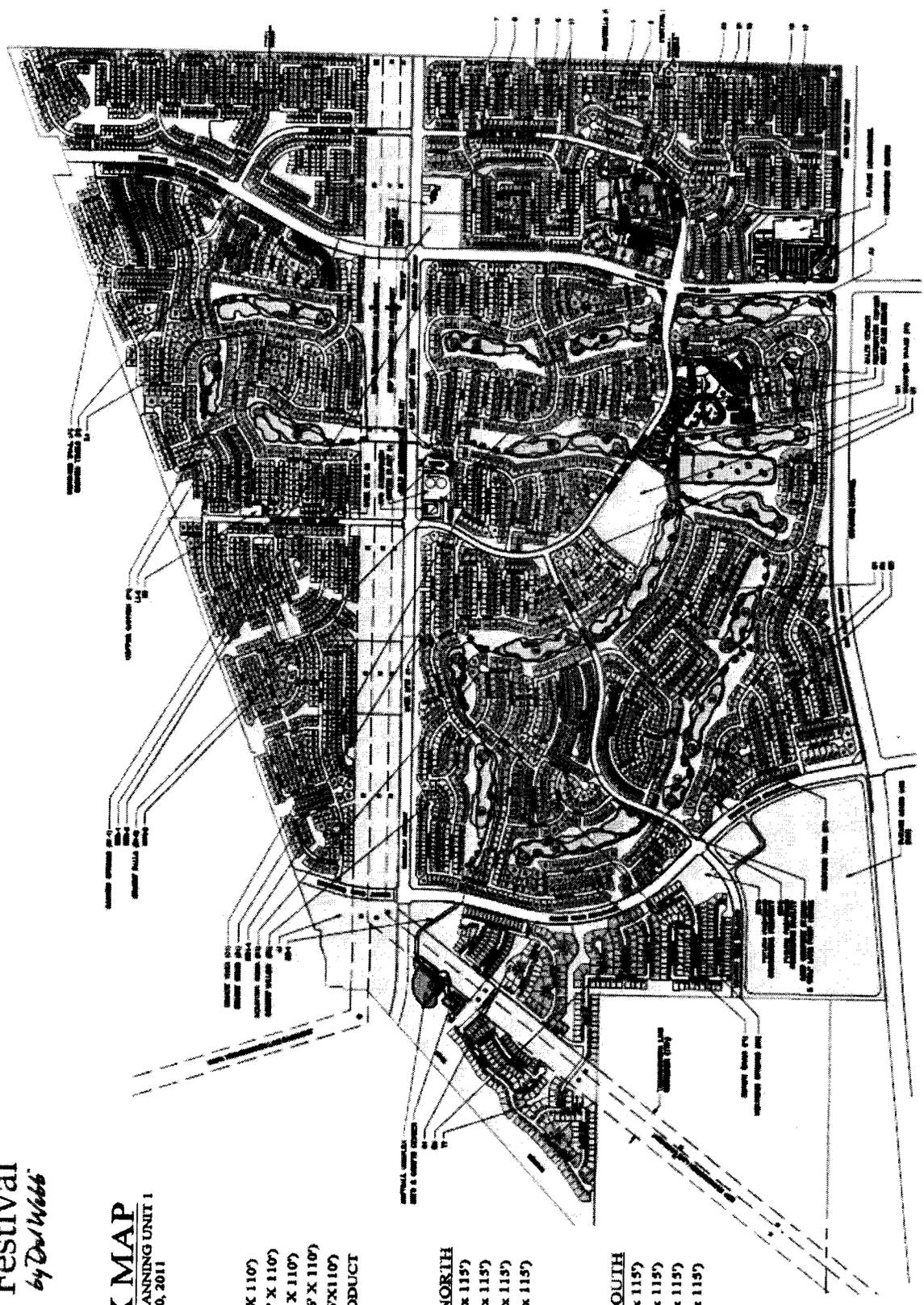
Sun City Festival
by Del Webb

LOT MIX MAP
SUN CITY FESTIVAL PLANNING UNIT 1
SEPTEMBER 30, 2011

- LEGEND**
ACTIVE ADULT
- ESTATE (80' X 110')
 - PREMIER (70' X 110')
 - CLASSIC (60' X 110')
 - COTTAGE (46' X 110')
 - HOLIDAY (46' X 110')
 - WALLED PRODUCT

- LEGEND**
CONVENTIONAL NORTH
- SERIES 1 (45' X 115')
 - SERIES 2 (48' X 115')
 - SERIES 3 (58' X 115')
 - SERIES 4 (68' X 115')

- LEGEND**
CONVENTIONAL SOUTH
- SERIES 1 (43' X 115')
 - SERIES 2 (48' X 115')
 - SERIES 3 (58' X 115')
 - SERIES 4 (68' X 115')
 - FLEX-1-2



SUN CITY FESTIVAL: 2009 PRICING VS. CURRENT PRICING

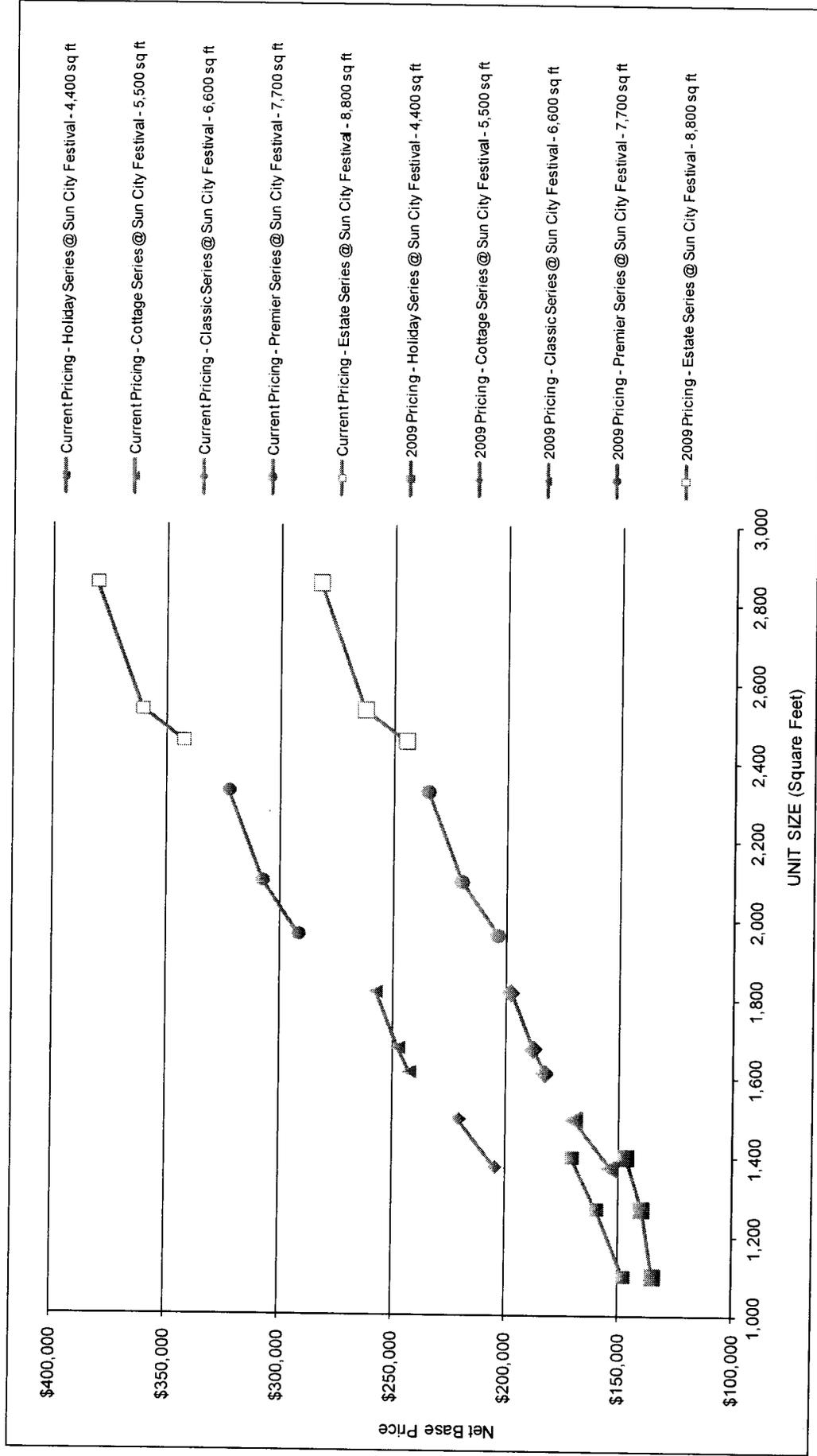
The table below compares Sun City Festival's pricing in 2009 versus current pricing. Pricing has decreased in all series and for all floor plans, with smaller price reductions (-5% to -11%) in the smallest series and greater price reductions (-16% to -22%) in larger series.

	SUN CITY FESTIVAL - 2009 PRICING						SUN CITY FESTIVAL - CURRENT PRICING						PRICING CHANGE - 2009 VS CURRENT						PRICE CHANGE % - 2009 VS CURRENT					
	Plan Name	Sq Ft	Base Price	Incentives	Net Base Price	Net Base Price/ Sq Ft	Plan Name	Sq Ft	Base Price	Incentives	Net Base Price	Net Base Price/ Sq Ft	Base Price	Incentives	Net Price	Price/ Sq Ft	Base Price	Incentives	Net Price	Price/ Sq Ft	Base Price	Incentives	Net Price	Price/ Sq Ft
Holiday Series @ Sun City Festival	Liberty	1,099	\$151,900	(\$4,500)	\$147,400	\$134	Liberty	1,099	\$143,990	(\$9,500)	\$134,490	\$122	(\$7,910)	(\$5,000)	(\$12,910)	(\$12)	(\$7,910)	(\$5,000)	(\$12,910)	(\$12)	-5%	111%	-9%	-9%
	Freedom	1,268	\$163,900	(\$4,500)	\$159,400	\$126	Freedom	1,268	\$148,990	(\$9,500)	\$139,490	\$110	(\$14,910)	(\$5,000)	(\$19,910)	(\$16)	(\$14,910)	(\$5,000)	(\$19,910)	(\$16)	-9%	111%	-12%	-12%
	Triumph	1,398	\$174,900	(\$4,500)	\$170,400	\$122	Triumph	1,398	\$155,990	(\$9,500)	\$146,490	\$105	(\$18,910)	(\$5,000)	(\$23,910)	(\$17)	(\$18,910)	(\$5,000)	(\$23,910)	(\$17)	-11%	111%	-14%	-14%
Cottage Series @ Sun City Festival		1,255	\$163,567	(\$4,500)	\$158,067	\$127		1,255	\$149,657	(\$9,500)	\$140,157	\$112	(\$13,910)	(\$5,000)	(\$18,910)	(\$15)	(\$13,910)	(\$5,000)	(\$18,910)	(\$15)	-9%	111%	-12%	-12%
	Spirit	1,373	\$208,900	(\$4,500)	\$204,400	\$149	Spirit	1,373	\$168,990	(\$15,500)	\$153,490	\$112	(\$39,910)	(\$11,000)	(\$50,910)	(\$37)	(\$39,910)	(\$11,000)	(\$50,910)	(\$37)	-19%	244%	-25%	-25%
	Valor	1,494	\$224,900	(\$4,500)	\$220,400	\$148	Valor	1,494	\$184,990	(\$15,500)	\$169,490	\$113	(\$39,910)	(\$11,000)	(\$50,910)	(\$34)	(\$39,910)	(\$11,000)	(\$50,910)	(\$34)	-18%	244%	-23%	-23%
Classic Series @ Sun City Festival		1,434	\$216,900	(\$4,500)	\$212,400	\$148		1,434	\$176,990	(\$15,500)	\$161,490	\$113	(\$39,910)	(\$11,000)	(\$50,910)	(\$38)	(\$39,910)	(\$11,000)	(\$50,910)	(\$38)	-18%	244%	-24%	-24%
	Gala	1,612	\$246,900	(\$4,500)	\$242,400	\$150	Gala	1,696	\$203,990	(\$21,500)	\$182,490	\$114	(\$42,910)	(\$17,000)	(\$59,910)	(\$36)	(\$42,910)	(\$17,000)	(\$59,910)	(\$36)	-17%	378%	-25%	-24%
	Celebration	1,673	\$251,900	(\$4,500)	\$247,400	\$148	Celebration	1,673	\$208,990	(\$21,500)	\$187,490	\$112	(\$42,910)	(\$17,000)	(\$59,910)	(\$36)	(\$42,910)	(\$17,000)	(\$59,910)	(\$36)	-17%	378%	-24%	-24%
Premier Series @ Sun City Festival	Jubilee	1,816	\$261,900	(\$4,500)	\$257,400	\$142	Jubilee	1,808	\$218,990	(\$21,500)	\$197,490	\$109	(\$42,910)	(\$17,000)	(\$59,910)	(\$33)	(\$42,910)	(\$17,000)	(\$59,910)	(\$33)	-10%	378%	-23%	-23%
		1,700	\$253,567	(\$4,500)	\$249,067	\$147		1,692	\$210,657	(\$21,500)	\$189,157	\$112	(\$42,910)	(\$17,000)	(\$59,910)	(\$35)	(\$42,910)	(\$17,000)	(\$59,910)	(\$35)	-17%	378%	-24%	-24%
	Jubilee	1,960	\$296,000	(\$4,500)	\$291,500	\$149	Jubilee	1,968	\$230,990	(\$27,500)	\$203,490	\$103	(\$65,910)	(\$22,000)	(\$88,910)	(\$45)	(\$65,910)	(\$22,000)	(\$88,910)	(\$45)	-22%	511%	-36%	-30%
Estate Series @ Sun City Festival	Destiny	2,095	\$312,900	(\$5,500)	\$307,400	\$147	Destiny	2,095	\$246,990	(\$27,500)	\$219,490	\$105	(\$65,910)	(\$22,000)	(\$87,910)	(\$42)	(\$65,910)	(\$22,000)	(\$87,910)	(\$42)	-21%	400%	-29%	-29%
	Fiesta	2,323	\$327,900	(\$5,500)	\$322,400	\$139	Fiesta	2,323	\$261,990	(\$27,500)	\$234,490	\$101	(\$65,910)	(\$22,000)	(\$87,910)	(\$38)	(\$65,910)	(\$22,000)	(\$87,910)	(\$38)	-20%	400%	-27%	-27%
		2,126	\$312,267	(\$5,167)	\$307,100	\$145		2,129	\$246,657	(\$27,500)	\$219,157	\$103	(\$65,910)	(\$22,333)	(\$87,943)	(\$42)	(\$65,910)	(\$22,333)	(\$87,943)	(\$42)	-21%	437%	-28%	-29%
Estate Series @ Sun City Festival	Veranda	2,450	\$347,900	(\$5,500)	\$342,400	\$140	Veranda	2,428	\$277,990	(\$33,500)	\$244,490	\$101	(\$68,910)	(\$26,000)	(\$97,910)	(\$39)	(\$68,910)	(\$26,000)	(\$97,910)	(\$39)	-20%	509%	-29%	-28%
	Parada	2,528	\$365,900	(\$5,500)	\$360,400	\$143	Parada	2,528	\$295,990	(\$33,500)	\$262,490	\$104	(\$69,910)	(\$28,000)	(\$97,910)	(\$39)	(\$69,910)	(\$28,000)	(\$97,910)	(\$39)	-19%	509%	-27%	-27%
	Regale	2,849	\$385,900	(\$5,500)	\$380,400	\$134	Regale	2,849	\$315,990	(\$33,500)	\$282,490	\$99	(\$69,910)	(\$28,000)	(\$97,910)	(\$34)	(\$69,910)	(\$28,000)	(\$97,910)	(\$34)	-18%	509%	-26%	-26%
	2,609	\$366,567	(\$5,500)	\$361,067	\$139		2,602	\$296,657	(\$33,500)	\$263,157	\$101	(\$69,910)	(\$28,000)	(\$97,910)	(\$37)	(\$69,910)	(\$28,000)	(\$97,910)	(\$37)	-18%	509%	-27%	-27%	

Source: John Burns Real Estate Consulting

SUN CITY FESTIVAL: 2009 PRICING VS. CURRENT PRICE POSITIONING

Pricing has decreased in all series and for all floor plans, with smaller price reductions (-5% to -11%) in the smallest series and greater price reductions (-16% to -22%) in larger series.



Source: John Burns Real Estate Consulting

SUN CITY FESTIVAL: PRODUCT AND PRICING SUMMARY



The tables below compare Sun City Festival current pricing with our recommended pricing for the community. Our research indicates that current pricing is reasonable, and we have adjusted pricing slightly for specific floor plans that equate to an overall average price change of \$1,080, or 0.4%.

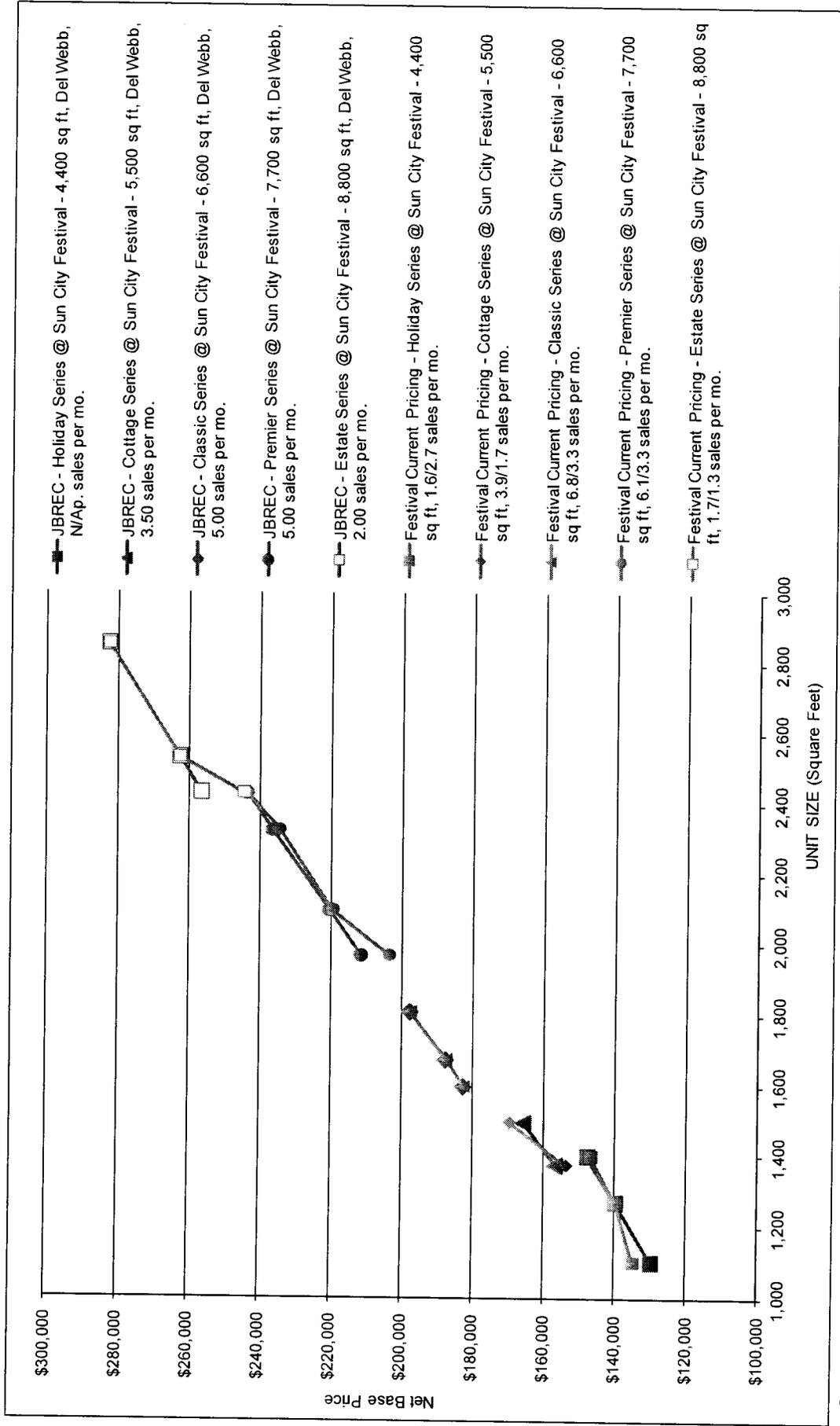
Product	SUN CITY FESTIVAL CURRENT PRICE											
	BASE PRICES					NET BASE PRICE			AVG NET PRICE		ABSORPTION	
	Current Base Price Range	Avg Base Price	\$/SF	Avg Net Base Price	\$/SF	Avg Sale Price	\$/SF	Avg Sale Price	\$/SF	Overall Sales/Month	Past 3 Mo. Sales/Month	
Holiday Series @ Sun City Festival	\$143,990 - \$155,990	\$149,657	\$119	\$140,157	\$112	\$172,807	\$139	\$172,807	\$139	1.60	2.70	
Cottage Series @ Sun City Festival	\$168,990 - \$184,990	\$176,990	\$123	\$161,490	\$113	\$199,140	\$139	\$199,140	\$139	3.90	1.70	
Classic Series @ Sun City Festival	\$203,990 - \$218,990	\$210,657	\$124	\$189,157	\$112	\$231,807	\$137	\$231,807	\$137	6.80	3.30	
Premier Series @ Sun City Festival	\$230,990 - \$270,990	\$252,740	\$115	\$225,240	\$102	\$277,890	\$126	\$277,890	\$126	6.10	3.00	
Estate Series @ Sun City Festival	\$277,990 - \$315,990	\$296,657	\$114	\$263,157	\$101	\$325,807	\$125	\$325,807	\$125	1.70	1.30	
COMMUNITY SUMMARY	\$143,990 - \$315,990	\$223,239	\$119	\$200,289	\$107	\$246,656	\$132	\$246,656	\$132	20.10	12.00	

Product	JBREC RECOMMENDED											RECOMMENDED JBREC BASE PRICE CHANGE		
	BASE PRICES					NET BASE PRICE			AVG NET PRICE		ABSORPTION		Avg Net Base Price	Price Change
	Recommended Base Price Range	Avg Base Price	\$/SF	Avg Net Base Price	\$/SF	Avg Sale Price	\$/SF	Avg Sale Price	\$/SF	Estimated Sales/Month	Estimated Sales/Month			
Holiday Series @ Sun City Festival	\$138,990 - \$156,990	\$148,323	\$118	\$138,823	\$111	\$171,473	\$137	\$171,473	\$137	N/Ap.	N/Ap.	(\$1,333)	-1.0%	
Cottage Series @ Sun City Festival	\$171,990 - \$180,990	\$176,490	\$123	\$160,990	\$112	\$198,640	\$139	\$198,640	\$139	3.50	3.50	(\$500)	-0.3%	
Classic Series @ Sun City Festival	\$203,990 - \$218,990	\$210,657	\$124	\$189,157	\$112	\$231,807	\$137	\$231,807	\$137	5.00	5.00	\$0	0.0%	
Premier Series @ Sun City Festival	\$238,990 - \$270,990	\$255,400	\$116	\$227,900	\$104	\$280,550	\$128	\$280,550	\$128	5.00	5.00	\$2,660	1.2%	
Estate Series @ Sun City Festival	\$289,990 - \$315,990	\$300,657	\$116	\$267,157	\$103	\$329,807	\$127	\$329,807	\$127	2.00	2.00	\$4,000	1.5%	
COMMUNITY SUMMARY	\$138,990 - \$315,990	\$224,319	\$120	\$201,369	\$108	\$247,736	\$132	\$247,736	\$132	15.50	15.50	\$1,080	0.4%	

Source: John Burns Real Estate Consulting

SUN CITY FESTIVAL: PRODUCT AND PRICING POSITIONING

This positioning chart compares Sun City Festival current pricing with our recommended pricing for the community. Our research indicates that current pricing is reasonable, and we have adjusted pricing slightly for specific floor plans.



Source: John Burns Real Estate Consulting

SUN CITY FESTIVAL: CURRENT PRICING BY FLOOR PLAN DETAIL

Project Name	Builder	MIX	SIZE	TAX & HOA			Monthly HOA	Price	In Conts	Net Subst Price	SUN CITY FESTIVAL CURRENT PRICE			Total Price	80% Income 5.09% Mortgage	31% Income 5.09% Mortgage	
				3% R.M.	Acct/Annual Tax	HOA					Net Basic Price	Subst Price	3 Months				Price
HOLIDAY SERIES @ SUN CITY FESTIVAL																	
Holiday Series @ Sun City Festival	Del Webb	1	1,099	1.00%	0.5%	\$112	1.0/2.7	\$143,990 (\$9,500)	\$134,490	\$25,000	\$7,650	\$167,140	\$152	\$858	\$33,000		
Product:	Single Family		1,268	1.00%	0.5%	\$112		\$148,990 (\$9,500)	\$139,490	\$25,000	\$7,650	\$172,140	\$136	\$885	\$34,000		
Configuration:	4,400		1,388	1.00%	0.5%	\$112		\$155,990 (\$9,500)	\$146,490	\$25,000	\$7,650	\$179,140	\$128	\$924	\$36,000		
Lot Dimensions:	40x110																
% Remaining:	0%																
Sales Open Date:	Jan-09																
Overall Sales Rate:	1.6																
3 Mon. Sales Rate:	2.7																
Totals/Averages:																	
			1,255				1.0/2.7	\$149,657 (\$9,500)	\$140,157	\$112	\$25,000	\$7,650	\$172,807	\$139	\$869	\$34,333	
COTTAGE SERIES @ SUN CITY FESTIVAL																	
Cottage Series @ Sun City Festival	Del Webb	1	1,373	1.00%	0.5%	\$112	3.9/1.7	\$168,990 (\$15,500)	\$153,490	\$30,000	\$7,650	\$191,140	\$139	\$963	\$37,000		
Product:	Single Family		1,494	1.00%	0.5%	\$112		\$184,990 (\$15,500)	\$169,490	\$30,000	\$7,650	\$207,140	\$139	\$1,052	\$41,000		
Configuration:	5,500																
Lot Dimensions:	50x110																
% Remaining:	83%																
Sales Open Date:	Jan-06																
Overall Sales Rate:	3.9																
3 Mon. Sales Rate:	1.7																
Totals/Averages:																	
			1,434				3.9/1.7	\$178,990 (\$15,500)	\$161,490	\$112	\$30,000	\$7,650	\$199,140	\$139	\$1,007	\$39,000	
CLASSIC SERIES @ SUN CITY FESTIVAL																	
Classic Series @ Sun City Festival	Del Webb	1	1,596	1.00%	0.5%	\$112	6.8/3.3	\$203,990 (\$21,500)	\$182,490	\$114	\$35,000	\$7,650	\$225,140	\$141	\$1,124	\$44,000	
Product:	Single Family		1,673	1.00%	0.5%	\$112		\$208,990 (\$21,500)	\$187,490	\$112	\$35,000	\$7,650	\$230,140	\$138	\$1,152	\$45,000	
Configuration:	6,600		1,808	1.00%	0.5%	\$112		\$218,990 (\$21,500)	\$197,490	\$109	\$35,000	\$7,650	\$240,140	\$133	\$1,207	\$47,000	
Lot Dimensions:	60x110																
% Remaining:	79%																
Sales Open Date:	Jan-06																
Overall Sales Rate:	6.8																
3 Mon. Sales Rate:	3.3																
Totals/Averages:																	
			1,692				6.8/3.3	\$210,657 (\$21,500)	\$189,157	\$112	\$35,000	\$7,650	\$231,807	\$137	\$1,161	\$45,333	
PREMIER SERIES @ SUN CITY FESTIVAL																	
Premier Series @ Sun City Festival	Del Webb	1	1,968	1.00%	0.5%	\$112	6.1/3.3	\$230,990 (\$27,500)	\$203,490	\$103	\$45,000	\$7,650	\$256,140	\$130	\$1,240	\$48,000	
Product:	Single Family		2,095	1.00%	0.5%	\$112		\$246,990 (\$27,500)	\$219,490	\$105	\$45,000	\$7,650	\$272,140	\$130	\$1,329	\$51,000	
Configuration:	7,700		2,323	1.00%	0.5%	\$112		\$261,990 (\$27,500)	\$234,490	\$101	\$45,000	\$7,650	\$287,140	\$124	\$1,412	\$55,000	
Lot Dimensions:	70x110		2,428	1.00%	0.5%	\$112		\$270,990 (\$27,500)	\$243,490	\$100	\$45,000	\$7,650	\$296,140	\$122	\$1,462	\$57,000	
% Remaining:	80%																
Sales Open Date:	Jan-06																
Overall Sales Rate:	6.1																
3 Mon. Sales Rate:	3.3																
Totals/Averages:																	
			2,204				6.1/3.3	\$262,740 (\$27,500)	\$225,240	\$102	\$45,000	\$7,650	\$277,890	\$126	\$1,361	\$52,750	
ESTATE SERIES @ SUN CITY FESTIVAL																	
Estate Series @ Sun City Festival	Del Webb	1	2,428	1.00%	0.5%	\$112	1.7/1.3	\$277,990 (\$33,500)	\$244,490	\$101	\$55,000	\$7,650	\$307,140	\$126	\$1,468	\$57,000	
Product:	Single Family		2,528	1.00%	0.5%	\$112		\$285,990 (\$33,500)	\$262,490	\$104	\$55,000	\$7,650	\$325,140	\$129	\$1,567	\$61,000	
Configuration:	8,800		2,649	1.00%	0.5%	\$112		\$315,990 (\$33,500)	\$282,490	\$99	\$55,000	\$7,650	\$345,140	\$121	\$1,678	\$65,000	
Lot Dimensions:	80x110																
% Remaining:	81%																
Sales Open Date:	Jan-06																
Overall Sales Rate:	1.7																
3 Mon. Sales Rate:	1.3																
Totals/Averages:																	
			2,602				1.7/1.3	\$296,657 (\$33,500)	\$263,157	\$101	\$55,000	\$7,650	\$325,807	\$125	\$1,571	\$61,000	

Source: John Burns Real Estate Consulting

SUN CITY FESTIVAL: ABSORPTION APPRECIATION AND COMMUNITY BUILD-OUT



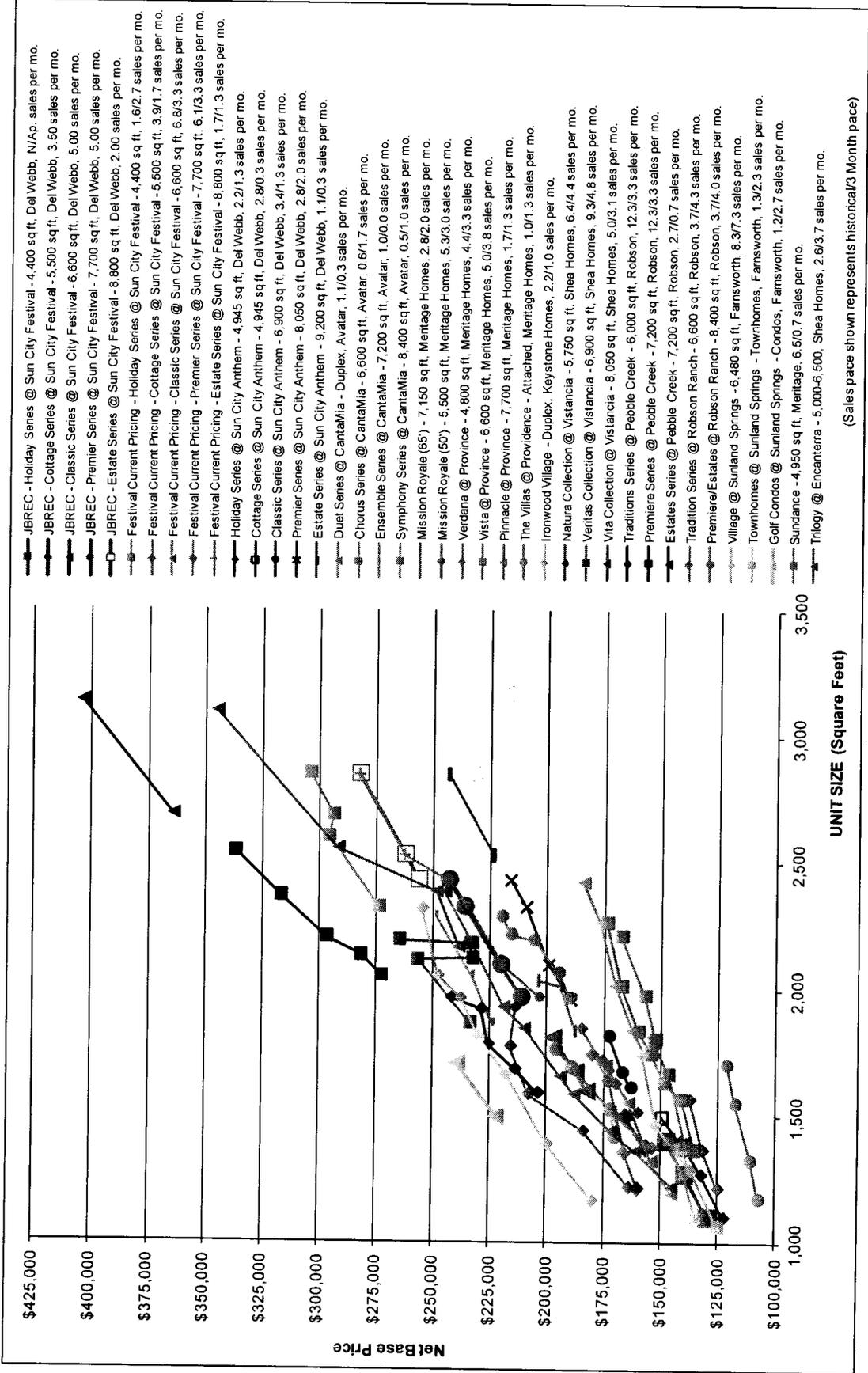
Our current absorption rates range from 2.0 sales per month (Estate Series) to 5.0 sales per month (Classic and Premier Series) and we project absorption to increase to 4.2 sales per month (Estate) to 10.5 sale per month (Classic and Premier) by 2017. This absorption schedule equates to a maximum annual sales volume of 391 sales (2017 through 2023), and a build-out timeframe that extends to 2029.

Potential Change in Absorption	5%	10%	15%	20%	20%	20%	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		
Product	JBREC	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
HOLIDAY SERIES																			
N/Ap.																			
COTTAGE SERIES	3.5	3.7	4.0	4.6	5.6	6.7	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4
CLASSIC SERIES	5.0	5.3	5.8	6.6	8.0	9.6	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
PREMIER SERIES	5.0	5.3	5.8	6.6	8.0	9.6	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
ESTATE SERIES	2.0	2.1	2.3	2.7	3.2	3.8	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Hypothetical Build Out																			
Product	Units Remain	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
HOLIDAY SERIES																			
COTTAGE SERIES	1455	44	49	56	67	80	88	88	88	88	88	88	88	88	88	88	88	88	88
CLASSIC SERIES	1927	63	69	80	96	115	126	126	126	126	126	126	126	126	126	126	126	126	116
PREMIER SERIES	1827	63	69	80	96	115	126	126	126	126	126	126	126	126	126	126	126	126	16
ESTATE SERIES	537	25	28	32	38	46	50	50	50	50	50	50	50	15					
Totals	5746	195	215	247	296	356	391	356	341	341	341	220	99						

Source: John Burns Real Estate Consulting

SUN CITY FESTIVAL: COMPETITIVE POSITIONING – NET BASE PRICE

On a net base price level, small and mid-sized lots at Festival Ranch are priced near competitive projects, with the exception of projects in Blackstone and Vistancia that have higher price points but also slower sales paces.

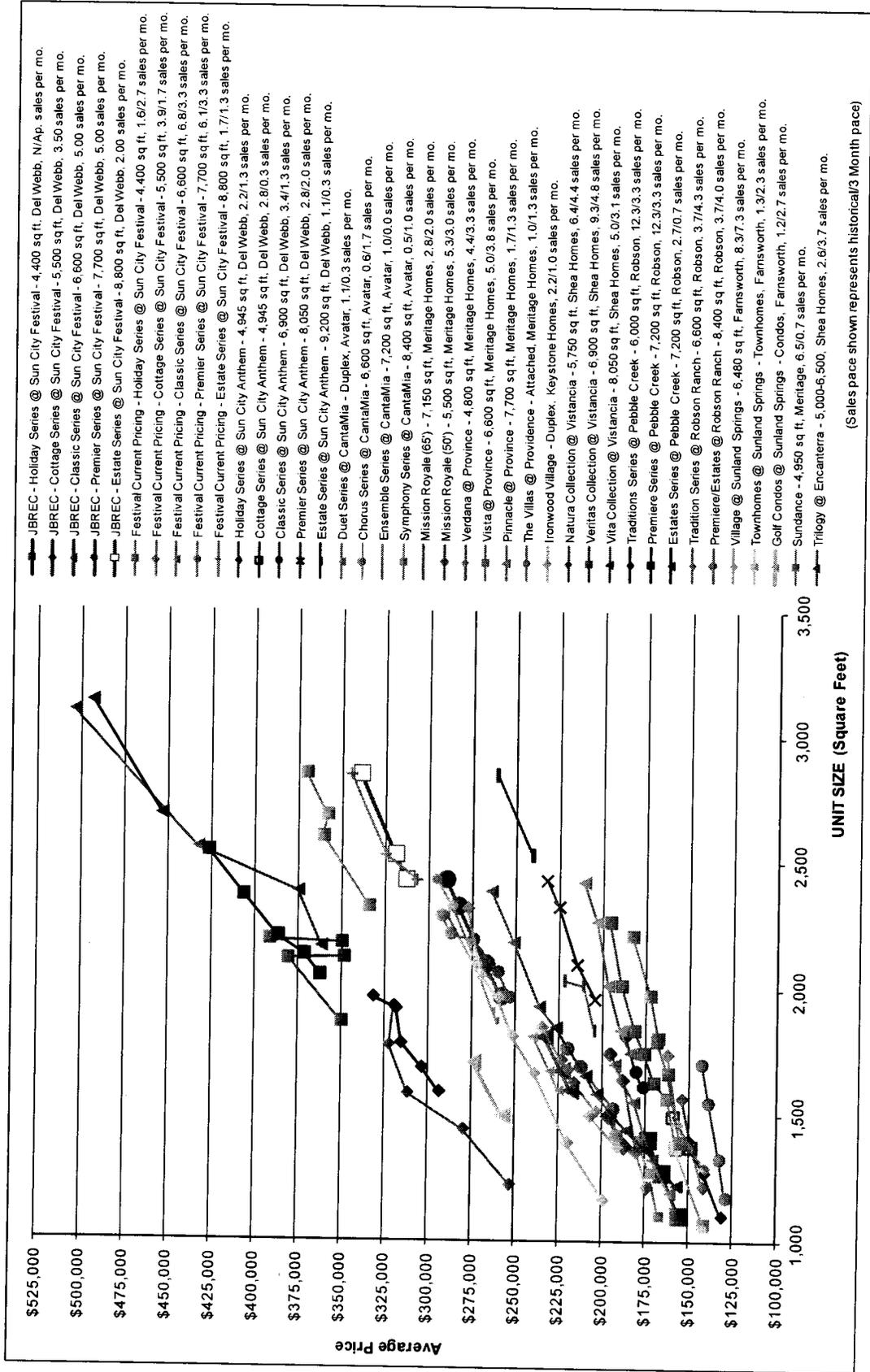


(Sales pace shown represents historical 3 Month pace)

Source: Builder Representatives; John Burns Real Estate Consulting

SUN CITY FESTIVAL: COMPETITIVE POSITIONING – AVERAGE PRICE

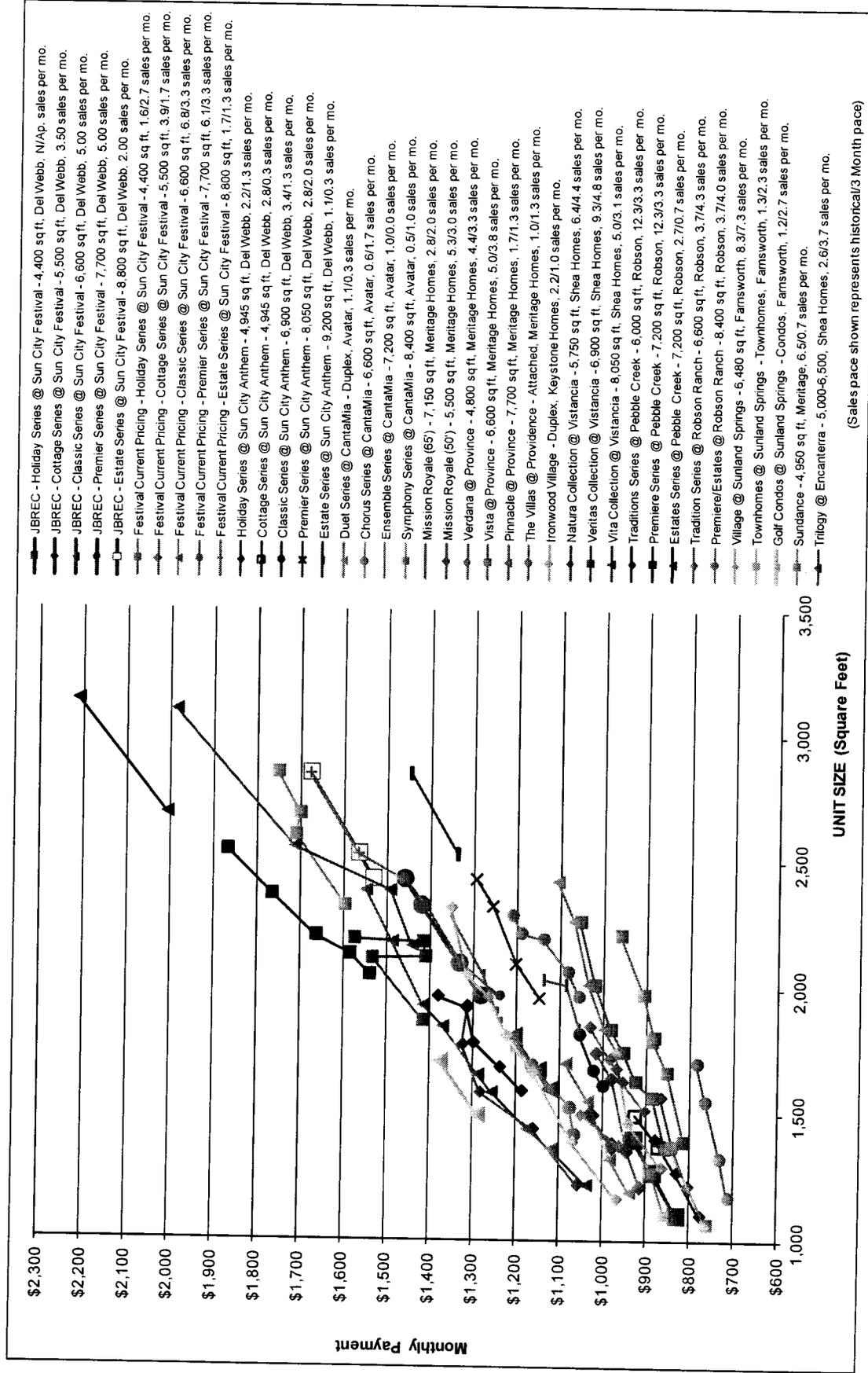
Small and mid sized lots maintain a similar position once factors such as incentives, options/upgrades and premiums are accounted for. The Series 1 and Series 2 product lines are on smaller lots than competitive offerings, thus average pricing is at the bottom of the market.



Source: Builder Representatives; John Burns Real Estate Consulting

SUN CITY FESTIVAL: COMPETITIVE POSITIONING - MONTHLY PAYMENT

After factors such as HOA dues and property tax rate are factored in, the overall positioning of mid sized lots remain at the lower end of the competitive market.



(Sales pace shown represents historical/3 Month pace)

Source: Builder Representatives; John Burns Real Estate Consulting

SUN CITY FESTIVAL: COMPARABLE PROJECT KEY STATISTICS



COMMUNITY	PRODUCT TYPE	BUILDER	BASE		HISTORICAL PAGE	PRICE SUMMARY OF COMPETITORS						
			PRICE RANGE	BASE PRICE		NET PRICE	TOTAL PRICE	UNIT SIZE (SF)	NET \$/SQ. FT.	TOTAL \$/SQ. FT.		
Holiday Series @ Sun City Anthem	Single Family	Del Webb	\$130K - \$149K	\$139,657	\$131,864	\$141,053	1,255	\$105	\$113			
Classic Series @ Sun City Anthem	Single Family	Del Webb	\$174K - \$184K	\$178,657	\$167,584	\$181,516	1,700	\$99	\$107			
Cottage Series @ Sun City Anthem	Single Family	Del Webb	\$150K - \$160K	\$154,990	\$144,390	\$154,040	1,434	\$101	\$108			
Premier Series @ Sun City Anthem	Single Family	Del Webb	\$201K - \$228K	\$215,240	\$203,435	\$219,197	2,202	\$93	\$100			
Estate Series @ Sun City Anthem	Single Family	Del Webb	\$236K - \$256K	\$245,990	\$233,570	\$250,870	2,689	\$87	\$93			
Natura Collection @ Vistancia	Single Family	Shea Homes	\$174K - \$226K	\$207,100	\$197,100	\$297,514	1,588	\$125	\$189			
Veritas Collection @ Vistancia	Single Family	Shea Homes	\$253K - \$285K	\$284,500	\$244,500	\$364,430	2,095	\$117	\$174			
Vita Collection @ Vistancia	Single Family	Shea Homes	\$274K - \$380K	\$316,150	\$281,150	\$418,641	2,549	\$110	\$164			
Duet Series @ CantataMia	Single Family	Avatar	\$160K - \$189K	\$174,150	\$159,150	\$176,565	1,440	\$112	\$124			
Chorus Series @ CantataMia	Single Family	Avatar	\$190K - \$216K	\$201,650	\$181,650	\$204,315	1,601	\$114	\$128			
Ensemble Series @ CantataMia	Single Family	Avatar	\$244K - \$269K	\$252,900	\$232,900	\$270,835	2,021	\$116	\$134			
Symphony Series @ CantataMia	Single Family	Avatar	\$299K - \$329K	\$316,900	\$291,900	\$356,280	2,615	\$112	\$137			
Traditions Series @ Pebble Creek	Single Family	Robson	\$219K - \$257K	\$237,900	\$222,900	\$312,900	1,788	\$125	\$176			
Premiere Series @ Pebble Creek	Single Family	Robson	\$288K - \$352K	\$316,100	\$301,100	\$391,100	2,259	\$133	\$173			
Estates Series @ Pebble Creek	Single Family	Robson	\$379K - \$419K	\$398,900	\$383,900	\$473,900	2,910	\$132	\$163			
Verdiana @ Province	Single Family	Meritage Homes	\$133K - \$146K	\$139,567	\$131,193	\$148,193	1,381	\$96	\$108			
Vista @ Province	Single Family	Meritage Homes	\$144K - \$185K	\$164,043	\$154,200	\$176,200	1,773	\$88	\$101			
Pinnacle @ Province	Single Family	Meritage Homes	\$167K - \$199K	\$180,900	\$170,046	\$197,046	2,055	\$83	\$97			
Holiday Series @ Sun City Festival	Single Family	Del Webb	\$144K - \$156K	\$149,657	\$140,157	\$172,807	1,255	\$112	\$139			
Classic Series @ Sun City Festival	Single Family	Del Webb	\$204K - \$219K	\$210,657	\$189,157	\$231,807	1,692	\$112	\$137			
Cottage Series @ Sun City Festival	Single Family	Del Webb	\$169K - \$185K	\$176,990	\$161,490	\$199,140	1,434	\$113	\$139			
Premier Series @ Sun City Festival	Single Family	Del Webb	\$231K - \$271K	\$252,740	\$225,240	\$277,890	2,204	\$102	\$126			
Estate Series @ Sun City Festival	Single Family	Del Webb	\$278K - \$316K	\$296,657	\$263,157	\$325,807	2,602	\$101	\$125			
Tradition Series @ Robson Ranch	Single Family	Robson	\$165K - \$190K	\$177,700	\$172,700	\$219,625	1,677	\$103	\$131			
Premiere/Estates @ Robson Ranch	Single Family	Robson	\$205K - \$235K	\$220,300	\$205,300	\$273,890	2,144	\$96	\$128			
Townhomes @ Sunland Springs	Attached	Farnsworth	\$130K - \$146K	\$137,990	\$132,990	\$149,890	1,218	\$110	\$124			
Village @ Sunland Springs	Attached	Farnsworth	\$185K - \$260K	\$229,043	\$224,043	\$245,495	1,765	\$130	\$142			
Golf Condos @ Sunland Springs	Attached	Farnsworth	\$230K - \$247K	\$238,400	\$230,900	\$265,900	1,599	\$145	\$167			
Mission Royale (65')	Single Family	Farnsworth	\$188K - \$204K	\$195,233	\$195,233	\$212,876	1,960	\$100	\$109			
Mission Royale (50')	Single Family	Meritage Homes	\$160K - \$180K	\$169,650	\$169,650	\$184,374	1,489	\$116	\$126			
Sundance	Single Family	Meritage	\$148K - \$178K	\$162,233	\$152,500	\$168,250	1,806	\$86	\$94			
Trilogy @ Encanterra	Single Family	Shea Homes	\$159K - \$259K	\$210,323	\$196,323	\$212,098	1,732	\$114	\$124			
Ironwood Village	Attached	Keystone Homes	\$137K - \$158K	\$149,000	\$149,000	\$153,470	1,496	\$100	\$103			
						AVERAGE:	\$214,602	\$201,223	\$243,270	1,861	\$109	\$130
						MEDIAN:	\$207,100	\$195,233	\$219,197	1,765	\$110	\$126

Source: Builder Representatives; John Burns Real Estate Consulting

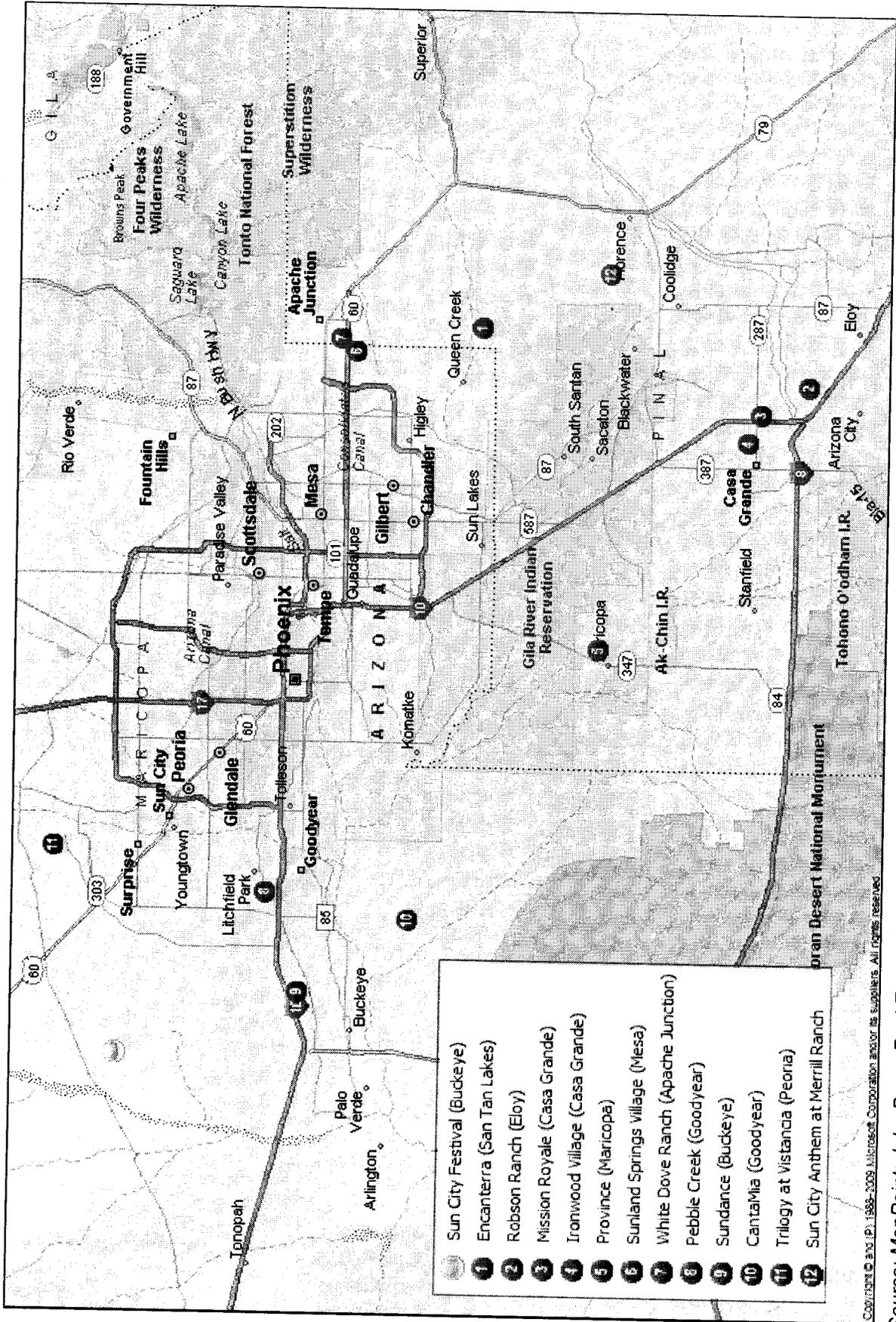
SUN CITY FESTIVAL: COMPARABLE PROJECT KEY STATISTICS

COMPETITIVE INCENTIVES, OPTIONS SUMMARY

COMMUNITY	PRODUCT TYPE	BUILDER	BASE PRICE RANGE	AVERAGE INCENTIVES			AVERAGE OPTIONS		
				FINANCIAL	OPTIONS	TOTAL	% OF BASE PRICE	TOTAL	% OF BASE PRICE
Holiday Series @ Sun City Anthem	Single Family	Del Webb	\$130K - \$149K	(\$2,793)	(\$5,000)	(\$7,793)	6%	\$4,190	3.0%
Cottage Series @ Sun City Anthem	Single Family	Del Webb	\$150K - \$160K	(\$3,100)	(\$7,500)	(\$10,600)	7%	\$4,650	3.0%
Classic Series @ Sun City Anthem	Single Family	Del Webb	\$174K - \$184K	(\$3,373)	(\$7,500)	(\$11,073)	6%	\$8,933	5.0%
Premier Series @ Sun City Anthem	Single Family	Del Webb	\$201K - \$228K	(\$4,305)	(\$7,500)	(\$11,805)	5%	\$10,762	5.0%
Estate Series @ Sun City Anthem	Single Family	Del Webb	\$236K - \$256K	(\$4,320)	(\$7,500)	(\$11,820)	5%	\$12,300	5.0%
Natura Collection @ Vistancia	Single Family	Shea Homes	\$174K - \$226K	\$0	(\$10,000)	(\$10,000)	5%	\$70,414	34.0%
Veritas Collection @ Vistancia	Single Family	Shea Homes	\$253K - \$285K	\$0	(\$20,000)	(\$20,000)	8%	\$89,930	34.0%
Vita Collection @ Vistancia	Single Family	Shea Homes	\$274K - \$380K	\$0	(\$35,000)	(\$35,000)	11%	\$107,491	34.0%
Duet Series @ CantaMia	Single Family	Avatar	\$160K - \$189K	(\$5,000)	(\$10,000)	(\$15,000)	9%	\$17,415	10.0%
Chorus Series @ CantaMia	Single Family	Avatar	\$190K - \$216K	(\$5,000)	(\$15,000)	(\$20,000)	10%	\$20,165	10.0%
Ensemble Series @ CantaMia	Single Family	Avatar	\$244K - \$269K	(\$5,000)	(\$15,000)	(\$20,000)	8%	\$37,935	15.0%
Symphony Series @ CantaMia	Single Family	Avatar	\$299K - \$329K	(\$5,000)	(\$20,000)	(\$25,000)	8%	\$63,380	20.0%
Traditions Series @ Pebble Creek	Single Family	Robson	\$219K - \$257K	\$0	(\$15,000)	(\$15,000)	6%	\$70,000	29.4%
Premiere Series @ Pebble Creek	Single Family	Robson	\$288K - \$352K	\$0	(\$15,000)	(\$15,000)	5%	\$70,000	22.1%
Estates Series @ Pebble Creek	Single Family	Robson	\$379K - \$419K	\$0	(\$15,000)	(\$15,000)	4%	\$70,000	17.5%
Verdiana @ Province	Single Family	Meritage Homes	\$133K - \$146K	(\$8,374)	\$0	(\$8,374)	6%	\$15,000	10.7%
Vista @ Province	Single Family	Meritage Homes	\$144K - \$185K	(\$9,843)	\$0	(\$9,843)	6%	\$20,000	12.2%
Pinnacle @ Province	Single Family	Meritage Homes	\$167K - \$196K	(\$10,854)	\$0	(\$10,854)	6%	\$25,000	13.8%
Holiday Series @ Sun City Festival	Single Family	Del Webb	\$144K - \$156K	(\$4,500)	(\$5,000)	(\$9,500)	6%	\$25,000	16.7%
Cottage Series @ Sun City Festival	Single Family	Del Webb	\$169K - \$185K	(\$4,500)	(\$11,000)	(\$15,500)	9%	\$30,000	17.0%
Classic Series @ Sun City Festival	Single Family	Del Webb	\$204K - \$219K	(\$4,500)	(\$17,000)	(\$21,500)	10%	\$35,000	16.6%
Premier Series @ Sun City Festival	Single Family	Del Webb	\$231K - \$271K	(\$4,500)	(\$23,000)	(\$27,500)	11%	\$45,000	17.8%
Estate Series @ Sun City Festival	Single Family	Del Webb	\$278K - \$316K	(\$4,500)	(\$29,000)	(\$33,500)	11%	\$55,000	18.5%
Tradition Series @ Robson Ranch	Single Family	Robson	\$165K - \$190K	\$0	(\$5,000)	(\$5,000)	3%	\$44,425	25.0%
Premiere/Estates @ Robson Ranch	Single Family	Robson	\$205K - \$235K	\$0	(\$15,000)	(\$15,000)	7%	\$66,090	30.0%
Townhomes @ Sunland Springs	Attached	Farnsworth	\$130K - \$146K	(\$5,000)	\$0	(\$5,000)	4%	\$6,900	5.0%
Village @ Sunland Springs	Single Family	Farnsworth	\$185K - \$260K	(\$5,000)	\$0	(\$5,000)	2%	\$11,452	5.0%
Golf Condos @ Sunland Springs	Attached	Farnsworth	\$230K - \$247K	\$0	(\$7,500)	(\$7,500)	3%	\$25,000	10.5%
Mission Royale (65)	Single Family	Meritage Homes	\$188K - \$204K	\$0	\$0	\$0	0%	\$14,643	7.5%
Mission Royale (50)	Single Family	Meritage Homes	\$160K - \$180K	\$0	\$0	\$0	0%	\$12,724	7.5%
Sundance	Single Family	Meritage	\$148K - \$178K	(\$4,867)	(\$4,867)	(\$9,734)	6%	\$13,500	8.3%
Trilogy @ Encanterra	Single Family	Shea Homes	\$159K - \$259K	(\$7,000)	(\$7,000)	(\$14,000)	7%	\$15,774	7.5%
Ironwood Village	Attached	Keystone Homes	\$137K - \$158K	\$0	\$0	\$0	0%	\$4,470	3.0%
				AVERAGE:	(\$9,981)	(\$13,379)	6.0%	\$34,016	14.5%
				MEDIAN:	(\$4,933)	(\$9,617)	6.0%	\$22,500	11.5%

Source: Builder Representatives; John Burns Real Estate Consulting

SUN CITY FESTIVAL: COMPARABLE PROJECTS MAP

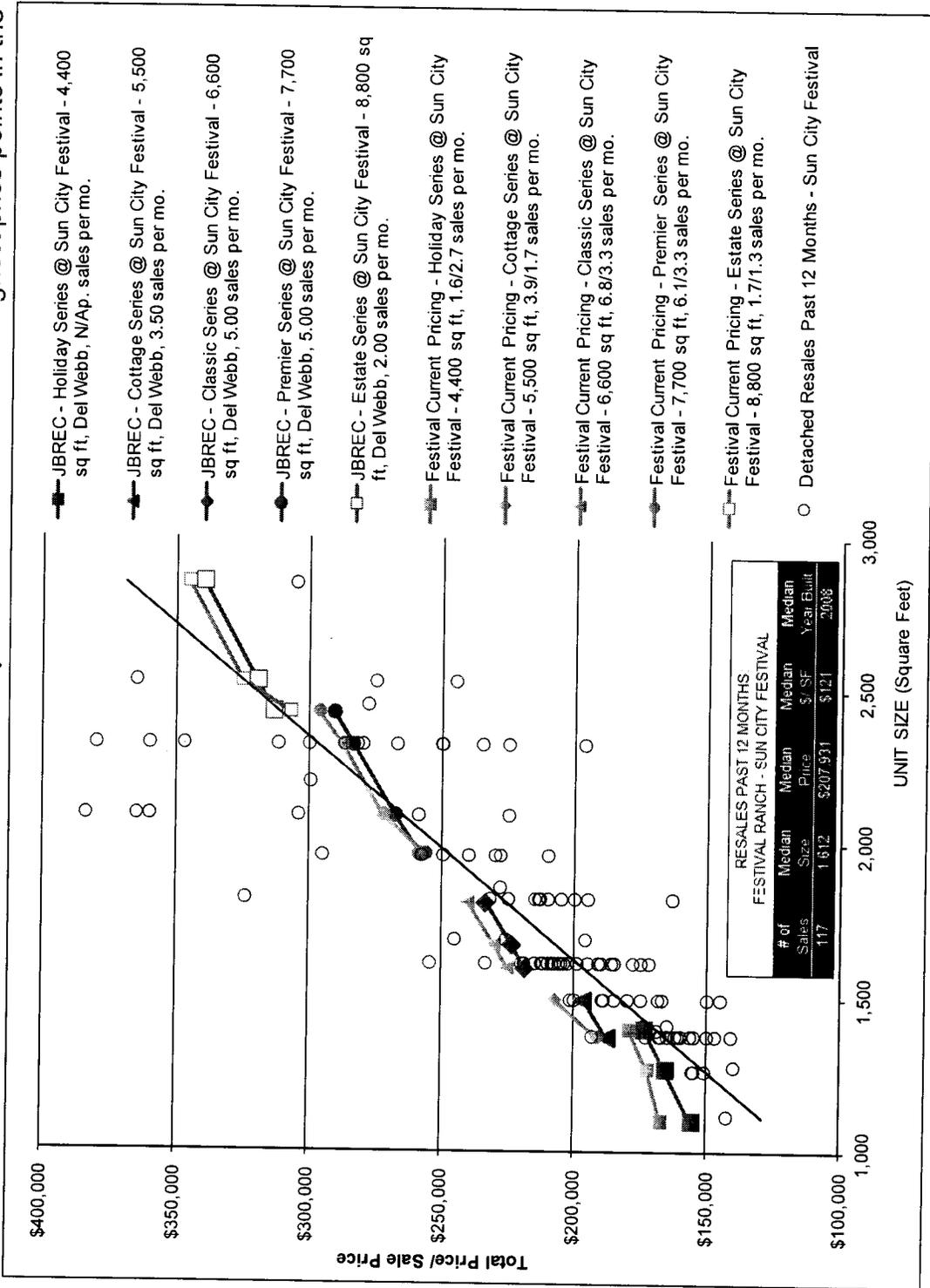


Copyright © 2003 P.O. Box 3009 Microsoft Corporation and/or its suppliers. All rights reserved.

Source: MapPoint, John Burns Real Estate Consulting

SUN CITY FESTIVAL: RESALE POSITIONING

The Subject Property is positioned in the middle of the market versus detached resales in Festival Ranch CMA, which is appropriate considering that existing homes are newer product, with a median year built of 2005. A number of these home sales are in the Vistancia master plan, a well amenities community that achieves some of the highest price points in the West Valley.



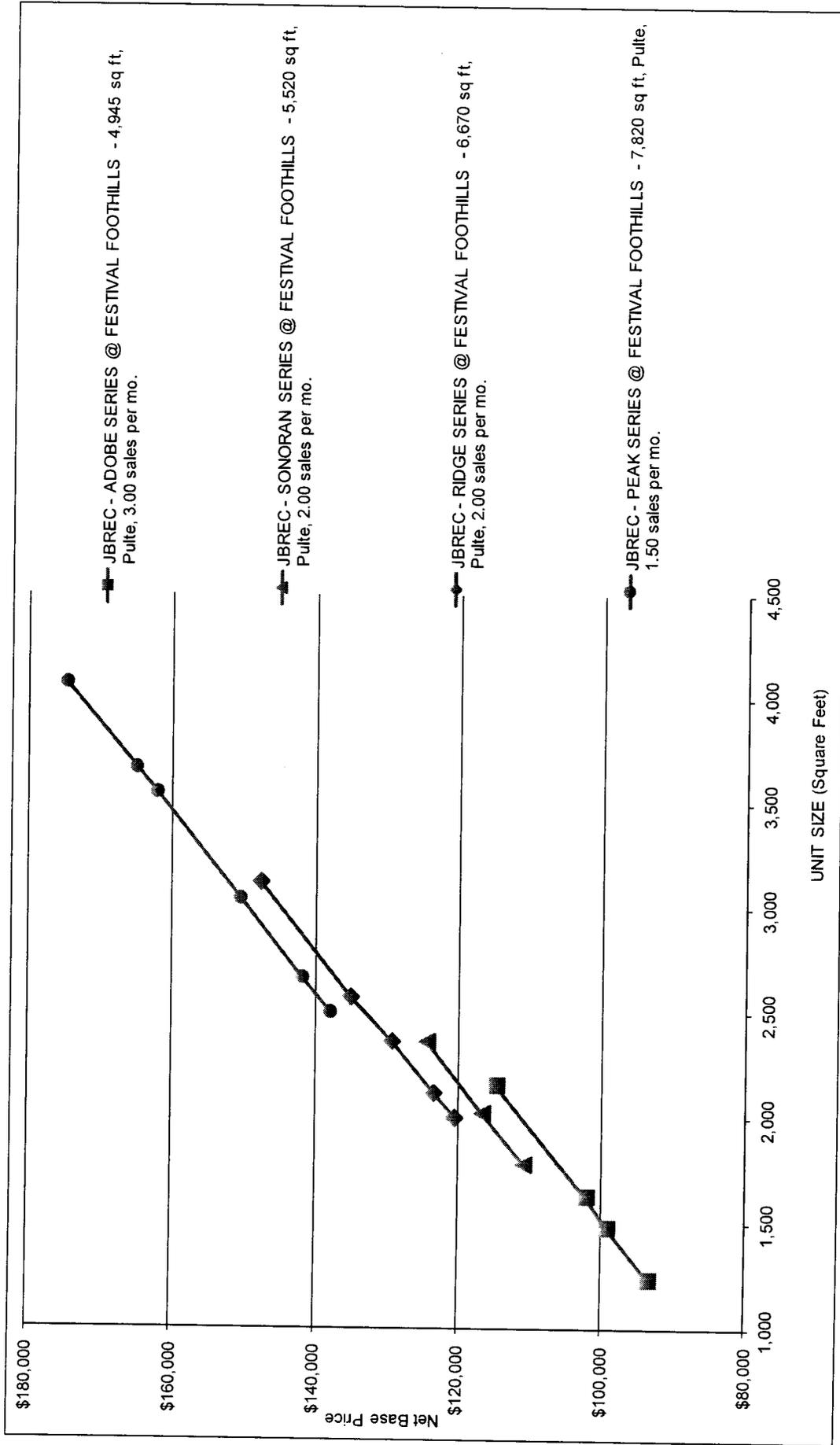
Source: DataQuick; John Burns Real Estate Consulting

FESTIVAL FOOTHILLS: PRODUCT AND PRICING SUMMARY

Product	Product Type	Total # of Lots/Units	Units Remain	Unit Size Range (Square Feet)	Avg SF	JBREC RECOMMENDED							
						BASE PRICES		NET BASE PRICE		AVG NET PRICE		ABSORPTION	
						Recommended Base Price Range	Avg Base Price	\$/SF	Avg Net Base Price	\$/SF	Avg Sale Price	\$/SF	Estimated Sales/Month
ADOBE SERIES @ FESTIVAL FOOTHILLS	Single Family	485	311	1,230 - 2,154	1,621	\$103,990 - \$125,990	\$113,240	\$70	\$102,343	\$65	\$118,343	\$75	3.00
SONORAN SERIES @ FESTIVAL FOOTHILL	Single Family	327	226	1,780 - 2,364	2,056	\$121,990 - \$135,990	\$128,657	\$63	\$117,297	\$58	\$138,297	\$68	2.00
RIDGE SERIES @ FESTIVAL FOOTHILLS	Single Family	357	287	2,001 - 3,121	2,435	\$131,990 - \$159,990	\$142,990	\$59	\$131,200	\$55	\$157,200	\$66	2.00
PEAK SERIES @ FESTIVAL FOOTHILLS	Single Family	181	125	2,503 - 4,071	3,250	\$149,990 - \$187,990	\$167,990	\$52	\$155,450	\$49	\$186,450	\$58	1.50
COMMUNITY SUMMARY		1,350	949	1,230 - 4,071	2,160	\$103,990 - \$187,990	\$132,182	\$61	\$120,717	\$56	\$142,583	\$66	8.50

Source: John Burns Real Estate Consulting

FESTIVAL FOOTHILLS: PRODUCT AND PRICING POSITIONING



Source: John Burns Real Estate Consulting

FESTIVAL FOOTHILLS: DETAILED PRICING BY FLOORPLAN COMPARISON

Project Name	Builder	MIX		TAX & HOA		JBRREC RECOMMENDED					Total Price	Total Price/Sq. Ft.	80% 5.00% Net Pmt	31% Income to Qualify			
		Sq. Ft.	Fl.	Tax Rate	CFD/ Special Assessment	HOA	Monthly Price	Base Price	Incentives	Net Base Price					Options	Premiums	
ADOBE SERIES @ FESTIVAL FOOTHILLS																	
ADOBE SERIES @ FESTIVAL FOOTHILLS	Pulte	1	1,230	1.00%	\$54	\$70	3.0	\$103,990	(\$10,620)	\$93,370	\$76	\$15,000	\$1,000	\$109,370	\$89	\$603	\$23,000
Product: Single Family	485	1	1,476	1.00%	\$54	\$70		\$109,990	(\$10,800)	\$99,190	\$67	\$15,000	\$1,000	\$115,190	\$78	\$633	\$25,000
Configuration: 4,945	N/A	1	1,624	1.00%	\$54	\$70		\$112,990	(\$10,800)	\$102,100	\$63	\$15,000	\$1,000	\$118,100	\$73	\$648	\$25,000
Lot Dimensions: 43' x 115'	174	1	2,154	1.00%	\$54	\$70		\$125,990	(\$11,280)	\$114,710	\$53	\$15,000	\$1,000	\$130,710	\$61	\$713	\$28,000
% Remaining: 64%	311																
Sales Open Date: 7/1/2012	N/A																
3 Mon. Sales Rate: N/A	N/A																
		Totals/Averages:															
		1,621					3.0	\$113,240	-\$10,887	\$102,343	\$65	\$15,000	\$1,000	\$118,343	\$75	\$649	\$25,250
SONORAN SERIES @ FESTIVAL FOOTHILLS																	
SONORAN SERIES @ FESTIVAL FOOTHILLS	Pulte	1	1,780	1.00%	\$54	\$70	2.0	\$121,990	(\$11,160)	\$110,830	\$62	\$20,000	\$1,000	\$131,830	\$74	\$693	\$27,000
Product: Single Family	327	1	2,023	1.00%	\$54	\$70		\$127,990	(\$11,340)	\$116,650	\$58	\$20,000	\$1,000	\$137,650	\$68	\$723	\$28,000
Configuration: 5,520	N/A	1	2,364	1.00%	\$54	\$70		\$135,990	(\$11,580)	\$124,410	\$53	\$20,000	\$1,000	\$145,410	\$62	\$762	\$30,000
Lot Dimensions: 48' x 115'	101																
% Remaining: 69%	226																
Sales Open Date: 7/1/2012	N/A																
3 Mon. Sales Rate: N/A	N/A																
		Totals/Averages:															
		2,056					2.0	\$128,657	-\$11,360	\$117,297	\$58	\$20,000	\$1,000	\$138,297	\$68	\$726	\$28,333
RIDGE SERIES @ FESTIVAL FOOTHILLS																	
RIDGE SERIES @ FESTIVAL FOOTHILLS	Pulte	1	2,001	1.00%	\$54	\$70	2.0	\$131,990	(\$11,460)	\$120,530	\$60	\$25,000	\$1,000	\$146,530	\$73	\$742	\$29,000
Product: Single Family	357	1	2,118	1.00%	\$54	\$70		\$134,990	(\$11,550)	\$123,440	\$58	\$25,000	\$1,000	\$149,440	\$71	\$757	\$29,000
Configuration: 6,670	N/A	1	2,364	1.00%	\$54	\$70		\$140,990	(\$11,730)	\$129,260	\$55	\$25,000	\$1,000	\$155,260	\$66	\$787	\$30,000
Lot Dimensions: 58' x 115'	70	1	2,573	1.00%	\$54	\$70		\$146,990	(\$11,910)	\$135,080	\$52	\$25,000	\$1,000	\$161,080	\$63	\$817	\$32,000
% Remaining: 80%	287	1	3,121	1.00%	\$54	\$70		\$159,990	(\$12,300)	\$147,690	\$47	\$25,000	\$1,000	\$173,690	\$56	\$882	\$34,000
Sales Open Date: 7/1/2012	N/A																
3 Mon. Sales Rate: N/A	N/A																
		Totals/Averages:															
		2,435					2.0	\$142,990	-\$11,790	\$131,200	\$55	\$25,000	\$1,000	\$157,200	\$66	\$797	\$30,800
PEAK SERIES @ FESTIVAL FOOTHILLS																	
PEAK SERIES @ FESTIVAL FOOTHILLS	Pulte	1	2,503	1.00%	\$54	\$70	1.5	\$149,990	(\$12,000)	\$137,990	\$55	\$30,000	\$1,000	\$168,990	\$68	\$832	\$32,000
Product: Single Family	181	1	2,667	1.00%	\$54	\$70		\$153,990	(\$12,120)	\$141,870	\$53	\$30,000	\$1,000	\$172,870	\$65	\$852	\$33,000
Configuration: 7,820	N/A	1	3,044	1.00%	\$54	\$70		\$162,990	(\$12,390)	\$150,600	\$49	\$30,000	\$1,000	\$181,600	\$60	\$897	\$35,000
Lot Dimensions: 68' x 115'	56	1	3,666	1.00%	\$54	\$70		\$174,990	(\$12,750)	\$162,240	\$46	\$30,000	\$1,000	\$193,240	\$54	\$956	\$37,000
% Remaining: 69%	125	1	4,071	1.00%	\$54	\$70		\$177,990	(\$12,840)	\$165,150	\$45	\$30,000	\$1,000	\$196,150	\$54	\$971	\$38,000
Sales Open Date: 7/1/2012	N/A																
3 Mon. Sales Rate: N/A	N/A																
		Totals/Averages:															
		3,250					1.5	\$167,990	-\$12,540	\$155,450	\$49	\$30,000	\$1,000	\$186,450	\$58	\$921	\$35,833

Source: John Burns Real Estate Consulting

FESTIVAL FOOTHILLS: ABSORPTION APPRECIATION AND COMMUNITY BUILD OUT

Potential Change in Absorption		5%		10%		15%		15%		10%		0%		0%	
Product	JBREC	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012	2013	2014	2015
ADOBE SERIES @ FESTIVAL FOOTHILLS	3.0	3.2	3.5	4.0	4.6	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
SONORAN SERIES @ FESTIVAL FOOTHILLS	2.0	2.1	2.3	2.7	3.1	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
RIDGE SERIES @ FESTIVAL FOOTHILLS	2.0	2.1	2.3	2.7	3.1	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
PEAK SERIES @ FESTIVAL FOOTHILLS	1.5	1.6	1.7	2.0	2.3	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5

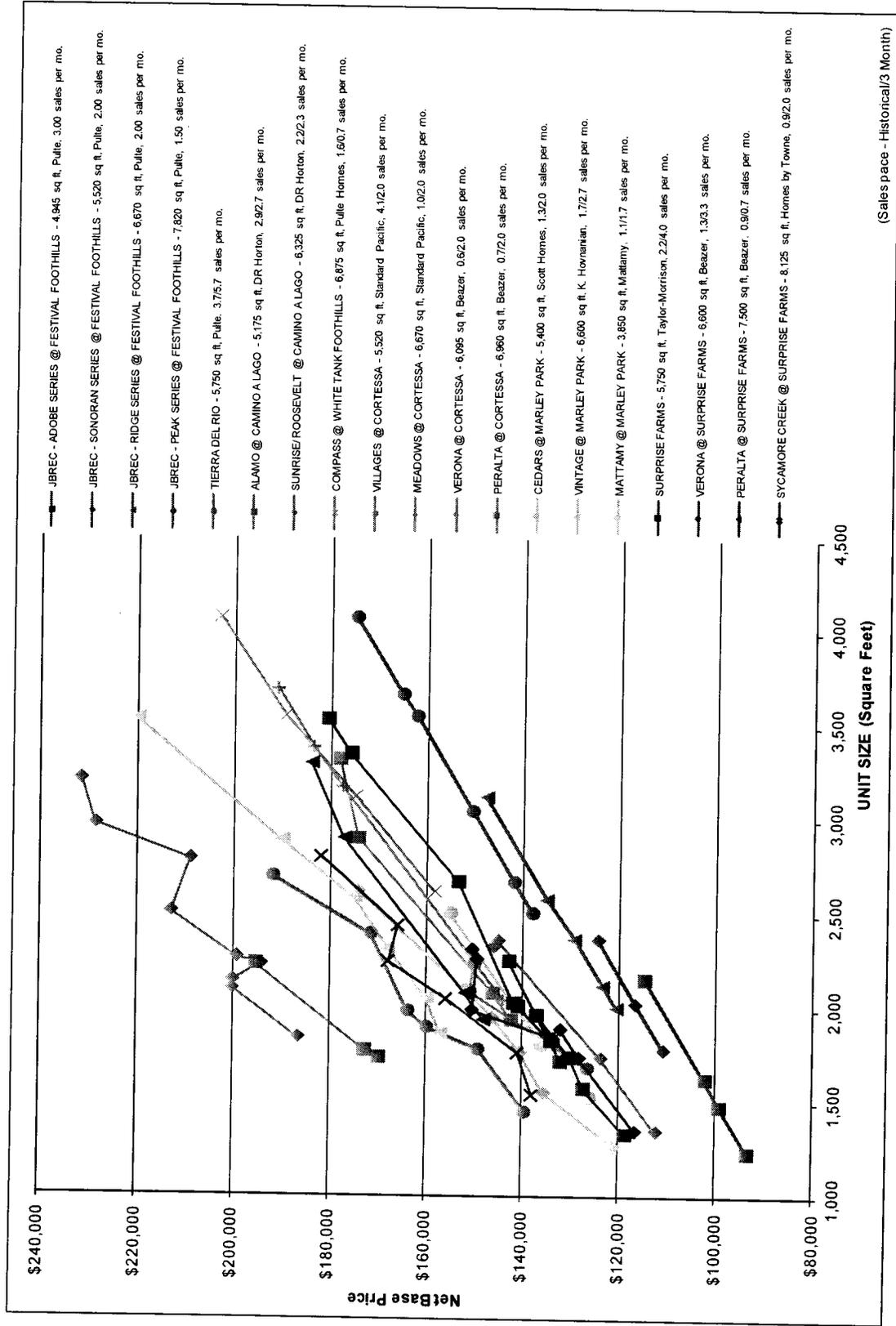
Hypothetical Build Out

Product	Units Remain	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
ADOBE SERIES @ FESTIVAL FOOTHILLS	311			48	55	60	60	60	27		
SONORAN SERIES @ FESTIVAL FOOTHILLS	226			32	37	40	40	40	36		
RIDGE SERIES @ FESTIVAL FOOTHILLS	287			32	37	40	40	40	40	40	17
PEAK SERIES @ FESTIVAL FOOTHILLS	125				27	30	30	30	7		
Totals	949	0	0	112	156	171	171	171	110	40	17

Source: John Burns Real Estate Consulting

FESTIVAL FOOTHILLS: COMPETITIVE POSITIONING – NET BASE PRICE

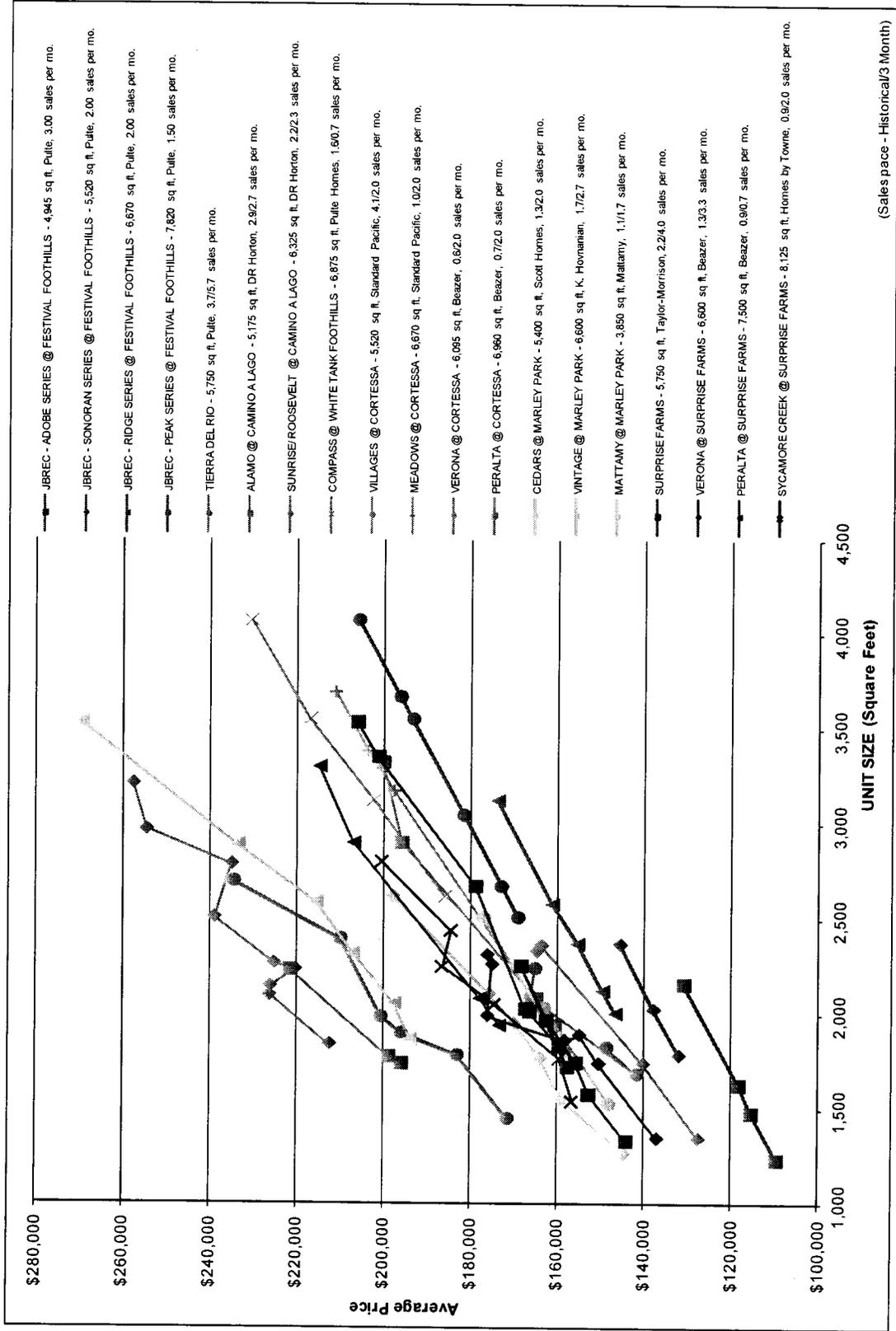
On a net base price level, small and mid-sized lots at Festival Ranch are priced near competitive projects, with the exception of projects in Blackstone and Vistancia that have higher price points but also slower sales paces.



Source: Builder Representatives; John Burns Real Estate Consulting

FESTIVAL FOOTHILLS: COMPETITIVE POSITIONING – AVERAGE PRICE

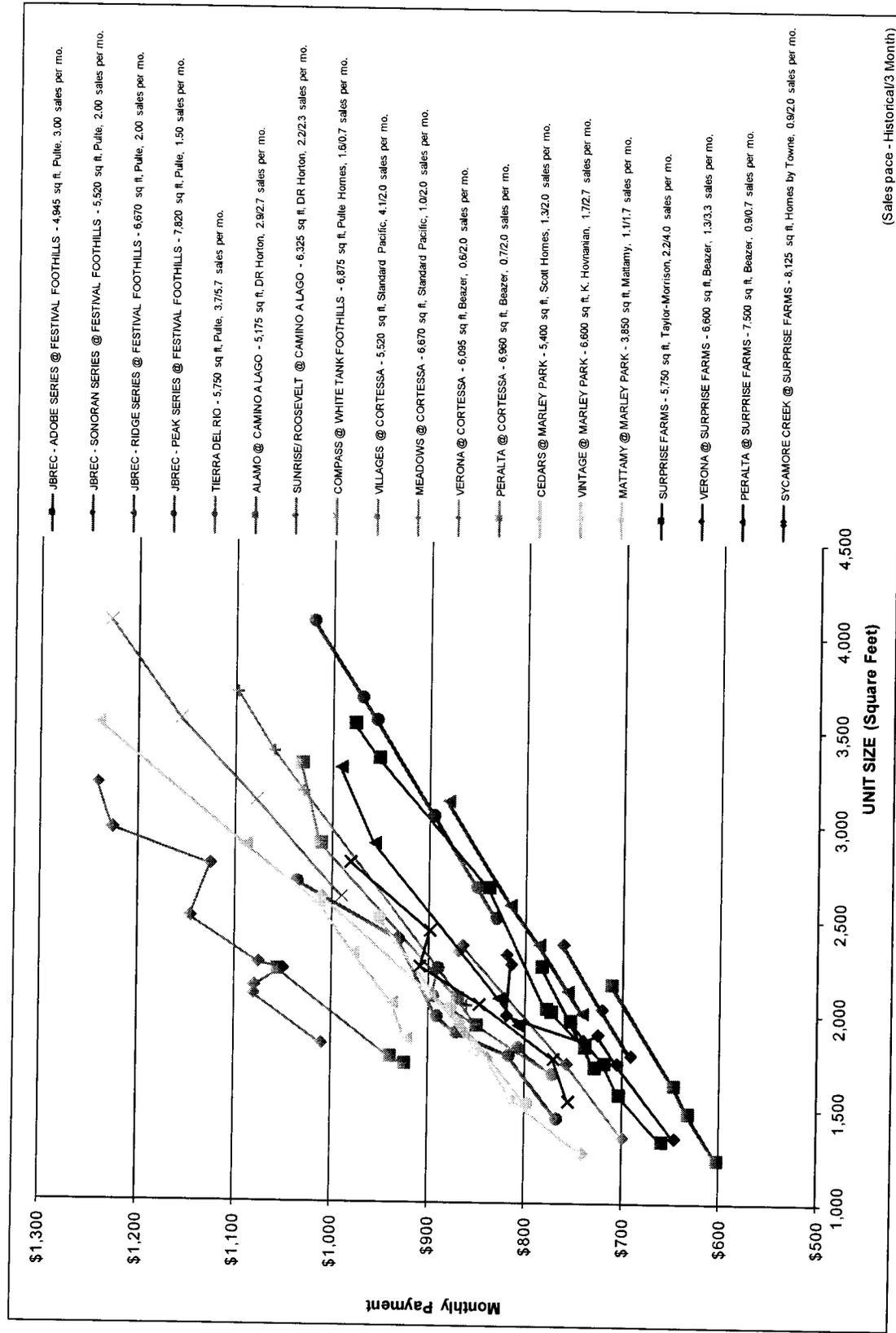
Small and mid sized lots maintain a similar position once factors such as incentives, options/upgrades and premiums are accounted for. The Series 1 and Series 2 product lines are on smaller lots than competitive offerings, thus average pricing is at the bottom of the market.



Source: Builder Representatives; John Burns Real Estate Consulting

FESTIVAL FOOTHILLS: COMPETITIVE POSITIONING - MONTHLY PAYMENT

After factors such as HOA dues and property tax rate are factored in, the overall positioning of mid sized lots remain at the lower end of the competitive market.



Source: Builder Representatives; John Burns Real Estate Consulting

FESTIVAL FOOTHILLS: COMPARABLE PROJECT KEY STATISTICS

COMMUNITY	PRODUCT TYPE	BUILDER	BASE		HIS/3M PACE	PRICE SUMMARY OF COMPETITORS					
			PRICE RANGE	BUILDER		BASE PRICE	NET PRICE	TOTAL PRICE	UNIT SIZE (SF)	NET \$/SQ. FT.	TOTAL \$/SQ. FT.
TIERRA DEL RIO	Single Family	Pulte	\$149K - \$203K		3.7/5.7	\$172,823	\$162,639	\$199,203	2,032	\$82	\$100
ALAMO @ CAMINO A LAGO	Single Family	DR Horton	\$181K - \$207K		2.9/2.7	\$190,600	\$179,288	\$205,288	1,911	\$94	\$108
SUNRISE/ ROOSEVELT @ CAMINO A LAGO	Single Family	DR Horton	\$198K - \$244K		2.2/2.3	\$218,772	\$206,897	\$232,897	2,448	\$86	\$97
SURPRISE FARMS	Single Family	Taylor-Morrison	\$130K - \$194K		2.2/4.0	\$155,073	\$142,921	\$168,296	2,165	\$69	\$82
VERONA @ SURPRISE FARMS	Single Family	Beazer	\$130K - \$165K		1.3/3.3	\$152,061	\$137,500	\$161,059	1,912	\$73	\$85
PERALTA @ SURPRISE FARMS	Single Family	Beazer	\$163K - \$200K		0.9/0.7	\$180,740	\$165,318	\$193,179	2,553	\$67	\$78
SYCAMORE CREEK @ SURPRISE FARMS	Single Family	Homes by Towne	\$142K - \$186K		0.9/2.0	\$162,400	\$158,400	\$176,900	2,140	\$76	\$85
CEDARS @ MARLEY PARK	Single Family	Scott Homes	\$130K - \$185K		1.3/2.0	\$154,567	\$144,930	\$168,430	1,875	\$79	\$93
VINTAGE @ MARLEY PARK	Single Family	K. Hovnanian	\$167K - \$230K		1.7/2.7	\$188,323	\$178,323	\$219,488	2,538	\$72	\$88
MATTAMY @ MARLEY PARK	Single Family	Mattamy	\$136K - \$165K		1.1/1.7	\$149,500	\$139,500	\$161,500	1,965	\$72	\$84
COMPASS @ WHITE TANK FOOTHILLS	Single Family	Pulte Homes	\$171K - \$217K		1.6/0.7	\$194,740	\$181,398	\$208,898	3,338	\$55	\$63
VILLAGES @ CORTESSA	Single Family	Standard Pacific	\$136K - \$161K		4.1/2.0	\$150,240	\$140,240	\$155,240	1,957	\$72	\$80
MEADOWS @ CORTESSA	Single Family	Standard Pacific	\$154K - \$201K		1.0/2.0	\$183,990	\$173,990	\$193,990	3,074	\$58	\$65
VERONA @ CORTESSA	Single Family	Beazer	\$126K - \$161K		0.6/2.0	\$146,173	\$131,787	\$148,905	1,941	\$70	\$79
PERALTA @ CORTESSA	Single Family	Beazer	\$157K - \$194K		0.7/2.0	\$175,490	\$160,225	\$180,274	2,558	\$64	\$72
COMPETITORS' AVERAGE:						\$171,700	\$160,224	\$184,903	2,294	\$73	\$84
COMPETITORS' MEDIAN:						\$172,823	\$160,225	\$180,274	2,140	\$72	\$84

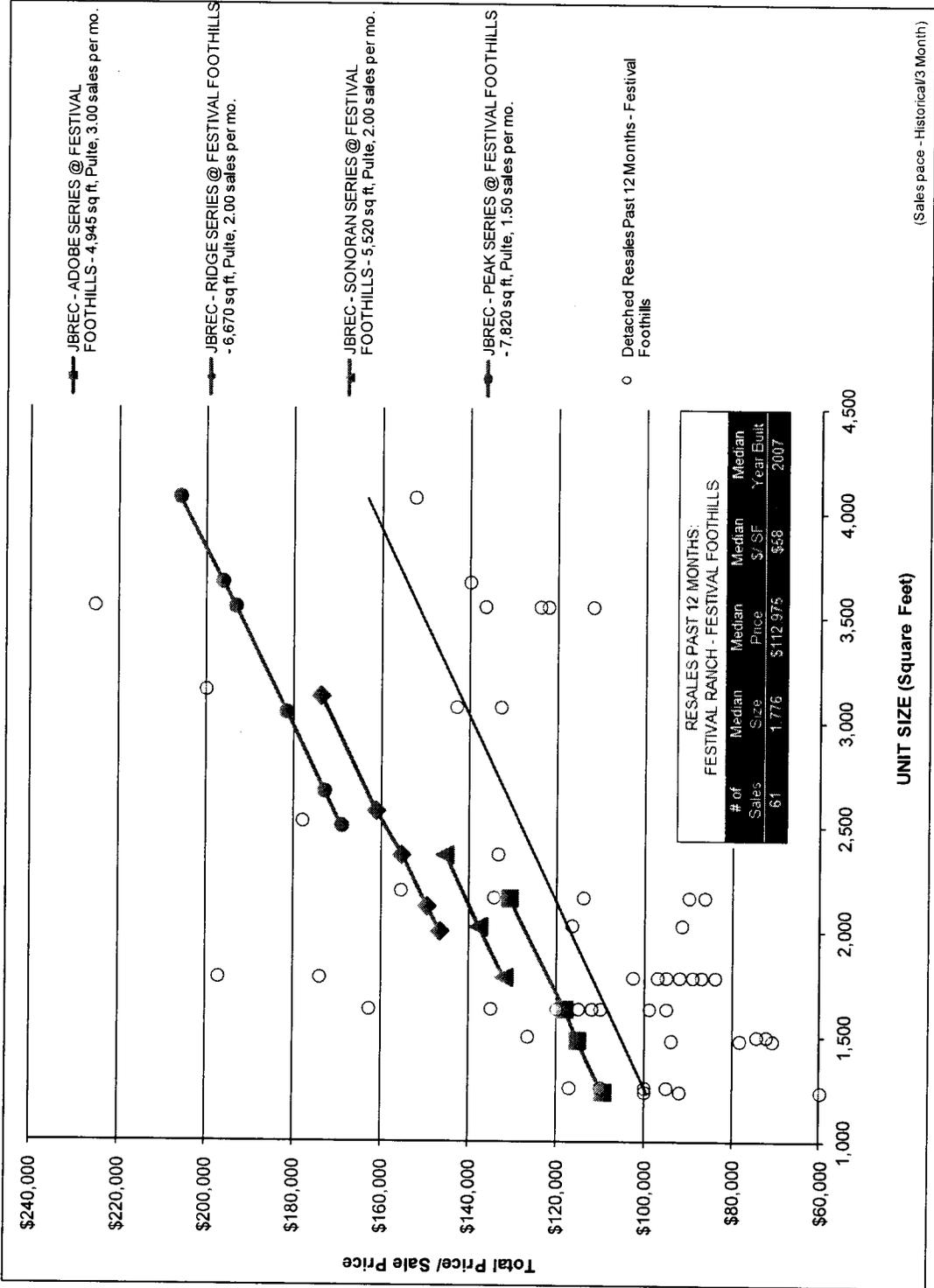
COMPETITIVE INCENTIVES, OPTIONS SUMMARY

COMMUNITY	PRODUCT TYPE	BUILDER	BASE PRICE RANGE	AVERAGE INCENTIVES		AVERAGE OPTIONS	
				FINANCIAL	OPTIONS	TOTAL	% OF BASE PRICE
TIERRA DEL RIO	Single Family	Pulte	\$149K - \$203K	(\$5,185)	(\$5,000)	(\$10,185)	20.0%
ALAMO @ CAMINO A LAGO	Single Family	DR Horton	\$181K - \$207K	(\$3,812)	(\$7,500)	(\$11,312)	13.1%
SUNRISE/ ROOSEVELT @ CAMINO A LAGO	Single Family	DR Horton	\$198K - \$244K	(\$4,375)	(\$7,500)	(\$11,875)	11.4%
SURPRISE FARMS	Single Family	Taylor-Morrison	\$130K - \$194K	(\$4,652)	(\$7,500)	(\$12,152)	16.1%
VERONA @ SURPRISE FARMS	Single Family	Beazer	\$130K - \$165K	(\$4,562)	(\$10,000)	(\$14,562)	15.0%
PERALTA @ SURPRISE FARMS	Single Family	Beazer	\$163K - \$200K	(\$4,422)	(\$10,000)	(\$14,422)	15.0%
SYCAMORE CREEK @ SURPRISE FARMS	Single Family	Homes by Towne	\$142K - \$186K	(\$4,000)	\$0	(\$4,000)	10.8%
CEDARS @ MARLEY PARK	Single Family	Scott Homes	\$130K - \$185K	(\$4,637)	(\$5,000)	(\$9,637)	14.6%
VINTAGE @ MARLEY PARK	Single Family	K. Hovnanian	\$167K - \$230K	(\$5,000)	(\$5,000)	(\$10,000)	20.0%
MATTAMY @ MARLEY PARK	Single Family	Mattamy	\$136K - \$165K	(\$5,000)	(\$5,000)	(\$10,000)	20.0%
COMPASS @ WHITE TANK FOOTHILLS	Single Family	Pulte Homes	\$171K - \$217K	(\$5,842)	(\$7,500)	(\$13,342)	13.4%
VILLAGES @ CORTESSA	Single Family	Standard Pacific	\$136K - \$161K	(\$5,000)	(\$5,000)	(\$10,000)	12.8%
MEADOWS @ CORTESSA	Single Family	Standard Pacific	\$154K - \$201K	(\$5,000)	(\$5,000)	(\$10,000)	10.0%
VERONA @ CORTESSA	Single Family	Beazer	\$126K - \$161K	(\$4,385)	(\$10,000)	(\$14,385)	10.9%
PERALTA @ CORTESSA	Single Family	Beazer	\$157K - \$194K	(\$5,265)	(\$10,000)	(\$15,265)	10.0%
COMPETITORS' AVERAGE:				(\$4,809)	(\$6,667)	(\$11,476)	7%
COMPETITORS' MEDIAN:				(\$5,000)	(\$7,500)	(\$11,312)	7%

Source: Builder Representatives; John Burns Real Estate Consulting

FESTIVAL RANCH: RESALE POSITIONING

The Subject Property is positioned in the middle of the market versus detached resales in Festival Ranch CMA, which is appropriate considering that existing homes are newer product, with a median year built of 2005. A number of these home sales are in the Vistancia master plan, a well amenitized community that achieves some of the highest price points in the West Valley.

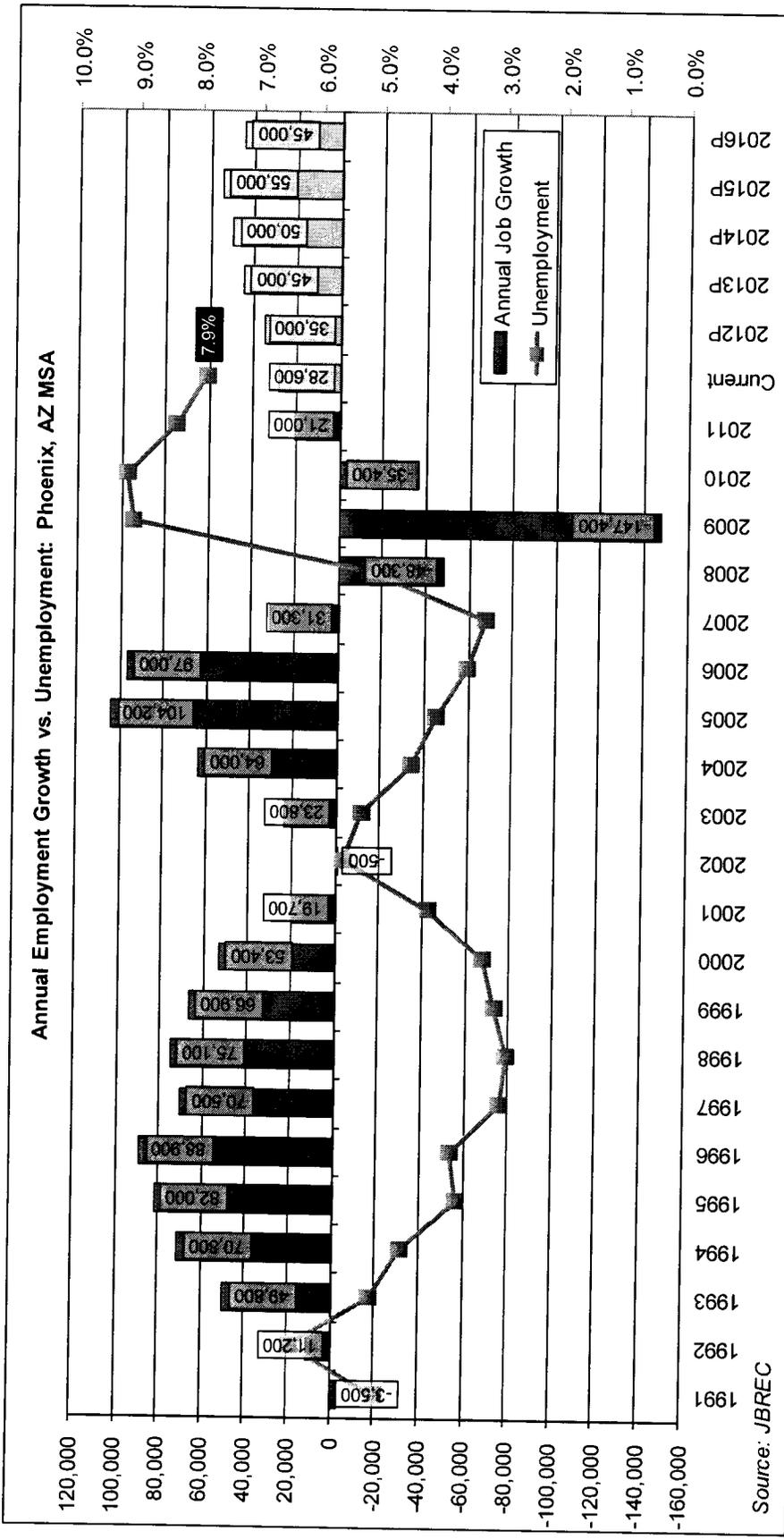


Source: DataQuick; John Burns Real Estate Consulting

PHOENIX MSA: EMPLOYMENT GROWTH



Phoenix lost more than 200,000 jobs during a three year period between 2008 and 2010, including nearly 150,000 in 2009 alone. 2011 data indicates job recovery is underway and we anticipate growth going forward, with annual job growth ranging from 35,000 to 55,000 over the next five years.

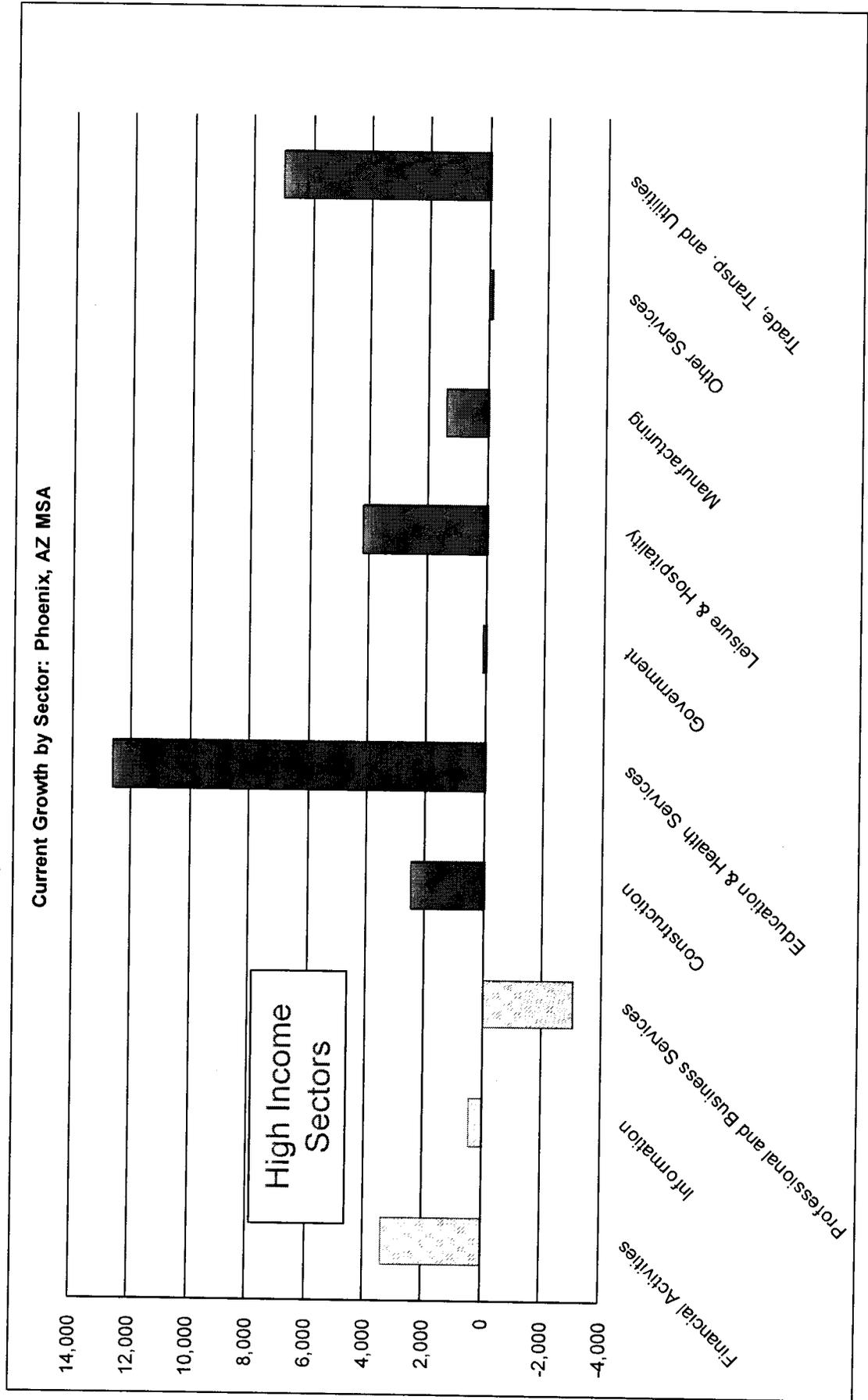


Source: JBREC

Employment History & Projections	2006	2007	2008	2009	2010	2011	Current	2012P	2013P	2014P	2015P	2016P
Wage & Salary Employment Total	1,886,600	1,917,900	1,869,600	1,722,200	1,686,800	1,707,800	1,742,500	1,742,800	1,787,800	1,837,800	1,892,800	1,937,800
1-Year Change	97,000	31,300	-48,300	-147,400	-35,400	21,000	28,600	35,000	45,000	50,000	55,000	45,000
1-Year Growth Rate	5.4%	1.7%	-2.5%	-7.9%	-2.1%	1.2%	1.7%	2.0%	2.6%	2.8%	3.0%	2.4%
Unemployment Rate	3.6%	3.3%	5.2%	9.1%	9.2%	8.4%	7.9%	2.0%	2.6%	2.8%	3.0%	2.4%

PHOENIX MSA: EMPLOYMENT GROWTH BY INDUSTRY

Over the past year, the Education/ Health Services and Trade, Transportation & Utilities sectors have shown the strongest job gains in the Phoenix MSA. High paying sectors such as Financial Activities and Information have shown slight gains, while the Professional and Business Services sector has yet to recover.

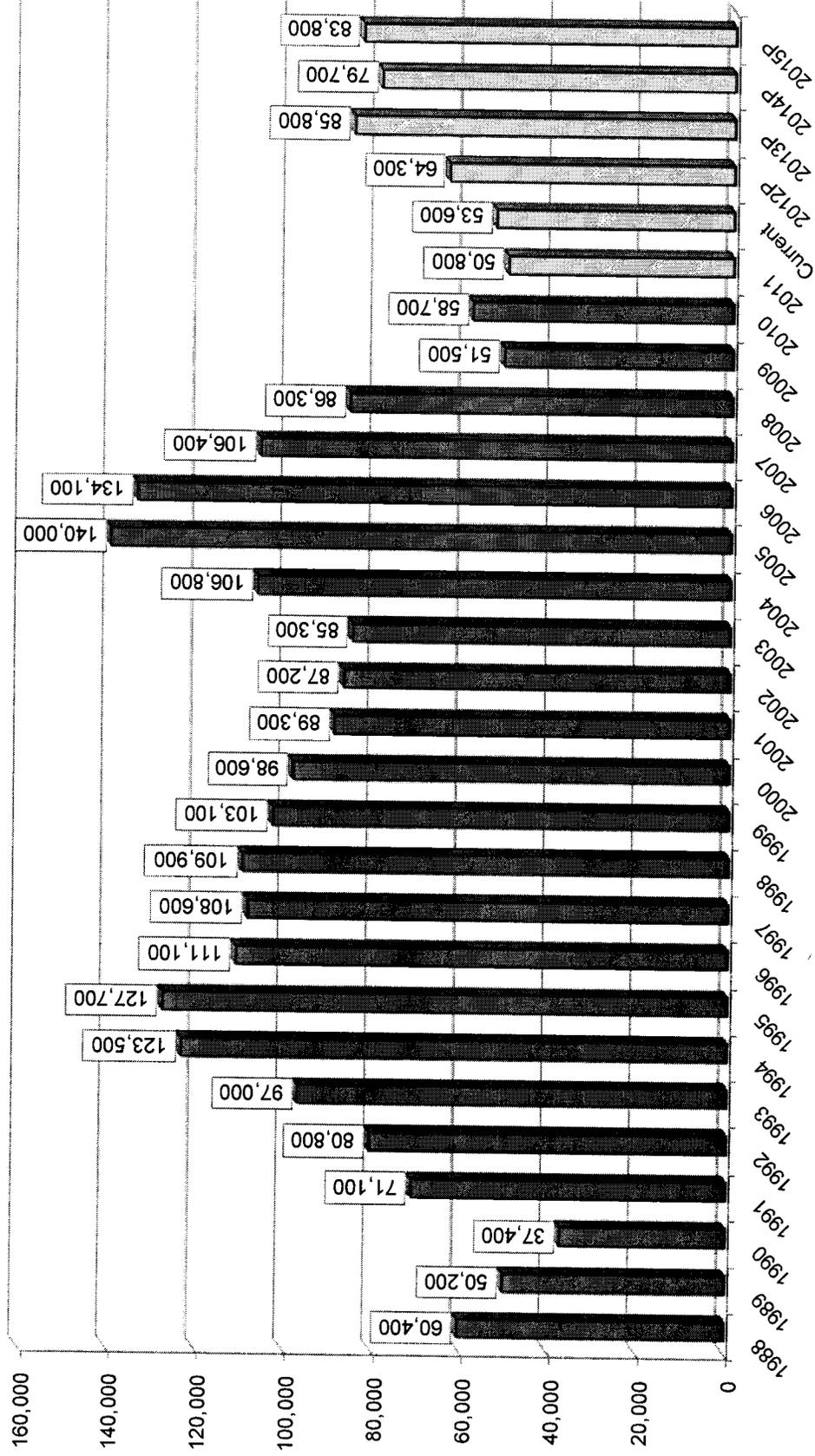


PHOENIX MSA: POPULATION GROWTH



Phoenix population growth is currently approximately half of the annual average population growth during the 2000s. We expect population growth to increase to 80,000+/- new residents annually from 2013 to 2015.

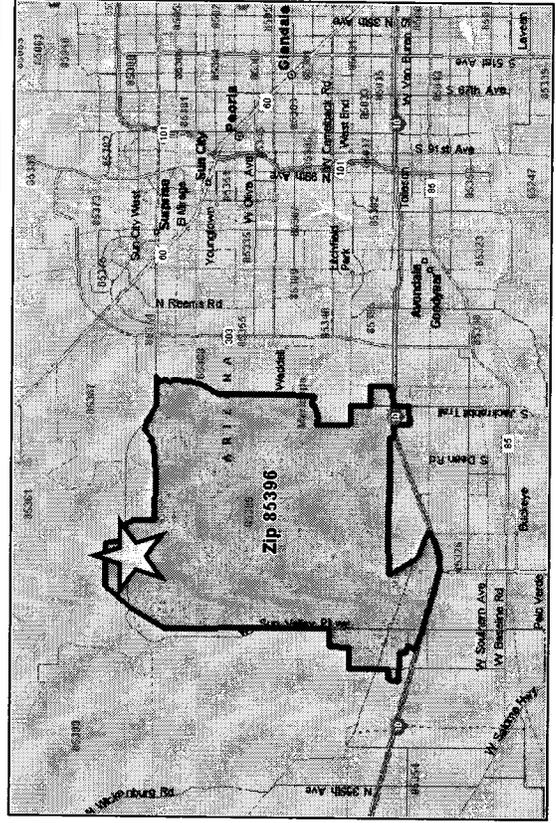
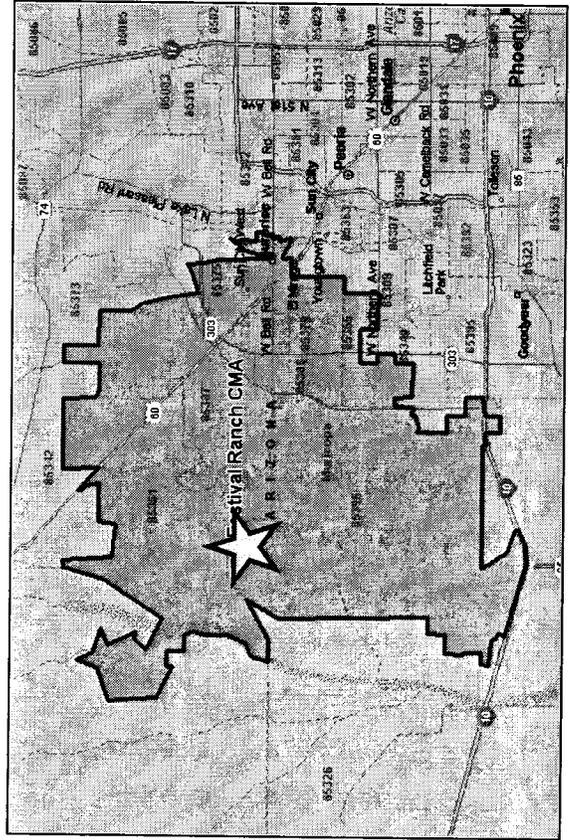
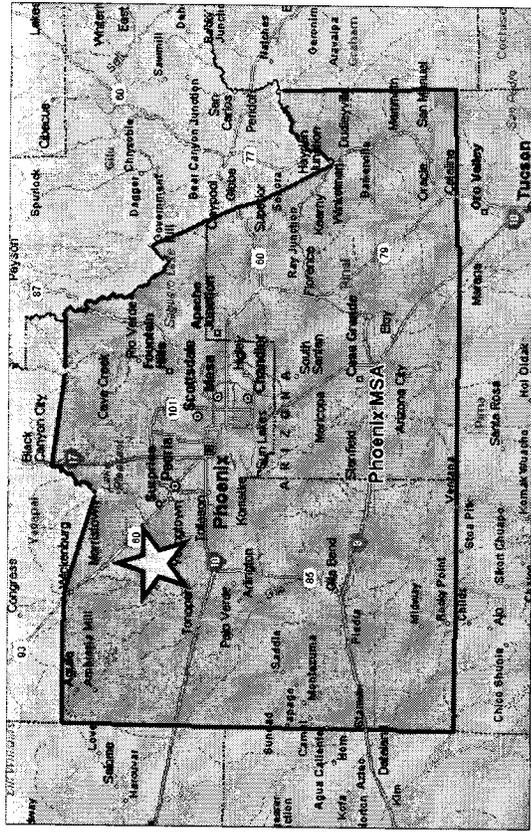
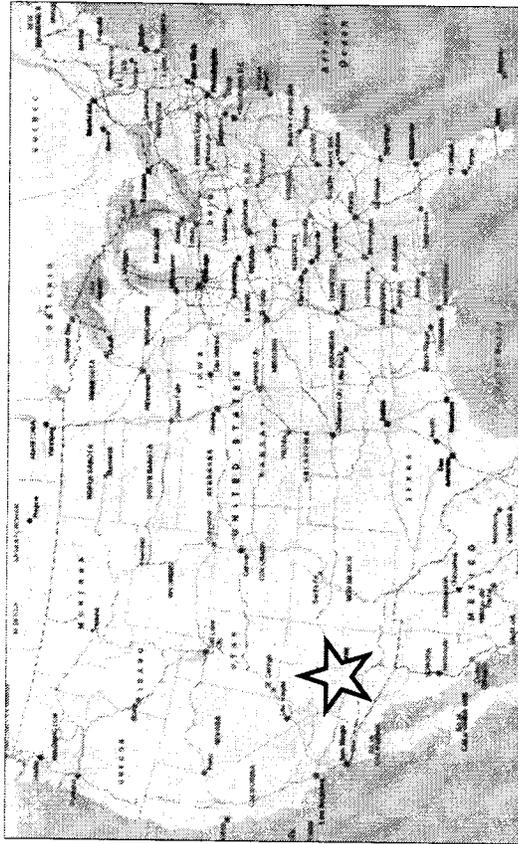
Phoenix MSA, AZ Historical Annual Population Growth (1988 to 2015P)



Source: John Burns Real Estate Consulting

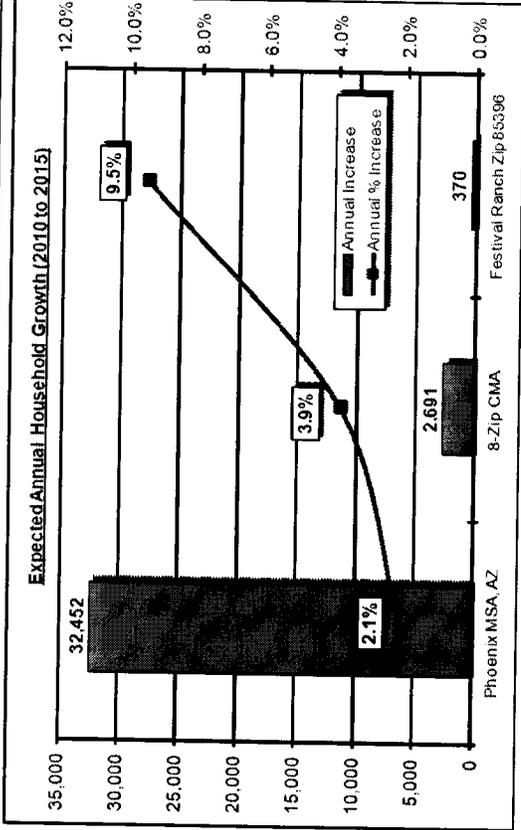
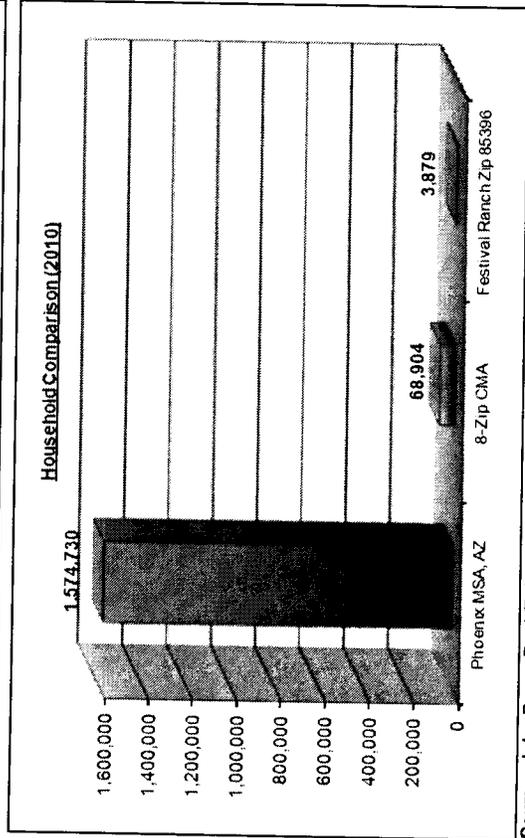
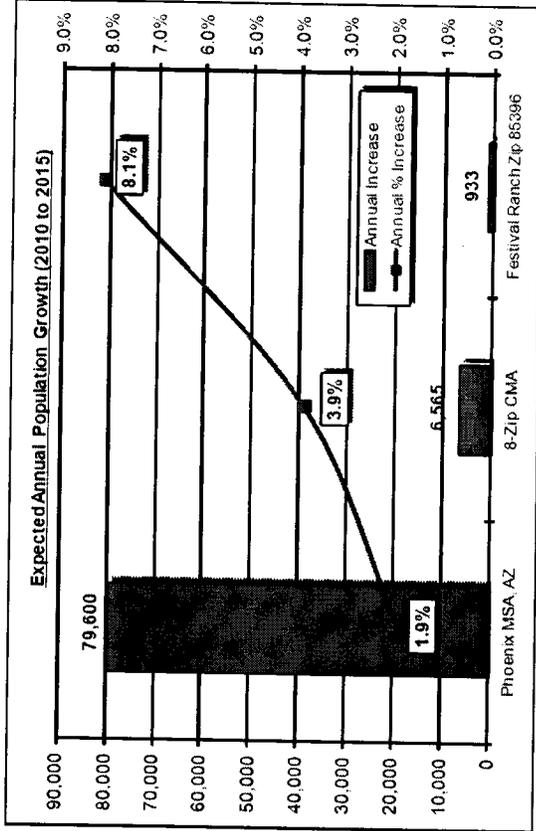
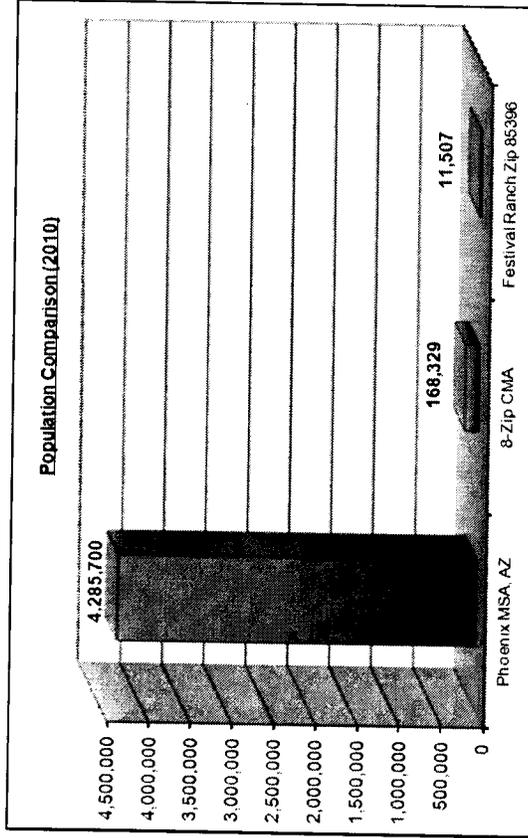
DEMOGRAPHICS BY GEOGRAPHY

This section covers key demographic indicators and trends for Festival Ranch by the demographic characteristics of four geographies: The US, the Phoenix metro area (MSA), the 8-zip Festival Ranch CMA, and local zip code 85396.



POPULATION AND HOUSEHOLD COMPARISON

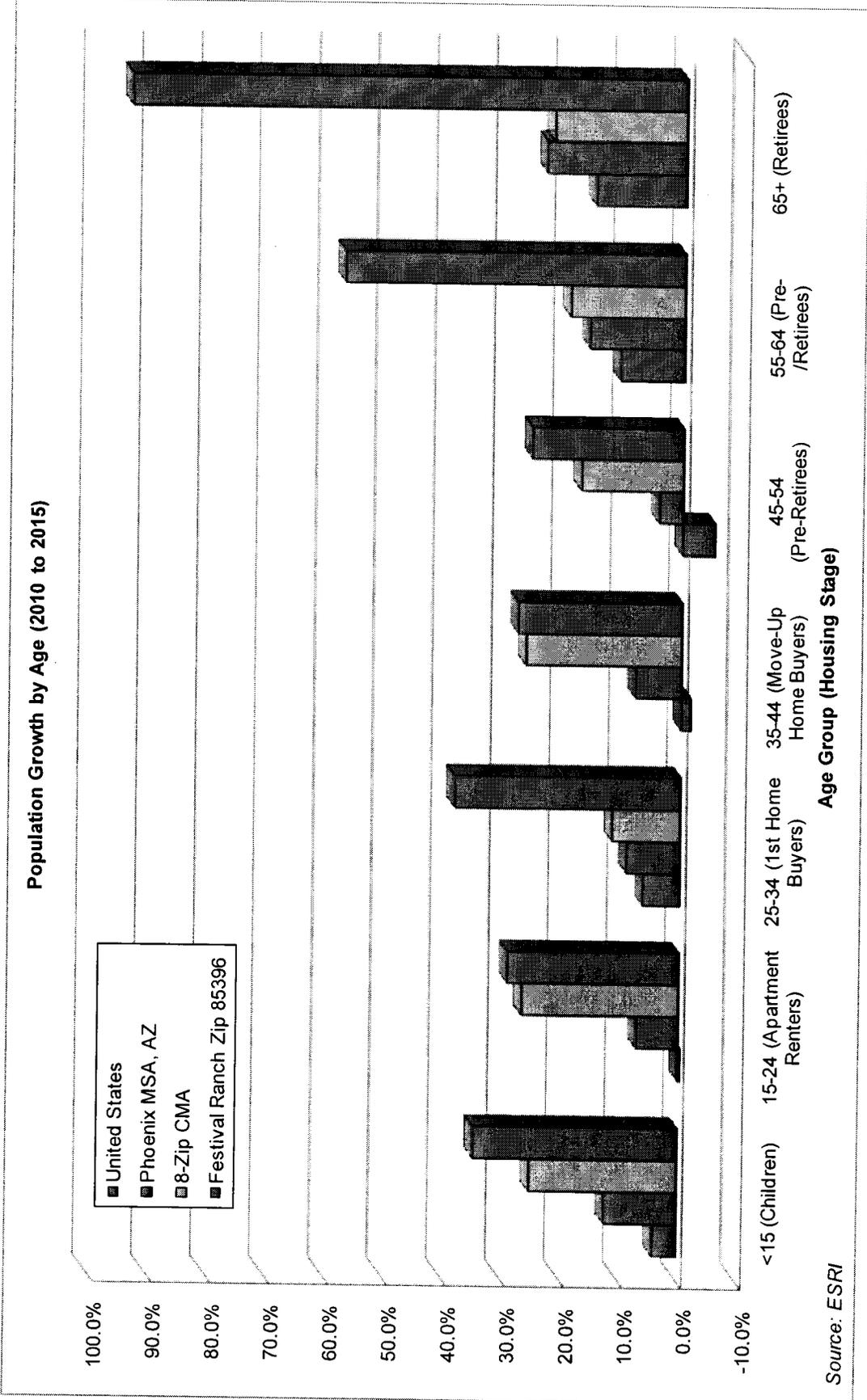
The charts below compare the population and household levels of the Phoenix MSA, the 8 zip code CMA, and the Festival Ranch zip code 85396. While the CMA and local zip code represent a very small segment of the Phoenix MSA, their growth rates are far greater than the MSA overall.



Source: John Burns Real Estate Consulting, ESRI

POPULATION GROWTH BY AGE

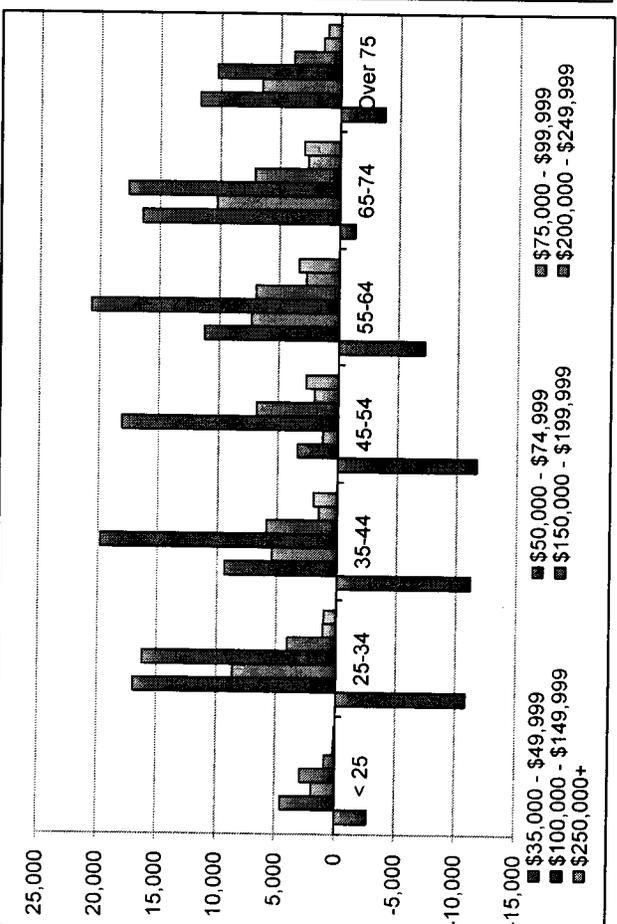
The charts below capture the change (%) in population between 2010-2015 by age group for the US, Phoenix MSA, 8-zip CMA and local zip code. Festival Ranch's zip code is projected to have higher growth levels than the other geographies in all age brackets, and very strong growth in the 65+ segment. This trend bodes well for the success of Sun City Festival in particular.



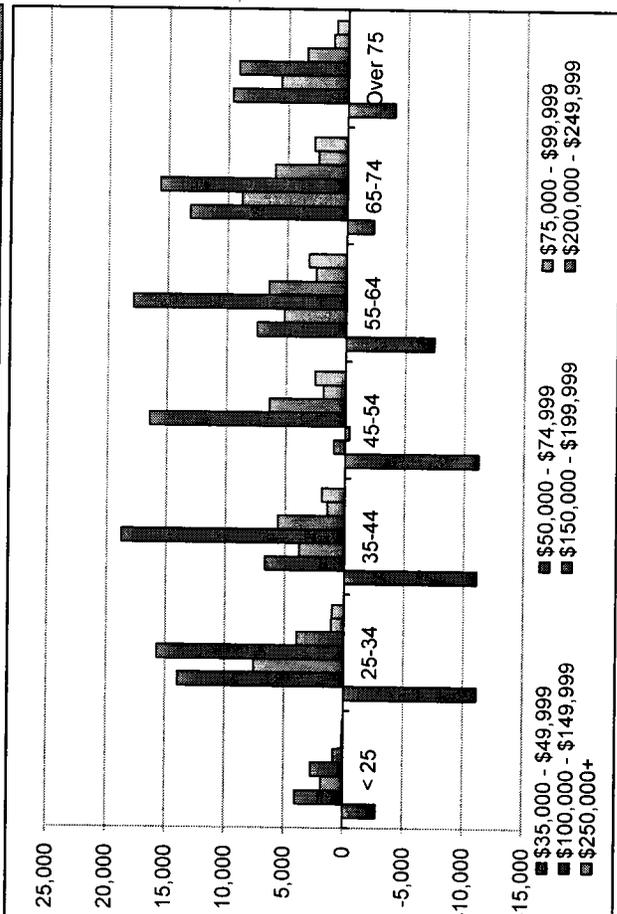
AGE DISTRIBUTION BY INCOME LEVEL

The charts below capture the absolute change in households between 2010-2015 by income level and age for the MSA and Maricopa County. The income level with the greatest absolute growth is from \$100,000 to \$149,999, a key income segment for the purchase of entry level and move up single family homes.

Phoenix MSA										
Absolute Household Growth 2010-2015										
	Total	< 25	25-34	35-44	45-54	55-64	65-74	Over 75		
\$35,000 - \$49,999	-48,644	-2,714	-10,851	-11,195	-11,644	-7,217	-1,309	-3,714		
\$50,000 - \$74,999	73,710	4,535	16,986	9,419	3,371	11,230	16,460	11,709		
\$75,000 - \$99,999	41,479	1,956	8,665	5,426	1,259	7,347	10,265	6,561		
\$100,000 - \$149,999	105,654	2,907	16,223	19,312	18,056	20,701	17,828	10,326		
\$150,000 - \$199,999	35,713	897	4,086	5,922	6,827	6,965	7,127	3,889		
\$200,000 - \$249,999	11,600	141	1,122	1,525	1,971	2,741	2,674	1,426		
\$250,000+	13,222	83	1,056	1,982	2,708	3,347	2,985	1,061		
Total (\$35,000/Yr+)	232,734	7,805	37,287	32,891	22,548	45,114	55,831	31,258		
Median 2010	\$38,252	\$54,174	\$68,105	\$75,485	\$86,517	\$49,688	\$40,226			
Median 2015	\$46,726	\$61,613	\$77,893	\$84,940	\$78,474	\$62,166	\$63,511			
Annual % Change	4.4%	2.7%	2.8%	2.5%	2.8%	5.0%	6.6%			



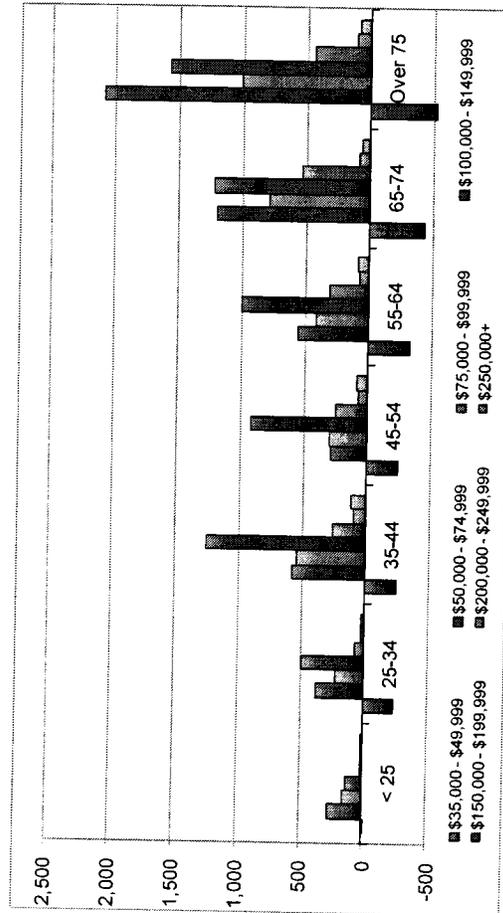
Maricopa County										
Absolute Household Growth 2010-2015										
	Total	< 25	25-34	35-44	45-54	55-64	65-74	Over 75		
\$35,000 - \$49,999	-49,718	-2,741	-11,120	-11,098	-11,193	-7,383	-2,227	-3,956		
\$50,000 - \$74,999	56,033	4,037	13,948	6,999	966	7,504	13,178	9,701		
\$75,000 - \$99,999	32,592	1,845	7,598	3,820	-337	5,204	8,969	5,593		
\$100,000 - \$149,999	96,404	2,732	15,709	18,742	16,452	17,885	15,705	9,179		
\$150,000 - \$199,999	32,750	848	3,953	5,598	6,371	6,490	6,058	3,432		
\$200,000 - \$249,999	10,739	126	1,081	1,462	1,873	2,550	2,428	1,219		
\$250,000+	12,561	72	1,028	1,948	2,586	3,184	2,776	987		
Total (\$35,000/Yr+)	191,361	6,919	32,197	27,171	16,718	35,414	46,797	26,155		
Median 2010	\$38,525	\$54,847	\$69,990	\$77,039	\$68,581	\$50,612	\$40,948			
Median 2015	\$47,495	\$62,663	\$79,896	\$87,819	\$81,040	\$64,211	\$54,499			
Annual % Change	4.7%	2.9%	2.8%	2.8%	3.6%	5.4%	6.6%			



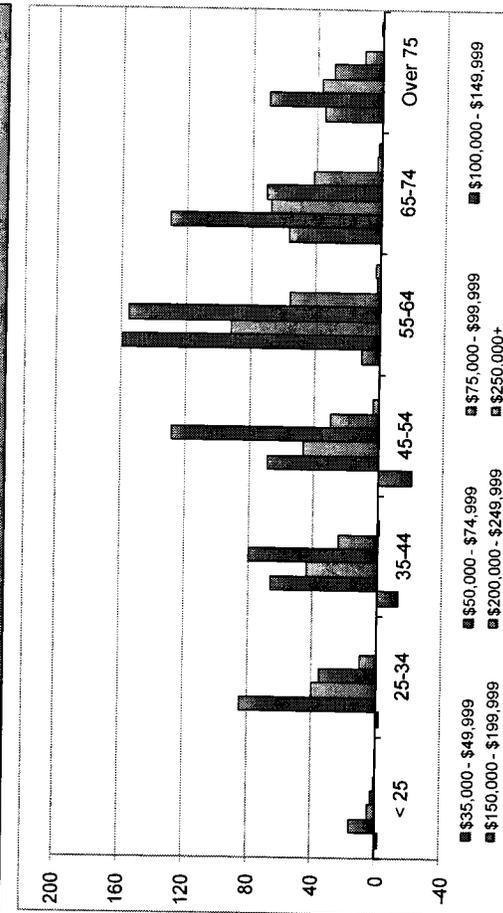
AGE DISTRIBUTION BY INCOME LEVEL

The income level with the greatest absolute growth in both the CMA and local zip code area is \$100,000 to \$149,999, followed by the \$50,000 to \$74,999 income segment. The Over 75 age range is the largest growth segment in the CMA, while the 55 to 64 age range represents the largest growth segment in the local zip code.

8 Zip CMA								
	Absolute Household Growth 2010-2015							
	Total	< 25	25-34	35-44	45-54	55-64	65-74	Over 75
\$35,000 - \$49,999	-2,006	-8	-229	-243	-242	-317	-431	-536
\$50,000 - \$74,999	5,363	278	380	578	284	558	1,202	2,063
\$75,000 - \$99,999	3,455	159	230	547	301	417	793	1,008
\$100,000 - \$149,999	6,600	131	499	1,259	917	1,002	1,216	1,576
\$150,000 - \$199,999	1,893	19	80	262	251	315	528	438
\$200,000 - \$249,999	470	4	26	94	72	75	86	113
\$250,000+	479	7	28	118	87	86	61	92
Total (\$35,000/Yr+)	16,254	590	1,014	2,615	1,670	2,136	3,455	4,774
Median 2010	\$42,115	\$58,108	\$73,100	\$75,606	\$64,380	\$53,313	\$49,931	
Median 2015	\$53,489	\$66,064	\$82,333	\$85,314	\$76,752	\$63,464	\$57,267	
Annual % Change	5.4%	2.7%	2.5%	2.6%	3.8%	3.8%	3.8%	4.4%

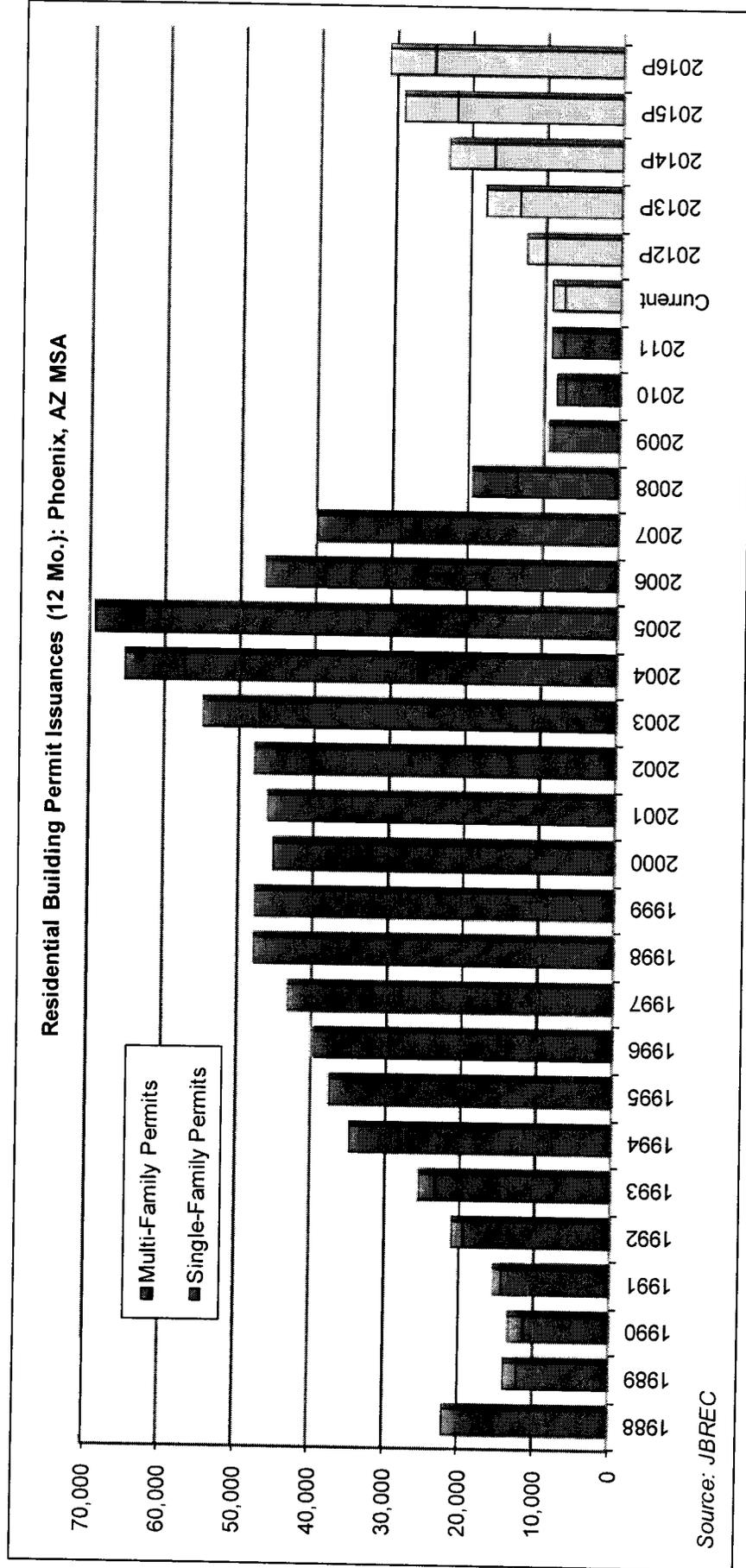


Festival Ranch Zip 85396								
	Absolute Household Growth 2010-2015							
	Total	< 25	25-34	35-44	45-54	55-64	65-74	Over 75
\$35,000 - \$49,999	66	-2	-2	-13	-20	11	57	35
\$50,000 - \$74,999	595	16	85	66	68	159	130	70
\$75,000 - \$99,999	333	5	40	44	47	92	68	37
\$100,000 - \$149,999	502	3	35	80	128	155	71	30
\$150,000 - \$199,999	174	1	10	24	30	56	42	11
\$200,000 - \$249,999	8	0	0	-1	4	2	3	0
\$250,000+	6	0	0	0	0	3	2	1
Total (\$35,000/Yr+)	1,684	23	168	200	258	478	373	184
Median 2010	\$38,413	\$54,550	\$66,015	\$69,542	\$69,772	\$42,528	\$32,130	
Median 2015	\$51,110	\$60,052	\$74,734	\$79,294	\$68,961	\$62,019	\$38,277	
Annual % Change	6.6%	2.0%	2.6%	2.8%	3.1%	4.5%	3.9%	



PHOENIX MSA: RESIDENTIAL BUILDING PERMITS

JBREC anticipates that 2010 marked the bottom for building permit issuance in Phoenix and a recovery will emerge in 2012. Projected totals for 2013 and 2016, however, are still well below the 20-year average for the market (about 34,000 permits).



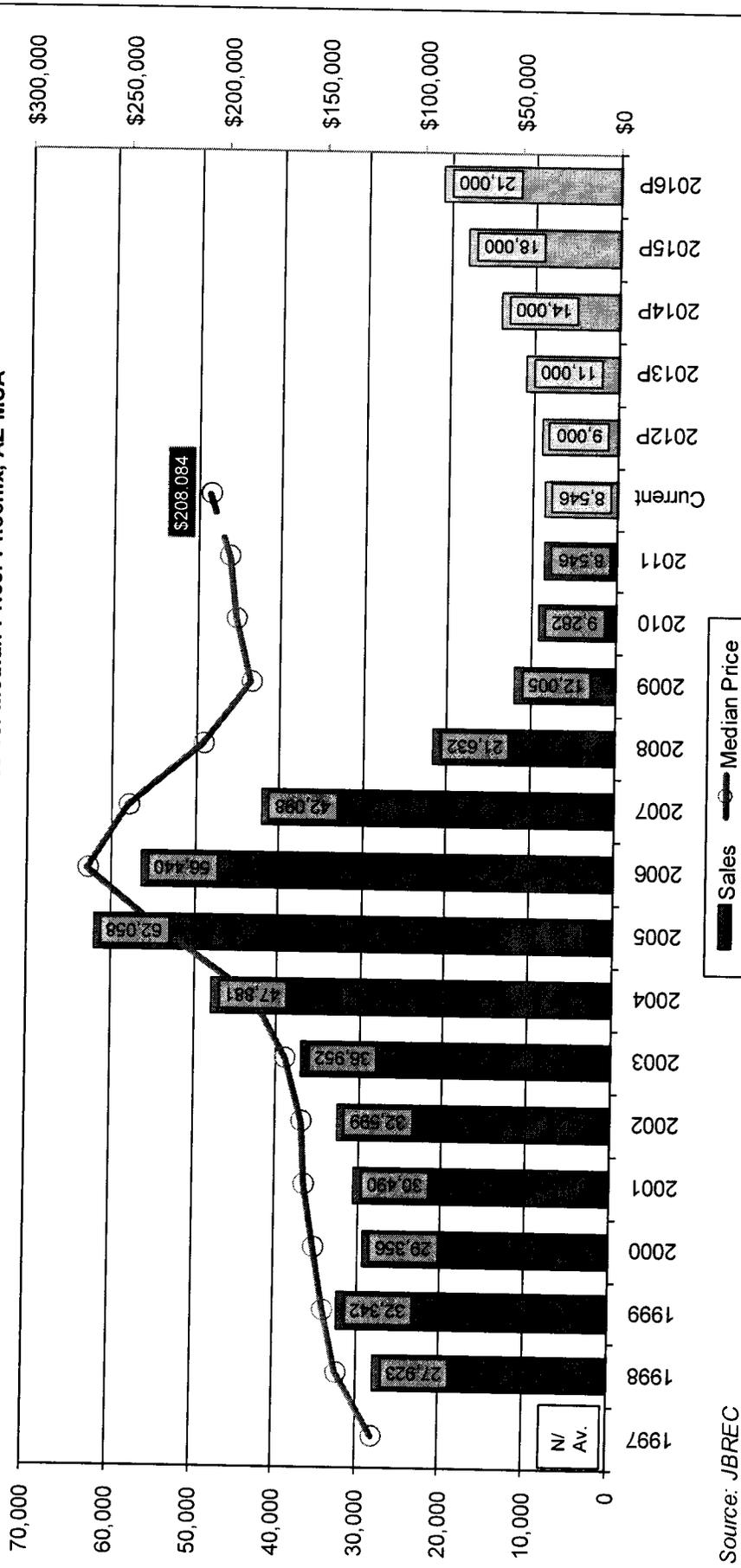
Permit History & Projections	2006	2007	2008	2009	2010	2011	Current	2012P	2013P	2014P	2015P	2016P
Single-Family Permits (12 mos.)	38,753	28,939	13,548	8,643	7,212	7,389	7,389	10,000	13,500	17,000	22,000	25,000
1-Year Growth Rate	-36%	-25%	-53%	-36%	-17%	2%	2%	35%	35%	26%	29%	14%
Multifamily Permits	7,998	10,868	5,876	674	1,088	1,620	1,619	2,500	4,500	6,000	7,000	6,000
1-Year Growth Rate	-4%	36%	-46%	-89%	61%	49%	49%	54%	80%	33%	17%	-14%
Total Permits	46,751	39,807	19,424	9,317	8,300	9,009	9,008	12,500	18,000	23,000	29,000	31,000
1-Year Growth Rate	-32%	-15%	-51%	-52%	-11%	9%	9%	39%	44%	28%	26%	7%

PHOENIX MSA: NEW HOME SALES AND PRICING



We anticipate that 2013 will mark the start of new home sales growth in the Phoenix metro area. New home prices bottomed in 2009 and increased slightly in 2010 and 2011.

Annual New Home Sales vs. Median Price: Phoenix, AZ MSA

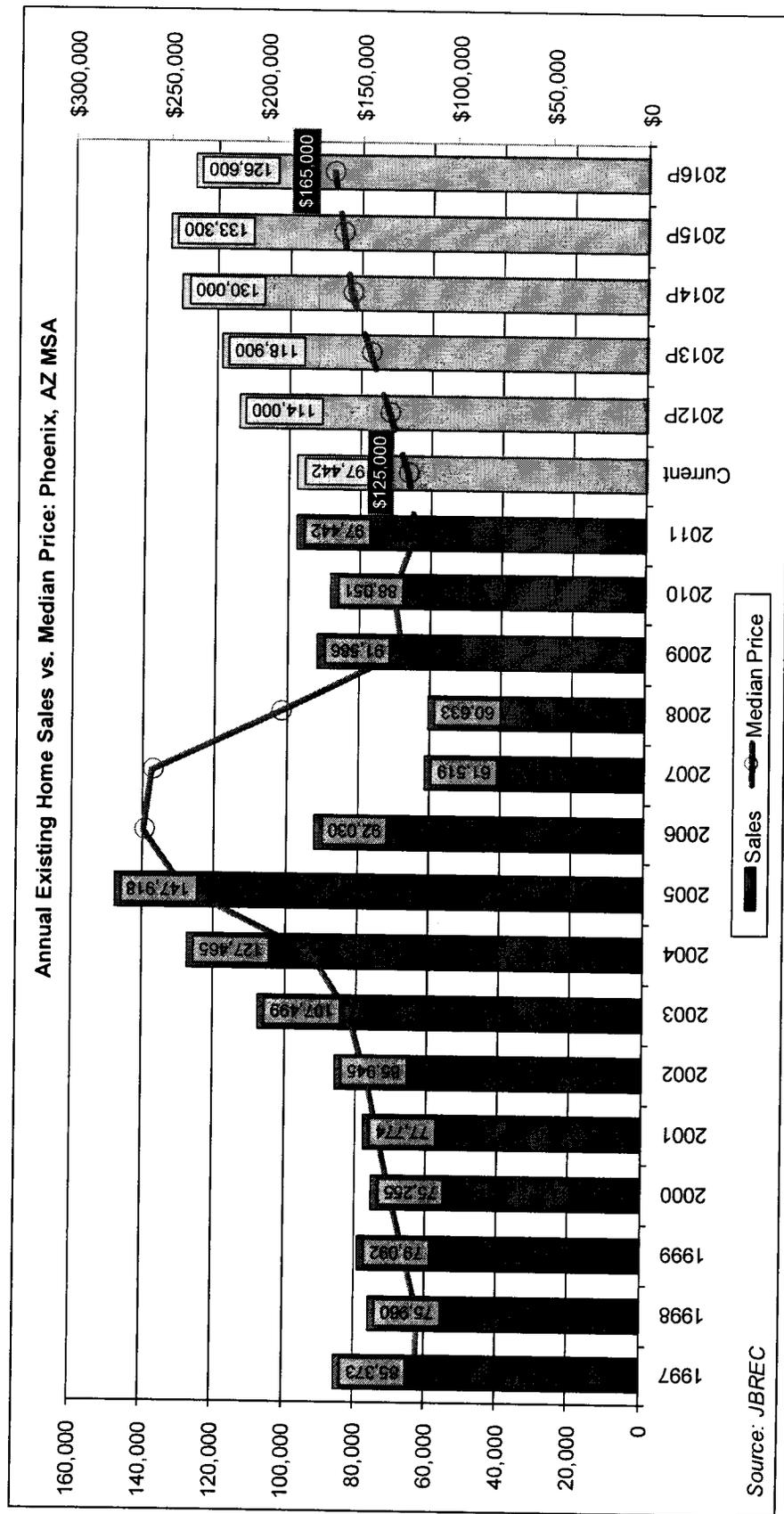


Source: JBREC

New Home History & Projections		2006	2007	2008	2009	2010	2011	Current	2012P	2013P	2014P	2015P	2016P
Annualized New Home Sales		56,440	42,098	21,632	12,005	9,282	8,546	8,546	9,000	11,000	14,000	18,000	21,000
1-Year Growth Rate		-9%	-25%	-49%	-45%	-23%	-8%	-8%	5%	22%	27%	29%	17%
Median New Home Price		\$269,276	\$248,475	\$210,714	\$186,309	\$194,490	\$198,295	\$208,084					
1-Year Growth Rate		17.2%	-7.7%	-15.2%	-11.6%	4.4%	2.0%	-0.1%					

PHOENIX MSA: EXISTING HOME SALES AND PRICING

Existing home sales in Phoenix are strong, buoyed by high affordability and a strong investor market. We expect the number of resale homes in Phoenix to continue to rise through 2015. Increased activity will create price momentum as well, with notable resale price growth projected in 2012 and 2013. We anticipate this will be largely due to a decrease of REO/distressed sales, and an increase of traditional "retail price" home sales.

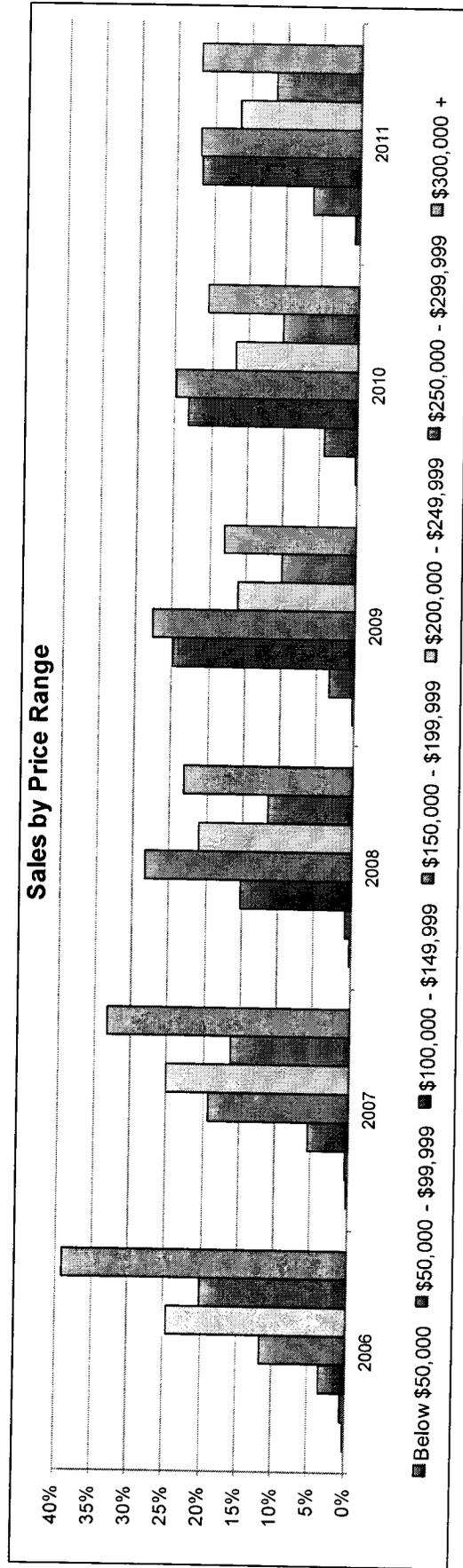


Resale Home History & Projections	2006	2007	2008	2009	2010	2011	Current	2012P	2013P	2014P	2015P	2016P
Annualized Resale Home Sales	92,030	61,519	60,633	91,586	88,051	97,442	97,442	114,000	118,900	130,000	133,300	126,600
1-Year Growth Rate	-38%	-33%	-1%	51%	-4%	11%	11%	17%	4%	9%	3%	-5%
Median Resale Home Price	\$261,908	\$257,584	\$190,637	\$127,477	\$131,483	\$120,572	\$125,000	\$135,000	\$145,000	\$155,000	\$160,000	\$165,000
1-Year Growth Rate	9.1%	-1.7%	-26.0%	-33.1%	3.1%	-8.3%	4.3%	12.0%	7.4%	6.9%	3.2%	3.1%

PHOENIX MSA: SALES BY PRICE RANGE – NEW HOME SALES



As the market peaked between 2005 and 2007, the majority of new home sales took place near or above \$300,000. Today, most production activity is taking place in a variety of price ranges, with nearly 60% in the \$100,000 to \$250,000 ranges.



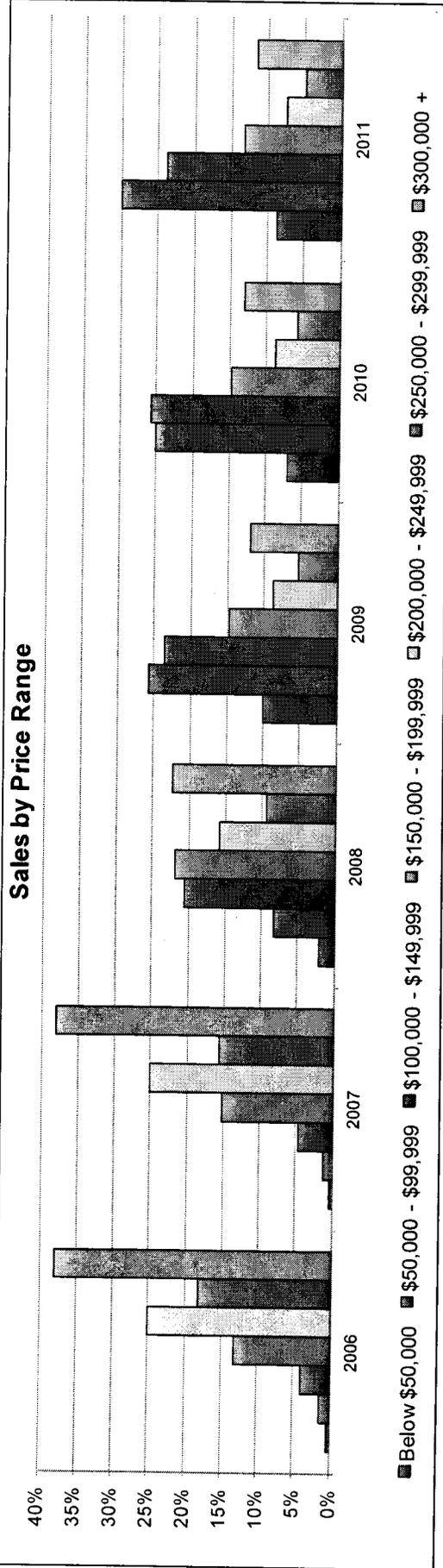
SALES BY PRICE COMPARISON

Price Range	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Below \$50,000	116	81	70	64	78	108	46	14	18	24	18	46
\$50,000 - \$99,999	2,082	1,379	722	595	797	687	333	169	175	385	402	519
\$100,000 - \$149,999	11,585	11,544	10,893	9,851	10,537	4,053	2,005	2,298	3,238	2,935	2,129	1,791
\$150,000 - \$199,999	6,905	7,548	7,251	8,503	14,501	15,071	6,486	7,987	6,068	3,259	2,280	1,811
\$200,000 - \$249,999	3,043	3,638	3,410	4,285	7,371	13,655	13,635	10,372	4,496	1,896	1,534	1,370
\$250,000 - \$299,999	1,631	1,707	1,868	2,470	4,567	8,718	11,124	6,750	2,448	1,183	945	953
\$300,000 +	2,762	2,654	2,791	3,415	7,067	14,965	21,479	13,806	4,932	2,113	1,882	1,814
Total	28,124	28,551	27,005	29,183	44,918	57,257	55,108	41,396	21,375	11,795	9,190	8,304

Source: DataQuick

PHOENIX MSA: SALES BY PRICE RANGE - DETACHED REALES

In much the same way that new home prices in Phoenix peaked between 2005 and 2007, so too did resales. In 2011, resale activity is strong under \$200,000 and more than 60% of activity is under \$150,000 as investors and bargain hunters look for short sales and foreclosure properties.



SALES BY PRICE COMPARISON

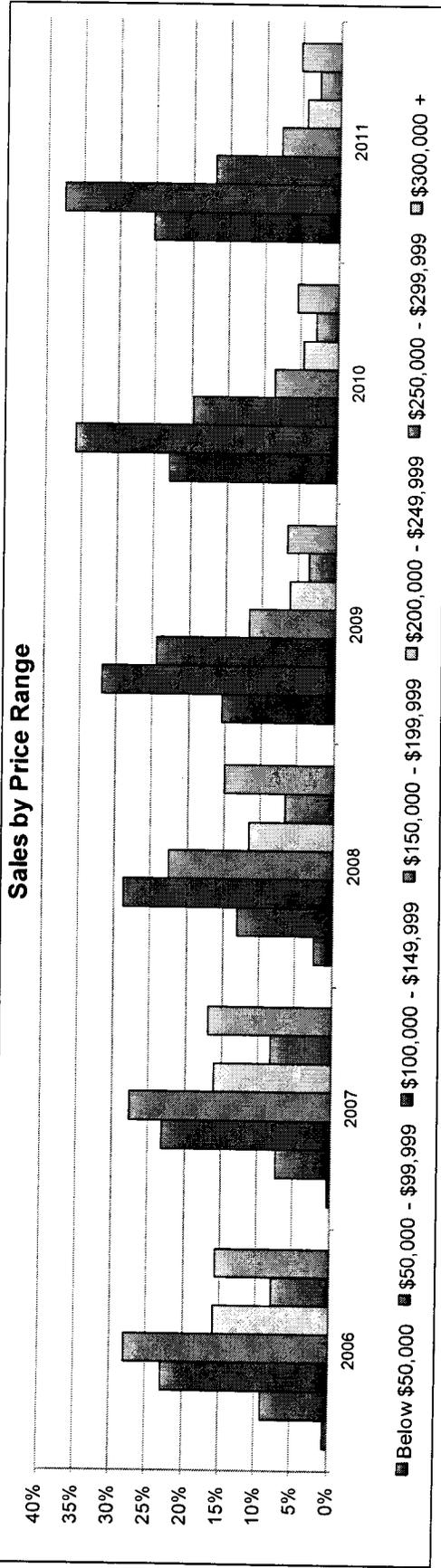
Price Range	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Below \$50,000	1,107	720	693	893	650	458	194	134	1,044	8,104	5,141	7,073
\$50,000 - \$99,999	12,913	9,676	6,947	7,173	5,051	2,553	987	627	4,414	20,704	18,655	24,146
\$100,000 - \$149,999	21,734	24,547	22,704	26,793	28,843	12,850	2,920	2,297	10,977	19,062	19,124	19,188
\$150,000 - \$199,999	9,685	11,152	11,962	17,088	27,453	24,415	9,914	7,569	11,652	11,936	10,888	10,706
\$200,000 - \$249,999	4,696	5,164	5,572	8,056	13,589	24,355	18,890	12,517	8,434	6,995	6,420	6,042
\$250,000 - \$299,999	2,831	3,011	3,182	4,838	8,467	18,750	13,593	7,842	5,039	4,305	4,160	3,897
\$300,000 +	5,504	5,448	6,097	9,537	17,828	37,659	28,521	19,041	11,966	9,590	9,700	9,261
Total	58,470	59,718	57,157	74,378	101,881	121,040	75,019	50,027	53,526	80,696	74,088	80,313

Source: DataQuick

PHOENIX MSA: SALES BY PRICE RANGE – ATTACHED REALES



About 80% of all attached resales are taking place under \$150,000, and 70% are under \$100,000. Attached resale product has become very affordable, particularly as prices have dropped for single family detached homes.



SALES BY PRICE COMPARISON

Price Range	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Below \$50,000	900	689	595	602	712	375	62	31	154	1,335	2,601	2,869
\$50,000 - \$99,999	6,206	5,853	4,989	4,589	5,761	3,692	1,204	681	788	2,775	3,915	4,260
\$100,000 - \$149,999	2,666	3,028	3,140	3,835	5,577	5,706	3,002	2,105	1,732	2,116	2,165	1,907
\$150,000 - \$199,999	923	894	1,118	1,443	2,278	4,364	3,694	2,514	1,360	1,024	928	893
\$200,000 - \$249,999	424	373	463	597	984	2,358	2,067	1,460	691	529	508	492
\$250,000 - \$299,999	201	202	243	395	667	1,357	1,030	762	400	313	326	298
\$300,000 +	295	281	289	499	1,080	2,661	2,061	1,535	905	576	604	609
Total	11,615	11,320	10,837	11,960	17,059	20,513	13,120	9,088	6,030	8,668	10,947	11,328

Source: DataQuick

PHOENIX MSA: SHADOW INVENTORY

The Phoenix MSA still has a very high level of "shadow" inventory – about 3 times the level of listings on the market – which will continue to put downward pressure on home prices. New home projects are able to compete effectively with this distressed inventory because strong investor demand makes it hard for buyers to compete (the new home purchase process is "easier").

- The 9.6 months of "shadow" inventory, or homes not currently on the market and in one form of distress that we believe will be eventually liquidated/sold, is three times the number of homes currently listed on the market (and the level of resale inventory is dropping fast in the Phoenix area).

Category	Estimated # of Delinquent Loans in Metro ⁴	Shadow Inventory ⁶ (based on liquidation probabilities above)		
		Upside Scenario ³	Base Case ³	Downside Scenario ³
In Foreclosure	33,479	26,783	30,131	33,479
90+ Days	31,571	23,678	26,835	31,255
60 Days	11,882	8,317	9,506	11,288
30 Days	26,454	13,227	15,872	18,518
Total	103,386	72,005	82,344	94,540
Less: Distressed Units already listed on MLS ⁷		(8,155)	(8,155)	(8,155)
Shadow Inventory⁶		63,850	74,189	86,385
Plus: Current MLS Listings		25,840	25,840	25,840
Total Supply		89,690	100,029	112,225
Months of Supply - Shadow		8.3	9.6	11.2
Months of Supply - MLS		3.4	3.4	3.4
Total Months of Supply		11.7	13.0	14.6
Total Metro Mortgages ⁵ :		777,503		
10-yr Avg Annual Metro Resale Sales:		92,334		

- 1 - Based on metro's ratio of pre-foreclosure notices to total mortgages relative to state average
- 2 - State delinquency % X Metro Adjustment (see methodology)
- 3 - Liquidation probability scenarios were based on a study of probabilities used by leading credit analysts and analysis of county records data
- 4 - Total Metro Mortgages X Estimated Metro Delinquency %
- 5 - Estimate of total mortgages, adjusted from the 2006-2008 American Community Survey (Census)
- 6 - # of currently distressed properties that will ultimately become supply
- 7 - Assumed that U.S. distressed listings as % of total listings was 31% (same as % distressed sales, then adjusted that % based on differential between metro total mortgage delinquency and U.S. total mortgage delinquency)

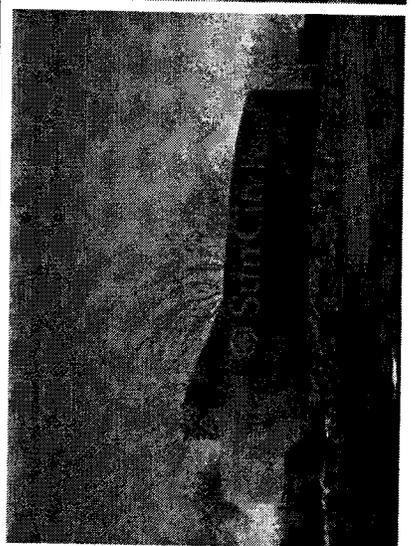
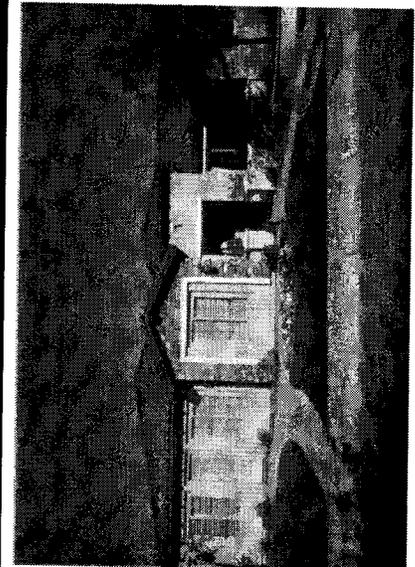
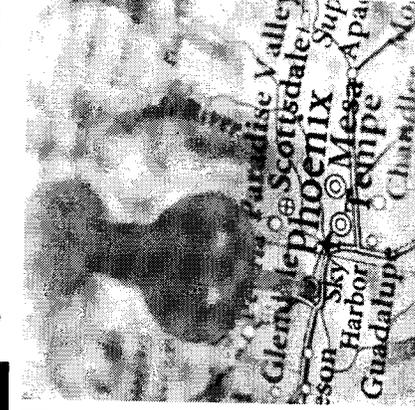
Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. The conclusions and recommendations in this report are based on estimates, assumptions, and other information developed by JBREC from its independent research efforts, general knowledge and experience of the real estate industry, as well as discussions and information provided by the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and JBREC has not undertaken any update of its research effort since such date.

This report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis will vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by JBREC that any of the projected values or results contained in this study will be achieved.

Possession of this study does provide the right of publication or distribution to third parties thereof or to use the name of "John Burns Real Estate Consulting," or "JBREC" in any manner without first obtaining the prior written consent of JBREC. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of JBREC. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from JBREC.

EXECUTIVE SUMMARY – MARKET & ABSORPTION ANALYSIS
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
TOWN OF BUCKEYE, ARIZONA
MAY 2012

JOHN BURNS
REAL ESTATE CONSULTING



*GUST
ROSENFELD*
ATTORNEYS SINCE 1921 P.L.C.

■ ONE E. WASHINGTON, SUITE 1600 ■ PHOENIX, ARIZONA 85004-2553 ■ TELEPHONE 602-257-7422 ■ FACSIMILE 602-254-4878 ■

December 10, 2013

District Board
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)

Re: Festival Ranch Community Facilities District (Town of Buckeye,
Arizona) General Obligation Bonds, Series 2013

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of \$1,800,000 aggregate principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2013, dated December 10, 2013, issued by the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 14-13, passed and adopted by the District Board on November 5, 2013 (the "*Resolution*"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the bonds against payment therefor, that:

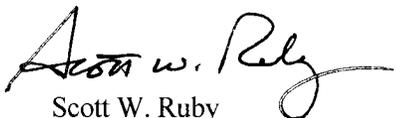
1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly passed and adopted by the District Board.
3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid and binding general obligation of the District.
4. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the Bonds without limit as to rate or amount. It is required by law that there be levied, assessed and collected, at the same time and in the same manner as other taxes, an annual tax upon all taxable property in the District sufficient, together with any money from other sources lawfully available therefor, to pay the principal of and interest on the Bonds when due.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the Bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and to collection of taxes may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.



Scott W. Ruby
For the Firm

*GUST
ROSENFELD*
ATTORNEYS SINCE 1921 P.L.C.

■ ONE E. WASHINGTON, SUITE 1600 ■ PHOENIX, ARIZONA 85004-2553 ■ TELEPHONE 602-257-7422 ■ FACSIMILE 602-254-4878 ■

SCOTT W. RUBY
602.257.7432
FAX: 602.340.1538
swruby@gustlaw.com

December 10, 2013

Stifel, Nicolaus & Company, Incorporated
2325 E. Camelback Road, Suite 750
Phoenix, AZ 85016

Re: \$1,800,000 Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
General Obligation Bonds, Series 2013

Ladies and Gentlemen:

In connection with the issuance by the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") of its \$1,800,000 aggregate principal amount of General Obligation Bonds, Series 2013 (the "*Bonds*") and in order to assist the underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "*Rule*"), the District has executed a separate Continuing Disclosure Undertaking (the "*Undertaking*"). This opinion is rendered as bond counsel to the District to further assist the underwriter in complying with the Rule.

The law of Arizona provides that the District has express powers as set forth in the Arizona Constitution and Arizona statutes and certain implied powers. In determining the scope of a District's implied powers Arizona has adopted "Dillon's Rule". This rule provides the following:

A municipal corporation possesses and can exercise the following powers and no others: (1) Those granted in express words; (2) Those necessarily or fairly implied in or incident to the powers expressly granted; and (3) Those essential to the declared objects and purposes of the corporation -- not simply convenient, but indispensable.

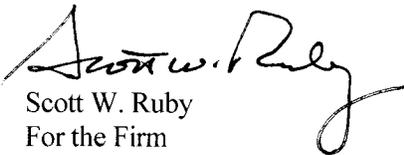
Courts have generally strictly construed the application of Dillon's Rule with respect to the existence of implied powers. While the general rules enunciated by Dillon's Rule as to implied powers are settled beyond question, their application is often difficult, since no uniform rule has been or can be laid down as to what is or is not incidental nor any test to determine whether a particular act is necessary to the exercise of the express powers. McQuillin, Mun. Corp., § 10.12 3rd Ed.

The District has the express power, pursuant to A.R.S. § 35-451 et seq., to issue and sell the Bonds. The District possesses no express power to enter into the covenants contained in the Undertaking. Therefore, in order for the District to have the power to execute and be bound by the provisions of the

Undertaking it must be determined that such power is implied in or incidental to the express power of the District to issue and sell the Bonds. In order to sell the Bonds in the most efficient and practical manner, the underwriters purchasing the Bonds must be able to reasonably determine that the District has undertaken to comply with the Rule pursuant to the Undertaking. The failure of the District to be able to make such an undertaking would severely impact the District's ability to sell the Bonds.

Based upon our review of the law, and while no court or other governmental agency has yet ruled on this issue and there are no published decisions on this point in Arizona or any other state, it is our opinion that the District has the implied power to execute and be bound by the provisions of the Undertaking and that the Undertaking constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms. Based on the foregoing, the Undertaking has been validly authorized, executed and delivered by the District. It should also be noted that the undertaking provided for in the Undertaking is subject to annual appropriation to cover the costs of preparation and mailing of the annual reports and notices of material events in order to be binding in future fiscal years.

GUST ROSENFELD P.L.C.



Scott W. Ruby
For the Firm

*GUST
ROSENFELD*
ATTORNEYS SINCE 1921 P.L.C.

■ ONE E. WASHINGTON, SUITE 1600 ■ PHOENIX, ARIZONA 85004-2553 ■ TELEPHONE 602-257-7422 ■ FACSIMILE 602-254-4878 ■

SCOTT W. RUBY
602.257.7432
FAX: 602.340.1538
swruby@gustlaw.com

December 10, 2013

Stifel, Nicolaus & Company, Incorporated
2325 E. Camelback Road, Suite 750
Phoenix, AZ 85016

Re: \$1,800,000 Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
General Obligation Bonds, Series 2013

We have acted as Bond Counsel to Festival Ranch Community Facilities District (hereinafter referred to as the "Issuer"), in connection with the issuance this date by the Issuer of bonds designated its General Obligation Bonds, Series 2013 in the aggregate principal amount of \$1,800,000 (hereinafter referred to as the "Bonds") and otherwise as counsel to the Issuer. The Bonds are issued under the resolution adopted by the District Board of the Issuer on November 5, 2013 (hereinafter referred to as the "Resolution"), are the subject of an Official Statement, dated November 19, 2013 (hereinafter referred to as the "Official Statement"), and are being sold pursuant to a Purchase Contract, dated November 19, 2013 (hereinafter referred to as the "Purchase Contract"), by and between the Issuer and Stifel, Nicolaus & Company, Incorporated (hereinafter referred to as the "Underwriter"), a Bond Registrar, Transfer Agent and Paying Agent Contract, dated as of December 1, 2013, by and between the Issuer and Zions First National Bank, as registrar (the "Bond Registrar Contract"), in each case in accordance with the Resolution, a Continuing Disclosure Undertaking, dated even date hereof (hereinafter referred to as the "Undertaking"), from the Issuer, and a Dissemination Agency Agreement, dated as of December 1, 2013 (hereinafter referred to as the "Dissemination Agency Agreement" and collectively with the Bond Registrar Contract, the Undertaking and the Purchase Contract, as the "District Documents"), by and between the Issuer and David Taussig & Associates, Inc. (You may rely on our opinion as Bond Counsel, dated of even date herewith, with regard to the Bonds as if addressed to you.)

In our capacity as Bond Counsel, and as counsel as described hereinabove to the Issuer, we have examined and relied upon:

- (i) A certified copy of the Resolution (which authorized, among other matters, execution and delivery of the Purchase Contract);
- (ii) An executed copy of the Bond Registrar Contract;
- (iii) An executed copy of the Official Statement;
- (iv) An executed copy of the Purchase Contract;

- (v) An executed copy of the Undertaking;
- (vi) An executed copy of the Dissemination Agency Agreement;
- (vii) Such other agreements, certificates (including particularly, but not by way of limitation, certificates of Pulte Home Corporation (hereinafter referred to as "Pulte"), 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
- (viii) 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 in the capacities described above, we have also participated in conferences from time to time with representatives of and counsel to the Issuer, the Underwriter and Pulte relating to the District 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 duly organized and validly existing as a community facilities district for purposes set forth in Section 48-708(B), Arizona Revised Statutes, as amended, pursuant to the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder (a) to adopt the Resolution, (b) to authorize, execute, deliver and issue, as applicable, the District 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 November 7, 2013 (hereinafter referred to as 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 District Documents and the Bonds (including performing the applicable obligations thereunder).

2. Adoption of the Resolution; authorization, execution, delivery and issuance, as applicable, of, and the due performance of the obligations of the District under the District 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. 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 District Documents and the Bonds and the consummation of the transactions contemplated by the Official Statement.

4. The Issuer has duly (a) adopted the Resolution and (b) authorized (i) the authorization, execution, delivery and issuance, as applicable of, and the performance of its obligations under, the District 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 Bond Resolution, the District 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 District Documents have been duly authorized, executed and delivered by the Issuer and, assuming due and valid authorization, execution and delivery by the other party thereto, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

6. Based solely upon a search of the records of the Superior Court in and for the State of Arizona, County of Maricopa and the United States District Court for the District of Arizona through November 19, 2013, 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) which 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 Bond Resolution, the District Documents or the Bonds or would in any way adversely affect the validity or enforceability of the Bond Resolution, the District Documents or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or by the Purchase Contract or by the Official Statement) or (iii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement. Further, there are no lawsuits pending or threatened against the Issuer which question the right of the Issuer to levy, receive and pledge special assessments or taxes, nor lawsuits pending or overtly threatened against the Issuer which, if decided adversely to the Issuer, would, individually or in the aggregate, have a material adverse effect on the financial condition of the Issuer or impair the ability of the Issuer to comply with all the requirements set forth in the Official Statement, the Bond Resolution, the District Documents or the Bonds.

7. The information contained in the Official Statement in the tax caption on the cover thereof, under the headings "THE DISTRICT," "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT" (except the information included under the subheading "Ad Valorem Property Taxation in the District"), "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District," "LITIGATION," "TAX EXEMPTION," "BOND PREMIUM," "QUALIFIED TAX-EXEMPT OBLIGATIONS," "CONTINUING DISCLOSURE" (except as it relates to compliance with prior undertakings) and "RELATIONSHIP AMONG PARTIES" (only as it relates to Bond Counsel) therein and in Appendix B - "FORM OF LEGAL OPINION OF BOND COUNSEL" and Appendix D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" insofar as such information purports to

summarize certain provisions of federal or state law or of the Bonds, fairly summarizes the information which it purports to summarize.

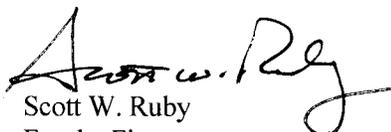
8. It is not necessary in connection with the issuance and sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution under the Trust Indenture Act of 1939, as amended.

9. The sale of the Bonds pursuant to the terms described in the Official Statement complies with the requirements of Section 48-719(C), Arizona Revised Statutes, as amended.

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the District Documents is dependent upon the due authorization, execution and delivery of (and authority to perform lawfully) the District Documents by the other party thereto and to the extent that the enforceability of the District 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 District 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 District Documents (other than the Issuer) any rights or remedies not specifically set forth therein.

This opinion is furnished by us as bond counsel. No attorney-client relationship has existed or exists between our firm and the addressee in connection with the Bonds or by virtue of this opinion. This opinion is solely for the addressee's benefit and, except as specifically stated herein, is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This opinion speaks only as of its date, and no republication is intended upon the sale, assignment, conveyance or transfer of the Bonds by the Underwriter.

GUST ROSENFELD P.L.C.


Scott W. Ruby
For the Firm

*GUST
ROSENFELD*
ATTORNEYS SINCE 1921 P.L.C.

■ ONE E. WASHINGTON, SUITE 1600 ■ PHOENIX, ARIZONA 85004-2553 ■ TELEPHONE 602-257-7422 ■ FACSIMILE 602-254-4878 ■

SCOTT W. RUBY
602.257.7432
FAX: 602.340.1538
swruby@gustlaw.com

December 10, 2013

Build America Mutual Assurance Company
1 World Financial Center, 27th Floor
200 Liberty Street
New York, New York, 10281

Re: Festival Ranch Community Facilities District (Town of
Buckeye, Arizona)
District General Obligation Bonds, Series 2013
Our File No. 006718-00303

Ladies and Gentlemen:

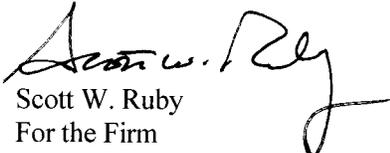
We have on this day rendered our approving legal opinion (the "*Bond Opinion*") with respect to the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2013, in the principal amount of \$1,800,000 (the "*Bonds*").

Please be advised that Build America Mutual Assurance Company may rely upon all elements of the attached Bond Opinion as if such opinion were addressed to it. In addition, the financing documents, the official statement and the various legal opinions executed and delivered in connection with the issuance of the Bonds are substantially in the form heretofore submitted to you for review.

This opinion is furnished by us as bond counsel. No attorney-client relationship has existed or exists between our firm and the addressee in connection with the Bonds or by virtue of this opinion. This opinion is solely for the addressee's benefit and, except as specifically stated herein, is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This opinion speaks only as of its date, and no republication is intended upon the sale, assignment, conveyance or transfer of the Bonds by the underwriter.

If you have any questions, please do not hesitate to call me.

Very truly yours,


Scott W. Ruby
For the Firm

2057666.2

December 10, 2013

Stifel, Nicolaus & Company, Incorporated
Suite 750
2325 East Camelback Road
Phoenix, Arizona 85016

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona) General Obligation
Bonds, Series 2013

This opinion is rendered pursuant to the Purchase Contract, dated November 19, 2013 (hereinafter referred to as the "Purchase Contract"), by and between the Festival Ranch Community Facilities District (hereinafter referred to as the "District") and Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), relating to the purchase by the Underwriter from the District of its \$1,800,000 principal amount of General Obligation Bonds, Series 2013 (hereinafter referred to as the "Bonds"), and as counsel to the Underwriter solely for its use in connection with the issuance and the sale of the Bonds to the Underwriter by the District.

We have examined the Official Statement relating to the Bonds, dated as of even date with the Purchase Contract (hereinafter referred to as the "Official Statement"). We have also examined originals, or copies certified or otherwise identified to our satisfaction, of other documents, resolutions, instruments, records, certificates and opinions, have reviewed such laws and information and have made investigations, as we have considered necessary or appropriate for the purpose of rendering this opinion.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigations pertaining to, and your participation in the preparation of, the Official Statement including the aforesaid examination. That assistance involved, among other things, inquiries concerning various legal and related matters, our review of certain corporate records, documents and proceedings, and our participation in discussions with your representatives and other persons involved in the preparation of information for the Official Statement and representatives of the District, concerning the contents of the Official Statement and related

ALBANY
AMSTERDAM
ATLANTA
AUSTIN
BOCA RATON
BOSTON
CHICAGO
DALLAS
DELAWARE
DENVER
FORT LAUDERDALE
HOUSTON
LAS VEGAS
LONDON
LOS ANGELES
MEXICO CITY
MIAMI
MILAN
NEW JERSEY
NEW YORK
ORANGE COUNTY
ORLANDO
PHILADELPHIA
PHOENIX
ROME
SACRAMENTO
SAN FRANCISCO
SEOUL
SHANGHAI
SILICON VALLEY
TALLAHASSEE
TAMPA
TEL AVIV
TYSONS CORNER
WARSAW
WASHINGTON, D.C.
WEST PALM BEACH
WHITE PLAINS
*OPERATES AS
GREENBERG TRAUIG MAHER LLP
*OPERATES AS
GREENBERG TRAUIG, S.C.
*STRATEGIC ALLIANCE
*OPERATES AS
GREENBERG TRAUIG LLP
FOREIGN LEGAL CONSULTANT OFFICE
*A BRANCH OF
GREENBERG TRAUIG, P.A.,
FLORIDA, USA
*OPERATES AS
GREENBERG TRAUIG GZESIAK SPK.

matters. While we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the contents of the Official Statement, on the basis of the information which was developed in the course of our performance of the services referred to above and without having undertaken to verify independently that accuracy, completeness or fairness, nothing has come to our attention which leads us to believe that the Official Statement, at its date or as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements made in the Official Statement, in light of the circumstances under which they were made, not misleading. Reference in this paragraph to the Official Statement does not include the information included in the Official Statement under the headings "LAND DEVELOPMENT," "THE PUBLIC INFRASTRUCTURE," "PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS" and "PULTE," the financial information or other technical or statistical data included in the Official Statement or the information included in Appendix C (or any other information about the Depository Trust Company, New York, New York, therein) to the Official Statement, as to all of which we express no opinion.

Respectfully submitted,

Greenberg Traurig, LLP

**BERENS, KOZUB,
KLOBERDANZ & BLONSTEIN, PLC**
Attorneys at Law

7047 East Greenway Parkway, Suite 140 · Scottsdale, Arizona 85254
Telephone (480) 624-2777 · Facsimile (480) 607-2215 · mberens@bkl-az.com

Matthew R. Berens

December 10, 2013

VIA HAND DELIVERY

Stifel, Nicolaus & Company, Incorporated
2325 E. Camelback Road, Suite 750
Phoenix, AZ 85016

VIA HAND DELIVERY

District Board
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
c/o Town of Buckeye
530 E. Monroe Avenue
Buckeye, AZ 85326

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General
Obligation Bonds, Series 2013

Ladies and Gentlemen:

WE HAVE ACTED as counsel to Pulte Home Corporation, a corporation incorporated and existing pursuant to the laws of the State of Michigan (hereinafter referred to as "Pulte"), particularly in connection with the transactions provided for by the documents referred to herein and in connection with the issuance and sale of the captioned Bonds, sold pursuant to a Purchase Contract, dated November 13, 2013 (hereinafter referred to as the "Purchase Contract"), by and between Stifel, Nicolaus & Company, Incorporated, (hereinafter referred to as the "Underwriter"), and Festival Ranch Community Facilities District (hereinafter referred to as the "District"). Any capitalized term used and not defined herein shall have the meaning assigned to it in the Purchase Contract.

For purposes of this opinion, we have examined the following:

- (1) The Pulte Indemnity Letter, dated the date of the Purchase Contract, executed by Pulte;
- (2) The District Development, Financing Participation and Intergovernmental Agreement No. 1 for Festival Ranch Community Facilities District (Buckeye, Arizona) dated as of April 21, 2005, as amended;

- (3) The executed Purchase Contract;
- (4) The Official Statement, dated November 19, 2013 (hereinafter referred to as the "Official Statement"), of the District;
- (5) Articles of Incorporation of Pulte, a Michigan corporation, as amended;
- (6) Bylaws of Pulte, as amended;
- (7) Certain Certified Resolutions of the Board of Directors of Pulte;
- (8) Certificate of Good Standing of Pulte, dated November 25, 2013, issued by the Corporation Division of the Michigan Department of Labor and Economic Growth;
- (9) Certificate of Good Standing of Pulte, dated November 25, 2013, issued by the Arizona Corporation Commission;
- (10) Closing Certificate of Pulte executed by Bruce E. Robinson, Vice President and Treasurer of Pulte, executed on December 10, 2013 (the "Closing Certificate"); and
- (11) Such other documents and instruments as we have considered necessary or appropriate for the purposes of this opinion

and received such other information from representatives of Pulte as we have deemed necessary for the purposes of this opinion (hereinafter referred to, collectively, as "due inquiry"). (The document listed in paragraph (1) above is hereinafter referred to as the "Pulte Document." The documents listed in paragraphs (5) through (10) above are hereinafter referred to as the "Organizational Documents").

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures to the Pulte Document, except for the signatures of Pulte on the Pulte Document, and the legal capacity of each natural person executing the Pulte Document;

(b) The authenticity and completeness of documents submitted as originals and the conformity to originals of documents submitted as copies;

(c) The due authorization, execution, acknowledgment where necessary, and delivery, and the validity and binding effect, of the Pulte Document with regard to the parties to that agreement other than Pulte;

(d) The Pulte Document accurately describes and contains the agreement and mutual understanding of the parties thereto and that there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms of the Pulte Document;

(e) That any certificate, representation (oral or otherwise), telegram, telex, telecopy, email or other documents on which we have relied, whether or not given or dated earlier than the date hereof, is authentic and remains accurate insofar as relevant to this opinion from such earlier date through and including the date hereof, and we are not aware of any facts inconsistent with this assumption; and

(f) After due inquiry, the party's representations and warranties contained in the Pulte Document are truthful and accurate and all reports and other documents prepared by third party consultants, relating to the transactions contemplated by the Pulte Document or any of the property within the District are truthful and accurate.

Based on the foregoing, and subject to the limitations, qualifications and assumptions set forth herein, it is our opinion that:

1. Pulte is a corporation duly incorporated and validly existing under the laws and Constitution of the State of Michigan.
2. Pulte is qualified to do business under the laws of the State of Arizona.
3. Pulte has the requisite power and authority under the laws of the State of Arizona as well as all consents, approvals, authorizations and other actions by, and filings with, all federal, State and local governmental authorities required (i) to execute and deliver the Pulte Document and carry out the terms and conditions applicable to it under, and consummate all transactions contemplated by, the Pulte Document; (ii) to own and operate its properties and assets as described in the Official Statement and (iii) to carry out its business as such business is currently being conducted as described in the Official Statement.
4. The execution, delivery and performance of the Pulte Document by Pulte and the carrying out, giving effect to and consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of Pulte, and the Pulte Document has been duly executed and delivered by Pulte.
5. The Pulte Document is in full force and effect as of the date hereof and constitutes a legal, valid and binding obligation of Pulte, enforceable in accordance with its terms.

6. The execution and delivery of the Pulte Document by Pulte, and the performance of its obligations thereunder, do not and will not conflict with or result in a violation of, or a default pursuant to, the Organizational Documents.

7. To our actual knowledge, the execution and delivery of the Pulte Document by Pulte will not conflict with or result in a violation of any contract, indenture, instrument or other agreement to which Pulte is a party or by which it or its properties are bound.

8. To our actual knowledge, no consent, approval, authorization or other action by, or filing with, any federal, State or local governmental authority is required in connection with the execution and delivery by Pulte of the Pulte Document which consent, approval, authorization or other action has not already been obtained.

9. We have no actual knowledge that Pulte is in violation of any provision of, or in default under, its Organizational Documents or any agreement or other instrument, violation of or default under which would materially and adversely affect the business, properties, assets, liabilities or conditions (financial or other) of Pulte.

10. We have no actual knowledge of any legal or governmental actions, proceedings, inquiries or investigations pending or overtly threatened by any governmental authorities or to which Pulte is a party or of which any property of Pulte is subject, except as described in the Official Statement.

11. To our actual knowledge, the information contained in the Official Statement under the headings "LAND DEVELOPMENT," "THE PUBLIC INFRASTRUCTURE," "PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS," "PULTE" 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 participation with 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 participation, we have not acquired any knowledge that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

The opinions set forth above are subject to the following qualifications and limitations: (i) enforceability of the Pulte Document may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, arrangement or laws or court decisions affecting the enforcement of creditors' rights generally; (ii) enforceability of the Pulte Document is subject

to general principles of equity, whether remedies are sought in equity or at law; (iii) enforceability of the Pulte Document is further subject to the qualification that certain waivers, procedures, remedies, indemnities and other provisions of the Pulte Document may be unenforceable under or limited by Arizona law; however, such law does not, in our opinion, substantially prevent the practical realization of the benefits intended by the Pulte Document; (iv) we are expressing no opinion as to the enforceability of any indemnity provision with respect to any claims or other matters that result from the negligence or misconduct of any indemnitee or the failure of any indemnitee to act in a commercially reasonable manner and (v) we are expressing no opinion as to the compliance of the Pulte Document or the offer and sale of the Bonds with any securities law or regulation except as provided in paragraph 11 hereof.

Whenever we indicate that our opinion is based on "our knowledge," or words of similar import, such opinion is based solely on the current actual knowledge of the firm's attorneys who have devoted substantive attention to matters related hereto after due inquiry. Except as specifically set forth herein, we have not made any independent investigation, verification, or review of any matters whatsoever, and we are relying solely on such specifically stated investigation or review. We express no opinion concerning the legal validity and sufficiency of the acts of any of the other parties to the Pulte Document.

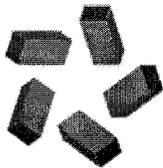
We are qualified to practice law in the State of Arizona, and we do not purport to express any opinion herein concerning any law other than the laws of the State of Arizona and, for the limited subject of the corporate authority and corporate existence of Pulte, the laws of the State of Michigan. Our opinions are as to what the law is or might reasonably be expected to be at the date hereof, and we assume no obligation to revise or supplement this opinion due to any change in the law by legislative action, judicial decision or otherwise. Any opinion as to the enforceability of any document is limited to enforceability as between the original parties thereto.

This opinion is being furnished to you solely for your benefit and only with respect to the captioned Bonds. Accordingly, it may not be relied upon or quoted to any person or entity without, in each instance, our prior written consent.

Respectfully submitted,

BERENS, KOZUB, KLOBERDANZ & BLONSTEIN, PLC

Berens, Kozub, Kloberdanz, Blonstein, PLC



BAM

December 10, 2013

Festival Ranch Community Facilities District
530 E. Monroe Avenue
Buckeye, AZ 85326

Stifel, Nicolaus & Company, Inc.
2325 E. Camelback Road, Suite 750
Phoenix, AZ 85016

Zions Bank Corporate Trust
6001 North 24th Street
Phoenix, AZ 85016

RE: Policy: Municipal Bond Insurance Policy No. 2013B0482
Member: Festival Ranch Community Facilities District (Town of Buckeye,
Arizona)
Bonds: General Obligation Bonds, Series 2013

Date of the Official Statement: November 19, 2013

Ladies and Gentlemen:

I am Counsel of Build America Mutual Assurance Company, a New York mutual insurance company ("BAM"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by BAM of its above-referenced policy (the "Policy"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. BAM is a mutual insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.
2. The Policy has been duly authorized, executed and delivered by BAM.
3. The Policy constitutes the valid and binding obligation of BAM, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of BAM and to the application of general principles of equity.

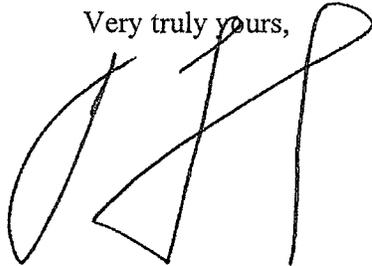
4. The issuance of the Policy qualifies the Member as a member of BAM until the Bonds are no longer outstanding. As a member of BAM, the Member is entitled to certain rights and privileges as provided in BAM's charter and by-laws and as may otherwise be provided under New York law. The Policy is non-assessable and creates no contingent mutual liability.

In addition, please be advised that I have reviewed the description of the Policy under the caption "BOND INSURANCE" in the official statement related to the above-referenced Bonds (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Policy, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that except as described above, I express no opinion with respect to any information contained in, or omitted from, the Official Statement.

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

This letter and the legal opinions herein are intended for the information solely of the addressees hereof and solely for the purposes of the transactions described in the Official Statement and are not to be relied upon by any other person or entity (including, without limitation, any person or entity that acquires bonds from an addressee of this letter.) I do not undertake to advise you of matters that may come to my attention subsequent to the date hereof that may affect the conclusions expressed herein.

Very truly yours,

A handwritten signature in black ink, consisting of a stylized, cursive script that is difficult to decipher but appears to be a single name.