***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT***
***(TOWN OF BUCKEYE, ARIZONA)***
***DISTRICT GENERAL OBLIGATION BONDS,***
***SERIES 2009***

**$5,435,000**
**District General Obligation Bonds,**
**Series 2009A**

**$2,165,000**
**Taxable District General Obligation Bonds,**
**Series 2009B (Qualified Build America Bonds – Direct Pay)**

Closing: December 30, 2009

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## CLOSING INDEX

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## 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. Feasibility Report for the issuance of not to exceed $7,600,000 of the District's general obligation 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 District general obligation bonds.

3. (a) Agenda, minutes of meeting of November 17, 2009
   (b) District Board Resolution No. 06-09, approving the feasibility report and other matters.
   (c) District Board Resolution No. 07-09, authorizing the issuance and sale of the Bonds to Stone & Youngberg LLC, as the purchaser of the Bonds (the "*Purchaser*") in accordance with the Purchase Contract.

4. (a) Agenda, minutes of meeting of December 15, 2009,
   (b) District Board Resolution No. 10-09, amending and restating Resolution No. 07-09.

5. Indenture of Trust and Security Agreement, dated as of December 1, 2009 from the District to Wells Fargo Bank, N.A., as Trustee (the "*Trustee*")

6. UCC-1 financing statement.

7. Purchase Contract between the District Board and the Purchaser; Letter of Indemnity from Pulte Home Corporation.

8. Continuing Disclosure Undertaking (District).

9. Dissemination Agency Agreement (District).

10. County Assessor's Certificate.

11. Consent of Market Study Consultant.

12. Closing Certificate of the District.

13. Tax Certificate For Tax-Exempt Bonds of the District.

14. Tax Certificate For Taxable Bonds of the District.

15. Issuer Request for Disbursement of Costs of Issuance.

16. Closing Certificate of Town of Buckeye, Arizona.

17. Closing Certificate of the Owner.

18. Acknowledgment and Request for Authentication and Delivery of the Bonds.

19. Trustee's Certificate of Completion and Authentication.

20. Receipt of Trustee.

21. Settlement, Delivery and Closing Procedures; Debt Retirement Schedule.

22. Certificate of the Underwriter Regarding Initial Offering Price to the Public and as to Yield.

23. Receipt for Bonds.

24. Specimen bond.

25. Copy of Blanket Letter of Representations.

26. Internal Revenue Service Form 8038-G for Tax-Exempt Bonds; certificate of mailing.

27. Internal Revenue Service Form 8038-G for Taxable Bonds; certificate of mailing.

28. Report to the Arizona Department of Revenue; certificate of mailing.

29. Official Statement dated December 16, 2009.

30. Preliminary Official Statement dated December 9, 2009.

31. Rating Letter.

**OPINIONS**

32. Approving opinion of Gust Rosenfeld P.L.C.

33. Supplemental opinion of Gust Rosenfeld P.L.C.

34. Opinion of Counsel to Underwriter.

35. Opinions of Counsel to Owner.

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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 (Developer) (CD)
Gust Rosenfeld P.L.C. (CD)
Wells Fargo Bank, N.A. (CD)
Greenberg Traurig, LLP (CD)
Berens, Kozub, Lord & Klobererdanz PLC (CD)
Stone & Youngberg LLC (CD)

# FEASIBILITY REPORT

## FOR THE ISSUANCE OF NOT TO EXCEED $7,600,000 PRINCIPAL AMOUNT

## OF

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

## DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009

**September 24, 2009**

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for Completion of Public Infrastructure ..... TWO

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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 (the "Report") has been prepared for presentation to the Board of Directors of the Festival Ranch Community Facilities District (Buckeye, Arizona) (the "District") in connection with the proposed issuance by the District of its General Obligation Bonds, Series 2009 (the "Bonds") in an aggregate principal amount not to exceed $7,600,000 (subject to change) pursuant to the Community Facilities Act of 1989, 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. In 2006 and 2007, the District issued $800,000 aggregate principal amount of General Obligation Bonds, Series 2006 and $1,535,000 aggregate principal amount of General Obligation Bonds, Series 2007.

## PURPOSE OF FEASIBILITY REPORT

This Report has been prepared for consideration of the feasibility and benefits of the Public Infrastructure (as defined in A.R.S. 48-701) to be financed by the Bonds and of the plan for financing such 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 to be financed 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 District 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. In preparing this Report, employees of Pulte Home Corporation, underwriter, bond counsel, 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 August 1, 2009, Pulte Home Corporation has closed 1,125 residential homes at Sun City Festival (age restricted) and 298 homes at Festival Foothills (non-age restricted), for a total of 1,423 residential homes.

In addition to residential development, several community amenities are planned for construction within the District, including two golf courses and two-three recreation centers. Currently, one 18 hole golf course is completed along with a 15,000 square foot golf clubhouse,

a 30,000 square foot recreation center, a softball complex 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:

| Total Project | Approximate District Acres |
|---|---|
| Single Family Residential Units | 3,190 |
| 2 Golf Courses | 600 |
| Commercial | 150 |
| Recreation Centers | 75 |
| Total | 4,015 |

The District was created to finance the construction or acquisition of public infrastructure within the District, including to finance the construction or acquisition of the Public Infrastructure. See Section Two for a description of the Public Infrastructure. Legal descriptions of the District are 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 the Town of Buckeye's approved General Plan for the Project.

# 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 pursuant to state statutes, to be financed by the Bonds of the District, with the balance to be funded by Pulte Home Corporation consists of the following. It is expected that the Public Infrastructure listed below will be acquired from Pulte Home Corporation with estimated cost and construction timing as noted.

## DESCRIPTION OF PUBLIC INFRASTRUCTURE

| Project Descriptions | Original Engineer's Estimate | Paid By Series 2006 Bonds | Paid By Series 2007 Bonds | To be Paid By Series 2009 Bonds | To be Paid By Future Bonds (or excess proceeds of the Series 2009 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 | $738,926 | $1,435,276 | $1,046,416 | 0 |
| 2. **Sun City Festival Phase 1 Roadways (Canyon Springs, Desert Oasis, Mountain Ridge & Sun Valley Parkway)** - installation of approx. 4,874 linear feet of Arterial Roadway and 5,942 of Collector Roadway including concrete, paving, storm drainage, engineering, survey, permits and fees, and other labor, tools, and equipment | $6,400,000 | 0 | 0 | $6,400,000 | 0 |
| 3. **Sun City Festival Phase 1 Landscaping (Canyon Springs, Desert Oasis, Mountain Ridge & Sun Valley Parkway)** - Represents installation of approx. 4,874 linear feet of Arterial ROW Landscaping and 5,942 of Collector ROW Landscaping including landscape architecture, survey, permits and fees, and other labor, tools, and equipment | $650,000 | 0 | 0 | $650,000 | 0 |
| 4. **Sun City Festival Phase 1 Offsite Sewer (Alignment through Parcels D1, E1, S1 & T1)** - installation of approximately 8,663 linear feet of sewer lines including engineering, survey, permits and fees, and other labor, tools, and equipment | $1,050,000 | 0 | 0 | 0 | $1,050,000 |
| 5. **Sun City Festival Phase 1 Infrastructure Water (Parcel A1, B1, C1 & V1)** - installation of approx. 25,600 linear feet of water lines including engineering, survey, permits and fees, and other labor, tools, and equipment | $2,150,000 | 0 | 0 | 0 | $2,150,000 |

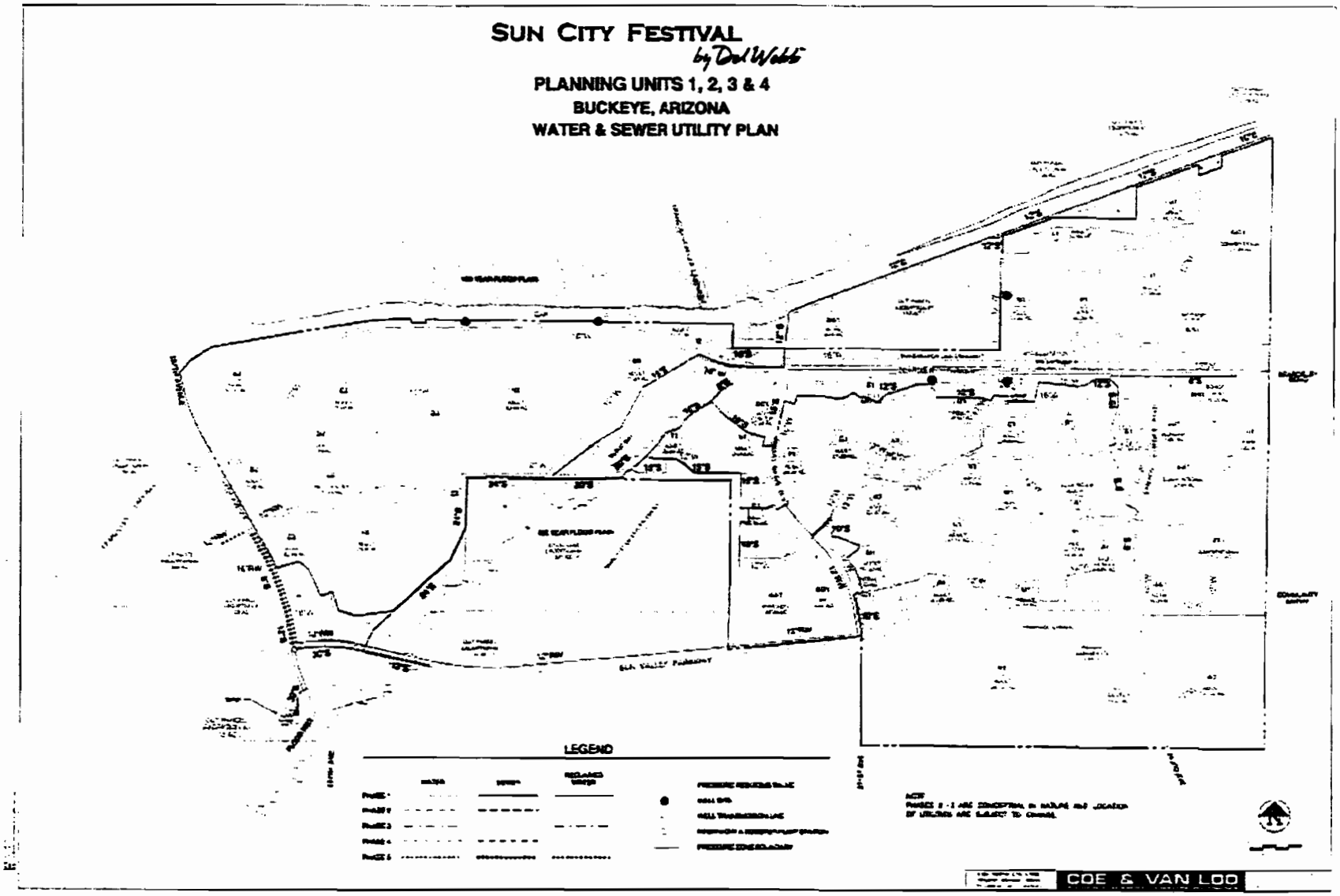
| | Project Descriptions | Original Engineer's Estimate | Paid By Series 2006 Bonds | Paid By Series 2007 Bonds | To be Paid By Series 2009 Bonds | To be Paid By Future Bonds(or excess proceeds of the Series 2009 bonds) |
|---|---|---|---|---|---|---|
| 6. | **Sun City Festival Water Plant #1, Well #1, Well #2, Well #2A & Well #3 (Equipping Only)** - installation of 1.2 million gallon water tank and booster station and wells producing 6150 gallons per minute including engineering, survey, permits and fees, and other labor, tools, and equipment | $7,250,000 | 0 | 0 | 0 | $7,250,000 |
| 7. | **Festival Ranch Water Reclamation Facility** - installation of a 1 million gallon Water Reclamation Facility including engineering, survey, permits and fees, and other labor, tools, and equipment | $10,200,000 | 0 | 0 | 0 | $10,200,000 |
| 8. | **Festival Foothills Phase I Water Infrastructure Desert Vista Blvd & Beardsley Parkway (East of CSB)** - installation of approx. 5,400 linear feet of water lines including engineering, survey, permits and fees, and other labor, tools, and equipment | $650,000 | 0 | 0 | 0 | $650,000 |
| 9. | **Festival Foothills Phase I Roadways Desert Vista Blvd & Beardsley Parkway (East of CSB)** - installation of approx. 1,340 linear feet of Arterial Roadway and 4,050 of Collector Roadway including concrete, paving, storm drainage, engineering, survey, permits and fees, and other labor, tools, and equipment | $3,000,000 | 0 | 0 | 0 | $3,000,000 |
| 10. | **Festival Foothills Phase I Roadway Landscaping Desert Vista Blvd & Beardsley Parkway (East of CSB)** - installation of approx. 1,340 linear feet of Arterial ROW Landscaping and 4,050 of Collector ROW Landscaping including landscape architecture, survey, permits and fees, and other labor, tools, and equipment | $375,000 | 0 | 0 | 0 | $375,000 |
| 11. | **Sun City Festival Phase II Infrastructure Water, Sewer (phase I), Storm Drain and Reclaimed Waterline Phase I** - installation of approx. 7,782 linear feet of water lines, 1,596 linear feet of sewer, 15,892 linear feet of reclaimed waterline and 1361 linear feet of storm drain for Mountain Ridge Blvd and Desert Oasis Blvd including engineering, survey, permits and fees, and other labor, tools, and equipment | $2,500,000 | 0 | 0 | 0 | $2,500,000 |

| | Project Descriptions | Original Engineer's Estimate | Paid By Series 2006 Bonds | Paid By Series 2007 Bonds | To be Paid By Series 2009 Bonds | To be Paid By Future Bonds (or excess proceeds of the Series 2009 bonds) |
|---|---|---|---|---|---|---|
| 12. | **Sun City Festival Phase II Roadways (Desert Oasis & Mountain Ridge to serve Parcel D1-H1) Concrete** - installation of approx. 3,670 linear feet of Arterial Roadway and 2,100 of Collector Roadway including concrete, engineering, survey, permits and fees, and other labor, tools, and equipment | $1,500,000 | 0 | 0 | 0 | $1,500,000 |
| 13. | **Sun City Festival Phase II Roadways (Desert Oasis & Mountain Ridge to serve Parcel D1-H1) Paving** - installation of approx. 3,670 linear feet of Arterial Roadway and 2,100 of Collector Roadway including paving, engineering, survey, permits and fees, and other labor, tools, and equipment | $1,750,000 | 0 | 0 | 0 | $1,750,000 |
| 14. | **Sun City Festival Phase II Roadways Landscaping (Desert Oasis & Mountain Ridge to serve Parcel D1-H1)** - installation of approx. 3,670 linear feet of Arterial ROW Landscaping and 2,100 of Collector ROW Landscaping including landscape architecture, survey, permits and fees, and other labor, tools, and equipment | $550,000 | 0 | 0 | 0 | $550,000 |
| | **Total Estimated Costs for Projects** | **$41,245,619** | **$738,926** | **$1,435,276** | **$8,096,416** | **$30,975,001** |

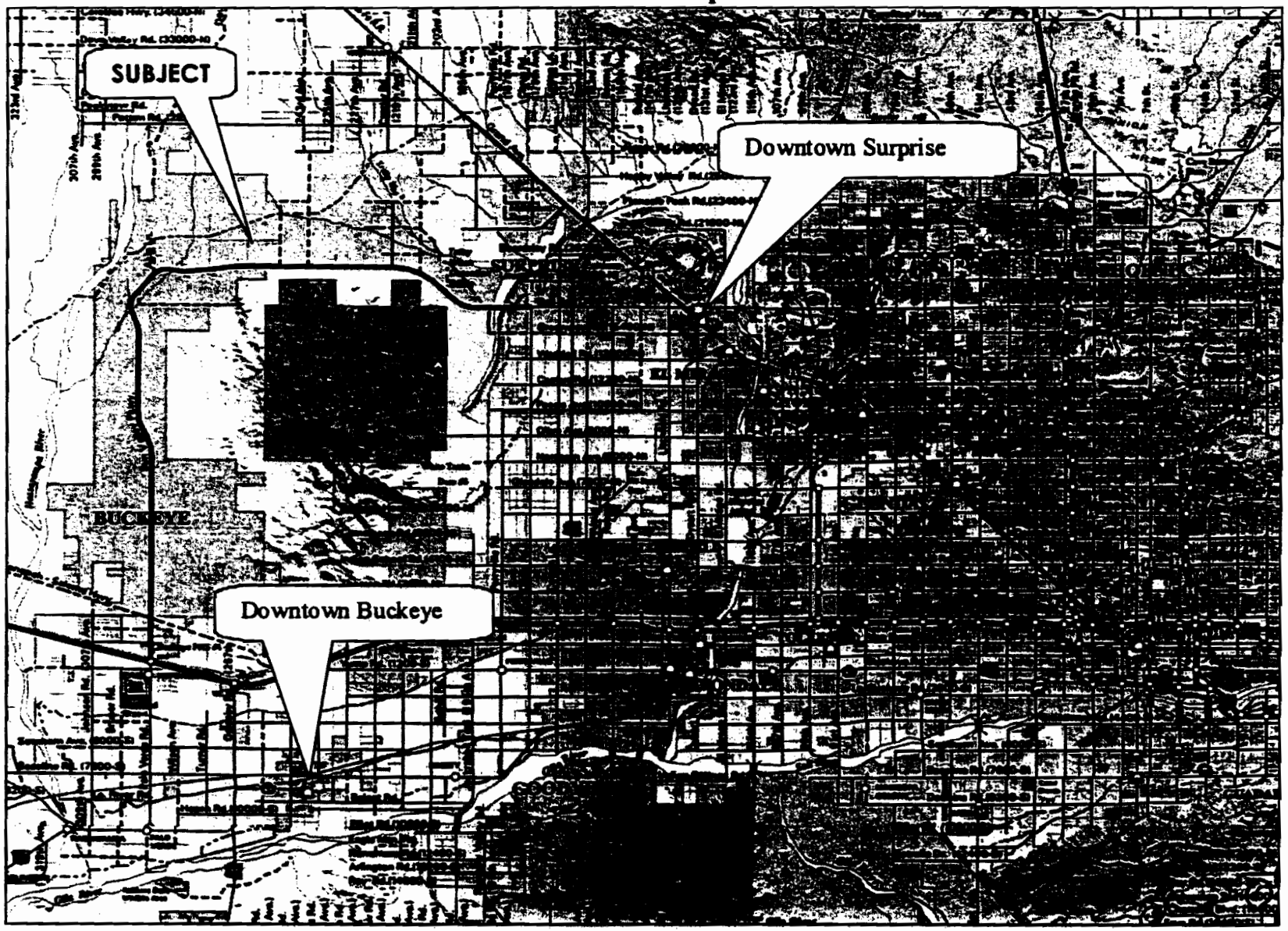
The table above outlines the description and costs for the completion of the Public Infrastructure. The Public Infrastructure described above was completed from 2006 to present. Proceeds of the Bonds, after payment of the costs of issuance and underwriting fees, will be used to finance the acquisition of a portion of the Public Infrastructure.

# SECTION THREE

# MAP OF THE DISTRICT


SUN CITY FESTIVAL
by Del Webb
PLANNING UNITS 1, 2, 3 & 4
BUCKEYE, ARIZONA
WATER & SEWER UTILITY PLAN
LEGEND
COE & VAN LOO

## Location Map



3-3

# SECTION FOUR

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

## PLAN OF FINANCE

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

**(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 $172,665,000.

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

**(ii) Proposed Debt Issuance:**

The District will issue not to exceed $7,600,000 (subject to change) of general obligation bonds to finance the acquisition of the Public Infrastructure. The Bonds are anticipated to be issued in November 2009. As indicated in Table One herein, it is currently estimated that the Bonds will have a final maturity of 25-years with principal amortized such that when combined with the debt service on the previous issues referenced above, will achieve 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).

The Bonds may be unrated and if so, will have transfer restrictions which are consistent with prior issuances of the District.

**(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:

| | |
|---|---|
| **Sources of Funds:** | |
| Principal Amount of Bonds | $7,600,000 |
| **Uses of Funds:** | |
| Cost of Public Infrastructure | $7,252,000 |
| Costs of Issuance | 120,000 |
| Underwriter's Discount | 228,000 |
| **Total Use of Funds** | $7,600,000 |

**(iv) Use of Proceeds:**

The proceeds of the Bonds will be used by the District to acquire all or a portion of the Public Infrastructure listed in Section Two of this Report.

**(v) 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 home owner 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 Home Corporation will require the home buyer to sign an additional form that highlights and discloses the additional taxes as a result of the District financing.

**(vi) Operation and Maintenance Estimated Revenues and Expenditures:**

All infrastructure financed by the District will be or has been dedicated to the Town. The obligations pertaining to the operation and maintenance of the Public Infrastructure have been negotiated between the Town, the District and Pulte Home Corporation and are set forth in the various agreements among the parties.

A portion of the costs associated with the operation and maintenance of the Public Infrastructure, as well as the administrative costs of the District will be provided for from the levy of the $0.30 per $100 of secondary assessed valuation Maintenance & Operation Tax in the District, HOA fees and developer contributions. Pursuant to a development agreement among the project property owners and the Town, the master Home Owner's Association ("HOA") is responsible for the operation and maintenance costs of landscaping for the roadways, trails, and open space within the District. All home owners are required to participate in the HOA. Monthly fees for the HOA are anticipated to be approximately $85 per home owner.

Pursuant to a development agreement among the project property owners and the Town, Pulte Home Corporation 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 infrastructure.

# TABLE ONE

## FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

***Estimated Debt Service and Impact on the Secondary Tax Rate***

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Outstanding General Obligation Bonds (Series 2006 & 2007) | | | | $7,600,000 Series 2009 Bond Sale, Dated: 11/12/09 (c) | | | | | |
| Fiscal Year | Projected Secondary Assessed Valuation (a) | Principal | Interest | Total Debt Service | Estimated Secondary Tax Rate (b) | Principal | Estimated Interest @ 9.0% | Estimated Debt Service | Estimated Secondary Tax Rate | Total Debt Service | Estimated Total Secondary Tax Rate (b) |
| 2008/09 | $27,282,628 | $50,000 | $122,035 | $172,035 | $3.00 | | | | | | $3.00 |
| 2009/10 | 40,503,177 | 50,000 | 119,660 | 169,660 | 0.46 | $450,000 | $435,100 | $885,100 | $2.40 | $1,054,760 | 2.86 |
| 2010/11 | 35,070,422 | 55,000 | 117,285 | 172,285 | 0.54 | 95,000 | 643,500 | 738,500 | 2.32 | 910,785 | 2.86 |
| 2011/12 | 34,854,621 | 55,000 | 114,678 | 169,678 | 0.54 | 100,000 | 634,950 | 734,950 | 2.32 | 904,628 | 2.85 |
| 2012/13 | 34,854,621 | 60,000 | 112,070 | 172,070 | 0.54 | 110,000 | 625,950 | 735,950 | 2.32 | 908,020 | 2.87 |
| 2013/14 | 34,854,621 | 60,000 | 109,090 | 169,090 | 0.53 | 120,000 | 616,050 | 736,050 | 2.32 | 905,140 | 2.86 |
| 2014/15 | 34,854,621 | 65,000 | 106,115 | 171,115 | 0.54 | 130,000 | 605,250 | 735,250 | 2.32 | 906,365 | 2.86 |
| 2015/16 | 34,854,621 | 70,000 | 102,890 | 172,890 | 0.55 | 145,000 | 593,550 | 738,550 | 2.33 | 911,440 | 2.88 |
| 2016/17 | 34,854,621 | 70,000 | 99,415 | 169,415 | 0.53 | 155,000 | 580,500 | 735,500 | 2.32 | 904,915 | 2.86 |
| 2017/18 | 34,854,621 | 75,000 | 95,550 | 170,550 | 0.54 | 170,000 | 566,550 | 736,550 | 2.32 | 907,100 | 2.86 |
| 2018/19 | 34,854,621 | 80,000 | 91,425 | 171,425 | 0.54 | 185,000 | 551,250 | 736,250 | 2.32 | 907,675 | 2.86 |
| 2019/20 | 34,854,621 | 85,000 | 87,010 | 172,010 | 0.54 | 205,000 | 534,600 | 739,600 | 2.33 | 911,610 | 2.88 |
| 2020/21 | 34,854,621 | 90,000 | 82,305 | 172,305 | 0.54 | 220,000 | 516,150 | 736,150 | 2.32 | 908,455 | 2.87 |
| 2021/22 | 34,854,621 | 95,000 | 77,325 | 172,325 | 0.54 | 240,000 | 496,350 | 736,350 | 2.32 | 908,675 | 2.87 |
| 2022/23 | 34,854,621 | 100,000 | 72,085 | 172,085 | 0.54 | 260,000 | 474,750 | 734,750 | 2.32 | 906,835 | 2.86 |
| 2023/24 | 34,854,621 | 105,000 | 66,495 | 171,495 | 0.54 | 285,000 | 451,350 | 736,350 | 2.32 | 907,845 | 2.87 |
| 2024/25 | 34,854,621 | 110,000 | 60,645 | 170,645 | 0.54 | 310,000 | 425,700 | 735,700 | 2.32 | 906,345 | 2.86 |
| 2025/26 | 34,854,621 | 115,000 | 54,505 | 169,505 | 0.53 | 340,000 | 397,800 | 737,800 | 2.33 | 907,305 | 2.86 |
| 2026/27 | 34,854,621 | 125,000 | 48,075 | 173,075 | 0.55 | 370,000 | 367,200 | 737,200 | 2.33 | 910,275 | 2.87 |
| 2027/28 | 34,854,621 | 130,000 | 41,050 | 171,050 | 0.54 | 405,000 | 333,900 | 738,900 | 2.33 | 909,950 | 2.87 |
| 2028/29 | 34,854,621 | 135,000 | 33,735 | 168,735 | 0.53 | 440,000 | 297,450 | 737,450 | 2.33 | 906,185 | 2.86 |
| 2029/30 | 34,854,621 | 145,000 | 26,155 | 171,155 | 0.54 | 480,000 | 257,850 | 737,850 | 2.33 | 909,005 | 2.87 |
| 2030/31 | 34,854,621 | 155,000 | 17,995 | 172,995 | 0.55 | 520,000 | 214,650 | 734,650 | 2.32 | 907,645 | 2.86 |
| 2031/32 | 34,854,621 | 160,000 | 9,280 | 169,280 | 0.53 | 570,000 | 167,850 | 737,850 | 2.33 | 907,130 | 2.86 |
| 2032/33 | 34,854,621 | | | | | 620,000 | 116,550 | 736,550 | 2.32 | 736,550 | 2.32 |
| 2033/34 | 34,854,621 | | | | | 675,000 | 60,750 | 735,750 | 2.32 | 735,750 | 2.32 |
| | | $2,190,000 | | | | $7,600,000 | | | | | |

(a) 2009/10 estimate provided by the County. 2010/11 reflects a reduction of $1,296,263 in commercial SAV related to the Community Center. Additional growth factors by property class are shown below. The Secondary Assessed Valuation is also adjusted to reflect the statutory class 1 commercial assessment ratio phase down from 25% in 2005/06 to 20% in 2011/12.

| Growth Factor | | | |
|---|---|---|---|
| Commercial | Ag & Vacant | Residential | |
| -10% | -10% | -10% | 2010/11 |
| 0% | 0% | 0% | 2011/12 |
| 0% | 0% | 0% | 2012/13 |
| 0% | 0% | 0% | 2013/14 & Thereafter |

| Community Center Reduction | |
|---|---|
| Parcel # | 503-84-988 |
| 2010 SAV | $1,296,263 |

(b) 2008/09 tax rate is actual. 2009/10 tax rate is in the Town budget at $3.00. Subsequent years are estimates and include a 10% delinquency factor but do not include arbitrage rebate payments or interest earnings (if any) and are subject to change.

(c) Bond sale assumes an 9.0% interest rate. Subject to change based on a variety of credit and market factors.

# 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°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°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°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°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°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°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°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°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°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°06'05", a distance of 496.37 feet;

Thence South 84°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°28'11" West;

Thence Westerly, along said curve, through a central angle of 18°10'52", a distance of 1,769.07 feet;

Thence North 77°17'35" West, a distance of 734.70 feet;

Thence South 18°15'19" West, departing said Southerly right-of-way line of Sun Valley Parkway, a distance of 374.09 feet;

Thence South 40°58'02" West, a distance of 464.78 feet;
Thence South 74°21'22" West, a distance of 761.00 feet;
Thence South 41°37'56" West, a distance of 588.43 feet;

Thence South 03°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°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°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°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°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°33'22" East, a distance of 3,419.52 feet;
Thence North 56°59'46" East, a distance of 496.13 feet;
Thence North 80°26'29" East, a distance of 3,220.32 feet;
Thence North 85°39'45" East, a distance of 497.23 feet;
Thence South 89°08'59" East, a distance of 293.06 feet;
Thence South 00°51'01" West, a distance of 74.97 feet;
Thence South 89°07'56" East, a distance of 300.00 feet;
Thence North 01°19'16" East, a distance of 75.03 feet;

Thence South 89°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°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°36'50" East, a distance of 33.00 feet;
Thence North 00°22'19" East, a distance of 200.50 feet;
Thence South 89°06'32" East, a distance of 285.89 feet;

Thence North 69°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°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°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°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°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°27'52" East, along the North-South mid-section line of said Section 23, a distance of 34.37 feet;

Thence North 69°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°22'48" West, along said West line, a distance of 106.56 feet;

Thence North 69°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;

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;

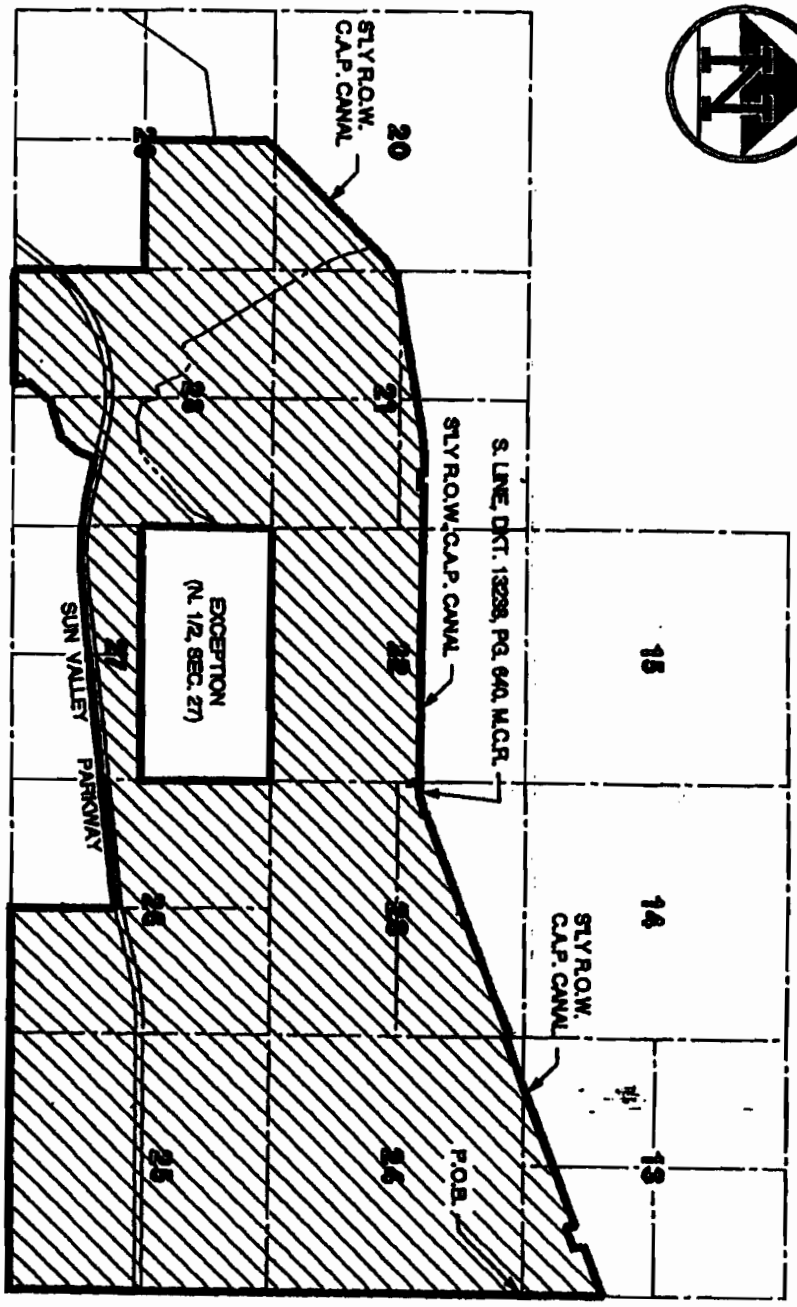
Thence South 00°24'51" West, departing said Southerly right-of-way line along said East line, a distance of 1,633.09 feet to the Point of Beginning.

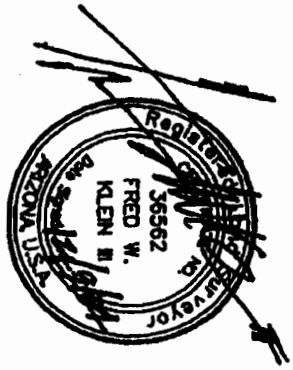
EXCEPT THE FOLLOWING DESCRIBED PARCEL OF LAND:

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.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36592
FRED W.
KLEIN III
Date Signed 12/9/04
ARIZONA, U.S.A.




| EXHIBIT | FESTIVAL RANCH<br>COMMUNITY FACILITY DISTRICT | JOB NO |
|---|---|---|
| N:\680001\LAND\EH-CFD.DGN | | 680001 |
| 4550 NORTH 12TH STREET<br>PHOENIX, ARIZONA 85014<br>TELEPHONE (602) 264-6831 | COE & VAN LOO<br>PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE | SHEET<br>1 OF 1 |

**AFFIDAVIT OF PUBLICATION**

# THE ARIZONA REPUBLIC

STATE OF ARIZONA
COUNTY OF MARICOPA } SS.

Mark Gilmore, being first duly sworn, upon oath deposes and says: That he is a legal advertising representative of the Arizona Business Gazette, a newspaper of general circulation in the county of Maricopa, State of Arizona, published at Phoenix, Arizona, by Phoenix Newspapers Inc., which also publishes The Arizona Republic, and that the copy hereto attached is a true copy of the advertisement published in the said paper on the dates as indicated.

**The Arizona Republic**
**Zone 5**

**October 24, 2009.**

**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 17, 2009, commencing immediately following the Town Council meeting which begins at 6:00 p.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 $7,600,000 principal amount of general obligation bonds of the District. A copy of the feasibility report may be reviewed at the office of the District Clerk, 530 East Monroe Avenue, Buckeye, Arizona 85326.

Published: October 24, 2009

Sworn to before me this
26TH day of
October A.D. 2009

Marilyn Greenwood
Notary Public
Maricopa County, Arizona
My Comm. Expires 05-23-11

Notary Public

**PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES (INCLUDING CELL PHONES/PAGERS) BEFORE THE MEETING IS CALLED TO ORDER.**
**THANK YOU.**

**NOTICE OF POSSIBLE QUORUM OF THE TOWN OF BUCKEYE COMMUNITY DEVELOPMENT BOARD 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 DEVELOPMENT BOARD OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION AT THIS MEETING.**

**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 MEETING OF THE GOVERNING BOARD OF**
**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)**

**NOVEMBER 17, 2009**
**AGENDA**

***PLEASE NOTE THE CFD MEETING LOCATION CHANGE**
**FROM**
**100 N. APACHE STREET**
**TO**
**530 E. MONROE AVENUE***

**Town Council Chambers**
**530 East 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. **Approval of Meeting Minutes of the October 20, 2009 Festival Ranch Community Facilities District**
*Board Action: Motion to approve.*

**3. Expenditures - None**
*Board Action: None*_____

**4. Festival Ranch Community Facilities District**
**4A. Public Hearing**
Board to conduct a Pubic Hearing on the Feasibility Report submitted in connection with the proposed issuance of not to exceed $7,600,000.00 General Obligation Bonds by the Festival Ranch Community Facility District.

1) Open public hearing
2) Staff overview
3) Receive public comment
4) Close public hearing

*Board Action: Public Hearing.*

**4B. Resolution No. 06-09 Festival Ranch Community Facilities District**
Board to adopt Resolution No. 06-09 (Festival Ranch CFD) approving the feasibility and benefits report relating to the acquisition and financing of certain improvements benefitting the District; declaring its intention to acquire and finance certain improvements as described in the feasibility report relative to such improvements; determining that not to exceed $7,600,000 general obligation bonds will be issued to finance the costs and expenses thereof under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes and all amendments thereto.
*Board Action: Motion to approve.*

**4C. Resolution No. 07-09 Festival Ranch Community Facilities District**
Board to adopt Resolution No. 07-09 (Festival Ranch CFD), authorizing the issuance of its District general obligation bonds, Series 2009; approving the form and authorizing the execution and delivery of an indenture of trust and security agreement, a purchase contract relating to the bonds, and certain other documents securing the payment of the bonds; awarding the bonds to the purchaser thereof; ratifying and approving a preliminary limited offering memorandum relating to the bonds; approving a final limited offering memorandum relating to the bonds; and levying an ad valorem tax on taxable property in the District.
*Board Action: Motion to approve.*

**5. Citizen Input / Appearances from the Floor**
*Board Action: None.*

**6. Adjournment**
*Board Action: Motion to adjourn.*

**MEETING OF THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT TOWN OF BUCKEYE, ARIZONA**
**PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1 ARIZONA REVISED STATUTES, AS AMENDED**

**NOVEMBER 17, 2009**

**MINUTES**

**Town Council Chambers**
**530 East 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 8:02 p.m.

| | |
|---|---|
| Members Present: | Chairman Meck, Vice Chairperson May, Board Member Rioux, Board Member Garza Board Member Doster, Board Member McAchran, and Board Member Hardesty. |
| Members Absent: | None. |
| Departments Present: | Interim District Manager Stephen Cleveland, District Assistant Manager Jeanine Guy, District Attorney Scott Ruby, District Clerk Lucinda Aja, District Deputy Clerk Nanci Dixon, District Water Resources Director Damon Dequenne, District Public Works Director Scott Lowe, District Finance Director Gail Reese, and District Engineer Woody Scoutten. |

2. **Approval of Meeting Minutes of the October 20, 2009 Festival Ranch Community Facilities District**
A motion was made by Board Member Rioux and seconded by Vice Chairperson May to approve the minutes of the October 20, 2009 Festival Ranch Community Facilities District. Motion passed unanimously.

**3. Expenditures**
None.

**4. Festival Ranch Community Facilities District**
**4A. Public Hearing**
A Public Hearing was opened at 8:03 p.m. to hear public comment on the Feasibility Report submitted in connection with a $7,600,000 General Obligation Bonds by the Festival Community Facilities District. Mr. Ruby provided the Board with a summary of the General Obligations Bonds and was answer Board questions. Board Member Hardesty confirmed that current assessments are $2,000 per parcel and the General Obligation bond assessment would be a $3 tax rate per home value and that the majority of the absorption would be supported in the active adult living phase of the community, and changing if new building construction were to increase in percentage for family unit phase. Board Member Doster confirmed the bonds are assessed against all taxable property ad valorem and residents are informed of the plan of finance during home loan closing procedures. Chairman Meck confirmed that all infrastructure improvement would benefit the Festival Community Facilities District exclusively. There being no public comment, the Public Hearing was closed at 8:15 p.m.

**4B. Resolution No. 06-09 Festival Ranch Community Facilities District**
A motion was made by Board Member Doster and seconded by Board Member Hardesty to adopt Resolution No. 06-09 (Festival Ranch CFD) approving the feasibility and benefits report relating to the acquisition and financing of certain improvements benefiting the District; declaring its intention to acquire and finance certain improvements as described in the feasibility report relative to such improvements; determining that not to exceed $7,600,000 general obligation bonds will be issued to finance the costs and expenses thereof under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes and all amendments thereto. Board Member Doster confirmed the General Obligation bonds are financed at tax exempt interest rates and provide the most fiscally prudent method to providing infrastructure improvements within the District. Board Member Garza, Board Member Doster, Board Member McAchran, Board Member Hardesty, Vice Chairperson May and Chairman Meck voted Aye. Board Member Rioux voted Nay. Motion carried.

**4C. Resolution No. 07-09 Festival Ranch Community Facilities District**
A motion was made by Vice Chairperson May and seconded by Board Member Hardesty to adopt Resolution No. 07-09 (Festival Ranch CFD), authorizing the issuance of its District general obligation bonds, Series 2009; approving the form and authorizing the execution and delivery of an indenture of trust and security agreement, a purchase contract relating to the bonds, and certain other documents securing the payment of the bonds; awarding the bonds to the purchaser thereof; ratifying and approving a preliminary limited offering memorandum relating to the bonds; approving a final limited offering memorandum relating to the bonds; and levying an ad valorem tax on taxable property in the District. Board Member Garza, Board Member Doster, Board Member McAchran, Board Member Hardesty, Vice Chairperson May and Chairman Meck voted Aye. Board Member Rioux voted Nay. Motion carried.

**5. Citizen Input / Appearances from the Floor**
None.

**6. Adjournment**
There being no further business to come before the board, a motion was made by Board Member Rioux and seconded by Vice Chairperson May to adjourn the meeting at 8:18 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 Meeting of the Festival Ranch Community Facilities District held by the Board on the 17th day of November, 2009. I further certify that a quorum was present.

_____
Lucinda J. Aja, District Clerk

**CERTIFICATE**

The undersigned is the duly appointed, qualified and acting Clerk of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "District"), and hereby certifies that attached hereto is a true and correct copy of: (i) the agenda for the meeting of the Chairman and District Board of the District held on November 17, 2009, and that said agenda was posted and was on file in my office for not less than twenty-four (24) hours prior to the commencement of the meeting; (ii) excerpts of minutes of a meeting of said Chairman and District Board held on November 17, 2009, and (iii) a resolution of said Chairman and District Board adopted at such meeting; that a quorum was present at such meeting and at the time the resolution was adopted; that said resolution was adopted by a vote of 6 ayes, 0 nays and ___ abstained; that the Chairman and Clerk have executed and attested, respectively, said resolution; and said resolution, as executed, is on file in my office.

DATED: December 30, 2009.

Lucinda G. Aja
District Clerk

JTG:jh2 1156972

**PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES (INCLUDING CELL PHONES/PAGERS) BEFORE THE MEETING IS CALLED TO ORDER.**
**THANK YOU.**

**NOTICE OF POSSIBLE QUORUM OF THE TOWN OF BUCKEYE COMMUNITY DEVELOPMENT BOARD 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 DEVELOPMENT BOARD OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION AT THIS MEETING.**

**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 MEETING OF THE GOVERNING BOARD OF**
**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)**

**NOVEMBER 17, 2009**
**AGENDA**

***PLEASE NOTE THE CFD MEETING LOCATION CHANGE**
**FROM**
**100 N. APACHE STREET**
**TO**
**530 E. MONROE AVENUE***

**Town Council Chambers**
**530 East 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. **Approval of Meeting Minutes of the October 20, 2009 Festival Ranch Community Facilities District**
*Board Action: Motion to approve.*

**3. Expenditures - None**
*Board Action: None*_____

**4. Festival Ranch Community Facilities District**
**4A. Public Hearing**
Board to conduct a Pubic Hearing on the Feasibility Report submitted in connection with the proposed issuance of not to exceed $7,600,000.00 General Obligation Bonds by the Festival Ranch Community Facility District.

1) Open public hearing
2) Staff overview
3) Receive public comment
4) Close public hearing

*Board Action: Public Hearing.*

**4B. Resolution No. 06-09 Festival Ranch Community Facilities District**
Board to adopt Resolution No. 06-09 (Festival Ranch CFD) approving the feasibility and benefits report relating to the acquisition and financing of certain improvements benefitting the District; declaring its intention to acquire and finance certain improvements as described in the feasibility report relative to such improvements; determining that not to exceed $7,600,000 general obligation bonds will be issued to finance the costs and expenses thereof under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes and all amendments thereto.
*Board Action: Motion to approve.*

**4C. Resolution No. 07-09 Festival Ranch Community Facilities District**
Board to adopt Resolution No. 07-09 (Festival Ranch CFD), authorizing the issuance of its District general obligation bonds, Series 2009; approving the form and authorizing the execution and delivery of an indenture of trust and security agreement, a purchase contract relating to the bonds, and certain other documents securing the payment of the bonds; awarding the bonds to the purchaser thereof; ratifying and approving a preliminary limited offering memorandum relating to the bonds; approving a final limited offering memorandum relating to the bonds; and levying an ad valorem tax on taxable property in the District.
*Board Action: Motion to approve.*

**5. Citizen Input / Appearances from the Floor**
*Board Action: None.*

**6. Adjournment**
*Board Action: Motion to adjourn.*

**MEETING OF THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT TOWN OF BUCKEYE, ARIZONA**
**PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1 ARIZONA REVISED STATUTES, AS AMENDED**

**NOVEMBER 17, 2009**

**MINUTES**

**Town Council Chambers**
**530 East 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 8:02 p.m.

| | |
|---|---|
| Members Present: | Chairman Meck, Vice Chairperson May, Board Member Rioux, Board Member Garza Board Member Doster, Board Member McAchran, and Board Member Hardesty. |
| Members Absent: | None. |
| Departments Present: | Interim District Manager Stephen Cleveland, District Assistant Manager Jeanine Guy, District Attorney Scott Ruby, District Clerk Lucinda Aja, District Deputy Clerk Nanci Dixon, District Water Resources Director Damon Dequenne, District Public Works Director Scott Lowe, District Finance Director Gail Reese, and District Engineer Woody Scoutten. |

2. **Approval of Meeting Minutes of the October 20, 2009 Festival Ranch Community Facilities District**
A motion was made by Board Member Rioux and seconded by Vice Chairperson May to approve the minutes of the October 20, 2009 Festival Ranch Community Facilities District. Motion passed unanimously.

**3. Expenditures**
None.

**4. Festival Ranch Community Facilities District**
**4A. Public Hearing**
A Public Hearing was opened at 8:03 p.m. to hear public comment on the Feasibility Report submitted in connection with a $7,600,000 General Obligation Bonds by the Festival Community Facilities District. Mr. Ruby provided the Board with a summary of the General Obligations Bonds and was answer Board questions. Board Member Hardesty confirmed that current assessments are $2,000 per parcel and the General Obligation bond assessment would be a $3 tax rate per home value and that the majority of the absorption would be supported in the active adult living phase of the community, and changing if new building construction were to increase in percentage for family unit phase. Board Member Doster confirmed the bonds are assessed against all taxable property ad valorem and residents are informed of the plan of finance during home loan closing procedures. Chairman Meck confirmed that all infrastructure improvement would benefit the Festival Community Facilities District exclusively. There being no public comment, the Public Hearing was closed at 8:15 p.m.

**4B. Resolution No. 06-09 Festival Ranch Community Facilities District**
A motion was made by Board Member Doster and seconded by Board Member Hardesty to adopt Resolution No. 06-09 (Festival Ranch CFD) approving the feasibility and benefits report relating to the acquisition and financing of certain improvements benefiting the District; declaring its intention to acquire and finance certain improvements as described in the feasibility report relative to such improvements; determining that not to exceed $7,600,000 general obligation bonds will be issued to finance the costs and expenses thereof under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes and all amendments thereto. Board Member Doster confirmed the General Obligation bonds are financed at tax exempt interest rates and provide the most fiscally prudent method to providing infrastructure improvements within the District. Board Member Garza, Board Member Doster, Board Member McAchran, Board Member Hardesty, Vice Chairperson May and Chairman Meck voted Aye. Board Member Rioux voted Nay. Motion carried.

**4C. Resolution No. 07-09 Festival Ranch Community Facilities District**
A motion was made by Vice Chairperson May and seconded by Board Member Hardesty to adopt Resolution No. 07-09 (Festival Ranch CFD), authorizing the issuance of its District general obligation bonds, Series 2009; approving the form and authorizing the execution and delivery of an indenture of trust and security agreement, a purchase contract relating to the bonds, and certain other documents securing the payment of the bonds; awarding the bonds to the purchaser thereof; ratifying and approving a preliminary limited offering memorandum relating to the bonds; approving a final limited offering memorandum relating to the bonds; and levying an ad valorem tax on taxable property in the District. Board Member Garza, Board Member Doster, Board Member McAchran, Board Member Hardesty, Vice Chairperson May and Chairman Meck voted Aye. Board Member Rioux voted Nay. Motion carried.

**5. Citizen Input / Appearances from the Floor**
None.

**6. Adjournment**
There being no further business to come before the board, a motion was made by Board Member Rioux and seconded by Vice Chairperson May to adjourn the meeting at 8:18 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 Meeting of the Festival Ranch Community Facilities District held by the Board on the 17th day of November, 2009. I further certify that a quorum was present.

_____
Lucinda J. Aja, District Clerk

**RESOLUTION NO. 06-09**

**RESOLUTION OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), APPROVING THE FEASIBILITY REPORT RELATING TO THE ACQUISITION, CONSTRUCTION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE AND/OR CONSTRUCT CERTAIN IMPROVEMENTS AS DESCRIBED IN THE FEASIBILITY REPORT RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT NOT TO EXCEED $7,600,000 GENERAL OBLIGATION BONDS WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO.**

**WHEREAS,** pursuant to Section 48-715, Arizona Revised Statues ("*A.R.S.*"), as amended, the Board of Directors of the 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 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 constructed 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 Clerk of the District; and

**WHEREAS,** pursuant to Section 48-715, A.R.S., 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 THE 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 2009.

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

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

"*Project*" shall mean the acquisition or construction of public infrastructure (as such term is defined in the Act) described in the Report, including particularly the acquisition and/or construction by the District of the improvements described in the Report.

"*Report*" shall mean the Feasibility Report dated September 24, 2009, pertaining to the Project on file with the Clerk prior to the date and time hereof, discussing the matters required by A.R.S. Section 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 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 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 17, 2009, the Report is hereby adopted and approved in the form submitted to the Board.

**Section 3.** **Resolution of Intent.** 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 Approval 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 hereby declares its intent to issue not to exceed $7,600,000 principal amount of Bonds to finance the costs of the Project.

**PASSED, ADOPTED AND APPROVED** on November 17, 2009.

Chairman, Board of Directors

ATTEST:

Clerk, Board of Directors

APPROVED AS TO FORM:

Bond Counsel

SWR:dmo 1089661.2 10/20/2009

## CERTIFICATE

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on November 17, 2009, and that a quorum was present thereat and that the vote thereon was 6 ayes and 1 nays; ∅ did not vote or were absent.

Lucinda J. Aja

Clerk, Board of Directors

SWR:dmo 1089661.2 10/20/2009

**CERTIFICATE**

The undersigned is the duly appointed, qualified and acting Clerk of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "District"), and hereby certifies that attached hereto is a true and correct copy of: (i) the agenda for the meeting of the Chairman and District Board of the District held on November 17, 2009, and that said agenda was posted and was on file in my office for not less than twenty-four (24) hours prior to the commencement of the meeting; (ii) excerpts of minutes of a meeting of said Chairman and District Board held on November 17, 2009, and (iii) a resolution of said Chairman and District Board adopted at such meeting; that a quorum was present at such meeting and at the time the resolution was adopted; that said resolution was adopted by a vote of 6 ayes, 0 nays and ____ abstained; that the Chairman and Clerk have executed and attested, respectively, said resolution; and said resolution, as executed, is on file in my office.

DATED: December 30, 2009.

Lucinda J. Aja
District Clerk

JTG:jh2 1156972

**PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES (INCLUDING CELL PHONES/PAGERS) BEFORE THE MEETING IS CALLED TO ORDER.**
**THANK YOU.**

**NOTICE OF POSSIBLE QUORUM OF THE TOWN OF BUCKEYE COMMUNITY DEVELOPMENT BOARD 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 DEVELOPMENT BOARD OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION AT THIS MEETING.**

**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 MEETING OF THE GOVERNING BOARD OF**
**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)**

**NOVEMBER 17, 2009**
**AGENDA**

***PLEASE NOTE THE CFD MEETING LOCATION CHANGE**
**FROM**
**100 N. APACHE STREET**
**TO**
**530 E. MONROE AVENUE***

**Town Council Chambers**
**530 East 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. **Approval of Meeting Minutes of the October 20, 2009 Festival Ranch Community Facilities District**
*Board Action: Motion to approve.*

**3. Expenditures - None**
*Board Action: None*_____

**4. Festival Ranch Community Facilities District**
**4A. Public Hearing**
Board to conduct a Pubic Hearing on the Feasibility Report submitted in connection with the proposed issuance of not to exceed $7,600,000.00 General Obligation Bonds by the Festival Ranch Community Facility District.

1) Open public hearing
2) Staff overview
3) Receive public comment
4) Close public hearing

*Board Action: Public Hearing.*

**4B. Resolution No. 06-09 Festival Ranch Community Facilities District**
Board to adopt Resolution No. 06-09 (Festival Ranch CFD) approving the feasibility and benefits report relating to the acquisition and financing of certain improvements benefitting the District; declaring its intention to acquire and finance certain improvements as described in the feasibility report relative to such improvements; determining that not to exceed $7,600,000 general obligation bonds will be issued to finance the costs and expenses thereof under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes and all amendments thereto.
*Board Action: Motion to approve.*

**4C. Resolution No. 07-09 Festival Ranch Community Facilities District**
Board to adopt Resolution No. 07-09 (Festival Ranch CFD), authorizing the issuance of its District general obligation bonds, Series 2009; approving the form and authorizing the execution and delivery of an indenture of trust and security agreement, a purchase contract relating to the bonds, and certain other documents securing the payment of the bonds; awarding the bonds to the purchaser thereof; ratifying and approving a preliminary limited offering memorandum relating to the bonds; approving a final limited offering memorandum relating to the bonds; and levying an ad valorem tax on taxable property in the District.
*Board Action: Motion to approve.*

**5. Citizen Input / Appearances from the Floor**
*Board Action: None.*

**6. Adjournment**
*Board Action: Motion to adjourn.*

**MEETING OF THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT TOWN OF BUCKEYE, ARIZONA**
**PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1 ARIZONA REVISED STATUTES, AS AMENDED**

**NOVEMBER 17, 2009**

**MINUTES**

**Town Council Chambers**
**530 East 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 8:02 p.m.

| | |
|---|---|
| Members Present: | Chairman Meck, Vice Chairperson May, Board Member Rioux, Board Member Garza Board Member Doster, Board Member McAchran, and Board Member Hardesty. |
| Members Absent: | None. |
| Departments Present: | Interim District Manager Stephen Cleveland, District Assistant Manager Jeanine Guy, District Attorney Scott Ruby, District Clerk Lucinda Aja, District Deputy Clerk Nanci Dixon, District Water Resources Director Damon Dequenne, District Public Works Director Scott Lowe, District Finance Director Gail Reese, and District Engineer Woody Scoutten. |

2. **Approval of Meeting Minutes of the October 20, 2009 Festival Ranch Community Facilities District**
A motion was made by Board Member Rioux and seconded by Vice Chairperson May to approve the minutes of the October 20, 2009 Festival Ranch Community Facilities District. Motion passed unanimously.

**3. Expenditures**
None.

**4. Festival Ranch Community Facilities District**
**4A. Public Hearing**
A Public Hearing was opened at 8:03 p.m. to hear public comment on the Feasibility Report submitted in connection with a $7,600,000 General Obligation Bonds by the Festival Community Facilities District. Mr. Ruby provided the Board with a summary of the General Obligations Bonds and was answer Board questions. Board Member Hardesty confirmed that current assessments are $2,000 per parcel and the General Obligation bond assessment would be a $3 tax rate per home value and that the majority of the absorption would be supported in the active adult living phase of the community, and changing if new building construction were to increase in percentage for family unit phase. Board Member Doster confirmed the bonds are assessed against all taxable property ad valorem and residents are informed of the plan of finance during home loan closing procedures. Chairman Meck confirmed that all infrastructure improvement would benefit the Festival Community Facilities District exclusively. There being no public comment, the Public Hearing was closed at 8:15 p.m.

**4B. Resolution No. 06-09 Festival Ranch Community Facilities District**
A motion was made by Board Member Doster and seconded by Board Member Hardesty to adopt Resolution No. 06-09 (Festival Ranch CFD) approving the feasibility and benefits report relating to the acquisition and financing of certain improvements benefiting the District; declaring its intention to acquire and finance certain improvements as described in the feasibility report relative to such improvements; determining that not to exceed $7,600,000 general obligation bonds will be issued to finance the costs and expenses thereof under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes and all amendments thereto. Board Member Doster confirmed the General Obligation bonds are financed at tax exempt interest rates and provide the most fiscally prudent method to providing infrastructure improvements within the District. Board Member Garza, Board Member Doster, Board Member McAchran, Board Member Hardesty, Vice Chairperson May and Chairman Meck voted Aye. Board Member Rioux voted Nay. Motion carried.

**4C. Resolution No. 07-09 Festival Ranch Community Facilities District**
A motion was made by Vice Chairperson May and seconded by Board Member Hardesty to adopt Resolution No. 07-09 (Festival Ranch CFD), authorizing the issuance of its District general obligation bonds, Series 2009; approving the form and authorizing the execution and delivery of an indenture of trust and security agreement, a purchase contract relating to the bonds, and certain other documents securing the payment of the bonds; awarding the bonds to the purchaser thereof; ratifying and approving a preliminary limited offering memorandum relating to the bonds; approving a final limited offering memorandum relating to the bonds; and levying an ad valorem tax on taxable property in the District. Board Member Garza, Board Member Doster, Board Member McAchran, Board Member Hardesty, Vice Chairperson May and Chairman Meck voted Aye. Board Member Rioux voted Nay. Motion carried.

**5. Citizen Input / Appearances from the Floor**
None.

**6. Adjournment**
There being no further business to come before the board, a motion was made by Board Member Rioux and seconded by Vice Chairperson May to adjourn the meeting at 8:18 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 Meeting of the Festival Ranch Community Facilities District held by the Board on the 17th day of November, 2009. I further certify that a quorum was present.

_____
Lucinda J. Aja, District Clerk

**RESOLUTION NO. 07-09**

**A RESOLUTION OF THE DISTRICT BOARD OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANCE OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, 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 LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; APPROVING A FINAL LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; AND LEVYING AN AD VALOREM TAX ON TAXABLE PROPERTY IN THE DISTRICT.**

**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 the 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 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 17, 2009, after provision of publication of notice of the hearing as provided by law, and, pursuant to the Enabling Act and a resolution adopted on November 17, 2009, the Feasibility Report was ratified and approved in all respects.

(d) The District Board has determined to authorize the issuance of the general obligation bonds described herein (the "*Bonds*") to provide funds for any and all of the public infrastructure purposes provided for in the Enabling Act, the Development, Financing Participation and Intergovernmental Agreement No. 1 by and among the District, the Town of Buckeye, Arizona (the "*Town*") and 10,000 West, LLC, Pulte Home Corporation recorded on April 22, 2005 at docket number 2005-0523800 in the office of the Maricopa County Recorder 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 and all other capitalized terms not otherwise defined herein are defined in the Indenture referred to below) when due.

(e) Pursuant to the Enabling Act, the District has also determined to enter into an Indenture of Trust and Security Agreement, dated as of November 1, 2009 or such other date as set forth in the Purchase Contract for the sale of the Bonds (the "*Indenture*"), from the District to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), to secure, and process the issuance, registration, transfer and payment and the disbursement and investment of proceeds 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 Trustee, to authorize the execution and delivery of the Indenture.

(f) There have been presented in connection herewith (1) the proposed form of the Indenture, (2) the proposed form of the Purchase Contract relating to the Bonds (the "*Purchase Contract*"), by and between the District and Stone & Youngberg LLC (the "*Underwriter*"), (3) the proposed form of the Dissemination Agency Agreement between the District and Stone & Youngberg LLC, as dissemination agent, (4) the proposed form of the Preliminary Limited Offering Memorandum relating to the Bonds, dated the date thereof (the "*Preliminary Limited Offering Memorandum*"), and which, with such completions and changes as may be necessary will constitute the form of the Final Limited Offering Memorandum for the Bonds (the "*Final Limited Offering Memorandum*"), and (5) the proposed form of the Continuing Disclosure Certificate documents described in Clauses (1) - (3) and (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 District Board hereby finds and determines further that the Bonds are not being sold in a public offering for purposes of the Enabling Act and all other purposes.

2. **Approval of Issuance and Sale of Bonds**.

(a) 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) District General Obligation Bonds, Series 2009"*. The Bonds shall be issued in an aggregate principal amount of not to exceed $7,600,000, 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 may be approved by the Chairman or the District Manager and set forth in the Purchase Contract. The average 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, 2034. The Bonds shall be subject to redemption prior to maturity as may be approved by the Chairman or the District Manager and set forth in the Purchase Contract and shall bear such other terms and provisions as set forth in the Indenture. The Bonds shall be sold to the Underwriter pursuant to the Purchase Contract. As a condition to the execution and delivery of the Bonds, there shall be executed and delivered the Bond Documents in substantially the same form as presented herewith with such insertions, deletions and changes as are not inconsistent herewith and as are approved by the Chairman or the District Manager.

(b) If the Chairman, any member of the District Board, the District Manager or the District Treasurer determine it to be in the best interests of the District, and if, and to the extent, the Bonds meet the requirements therefor under the Internal Revenue Code of 1986, as amended (the "Code"), all or a portion of the Bonds may be qualified and sold as Build America Bonds, with the federal tax credits paid directly to the District, provided to the Owners of the Bonds, or stripped from the Bonds and sold separately; and the District, any member of the District Board, the District Manager or the District Treasurer and all other officers and agents of the District are authorized to take any action, make any modification of the documents, enter into any agreements, make any election or certifications, modify the designated name of the Bonds and pay any costs necessary to provide for, or facilitate the issue and sale of all or a portion of the Bonds in such manner, and to comply with the requirements of the Code and the terms of the Bonds and any agreement related thereto.

If all or a portion of the Bonds are designated as taxable bonds with the federal tax credit paid directly to the bondholder or stripped and sold separately, the District covenants 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 the loss of the federal tax credits. The District shall comply with such requirements and take any such actions as in the opinion of bond counsel are necessary to allow the continuation of the federal tax credits. 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; and filing forms, statements and supporting documents as my be required under the federal tax law.

3. **Forms, Terms and Provisions and Execution and Delivery of Bonds**. The forms, terms and provisions of the Bonds provided for in the Indenture, be and they hereby are approved, with only such changes therein as are not inconsistent herewith and as are approved by the officers authorized in the Indenture to execute the Bonds and, if appropriate, each is hereby authorized to execute and deliver them.

4. **Forms, Terms and Provisions and Execution and Delivery of Bond Documents.** The forms, terms and provisions of the Bond Documents in substantially the forms of the Bond Documents (including the exhibits thereto) presented at the meeting at which this Resolution is adopted, are hereby approved, with such insertions, deletions and changes as are not inconsistent herewith and as are approved by the officers authorized to execute the Bond

Documents, which approval will be conclusively demonstrated by the execution thereof, and the Chairman (or any other member of the District Board in the event the Chairman is absent or such signature cannot be obtained), the District Manager and the District Clerk or any of such officers are hereby authorized to execute the appropriate Bond Documents.

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

6. **Acceptance of Proposal**. The Bonds are hereby sold to the Underwriter in accordance with the terms of the Purchase Contract. The Underwriter has agreed to sell the Bonds in a private offering as required by A.R.S. § 48-722 and only to qualified investors as described in Section 16 hereof. The actual terms of the Bonds and the Purchase Contract shall be reviewed and approved by the Chairman of this Board (which approval shall be deemed conclusive by the execution and delivery of the Purchase Contract by the 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.

7. **Other Actions Necessary**. The Chairman (or any other member of the District Board in the event the Chairman is absent or unable to 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 Limited Offering Memorandum, 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.

8. **Distribution of Disclosure Documents**. The Preliminary Limited Offering Memorandum is hereby deemed final for all purposes of SEC Rule 15c(2)(12), its distribution by the Underwriter is hereby authorized and approved, and the District Manager or any member of the District Board is hereby authorized and directed to complete, execute and deliver the Final Limited Offering Memorandum in substantially the form of the Preliminary Limited Offering Memorandum 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 Limited Offering Memorandum by the Underwriter is hereby approved.

9. **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 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.

**10** **No Obligation of Town**. Nothing contained in this resolution, the Bond Documents or any other instrument shall be construed as obligating the Town or as incurring a charge upon the general credit of the Town nor shall the breach of any agreement contained herein, in the Bond Documents or any other instrument or documents executed in connection therewith impose any charge upon the general credit of the Town.

**11.** **Appointment of Trustee, Registrar and Paying Agent**. Wells Fargo Bank, N.A. is hereby confirmed as Trustee, Registrar and Paying Agent for the purpose of the Indenture and as the Depository for the purposes of the Depository Agreement.

**12.** **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 and the Indenture 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 of the District Board are 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.

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

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

(b) This resolution may only be amended as provided by the terms of the Indenture.

15. **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 17, 2009.

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

Chairman, District Board

ATTEST:

District Clerk

APPROVED AS TO FORM:

Bond Counsel

## CERTIFICATE

I hereby certify that the above and foregoing Resolution was duly passed by the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on November 17, 2009, and that a quorum was present thereat and that the vote thereon was 6 ayes and 1 nays; Ø did not vote or were absent.

Clerk

SWR:dmo 1089792.4 11/3/2009

PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES (INCLUDING CELL PHONES/PAGERS) BEFORE THE MEETING IS CALLED TO ORDER.
THANK YOU.

**NOTICE OF POSSIBLE QUORUM OF THE TOWN OF BUCKEYE COMMUNITY DEVELOPMENT BOARD 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 DEVELOPMENT BOARD OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION AT THIS MEETING.**

**MEETING OF THE**
**COMMUNITY FACILITIES DISTRICT, 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 MEETING OF THE**
**WATSON ROAD COMMUNITY FACILITIES DISTRICT**
**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**

**DECEMBER 15, 2009**
**AGENDA**

*PLEASE NOTE THE CFD MEETING LOCATION CHANGE
FROM
100 N. APACHE STREET
TO
530 E. MONROE AVENUE*

**Town Council Chambers**
530 East 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. Approval of Minutes of the December 1, 2009 Watson Road Community Facilities District Meeting and Minutes of the November 3, 2009 and November 17, 2009 Festival Ranch Community Facilities District Meeting**
*Board Action: Motion to approve.*

**3. Expenditures - None**

**4. Watson Road Community Facilities District (CFD)**
**4A. Consent and Ratification Agreement pertaining to the Transfer of Sewer Capacity from four Assessed Parcels (Wingate East, Cotton Meadows North, Wingate and Meridian Commerce Center) to Monte Verde Within the Watson Road CFD**
**Staff Liaison: Scott Ruby, District Attorney**
**District No. 3**
Board to approve four Consent and Ratification Agreements; that, upon exercise of the option, allow for the transfer of Wastewater Plant Capacity from four assessed parcels (Wingate East, Cotton Meadows North, Wingate and Meridian Commerce Center) to Monte Verde property, upon payment in full of all assessment amounts.
*Board Action: Motion to approve*

**4B. Resolution No. 10-09 Amending and Restating Resolution No. 07-09 Festival Ranch Community Facilities District (CFD) General Obligation Bond**
**Staff Liaison: Scott Ruby, District Attorney**
**District No. 4**

Board to approve Resolution No. 10-09 (Festival Ranch CFD) amending and restating Resolution No. 07-09 to reflect newly obtained investment grade rating ("BBB+") on the Bonds; authorizing the issuance of its District general obligation bonds, Series 2009; approving the form and authorizing the execution and delivery of an indenture of trust and security agreement, a purchase contract relating to the bonds, and certain other documents securing the payment of 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 removing certain transfer restrictions from the District's general obligations bonds, Series 2006 and 2007.
*Board Action: Motion to approve*

**5. Citizen Input / Appearances from the Floor**
*Board Action: None.*

**6. Adjournment**
*Board Action: Motion to adjourn.*

**MEETING OF THE**
**COMMUNITY FACILITIES DISTRICT, 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 MEETING OF THE**

**WATSON ROAD COMMUNITY FACILITIES DISTRICT**
**FESTIVAL RANCH COMMUNITY FACILITES DISTRICT**
**DECEMBER 15, 2009**
**MINUTES**

**Town Council Chambers**
**530 East Monroe Avenue**
**Buckeye, AZ 85326**

**1. Call to Order/Roll Call**
Chairman Meck called the meeting to order at 8:01 p.m.

| | |
|---|---|
| Board Members Present: | Board Member Garza, Board Member Doster, Board Member McAchran, Board Member Hardesty, Vice Chairperson May, and Chairman Meck. |
| Board Members Absent: | Board Member Rioux. |
| Departments Present: | Interim District Manager Stephen Cleveland, Assistant District Manager Jeanine Guy, District Attorney Scott Ruby, District Clerk Lucinda Aja, District Deputy Clerk Nanci Dixon, District Community Development Director Suparna Dasgupta, District Water Resources Director Damon Dequenne, District Information Technology Director Dee Hathaway, District Engineer Woody Scoutten and District Finance Director Gail Reese. |

**2. Approval of Minutes of the December 1, 2009 Watson Road Community Facilities District Meeting and Minutes of the November 3, 2009 and November 17, 2009 Festival Ranch Community Facilities District Meeting**
A motion was made by Vice-Chairperson May and seconded by Board Member McAchran to approve the minutes of the December 1, 2009 Watson Road Community Facilities District meeting and minutes of the November 3, 2009 and November 17, 2009 Festival Ranch Community Facilities District meeting. Motion passed unanimously.

**3. Expenditures - None**

**4. Watson Road Community Facilities District (CFD)**
**4A. Consent and Ratification Agreement pertaining to the Transfer of Sewer Capacity from four Assessed Parcels (Wingate East, Cotton Meadows North, Wingate and Meridian Commerce Center) to Monte Verde Within the Watson Road CFD**
**Staff Liaison: Scott Ruby, District Attorney**
**District No. 3**
Mr. Ruby presented the Board with the consent and ratification agreements and was available to answer the Board's questions. The four new agreements were identical to the recently approved agreement with Apache Farms transfer of wastewater treatment capacity to Monte Verde property. A motion was made by Vice Chairperson May and seconded by Board Member McAchran to approve four Consent and Ratification Agreements; that, upon exercise of the option, allow for the transfer of Wastewater Plant Capacity from four assessed parcels (Wingate East, Cotton Meadows North, Wingate and Meridian Commerce Center) to Monte Verde property, upon payment in full of all assessment amounts. Motion passed unanimously.

**4B. Resolution No. 10-09 Amending and Restating Resolution No. 07-09 Festival Ranch Community Facilities District (CFD) General Obligation Bond**
**Staff Liaison: Scott Ruby, District Attorney**
**District No. 4**

Mr. Ruby presented to the Board Resolution No. 10-09 and was available to answer the Board's questions. The amendment reflects a bond rating of "BBB+" which allows the bond to be sold in a non-private sale as opposed to a private sale to sophisticated investors, also reducing the interest rate that would be charged. A motion was made by Vice Chairperson May and seconded by Board Member Hardesty to approve Resolution No. 10-09 (Festival Ranch CFD) amending and restating Resolution No. 07-09 to reflect newly obtained investment grade rating ("BBB+") on the Bonds; authorizing the issuance of its District general obligation bonds, Series 2009; approving the form and authorizing the execution and delivery of an indenture of trust and security agreement, a purchase contract relating to the bonds, and certain other documents securing the payment of 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 removing certain transfer restrictions from the District's general obligations bonds, Series 2006 and 2007. Motion passed unanimously.

**5. Citizen Input / Appearances from the Floor**

None.

**6. Adjournment**

There being no further action to come before the Board, a motion was made by Vice Chairperson May and seconded by Board Member Hardesty to adjourn the meeting at 8:06 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 Meeting of the Watson Road and Festival Ranch Community Facilities Districts held by the Board on the 15th day of December, 2009. I further certify that a quorum was present.

Lucinda J. Aja, District Clerk

# CERTIFICATE

The undersigned is the duly appointed, qualified and acting Clerk of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "District"), and hereby certifies that attached hereto is a true and correct copy of: (i) the agenda for the meeting of the Chairman and District Board of the District held on December 15, 2009, and that said agenda was posted and was on file in my office for not less than twenty-four (24) hours prior to the commencement of the December 15, 2009, and (iii) a resolution of said Chairman and District Board adopted at such meeting; that a quorum was present at such meeting and at the time the resolution was adopted; that said resolution was adopted by a vote of 6 ayes, 0 nays and ____ abstained; that the Chairman and Clerk have executed and attested, respectively, said resolution; and said resolution, as executed, is on file in my office.

DATED: December 30, 2009.

Lucinda L Aja
District Clerk

JTG:jh2 1156972

**PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES (INCLUDING CELL PHONES/PAGERS) BEFORE THE MEETING IS CALLED TO ORDER.**
**THANK YOU.**

**NOTICE OF POSSIBLE QUORUM OF THE TOWN OF BUCKEYE COMMUNITY DEVELOPMENT BOARD 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 DEVELOPMENT BOARD OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION AT THIS MEETING.**

**MEETING OF THE**
**COMMUNITY FACILITIES DISTRICT, 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 MEETING OF THE**
**WATSON ROAD COMMUNITY FACILITIES DISTRICT**
**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**

**DECEMBER 15, 2009**
**AGENDA**

***PLEASE NOTE THE CFD MEETING LOCATION CHANGE**
**FROM**
**100 N. APACHE STREET**
**TO**
**530 E. MONROE AVENUE***

**Town Council Chambers**
**530 East 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. Approval of Minutes of the December 1, 2009 Watson Road Community Facilities District Meeting and Minutes of the November 3, 2009 and November 17, 2009 Festival Ranch Community Facilities District Meeting**
*Board Action: Motion to approve.*

**3. Expenditures - None**

**4. Watson Road Community Facilities District (CFD)**
**4A. Consent and Ratification Agreement pertaining to the Transfer of Sewer Capacity from four Assessed Parcels (Wingate East, Cotton Meadows North, Wingate and Meridian Commerce Center) to Monte Verde Within the Watson Road CFD**
**Staff Liaison: Scott Ruby, District Attorney**
**District No. 3**
Board to approve four Consent and Ratification Agreements; that, upon exercise of the option, allow for the transfer of Wastewater Plant Capacity from four assessed parcels (Wingate East, Cotton Meadows North, Wingate and Meridian Commerce Center) to Monte Verde property, upon payment in full of all assessment amounts.
*Board Action: Motion to approve*

**4B. Resolution No. 10-09 Amending and Restating Resolution No. 07-09 Festival Ranch Community Facilities District (CFD) General Obligation Bond**
**Staff Liaison: Scott Ruby, District Attorney**
**District No. 4**

Board to approve Resolution No. 10-09 (Festival Ranch CFD) amending and restating Resolution No. 07-09 to reflect newly obtained investment grade rating ("BBB+") on the Bonds; authorizing the issuance of its District general obligation bonds, Series 2009; approving the form and authorizing the execution and delivery of an indenture of trust and security agreement, a purchase contract relating to the bonds, and certain other documents securing the payment of 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 removing certain transfer restrictions from the District's general obligations bonds, Series 2006 and 2007.
*Board Action: Motion to approve*

**5. Citizen Input / Appearances from the Floor**
*Board Action: None.*

**6. Adjournment**
*Board Action: Motion to adjourn.*

**CERTIFICATE**

The undersigned is the duly appointed, qualified and acting Clerk of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "District"), and hereby certifies that attached hereto is a true and correct copy of: (i) the agenda for the meeting of the Chairman and District Board of the District held on December 15, 2009, and that said agenda was posted and was on file in my office for not less than twenty-four (24) hours prior to the commencement of the December 15, 2009, and (ii ) a resolution of said Chairman and District Board adopted at such meeting; that a quorum was present at such meeting and at the time the resolution was adopted; that said resolution was adopted by a vote of 6 ayes, 0 nays and ____ abstained; that the Chairman and Clerk have executed and attested, respectively, said resolution; and said resolution, as executed, is on file in my office.

DATED: December 30, 2009.

Lucinda L Aja
District Clerk

JTG:jh2 1156972

**PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES (INCLUDING CELL PHONES/PAGERS) BEFORE THE MEETING IS CALLED TO ORDER.**
**THANK YOU.**

**NOTICE OF POSSIBLE QUORUM OF THE TOWN OF BUCKEYE COMMUNITY DEVELOPMENT BOARD 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 DEVELOPMENT BOARD OR OTHER COUNCIL APPOINTED BOARD OR COMMISSION AT THIS MEETING.**

**MEETING OF THE**
**COMMUNITY FACILITIES DISTRICT, 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 MEETING OF THE**
**WATSON ROAD COMMUNITY FACILITIES DISTRICT**
**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**

**DECEMBER 15, 2009**
**AGENDA**

***PLEASE NOTE THE CFD MEETING LOCATION CHANGE**
**FROM**
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**Immediately following the 6:00 p.m. Regular Council Meeting**

**1. Call to Order/Roll Call**
*Board Action: None.*

**2. Approval of Minutes of the December 1, 2009 Watson Road Community Facilities District Meeting and Minutes of the November 3, 2009 and November 17, 2009 Festival Ranch Community Facilities District Meeting**
*Board Action: Motion to approve.*

**3. Expenditures - None**

**4. Watson Road Community Facilities District (CFD)**
**4A. Consent and Ratification Agreement pertaining to the Transfer of Sewer Capacity from four Assessed Parcels (Wingate East, Cotton Meadows North, Wingate and Meridian Commerce Center) to Monte Verde Within the Watson Road CFD**
**Staff Liaison: Scott Ruby, District Attorney**
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Board to approve four Consent and Ratification Agreements; that, upon exercise of the option, allow for the transfer of Wastewater Plant Capacity from four assessed parcels (Wingate East, Cotton Meadows North, Wingate and Meridian Commerce Center) to Monte Verde property, upon payment in full of all assessment amounts.
*Board Action: Motion to approve*

**4B. Resolution No. 10-09 Amending and Restating Resolution No. 07-09 Festival Ranch Community Facilities District (CFD) General Obligation Bond**
**Staff Liaison: Scott Ruby, District Attorney**
**District No. 4**

Board to approve Resolution No. 10-09 (Festival Ranch CFD) amending and restating Resolution No. 07-09 to reflect newly obtained investment grade rating ("BBB+") on the Bonds; authorizing the issuance of its District general obligation bonds, Series 2009; approving the form and authorizing the execution and delivery of an indenture of trust and security agreement, a purchase contract relating to the bonds, and certain other documents securing the payment of 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 removing certain transfer restrictions from the District's general obligations bonds, Series 2006 and 2007.
*Board Action: Motion to approve*

**5. Citizen Input / Appearances from the Floor**
*Board Action: None.*

**6. Adjournment**
*Board Action: Motion to adjourn.*

**RESOLUTION NO. 10-09**

**A RESOLUTION OF THE DISTRICT BOARD OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AMENDING AND RESTATING RESOLUTION NO. 07-09 PREVIOUSLY ADOPTED BY THE DISTRICT BOARD; AUTHORIZING THE ISSUANCE OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, 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 REMOVING CERTAIN TRANSFER RESTRICTIONS FROM THE DISTRICT'S GENERAL OBLIGATION BONDS, SERIES 2006 AND 2007.**

**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 the 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 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 17, 2009, after provision of publication of notice of the hearing as provided by law, and, pursuant to the Enabling Act and a resolution adopted on November 17, 2009, the Feasibility Report was ratified and approved in all respects.

(d) The District Board has previously determined in Resolution No. 07-09 to authorize the issuance of the general obligation bonds described herein (the "*Bonds*") to provide

funds for any and all of the public infrastructure purposes provided for in the Enabling Act, the Development, Financing Participation and Intergovernmental Agreement No. 1 by and among the District, the Town of Buckeye, Arizona (the "*Town*") and 10,000 West, LLC, Pulte Home Corporation recorded on April 22, 2005 at docket number 2005-0523800 in the office of the Maricopa County Recorder 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 and all other capitalized terms not otherwise defined herein are defined in the Indenture referred to below) when due.

(e) Pursuant to the Enabling Act, the District has also determined to enter into an Indenture of Trust and Security Agreement, dated as of December 1, 2009 or such other date as set forth in the Purchase Contract for the sale of the Bonds (the "*Indenture*"), from the District to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), to secure, and process the issuance, registration, transfer and payment and the disbursement and investment of proceeds 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 Trustee, to authorize the execution and delivery of the Indenture.

(f) There have been presented in connection herewith (1) the proposed form of the Indenture, (2) the proposed form of the Purchase Contract relating to the Bonds (the "*Purchase Contract*"), by and between the District and Stone & Youngberg LLC (the "*Underwriter*"), (3) the proposed form of the Dissemination Agency Agreement between the District and Stone & Youngberg LLC, as dissemination agent, (4) the proposed form of the Preliminary Official Statement relating to the Bonds, dated the date thereof (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 Certificate documents described in Clauses (1) - (3) and (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) Based on the fact that the Underwriter has made the District Board aware that the Bonds and the District's General Obligation Bonds, Series 2006 and Series 2007 (the "*Prior Bonds*") have received an underlying rating of "BBB+" by Standard & Poor's, one of the four highest investment grade ratings, the District Board hereby finds and determines that such rating qualifies the Bonds to be sold in a public offering for purposes of the Enabling Act and all

other purposes and allows any transfer restrictions relating to lack of such investment grade rating to be removed from the Prior Bonds.

2. **Approval of Issuance and Sale of Bonds**.

(a) 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) District General Obligation Bonds, Series 2009"*. The Bonds shall be issued in an aggregate principal amount of not to exceed $7,600,000, 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 may be approved by the Chairman or the District Manager and set forth in the Purchase Contract. The average 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, 2034. The Bonds shall be subject to redemption prior to maturity as may be approved by the Chairman or the District Manager and set forth in the Purchase Contract and shall bear such other terms and provisions as set forth in the Indenture. The Bonds shall be sold to the Underwriter pursuant to the Purchase Contract. As a condition to the execution and delivery of the Bonds, there shall be executed and delivered the Bond Documents in substantially the same form as presented herewith with such insertions, deletions and changes as are not inconsistent herewith and as are approved by the Chairman or the District Manager.

(b) If the Chairman, any member of the District Board, the District Manager or the District Treasurer determine it to be in the best interests of the District, and if, and to the extent, the Bonds meet the requirements therefor under the Internal Revenue Code of 1986, as amended (the "Code"), all or a portion of the Bonds may be qualified and sold as Build America Bonds, with the federal tax credits paid directly to the District, provided to the Owners of the Bonds, or stripped from the Bonds and sold separately; and the District, any member of the District Board, the District Manager or the District Treasurer and all other officers and agents of the District are authorized to take any action, make any modification of the documents, enter into any agreements, make any election or certifications, modify the designated name of the Bonds and pay any costs necessary to provide for, or facilitate the issue and sale of all or a portion of the Bonds in such manner, and to comply with the requirements of the Code and the terms of the Bonds and any agreement related thereto.

If all or a portion of the Bonds are designated as taxable bonds with the federal tax credit paid directly to the bondholder or stripped and sold separately, the District covenants 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 the loss of the federal tax credits. The District shall comply with such requirements and take any such actions as in the opinion of bond counsel are necessary to allow the continuation of the federal tax credits. 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; and filing forms, statements and supporting documents as my be required under the federal tax law.

3. **Forms, Terms and Provisions and Execution and Delivery of Bonds**. The forms, terms and provisions of the Bonds provided for in the Indenture, be and they hereby are approved, with only such changes therein as are not inconsistent herewith and as are approved by the officers authorized in the Indenture to execute the Bonds and, if appropriate, each is hereby authorized to execute and deliver them.

4. **Forms, Terms and Provisions and Execution and Delivery of Bond Documents.** The forms, terms and provisions of the Bond Documents in substantially the forms of the Bond Documents (including the exhibits thereto) presented at the meeting at which this Resolution is adopted, are hereby approved, with such insertions, deletions and changes as are not inconsistent herewith and as are approved by the officers authorized to execute the Bond Documents, which approval will be conclusively demonstrated by the execution thereof, and the Chairman (or any other member of the District Board in the event the Chairman is absent or such signature cannot be obtained), the District Manager and the District Clerk or any of such officers are hereby authorized to execute the appropriate Bond Documents.

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

6. **Acceptance of Proposal**. The Bonds are hereby sold to the Underwriter in accordance with the terms of the Purchase Contract. The Underwriter has agreed to sell the Bonds in a public offering as authorized by A.R.S. § 48-722. The actual terms of the Bonds and the Purchase Contract shall be reviewed and approved by the Chairman of this Board (which approval shall be deemed conclusive by the execution and delivery of the Purchase Contract by the 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.

7. **Other Actions Necessary**. The Chairman (or any other member of the District Board in the event the Chairman is absent or unable to 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.

8. **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 the District Manager or any member of the District Board 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.

9. **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 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.

10 **No Obligation of Town**. Nothing contained in this resolution, the Bond Documents or any other instrument shall be construed as obligating the Town or as incurring a charge upon the general credit of the Town nor shall the breach of any agreement contained herein, in the Bond Documents or any other instrument or documents executed in connection therewith impose any charge upon the general credit of the Town.

11. **Appointment of Trustee, Registrar and Paying Agent**. Wells Fargo Bank, N.A. is hereby confirmed as Trustee, Registrar and Paying Agent for the purpose of the Indenture and as the Depository for the purposes of the Depository Agreement.

12. **Removal of Transfer Restrictions on Prior Bonds.** Upon a finding that the Prior Bonds have received an underlying rating of "BBB+" from Standard & Poor's, the District Board hereby removes any transfer restrictions on the Prior Bonds relating to the lack of such investment grade rating.

13. **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 and the Indenture 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 of the District Board are 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.

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

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

(b) This resolution may only be amended as provided by the terms of the Indenture.

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

**PASSED** by the District Board of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) on December 15, 2009.

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

Chairman, District Board

ATTEST:

District Clerk

APPROVED AS TO FORM:

Bond Counsel

## CERTIFICATE

I hereby certify that the above and foregoing Resolution was duly passed by the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on December 15, 2009, 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.

Clerk

JTG:dlh 1149192.1 12/9/2009

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

**and**

**WELLS FARGO BANK, N.A.,**
**as Trustee**

# INDENTURE OF TRUST

# AND

# SECURITY AGREEMENT

**DATED AS OF DECEMBER 1, 2009**

**$7,600,000**
**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**
**(TOWN OF BUCKEYE, ARIZONA)**
**DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009**

| | |
|---|---|
| **$5,435,000**<br>**District General Obligation**<br>**Bonds, Series 2009A**<br>**(Bank Qualified)** | **$2,165,000**<br>**Taxable District General Obligation**<br>**Bonds, Series 2009B**<br>**(Qualified Build America**<br>**Bonds – Direct Pay)** |

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**THIS INDENTURE OF TRUST AND SECURITY AGREEMENT**, dated as of December 1, 2009 (this "*Indenture*"), from Festival Ranch Community Facilities District (Town of Buckeye, Arizona), a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"), to Wells Fargo Bank, N.A., a national banking association with trust powers, as trustee (hereinafter together with any successor to the trust herein granted referred to as the "*Trustee*"),

**WITNESSETH:**

**WHEREAS**, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*"), the district board of the Issuer (the "*Board*") caused a general obligation bond election to be held on May 25, 2005 (the "*Election*"), submitting to those persons who were then qualified to vote pursuant to the Enabling Act the question of authorizing the Board to issue general obligation bonds of the Issuer to provide moneys for any "public infrastructure purposes" (as such term is defined in the Enabling Act) consistent with the General Plan for the District filed with the Town Clerk of the Town of Buckeye, Arizona on April 19, 2005 (the "*General Plan*"); and

**WHEREAS**, the issuance of $175,000,000 general obligation bonds was approved at the Election, and the Board previously authorized, issued and sold $800,000 principal amount of its District General Obligation Bonds, Series 2006 and $1,535,000 principal amount of its District General Obligation Bonds, Series 2007; and

**WHEREAS**, pursuant to the Enabling Act, the Board has caused a report of the feasibility and benefits of the projects relating to certain public infrastructure provided for in the Issuer's General Plan and to be financed with proceeds of the sale of a portion of such bonds, to be prepared by or on behalf of the Issuer, including a description of certain public infrastructure to be constructed and all other information useful to understand the projects, a map showing, in general, the location of the projects, an estimate of the cost to construct, acquire, operate and maintain the projects, a map or description of the area to be benefited by the projects, a schedule for completion of the projects, a map or description of the area to be benefited by the projects, and a plan for financing the projects (the "*Report*"); and

**WHEREAS**, pursuant to resolutions of the Board adopted on November 17, 2009 as amended and restated on December 15, 2009 (collectively, the "*Bond Resolution*"), the Board (1) has authorized the issuance of the general obligation bonds described herein (the "*Bonds*" or "*Series 2009 Bonds*") to provide additional funds for any and all of the public infrastructure purposes provided for in the Enabling Act and in the Report to the extent authorized in the Election and (2) has entered in its minutes a record of the Bonds sold and their numbers and dates and levied and caused an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the Issuer sufficient, together with moneys from the sources described herein, to pay Debt Service (as such term is hereinafter defined) when due; and

**WHEREAS**, pursuant to the Enabling Act and Section 9-500.05, Arizona Revised Statutes, as amended, the Town of Buckeye, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Municipality*"), the Issuer and 10,000 West, L.L.C. and Pulte Home Corporation (collectively the "*Owner*") have entered into a Development, Financing Participation and Intergovernmental Agreement No. 1 (the "*Development Agreement*"), as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Enabling Act) and the financing of public infrastructure; and

**WHEREAS**, with regard to the property which makes up the real property included within the boundaries of the Issuer, the Municipality, the Issuer and the Owner have specified some of such matters in the Development Agreement, particularly matters relating to the acquisition and construction of certain

public infrastructure by the Issuer and the acceptance thereof by the Municipality, all pursuant to the Enabling Act; and

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

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

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

## GRANTING CLAUSES

**NOW, THEREFORE, THIS INDENTURE WITNESSETH** that, except as otherwise provided herein, to secure the payment of the principal of and interest on the Outstanding Secured Bonds (hereinafter defined) and the performance of the covenants therein and herein contained and to declare the terms and conditions on which the Outstanding Secured Bonds are secured, and in consideration of the premises and of the purchase of the Bonds by the Holders thereof, the Issuer by these presents does grant, bargain, sell, remise, release, convey, collaterally assign, transfer, mortgage, hypothecate, pledge, set over, and confirm to the Trustee, forever, all and singular the following described properties, and grants a security interest therein for the purposes herein expressed, to-wit:

## GRANTING CLAUSE FIRST

All money and investments held for the credit of the Bond Fund established with the Trustee as hereinafter described to secure only the payment of the principal of and interest on the Outstanding Secured Bonds; and

## GRANTING CLAUSE SECOND

Any and all property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien and security interest hereof by the Issuer or by anyone on its behalf (and the Trustee is hereby authorized to receive the same at any time as additional security hereunder), which subjection to the lien and security interest hereof of any such property as additional security may be made subject to any reservations, limitations, or conditions which shall be set forth in a written instrument executed by the Issuer or the person so acting on its behalf or by the Trustee respecting the use and disposition of such property or the proceeds thereof;

**TO HAVE AND TO HOLD** all said property of every kind and description, real, personal, or mixed, hereby and hereafter (by supplemental indenture or otherwise) granted, bargained, sold, assigned, remised, released, conveyed, collaterally assigned, transferred, mortgaged, hypothecated, pledged, set over, or confirmed as aforesaid, or intended, agreed, or covenanted so to be, together with all the appurtenances thereto appertaining (said properties together with any cash and securities hereafter deposited or required to be deposited with the Trustee (other than any such cash which is specifically stated herein not to be deemed part of the Trust Estate) being herein collectively referred to as the "*Trust Estate*"), unto the Trustee and its successors and assigns forever;

**BUT IN TRUST, NEVERTHELESS**, for the equal and proportionate benefit and security of the Holders from time to time of all the Outstanding Secured Bonds without any priority of any such Bond over any other such Bond and to secure the observance and performance of all terms, covenants, conditions, agreements and obligations of the Issuer hereunder, except as herein otherwise expressly provided;

**UPON CONDITION** that, if the Issuer, its successors or assigns shall well and truly pay the principal of and interest on the Outstanding Secured Bonds according to the true intent and meaning thereof, or there shall be deposited with the Trustee or a Paying Agent such amounts in such form in order that none of the Bonds shall remain Outstanding as herein defined and provided, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof and the observance or performance of all terms, covenants, conditions, agreements and obligations hereunder, then upon the full and final payment of all such sums and amounts secured hereby, or upon such deposit, this Indenture and the rights, titles, liens, security interests, and assignments herein granted shall cease, determine, and be void and this Indenture shall be released by the Trustee in due form at the expense of the Issuer, except only as herein provided and otherwise this Indenture to be and remain in full force and effect;

**AND IT IS HEREBY COVENANTED AND DECLARED** that all the Bonds are to be authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions, and trusts hereinafter set forth, and the Issuer hereby covenants and agrees to and with the Trustee, for the equal and proportionate benefit of all Holders of the Outstanding Secured Bonds except as herein otherwise expressly provided, as follows:

## ARTICLE I

## DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

***Section 1.01. Definitions.*** For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

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

B. All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed.

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

*"Acquisition and Construction Fund"* means the fund of the Issuer so defined in Section 5.03.

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

*"Authorized Denomination"* means $5,000 and integral multiples thereof.

*"Beneficial Owner"* means the purchaser of a beneficial ownership interest in the Bonds, as recorded by entries in the books and records of the Securities Depository and its Participants.

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

*"Board Resolution"* means a resolution of the Board certified by the District Clerk to be in full force and effect on the date of such certification and delivered to the Trustee.

*"Bond Counsel"* means a firm of attorneys of national reputation experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds, acceptable to the Trustee and the Issuer.

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

*"Bond Register"* has the meaning stated in Section 3.04.

*"Bond Resolution"* means the Board Resolution adopted on November 17, 2009 as amended and restated on December 15, 2009 which, collectively, among other things provided for the issuance of the Bonds.

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

*"Bonds"* means all bonds authenticated and delivered hereunder, being the Issuer's $5,435,000 District General Obligation Bonds, Series 2009A (Bank Qualified) (the "Tax-Exempt Bonds") and the Issuer's $2,165,000 Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay) (the "Taxable Bonds").

*"Book-Entry Bonds"* means the Bonds which are registered pursuant to the Book-Entry-Only System.

*"Book-Entry-Only System"* means the system of registering all of the Bonds in the name of the Securities Depository or its designee and reflecting the interests of the Beneficial Owners on the books of the Securities Depository and its Participants as described in Section 3.04B.

*"Broker Dealer"* means "broker," "dealer" or "municipal securities dealer" as those terms are defined in the Securities Exchange Act of 1934, as amended.

*"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.

*"Closing Date"* means the date of the authentication and delivery of the Bonds to the Securities Depository or its agent, for the benefit of the initial purchaser thereof in exchange for the purchase price thereof.

*"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 as described in the Report.

*"Costs of Issuance"* means all items of expense directly or indirectly payable by or reimbursable to the Issuer relating to the execution, sale and delivery of the Bonds and the execution and delivery of this Indenture, including but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Bonds, and charges and fees in connection with the foregoing as well as costs relating to the Election.

*"Debt Service"* means, collectively, (i) the principal of and interest and premium, if any, on the Bonds when due either at Stated Maturity or redemption in advance of Stated 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 undertaking to provide continuing secondary market disclosure if entered into by the Issuer with respect to the Bonds.

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

*"Direct Participant"* means those broker-dealers, banks and other financial institutions from time to time for which the Securities Depository holds Bonds as a securities depository.

*"District Clerk"* means the Town Clerk of the Municipality acting in the capacity of District Clerk.

*"District Manager"* means the Town Manager of the Municipality acting in the capacity of District Manager.

*"DTC"* means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

*"Election"* means the election of the Issuer held on May 25, 2005, to authorize the issuance of the Bonds.

*"Enabling Act"* means Title 48, Chapter 4, Article 6, Arizona Revised Statues, as amended.

"*Fitch*" means Fitch Ratings, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Buyer by notice to the Trustee.

*"Governmental Obligations"* means (1) direct obligations of, or obligations the timely payment of principal of is fully and unconditionally guaranteed by, the United States of America or (2) obligations described in Section 103(a) of the Code, provision for the payment of the principal of and premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in clause (1) the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal of and premium, if any, and interest on such obligations, and which securities described in clause (1) are not available to satisfy any other claim, including any claim of the trustee or escrow agent, or any claim of one to whom the trustee or escrow agent may be obligated which, at the time of deposit pursuant to Section 6.02, have been assigned ratings in the highest rating categories of S&P and 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; AAAm; or AAm or better and a rating by Moody's of "VMIG-1" or better.

*"Holder"* when used with respect to any Book-Entry Bond means Cede & Co. (DTC's partnership nominee) or, with respect to any other Bond, means the Person in whose name such Bond is registered in the Bond Register.

*"Indenture"* means this instrument as originally executed or as it may from time to time be supplemented, modified, or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof.

*"Indirect Participant"* means a person on whose behalf a Direct Participant directly or indirectly holds an interest in the Bonds through the Book-Entry-Only System.

*"Interest Payment Date"* means each January 15 and July 15 commencing January 15, 2010.

*"Issuer"* means Festival Ranch Community Facilities District (Town of Buckeye, Arizona), a community facilities district formed by the Municipality and duly organized and validly existing, pursuant to the laws of the State.

*"Issuer Representative"* means the Chairman or Vice Chairman of the Board or the District Manager or District Clerk, or any person designated in writing by any of the foregoing to act as Issuer Representative.

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

*"Maturity"* when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as stated therein or herein provided, whether at the Stated Maturity thereof or by call for redemption or otherwise.

*"Moody's"* means Moody's Investors Service, or any entity succeeding to the duties and obligations thereof.

*"Municipality"* means the Town of Buckeye, Arizona.

*"Officer's Certificate"* means a certificate signed by the District Manager and delivered to the Trustee.

*"Opinion of Counsel"* means a written opinion of counsel who may (except as otherwise expressly provided in this Indenture) be counsel for the Issuer and shall be acceptable to the Trustee and, when given with respect to the status of interest on any Tax-Exempt Bond under federal income tax law, shall be a Bond Counsel 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.

*"Original Purchaser"* means Stone & Youngberg LLC or any successor or assign thereto.

*"Outstanding"* when used with respect to Bonds means, as of the date of determination, all Bonds theretofore authenticated and delivered under this Indenture, except, without duplication:

(1) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(2) Bonds for the payment or redemption of which money in the necessary amount is on deposit with the Trustee or any Paying Agent for the Holders of such Bonds at the Maturity thereof; provided, however, that if such Bonds are to be redeemed in advance of their Stated Maturity, notice of such redemption has been duly given pursuant to this Indenture, or waived, or provision therefor satisfactory to the Trustee has been made;

(3) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture;

(4) Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in Section 3.06; and

(5) Bonds for the payment of the principal of and interest on which money or Governmental Obligations or both are held by the Trustee or a Paying Agent with the effect specified in Section 6.02.

*"Outstanding Secured Bonds"* means, as of the date of determination, (1) all Bonds then Outstanding and (2) all Bonds, if any, alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 3.06 but whose ownership and enforceability by the Holder thereof have been

established by a court of competent jurisdiction or other competent tribunal or otherwise established to the satisfaction of the Issuer and the Trustee.

*"Participants"* means, collectively, the Direct Participants and Indirect Participants of the Securities Depository.

*"Paying Agent"* means any Person authorized by the Issuer to pay the principal of and interest and premium, if any, on any bonds on behalf of the Issuer.

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

*"Permitted Investments"* means any of the following which at the time of investment are legal investments under the laws of the State for the money proposed to be invested herein:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States:

1. U.S. Export-Import Bank
   Direct obligations or fully guaranteed
   Certificates of beneficial ownership.

2. Farmers Home Administration
   Certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration Debentures

5. General Services Administration
   Participation certificates

6. Government National Mortgage Association ("GNMA")
   Guaranteed mortgage-backed bonds
   Guaranteed pass-through obligations

7. U.S. Maritime Administration
   Guaranteed title XI financing

8. New Communities Debentures
   U.S. government guaranteed debentures

9. U.S. Public Housing Notes and Bonds
   U.S. government guaranteed public housing notes and bonds

10. U.S. Department of Housing and Urban Development
Project Notes, Local Authority Bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following United States government agencies (non-full faith and credit agencies):

1. Federal Home Loan Bank System
Senior debt obligations

2. Federal Home Loan Mortgage Corporation
Participation Certificates and senior debt Obligations

3. Federal National Mortgage Association ("FNMA")
Mortgage-backed securities and senior debt obligations

4. Student Loan Marketing Association
Senior Debt obligations

D. Money market funds registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a(7) under the Investment Company Act of 1940, and having a rating by S&P of "AAAm-G"; "AAAm"; or "Aam" or better and having a rating by Moody's of "VMIG-1" or better, including funds which the trustee or its affiliates provides investment advisory services.

E. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Company.

F. Investment agreements provided by entities with ratings on their long term obligations or claims paying ability of "AA" or better by S&P and "Aa" or better by Moody's and required to be collateralized to the then current requirements of S&P to always having 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 will not be withdrawn or lowered upon the effective date of such amendment or substitute investment agreement.

G. Commercial paper rated, at the time of purchase, "A-1" or better by S&P and Moody's.

H. Bonds or notes issued by any state or municipality which are rated by S&P in one of the two highest rating categories assigned by such agencies.

I. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "A-1" or "A" or better by S&P and "P-1" by Moody's.

J. Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Issuer (buyer/lender), and the transfer of cash from the Issuer to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Issuer in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria.

1. *Repos must be between the Issuer and a dealer bank or securities firm*

   a. *Primary dealers* on the Federal Reserve reporting dealer list, or

   b. *Banks* rated "A" or above by S&P and rated "A" or above by Moody's.

2. *The written repo contract must include the following:*

   *a. Securities which are acceptable for transfer are:*

      (1) Direct U.S. government, or

      (2) Federal agencies backed by the full faith and credit of the U.S. government.

   *b. The term of the repo may be up to 180 days*

   c. The collateral must be delivered to the Issuer, the Trustee (if the Trustee is not supplying the collateral) before or simultaneous with payment (perfection by possession of certificated securities)

   *d. Valuation of Collateral*

      (1) *The securities must be valued weekly, marked-to market* at current market price *plus* accrued interest

         (a) 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 falls below 103% of the value of the cash transferred by the Issuer, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA, then the value of collateral must equal 105%.

3. *Legal opinion which must be delivered to the municipal entity*:

   a. Repo meets guidelines under state law for legal investment of public funds.

K. Governmental Obligations.

L. "REFCORP STRIPS" – obligations, representing interest on obligations of the Resolution Funding Corporation, the payment of such interest, if other revenues are insufficient, is required to be paid from the United States Treasury, which interest obligations are stripped by the Federal Reserve Bank of New York.

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

*"Place of Payment"* means the designated corporate trust office in the City of Phoenix, Arizona of the Paying Agent.

*"Predecessor Bonds"* of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular bond, and, for purposes of this definition, any bond authenticated and delivered under Section 3.06 in lieu of a mutilated, lost, destroyed, or stolen Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed, or stolen Bond.

*"Principal Payment Date"* means the date on which principal of the Bonds is due either at Stated Maturity or redemption in advance of Stated Maturity.

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

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

*"Rebate Consultant"* means an accounting firm or law firm or another person or firm with knowledge of or experience in advising bond trustees with respect to Rebate appointed by the Issuer.

*"Rebate Fund"* means the fund of the Issuer so defined in Section 10.06.

*"Redemption Date"* when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms thereof and hereof.

*"Redemption Price"* when used with respect to any bond to be redeemed means the amount to be paid on any Redemption Date for such redemption pursuant to the terms thereof and hereof.

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

*"Representation Letter"* means the letter agreement between the Issuer and the Securities Depository specifying or referring to the procedures applicable to bonds of the Issuer, including the Bonds, in the Book-Entry-Only System.

*"Responsible Officer"* means the chairman or vice chairman of the board of directors of the relevant entity, the chairman or vice chairman of the executive committee of said board, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller, any assistant controller, or any other officer or authorized Person of the relevant entity customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer of the relevant entity to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

*"S&P"* means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, or any entity succeeding to the duties and obligations thereof.

*"Series 2009 Bonds"* has the same meaning as "Bonds".

*"Special Record Date"* has the meaning stated in Section 3.07.

*"State"* means the State of Arizona.

*"Stated Maturity"* when used with respect to any Bond or any installment of interest on any Bond means the date specified in such Bond as the fixed date on which the principal or such installment of interest on any such Bond is due and payable.

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

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

***Section 1.02. Acts of Bondholders.***

A. Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by this Indenture to be given or taken by Bondholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Bondholders in person or by an agent duly appointed in writing, and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Bondholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Issuer and (subject to Section 8.01) the Trustee, if made in the manner provided in this Section.

B. The fact and date of the execution by any Bondholder of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of execution of any such instrument or writing and the authority of any person executing as or on behalf of any Bondholder may also be proved in any other manner which the Trustee deems sufficient.

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

D. Any request, demand, authorization, direction, notice, consent, waiver, or other action by the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer, whether or not notation of such action is made upon such Bond.

***Section 1.03. Notices, etc.***

A. Unless otherwise specifically provided herein, any request, demand, authorization, direction, notice, consent, waiver, or Act of Bondholders or other document provided or permitted by this Indenture by any Bondholder, the Issuer, or the Trustee to be made upon, given or furnished to, or filed with,

(1) the Trustee shall be sufficient for every purpose hereunder if made, given, furnished, or filed in writing to or with the Trustee at its principal corporate trust office or if in writing and mailed, first-class postage prepaid, to the Trustee addressed to it at 100 W. Washington Street, 22nd

Floor, Phoenix, Arizona 85003, Attention: Corporate Trust Services or at any other address furnished in writing to such Person by the Trustee, or

(2) the Issuer shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Issuer addressed to it at Festival Ranch Community Facilities District c/o Town of Buckeye, Arizona, 530 E. Monroe Avenue, Buckeye, AZ 85326, Attention: District Manager, or at any other address previously furnished in writing to such Person by the Issuer.

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

C. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

***Section 1.04. Form and Contents of Documents Delivered to the Trustee.***

A. Whenever several matters are required to be certified by, or covered by an opinion of, any specified type of person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such person, or that they be so certified or covered by only one document, but one such person may certify or give an opinion with respect to some matters and one or more other such persons as to other matters, and any such person may certify or give an opinion as to such matters in one or several documents.

B. Any certificate or opinion of an officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that such certificate or opinion or representations are erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

C. Whenever any person is required to make, give, or execute two or more applications, requests, consents, certificates, statements, opinions, or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

D. Wherever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of compliance by the Issuer with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report.

***Section 1.05. Effect of Headings and Table of Contents***. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

***Section 1.06. Successors and Assigns.*** All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

***Section 1.07. Severability Clause.*** In case any provision in this Indenture or in the Bonds or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

***Section 1.08. Benefits of Indenture.*** Nothing herein or in the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successor hereunder, and the Holders of Outstanding Secured Bonds, any benefit or any legal or equitable right, remedy, or claim under this Indenture.

***Section 1.09. Governing Law.*** This Indenture shall be construed in accordance with and governed by the laws of the State and the federal laws of the United States of America.

***Section 1.10. Notice of Section 38-511, Arizona Revised Statutes, As Amended.*** To the extent applicable by provision of law, the parties acknowledge that this Indenture is subject to cancellation pursuant to A.R.S. Section 38-511, the provisions of which are incorporated herein.

***Section 1.11. Business Days.*** If the specified date for any payment, submission, certification, determination or other action shall be other than a Business Day, then such payment, submission, certification, determination or other action may be made or done on the next succeeding day which is a Business Day without, in the case of any payment, additional interest (except in the event of moratorium) and with the same force and effect as is if made or done on the specified date.

***Section 1.12. E-Verify Requirements.*** To the extent applicable under A.R.S. Section 41-4401, the Trustee and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and their compliance with the E-verify requirements under A.R.S. Section 23-214(A). The Trustee or its subcontractors' breach of the above-mentioned warranty shall be deemed a material breach of this Agreement and may result in the termination of the Trustee's services by the Issuer. The Issuer retains the legal right to randomly inspect the papers and records of the Trustee or its subcontractor employee who work on this Agreement to ensure that the Trustee and its subcontractors are complying with the above-mentioned warranty.

The Trustee and its subcontractors warrant to keep such papers, information, and records necessary to verify compliance with the above-mentioned warranty (collectively, the "Information") open for random inspection by the District during the Trustee's normal business hours. The Trustee and its subcontractors shall reasonably cooperate with the District's random inspections including granting the District entry rights onto its property to perform the random inspections, granting the District access to, and use of, the Information, provided that, the District agrees that it will use the Information solely for the purpose of verifying compliance with the E-verify requirements and the warranty of the Section 1.12 and, subject to the requirements of law, including the public records law of the State of Arizona, the District will preserve the confidentiality of any information, records, or papers the District views, accesses or otherwise obtains during any and every random inspection, including, without limitation, the Information.

***Section 1.13. Scrutinized Business Operations.*** Pursuant to A.R.S. Sections 35-391.06 and 35-393.06, the Trustee certifies that it does not have scrutinized business operations in Sudan or Iran. For the purpose of this Section the term "scrutinized business operations" shall have the meanings set forth in A.R.S. Section 35-391 or 35-393, as applicable. If the Issuer determines that the Trustee submitted a false certification, the Issuer may impose remedies as provided by law including terminating the Trustee's services.

## ARTICLE II

## FORM OF BONDS

***Section 2.01. Form Generally.***

A. The Bonds, including the form of Certificate of Authentication and the form of Assignment to be reproduced on each of the Bonds, shall be substantially in the forms set forth in this Article with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an Opinion of Counsel) placed thereon (or attached thereto) as may, consistently herewith, be determined by the officers executing such Bonds as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

B. The definitive Bonds shall be printed, lithographed, or engraved, produced by any combination of these methods, or produced in any other manner, all as determined by the officers executing such bonds as evidenced by their execution thereof.

***Section 2.02. Form of Bonds.***

A. The Tax-Exempt Bonds shall be in the following form:

[FORM OF FACE OF TAX-EXEMPT BOND]

REGISTERED REGISTERED

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)
DISTRICT GENERAL OBLIGATION BOND, SERIES 2009A
(Bank Qualified)

| INTEREST RATE | MATURITY DATE | ORIGINAL DATED DATE | CUSIP NO.: |
|---|---|---|---|
| _____% | _____ | December 30, 2009 | _____ |

REGISTERED OWNER

PRINCIPAL AMOUNT

Festival Ranch Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (the "*Holder*"), on the "Maturity Date" specified above unless earlier redeemed as provided herein, the "Principal Amount" specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "Original Dated Date" specified above, or from the most recent "Interest Payment Date" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as such term is defined in the hereinafter described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2010 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

As provided in the Indenture, the interest, principal and Redemption Price (as such term is defined in the Indenture) payable on the Bonds (as such term is hereinafter defined) shall be paid to CEDE & Co. or its registered assigns in same-day funds no later than the time established by The Depository Trust Company (the "*Depository*") on the date due (or in accordance with then existing arrangements between the Issuer and the Depository).

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of Paying Agent is located then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment, except that in the event of a moratorium for banking institutions generally at the Place of Payment or in the city where the principal corporate trust office of the Paying Agent is located, such payment may be made on such next succeeding day except that the Bonds on which such payment is due shall continue to accrue interest until such payment is made or duly provided for.

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 Issuer) is pledged to the payment of the Bonds.

Unless the Certificate of Authentication hereon has been executed by the Trustee, by manual signature, this bond shall not be entitled to any benefit under the hereinafter described Bond Resolution or the Indenture or be valid or obligatory for any purpose.

This bond is one of a duly authorized issue of bonds of the Issuer having the designation specified in its title (the "*Bonds*"), issued and to be issued in one series under, and all equally and ratably secured, with the limitations described herein, by an Indenture of Trust and Security Agreement, dated as of December 1, 2009 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, N.A.., as trustee (the "*Trustee*"), which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Holders of the Bonds, the Trustee, and the Issuer, and the terms upon which the bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Holder of this bond hereby consents. The Bonds are authorized to be issued by a resolution of the District Board of the Issuer adopted on November 17, 2009 as amended and restated on December 15, 2009 (collectively, the "*Bond Resolution*"), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*").

The Bonds are payable, equally and ratably with such other obligations of the Issuer payable from such sources as may be outstanding from time to time and to the extent provided in the Bond Resolution, from the proceeds of an *ad valorem* tax, unlimited as to rate or amount, to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer sufficient together with any other moneys from sources available pursuant to the Enabling Act to pay debt service on the Bonds when due.

Notwithstanding any provisions hereof or of the Bond Resolution, however, the Indenture may be released and the obligation of the Issuer to make money available to pay this bond may be defeased by the deposit of money and/or certain direct or indirect Governmental Obligations (as such term is defined in the Indenture) sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in the denominations of $5,000 and any integral multiples thereof.

**Optional Redemption**. The Bonds are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2019, as a whole or in part, upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

**Mandatory Redemption**. The Bonds maturing on July 15, 2024, shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed 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 (July 15) | Principal Amount |
|---|---|
| 2019 | $210,000 |
| 2020 | 225,000 |
| 2021 | 235,000 |
| 2022 | 250,000 |
| 2023 | 265,000 |
| 2024 (maturity) | 285,000 |

The Bonds maturing on July 15, 2031 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Project Bonds so redeemed plus accrued interest, if any, but without premium:

| Redemption Date (July 15) | Principal Amount |
|---|---|
| 2025 | $300,000 |
| 2026 | 320,000 |
| 2027 | 340,000 |
| 2028 | 365,000 |
| 2029 | 385,000 |
| 2030 | 410,000 |
| 2031 (maturity) | 440,000 |

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 rate basis, to the extent practicable provided, however, that each remaining mandatory payment shall be in an amount which is an Authorized Denomination.

Upon any partial redemption of any Bond, the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Bonds of the same maturity in authorized form for the unredeemed portion of principal. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If less than all the Outstanding Bonds are to be redeemed, the particular Bonds of a maturity to be redeemed shall, unless otherwise provided herein, be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds of such maturity or, as applicable, which have not previously been called for redemption, by lot and the Trustee may provide for the selection for redemption of portions (equal to an Authorized Denomination) of the principal of Bonds.

The Bonds shall initially be issued as a single fully-registered bond in each Stated Maturity and so long as the ownership of the Bonds is maintained in book-entry form by the Depository or a nominee thereof, this Bond may be transferred in whole but not in part only to the Depository or a nominee thereof or to a successor depository or its nominee.

Neither the Issuer nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person not shown on the registration books of the Trustee as being an Owner with respect to: (1) the Bonds; (2) the accuracy of any records maintained by the Depository or any Direct Participant or Indirect Participant; (3) the timely or untimely payment by the Depository or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution or the Indenture to be given to Owners; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by the Depository as Owner.

The Owner of this bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any

action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

The liability of the Issuer and obligations of the Issuer pursuant to the Indenture with respect to all or any portion of the Bonds may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Indenture.

No covenant or agreement contained in the Bonds, the Indenture or in the Bond Resolution shall be deemed to be the covenant or agreement of any elected or appointed official, officer, agent, servant or employee of the Issuer in his or her individual capacity or of any officer, director, agent, servant or employee of the Trustee or the Owner in his or her individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Terms used, but not defined, herein have the meanings set forth in the Indenture. Copies of the Bond Resolution and Indenture are on file at the designated office of the Trustee, and reference is made to those instruments for the provisions relating, among other things, to the terms and source of payment and security for the Bonds, the limited liability of the Issuer, the custody and application of the proceeds of the Bonds, the rights and remedies of the Owners of the Bonds, amendments, and the rights, duties and obligations of the Issuer and the Trustee, to all of which the Owner hereof, by acceptance of this bond, assents.

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Bonds under the Bond Resolution and the Indenture, at any time by the Issuer with the consent of the Holders of a majority in principal amount of the Bonds at the time Outstanding (as such term is defined in the Indenture) affected by such modification. The Bond Resolution and Indenture also contain provisions permitting the Holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Holders of all the Bonds, to waive compliance by the Issuer with certain past defaults under the Bond Resolution or the Indenture and their consequences. Any such consent or waiver by the Holder of this bond or any Predecessor Bond (as such term is defined in the Indenture) evidencing the same debt shall be conclusive and binding upon such Holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this bond.

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this bond for transfer to the Paying Agent at the Place of Payment duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the registered Holder hereof or his attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of authorized denominations and for the same aggregate principal amount shall be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, Bonds are exchangeable for a like aggregate principal amount of Bonds in authorized denominations, as requested by the Holder, upon surrender of the Bonds to be exchanged to the Paying Agent at the Place of Payment.

The Paying Agent may require payment of a sum sufficient to cover any tax or other charges payable in connection therewith.

The Issuer, the Trustee, and any agent of either of them may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this bond be overdue, and none of the Issuer, the Trustee, and any such agent shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

Unless the Certificate of Authentication hereon has been executed by the Trustee, by manual signature, this Bond shall not be entitled to any benefit under the Bond Resolution or the Indenture or be valid or obligatory for any purpose.

It is hereby certified, covenanted, and represented that all acts, conditions and things required to be performed, exist, and be done precedent to or in the issuance of this bond in order to render the same a legal, valid, and binding general obligation of the Issuer have been performed, exist and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the bonds does not exceed any constitutional or statutory limitation. In case any provision in this bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This bond shall be construed in accordance with and governed by the laws of the State of Arizona and the federal laws of the United States of America.

IN WITNESS WHEREOF, the Issuer has caused this bond to be duly executed.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By _____
Chairman

ATTEST:

_____
District Clerk

Dated _____

[END OF FORM OF TAX-EXEMPT BOND]

B. The Taxable Bond shall be in the following form:

[FORM OF FACE OF TAXABLE BOND]

REGISTERED REGISTERED

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)
TAXABLE DISTRICT GENERAL OBLIGATION BOND, SERIES 2009B
(Qualified Build America Bond – Direct Pay)

| INTEREST RATE | MATURITY DATE | ORIGINAL DATED DATE | CUSIP NO.: |
|---|---|---|---|
| _____% | _____ | December 30, 2009 | _____ ___ |

REGISTERED OWNER

PRINCIPAL AMOUNT

Festival Ranch Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (the "*Holder*"), on the "Maturity Date" specified above unless earlier redeemed as provided herein, the "Principal Amount" specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "Original Dated Date" specified above, or from the most recent "Interest Payment Date" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as such term is defined in the hereinafter described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2010 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

As provided in the Indenture, the interest, principal and Redemption Price (as such term is defined in the Indenture) payable on the Bonds (as such term is hereinafter defined) shall be paid to CEDE & Co. or its registered assigns in same-day funds no later than the time established by The Depository Trust Company (the "*Depository*") on the date due (or in accordance with then existing arrangements between the Issuer and the Depository).

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of Paying Agent is located then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment, except that in the event of a moratorium for banking institutions generally at the Place of Payment or in the city where the principal corporate trust office of the Paying Agent is located, such payment may be made on such next succeeding day except that the Bonds on which such payment is due shall continue to accrue interest until such payment is made or duly provided for.

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 Issuer) is pledged to the payment of the Bonds.

Unless the Certificate of Authentication hereon has been executed by the Trustee, by manual signature, this bond shall not be entitled to any benefit under the hereinafter described Bond Resolution or the Indenture or be valid or obligatory for any purpose.

This bond is one of a duly authorized issue of bonds of the Issuer having the designation specified in its title (the "*Bonds*"), issued and to be issued in one series under, and all equally and ratably secured, with the limitations described herein, by an Indenture of Trust and Security Agreement, dated as of December 1, 2009 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, N.A.., as trustee (the "*Trustee*"), which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Holders of the Bonds, the Trustee, and the Issuer, and the terms upon which the bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Holder of this bond hereby consents. The Bonds are authorized to be issued by a resolution of the District Board of the Issuer adopted on November 17, 2009 as amended and restated on December 15, 2009 (collectively, the "*Bond Resolution*"), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*").

The Bonds are payable, equally and ratably with such other obligations of the Issuer payable from such sources as may be outstanding from time to time and to the extent provided in the Bond Resolution, from the proceeds of an *ad valorem* tax, unlimited as to rate or amount, to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer sufficient together with any other moneys from sources available pursuant to the Enabling Act to pay debt service on the Bonds when due.

Notwithstanding any provisions hereof or of the Bond Resolution, however, the Indenture may be released and the obligation of the Issuer to make money available to pay this bond may be defeased by the deposit of money and/or certain direct or indirect Governmental Obligations (as such term is defined in the Indenture) sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in the denominations of $5,000 and any integral multiples thereof.

**Optional Redemption**. The Bonds are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2019, as a whole or in part, upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

**Mandatory Redemption**. The Bonds maturing on July 15, 2018, shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed 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 (July 15) | Principal Amount |
|---|---|
| 2016 | $210,000 |
| 2017 | 200,000 |
| 2018 (maturity) | 205,000 |

The Bonds maturing on July 15, 2034 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Project Bonds so redeemed plus accrued interest, if any, but without premium:

| Redemption Date (July 15) | Principal Amount |
|---|---|
| 2032 | $465,000 |
| 2033 | 540,000 |
| 2034 (maturity) | 545,000 |

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 rate basis, to the extent practicable provided, however, that each remaining mandatory payment shall be in an amount which is an Authorized Denomination.

Upon any partial redemption of any Bond, the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Bonds of the same maturity in authorized form for the unredeemed portion of principal. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If less than all the Outstanding Bonds are to be redeemed, the particular Bonds of a maturity to be redeemed shall, unless otherwise provided herein, be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds of such maturity or, as applicable, which have not previously been called for redemption, by lot and the Trustee may provide for the selection for redemption of portions (equal to an Authorized Denomination) of the principal of Bonds.

The Bonds shall initially be issued as a single fully-registered bond in each Stated Maturity and so long as the ownership of the Bonds is maintained in book-entry form by the Depository or a nominee thereof, this Bond may be transferred in whole but not in part only to the Depository or a nominee thereof or to a successor depository or its nominee.

Neither the Issuer nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person not shown on the registration books of the Trustee as being an Owner with respect to: (1) the Bonds; (2) the accuracy of any records maintained by the Depository or any Direct Participant or Indirect Participant; (3) the timely or untimely payment by the Depository or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution or the Indenture to be given to Owners; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by the Depository as Owner.

The Owner of this bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any

action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

The liability of the Issuer and obligations of the Issuer pursuant to the Indenture with respect to all or any portion of the Bonds may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Indenture.

No covenant or agreement contained in the Bonds, the Indenture or in the Bond Resolution shall be deemed to be the covenant or agreement of any elected or appointed official, officer, agent, servant or employee of the Issuer in his or her individual capacity or of any officer, director, agent, servant or employee of the Trustee or the Owner in his or her individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Terms used, but not defined, herein have the meanings set forth in the Indenture. Copies of the Bond Resolution and Indenture are on file at the designated office of the Trustee, and reference is made to those instruments for the provisions relating, among other things, to the terms and source of payment and security for the Bonds, the limited liability of the Issuer, the custody and application of the proceeds of the Bonds, the rights and remedies of the Owners of the Bonds, amendments, and the rights, duties and obligations of the Issuer and the Trustee, to all of which the Owner hereof, by acceptance of this bond, assents.

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Bonds under the Bond Resolution and the Indenture, at any time by the Issuer with the consent of the Holders of a majority in principal amount of the Bonds at the time Outstanding (as such term is defined in the Indenture) affected by such modification. The Bond Resolution and Indenture also contain provisions permitting the Holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Holders of all the Bonds, to waive compliance by the Issuer with certain past defaults under the Bond Resolution or the Indenture and their consequences. Any such consent or waiver by the Holder of this bond or any Predecessor Bond (as such term is defined in the Indenture) evidencing the same debt shall be conclusive and binding upon such Holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this bond.

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this bond for transfer to the Paying Agent at the Place of Payment duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the registered Holder hereof or his attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of authorized denominations and for the same aggregate principal amount shall be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, Bonds are exchangeable for a like aggregate principal amount of Bonds in authorized denominations, as requested by the Holder, upon surrender of the Bonds to be exchanged to the Paying Agent at the Place of Payment.

The Paying Agent may require payment of a sum sufficient to cover any tax or other charges payable in connection therewith.

The Issuer, the Trustee, and any agent of either of them may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this bond be overdue, and none of the Issuer, the Trustee, and any such agent shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

Unless the Certificate of Authentication hereon has been executed by the Trustee, by manual signature, this Bond shall not be entitled to any benefit under the Bond Resolution or the Indenture or be valid or obligatory for any purpose.

It is hereby certified, covenanted, and represented that all acts, conditions and things required to be performed, exist, and be done precedent to or in the issuance of this bond in order to render the same a legal, valid, and binding general obligation of the Issuer have been performed, exist and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the bonds does not exceed any constitutional or statutory limitation. In case any provision in this bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This bond shall be construed in accordance with and governed by the laws of the State of Arizona and the federal laws of the United States of America.

IN WITNESS WHEREOF, the Issuer has caused this bond to be duly executed.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By _____
Chairman

ATTEST:

_____
District Clerk

Dated _____

[END OF FORM OF TAXABLE BOND]

***Section 2.03. Form of Certificate of Authentication.*** Each of the Bonds shall have on the face thereof the following form:

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within-mentioned Indenture.

WELLS FARGO BANK, N.A., as Trustee

By_____
Authorized Representative

DATE:_____

***Section 2.04. Form of Assignment.*** Each of the Bonds shall have on the reverse thereof the following form:

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 Trustee.

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.

## ARTICLE III

## TERMS AND ISSUANCE OF THE BONDS

***Section 3.01. Title and Terms.***

A. There shall be two series of Bonds issued and secured hereunder entitled "FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009A" and "FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) TAXABLE DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009B (QUALIFIED BUILD AMERICA BONDS – DIRECT PAY), each dated December 30, 2009.

B. The Bonds shall be issued in Authorized Denominations.

C. The aggregate principal amount of the Bonds which may be authenticated and delivered and Outstanding is limited to $7,600,000 and the Stated Maturities, the principal amounts thereof maturing thereon, and the rates of interest the Bonds so maturing shall bear shall be as follows:

TAX-EXEMPT BONDS

| YEAR (July 15) | PRINCIPAL AMOUNT | INTEREST RATE |
|---|---|---|
| 2010 | $ 500,000 | 5.00% |
| 2011 | 165,000 | 5.00% |
| 2012 | 170,000 | 5.00% |
| 2013 | 180,000 | 5.00% |
| 2014 | 190,000 | 5.00% |
| 2015 | 200,000 | 5.00% |
| 2024* | 1,470,000 | 6.25% |
| 2031* | 2,560,000 | 6.50% |

* Term Bonds

TAXABLE BONDS

| YEAR (July 15) | PRINCIPAL AMOUNT | INTEREST RATE |
|---|---|---|
| 2018* | $ 615,000 | 8.000% |
| 2034* | 1,550,000 | 8.625% |

* Term Bonds

D. The Bonds shall bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from and including December 30, 2009, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each January 15 and July 15 commencing January 15, 2010 (herein each referred to as an "*Interest Payment Date*").

E. (i) So long as the Book-Entry-Only System is in effect, principal of or Redemption Price on any Bond shall be paid when due to the Securities Depository pursuant to the procedures established therefor pursuant to the Representation Letter.

(ii) If the Book-Entry-Only System is not in effect the principal of or Redemption Price for the Bonds shall be payable upon surrender of the Bonds to the Paying Agent in the Place of Payment when due. Interest on the Bonds payable on any Interest Payment Date shall be payable as provided in Section 3.07.

***Section 3.02. Redemption of Bonds.***

(1) **Optional Redemption**. The Bonds shall be redeemable from funds of the Issuer at the option of the Issuer, prior to their Stated Maturity in accordance with Article IV in whole or in part on any date on or after July 15, 2019 upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

(2) **Mandatory Redemption.**

(a) The Tax-Exempt Bonds maturing on July 15, 2024 shall be redeemed from funds of the Issuer prior to their Stated Maturities in accordance with Article IV on the following Redemption Dates and in the following amounts upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which consists of the principal amount of the Bonds so redeemed 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 (July 15) | Principal Amount |
|---|---|
| 2019 | $210,000 |
| 2020 | 225,000 |
| 2021 | 235,000 |
| 2022 | 250,000 |
| 2023 | 265,000 |
| 2024 (maturity) | 285,000 |

(b) The Tax-Exempt Bonds maturing on July 15, 2031 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Project Bonds so redeemed plus accrued interest, if any, but without premium:

| Redemption Date (July 15) | Principal Amount |
|---|---|
| 2025 | $300,000 |
| 2026 | 320,000 |
| 2027 | 340,000 |
| 2028 | 365,000 |
| 2029 | 385,000 |
| 2030 | 410,000 |
| 2031 (maturity) | 440,000 |

(c) The Taxable Bonds maturing on July 15, 2018 shall be redeemed from funds of the Issuer prior to their Stated Maturities in accordance with Article IV on the following Redemption Dates and in the following amount upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which consists of the principal

amount of the Bonds so redeemed 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 (July 15) | Principal Amount |
|---|---|
| 2016 | $210,000 |
| 2017 | 200,000 |
| 2018 (maturity) | 205,000 |

(d) The Taxable Bonds maturing on July 15, 2034 are subject to mandatory redemption on July 15 of the following year and in the following amount upon payment of the redemption price which consists of the principal amount of the Project Bonds so redeemed plus accrued interest, if any, but without premium:

| Redemption Date (July 15) | Principal Amount |
|---|---|
| 2032 | $465,000 |
| 2033 | 540,000 |
| 2034 (maturity) | 545,000 |

(3) 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 rate basis to the extent practicable, provided, however, that each remaining mandatory redemption requirements shall be in an Authorized Denomination.

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

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

B. Forthwith upon the execution and delivery of this Indenture, the Issuer shall deliver to the Trustee the Bonds, executed by the Issuer, and the Trustee shall thereupon authenticate the Bonds and deliver the Bonds to the Persons and in the principal amounts which were designated in writing to the Trustee not less than five (5) Business Days in advance of the receipt by the Trustee of:

(1) the Bond Resolution, duly and validly adopted by the Board, authorizing the execution and delivery hereof and the authentication and delivery of the Bonds, and

(2) the purchase price for the Bonds specified in the Bond Purchase Agreement.

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

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

any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified or authenticated and delivered.

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

F. The Bonds shall constitute general obligations of the Issuer. The Bonds shall be payable from (i) the proceeds of ad valorem property taxes imposed each year upon all taxable property in the Issuer without limit as to rate or amount, (ii) any revenue derived directly or indirectly from the enforcement of the collection of such taxes, and (iii) all moneys and earnings thereon held in the Funds or accounts herein created under the terms hereof (except the Rebate Fund).

***Section 3.04. Registration, Transfer and Exchange.***

A. Bond Register. The Issuer shall cause to be kept (at its agency for payment of the Bonds) in the Place of Payment a register (herein referred to as the "*Bond Register*") for the Bonds in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of the Bonds and registration of transfers of Bonds as herein provided.

B. Book-Entry-Only System.

(i) The Bonds shall be initially executed and delivered in the form of a separate, single, authenticated, fully registered bond (which may be typewritten) for each maturity of each series of the Bonds. Upon initial execution, authentication, and delivery, the ownership of the Bonds shall be registered in the Bond Register in the name of CEDE & Co., as nominee of DTC, the Securities Depository for the Bonds. The Trustee, the Paying Agent and the Issuer may treat the Securities Depository (or its nominee) as the sole, exclusive, and absolute owner of the Bonds registered in its name for all purposes, whether or not such Bond shall be overdue (including, without limitation, receiving payment of the principal, premium, if any, and interest on the Bonds, selecting Bonds or portions thereof to be redeemed, giving any notice required or permitted to be given to Bondholders hereunder, registering the transfer of Bonds, obtaining any consent from the Bondholders, and providing for any other action to be taken by the Bondholders hereunder), and none of the Trustee, the Paying Agent or the Issuer shall be affected by any knowledge or notice to the contrary. So long as the Bonds are registered in the name of a Securities Depository, including DTC, or its nominee, including CEDE & Co., payment of the principal of, premium, if any, purchase price of, and interest on such Bonds shall be made only to the Securities Depository or its nominee as such Holder, which payments shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid. None of the Paying Agent, the Trustee or the Issuer shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in a Bond under or through the Securities Depository or any Participant, or any other person which is not shown in the Bond Register as being a Holder, with respect to: the accuracy of any records maintained by the Securities Depository or any Participant; the payment by the Securities Depository or any Participant of any amount in respect of the principal of, premium, if any, purchase price of, or interest on the Bonds; any notice which is permitted or required to be given to Bondholders hereunder; the selection by the Securities Depository or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by the Securities Depository (or its nominee) as the Holder of the Bonds. Except under the conditions specified in subsection (C) of this Section 3.04, no person other than the Securities Depository shall receive authenticated Bonds. Upon delivery by the Securities Depository to the Paying Agent of written notice to such effect, the Securities Depository may substitute a new nominee in place of any existing nominee and subject to the provisions herein with respect to Record Dates, the term "CEDE & Co." in this Indenture shall refer to such new nominee of the Securities Depository.

(ii) The Issuer shall enter into the Representation Letter with the Securities Depository in connection with the issuance of the Bonds, and while the Representation Letter is in effect, the procedures established therein shall apply to the Bonds notwithstanding any other provisions of this Indenture to the contrary. Any Issuer Representative is authorized to execute a Representation Letter or such other documents as may be necessary for the Issuer to participate in the Book-Entry-Only System of the Securities Depository.

(iii) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Securities Depository, or its nominee, all payments with respect to principal of, premium, if any, purchase price of, and interest on, such Bond, and all notices with respect to such Bond, shall be made and given, respectively, as provided in the Representation Letter.

(iv) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture by the Issuer or the Trustee with respect to any consent or other action to be taken by Bondholders, the Issuer, or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the incumbent Securities Depository, if any, notice of such record date not less than 15 calendar days in advance of such record date to the extent practicable.

C. Discontinuance of Book-Entry-Only System. In the event (i) DTC, or any successor as Securities Depository, determines not to continue to act as Securities Depository, or (ii) the Issuer determines that the incumbent Securities Depository shall no longer so act, and delivers a written certificate of an Issuer Representative to such incumbent Securities Depository, the Trustee and the Paying Agent to that effect, then the Issuer shall discontinue the Book-Entry-Only System with the incumbent Securities Depository. If the Issuer determines to replace the incumbent Securities Depository with another Securities Depository, the Issuer shall prepare or direct the preparation of replacement Bonds for the Bonds registered in the name of the incumbent Securities Depository, or its nominee, to be registered in the name of such successor Securities Depository, or its nominee, or make such other arrangements acceptable to the Issuer, the Paying Agent, the Trustee and the successor Securities Depository as are not inconsistent with the terms of this Indenture. If the Issuer fails to identify a successor Securities Depository to replace the incumbent Securities Depository, then the Bonds shall no longer be restricted to being registered in the Bond Register in the name of the incumbent Securities Depository or its nominee, but shall be registered in whatever name or names the incumbent Securities Depository, or its nominee, shall designate in accordance with the provisions of Section 3.04D hereof. In such event the Issuer shall, at its expense, prepare, execute, and deliver a sufficient quantity of Bonds to the Trustee for authentication and delivery to carry out the transfers and exchanges provided in this Section and Section 3.04D hereof. All such Bonds shall be in fully registered form in Authorized Denominations.

D. If Book-Entry-Only System is Not in Effect. If, and so long as, the Book-Entry-Only System is not in effect, the following provisions shall apply.

(i) The Bonds shall be issued in the form of fully registered Bonds in Authorized Denominations. The interest on the Bonds shall be payable on the Interest Payment Dates by check mailed by the Paying Agent to the respective Holders thereof at their addresses as they appear on the applicable Record Date in the Bond Register, except that in the case of a Holder of $1,000,000 or more in aggregate principal amount of Bonds, upon the written request of such Holder to the Paying Agent, received at least 10 days prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds on the following Interest Payment Date. Any such request shall remain in effect until revoked or revised by such Bondholder by an instrument in writing delivered to the Paying Agent. The principal of and premium, if any, on each Bond shall be payable on the Stated Maturity, as applicable, or on redemption prior thereto, upon surrender thereof at the office of the Paying Agent.

(ii) Upon surrender for transfer of any Bond to a Paying Agent therefor in the Place of Payment, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new fully registered Bonds, of any Authorized Denominations, and of a like series and aggregate principal amount as requested by the transferor.

(iii) At the option of the Bondholder, Bonds may be exchanged for other Bonds of any Authorized Denominations, and of like series and aggregate principal amount and Stated Maturity, upon surrender of the Bonds to a Paying Agent therefor in the Place of Payment. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Bonds which the Holder of Bonds making the exchange is entitled to receive.

(iv) All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits hereunder and under the Bond Resolution, as the Bonds surrendered upon such transfer or exchange.

(v) Every Bond presented or surrendered for transfer or exchange shall be duly endorsed (if so required by the Trustee), or be accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed, by the Holder thereof or his attorney duly authorized in writing.

(vi) The Trustee may require payment of a sum sufficient to cover any tax or other charges that may be imposed in connection with any transfer or exchange of Bonds.

(vii) Neither the Issuer nor the Trustee shall be required (1) to issue, transfer or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of the first mailing of a notice of redemption of Bonds under Section 4.04 and ending at the close of business on the day of such mailing or (2) thereafter to transfer or exchange any Bond to be redeemed in whole or in part pursuant to such notice.

E. Upon surrender for transfer of any Bond to a Paying Agent therefore in the Place of Payment, accompanied by such other documents as are required in the form of the Bond in Section 2.02 in connection with the transfer thereof to a Qualified Investor, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new fully registered Bonds of any Authorized Denominations, and of a like aggregate principal amount as requested by the transferor.

***Section 3.05. Temporary Bonds.***

A. Pending the preparation of definitive Bonds, the Issuer may execute, and upon Issuer Request the Trustee shall authenticate and deliver, temporary Bonds which are printed, lithographed, typewritten, mimeographed, or otherwise produced, in any Authorized Denomination, substantially of the series and tenor of the definitive Bonds in lieu of which they are issued, in fully registered form, and with such appropriate insertions, omissions, substitutions, and other variations as the officers executing such Bonds may determine, as evidenced by their execution of such Bonds.

B. If temporary Bonds are issued, the Issuer shall cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds to the Trustee without charge to the Holder. Upon surrender for cancellation of any one or more temporary Bonds, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of the same maturity and of Authorized Denominations. Until so exchanged, temporary Outstanding Secured Bonds shall in all respects be entitled to the security and benefits of this Indenture.

***Section 3.06. Mutilated, Destroyed, Lost and Stolen Bonds.***

(A) If (1) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the Trustee such security or indemnity as may be required by it to save each of the Issuer and Trustee harmless, then, in the absence of notice to the Issuer or the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon a request of the Issuer Representative, the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of like series, tenor, aggregate principal amount and Stated Maturity bearing a number not contemporaneously outstanding, provided, however, in case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the Issuer or the Trustee in its discretion may pay such Bond instead of issuing a new Bond. If, after the delivery of such new Bond or payment, a bona fide purchaser of the original Bond in lieu of which such new Bond was issued or payment made presents for payment such original Bond, the Issuer and the Trustee shall be entitled to recover such new Bond or payment from the Person to whom it was delivered or to which payment was made or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expenses incurred by the Issuer or the Trustee in connection therewith.

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

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

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

***Section 3.07. Payment of Interest on Bonds; Interest Rights Preserved.***

A. So long as the Book-Entry-Only System is in effect, interest on any Bond shall be paid when due to the Securities Depository pursuant to the procedures established therefor pursuant to the Representation Letter.

B. Interest on any Bond which is payable on, and is punctually paid or duly provided for on, any Interest Payment Date shall be paid to the Person in whose name that Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date for such interest. Such interest, in the absence of other arrangements acceptable to the Paying Agent made by the Holder as of such date, shall be paid by check payable to the order and mailed to the address of such Holder as the same appears on the Bond Register and such payment shall be deemed to be at the Place of Payment. Additionally, payment of interest (and payment of principal if provision for surrender of the Bonds is made with the Trustee) may also be made by wire transfer upon twenty (20) days prior written request delivered to the Paying Agent specifying a wire transfer address in the United States of America by any Holder of Bonds owning an aggregate principal amount of at least $1,000,000. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in writing delivered by the Owner to the Paying Agent, any such rescission or change must be received by the Paying Agent at least twenty (20) days prior to the next applicable Interest Payment Date.

C. Any interest on any Bond which is payable on, but is not punctually paid or duly provided for on, any Interest Payment Date (herein referred to as "*Defaulted Interest*") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder. Such Defaulted Interest shall thereupon be paid by the Issuer to the Persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such portion of Defaulted Interest as may then be paid from the sources herein provided. The Issuer shall promptly notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Holders entitled to such Defaulted Interest as in this Subsection provided and not to be deemed part of the Trust Estate for the other than Outstanding Secured Bonds. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment by the Trustee and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Holder of a Bond at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date.

D. Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange, or substitution.

***Section 3.08. Cancellation.*** All Bonds surrendered for payment, redemption, transfer, exchange, replacement or conversion, and all Bonds, if surrendered to the Trustee, shall be promptly canceled by it and, if surrendered to the Issuer or any Paying Agent, shall be delivered to the Trustee and, if not already canceled, shall be promptly canceled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Bonds previously certified or authenticated and delivered which the Issuer may have acquired by any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the

Trustee. No Bond shall be authenticated in lieu of or in exchange for any Bond canceled as provided in this Section, except as expressly provided by this Indenture.

***Section 3.09. Persons Deemed Owners.*** The Issuer, the Trustee, and their agents may treat the Person in whose name any Bond is registered as the owner of such bond for the purpose of receiving payment of the principal (and Redemption Price) of and interest on such Bond as provided herein and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, none of the Issuer, the Trustee, and any such agent shall be affected by notice to the contrary.

## ARTICLE IV

## REDEMPTION OF BONDS

***Section 4.01. General Applicability of Article.*** The Bonds shall be redeemable before their Stated Maturity in accordance with Section 3.02 and this Article.

***Section 4.02. Election to Redeem; Notice to Trustee.*** The exercise by the Issuer of its option to redeem any Bonds shall be evidenced by a Board Resolution. In case of any redemption at the election of the Issuer of less than all of the Outstanding Bonds, the Issuer shall, at least sixty (60) days prior to the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the principal amount and maturities of the Bonds to be redeemed.

***Section 4.03. Selection of Bonds to be Redeemed.***

A. If less than all the Outstanding Bonds of a Stated Maturity of the Bonds are to be redeemed, the particular Bonds of such series and Stated Maturity of the Bonds, to be redeemed shall be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds, which have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and which may provide for the selection for redemption of portions (equal to Authorized Denominations) of the principal of Bonds and provided that no Bonds shall be redeemed if such redemption would result in such Bond being less than the minimum Authorized Denomination for such Bonds.

B. The Trustee shall promptly notify the Issuer in writing of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

***Section 4.04. Notice of Redemption.***

A. Notice of redemption shall be given by the Trustee in the name and at the expense of the Issuer, not less than thirty (30) nor more than sixty (60) days prior to the Redemption Date, to each Holder of Bonds to be redeemed, at his address appearing in the Bond Register.

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

(1) the Redemption Date,

(2) the Redemption Price,

(3) the series and principal amount of Bonds to be redeemed and, if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) to be redeemed,

(4) that on the Redemption Date, the Redemption Price of each of the Bonds to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date, and

(5) that Bonds to be redeemed are to be surrendered for payment of the Redemption Price to the Paying Agent in the Place of Payment and the address of such Paying Agent.

C. Notices of redemption shall also be sent pursuant to this Section for receipt no later than the close of business on the second Business Day prior to the mailing of such notice by (1) registered or certified mail, (2) overnight delivery service, or (3) facsimile transmission, to the following registered securities depositories registered with the Securities and Exchange Commission known to the Trustee to be then in the business of holding substantial amounts of obligations of types such as the Bonds, including:

Midwest Securities Trust Company Capital
Structured-Call Notification
440 South LaSalle Street
Chicago, Illinois 60605
Facsimile transmission: (312) 663-2343

The Depository Trust Company
711 Stewart Avenue
Garden City, New York 11530
Facsimile transmission: (516) 227-4039; (516) 227-4190

Philadelphia Depository Trust Company
Reorganization Division
1900 Market Street
Philadelphia, Pennsylvania 19103
Facsimile transmission: (215) 496-5058

D. Notices of redemption shall also be sent on the date of the mailing of the notice pursuant to this Section by (1) registered or certified mail, (2) overnight delivery service, or (3) facsimile transmission to two of the following services:

Moody's Municipal and Government
99 Church Street, 8th Floor
New York, New York 10007
Attention: Municipal News Reports

Standard & Poor's Called Bond Record
25 Broadway, 3rd Floor
New York, New York 10004

Financial Information, Inc.'s
Financial Daily Called Bond Service
30 Montgomery Street, 10th Floor
Jersey City, New Jersey 07302
Attention: Editor

Kenney Information Service's Called Bond Service
55 Bond Street, 28th Floor
New York, New York 10004

and to Electronic Municipal Market Access ("EMMA") system and The EMMA Continuing Disclosure System of the Municipal Securities Rulemaking Board and, if for any reason, EMMA no longer exists, the Trustee shall send the notices to the following national repositories:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Telephone: 609.279.3225
Fax: 609.279.5962
*www.bloomberg.com/markets/muni_contactinfo.html*
E-mail: *Munis@Bloomberg.com*

Standard & Poor's Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, New York 10041
Telephone: 212.438.4595
Fax: 212.438.3975
*www.jjkenny.com/jjkenny/pser_descrip_data_rep.html*
E-mail: *nrmsir_repository@sandp.com*

DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Telephone: 201.346.0701
Fax: 201.947.0107
*www.dpcdata.com*
E-mail: *nrmsir@dpcdata.com*

Interactive Date Pricing & Reference Data, Inc.
Attn: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
Telephone: 212.771.6999
Fax: 212.771.7390
*www.interactivedata.prd.com*
E-mail: *NRMSIR@interactivedata.com*

E. Neither the failure to mail any notice required by Subsection C or D hereof, nor any defect in any notice so mailed, shall affect the sufficiency of such notice or the redemption otherwise effected by such notice.

***Section 4.05. Deposit of Redemption Price and Interest.*** On or before the Business Day preceding the earliest date for mailing of the notice required by Section 4.04 with regard to any Redemption Date relating to Section 3.02(1), the Issuer shall deposit or cause to be deposited with the Trustee an amount of money which, together with any amounts in the Bond Fund available for such purpose, is sufficient to pay the Redemption Price of all the Bonds then to be redeemed and interest, if any, accrued thereon to the Redemption Date. Such money and amounts shall be segregated and shall be held in trust, uninvested, for the benefit of the Holders entitled to such Redemption Price and shall not be deemed to be part of the Trust Estate.

***Section 4.06. Bonds Payable on Redemption Date.***

A. Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Issuer at the Redemption Price, but solely from the sources therein provided. Installments of interest with a Stated Maturity on or prior to the Redemption Date shall be payable to the Holders of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 3.07.

B. If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in such Bond.

***Section 4.07. Bonds Redeemed in Part.*** Except as otherwise provided under the Book-Entry-Only System, any Bond which is to be redeemed only in part shall be surrendered at the principal corporate trust office of the Trustee, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of the same series and Stated Maturity and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

## ARTICLE V

## FUNDS

***Section 5.01. Bond Fund.*** There is hereby created by the Issuer and established with the Trustee, a special fund of the Issuer designated its "District General Obligation Bonds, Series 2009 Bond Fund" (herein referred to as the *"Bond Fund"*). The money deposited to the Bond Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Sections 5.02 and 7.04 hereof.

***Section 5.02. Deposits to and Application of Bond Fund.***

A. Upon receipt, the Issuer shall immediately deposit with the Trustee and the Trustee shall deposit to the credit of the Bond Fund:

(1) all amounts collected by or remitted to the Issuer as ad valorem taxes to the extent provided in Section 10.01(A) hereof, including collections of delinquent taxes; and

(2) such other funds as the Issuer shall, at its option deem advisable.

B. The Bond Fund shall be applied solely to pay Debt Service on the Bonds on the dates due in the amounts and order provided in Sections 3.01 and 3.02 and to pay Rebate pursuant to Section 10.06 and, subject to the provisions of Section 8.06, the fees of the Trustee.

***Section 5.03. Acquisition and Construction Fund.*** There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "General Obligation Bonds, Series 2009 Acquisition and Construction Fund" (herein referred to as the "*Acquisition and Construction Fund*"). The money deposited to the Acquisition and Construction Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.04.

***Section 5.04. Deposits to and Application of Acquisition and Construction Fund.*** The Issuer shall deposit to the credit of the Acquisition and Construction Fund the proceeds of the Bonds as provided in Section 5.05. Upon an Issuer Request, amounts on deposit in the Acquisition and Construction Fund shall be applied by the Trustee in the amounts and to the persons set forth in such Issuer Request to pay Costs of Issuance and Costs of Acquisition and Construction and, to the extent the funds deposited to the Acquisition and Construction Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the Issuer as provided by Issuer Request to transfer such unexpended proceeds or income to the Bond Fund. On December 1, 2012 any amounts remaining in the Acquisition and Construction Fund shall be transferred to the Bond Fund.

***Section 5.05. Disposition of Proceeds of Bonds.*** Simultaneously with delivery of the Bonds to the initial purchaser thereof, the Issuer shall cause the Trustee to deposit the proceeds thereof to the credit of the Acquisition and Construction Fund for the purposes described in Section 5.04.

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

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

B. Money held for the credit of the Acquisition and Construction Fund shall, as nearly as may be practical, be continuously invested and reinvested by the Trustee in Permitted Investments as directed by the Issuer.

C. The Trustee shall sell or present for redemption any obligations so purchased as an investment hereunder whenever it shall be necessary so to do in order to provide money to make any payment or transfer of money required hereby. Investments shall mature, or shall be subject to redemption by the holder thereof at the option of such holder without penalty, not later than the respective dates when such money is expected to be required for the purpose intended. Obligations so purchased as an investment of any money credited to any fund established hereunder shall be deemed at all times to be a part of such fund. The interest accruing on obligations so purchased and any profit realized from such investment shall be credited to such Fund and any loss resulting from such investment shall be charged to such fund.

D. All money held by the Trustee hereunder shall be continuously secured in the manner and to the fullest extent then required by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. The Trustee may make any investment permitted by this Indenture through or with its own commercial banking or investment departments. The Trustee shall not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from its own negligence or willful misconduct.

E. All investments in the Funds established under the Indenture shall be valued at fair market value by the Trustee.

***Section 5.07. Reports by Trustee.*** As soon as possible after January 15 and July 15 of each year, the Trustee shall provide to the Issuer, the Original Purchaser and counsel to the Issuer (as identified by a certificate of the Issuer) the balances as of such date in each fund established hereunder.

***Section 5.08. Repayment to the Issuer.*** Any amounts remaining in the funds or accounts established hereby after payment in full of the Bonds (or provision for such payment), the fees and expenses of the Trustee, the annual fees and all other amounts required to be paid hereunder (including payments into the Rebate Fund and to the United States of America) shall be paid to the Issuer.

## ARTICLE VI

## DEFEASANCE AND RELEASES

***Section 6.01. Payment of Indebtedness; Satisfaction and Discharge of Indenture.*** Whenever

A. all Bonds theretofore authenticated and delivered have been canceled by the Trustee or delivered to the Trustee for cancellation, excluding, however:

(1) Bonds for the payment of which money has theretofore been deposited in trust with the Trustee or a Paying Agent as provided in Section 4.05,

(2) Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 3.06, except for any such Bond which, prior to the satisfaction and discharge of this Indenture, has been presented to the Trustee with a claim of ownership and enforceability by the Holder thereof and where enforceability has not been determined adversely against such Holder by a court of competent jurisdiction,

(3) Bonds, other than those referred to in the foregoing clauses, for the payment or redemption (under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name and at the expense of the Issuer) of which the Issuer has deposited or caused to be deposited with the Trustee in trust for such purpose an amount (to be immediately available for payment, except in the case of Bonds excepted from the foregoing Clause (b) prior to the time the ownership and enforceability of such Bonds has been established) sufficient to pay and discharge the entire indebtedness on the Bonds for principal (and premium, if any) and interest to the date of Maturity thereof which have become due and payable or to the Stated Maturity or Redemption Date, as the case may be, and

(4) Bonds deemed no longer Outstanding as a result of the deposit or escrow of money or Governmental Obligations or both as described in Section 6.02; and

B. the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer, then, upon an Issuer Request, this Indenture and the lien, rights, and interests created hereby shall cease, determine, and become null and void (except as to any surviving rights of transfer or exchange of Bonds herein or therein provided for), and the Trustee and each co-trustee and separate trustee, if any, then acting as such hereunder shall, at the expense of the Issuer, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer, and deliver to the Issuer or upon Issuer Request all cash, securities, and other personal property then held by it hereunder as a part of the Trust Estate.

C. In the absence of an Issuer Request as aforesaid, the payment of all Outstanding Secured Bonds shall not render this Indenture inoperative.

D. Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Issuer to the Trustee under Section 8.06 shall survive.

***Section 6.02. Defeasance.*** Any Bond shall be deemed to be no longer Outstanding when payment of the principal of such Bond, plus interest thereon to the Maturity thereof (whether such Maturity be by reason of the Stated Maturity thereof or call for redemption, if notice of such call has been given or waived or irrevocable arrangements therefor satisfactory to the Trustee have been made) shall have been provided for by depositing for such payment from funds of the Issuer under the terms provided in this

Section (1) money sufficient to make such payment or (2) money and Governmental Obligations certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as shall, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom be sufficient to make such payment, provided that all necessary and proper fees, compensation, and expenses of the Trustee and Paying Agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Any such deposit shall be made either with the Trustee or, if notice of such deposit is given to the Trustee, with a state or nationally chartered bank with a minimum combined capital and surplus of $10,000,000, as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or the Paying Agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the Maturity thereof and of such interest or the Stated Maturity, as the case may be. In the event such deposit is made with respect to some but not all of the Bonds then Outstanding, the Trustee shall select the Outstanding Bonds in the same manner as provided in Section 4.03 for the selection of Bonds to be redeemed.

Notwithstanding anything herein to the contrary however, no such deposit shall have the effect hereinabove described (1) if made during the existence of default hereunder of which the Trustee has received written notice unless made with respect to all of the Bonds then Outstanding and (2) unless there shall be delivered to the Trustee an Opinion of Counsel to the effect that such deposit shall not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose shall be held by the Trustee in a segregated account in trust for the Holders of the Bonds with respect to which such deposit is made and together with any investment income therefrom, shall be disbursed solely to pay the principal of and interest on the Bonds when due. No money or Governmental Obligations so deposited pursuant to this Section shall be invested or reinvested unless in Governmental Obligations and unless such money not invested, such Governmental Obligations not reinvested, and such new investments are together certified by an independent accountant of national reputation to be of such amounts, maturities, and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for purposes of any such payment from such money or Governmental Obligations.

***Section 6.03. Application of Deposited Money.*** Money or Governmental Obligations deposited with the Trustee pursuant to Section 6.02 shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Subject to the provisions of Section 4.03, such money or Governmental Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent as the Trustee may determine) to the Holders entitled thereto of the principal (and premium, if any) and interest for the payment of which such money has been deposited with the Trustee.

## ARTICLE VII

## DEFAULTS; REMEDIES

***Section 7.01. Events of Default.*** Each of the following is hereby defined as and shall be deemed an "Event of Default":

A. Default in the payment of the principal of any Bonds when the same shall become due and payable, whether at the Stated Maturity thereof, on a sinking fund payment date or upon proceedings for redemption;

B. Default in the payment of any installment of interest on any Bonds when the same shall become due and payable; and

C. Default shall be made in the observance or performance of any covenant, agreement, contract or other provision in the Bonds or this Indenture contained (other than as referred to in subsection A or B of this Section) and such default shall continue for a period of 30 days after written notice to the Issuer and the Trustee from the Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding or to the Issuer from the Trustee specifying such default and requiring the same to be remedied, provided, with respect to any such failure covered by this subsection C, no Event of Default shall be deemed to have occurred so long as a course of action adequate to remedy such failure has been commenced within such 30-day period and shall thereafter be diligently prosecuted to completion and the default shall be cured thereby.

***Section 7.02. Suits for Enforcement; Mandamus.***

A. The Trustee in its discretion, subject to the provisions of Section 7.11, may proceed to protect and enforce its rights and the rights of the Bondholders under this Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained herein or in aid of the execution of any power granted herein or for the enforcement of any other legal, equitable, or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or the Bondholders.

B. In addition to all rights and remedies of any Holder of Bonds provided herein, in the event the Issuer defaults in the payment of the principal of or premium, if any, or interest on any of the Bonds when due, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution, this Indenture, the Trustee shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the directors and other officers of the Issuer to make such payment or to observe and perform any covenant, obligation, or condition prescribed in the Bond Resolution, or this Indenture.

C. Notwithstanding the foregoing, no judgment or remedy obtained against the Issuer shall result in an acceleration of any amount owing on the Bonds prior to the actual due date.

***Section 7.03. Covenant to Pay Trustee Amounts Due on Bonds and Right of Trustee to Judgment.***

A. If

(1) default occurs in the payment of any interest on any Bond when such interest becomes due and payable, or

(2) default occurs in the payment of the principal of (or premium, if any, on any Bond at its Maturity,

then upon demand of the Trustee, the Issuer shall pay or cause to be paid to the Trustee for the benefit of the Holders of such Bonds the amount so due and payable on the Bonds for principal (and premium, if any) and interest and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of administration and collection, including the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the Issuer fails to pay or cause to be paid such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to sue for and recover judgment against the Issuer for the amount then so due and unpaid.

B. The Trustee shall be entitled to sue and recover judgment as aforesaid either before, after, or during the pendency of any proceedings for the enforcement of the lien of this Indenture, and in case of a sale of the Trust Estate and the application of the proceeds of sale as aforesaid, the Trustee, in its own name and as trustee of an express trust, shall be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon the Outstanding Secured Bonds, for the benefit of the Holders thereof, and shall be entitled to recover judgment for any portion of the same remaining unpaid, with interest as aforesaid. No recovery of any such judgment upon any property of the Issuer shall affect or impair the lien of this Indenture upon the Trust Estate or any rights, powers, or remedies of the Trustee hereunder, or any rights, powers, or remedies of the Holders of the Bonds.

***Section 7.04. Application of Money Collected.*** Any money collected by the Trustee pursuant to this Article together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

A. *First*: To the payment of all unpaid amounts due the Trustee under Section 8.06;

B. *Second*: To the payment of the whole amount then due and unpaid upon the Outstanding Secured Bonds, for principal of and premium, if any, and interest on the Bonds and with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any), and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest without any preference or priority, ratably according to the aggregate amount so due; and

C. *Third*: To the payment of the remainder, if any, to the Issuer, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

***Section 7.05. Trustee May File Proofs of Claim.***

A. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceeding relative to the Issuer or the property of the Issuer, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the Issuer for the payment of overdue principal, premium, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(1) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Secured Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including

any claim for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel) and of the Bondholders allowed in such judicial proceeding, and

(2) to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator, or other similar official in any such judicial proceeding is hereby authorized by each Bondholder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Bondholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements, and advances to the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 8.06.

B. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondholder any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Bondholder in any such proceeding.

***Section 7.06. Trustee May Enforce Claims Without Possession of Bonds.*** All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Bonds in respect of which such judgment has been recovered.

***Section 7.07. Unconditional Right of Bondholders to Receive Principal, Premium and Interest.*** Notwithstanding any other provision herein, the Holder of any Bond shall have the right which is absolute and unconditional to receive, after payment of all amounts due to the Trustee hereunder, payment of the principal of and (subject to Section 7.11) interest on any such Bond on the respective Stated Maturities expressed in such Bond (or, in the case of redemption, on the Redemption Date), and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder; provided, however, that no Bondholder shall be entitled to take any action or institute any such suit to enforce the payment of his Bonds, whether for principal, interest or premium, if and to the extent that the taking of such action or the institution or prosecution of any such suit or the entry of judgment therein would under applicable law result in a surrender, impairment, waiver, or loss of the lien hereof upon the Trust Estate, or any part thereof, as security for Bonds held by any other Bondholder.

***Section 7.08. Rights and Remedies Cumulative.*** No right or remedy herein conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. Except as otherwise provided herein with regard to the rights or remedies of Bondholders, the assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

***Section 7.09. Delay or Omission Not Waiver.*** No delay or omission of the Trustee or any Holder of any Bond to exercise any right or remedy accruing upon a default under this Article shall impair any such right or remedy or constitute a waiver of any such default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondholders, as the case may be.

***Section 7.10. Control by Bondholders.***

A. The Holders of a majority in aggregate principal amount of any Outstanding Bonds affected thereby shall have the right (subject to providing indemnity to the Trustee)

(1) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of this Indenture, the sale of the Trust Estate, or otherwise; and

(2) to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder, provided that

a. such direction shall not be in conflict with any rule of law or this Indenture,

b. the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction,

c. the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Holders not taking part in such direction, and

d. if the remedy requires the consent of a certain number of the Holders, such consent has been provided.

B. Before taking action pursuant to this Section, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the Issuer shall reimburse the Trustee for all of the expenses of the Trustee pursuant to Section 8.06.

***Section 7.11. Rights and Remedies of Bondholders.*** No Holder of any Bond has any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred nor unless such default has become an Event of Default and the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding has made written request to the Trustee and offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless the Trustee shall thereafter fail or refuse to exercise within a reasonable period of time (not to exceed 30 days) the powers herein granted, or to institute such action, suit or proceeding in its own name; it being understood and intended that no one or more Holders of the Bonds has the right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his, her or their action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal benefit of the Holders of the Bonds then outstanding. Nothing contained in this Indenture shall, however, affect or impair the right of any Holder of a Bond to enforce payment, by the institution of any suit, action or proceeding in equity or at law, of the principal of, premium, if any or interest on any such Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds to the respective Holders of the Bonds at the time and place, from the source and in the manner herein and in the Bonds expressed. For purposes of this Section, so long as the Bonds are held by the Securities Depository pursuant to the Book-Entry-Only System hereof, the Trustee shall be permitted to accept direction from the Beneficial Owners of the Bonds, rather than the Bondholder, upon receipt by the Trustee of appropriate certification of such Beneficial Ownership.

***Section 7.12. Waiver of Past Defaults.***

A. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the Holders of not less than a majority in aggregate principal amount of Outstanding Bonds affected thereby may, by Act of such Bondholders delivered to the Trustee and the Issuer, on behalf of the Holders of all the Bonds waive any past default hereunder and its consequences, except a default in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Holder of each Outstanding Bond affected.

B. Upon any such waiver, such default shall cease to exist for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

***Section 7.13. Undertaking for Costs.*** All parties to this Indenture agree, and each Holder of any Bond by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by or against the Trustee, to any suit instituted by any Bondholder, or group of Bondholders of the Bonds affected thereby, holding in the aggregate more than ten percent (10%) in principal amount of the Outstanding Bonds, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the Stated Maturity expressed in such Bond (or, in the case of redemption, on or after the Redemption Date).

***Section 7.14. Remedies Subject to Applicable Law.*** All rights, remedies, and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable, or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

## ARTICLE VIII

## THE TRUSTEE

***Section 8.01. Certain Duties and Responsibilities.***

A. The Trustee undertakes to perform such duties and only such duties as are specifically set forth herein and no implied covenants or obligations shall be read into this Indenture against the Trustee. In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by an provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements hereof.

B. No provision hereof shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this Subsection shall not be construed to limit the effect of Subsection A of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Bonds or to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder; and

(4) no provision hereof shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in Section 7.10B.

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

***Section 8.02. Certain Rights of Trustee.*** Except as otherwise provided in Section 8.01 hereof:

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

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

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

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

C. whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate or, for purposes of Section 10.05(B), an appropriate certificate of the Rebate Consultant;

D. the Trustee may consult with legal counsel and the written advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Trustee hereunder in good faith and in reliance thereon;

E. the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondholders pursuant to this Indenture, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction;

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

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

***Section 8.03. Not Responsible for Recitals or Application of Proceeds.*** The recitals contained herein and in the Bonds, except the certificate of authentication on the Bonds, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or genuineness of any securities at any time pledged and deposited with the Trustee hereunder, or as to the validity or sufficiency hereof or of the Bonds. The Trustee shall not be accountable for the use or application by the Issuer of the Bonds or the proceeds thereof.

***Section 8.04. May Hold Bonds.*** The Trustee, any Paying Agent, the Bond Registrar, and any other agent appointed hereunder, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee, Paying Agent, Bond Registrar or such other agent.

***Section 8.05. Money Held in Trust.*** Money held by the Trustee hereunder need not be segregated from other funds except to the extent required bylaw or the provisions of this Indenture. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

***Section 8.06. Compensation and Reimbursement.***

A. The Issuer shall

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

(2) except as otherwise expressly provided herein, reimburse the Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Trustee in accordance with any provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement, or advance as may be attributable to the Trustee's negligence or bad faith.

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

***Section 8.07. Corporate Trustee Required; Eligibility.*** There shall at all times be a Trustee hereunder which shall be a bank or trust company organized and doing business under the laws of the United States or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000, subject to supervision or examination by federal or State authority, 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 this section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

***Section 8.08. Resignation and Removal; Appointment of Successor.***

A. No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall be come effective until the acceptance of appointment by the successor Trustee under Section 8.09.

B. The Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

C. The Trustee may be removed at any time by Act of the Holders of a majority in principal amount of the Outstanding Bonds, delivered to the Trustee and the Issuer.

D. The Trustee may be removed at any time by the Issuer by Board Resolution delivered to the Trustee and Paying Agent.

then, in either such case, the Issuer by Board Resolution may remove the Trustee.

E. If the Trustee shall resign, be removed, or become incapable of acting, the Issuer, by Board Resolution, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust

Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed by the Bondholders. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Bonds and delivered to the Issuer and the retiring Trustee, then the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer or by such receiver or trustee. If no successor Trustee shall have been so appointed by the Issuer or the Bondholders and accepted appointment in the manner hereinafter provided, any Bondholder who has been a bona fide Holder of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

F. The Issuer shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Holders of the Bonds. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

***Section 8.09. Acceptance of Appointment by Successor.***

A. Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to the Issuer and the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers, and trusts of the retiring Trustee, and shall duly assign, transfer, and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 8.06. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers, and trusts.

B. No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

***Section 8.10. Merger, Conversion, Consolidation or Succession to Business.*** Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion, or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

***Section 8.11. Paying Agents; Appointment and Acceptance of Duties; Removal.***

(A) The Trustee is hereby designated and agrees to act as principal Paying Agent for and in respect of the Bonds.

(B) The Issuer may appoint one or more additional Paying Agents for the Bonds. Any such Paying Agent shall be a commercial bank or trust company organized under the laws of the United

States of America or one of the states thereof. Each Paying Agent (other than the Trustee) shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Issuer and the Trustee a written acceptance thereof. The Issuer may remove any Paying Agent (other than the Trustee) and any successors thereto, and appoint a successor or successors thereto; provided that any such Paying Agent designated by the Issuer shall continue to be a Paying Agent of the Issuer for the purpose of paying the principal of and interest on the Bonds until the designation of a successor as such Paying Agent. Each Paying Agent is hereby authorized to pay or redeem Bonds when (except as otherwise provided in the Book-Entry-Only System) duly presented to it for payment or redemption, which Bonds shall thereafter be delivered to the Trustee for cancellation.

***Section 8.12. Federal Subsidy Payments Relating to Taxable Bonds.***

(A) At least ninety-five (95) days prior to each Interest Payment Date with respect to the Taxable Bonds, the Trustee shall deliver to the Issuer by a delivery method that provides the Trustee with evidence of delivery (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 form and certification shall be sent to the attention of the District Manager or other officer so designated by the District. The Issuer shall 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 Taxable Bonds, by a delivery method which provides the Issuer with evidence of delivery. The Issuer may hire an independent consultant to review the Form 8038-CP.

(B) Not more than ninety (90) and not less than forty-five (45) days prior to each Interest Payment Date for the Taxable Bonds, the Trustee shall 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 Issuer 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 shall deliver a copy of such Form 8038-CP to the Issuer. The Issuer hereby authorizes and directs the Trustee to take all actions necessary to prepare and file the Form 8038-CP, 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 Issuer and agreed to by the Trustee, to request the subsidy payment with respect to such Interest Payment Date. Failure by the Trustee to prepare or file the Form 8038-CP shall not affect any payment obligations of the Issuer hereunder.

(C) The Form 8038-CP shall authorize the subsidy payment requested in accordance with clause (a) above to be paid to the Trustee. Upon receipt of any subsidy payment, the Trustee shall promptly deposit such payment in the Bond Fund as a credit against the next payment required to be made under Section 3.01 or Section 3.02, as applicable, with respect to the Taxable Bonds.

(D) The Trustee shall charge a fee based on a schedule it will establish from time to time for performing its responsibilities under this Section, which fee will be paid by the Issuer in accordance with the Trustee's applicable fee schedule. The Trustee may also require reimbursement of any additional expenses incurred in connection with the filing required by clause (B) above.

## ARTICLE IX

## SUPPLEMENTAL INDENTURES; AMENDMENTS TO BOND RESOLUTION

***Section 9.01. Supplemental Indentures or Amendments to Bond Resolution, Without Consent of Bondholders.*** Without the consent of the Holders of any Bonds, the Issuer, when authorized by Board Resolution, and the Trustee may from time to time enter into one or more indentures supplemental hereto in form satisfactory to the Trustee, or the Issuer may amend the Bond Resolution, for any of the following purposes:

A. to correct or amplify the description of an property at any time subject to the lien hereof, or better to assure, convey, and confirm unto the Trustee any property subject or required to be subjected to the lien hereof, or to subject to the lien hereof additional property; or

B. to add to the conditions, limitations, and restrictions on the authorized amount, terms, or purposes of issue, authentication, and delivery of Bonds, as herein set forth, and additional conditions, limitations, and restrictions thereafter to be observed; or

C. to evidence the succession of another entity to the Issuer and the assumption by any such successor of the covenants of the Issuer herein, in the Bond Resolution, or the Bonds contained; or

D. to add to the covenants of the Issues for the benefit of the Holders of all of the Bonds; or

E. to cure any ambiguity, to correct or supplement any provisions herein or in the Bond Resolution, which may be inconsistent with any other provision herein or in the Bond Resolution, or to make any other provisions, with respect to matters or questions arising under this Indenture or the Bond Resolution, which shall not be inconsistent with the provisions of this Indenture or the Bond Resolution, provided such action shall not adversely affect the interests of the Holders of the Bonds.

***Section 9.02. Supplemental Indentures or Amendments to the Bond Resolution, With Consent of Bondholders.***

A. With the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds affected by such supplemental indenture or such amendment, by Act of such Holders delivered to the Issuer and the Trustee, the Issuer, when authorized by Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto or amendments to the Bond Resolution, for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions hereof or the Bond Resolution, or of modifying in any manner the rights of the Holders of the Bonds under this Indenture or the Bond Resolution; provided, however, that no such supplemental indenture or amendments to the Bond Resolution, shall, without the consent of the Holder of each Outstanding Bond affected thereby

(1) change the Stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount of, or the interest on, any Bond, or change the 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); or

(2) reduce the percentage in principal amount of the Outstanding Bonds the consent of the Holders of which is required for any such supplemental indenture or amendment to any Bond

Resolution, or the consent of Holders of which is required for any waiver provided for in this Indenture of compliance with certain provisions hereof or certain defaults hereunder and their consequences; or

(3) modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or

(4) modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Bond affected thereby.

B. The Trustee may in its discretion determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Bond Resolution authorizing issuance of the Bonds and any such determination shall be conclusive upon every Holder of Bonds, whether theretofore or thereafter authenticity dated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

C. It shall not be necessary for any Act of Bondholders under this Section to approve the particular form of any proposed supplemental indenture or any such amendment to the Bond Resolution but it shall be sufficient if such Act shall approve the substance thereof.

***Section 9.03. Execution of Supplemental Indentures and Amendments to Bond Resolution.*** In executing, or accepting the additional trusts created by, any supplemental indenture or amendment to the Bond Resolution, permitted by this Article or the modification thereby of the trusts created hereby, the Trustee shall be entitled to receive and, subject to Section 8.01, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture or adoption of such amendment is authorized or permitted hereby. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture or be governed by any amended Bond Resolution, which affects the Trustee's own rights, duties, or immunities under this Indenture or otherwise.

***Section 9.04. Effect of Supplemental Indentures and Amendments to Bond Resolution.*** Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith and such supplemental indenture shall form a part of this Indenture for all purposes, and upon the amendment of the Bond Resolution, under this Article, the Bond Resolution, shall be modified in accordance therewith, and such amendment shall form a part of the Bond Resolution, for all purposes, and every Holder of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

***Section 9.05. Reference in Bonds to Supplemental Indentures or Amendments to Bond Resolution.*** Bonds authenticated and delivered after the execution of any supplemental indenture, amendment to the Bond Resolution, pursuant to this Article may bear a notation as to any matter provided for in such supplemental indenture, or amended Bond Resolution. If the Issuer shall so determine, new Bonds so modified as to conform to any such supplemental indenture, or amended Bond Resolution, may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

## ARTICLE X

## COVENANTS

***Section 10.01. Pledge and Levy of Taxes.***

A. For each year while any Bond is Outstanding, the Board shall 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 of the Issuer, to pay Debt Service on the Bonds and to pay principal and interest on all outstanding general obligation bonds of the Issuer due for such year whether previously or hereafter issued ("*Parity Debt Service*") when due.

B. The Issuer and the Trustee acknowledge that the Bonds and any other general obligation bonds of the Issuer heretofore or hereafter issued will be secured on a parity basis in the collection and application of property tax revenues of the Issuer and that such property taxes will be allocated to each series of general obligation bonds so long as any Bonds are outstanding, in accordance with such series outstanding principal amount. Property tax revenues allocated for any series of bonds shall be deposited into the applicable fund or account set aside for such series.

C. Moneys to be applied to pay Debt Service derived from the levy of the tax provided for in Section 10.01(A) when collected constitute funds to pay Debt Service and shall be kept separately from other funds of the Issuer.

D. The Board shall make annual statements and estimates of the amount to be raised to pay Debt Service. The Board shall file the annual statements and estimates with the Clerk of the Municipality and shall publish a notice of the filing of the estimate. The Board, on or before the date set by law for certifying the annual budget of the Municipality (which shall be the third Monday in August unless the Issuer certifies to the Trustee otherwise), shall fix, levy and assess the amounts to be raised by ad valorem taxes of the Issuer and shall cause certified copies of the order to be delivered to the Board of Supervisors of Maricopa County, Arizona, to the Department of Revenue of the State and to the Trustee. All statutes relating to the levy and collection of State and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, apply to the taxes provided for by this Section.

***Section 10.02. Payment of Debt Service.***

A. The Issuer shall duly and punctually pay Debt Service in accordance with the terms hereof.

B. If the specified date for any such payment, or any payment required by Section 6.01, shall be other than a Business Day, then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest (except in the event of a moratorium) and with the same force and effect as if made on the specified date for such payment.

***Section 10.03. Maintenance of Agency.*** The Issuer shall maintain an agency in the Place of Payment where Bonds may be presented or surrendered for payment, where Bonds entitled to be registered, transferred, exchanged, or converted may be presented or surrendered for registration, transfer, exchange, or conversion, and where notices and demands to or upon the Issuer in respect of the Bonds and this Indenture may be served. The Trustee is hereby appointed as Paying Agent for such purposes. The Issuer shall give prompt written notice to the Trustee of the location, and of any change in the location, of any such agency. If at any time the Issuer shall fail to maintain such an agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices, and demands may be made or served at the principal

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

***Section 10.04. Money for Bond Payments to be Held in Trust; Repayment of Unclaimed Money.***

A. The sums which are segregated by the Trustee or deposited with any other Paying Agent to pay the principal of or interest on any Bonds becoming due on any due date shall be held in trust for the benefit of the Holders of such Bonds. Money so segregated or deposited and held in trust shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Holders entitled to such principal or interest, as the case may be. Money held by the Trustee or any other paying Agent for the payment of the principal of (and premium, if any) or interest on the Bonds need not be segregated from other funds, except to the extent required by law.

B. The Issuer shall cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent shall

(1) hold all sums held by it for the payment of principal of (and premium, if any) or interest on the Bonds for the benefit of the Holders of such Bonds until such sums shall be paid to the Holders or otherwise disposed of as herein provided; and

(2) at any time, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

C. The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge hereof or for any other purpose, by Issuer Request direct any Paying Agent to pay to the Trustee all money held by such Paying Agent, such money to be held by Trustee upon the same trusts as those upon which such money was held by such Paying Agent, and upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

D. In the event any check for payment of interest on a Bond is returned to any Paying Agent unendorsed or is not presented for payment within two (2) years from its payment date or any Bond is not presented for payment of principal at Maturity or Redemption Date, if funds sufficient to pay such interest or principal due upon such Bond shall have been made available to such Paying Agent for the benefit of the Holder thereof, it shall be the duty of such Paying Agent to hold such funds or invest the same in Government Obligations, without liability for interest thereon, for the benefit of the Holder of such Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. Such obligation of the Paying Agent to hold such funds shall continue for two (2) years and six (6) months following the date on which such interest or principal payment became due, whether at Maturity or Stated Maturity, or at the Redemption Date, otherwise, at which time such Paying Agent shall surrender such unclaimed funds so held to the Issuer, whereupon any claim of whatever nature by the Holder of such Bond arising under such Bond shall be made upon the Issuer.

***Section 10.05. Further Assurances; Recording.***

A. The Issuer shall do, execute, acknowledge, and deliver all and every such further acts, conveyances, mortgages, financing statements, and assurances as shall be reasonably required for accomplishing the purposes hereof.

B. The Issuer shall cause this instrument and all supplemental indentures and other instruments of further assurance, including all financing statements, to be promptly recorded, registered, and

filed, and to be kept recorded, registered, and filed, and, when necessary, to re-record, re-register, and re-file the same, all in such manner and in such places as may be required by law, fully to preserve and protect the rights of the Bondholders and the Trustee hereunder to all property comprising the Trust Estate, and the Issuer shall execute any financing statement, continuation statement or other document required for such purposes.

***Section 10.06. Compliance with Federal Law.***

A. The Issuer recognizes that the beneficial owners of the Tax-Exempt Bonds will have accepted the beneficial ownership thereof, and paid therefor a price which reflects, the understanding that interest thereon is excludable from gross income of the owners thereof for federal income tax purposes under laws in force at the time the Tax-Exempt Bonds shall have been delivered. In this connection the Issuer agrees that it shall take no action which may render the interest on any of the Tax-Exempt Bonds to be includable in gross income for federal income tax purposes. The Issuer agrees that, to the extent possible under state law, it will comply with whatever federal law is now in effect or which shall be adopted in the future which applies to the Tax-Exempt Bonds and affects the exempt status of the interest income on the Tax-Exempt Bonds.

B. The Issuer authorizes the creation by the Trustee of a fund which is hereinafter referred to as the "Rebate Fund." The Issuer will comply with the rebate requirements set forth in the Tax Exemption Agreement and Certificate, delivered in connection with the delivery of the Tax-Exempt Bonds (the "*Tax Agreement*").

C. Any Issuer Representative is hereby authorized to execute on behalf of the Issuer the Tax Agreement and to make therein such elections as required by law to assure the purchasers and owners of the Tax-Exempt Bonds that the proceeds of the Tax-Exempt Bonds will not be used in a manner which would or might result in the Tax-Exempt Bonds being "arbitrage bonds" under Section 148 of the Code. The Tax Agreement shall constitute a certification, representation and agreement of the Issuer and no investment shall be made of the proceeds of the Tax-Exempt Bonds herein authorized nor of the money in the account established hereunder in violation of the expectations and covenants prescribed by the Tax Agreement. The Tax Agreement shall constitute an agreement of the Issuer to follow certain covenants which may require the Issuer to take certain actions (including the payment of certain amounts to the United States Treasury) or which may prohibit certain actions (including the establishment of certain funds) under certain conditions as specified in the Tax Agreement.

D. The Issuer further recognizes that Section 149(a) of the Code requires the Tax-Exempt Bonds to be issued and to remain in fully registered form in order for interest thereon to be excludable from gross income for purpose of federal income taxation under laws in force at the time the Tax-Exempt Bonds are delivered. In this connection, the Issuer agrees that it will not take any action to permit the Tax-Exempt Bonds to be issued in, or converted into, bearer or coupon form if such action would cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes.

E. 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.

F. If the Tax-Exempt Bonds are designated as taxable Build America Bonds, the provisions of this Section 10.06 are of no force and effect and are not applicable to the Tax-Exempt Bonds.

If all or a portion of the Tax-Exempt Bonds are designated as taxable bonds with the federal tax credit paid directly to the bondholder or stripped and sold separately, the District covenants 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 the loss of the federal tax credits. The District shall comply with such requirements and take any such actions as in the opinion of bond counsel are necessary to allow the continuation of the federal tax credits. 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; and filing forms, statements and supporting documents as may be required under the federal tax law.

***Section 10.07. No Personal Liability of Officials of the Issuer.*** No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any elected or appointed official, officer, director, agent, servant or employee of the Issuer, the Trustee or Owner in his or her individual capacity and neither the members of the governing body of the Issuer nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

***Section 10.08. Partial Invalidity.*** If any one or more of the conditions, covenants, or terms contained herein or required herein to be observed or performed by or on the part of the Issuer, the Paying Agent or the Trustee shall be contrary to law, then such condition or conditions, such covenant or covenants, or such term or terms shall be null and void and shall be deemed separable from the remaining conditions, covenants, and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Bondholders shall retain all the benefit, protection, and security afforded to them hereunder and under all provisions of applicable law. The parties hereto declare that they would have executed and delivered this Indenture and each and every other article, section, paragraph, subdivision, sentence, clause, and phrase hereof and would have authorized the issuance and delivery of the Bonds pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses, or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable, or invalid.

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

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

By_____
District Chairman

**ATTEST:**

_____
District Clerk

**WELLS FARGO BANK, N.A.,** as Trustee

By_____
Its_____

SWR:dlh 1090806.3 12/9/2009

FILED
ARIZONA SECRETARY OF STATE
02/03/2010 08:09 AM
**201016067652**

[redacted]

# UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
Scott W. Ruby 602-257-7432

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Scott W. Ruby, Esq.
Gust Rosenfeld P.L.C.
201 E. Washington Street
Suite 800
Phoenix, Arizona 85004-2327

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
Festival Ranch Community Facilites District (Town of Buckeye, Arizona)

OR

1b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

1c. MAILING ADDRESS: 630 E. Monroe Avenue | CITY: Buckeye | STATE: AZ | POSTAL CODE: 85326 | COUNTRY: USA

1d. SEE INSTRUCTIONS | ADD'L INFO RE ORGANIZATION DEBTOR | 1e. TYPE OF ORGANIZATION: muni corp | 1f. JURISDICTION OF ORGANIZATION: Arizona | 1g. ORGANIZATIONAL ID #, if any: ☑ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

2c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

2d. SEE INSTRUCTIONS | ADD'L INFO RE ORGANIZATION DEBTOR | 2e. TYPE OF ORGANIZATION | 2f. JURISDICTION OF ORGANIZATION | 2g. ORGANIZATIONAL ID #, if any | ☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
Wells Fargo Bank, N.A.

OR

3b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

3c. MAILING ADDRESS: 100 West Washington Street, 22nd Floor | CITY: Phoenix | STATE: AZ | POSTAL CODE: 85003 | COUNTRY: USA

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto.

5. ALTERNATIVE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA
006718 - 246

**EXHIBIT A**
**TO UCC FINANCING STATEMENT**

Debtor: FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), a municipal corporation
530 E. Monroe Avenue
Buckeye, Arizona 85326

Secured Party: WELLS FARGO BANK, N.A.
Attn: Corporate Trust Services (MAC #S4101-022)
100 West Washington Street, 22nd Floor
Phoenix, Arizona 85003

Reference is made to the Indenture of Trust and Security Agreement, dated as of December 1, 2009 (the "*Indenture*"), between the Festival Ranch Community Facilities District (Town of Buckeye, Arizona), as Debtor (the "*Debtor*") and Wells Fargo Bank, N.A., as trustee (the "*Secured Party*") relating to the issuance by the Debtor of its $5,435,000 District General Obligation Bonds, Series 2009A and its $2,165,000 Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay) (collectively, the "*Bonds*"). For certain terms, denoted by initial capitals herein, the definitions of said terms are adopted as set or incorporated in the Indenture.

All money and investments held in the Bond Fund pertaining to the Bonds and established with the Trustee, but excluding any money in (or required to be deposited in) the Rebate Fund.

All of the Debtor's right, title and interest in and to any and all property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien and security interest by the Debtor or by anyone on its behalf, which subjection to the lien and security interest hereof of any such property as additional security may be made subject to any reservations, limitations or conditions which shall be set forth in a written instrument executed by the Debtor or the person so acting on its behalf or by the Secured Party respecting the use and disposition of such property or the proceeds thereof.

EXECUTION COPY

**$7,600,000**
**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)**
**DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009**

**$5,435,000**
**DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009A**

**$2,165,000**
**TAXABLE DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009B (QUALIFIED BUILD AMERICA BONDS - DIRECT PAY)**

# PURCHASE CONTRACT

December 16, 2009

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

Stone & Youngberg LLC (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 $5,435,000 principal amount of "Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009A" (hereinafter referred to as the "Tax-Exempt Bonds") and the $2,165,000 principal amount of "Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds - Direct Pay)" (hereinafter referred to as the "Taxable Bonds" and, together with the Tax-Exempt Bonds, 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, 2010, and the Bonds shall have the other terms, all as provided in the Indenture of Trust and Security Agreement, to be dated as of December 1, 2009 (hereinafter referred to as the "Indenture"), from the District to Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "Trustee") and the resolutions adopted by the District Board of the District on November 17, 2009, and December 15, 2009 (hereinafter referred to as, together, the "Bond Resolution").

(c) The Bonds shall be purchased by the Underwriter for an aggregate purchase price of $7,372,865.20 (comprised of the par amount thereof, plus net original issue premium in the amount of $865.20, minus Underwriter's discount in the amount of $228,000.00). 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 30, 2009, 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 approximate 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 $228,000.00.

(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 December 9, 2009 (together with all appendices thereto, hereinafter referred to as the "Preliminary Official Statement"), relating to the Bonds in connection with the limited distribution 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 as if the Rule applied to the issuance of the Bonds.

(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 as if the Rule applied to the issuance of the Bonds.

(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 limited distribution 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 a municipal securities information repository 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 Municipal Securities Rulemaking Board.

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 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 Indenture, 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"), the Dissemination Agency Agreement, to be dated as of December 1, 2009 (hereinafter referred to as the "Dissemination Agency Agreement"), by

and between the Issuer and an agent to be named by the District (hereinafter referred to as the "Dissemination Agent"), and a Blanket Issuer Letter of Representations (hereinafter referred to as the "Letter of Representations" and collectively with this Purchase Contract, the Indenture, the Undertaking and the Dissemination Agency Agreement as the "District Documents"), from the District to The Depository Trust Company (hereinafter referred to as "DTC"); (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 Trustee, 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 Indenture, 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 DTC in New York City, New York, or, if by the means of a "Fast Automated Securities Transfer," with the Trustee. The Bonds shall be 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 pursuant to the Letter of Representations, 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 limited distribution 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 an omission 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 Indenture 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 Indenture 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 Tax-Exempt Bonds, or, with respect to Arizona taxation of the interest on the Tax-Exempt Bonds as described in the Official Statement, or affecting the status of the Taxable Bonds as "Qualified Build America Bonds - Direct Pay" (hereinafter referred to as "BABs") 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; 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, Lord & Kloberdanz 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 consent of Sullivan Group Real Estate Advisors, dated the date of the Closing, substantially in the form attached hereto as Exhibit D;

(6) 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;

(7) 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;

(8) A specimen of the Bonds;

(9) A certified copy of the Bond Resolution;

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

(11) A certificate of the District, in form and substance satisfactory to Bond Counsel, setting forth (I) facts, estimates and circumstances in existence on the date of the Closing which establish that it is not expected that the proceeds of the Tax-Exempt Bonds will be used in a manner that would cause the Tax-Exempt 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 and (II) facts in existence on the date of the Closing with respect to certain matters required by the Code and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, for the Taxable Bonds to be issued as BABs;

(12) 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;

(13) Evidence that the Bonds have been rated "BBB+" by Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies (the "Rating");

(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 or cause to be paid from the proceeds of the sale of the Bonds or 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 the Trustee 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 and (6) 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 disburse-

ments 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 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 Stone & Youngberg LLC, Suite 280, 2555 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) 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.

STONE & YOUNGBERG LLC

By.....
Grant Hamill, Managing Director

Accepted on the date indicated at the head of page 1 hereof:

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

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

ATTEST:

.....
Lucinda Aja, District Clerk

APPROVED AS TO FORM:

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

By.....

328888694.3-12/16/2009

SCHEDULE

| Maturity (July 15) | Principal Amount | Interest Rate | Price |
|---|---|---|---|
| | Tax-Exempt Bonds | | |
| 2010 | $500,000 | 5.000% | 101.335% |
| 2011 | 165,000 | 5.000 | 103.372 |
| 2012 | 170,000 | 5.000 | 104.857 |
| 2013 | 180,000 | 5.000 | 104.954 |
| 2014 | 190,000 | 5.000 | 104.113 |
| 2015 | 200,000 | 5.000 | 102.426 |
| 2024 | 1,470,000 | 6.250 | 101.792 |
| 2031 | 2,560,000 | 6.500 | 98.572 |
| | Taxable Bonds | | |
| 2018 | $615,000 | 8.000% | 100.000% |
| 2034 | 1,550,000 | 8.625 | 98.000 |

*Optional Redemption*. The Bonds are subject to redemption prior to maturity, at the option of the District, on or after July 15, 2019, 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 Tax-Exempt 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:

| Year Redeemed | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2024 | |
| 2019 | $210,000 |
| 2020 | 225,000 |
| 2021 | 235,000 |
| 2022 | 250,000 |
| 2023 | 265,000 |
| 2024 (maturity) | 285,000 |

| Year Redeemed | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2031 | |
| 2025 | $300,000 |
| 2026 | 320,000 |
| 2027 | 340,000 |
| 2028 | 365,000 |
| 2029 | 385,000 |
| 2030 | 410,000 |
| 2031 (maturity) | 440,000 |

The Taxable 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:

| Year Redeemed | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2018 | |
| 2016 | $210,000 |
| 2017 | 200,000 |
| 2018 (maturity) | 205,000 |
| Term Bond Maturing 2034 | |
| 2032 | $465,000 |
| 2033 | 540,000 |
| 2034 (maturity) | 545,000 |

**EXHIBIT A**

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

[Closing Date]

Stone & Youngberg LLC
Suite 280
2555 East Camelback Road
Phoenix, Arizona 85016

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009A and Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds - Direct Pay)

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 District General Obligation Bonds, Series 2009A and Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds - Direct Pay), in the aggregate principal amount of $7,600,000 (hereinafter referred to as the "Bonds") and otherwise as counsel to the Issuer. The Bonds are issued under and secured by an Indenture of Trust and Security Agreement, dated as of December 1, 2009 (hereinafter referred to as the "Indenture"), from the District to Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "Trustee"), are the subject of a Official Statement, dated December 16, 2009 (hereinafter referred to as the "Official Statement"), and are being sold pursuant to a Purchase Contract, dated December 16, 2009 (hereinafter referred to as the "Purchase Contract"), by and between the Issuer and Stone & Youngberg LLC (hereinafter referred to as the "Underwriter"), in each case in accordance with the resolutions authorizing issuance of, and certain other matters related to, the Bonds adopted by the District Board of the Issuer on November 17, 2009 and December 15, 2009 (hereinafter referred to as, together, the "Resolution"), a Continuing Disclosure Undertaking, dated even date hereof (hereinafter referred to as the "Undertaking"), from the Issuer, a Dissemination Agency Agreement, dated as of December 1, 2009 (hereinafter referred to as the "Dissemination Agency Agreement"), by and between the Issuer and ..... ....., and a Blanket Issuer Letter of Representations (hereinafter referred to as the "Letter of Representations" and collectively with the Indenture, the Undertaking, the Dissemination Agency Agreement and the Purchase

Contract, as the "District Documents"), from the Issuer to The Depository Trust Company. (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 Indenture;

(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) An executed copy of the Letter of Representations;

(viii) Such other agreements, certificates (including particularly, but not by way of limitation, certificates of 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

(ix) 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 Under-

writer, the Trustee and Pulte Home Corporation 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 a duly organized and validly existing special purpose district, a tax levying public improvement district and a municipal corporation for purposes set forth in Section 48-708(B), Arizona Revised Statutes, 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 December 9, 2009 (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 December 29, 2009, 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 Taxation in the District"), "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District," "LITIGATION," "TAX EXEMPTION FOR TAX-EXEMPT BONDS," "TAXABLE BONDS TAX MATTERS," "QUALIFIED TAX-EXEMPT OBLIGATIONS FOR TAX-EXEMPT BONDS," "CONTINUING DISCLOSURE" (except as it relates to compliance with prior undertakings) and "RELATIONSHIPS AMONG PARTIES" (only as it relates to Bond Counsel) therein and in Appendix B - "FORM OF LEGAL OPINION OF BOND COUNSEL," Appendix C - "FORMS OF INVESTOR LETTERS," Appendix E - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" and Appendix F - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" 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 Indenture 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 may be relied upon only by you and by persons to whom we grant written permission to do so.

Respectfully submitted,

**EXHIBIT B**

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

[Closing Date]

Stone & Youngberg LLC
Suite 280
2555 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 2009A and Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds - Direct Pay)

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 December 16, 2009 (hereinafter referred to as the "Purchase Contract"), by and between Stone & Youngberg LLC (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 December 16, 2009 (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.") Whenever any portion of this opinion is limited to the existence or absence of fact based upon our actual knowledge, it is limited to our actual knowledge of the existence or absence of such fact after due inquiry.

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 those agreements other than Pulte; and

(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.

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 partnership 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 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. 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.

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," "THE OTHER INFRASTRUCTURE," "THE OWNER" 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.

We are qualified to practice law only 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. With respect to law of the State of Arizona, 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. We do not render any opinion with respect to any matters other than those expressly set forth above.

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]

Stone & Youngberg LLC
Suite 280
2555 East Camelback Road
Phoenix, Arizona 85016

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009A and Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds - Direct Pay)

This opinion is rendered pursuant to the Purchase Contract, dated December 16, 2009 (hereinafter referred to as the "Purchase Contract"), by and between the Festival Ranch Community Facilities District (hereinafter referred to as the "District") and Stone & Youngberg LLC (the "Underwriter"), relating to the purchase by the Underwriter from the District of its $7,600,000 principal amount of District General Obligation Bonds, Series 2009A and Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds - Direct Pay) (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 discus-

sions 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 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 "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE," "LAND DEVELOPMENT" and "THE OWNER," the financial information or other technical or statistical data included in the Official Statement or the information included in Appendix D to the Official Statement, as to all of which we express no opinion.

Respectfully submitted,

**EXHIBIT D**

CONSENT OF MARKET STUDY CONSULTANT

Sullivan Group Real Estate Advisors hereby consents to the inclusion in the Official Statement related to the sale of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2009 of a summary of the Market Analysis and Absorption Study prepared by Sullivan Group Real Estate Advisors and addressed to Festival Ranch Community Facilities District, dated December 16, 2009, relating thereto and further represents and warrants that such Market Analysis and Absorption Study is true and correct in all 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 such Market Analysis and Absorption Study has occurred since the date of such Official Statement which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect.

Dated: [Closing Date]

SULLIVAN GROUP REAL ESTATE ADVISORS

By.....

Printed Name:.....

Title:.....

December 16, 2009

Stone & Youngberg LLC
Suite 280
2555 East Camelback Road
Phoenix, Arizona 85016

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

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation Bonds, Series 2009

This Indemnity Letter is delivered by Pulte Home Corporation, a corporation incorporated and existing pursuant to the laws of the State of Michigan (hereinafter referred to as "Pulte"), in order to induce Stone & Youngberg LLC (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 of 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 Michigan 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" 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

Pulte Homes, Inc.
100 Bloomfield Hills Parkway, Suite 300
Bloomfield Hills, Michigan 48304-2950
248-647-2750 248-433-4598 (Fax)

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 Limited Offering Memorandum, (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 and the District and, as applicable, each director, trustee, partner, member, officer, official, independent contractor or employee thereof and each person, if any, who controls the Underwriter or the District within the

meaning of the Securities Act of 1933, as amended (hereinafter referred to as the "Securities Act") (any such person being herein sometimes called an "Indemnified Party"), for, from and against any and all losses, claims, damages or liabilities, joint or several, (i) to which 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.

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, 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 and the District and their successors or assigns, and, to the extent provided in paragraph 2 hereof, each Indemnified Party, and no other person shall acquire or have any right under or by virtue hereof. The terms "successors" and "assigns" as used in this letter shall not include any purchaser, as such purchaser, from the Underwriter of the Bonds.

5. Pulte shall pay all costs and expenses of its counsel with respect to the issuance and delivery of the Bonds.

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, a Michigan corporation

By: _____
Printed Name: Bruce Robinson
Title: Vice President and Treasurer

CONTINUING DISCLOSURE UNDERTAKING

$7,600,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009

(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 man 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 Material 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.

"Tax-exempt" shall mean that interest on the Securities is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

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, 2010, 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 December 16, 2009, 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 each of the Repositories or 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 thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided through EMMA.***

Section 3. Reporting of Material 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:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions or events affecting the tax-exempt status of the Securities (including particularly, but not by way of limitation,

(A) Receipt of an opinion of nationally recognized bond counsel to the effect that interest on the Securities is not Tax-exempt or

(B) Any event adversely affecting the Tax-exempt status of the Securities, including but not limited to:

(I) Any non-random audit, investigation or other challenge of the Tax-exempt status of the Securities by the Internal Revenue Service or in any administrative or judicial proceeding or

(II) The issuance of any regulation, decision or other official pronouncement by the Internal Revenue Service or other official tax authority or by any court adversely affecting the Tax-exempt status of the Securities or securities of the same type as the Securities or financing structures of the same type as financed by the Securities.)

(vii) Modifications to rights of holders (i.e. owners).

(viii) Bond calls (which are other than mandatory or scheduled redemptions, not otherwise contingent upon the occurrence of an event).

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the Securities (including property leased, mortgaged or pledged as such security).

(xi) Rating changes.

(b) ***IF KNOWLEDGE OF THE OCCURRENCE OF A LISTED EVENT WOULD BE MATERIAL AS INTERPRETED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (PROVIDED, HOWEVER, THAT ANY EVENT UNDER SUBSECTION (A)(VIII), (IX) OR (XI) OF THIS SECTION SHALL ALWAYS BE DEEMED TO BE MATERIAL), THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY 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 MATERIAL 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 Material 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 Material 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 Material 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.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By.....
Chairperson, District Board

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

and

DAVID TAUSSIG & ASSOCIATES, INC.

# DISSEMINATION AGENCY AGREEMENT

Dated as of December 1, 2009

$7,600,000
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation Bonds, Series 2009

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THIS DISSEMINATION AGENCY AGREEMENT, dated as of December 1, 2009 (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 December 15, 2009, 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 the their powers, and in consideration of the above premises and of the mutual covenants herein contained and for other valuable consideration, the parties hereto recite and agree that:

## ARTICLE ONE

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, 100 North Apache, Suite A, 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.

Pursuant to Sections 35-391.06 and 35-393.06, Arizona Revised Statutes, as amended, the Agent does not have a scrutinized business operation in Sudan or Iran. For the purpose of this Section the term "scrutinized business operations" shall have the meanings set forth in Section 35-391 and 35-393, Arizona Revised Statutes, as amended, as applicable. If the Issuer determines that the Agent submitted a false certification, the Issuer may impose remedies as provided by law including terminating the services of the Agent.

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. *Material 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 Material 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 Material Events.*

A. The Agent shall disseminate each Notice of Material 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 Material Event to the Issuer, along with a notice stating the date and the identities of the entities with which such Notice of Material 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 a Repository or the Municipal Securities Rulemaking Board, as applicable, the Agent shall determine, in the manner the Agent deems appropriate, the names and addresses of the then existing Repositories and the manner and medium by which information is to be transmitted and filed with such Repository or 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 Material 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 Material 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 Meck, Chairperson, District Board

ATTEST:

.....
Lucinda Aja, District Clerk

DAVID TAUSSIG & ASSOCIATES, INC., a California corporation

By.. Andrea Roen .....

Printed Name: .....

Title:.....

328888642.1-12/22/2009

***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT***
***(TOWN OF BUCKEYE, ARIZONA)***
***DISTRICT GENERAL OBLIGATION BONDS,***
***SERIES 2009***

**$5,435,000**
**District General Obligation Bonds, Series 2009A**

**$2,165,000**
**Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay)**

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## ASSESSOR'S CERTIFICATE

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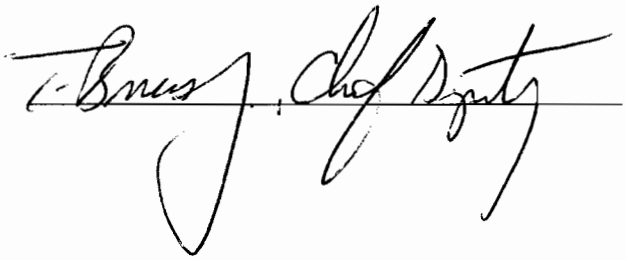
I, the undersigned, hereby certify that the full cash value of all the property within the Festival Ranch Community Facilities District (Town of Buckeye, Arizona), is

$350,048,529

I, the undersigned, hereby certify that the secondary assessed value of all the property within the Festival Ranch Community Facilities District (Town of Buckeye, Arizona), is $40,493,025.

DATED: December 30, 2009.

**MARICOPA COUNTY ASSESSOR**



***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT***
***(TOWN OF BUCKEYE, ARIZONA)***
***DISTRICT GENERAL OBLIGATION BONDS,***
***SERIES 2009***

**$5,435,000**
**District General Obligation Bonds,**
**Series 2009A**

**$2,165,000**
**Taxable District General Obligation Bonds,**
**Series 2009B (Qualified Build America Bonds – Direct Pay)**

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CONSENT OF MARKET STUDY CONSULTANT

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Sullivan Group Real Estate Advisors hereby consents to the inclusion in the Official Statement related to the sale of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2009 of a summary of the Market Analysis and Absorption Study prepared by Sullivan Group Real Estate Advisors and addressed to Festival Ranch Community Facilities District, dated November 13, 2009, relating thereto and further represents and warrants that such Market Analysis and Absorption Study is true and correct in all 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 such Market Analysis and Absorption Study has occurred since the date of such Official Statement which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect.

Dated: December 30, 2009

SULLIVAN GROUP REAL ESTATE ADVISORS

By Peter F. Dennehy
Printed Name PETER F. DENNEHY
Title: Senior VP

JTG:jh2 1156105 12/18/09

**TO:** Ms. Gail Reese
**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (Town of Buckeye, Arizona)**

**FROM:** Mr. Peter F. Dennehy
**SULLIVAN GROUP REAL ESTATE ADVISORS**

**DATE:** November 13, 2009

**SUBJECT:** **Market Absorption Study for Potential Issuance of General Obligation Bonds for the Residential Buildout of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona)**

A Community Facility District ( the "CFD") has been formed by the Town of Buckeye, Arizona (the "Town") to finance public infrastructure related to the development of certain land, including a project within the CFD known as "Festival Ranch" (also referred to herein as the "Project"). The Sullivan Group 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.

The following is a summary of the key conclusions from the Absorption Analysis report, which was completed in October 2009.

## 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). Festival Ranch is composed of approximately 3,200 acres of the 4,015 acres located within the CFD being developed by Pulte Home Corporation ("Pulte"). The balance of the undeveloped land 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 the age-restricted (Sun City Festival) and primary housing (Festival Foothills) communities. Pulte is developing +/-9,000 residential units at Festival Ranch, with +/-7,650 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 primary objective of this assignment was to analyze the residential market in Buckeye (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 the specific residential component.

## A. Tasks Completed

The Sullivan Group 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.

## B. Conditions of the Report

The Sullivan Group is not responsible for representations about plans and expectations for the development of the Project and for disclosure of significant information that might affect the ultimate realization of the projected results. There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and the differences may be material. The Sullivan Group does not express any form of assurance on the achievability of any pricing or absorption estimates or reasonableness of the underlying assumptions and has no responsibility to update the analysis for events and circumstances occurring after the date of this report. This analysis represents just one resource that should be considered when assessing this development opportunity.

## C. Critical Assumptions and Development Risks

The development and marketing of the subject neighborhoods is already underway and will continue. According to Pulte, through August 2009, a total of 1,551 units had been sold in the two components of the Project, with 1,217 units sold in Sun City Festival and 334 units sold in Festival Foothills. With +/-7,449 units left to sell, development of the Project should continue to 2022 (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 buildout 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 early in the decade, has been in an extended period of correction, but is now showing some preliminary signs of recovery. Annual new home sales are at the lowest level in over a decade

and prices are lower. But Phoenix is not alone. Many housing markets throughout the the United States are experiencing similar conditions. 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, etc).

The appropriateness of the proposed 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 buildout 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 locational pluses and minuses and a smooth schedule of approvals processing, home construction and infrastructure completion (i.e., no prolonged delays due to unusual weather conditions, lack of needed infrastructure such as sewer, roads, etc., no environmental issues, construction worker shortages any or municipal delays in processing final maps, issuing permits, reviewing plans or approving any product plans nor any delays in issuing permits such as the §404 permit litigation mentioned below could require).

## D. United States Army Corps of Engineers / Section 404 Permit

Development of property within the CFD as currently contemplated requires a Section 404 Permit (the "Permit") from United States Army Corps of Engineers ("USACE") because the development calls for the disturbance of certain washes which are considered jurisdictional waters of the United States. Recently concluded litigation between the USACE and Concerned Citizens for the White Tanks resulted in the Ninth Circuit Court of Appeals rendering a decision invalidating the Permit previously issued by USACE. All parties to the litigation have filed pleadings regarding the form of the District Court's final order in light of the Court of Appeals' decision. A decision on such form of final order should be handed down in the near future.

In the subsequent pleadings, the plaintiffs seek an order enjoining any development authorized by the Permit until a more detailed environmental analysis (i.e., an environmental impact statement) required by the Ninth Circuit is complete and the Permit is reissued. Pulte, the other owner of undeveloped land in the CFD and USACE have filed objections and their own proposed orders which would in essence simply revoke the prior issued Permit. Pulte also seeks to clarify that development of existing areas previously disturbed under the Permit while validly issued can still be developed as originally approved. Plaintiffs contend that their proposed order is appropriate and is supported by existing case law as do Pulte and USACE.

Consistent with cases cited by Pulte, the effect of the invalidation of the Permit for certain land within the CFD should be minimal in areas of existing development and disturbance. Consistent with such case law, those areas should be able to proceed with development in accordance with the original Community Master Plan and the Land Development Agreement and other regulatory documents and approvals. The existing developed and disturbed areas are currently planned for

approximately 2,500 more residential units of varying types and sizes and some commercial development.

In areas within the CFD where development has not commenced or if plaintiffs prevail in the District Court, a new Section 404 permit may be required so that Pulte can develop its property as provided in the Community Master Plan and consistent with the existing land planning. If a permit is required, the owners will need to submit to the Section 404 application process again and USACE may require an environmental impact statement detailing the effect of the issuance of the Section 404 permit, consistent with the Ninth Circuit's decision. Such statement may delay the approval process for obtaining a new Section 404 permit and in turn may slow down development of areas within the CFD. There can be no assurance a new Section 404 permit, if required, will or can be obtained.

If plaintiffs prevail and development in existing areas is stopped and/or in areas where development in the CFD has not started, Pulte and other owners are not precluded by the litigation and will not under any proposed order from redesigning development within the CFD to avoid USACE jurisdictional waters. In such event, no Section 404 permit would be required. In such case, development would, however, be less dense and probably more expensive as jurisdictional washes would have to be left undisturbed.

## I. KEY RECOMMENDATIONS AND CONCLUSIONS

### A. Project and Location

As noted above, Pulte is developing Festival Ranch in two parts. The active adult Sun City Festival project is being built under Pulte Home Corporation'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.

The Sun City Festival project was recently named the "Best Active Adult Community in the Nation for 2009". 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, walking trails, learning and wellness programs, activities and special events.

The conventional aspect of the Festival Ranch project, Festival Foothills, offers a K-8 elementary school and a 12-acre community park (built).

Festival Ranch offer a good opportunity for both conventional and age qualified housing. Positive attributes of the location include:

- **Sufficient regional retail opportunities.** While there is no commercial development in the Festival Ranch area presently, 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, is already built and available for Festival Foothills residents (Wickenburg School District). Other area schools include Vulture Peak Middle School and Wickenburg High School. The elementary school is planned for up to 850 students and currently has +/-130 students, so there is room for additional growth in usage as the project population increases.

- **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 locational 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.

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 to-date.

## B. Summary of Proposed Product and Price Points

At Sun City Festival, four different residential product types are being offered in a series of different residential neighborhoods (refer to Exhibit II-9). According to Pulte, a total of 1,217 units have been sold in the age-restricted Sun City Festival portion of Festival Ranch since sales started in 2006, with annual absorption of 400 to 500 units per year in the 2006-2008 period and a projected +/-300 sales projected for 2009 (based on current pace).

In addition to the above base prices, some locations in Sun City Festival command additional golf course premiums of up to $130,000 to $140,000 for the best views ($30,000 to $40,000 for partial views). About 20% of lots in Sun City Festival are golf-oriented. Sun City Festival has maintained stable prices in recent years despite the drop in home values generally and current price points are up slightly from project opening (more incentives are being offered now to spur sales and Pulte has added a lower-cost product line – the Cottage/Holiday homes). With an average price point of about $300,000, the Sun City Festival product line is higher priced than the conventional Festival Foothills (average price point of under $200,000).

According to sales agents, 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 West Valley area) and resales at older Sun City projects (i.e. Sun City Grand).

According to Pulte, a total of 334 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 and a projected +/-62 sales projected for 2009 (based on current pace). There are four active residential projects there currently, with characteristics and current pricing outlined in Exhibit II-10.

According to sales representatives, the buyers for this component of Festival Ranch are primarily Phoenix area family buyers and/or more price conscious active adult households that want 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 comes 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 is 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 market starts to stabilize (many new home buyers are effectively "outbid" on foreclosures and prefer not to deal with the hassle given that the new purchase process is less complicated).

## C. Market Positioning of the Festival Ranch Residential Products

This analysis reflects new home base prices as currently established by Pulte for the Sun City Festival and Festival Foothills community. Overall, the Sullivan Group's research suggests that the builder's proposed prices position the Festival Ranch products appropriately within the context of the competitive market. To test the proposed product and targeted (base) pricing relative to the competitive for-sale market we undertook three different analyses. The first is against other product lines within Festival Ranch. As a second test, we positioned the proposed product lines at Sun City Festival against other, regional active adult communities in the Phoenix region (and resales at Sun City Grand). Finally we compared proposed product at the subject property to other active projects selling in the area (in master plans like White Tank Foothills, Cortessa and Vistancia)

The first test of Pulte's pricing was to compare all product lines within the project. This is an important analysis as it ensures that: 1) product is properly segmented to maximize the potential for absorption; 2) each line is appropriately priced relative to each other (i.e. higher density product is more affordable than lower density, large homes are more expensive than small

homes, etc.); and, 3) each line is positioned in a "stair step" pattern to create a "pull" in buyers minds between obtaining the largest home in a smaller line or the smallest home in a larger line.

As presented in Exhibit II-11 (Sun City Festival) and Exhibit II-12 (Festival Foothills), the product lines at Festival Ranch are appropriately positioned relative to one another using the builder's current prices. Each product line offers a distinct lot size, unit size, and price point and there is virtually no (base price) competition among product lines. For Festival Foothills, the analysis reveals some overlap in the two smallest projects, but these product lines are selling well (3.0 to 5.0 sales per month) with prices under $150,000 (generally) and targeting the depth of the current market (the larger Festival Foothills homes are selling less well).

Between the active-adult and conventional products, there is price disparity, with the majority of Festival Foothills housing priced under $200,000 and the majority of Sun City Festival product priced over $200,000 (and golf-oriented product at Sun City Festival is largely priced over $300,000). With this price disparity, the project is actually addressing two aspects of the active-adult market, those with the means to afford the lifestyle features of a Sun City project and more price conscious retirees who are willing to buy a conventional product because they like the general location with the ability to access golf and other recreation (but without having to pay for it in form of higher home prices, location premiums and/or homeowners fees).

While there are relatively few resales in Festival Ranch itself given how new the project is, current base home values are in line with actual sales prices in the community. As shown in Exhibits II-11 and II-12, sales values in Sun City Festival range from $160,000 to $400,000, with most sales priced under $360,000. Festival Foothills sales prices range from $100,000 to $260,000, with most activity under $200,000.

Because active adult product tends to have a larger regional draw than traditional residential product (active adults are willing to seek out communities such as Sun City Festival for the amenities and lifestyle elements) proposed prices at Sun City Festival were compared to prices at other active adult communities in the Phoenix area, with a focus on other communities in the West Valley. As shown in Exhibits II-14 and 15, Sun City Festival is positioned:

- **Generally in-line with or above active adult product in the West Valley region of Phoenix.** Projects like Arizona Traditions, Pebble Creek, Sundance and Trilogy at Vistancia offer the combination of product and amenities that are comparable to Sun City Festival. Sun City Festival's pricing is in-line with, or above, most of the older West Valley communities and is somewhat lower than Shea's Trilogy project in Vistancia. Sales rates for all the active-adult projects are higher than the market, with overall sales rates of 6.0 to 20.0 sales a month versus the 1.0 to 2.0 sales/month that is average for the overall market. Sun City Festival offers the most outlying location of the active projects, but competes favorably as the newest community and offers a unique, mountain-oriented setting that seems more "removed" from the congestion of older communities (i.e. Pebble Creek). With the exception of Pebble Creek (Robson) in Goodyear, the other active adult projects are in their later stages (Arizona Tradition is nearly sold-out), meaning Sun City Festval could become the dominant active-adult option in the West Valley in coming years.

- **In-line with resale values for the closest active-adult projects.** Resales at built out active adult communities are a competitive factor. As shown in Exhibit II-15, current base prices for Sun City Festival are in-line with the bulk of resales in Sun City Grand (built from 1996 to 2004) and Arizona Traditions, located east of the project in Surprise. Current sales values average in the $260,000s ($147 per square foot) for Sun City Grand resales. Sun City Festival offers new product in an outlying location and state-of-the art community facilities.

Finally, we also compared current (base) prices at Festival Foothills to those of actively selling conventional new home projects in master planned communities in the West Valley. As outlined in Exhibits II-19A through II-21D, the current prices are below recent sales prices in master planned communities like White Tank Foothills, Cortessa, Verrado and Vistancia. Looking at White Tank Foothills specifically, a Pulte project located on the east side of the White Tank Mountain Regional Park (closer-in to roads, shopping, services), Festival Foothills is priced competitively.

## D. Absorption Projection for the Festival Ranch Master Plan

As shown in Exhibit II-22, despite price points that are higher than most actively selling projects in the market today (they are in-line with other active adult options), and considering its superior level of amenities and lifestyle (that create a "destination") Sun City Festival (and other active adult projects) are even today achieving substantially higher overall absorption rates (anywhere from 2.5 to 9.0 sales per month depending on the series) than are currently being achieved by actively selling projects in the Phoenix region (most are averaging fewer than 2.0 sales per month). This illustrates the extent to which today's negative economic and housing market conditions have impacted the active adult sector less directly (although the number of willing buyers has definitely dropped off for active adult as well).

Going forward, we see the potential to improve sales rates as the community matures in an improving economy and as older competitive options sell out. For perspective, refer to Exhibits II-17A and II-17B which show historic sales rates at Sun City Grand of 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. It should be noted that 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).

This analysis targets absorption rates of 5.0 and 14.0 sales per product per month for Sun City Festival project, building from current actual sales rates as the market improves. The per project absorption rates are estimates and are intended to represent an average over the lifetime of the project. In actuality, absorption rates in some months may be higher (depending on floorplan and lot availability or the status of planned amenities).

The Sullivan Group targets slightly slower, per project absorption rates for 2009 and 2010 than for the subsequent years of the project's build-out. Actual sales to-date reflect a master plan that is in its early stages of development as well as prevailing housing market conditions that reflect slower sales, buyer uncertainty, and flat (or declining) new home prices. The Sullivan Group

anticipates that as master plan development evolves, and as housing market conditions improve (as we expect they may in 2011 and beyond), per project absorption levels will increase.

The targeted per project sales rates consider several factors:

- Sun City Festival will have 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. As the economy stabilizes and improves, improved confidence and continued exposure of Sun City Festival to maturing boomers will 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 substantially higher than rates being achieved at projects selling actively in the area today (most are averaging 2.0 sales per month or fewer). 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 higher than typical sales rates are attainable.

  Overall housing market conditions (and absorption rates) for most residential product types in Phoenix have slowed substantially from peak levels. At the same time, the level of production has declined considerably as projects have built out or shut down, and sales levels for remaining active projects in 2009 have improved due to greater affordability, improved confidence and a combination of low mortgage rates and government incentives. 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 Sullivan Group recognizes that 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. While we believe it is reasonable to expect that housing market conditions could improve in the coming years, we also anticipate that absorption levels going forward will be lower than they were than during the peak years of the market so peak sales 500 to 550 sales a year appear more likely than the 1,000+ sales per year 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 300 to 550 new home sales annually for the Sun City Festival community in the period from 2010 to buildout in 2022, for an annual average of 441 sales/year from 2006 to 2022.

As outlined in Exhibit II-16, this annual sales pace is in-line with actual sales rates for other active-adult communities in the Phoenix area and is well below the average sales rate of 1,125 units/year experienced at Sun City Grand from 1996 to 2004. 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 is on pace to sell 233 units in 2009 and a slight increase is projected in 2010 (286 units) with increases thereafter.

For the conventional products in Festival Foothills, actual absorption rates total 1.6 to 4.7 sales per month to-date. Going forward, we used sales rates averaging 2.0 to 5.0 sales per month, a slight increase from current sales to reflect the more competitive market conditions for conventional housing. The projected buildout for Festival Foothills rages from 86 to 210 units per year, with an annual average of 136 sales per year. In comparison, the community actually sold 166 units in 2007 and 120 units in 2008 and is on pace to sell 62 units in 2009 (mostly in the two smaller products and lines).

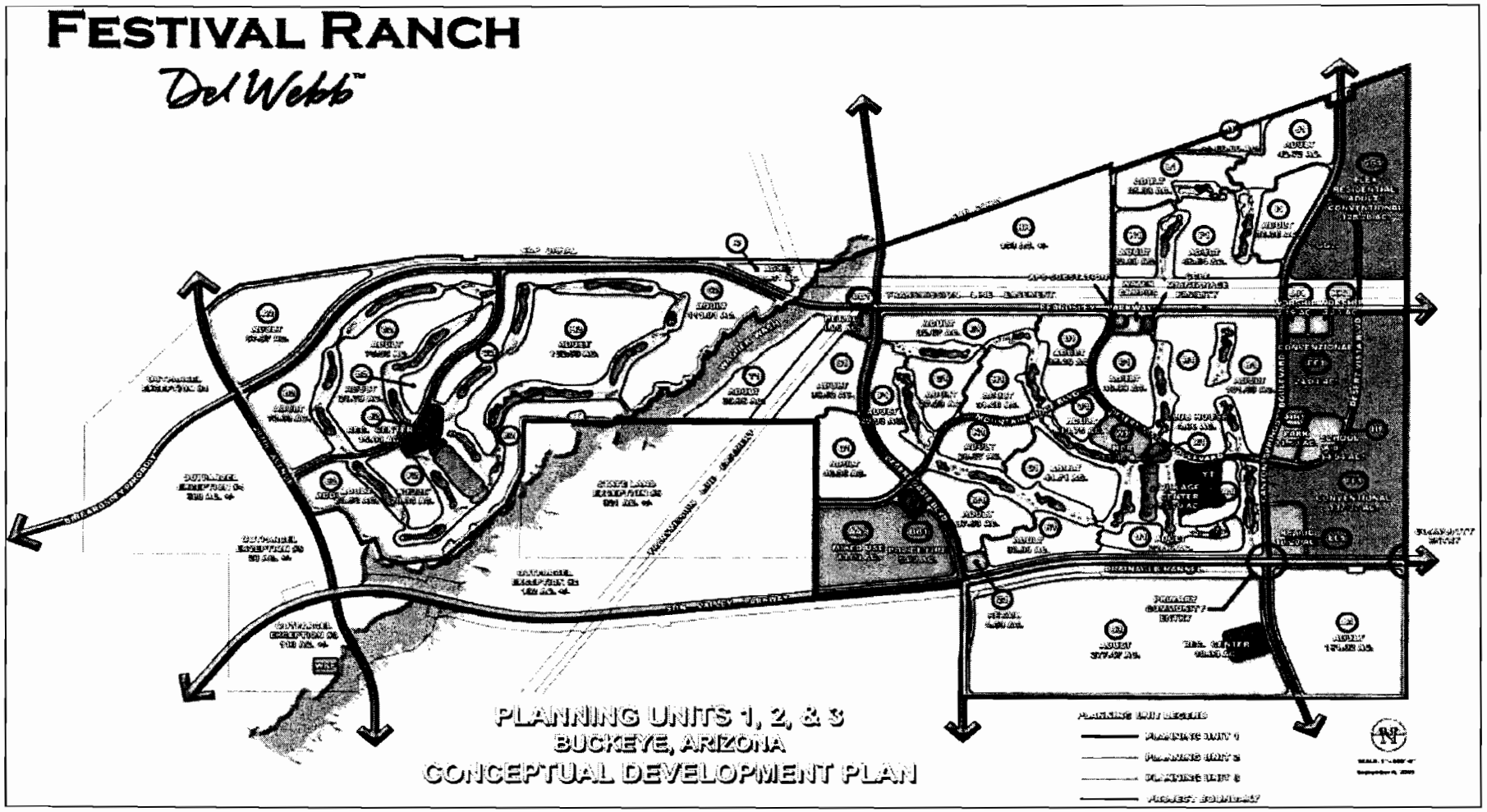
These assumptions presume that Pulte will take advantage of an improved market and established community by maintaining and increasing marketing and production efforts to maximize sales potential and also by maintaining a competitive price positioning versus other available housing options.

* * * * * * * * * * * *

We appreciate the opportunity to conduct this analysis on your behalf, and welcome any questions or comments you may have.

SULLIVAN group
Analysis Answers

**Exhibit I-1**
**FESTIVAL RANCH CONCEPTUAL SITE PLAN**
**Buckeye, Arizona**
**September, 2009**

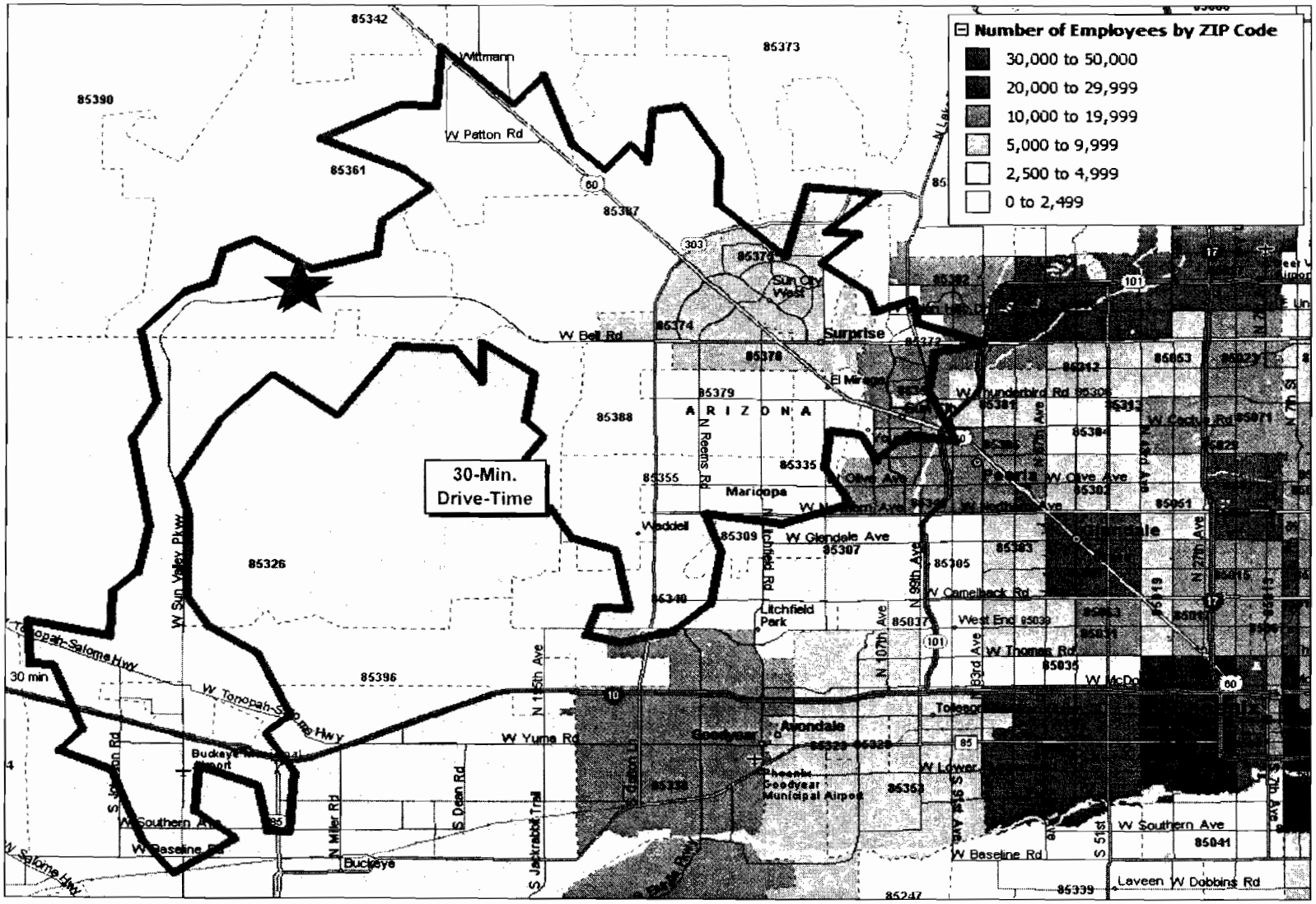



Source: Pulte

PH200-09 Maps

SULLIVAN group
Analysis Answers

**Exhibit I-2**
**REGIONAL LOCATION OF THE SUBJECT PROPERTY**
**Phoenix, Arizona**
**September, 2009**

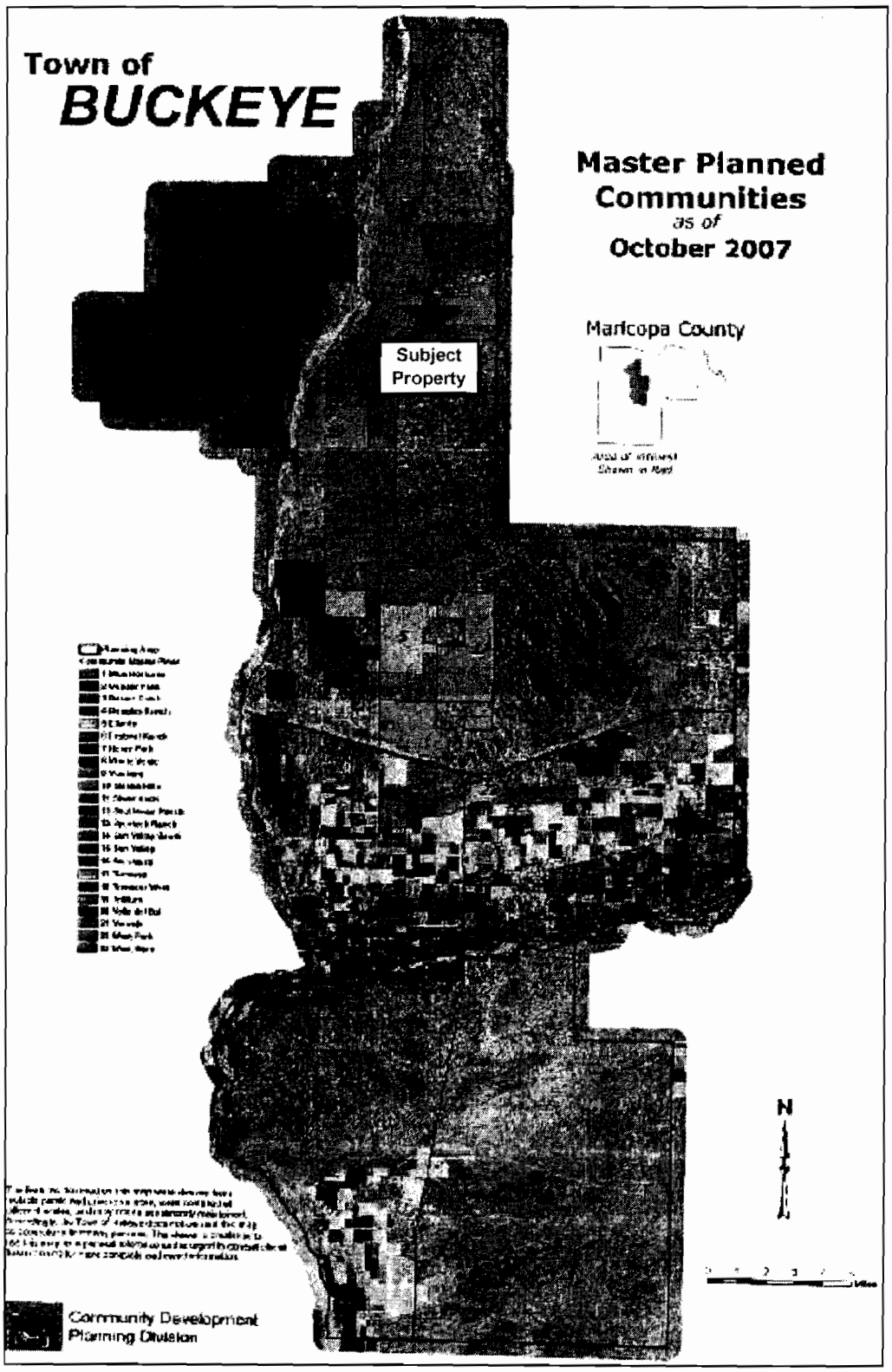



Source: ESRI (2006 Job Data), Map Point

PH200-09 Maps

SULLIVAN group
Analysis. Answers.

**Exhibit I-3**
**LOCATION IN THE TOWN OF BUCKEYE**
**Phoenix MSA, Arizona**
**September, 2009**

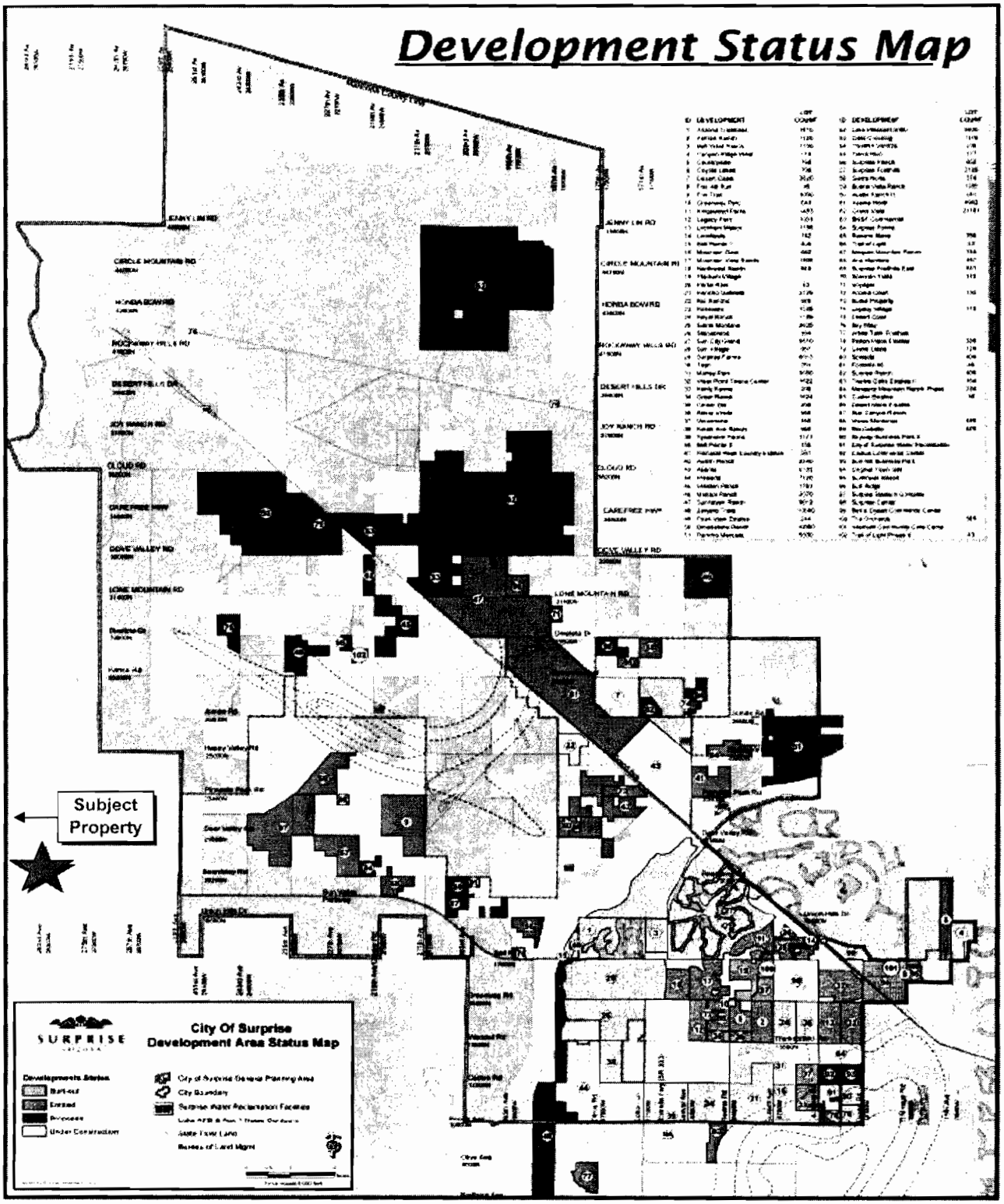



Source: Town of Buckeye

PH200-09 Maps

SULLIVAN group
Analysis. Answers.

**Exhibit I-4**
**PROXIMITY TO NEARBY DEVELOPMENT IN SURPRISE**
**Phoenix, Arizona**
**September, 2009**

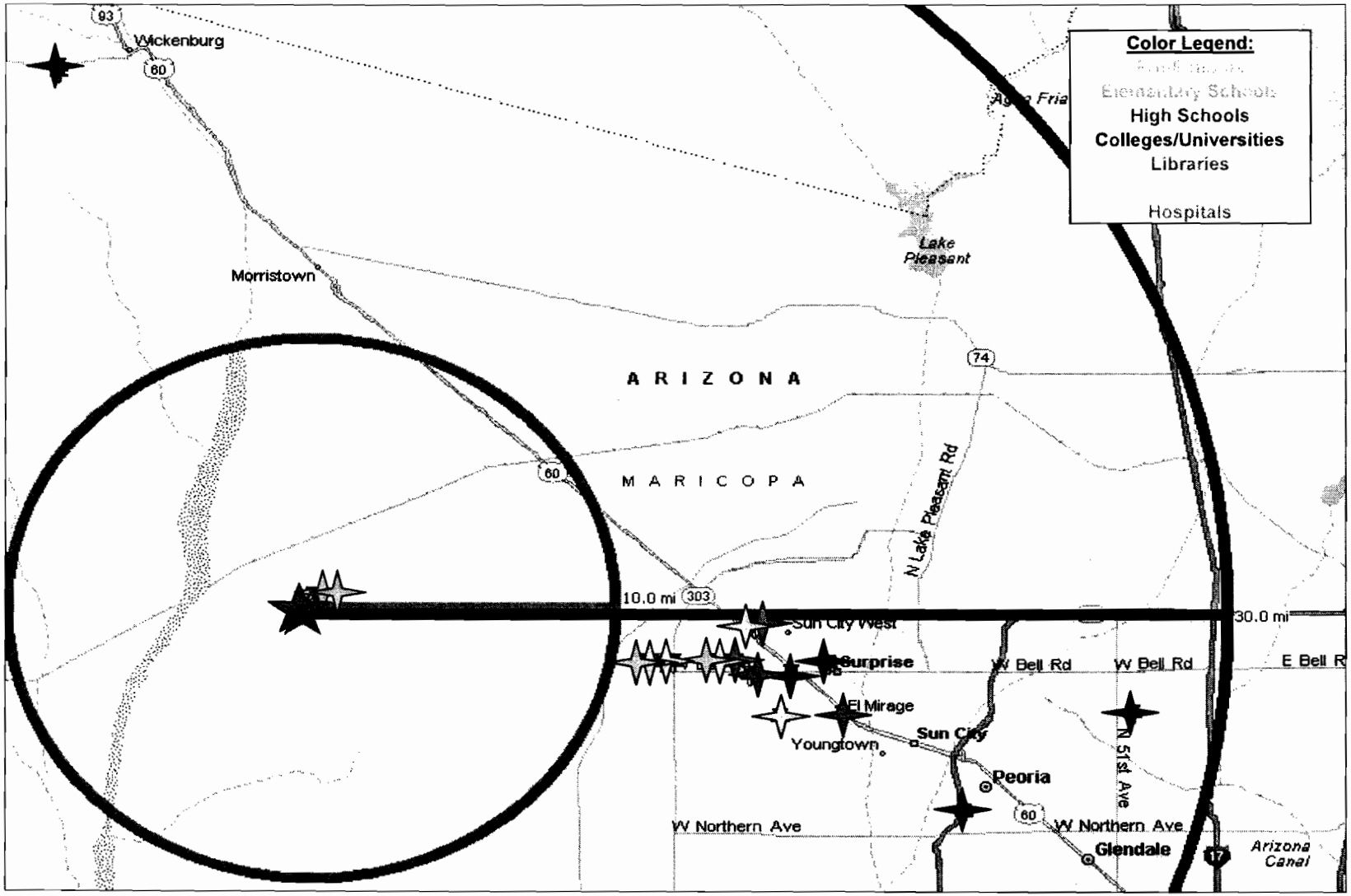



Source: City of Surprise

PH200-09 Maps

SULLIVAN group
Analysis. Answers.

**Exhibit I-5**
**LOCATION OF AREA SERVICES**
**Buckeye, Arizona**
**September, 2009**




Source: Pulte

SULLIVAN group
Analysis. Answers.

**Exhibit I-6**
**SUN CITY FESTIVAL PHOTOS**
**Buckeye, Arizona**
**September, 2009**

Entry Monumentation

Clubhouse

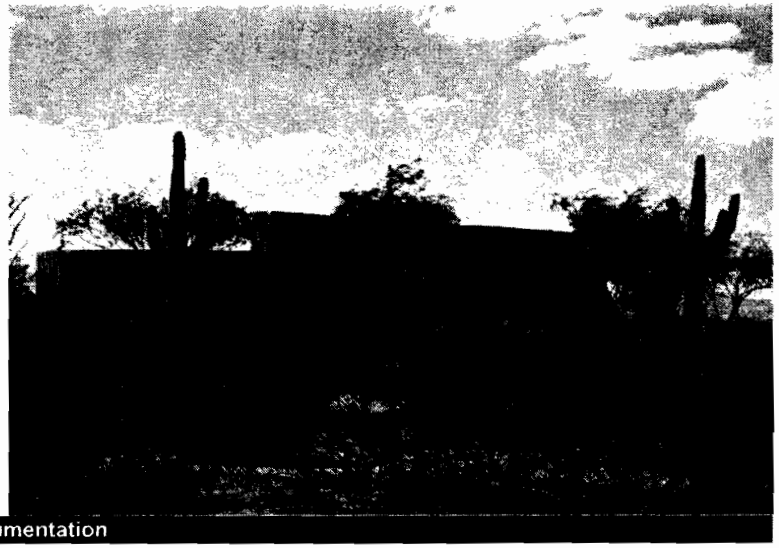
Driving Range

Source: Sullivan Group

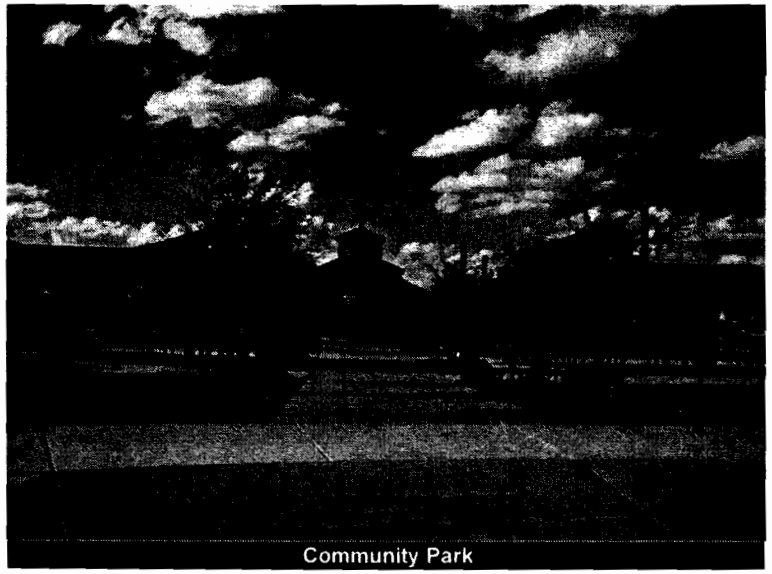
PH200-09 Maps

SULLIVAN group
Analysis. Answers.

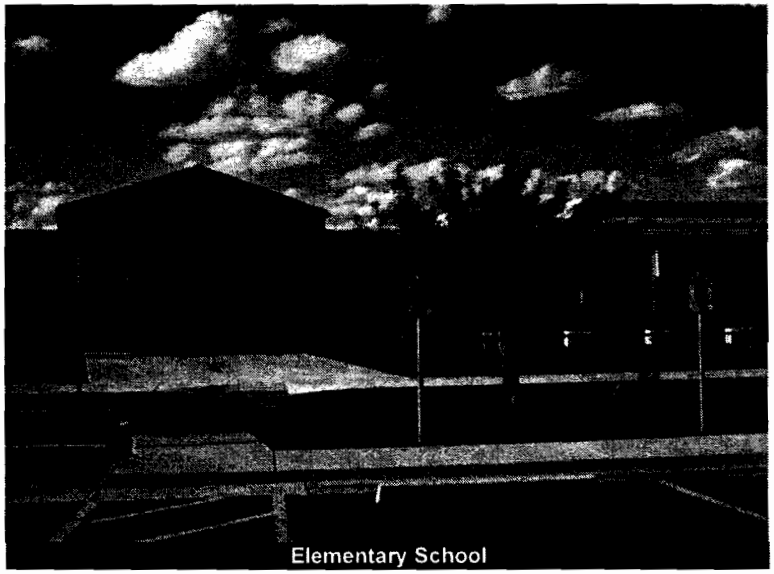
**Exhibit I-7**
**FESTIVAL FOOTHILLS PHOTOS**
**Buckeye, Arizona**
**September, 2009**



Entry Monumentation



Community Park



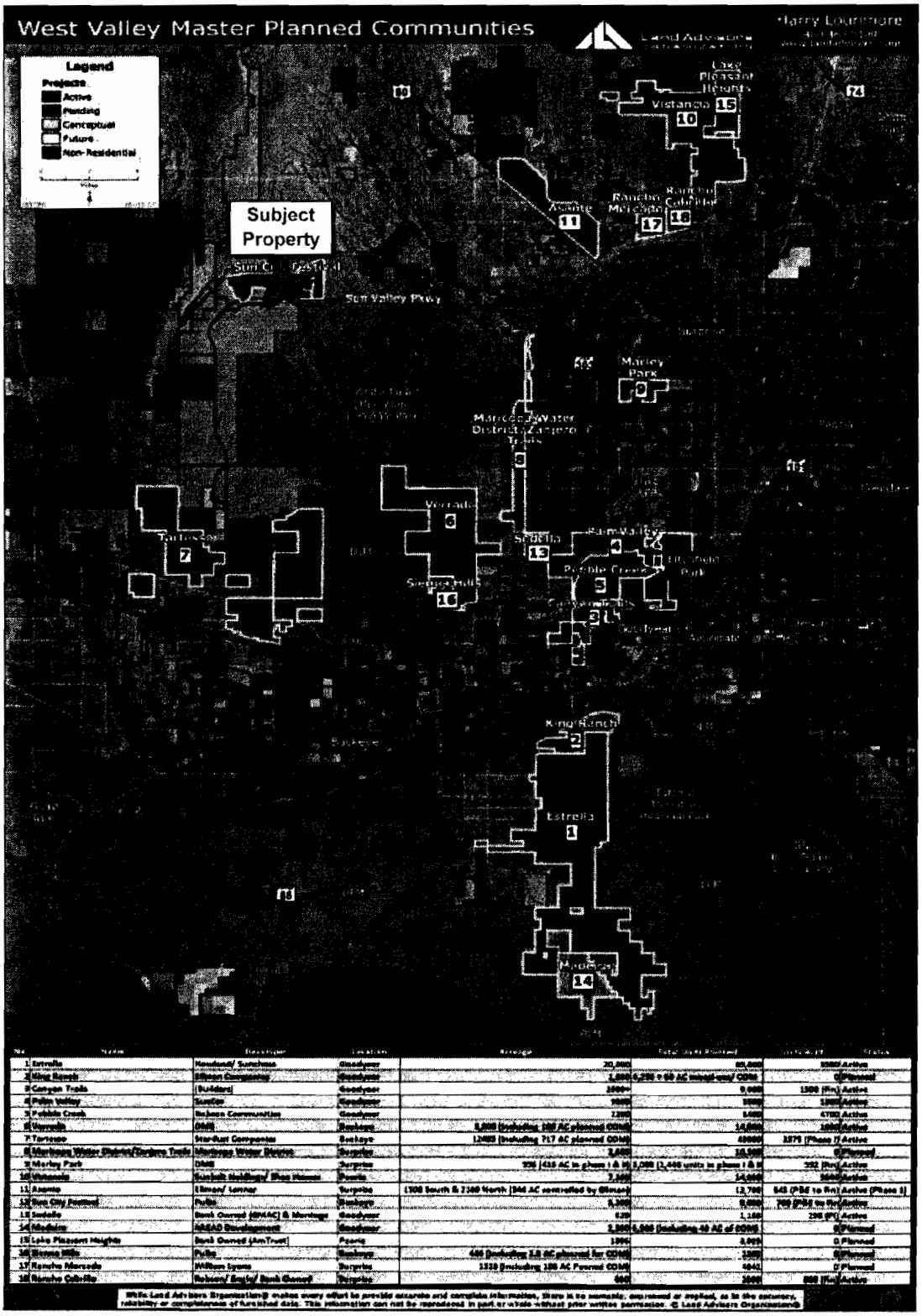
Elementary School

Source: Sullivan Group

PH200-09 Maps

SULLIVAN group
Analysis. Answers.

**Exhibit I-9**
**LOCATION RELATIVE TO OTHER WEST VALLEY MASTER PLANS**
**Phoenix MSA, Arizona**
**September, 2009**




Source: Land Advisors

PH200-09 Maps

SULLIVAN group
Analysis. Answers.

**Exhibit II - 1**
**PROJECTED ABSORPTION FOR FESTIVAL RANCH (Sun City Festival + Festival Foothills)**
**Festival Ranch Community Facilities District (Town of Buckeye, Arizona)**
**District General Obligation Bonds, Series 2009**

| Project Series Name | Total Units | Total Sold | Units Left | ACTUAL SALES 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **ACTIVE** | | | | | | | | | | | | | | | | | | | | |
| **Sun City Festival** | | | | | | | | | | | | | | | | | | | | |
| Cottage/Holiday | 271 | 271 | 0 | 94 | 75 | 64 | 38 | | | | | | | | | | | | | |
| Classics | 425 | 425 | 0 | 147 | 118 | 101 | 59 | | | | | | | | | | | | | |
| Premier | 408 | 408 | 0 | 141 | 113 | 97 | 57 | | | | | | | | | | | | | |
| Estates | 113 | 113 | 0 | 39 | 31 | 27 | 16 | | | | | | | | | | | | | |
| | 1,217 | 1,217 | 0 | 422 | 338 | 288 | 169 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Festival Foothills** | | | | | | | | | | | | | | | | | | | | |
| Adobe | 142 | 142 | 0 | 0 | 71 | 51 | 20 | | | | | | | | | | | | | |
| Sonoran | 90 | 90 | 0 | 0 | 45 | 32 | 13 | | | | | | | | | | | | | |
| Ridge | 53 | 53 | 0 | 0 | 26 | 19 | 8 | | | | | | | | | | | | | |
| Peak | 49 | 49 | 0 | 0 | 24 | 18 | 7 | | | | | | | | | | | | | |
| | 334 | 334 | 0 | 0 | 166 | 120 | 48 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ***Total Sales (Active)*** | ***1,551*** | ***1,551*** | ***0*** | ***422*** | ***504*** | ***408*** | ***217*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** |
| **FUTURE** | | | | | | | | | | | | | | | | | | | | |
| **Sun City Festival** | | | | | | | | PROJECTED SALES | | | | | | | | | | | | |
| Cottage/Holiday | 1,544 | 0 | 1,544 | | | | | 15 | 66 | 92 | 92 | 110 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 129 |
| Classics | 1,801 | 0 | 1,801 | | | | | 18 | 82 | 108 | 108 | 130 | 152 | 152 | 152 | 152 | 152 | 152 | 152 | 139 |
| Premier | 2,252 | 0 | 2,252 | | | | | 25 | 110 | 130 | 130 | 152 | 190 | 190 | 190 | 190 | 190 | 190 | 190 | 185 |
| Estates | 836 | 0 | 836 | | | | | 6 | 28 | 54 | 54 | 54 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 80 |
| | 6,433 | 0 | 6,433 | | | | | 64 | 286 | 384 | 384 | 446 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 533 |
| **Festival Foothills** | | | | | | | | | | | | | | | | | | | | |
| Adobe | 432 | 0 | 432 | | | | | 6 | 36 | 52 | 52 | 78 | 78 | 78 | 50 | 0 | | | | |
| Sonoran | 274 | 0 | 274 | | | | | 4 | 22 | 28 | 38 | 54 | 54 | 54 | 20 | 0 | | | | |
| Ridge | 161 | 0 | 161 | | | | | 2 | 14 | 22 | 33 | 42 | 42 | 7 | 0 | 0 | | | | |
| Peak | 149 | 0 | 149 | | | | | 2 | 14 | 14 | 26 | 36 | 36 | 23 | 0 | 0 | | | | |
| | 1,016 | 0 | 1,016 | | | | | 14 | 86 | 116 | 149 | 210 | 210 | 162 | 70 | 0 | 0 | 0 | 0 | 0 |
| ***Total Sales (Future)*** | ***7,449*** | ***0*** | ***7,449*** | | | | | ***78*** | ***372*** | ***500*** | ***533*** | ***656*** | ***752*** | ***704*** | ***612*** | ***542*** | ***542*** | ***542*** | ***542*** | ***533*** |
| **TOTAL SALES (OVERALL)** | **9,000** | | | **422** | **504** | **408** | **295** | **372** | **500** | **533** | **656** | **752** | **704** | **612** | **542** | **542** | **542** | **542** | **542** | **533** |
| Total Sales: Sun City Festival | 7,650 | | | 422 | 338 | 288 | 233 | 286 | 384 | 384 | 446 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 533 |
| Total Sales: Festival Foothills | 1,350 | | | 0 | 166 | 120 | 62 | 86 | 116 | 149 | 210 | 210 | 162 | 70 | 0 | 0 | 0 | 0 | 0 | 0 |

| **AVERAGE SALES/YEAR** | | |
|---|---|---|
| Sun City Festival | 450 | 2006-2022 |
| Festival Foothills | 123 | 2007-2017 |
| TOTAL | 573 | |

SULLIVAN group
Analysis. Answers.

**Exhibit II - 2**
**COMPARISON OF BUILDING PERMITS AND NEW HOME SALES**
**Maricopa County, Northwest Submarket and**
**Festival Ranch Community Facilities District (Town of Buckeye, Arizona)**
**1990 - 2009**

| Year | MARICOPA COUNTY | | | | | NORTHWEST | |
|---|---|---|---|---|---|---|---|
| | Building Permits (1) | | | New Home Sales (2) | | New Sales (2) | |
| | SF | MF | TOTAL | TOTAL | Ratio of Sales to Permits | TOTAL | % of County |
| **1990** | 11,304 | 2,074 | 13,378 | | | | |
| **1991** | 14,330 | 1,098 | 15,428 | | 0% | | |
| **1992** | 19,449 | 1,567 | 21,016 | | 0% | | |
| **1993** | 23,215 | 2,257 | 25,472 | 21,882 | 86% | | |
| **1994** | 28,224 | 6,551 | 34,775 | 22,123 | 64% | | |
| **1995** | 28,583 | 8,953 | 37,536 | 24,243 | 65% | | |
| **1996** | 29,513 | 10,133 | 39,646 | 24,563 | 62% | | |
| **1997** | 32,210 | 11,014 | 43,224 | 29,535 | 68% | | |
| **1998** | 36,562 | 11,240 | 47,802 | 33,742 | 71% | | |
| **1999** | 38,448 | 9,265 | 47,713 | 33,840 | 71% | | |
| **2000** | 34,232 | 11,078 | 45,310 | 25,498 | 56% | 7,403 | 29% |
| **2001** | 37,170 | 8,930 | 46,100 | 26,792 | 58% | 7,346 | 27% |
| **2002** | 40,002 | 7,897 | 47,899 | 25,672 | 54% | 7,106 | 28% |
| **2003** | 47,285 | 7,575 | 54,860 | 26,173 | 48% | 5,776 | 22% |
| **2004** | 57,360 | 7,899 | 65,259 | 41,729 | 64% | 8,713 | 21% |
| **2005** | 60,926 | 8,304 | 69,230 | 54,396 | 79% | 10,698 | 20% |
| **2006** | 38,753 | 7,998 | 46,751 | 49,295 | 105% | 8,753 | 18% |
| **2007** | 31,172 | 6,676 | 37,848 | 38,830 | 103% | 4,905 | 13% |
| **2008** | 12,582 | 6,365 | 18,947 | 20,695 | 109% | 2,313 | 11% |
| **2009P** | 6,000 | 2,030 | 8,030 | 10,301 | 128% | 1,178 | 11% |
| **2010P** | 9,073 | 2,050 | 11,123 | 12,000 | 108% | | |
| **Minimum** | 6,000 | 1,098 | 8,030 | 10,301 | 0% | 1,178 | 27% |
| **Maximum** | 60,926 | 11,240 | 69,230 | 54,396 | 86% | 10,698 | 29% |
| **Average** | 30,304 | 6,712 | 37,017 | 28,962 | 54% | 6,419 | 28% |
| **Median** | 31,172 | 7,897 | 39,646 | 25,923 | 63% | 7,346 | 28% |

| **By Year,** | **If Total New Home Sales Are:** Maricopa County | Festival Ranch Absorption | % Capture |
|---|---|---|---|
| *2006* | 49,295 | 422 | 0.9% |
| *2007* | 38,830 | 504 | 1.3% |
| *2008* | 20,695 | 408 | 2.0% |
| *2009* | 10,301 | 295 | 2.9% |
| *2010* | 12,000 | 372 | 3.1% |
| *2011* | 16,000 | 500 | 3.1% |
| *2012* | 20,000 | 533 | 2.7% |
| *2013* | 25,000 | 656 | 2.6% |
| *2014* | 30,000 | 752 | 2.5% |
| *2015* | 30,000 | 704 | 2.3% |
| *2016* | 30,000 | 612 | 2.0% |
| *2017* | 30,000 | 542 | 1.8% |
| *2018* | 30,000 | 542 | 1.8% |
| *2019* | 30,000 | 542 | 1.8% |
| *2020* | 30,000 | 542 | 1.8% |
| *2021* | 30,000 | 542 | 1.8% |
| *2022* | 30,000 | 533 | 1.8% |
| | TOTAL | 9,000 | |

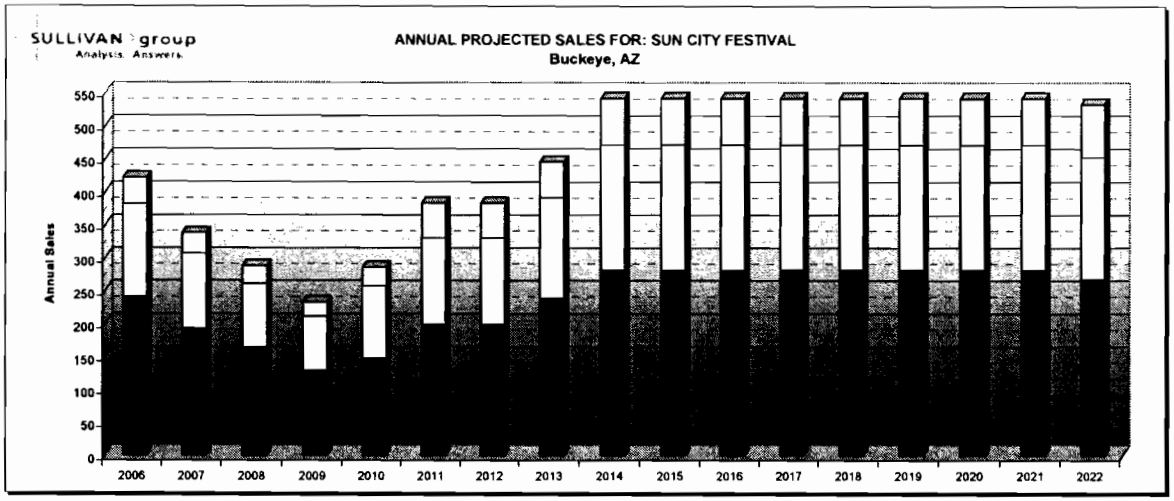
Source: HUD, DataQuick, Sullivan Group

SULLIVAN group
Analysis. Answers

# Exhibit II-3
## HYPOTHETICAL RESIDENTIAL SELL-OUT: SUN CITY FESTIVAL
### Buckeye, AZ
### September 2009

| SERIES | Total | Ave. Sales Rate Per | | | 2006 | | | | 2007 | | | | 2008 | | | | 2009 | | | | 2010 | | | | 2011 | | | | 2012 | | | | 2013 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. |
| Lot Size (SF) | Units | Mo. 1/ | Qtr. | Yr. | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| COTTAGE/HOLIDAY (5,060 SF Lots) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 271 | 6.0 | 18.1 | 72.3 | 23 | 29 | 20 | 22 | 24 | 18 | 12 | 21 | 27 | 17 | 9 | 10 | 17 | 15 | 6 | | | | | | | | | | | | | | | | | |
| FUTURE | 1,544 | 9.7 | 29.1 | 116.5 | | | | | | | | | | | | | | | | 16 | 16 | 18 | 18 | 16 | 21 | 25 | 25 | 21 | 21 | 25 | 25 | 21 | 25 | 30 | 30 | 25 |
| CLASSICS (6,600 SF Lots) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 425 | 9.4 | 28.3 | 113.3 | 36 | 46 | 31 | 35 | 38 | 28 | 19 | 34 | 43 | 27 | 15 | 16 | 26 | 24 | 9 | | | | | | | | | | | | | | | | | |
| FUTURE | 1,801 | 11.3 | 34.0 | 136.9 | | | | | | | | | | | | | | | | 18 | 20 | 22 | 22 | 18 | 24 | 30 | 30 | 24 | 24 | 30 | 30 | 24 | 30 | 35 | 35 | 30 |
| PREMIER (7,700 SF Lots) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 408 | 9.1 | 27.2 | 108.8 | 36 | 43 | 30 | 34 | 37 | 27 | 18 | 32 | 41 | 26 | 14 | 15 | 25 | 23 | 8 | | | | | | | | | | | | | | | | | |
| FUTURE | 2,252 | 14.2 | 42.6 | 170.0 | | | | | | | | | | | | | | | | 25 | 25 | 30 | 30 | 25 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 35 | 40 | 40 | 35 |
| ESTATES (8,800 SF Lots) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 113 | 2.5 | 7.6 | 30.1 | 10 | 12 | 8 | 9 | 10 | 7 | 5 | 9 | 11 | 7 | 4 | 4 | 7 | 6 | 2 | | | | | | | | | | | | | | | | | |
| FUTURE | 836 | 5.3 | 15.8 | 63.1 | | | | | | | | | | | | | | | | 5 | 6 | 8 | 8 | 6 | 12 | 15 | 15 | 12 | 12 | 15 | 15 | 12 | 12 | 15 | 15 | 12 |
| TOTAL: SUN CITY FESTIVAL | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1,217 | Quarterly Totals: | | | 104 | 128 | 89 | 101 | 109 | 80 | 53 | 96 | 123 | 77 | 42 | 46 | 75 | 69 | 25 | 64 | 66 | 78 | 78 | 64 | 87 | 105 | 105 | 87 | 87 | 105 | 105 | 87 | 103 | 120 | 120 | 103 |
| | 6,433 | Annual Sales: | | | 422 | | | | 338 | | | | 288 | | | | 233 | | | | 286 | | | | 384 | | | | 384 | | | | 446 | | | |

1/ Build-out is hypothetical. Actual build-out (and ultimately absorption) will change depending on release dates, phasing, etc.
2/ Estimates are based on housing market conditions in 2009 (recovering) and the "start-up" phase of the master plan.
3/ Lot size is typical and is per Pulte Homes. Actual lot sizes may vary.




Source: Sullivan Group Real Estate Advisors

SULLIVAN group
Analysis. Answers.

**Exhibit II-3**
**HYPOTHETICAL RESIDENTIAL SELL-OUT: SUN CITY FESTIVAL (CONTINUED)**
**Buckeye, AZ**
**September 2009**

| 2014 | | | | 2015 | | | | 2016 | | | | 2017 | | | | 2018 | | | | 2019 | | | | 2020 | | | | 2021 | | | | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. |
| 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 29 | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 23 | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 40 | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 20 | 20 | 20 | 20 | | | | |
| 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 131 | 145 | 145 | 112 | 0 | 0 | 0 | 0 |
| 542 | | | | 542 | | | | 542 | | | | 542 | | | | 542 | | | | 542 | | | | 542 | | | | 542 | | | | 533 | | | | 0 | | | |

Source: Sullivan Group Real Estate Advisors

SULLIVAN group
Analysis. Answers.

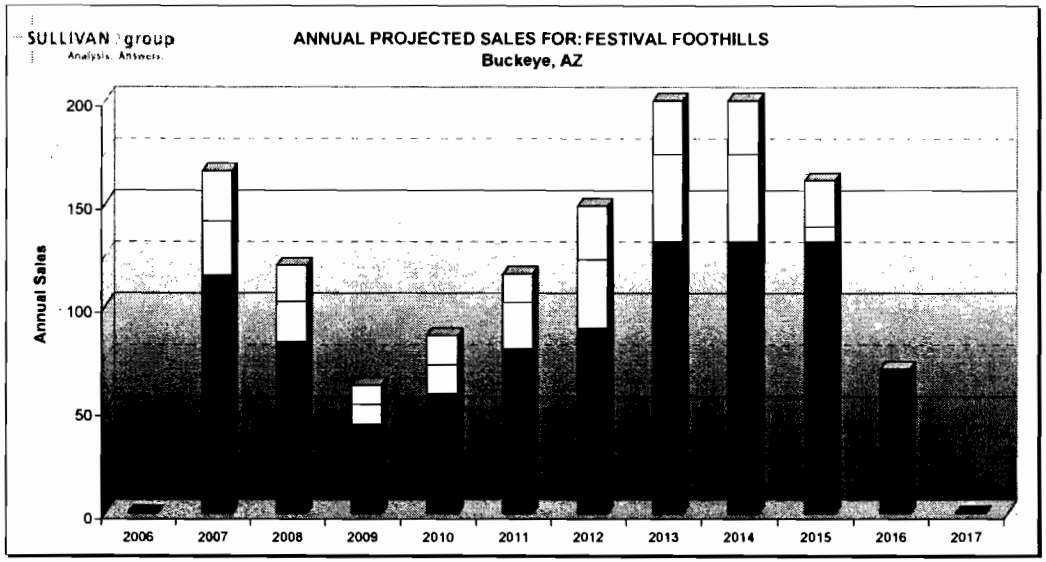
# Exhibit II - 4
## HYPOTHETICAL RESIDENTIAL SELL-OUT: FESTIVAL FOOTHILLS
### Buckeye, AZ
### September 2009

| SERIES | Total Units | Ave. Sales Rate Per Mo. 1/ | Qtr. | Yr. | 2006 Jan., Feb., Mar. | 2006 Apr., May, Jun. | 2006 Jul., Aug., Sept. | 2006 Oct., Nov., Dec. | 2007 Jan., Feb., Mar. | 2007 Apr., May, Jun. | 2007 Jul., Aug., Sept. | 2007 Oct., Nov., Dec. | 2008 Jan., Feb., Mar. | 2008 Apr., May, Jun. | 2008 Jul., Aug., Sept. | 2008 Oct., Nov., Dec. | 2009 Jan., Feb., Mar. | 2009 Apr., May, Jun. | 2009 Jul., Aug., Sept. | 2009 Oct., Nov., Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Lot Size (SF) | | | | | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| ADOBE (4,945 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 142 | 4.7 | 14.2 | 56.8 | | | | | | 80 | -4 | -3 | 14 | 17 | 8 | 12 | 9 | 5 | 8 | |
| FUTURE | 432 | 5.1 | 15.4 | 61.4 | | | | | | | | | | | | | | | | 6 |
| SONORAN (5,520 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 90 | 3.0 | 9.0 | 36.0 | | | | | | 50 | -4 | -3 | 9 | 11 | 5 | 8 | 6 | 4 | 3 | |
| FUTURE | 274 | 3.4 | 10.1 | 40.6 | | | | | | | | | | | | | | | | 4 |
| RIDGE (6,670 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 53 | 1.6 | 5.3 | 21.2 | | | | | | 30 | -2 | -1 | 5 | 6 | 3 | 4 | 3 | 2 | 2 | |
| FUTURE | 161 | 2.5 | 7.4 | 29.5 | | | | | | | | | | | | | | | | 2 |
| PEAK (7,820 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 49 | 1.6 | 4.9 | 19.6 | | | | | | 27 | -2 | -1 | 5 | 6 | 3 | 4 | 3 | 2 | 2 | |
| FUTURE | 149 | 2.1 | 6.2 | 24.9 | | | | | | | | | | | | | | | | 2 |
| TOTAL: FESTIVAL FOOTHILLS | | | | | | | | | | | | | | | | | | | | |
| | 334 | Quarterly Totals: | | | 0 | 0 | 0 | 0 | 0 | 187 | -13 | -8 | 34 | 40 | 18 | 28 | 21 | 15 | 12 | 14 |
| | 1,016 | Annual Sales: | | | 0 | | | | 166 | | | | 120 | | | | 62 | | | |

| SERIES | 2010 Jan., Feb., Mar. | 2010 Apr., May, Jun. | 2010 Jul., Aug., Sept. | 2010 Oct., Nov., Dec. | 2011 Jan., Feb., Mar. | 2011 Apr., May, Jun. | 2011 Jul., Aug., Sept. | 2011 Oct., Nov., Dec. | 2012 Jan., Feb., Mar. | 2012 Apr., May, Jun. | 2012 Jul., Aug., Sept. | 2012 Oct., Nov., Dec. | 2013 Jan., Feb., Mar. | 2013 Apr., May, Jun. | 2013 Jul., Aug., Sept. | 2013 Oct., Nov., Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Lot Size (SF) | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| ADOBE (4,945 SF Lots) | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | |
| FUTURE | 8 | 10 | 10 | 8 | 12 | 14 | 14 | 12 | 12 | 14 | 14 | 12 | 18 | 21 | 21 | 18 |
| SONORAN (5,520 SF Lots) | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | |
| FUTURE | 6 | 6 | 6 | 6 | 8 | 8 | 8 | 6 | 9 | 10 | 10 | 9 | 12 | 15 | 15 | 12 |
| RIDGE (6,670 SF Lots) | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | |
| FUTURE | 3 | 4 | 4 | 3 | 6 | 6 | 6 | 6 | 8 | 9 | 9 | 8 | 9 | 12 | 12 | 9 |
| PEAK (7,820 SF Lots) | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | |
| FUTURE | 3 | 4 | 4 | 3 | 3 | 4 | 4 | 3 | 6 | 7 | 7 | 6 | 8 | 10 | 10 | 8 |
| TOTAL: FESTIVAL FOOTHILLS | | | | | | | | | | | | | | | | |
| Quarterly Totals: | 19 | 24 | 24 | 19 | 26 | 32 | 32 | 26 | 35 | 40 | 40 | 35 | 47 | 58 | 58 | 47 |
| Annual Sales: | 86 | | | | 116 | | | | 149 | | | | 210 | | | |

| SERIES | 2014 Jan., Feb., Mar. | 2014 Apr., May, Jun. | 2014 Jul., Aug., Sept. | 2014 Oct., Nov., Dec. | 2015 Jan., Feb., Mar. | 2015 Apr., May, Jun. | 2015 Jul., Aug., Sept. | 2015 Oct., Nov., Dec. | 2016 Jan., Feb., Mar. | 2016 Apr., May, Jun. | 2016 Jul., Aug., Sept. | 2016 Oct., Nov., Dec. | 2017 Jan., Feb., Mar. | 2017 Apr., May, Jun. | 2017 Jul., Aug., Sept. | 2017 Oct., Nov., Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Lot Size (SF) | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| ADOBE (4,945 SF Lots) | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | |
| FUTURE | 18 | 21 | 21 | 18 | 18 | 21 | 21 | 18 | 18 | 21 | 11 | | | | | |
| SONORAN (5,520 SF Lots) | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | |
| FUTURE | 12 | 15 | 15 | 12 | 12 | 15 | 15 | 12 | 12 | 8 | | | | | | |
| RIDGE (6,670 SF Lots) | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | |
| FUTURE | 9 | 12 | 12 | 9 | 7 | | | | | | | | | | | |
| PEAK (7,820 SF Lots) | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | |
| FUTURE | 8 | 10 | 10 | 8 | 8 | 10 | 8 | | | | | | | | | |
| TOTAL: FESTIVAL FOOTHILLS | | | | | | | | | | | | | | | | |
| Quarterly Totals: | 47 | 58 | 58 | 47 | 45 | 46 | 41 | 30 | 30 | 29 | 11 | 0 | 0 | 0 | 0 | 0 |
| Annual Sales: | 210 | | | | 162 | | | | 70 | | | | 0 | | | |

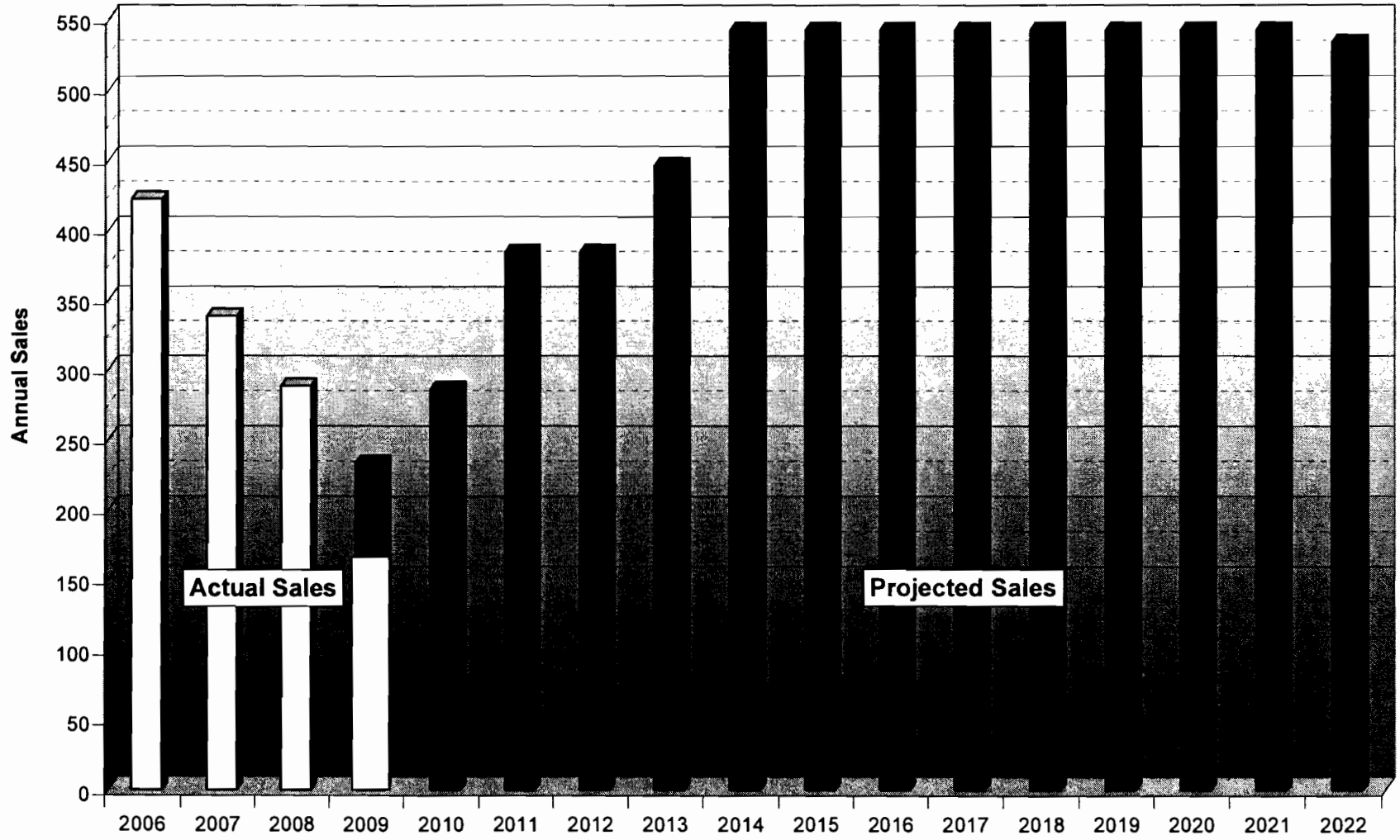
1/ Build-out is hypothetical. Actual build-out (and ultimately absorption) will change depending on release dates, phasing, etc.
2/ Estimates are based on housing market conditions in 2007 (recovering) and the "start-up" phase of the master plan.
3/ Lot size is typical and is per Pulte Homes. Actual lot sizes may vary.




Source: Sullivan Group Real Estate Advisors

SULLIVAN group
Analysis. Answers.

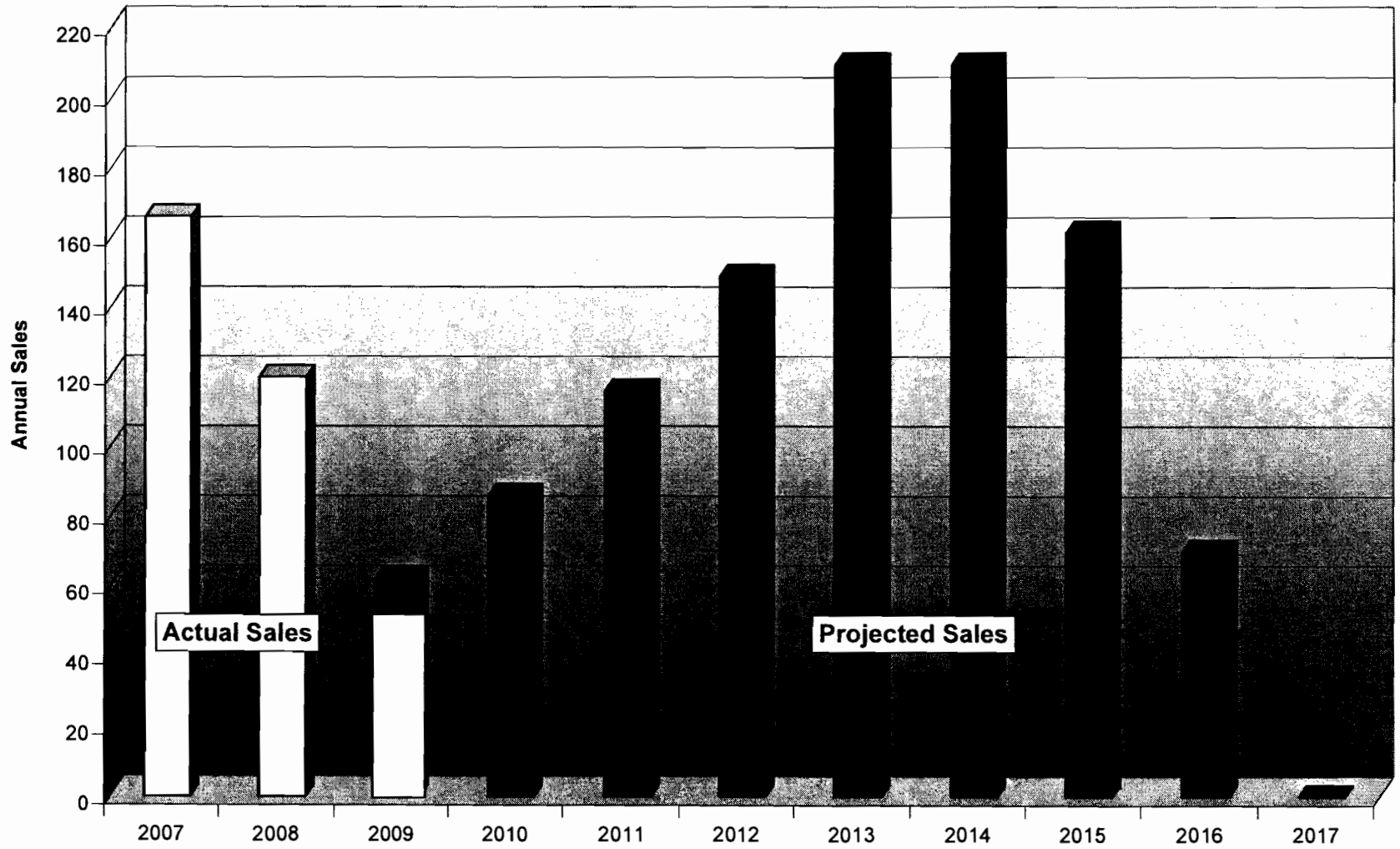
**Exhibit II-5**
**ACTUAL AND PROJECTED SALES FOR: SUN CITY FESTIVAL**
**Buckeye, AZ**
**2006 to 2022**




Source: Sullivan Group

SULLIVAN group
Analysis. Answers.

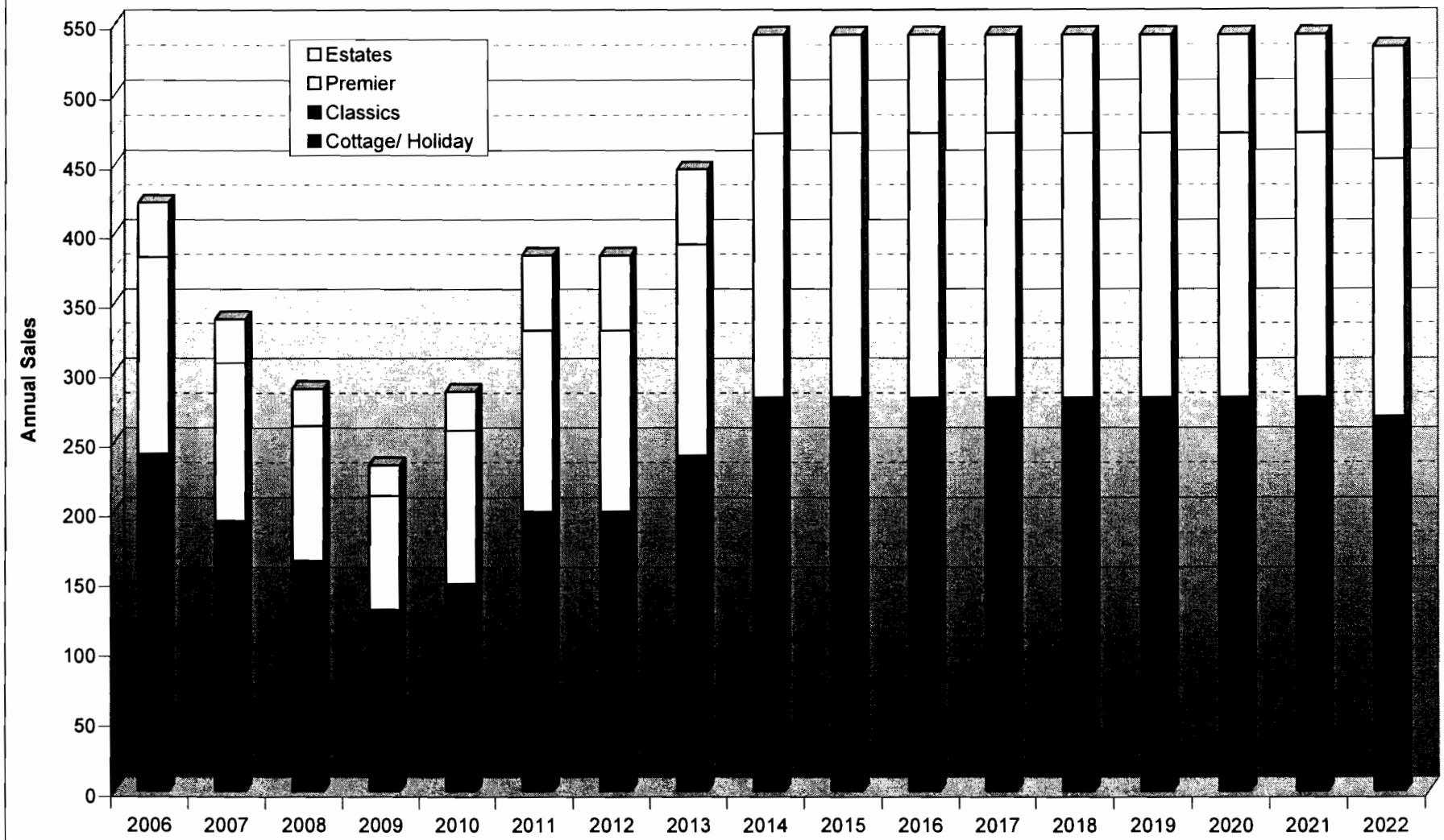
**Exhibit II-6**
**ACTUAL AND PROJECTED SALES FOR: FESTIVAL FOOTHILLS**
**Buckeye, AZ**
**2007 to 2018**




Source: Sullivan Group

SULLIVAN group
Analysis Answers.

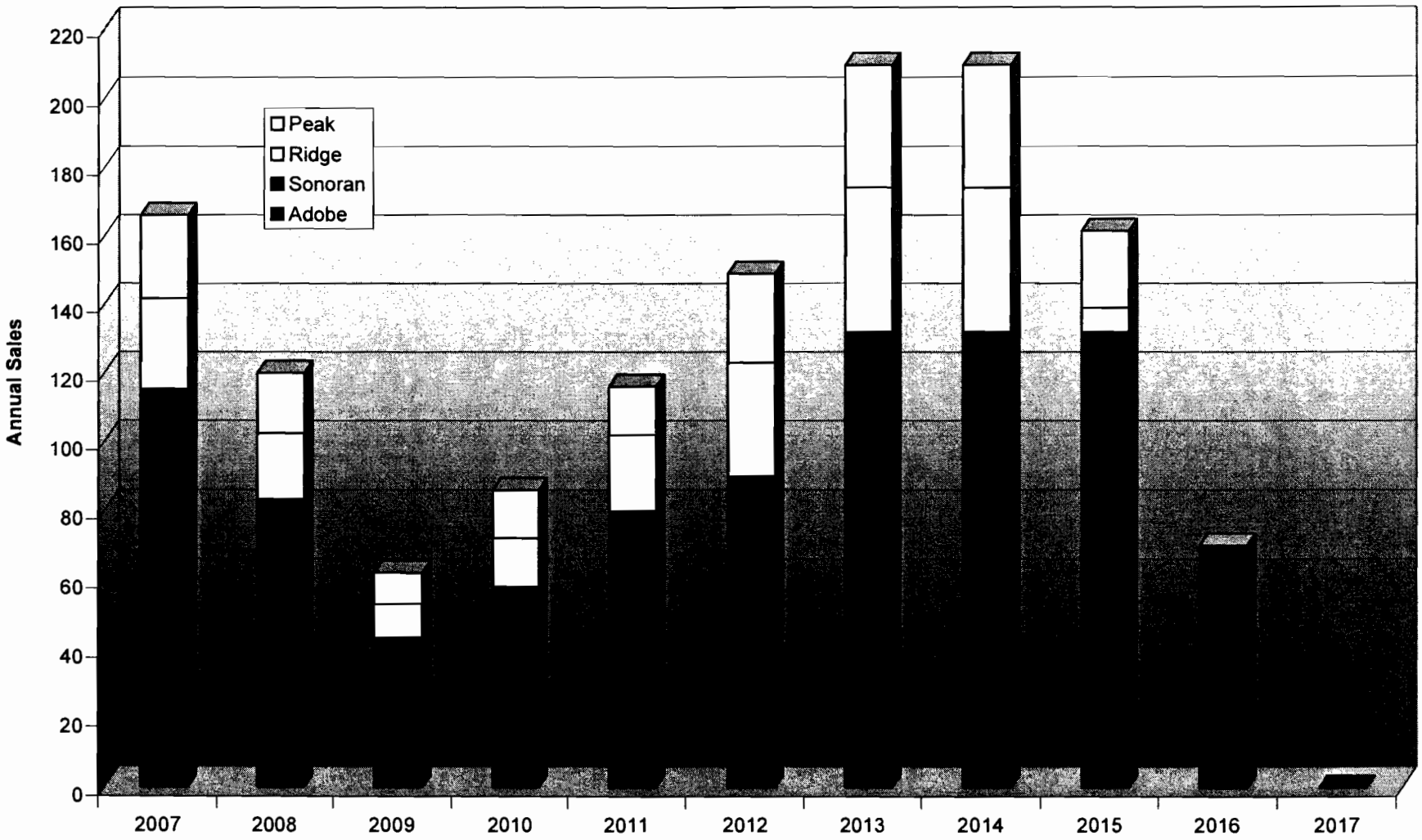
**Exhibit II-7**
**ANNUAL PROJECTED SALES FOR: SUN CITY FESTIVAL**
**Buckeye, AZ**
**2006 to 2022**




Source: Sullivan Group

SULLIVAN group
Analysis. Answers.

**Exhibit II-8**
**ANNUAL PROJECTED SALES FOR: FESTIVAL FOOTHILLS**
**Buckeye, AZ**
**2007 to 2018**




Source: Sullivan Group

SULLIVAN group
Analysis. Answers.

# Exhibit II-9
## CURRENT PRODUCT PROGRAM: SUN CITY FESTIVAL
## Buckeye, AZ
## September 2009

| Series | Plan Name | Number of Units 1/ | Monthly CFD 2/ | Typical Lot Size (SF) 1/ | Lot Dimensions 1/ | Bed/Bath 1/ 4/ | Floors/Pkg. 1/ | Unit Size (Square Feet) 1/ | Base Price 3/ | Base $/SF | Buyer Incentives | Net Base Price | SGREA Projected Absorption (Sales Per Month) 5/ Estimated Range | Implied Target (For Build-Out) | Past 12 Mo. Avg. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Liberty | | | 5,060 | 46' x 110' | 2/2 | 1/2 | 1,099 | $151,900 | $138 | $4,500 | $147,400 | 4.0 - 10.0 | 9.7 | 4.0 |
| | Freedom | | | | | 1/2 | 1/2 | 1,268 | $163,900 | $129 | $4,500 | $159,400 | | | |
| | Triumph | | | | | 2/2 | 1/2 | 1,398 | $174,900 | $125 | $4,500 | $170,400 | | | |
| | Spirit | | | | | 2/2+D | 1/2 | 1,373 | $208,900 | $152 | $4,500 | $204,400 | | | |
| | Valor | | | | | 2/2+D | 1/2 | 1,494 | $224,900 | $151 | $4,500 | $220,400 | | | |
| | **Cottage/ Holiday** | **1,836** | | | | | | | | | | | | | |
| 2 | Gala | | | 6,600 | 60' x 110' | 2/2+D | 1/2 | 1,612 | $246,900 | $153 | $4,500 | $242,400 | 6.0 - 12.0 | 11.3 | 6.3 |
| | Celebration | | | | | 2/2+D | 1/2 | 1,673 | $251,900 | $151 | $4,500 | $247,400 | | | |
| | Jamboree | | | | | 2/2+D | 1/2 | 1,816 | $261,900 | $144 | $4,500 | $257,400 | | | |
| | **Classics** | **2,142** | | | | | | | | | | | | | |
| 3 | Jubilee | | | 7,700 | 70' x 110' | 2/2+D | 1/3 | 1,960 | $296,000 | $151 | $4,500 | $291,500 | 6.0 - 15.0 | 14.2 | 6.0 |
| | Destiny | | | | | 2/2+D | 1/3 | 2,095 | $312,900 | $149 | $5,500 | $307,400 | | | |
| | Fiesta | | | | | 2/2+D | 1/3 | 2,323 | $327,900 | $141 | $5,500 | $322,400 | | | |
| | **Premier** | **2,678** | | | | | | | | | | | | | |
| 4 | Veranda | | | 8,800 | 80' x 110' | 3/2.5+D | 1/3 | 2,450 | $347,900 | $142 | $5,500 | $342,400 | 2.0 - 5.0 | 5.3 | 1.7 |
| | Parada | | | | | 2/2.5+D | 1/3 | 2,528 | $365,900 | $145 | $5,500 | $360,400 | | | |
| | Regale | | | | | 2/2.5+D | 1/3 | 2,849 | $385,900 | $135 | $5,500 | $380,400 | | | |
| | **Estates** | **995** | | | | | | | | | | | | | |
| | **TOTAL/AVERAGE** | **7,650** | | **6,901** | | | | | | | | | **18.0 - 42.0** | **40.5** | **17.9** |

1/ Based on total buildout of 7,650 homes, and market share of homes that have sold in each series to date.
2/ CFD Assessment Spread Analysis
3/ Base prices as provided by Pulte Homes.
4/ Options denoted by parenthesis. Example: 2-car garage (3 car option).
D=den; C=casita
5/ Absorption estimate per Sullivan Group Real Estate Advisors. Represents an average over the lifetime of the project. Actual absorption will vary in some months/years.

Source: Sullivan Group Real Estate Advisors

SULLIVAN group
Analysis. Answers.

**Exhibit II-10**
**CURRENT PRODUCT PROGRAM: FESTIVAL FOOTHILLS**
**Buckeye, AZ**
**September 2009**

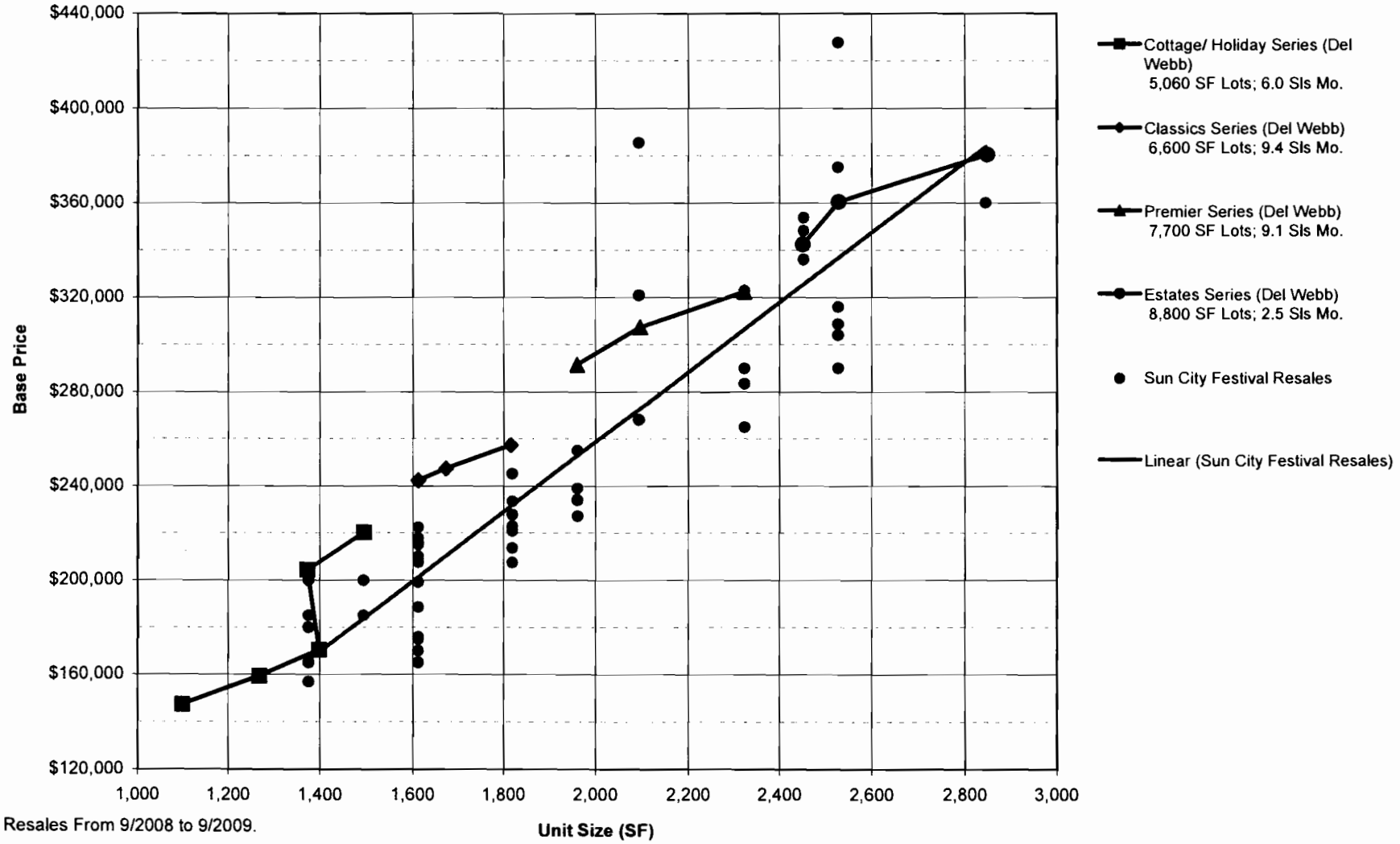
| Series | Plan Name | Number of Units 1/ | Monthly CFD 2/ | Typical Lot Size (SF) | Lot Dimensions 1/ | Bed/Bath 1/ 4/ | Floors/Pkg. 1/ | Unit Size (Square Feet) 1/ | Base Price 3/ | Base $/SF | Buyer Incentives | Net Base Price | SGREA Projected Absorption (Sales Per Month) 5/ Estimated Range | Implied Target (For Build-Out) | Past 12 Mo. Avg. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Sunset | | $14.50 | 4,945 | 43' x 115' | 2/2+D | 1/2 | 1,230 | $120,900 | $98 | $4,836 | $116,064 | 5.0 - 7.0 | 5.1 | 2.7 |
| | Horizon | | $14.50 | | | 2/2+D | 1/2 | 1,476 | $135,900 | $92 | $5,436 | $130,464 | | | |
| | Twilight | | $14.50 | | | 3/2+D | 1/2 | 1,624 | $142,900 | $88 | $5,716 | $137,184 | | | |
| | Crescent | | $14.50 | | | 4/2 | 2/2 | 2,154 | $152,900 | $71 | $6,116 | $146,784 | | | |
| | **Adobe** | **574** | **$14.50** | | | | | | | | | | | | |
| 2 | Sierra | | $14.50 | 5,520 | 48' x 115' | 3/2+D | 1/2 | 1,780 | $136,900 | $77 | $4,107 | $132,793 | 3.0 - 5.0 | 3.4 | 1.7 |
| | Cordillera | | $14.50 | | | 3/2.5 | 2/2 | 2,023 | $143,900 | $71 | $4,317 | $139,583 | | | |
| | Pinnacle | | $14.50 | | | 3/2.5+D | 2/2 | 2,364 | $155,900 | $66 | $4,677 | $151,223 | | | |
| | **Sonoran** | **364** | **$14.50** | | | | | | | | | | | | |
| 3 | Bahia | | $14.50 | 6,670 | 58' x 115' | 3/2 | 1/2 | 2,001 | $147,900 | $74 | $4,437 | $143,463 | 2.0 - 4.0 | 2.5 | 1.0 |
| | Hawthorn | | $14.50 | | | 3/2 | 1/2 | 2,118 | $154,900 | $73 | $4,647 | $150,253 | | | |
| | Verbena | | $14.50 | | | 3/2 | 1/2 | 2,364 | $160,900 | $68 | $4,827 | $156,073 | | | |
| | Plateau | | $14.50 | | | 3/2 | 2/3 | 2,573 | $161,900 | $63 | $4,857 | $157,043 | | | |
| | Canyon | | $14.50 | | | 3/2.5+D | 2/3 | 3,121 | $168,900 | $54 | $5,067 | $163,833 | | | |
| | Arroyo | | $14.50 | | | 5/2.5+D | 2/3 | 3,549 | $184,900 | $52 | $5,547 | $179,353 | | | |
| | Mesa | | $14.50 | | | 4/2.5+D | 2/3 | 3,666 | $190,900 | $52 | $5,727 | $185,173 | | | |
| | Butte | | $14.50 | | | 4/2.5+D | 2/3 | 4,071 | $214,900 | $53 | $6,447 | $208,453 | | | |
| | **Ridge** | **214** | **$14.50** | | | | | | | | | | | | |
| 4 | Ironwood | | $14.50 | 7,820 | 68' x 115' | 3/2.5+D | 1/3 | 2,503 | $187,900 | $75 | $7,516 | $180,384 | 2.0 - 4.0 | 2.1 | 0.9 |
| | Palo Verde | | $14.50 | | | 2/2.5+D | 1/3 | 2,667 | $198,900 | $75 | $7,956 | $190,944 | | | |
| | Mesquite | | $14.50 | | | 2/2.5+D | 1/3 | 3,044 | $213,900 | $70 | $8,556 | $205,344 | | | |
| | **Peak** | **198** | **$14.50** | | | | | | | | | | | | |
| | **TOTAL/AVERAGE** | **1,350** | | **5,795** | | | | | | | | | **12.0 - 20.0** | **13.0** | **6.3** |

1/ Based on total buildout of 1,350 homes, and market share of homes that have sold in each series to date.
2/ CFD Assessment based on a one time fee of $2,300 (according to sale agents) and ammoritized at 6.50% over 30 years.
3/ Base prices as provided by Pulte Homes.
4/ Options denoted by parenthesis. Example: 2-car garage (3 car option).
D=den; C=casita
5/ Absorption estimate per Sullivan Group Real Estate Advisors. Represents an average over the lifetime of the project. Actual absorption will vary in some months/years.

Source: Sullivan Group Real Estate Advisors

SULLIVAN group
Analysis. Answers.

**Exhibit II-11**
**CURRENT PRODUCT PROGRAM: SUN CITY FESTIVAL VS. SUN CITY FESTIVAL RESALES**
**Buckeye, AZ**
**September, 2009**

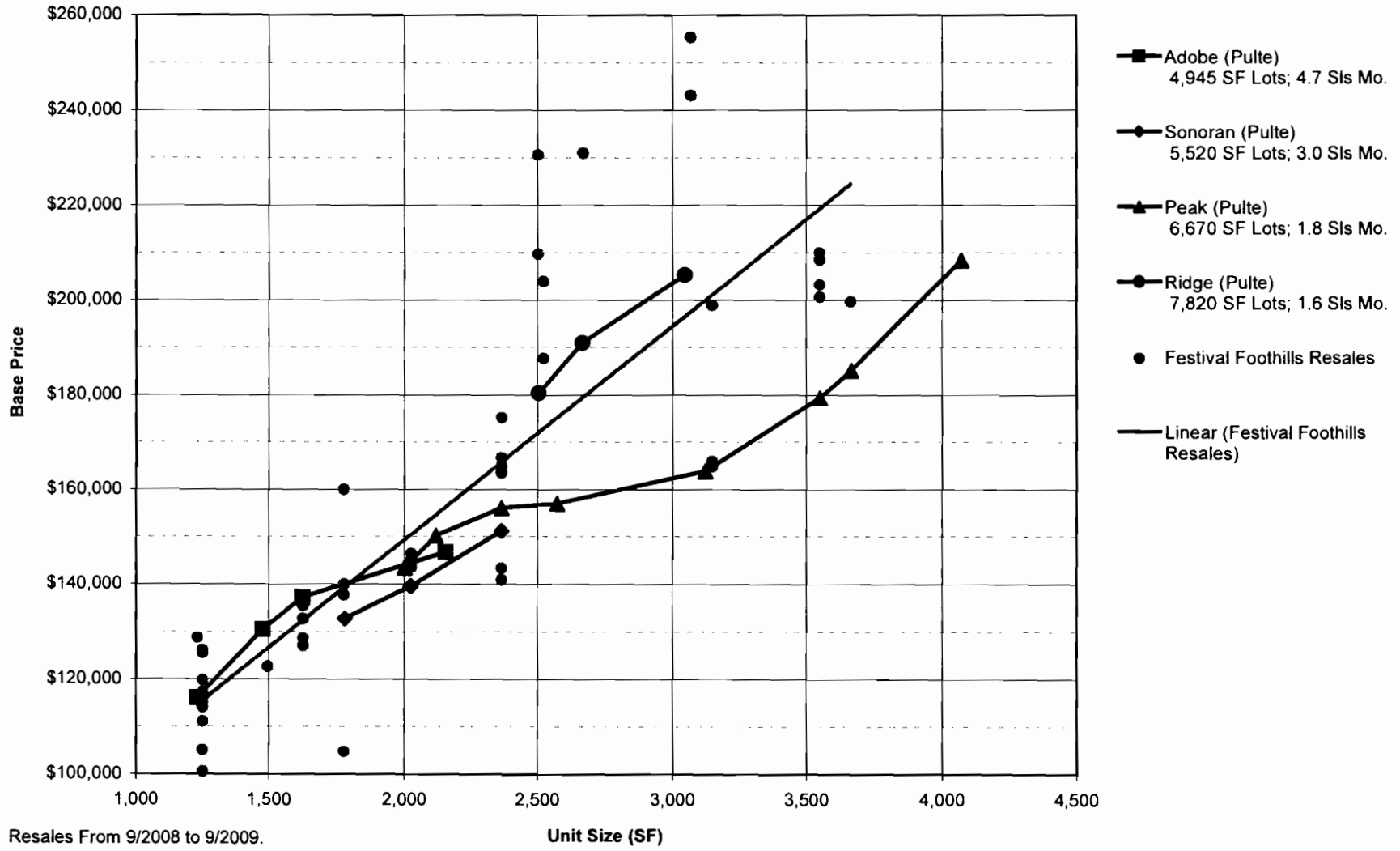



Resales From 9/2008 to 9/2009.

Source: Sullivan Group;
DPFG, Pulte Homes

SULLIVAN group
Analysis. Answers.

**Exhibit II-12**
**POSITIONING OF SUBJECT DEVELOPMENT: FESTIVAL FOOTHILLS VS. RESALES**
**Buckeye, AZ**
**September, 2009**

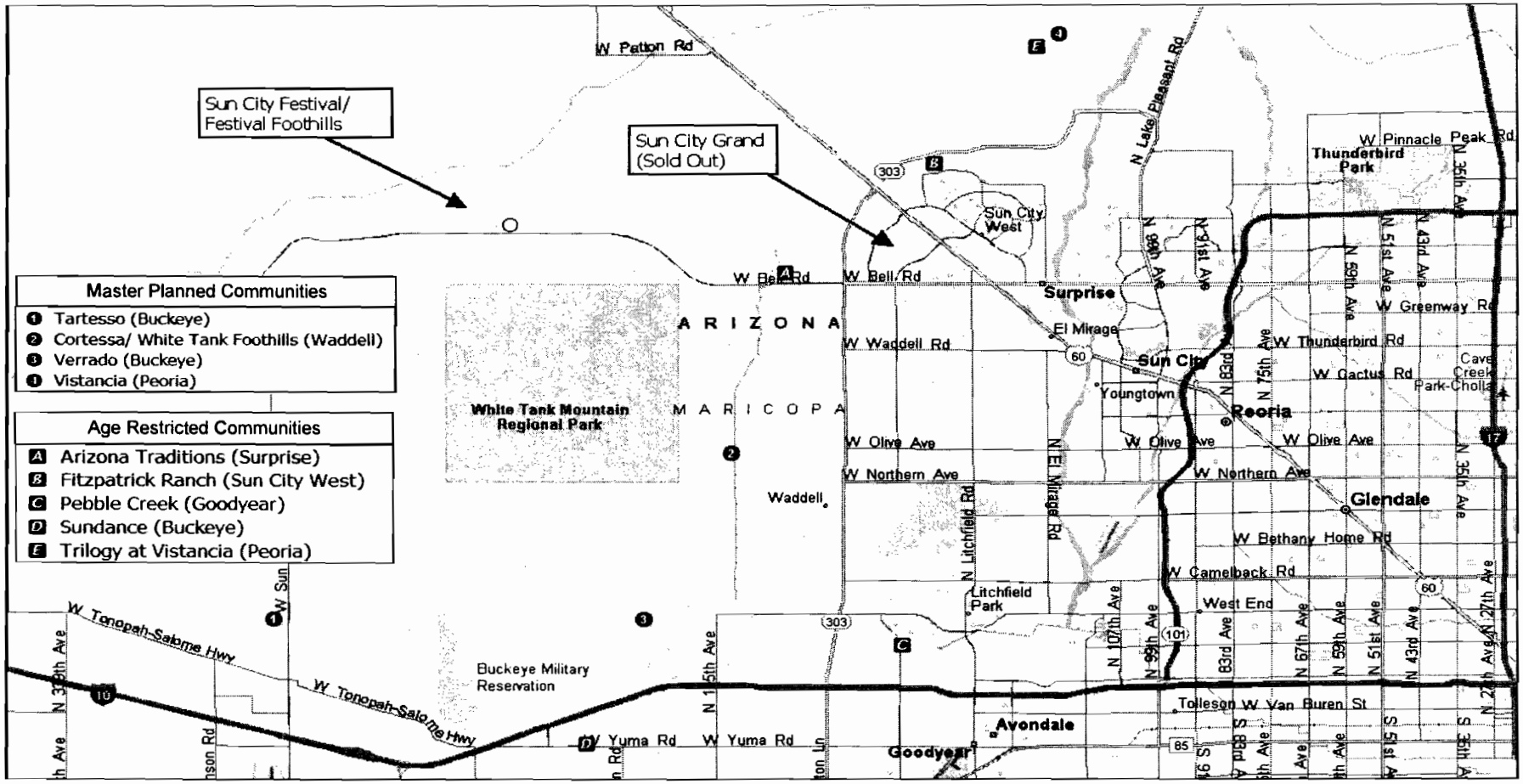



Resales From 9/2008 to 9/2009.

Source: Sullivan Group;
DPFG, Pulte Homes

SULLIVAN group
Analysis. Answers.

**Exhibit II-13**
**MAP OF ACTIVE ADULT MASTER PLANNED COMMUNITIES**
**West Valley - Phoenix, AZ**
**September 2009**

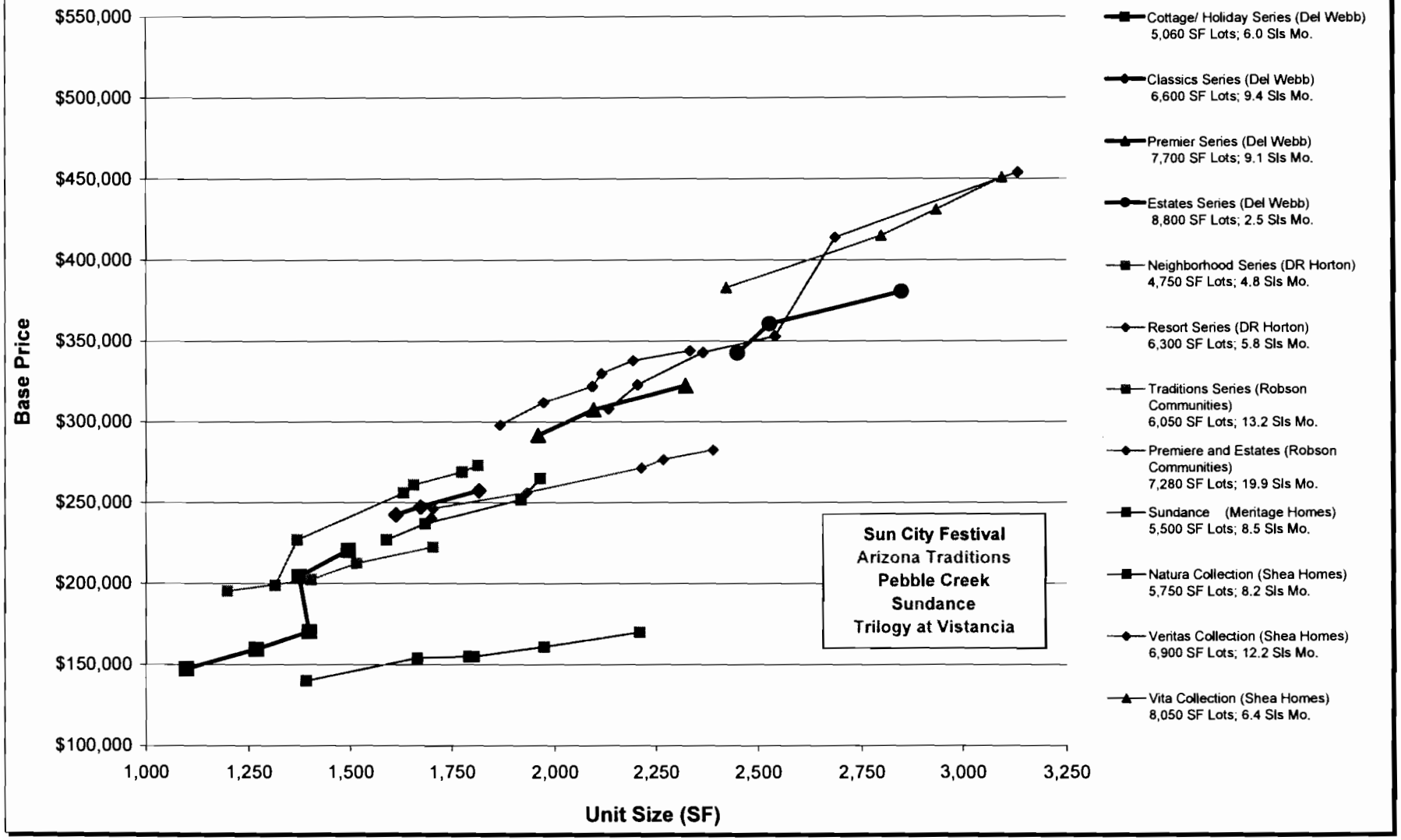



Source: MapPoint; Sullivan Group

PH200-09 Maps

SULLIVAN group
Analysis. Answers.

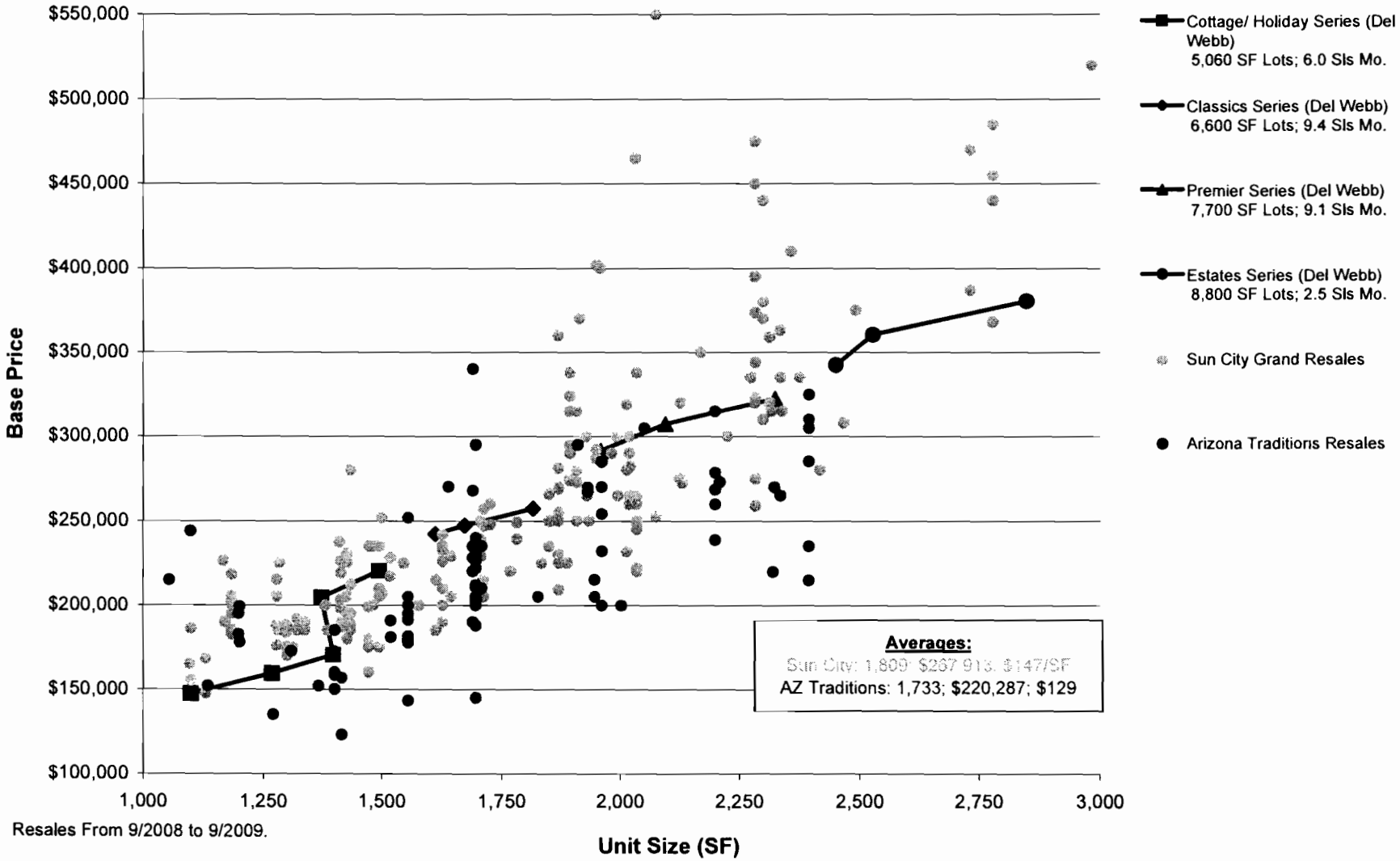
**Exhibit II-14**
**POSITIONING OF SUN CITY FESTIVAL VS. ACTIVE ADULT PROJECTS: (NET OF INCENTIVES)**
**West Valley - Phoenix, AZ**
**September 2009**




Source: Sullivan Group

SULLIVAN group
Analysis. Answers.

**Exhibit II-15**
**POSITIONING OF SUN CITY FESTIVAL VS. ACTIVE ADULT RESALES**
**West Valley - Phoenix, AZ**
**September 2009**




Resales From 9/2008 to 9/2009.

Source: Sullivan Group

SULLIVAN group

**Exhibit II-16**

**PHOENIX MSA ACTIVE ADULT MASTER PLAN HISTORICAL SALES AND % OF OVERALL MARKET SHARE:** Sorted by 2000-2008 Total Sales - Descending Order

**Phoenix MSA, AZ**

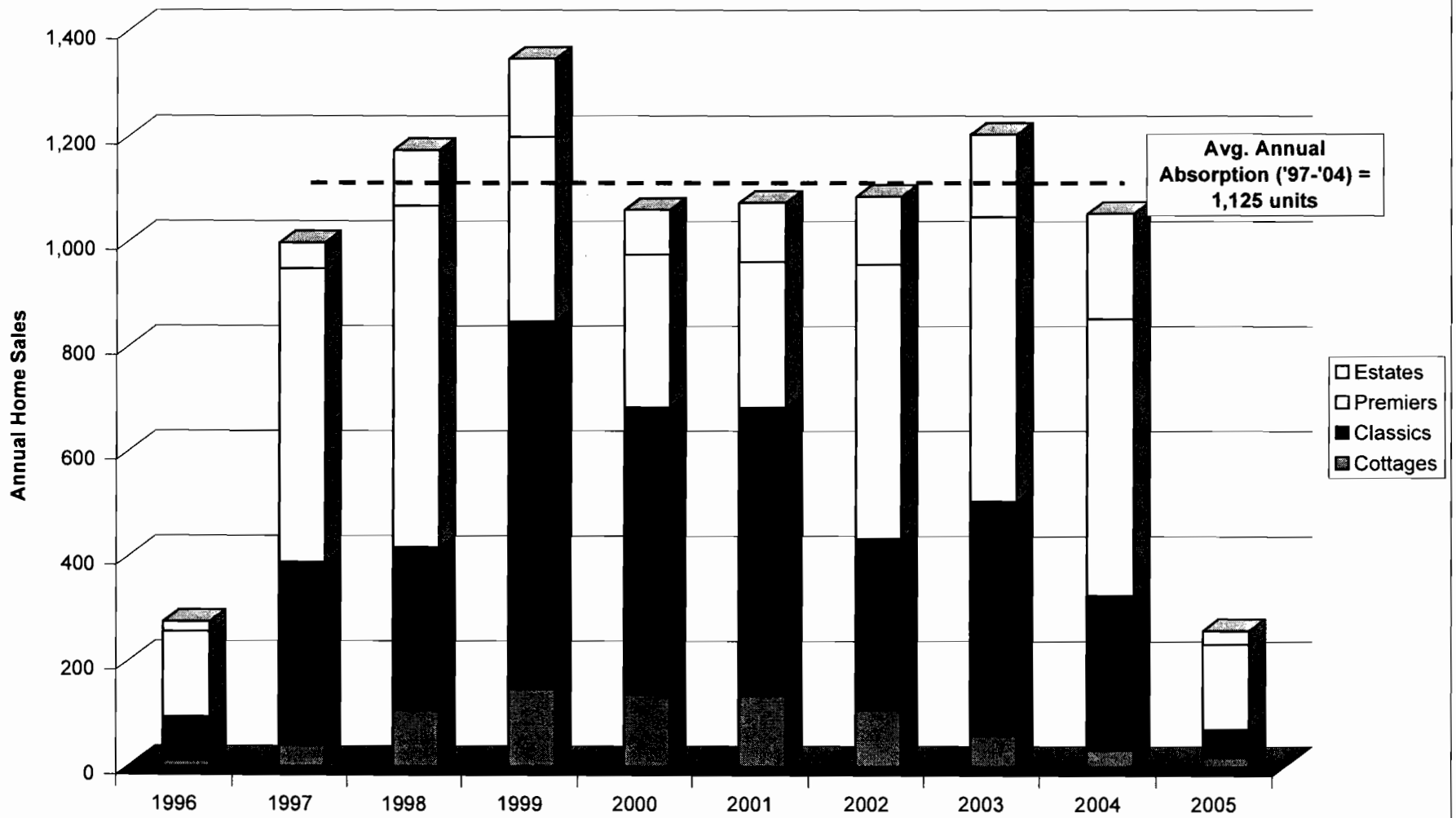
**October 2009**

| Masterplan Name | 2000 | | 2001 | | 2002 | | 2003 | | 2004 | | 2005 | | 2006 | | 2007 | | 2008 | | AAC MPC Total Sales 2000 - 2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total Sales | % of Total Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | |
| Phoenix-Mesa, AZ | | | | | | | | | | | | | | | | | | | |
| SUN CITY GRAND | 1,061 | 3.3% | 1,090 | 3.2% | 1,086 | 3.1% | 1,204 | 2.9% | 1,054 | 1.7% | 260 | 0.5% | | | | | | | 5,755 |
| PEBBLE CREEK | 355 | 1.1% | 342 | 1.0% | 211 | 0.6% | 344 | 0.8% | 322 | 0.5% | 200 | 0.4% | 89 | 0.2% | 80 | 0.3% | 83 | 0.6% | 2,026 |
| TRILOGY AT POWER RANCH | 130 | 0.4% | 154 | 0.4% | 194 | 0.6% | 303 | 0.7% | 202 | 0.3% | 534 | 1.0% | 213 | 0.5% | 137 | 0.5% | | | 1,867 |
| SUNDANCE | | | | | | | 150 | 0.4% | 335 | 0.5% | 792 | 1.5% | 299 | 0.7% | 76 | 0.3% | 57 | 0.4% | 1,709 |
| SUNLAND SPRINGS | 218 | 0.7% | 157 | 0.5% | 269 | 0.8% | 237 | 0.6% | 114 | 0.2% | 434 | 0.8% | 74 | 0.2% | 86 | 0.3% | 53 | 0.4% | 1,642 |
| TRILOGY AT VISTANCIA | | | | | | | | | 452 | 0.7% | 465 | 0.9% | 251 | 0.6% | 232 | 0.9% | 206 | 1.5% | 1,606 |
| CORTE BELLA | | | | | | | | | 587 | 1.0% | 494 | 0.9% | 369 | 0.9% | 108 | 0.4% | | | 1,558 |
| SUN LAKES | 212 | 0.7% | 289 | 0.8% | 140 | 0.4% | 330 | 0.8% | 258 | 0.4% | 281 | 0.5% | | | 9 | 0.0% | 2 | 0.0% | 1,521 |
| SOLERA | | | 158 | 0.5% | 234 | 0.7% | 286 | 0.7% | 259 | 0.4% | 213 | 0.4% | | | 98 | 0.4% | 81 | 0.6% | 1,329 |
| AR/ARIZONA TRADITIONS | 112 | 0.3% | 180 | 0.5% | 207 | 0.6% | 235 | 0.6% | 241 | 0.4% | 89 | 0.2% | 113 | 0.3% | 5 | 0.0% | 40 | 0.3% | 1,222 |
| SUN CITY FESTIVAL 1/ | | | | | | | | | | | | | 422 | 1.0% | 338 | 1.3% | 228 | 1.6% | 988 |
| PROVINCE | | | | | | | 15 | 0.0% | 188 | 0.3% | 370 | 0.7% | 208 | 0.5% | 96 | 0.4% | 23 | 0.2% | 900 |
| SUN CITY ANTHEM AT MERRILL RANCH | | | | | | | | | | | | | 434 | 1.0% | 307 | 1.2% | 156 | 1.1% | 897 |
| WHITE DOVE RANCH | | | | | | | | | | | | | 434 | 1.0% | 307 | 1.2% | 11 | 10.7% | 752 |
| MISSION ROYALE | | | | | | | 23 | 0.1% | 155 | 0.3% | 181 | 0.3% | 103 | 0.2% | 169 | 0.6% | 103 | 0.7% | 734 |
| JOHNSON RANCH | | | | | | | | | 135 | 0.2% | 228 | 0.4% | 184 | 0.4% | 76 | 0.3% | 81 | 0.6% | 704 |
| ROBSON RANCH | | | | | | | | | | | | | 150 | 0.4% | 200 | 0.8% | 200 | 1.4% | 550 |
| MOUNTAINBROOK VILLAGE | 236 | 0.7% | 98 | 0.3% | 67 | 0.2% | | | | | | | | | | | | | 401 |
| IRONWOOD VILLAGE | | | | | 13 | 0.0% | 22 | 0.1% | 27 | 0.0% | 83 | 0.2% | 23 | 0.1% | 9 | 0.0% | 6 | 0.0% | 183 |
| VILLA DE JARDINES | 9 | 0.0% | 11 | 0.0% | 12 | 0.0% | 5 | 0.0% | 10 | 0.0% | 55 | 0.1% | -13 | 0.0% | | | | | 89 |
| Phoenix-Mesa, AZ Total | 32,240 | 7.2% | 34,596 | 7.2% | 34,968 | 7.0% | 42,146 | 7.5% | 61,291 | 7.1% | 53,532 | 8.7% | 42,313 | 7.9% | 26,587 | 8.8% | 14,165 | 9.4% | 26,433 |

1/ % Market Capture is per market and based on Active Adult product only.
Source: Hanley Wood; Sullivan Group

SULLIVAN group
Analysis. Answers.

**Exhibit II-17A**
**ANNUAL NEW HOME SALES AT SUN CITY GRAND**
**Phoenix MSA, Arizona**
**1996 to 2005**

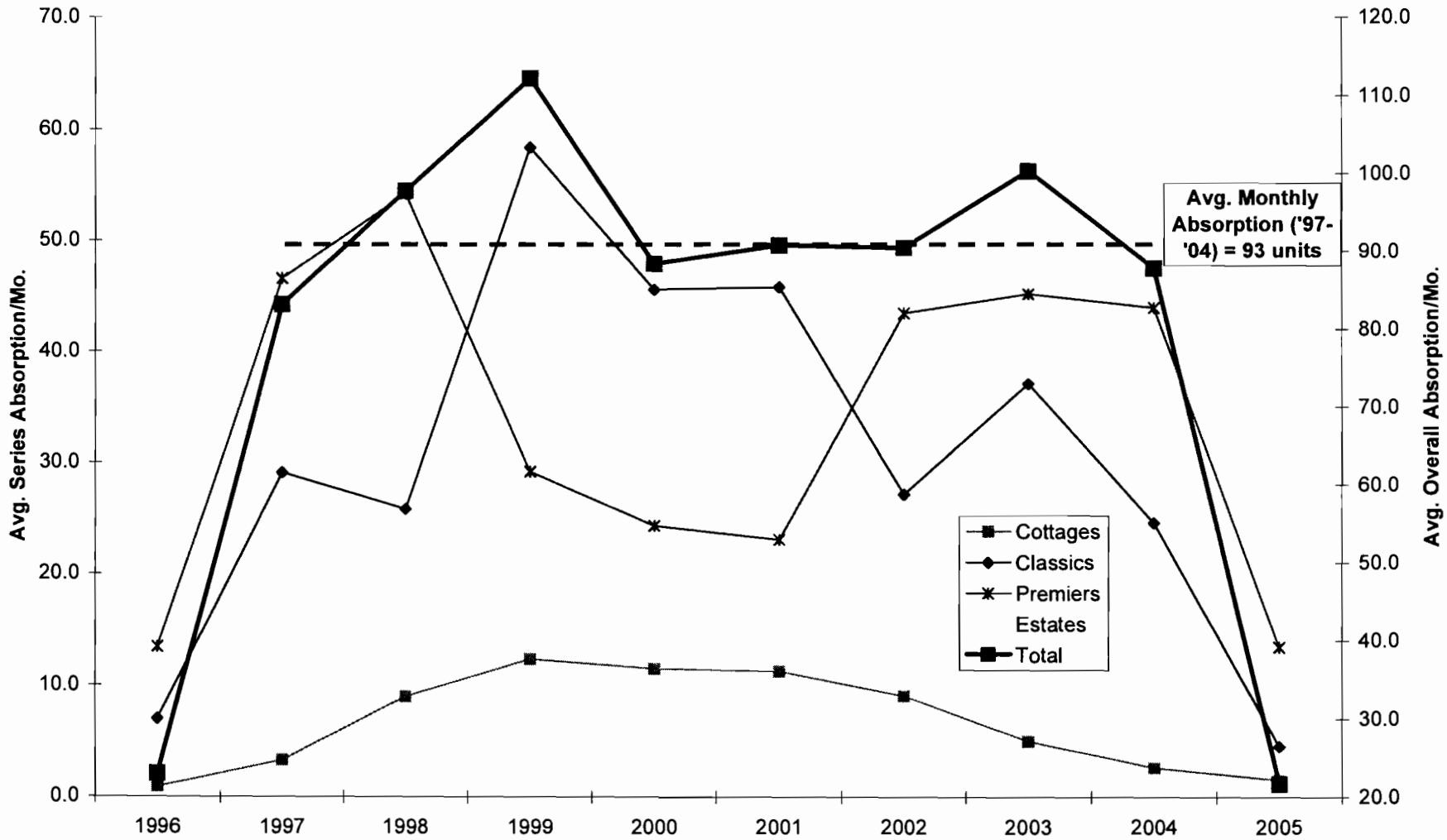



Source: Pulte/Del Webb, Sullivan Group

PH200-09 Sun City Grand

SULLIVAN group
Analysis. Answers.

**Exhibit II-17B**
**AVERAGE MONTHLY ABSORPTION BY SERIES AT SUN CITY GRAND**
**Phoenix MSA, Arizona**
**1996 to 2005**




Source: Pulte/Del Webb, Sullivan Group

SULLIVAN group
Analysis. Answers.

**Exhibit II-18**
**COMPARABLE PROJECT SUMMARY: ACTIVE ADULT MASTER PLANNED COMMUNITIES**
**West Valley - Phoenix, AZ**
**September 2009**

| Project Name / Builder / Location / Typical Lot Size | Planned / Sold / Remain | Open Date / Sls/ Mo. / 3 mo. Sales. / 3 mo Sls/Mo. | Unit: BR/Baths / Type | Floors/ / Parking | Size / (Sq. Ft.) | Base / Price | Base / $/Sq. Ft. | Incentives | Net / Base Price | H.O.A. | Total / Monthly / Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **ARIZONA TRADITIONS (SUNBELT HOLDINGS)** | | | | | | | | | | | |
| **Neighborhood Series** | 844 | Feb-96 | 2/2 | 1/2 | 1,198 | $195,400 | $163 | $0 | $195,400 | $107 | $1,381 |
| DR Horton | 794 | 4.8 | 2/2+D | 1/2 | 1,402 | $202,300 | $144 | $0 | $202,300 | $107 | $1,426 |
| Surprise | 50 | 0 | 2/2 | 1/2 | 1,515 | $212,400 | $140 | $0 | $212,400 | $107 | $1,492 |
| 4,750 | | 0 | 2/2+D | 1/2 | 1,704 | $222,400 | $131 | $0 | $222,400 | $107 | $1,557 |
| **Resort Series** | 928 | Oct-96 | 2/2+D | 1/2 | 1,699 | $240,400 | $141 | $0 | $240,400 | $107 | $1,675 |
| DR Horton | 898 | 5.8 | 2/2+D | 1/2 | 1,704 | $246,400 | $145 | $0 | $246,400 | $107 | $1,714 |
| Surprise | 30 | 2 | 3/2 | 1/2 | 1,933 | $256,400 | $133 | $0 | $256,400 | $107 | $1,779 |
| 6,300 | | 1 | 2/2.5+D | 1/2 | 2,213 | $271,400 | $123 | $0 | $271,400 | $107 | $1,877 |
| | | | 2/2+D | 1/2 | 2,268 | $276,400 | $122 | $0 | $276,400 | $107 | $1,910 |
| | | | 3/2 | 1/2 | 2,391 | $282,400 | $118 | $0 | $282,400 | $107 | $1,949 |
| **Total Units Proposed** | **1,772** | **5.3** | | **Minimum** | **1,198** | **$195,400** | **$118** | **$0** | **$195,400** | **$107** | **$1,381** |
| **Total Units Sold** | **1,692** | **Avg. Sls** | | **Maximum** | **2,391** | **$282,400** | **$163** | **$0** | **$282,400** | **$107** | **$1,949** |
| **Total Units Remain** | **80** | **Rate** | | **Median** | **1,704** | **$243,400** | **$136** | **$0** | **$243,400** | **$107** | **$1,694** |
| | | | | **Average** | **1,803** | **$240,590** | **$136** | **$0** | **$240,590** | **$107** | **$1,676** |
| **PEBBLE CREEK (ROBSON)** | | | | | | | | | | | |
| **Traditions Series** | 2,368 | Jan-00 | 2/2+D | 1/2 | 1,589 | $261,900 | $165 | $35,000 | $226,900 | $135 | $1,653 |
| Robson Communities | 1,529 | 13.2 | 2/2+D | 1/2 | 1,684 | $271,900 | $161 | $35,000 | $236,900 | $135 | $1,720 |
| Goodyear | 839 | 15 | 2/2+D | 1/2 | 1,919 | $286,900 | $150 | $35,000 | $251,900 | $135 | $1,820 |
| 6,050 | | 5.0 | 2/2.5+D | 1/2 | 1,965 | $299,900 | $153 | $35,000 | $264,900 | $135 | $1,907 |
| **Premiere and Estates** | 3,914 | Jan-00 | 2/2.5+D | 1/3 | 2,132 | $347,900 | $163 | $40,000 | $307,900 | $135 | $2,194 |
| Robson Communities | 2,319 | 19.9 | 2/2.5+D | 1/2 | 2,204 | $362,900 | $165 | $40,000 | $322,900 | $135 | $2,295 |
| Goodyear | 1,595 | 20 | 2/2.5+D | 1/2 | 2,366 | $382,900 | $162 | $40,000 | $342,900 | $135 | $2,429 |
| 7,280 | | 6.7 | 2/2.5+D | 1/2 | 2,541 | $402,900 | $159 | $50,000 | $352,900 | $135 | $2,495 |
| | | | 2/2.5+D | 1/3 | 2,686 | $463,900 | $173 | $50,000 | $413,900 | $135 | $2,903 |
| | | | 2/2.5+D | 1/2 | 3,134 | $503,900 | $161 | $50,000 | $453,900 | $135 | $3,171 |
| **Total Units Proposed** | **6,282** | **16.6** | | **Minimum** | **1,589** | **$261,900** | **$150** | **$35,000** | **$226,900** | **$135** | **$1,653** |
| **Total Units Sold** | **3,848** | **Avg. Sls** | | **Maximum** | **3,134** | **$503,900** | **$173** | **$50,000** | **$453,900** | **$135** | **$3,171** |
| **Total Units Remain** | **2,434** | **Rate** | | **Median** | **2,168** | **$355,400** | **$162** | **$40,000** | **$315,400** | **$135** | **$2,245** |
| | | | | **Average** | **2,222** | **$358,500** | **$161** | **$41,000** | **$317,500** | **$135** | **$2,259** |
| **SUNDANCE (MERITAGE HOMES)** | | | | | | | | | | | |
| **Sundance** | 1,102 | Oct-02 | 2/2+D | 1/2 | 1,390 | $149,900 | $108 | $10,000 | $139,900 | $91 | $1,023 |
| Meritage Homes | 708 | 8.5 | 2/2+D | 1/2 | 1,665 | $163,900 | $98 | $10,000 | $153,900 | $91 | $1,115 |
| Buckeye | 394 | 7 | 2/2+D | 1/2 | 1,791 | $169,900 | $95 | $15,000 | $154,900 | $91 | $1,125 |
| 5,500 | | 2.3 | 2/2+D | 1/2 | 1,804 | $169,900 | $94 | $15,000 | $154,900 | $91 | $1,125 |
| *Free Golf Cart (or $5,000) on Spec homes* | | | 2/2+D | 1/2 | 1,974 | $175,900 | $89 | $15,000 | $160,900 | $91 | $1,165 |
| | | | 2/2.5+D | 1/2 | 2,209 | $184,900 | $84 | $15,000 | $169,900 | $91 | $1,223 |

Source: Sullivan Group; Hanley Wood Market Intelligence

SULLIVAN group
Analysis. Answers.

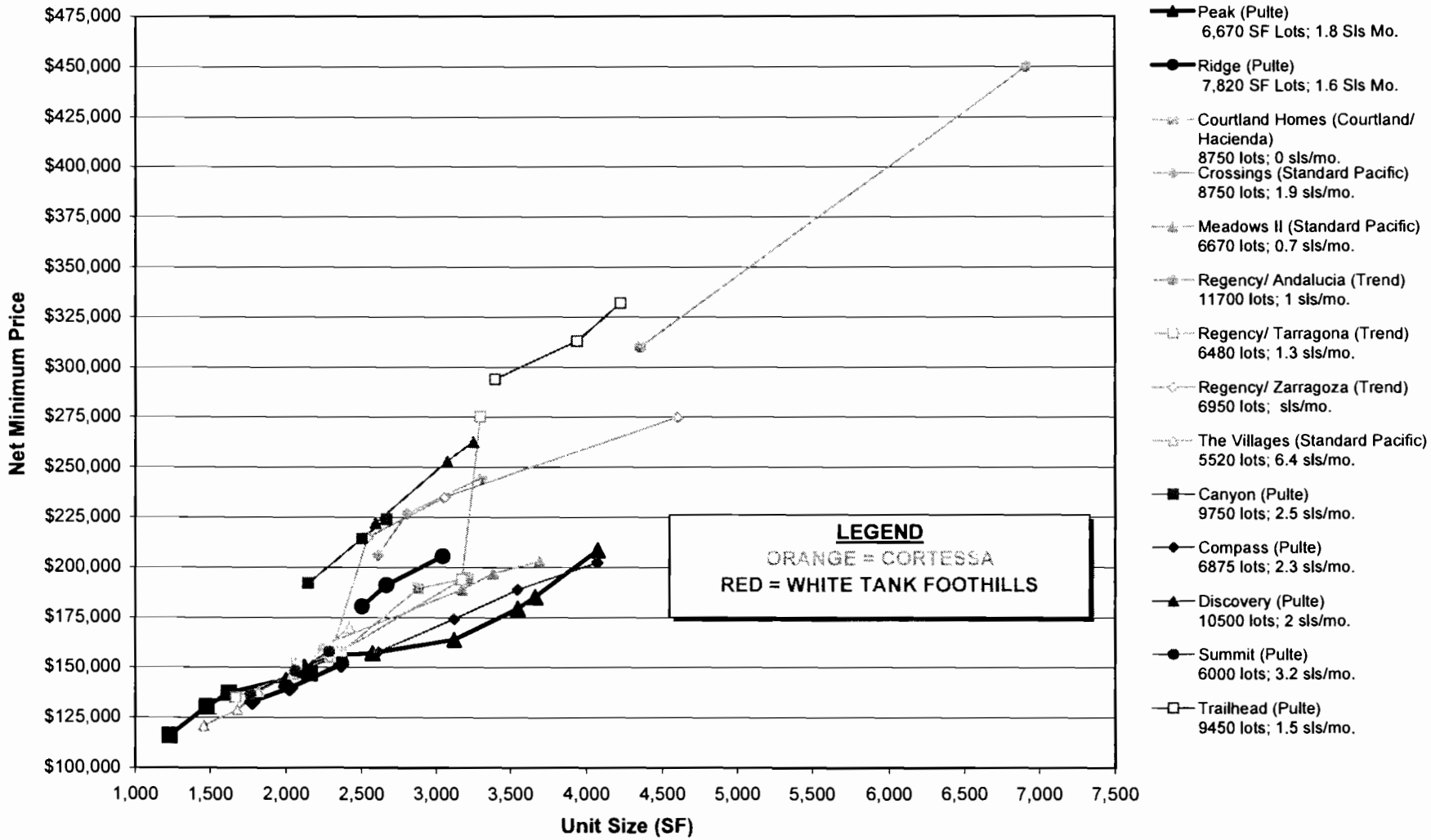
**Exhibit II-18**
**COMPARABLE PROJECT SUMMARY: ACTIVE ADULT MASTER PLANNED COMMUNITIES**
**West Valley - Phoenix, AZ**
**September 2009**

| Project Name / Builder / Location / Typical Lot Size | Planned / Sold / Remain | Open Date / Sls/ Mo. / 3 mo. Sales. / 3 mo Sls/Mo. | Unit BR/Baths Type | Floors/ Parking | Size (Sq. Ft.) | Base Price | Base $/Sq. Ft. | Incentives | Net Base Price | H.O.A. | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Units Proposed** | **1,102** | **8.5** | | **Minimum** | **1,390** | **$149,900** | **$84** | **$10,000** | **$139,900** | **$91** | **$1,023** |
| **Total Units Sold** | **708** | **Avg. Sls** | | **Maximum** | **2,209** | **$184,900** | **$108** | **$15,000** | **$169,900** | **$91** | **$1,223** |
| **Total Units Remain** | **394** | **Rate** | | **Median** | **1,798** | **$169,900** | **$95** | **$15,000** | **$154,900** | **$91** | **$1,125** |
| | | | | **Average** | **1,806** | **$169,067** | **$95** | **$13,333** | **$155,733** | **$91** | **$1,129** |
| **TRILOGY AT VISTANCIA (SHEA HOMES)** | | | | | | | | | | | |
| **Natura Collection** | 750 | Feb-04 | 2/2 | 1/2 | 1,314 | $198,900 | $151 | $0 | $198,900 | $177 | $1,474 |
| Shea Homes | 553 | 8.2 | 2/2 | 1/2 | 1,368 | $226,900 | $166 | $0 | $226,900 | $177 | $1,657 |
| Peoria | 197 | 14 | 2/2+D | 1/2 | 1,631 | $255,900 | $157 | $0 | $255,900 | $177 | $1,846 |
| 5,750 | | 4.7 | 2/2+D | 1/2 | 1,656 | $260,900 | $158 | $0 | $260,900 | $177 | $1,879 |
| | | | 2/2+D | 1/2 | 1,774 | $268,900 | $152 | $0 | $268,900 | $177 | $1,931 |
| | | | 2/2+D | 1/2 | 1,813 | $272,900 | $151 | $0 | $272,900 | $177 | $1,957 |
| **Veritas Collection** | 1,125 | Feb-04 | 2/2+D | 1/2 | 1,867 | $297,900 | $160 | $0 | $297,900 | $177 | $2,120 |
| Shea Homes | 824 | 12.2 | 2/2+D | 1/2 | 1,973 | $311,900 | $158 | $0 | $311,900 | $177 | $2,211 |
| Peoria | 301 | 9 | 2/2+D | 1/2 | 2,092 | $321,900 | $154 | $0 | $321,900 | $177 | $2,276 |
| 6,900 | | 3.0 | 2/1+D | 1/2 | 2,115 | $329,900 | $156 | $0 | $329,900 | $177 | $2,329 |
| | | | 2/2+D | 1/2 | 2,193 | $337,900 | $154 | $0 | $337,900 | $177 | $2,381 |
| | | | 2/2.5+D | 1/2 | 2,334 | $343,900 | $147 | $0 | $343,900 | $177 | $2,420 |
| **Vita Collection** | 625 | Feb-04 | 2/2.5+D | 1/2 | 2,423 | $382,900 | $158 | $0 | $382,900 | $177 | $2,674 |
| Shea Homes | 433 | 6.4 | 2/2.5+D | 1/2 | 2,799 | $414,900 | $148 | $0 | $414,900 | $177 | $2,883 |
| Peoria | 192 | 5 | 3/2.5+D | 1/2 | 2,935 | $430,900 | $147 | $0 | $430,900 | $177 | $2,987 |
| 8,050 | | 1.7 | 3/3.5+D | 1/2 | 3,096 | $450,900 | $146 | $0 | $450,900 | $177 | $3,118 |
| **Total Units Proposed** | **2,500** | **8.9** | | **Minimum** | **1,314** | **$198,900** | **$146** | **$0** | **$198,900** | **$177** | **$1,474** |
| **Total Units Sold** | **1,810** | **Avg. Sls** | | **Maximum** | **3,096** | **$450,900** | **$166** | **$0** | **$450,900** | **$177** | **$3,118** |
| **Total Units Remain** | **690** | **Rate** | | **Median** | **2,033** | **$316,900** | **$154** | **$0** | **$316,900** | **$177** | **$2,244** |
| | | | | **Average** | **2,086** | **$319,213** | **$154** | **$0** | **$319,213** | **$177** | **$2,259** |
| **GRAND TOTAL** | | | | | | | | | | | |
| **Total Units Proposed** | **11,656** | **9.9** | | **Minimum** | **1,198** | **$149,900** | **$84** | **$0** | **$139,900** | **$91** | **$1,023** |
| **Total Units Sold** | **8,058** | **Avg. Sls** | | **Maximum** | **3,134** | **$503,900** | **$173** | **$50,000** | **$453,900** | **$177** | **$3,171** |
| **Total Units Remain** | **3,598** | **Rate** | | **Median** | **1,949** | **$271,900** | **$151** | **$0** | **$264,900** | **$135** | **$1,893** |
| | | | | **Average** | **2,011** | **$288,398** | **$143** | **$11,667** | **$276,731** | **$138** | **$1,959** |

Source: Sullivan Group; Hanley Wood Market Intelligence

SULLIVAN group
Analysis. Answers.

**Exhibit II-19A**
**POSITIONING OF FESTIVAL FOOTHILLS VS.**
**CORTESSA/ WHITE TANK FOOTHILLS (NET OF INCENTIVES)**
**Phoenix MSA, Arizona**
**September, 2009**

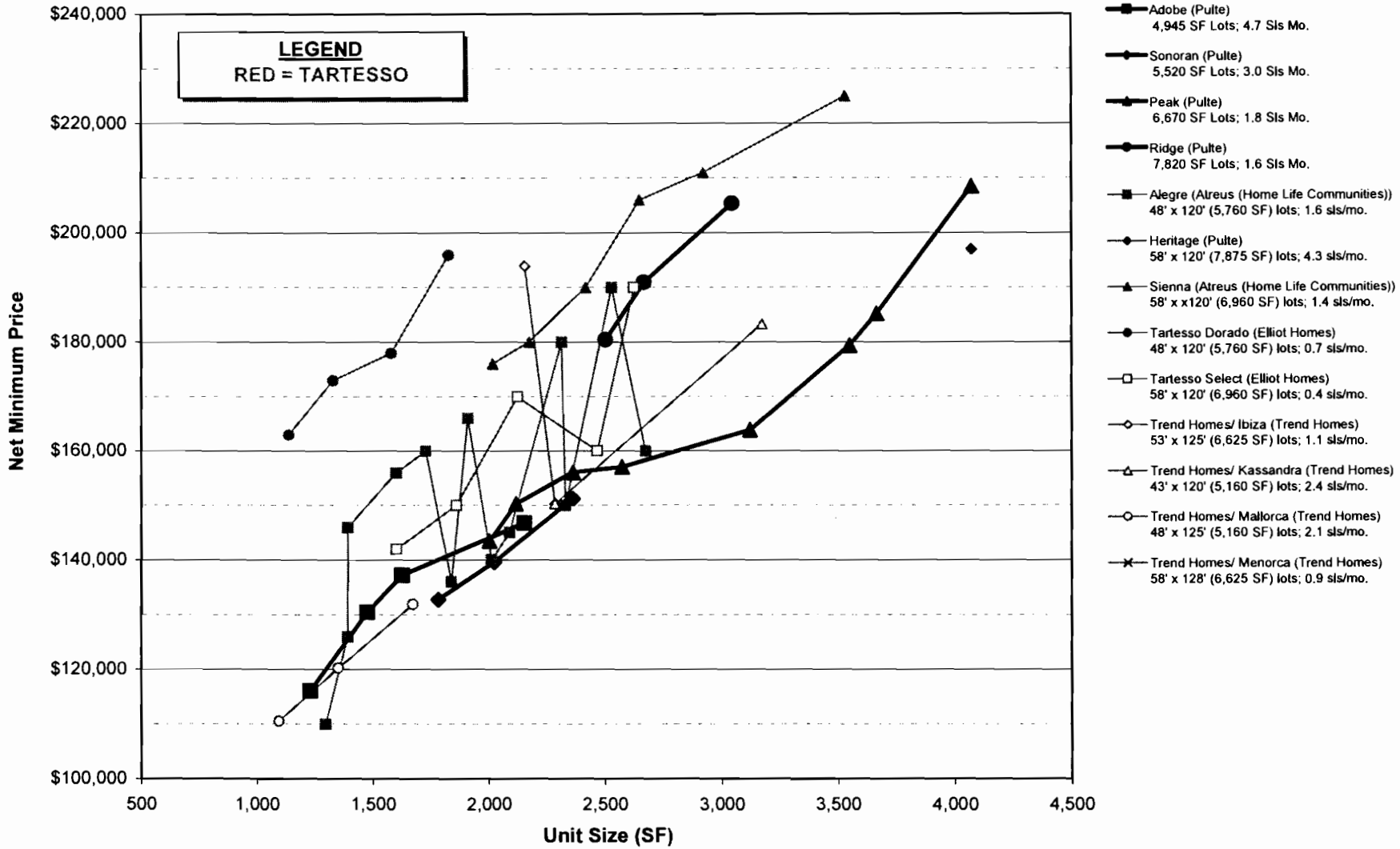



Source: Hanley Wood

PH200-09 Cortessa - White Tank Foothills

SULLIVAN group
Analysis. Answers.

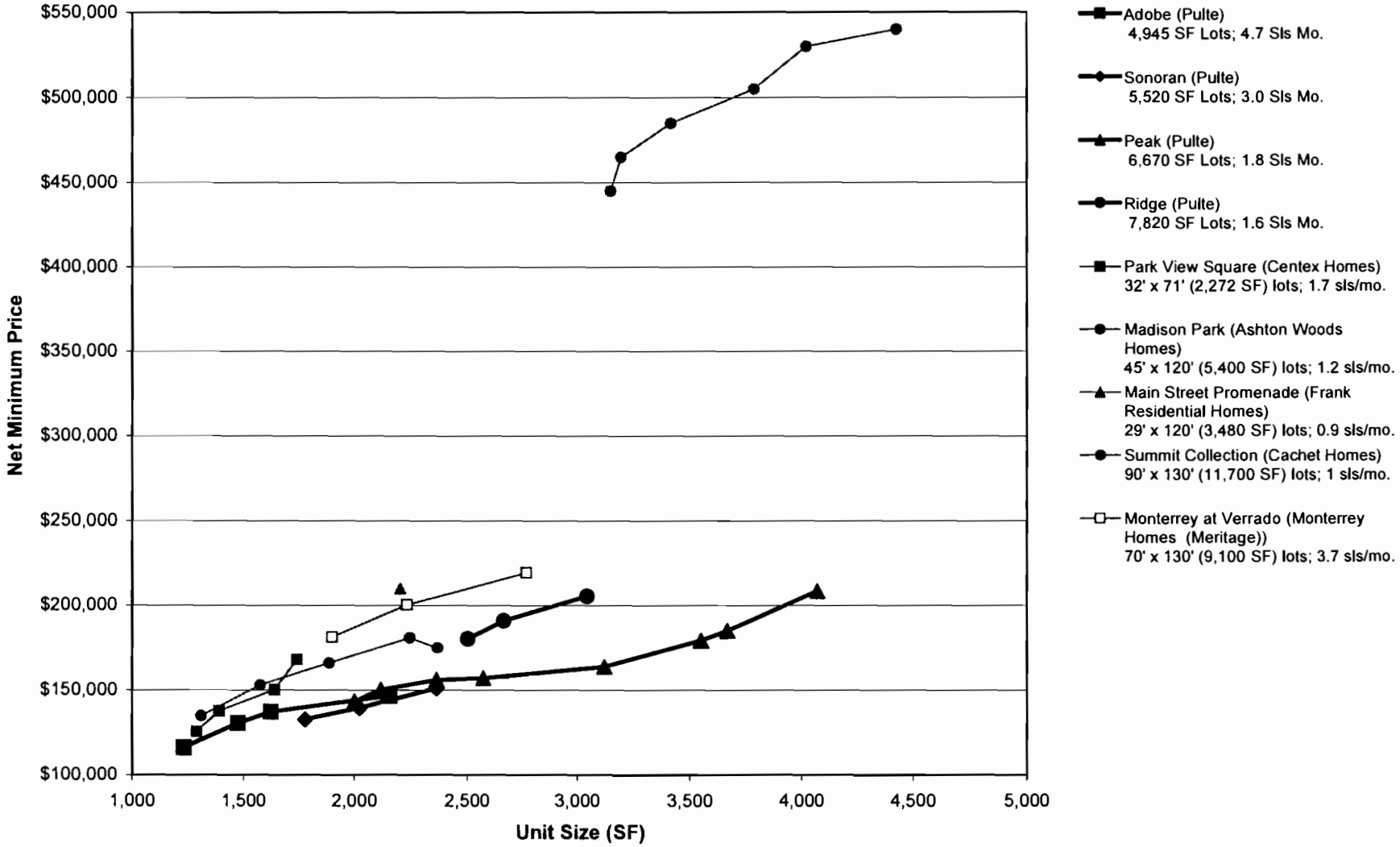
**Exhibit II-19B**
**POSITIONING OF FESTIVAL FOOTHILS VS. TARTESSO (NET OF INCENTIVES)**
**Phoenix MSA, Arizona**
**September, 2009**




1/ Positioning is net of incentives.
Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

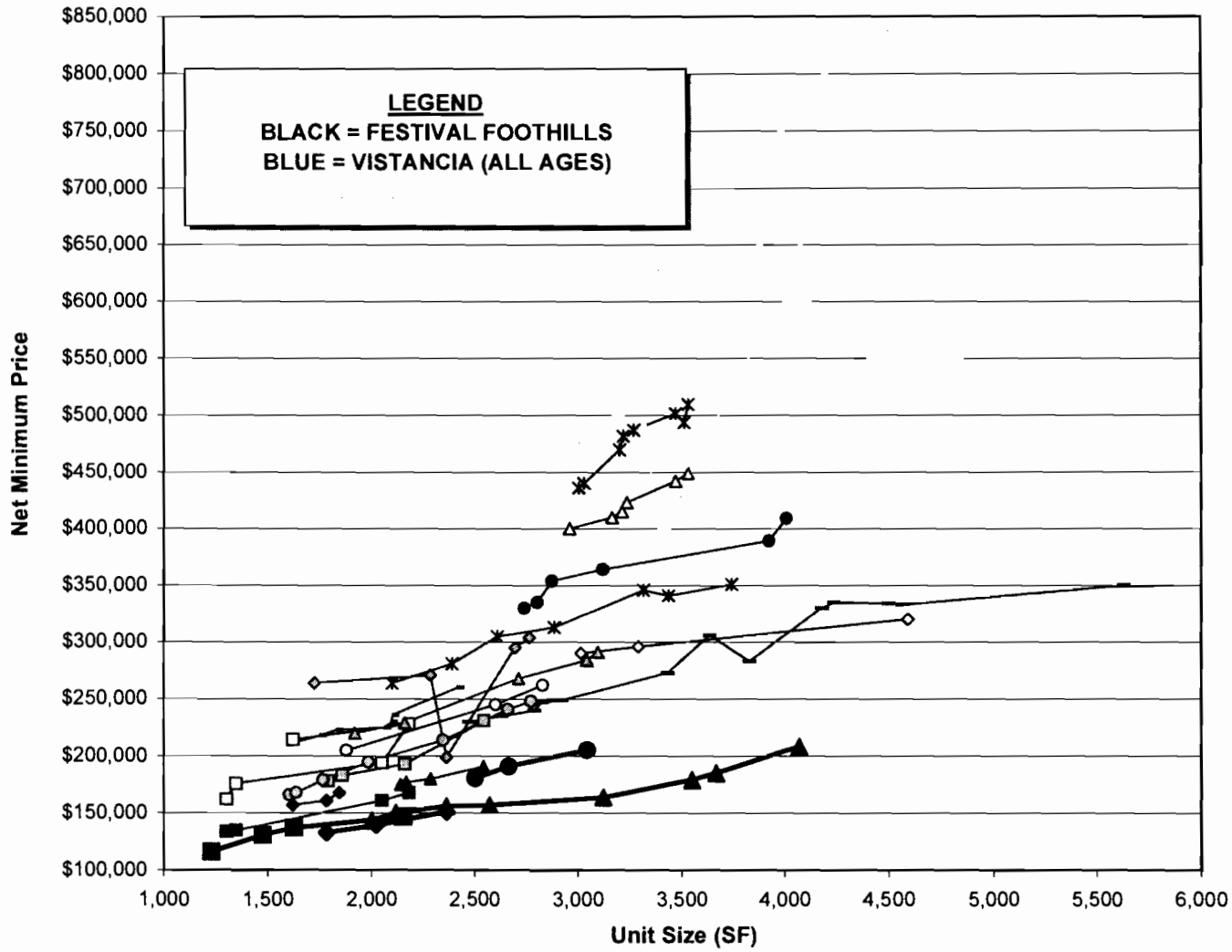
**Exhibit II-19C**
**POSITIONING OF FESTIVAL FOOTHILLS VS. VERRADO (NET OF INCENTIVES)**
**Phoenix MSA, Arizona**
**September, 2009**




1/ Positioning is net of incentives.
Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

# Exhibit II-19D
## POSITIONING OF VISTANCIA (NET OF INCENTIVES)
## Phoenix MSA, Arizona
## September, 2009




Adobe (Pulte)
4,945 SF Lots; 4.7 Sls Mo.

Sonoran (Pulte)
5,520 SF Lots; 3.0 Sls Mo.

Peak (Pulte)
6,670 SF Lots; 1.8 Sls Mo.

Ridge (Pulte)
7,820 SF Lots; 1.6 Sls Mo.

Aria at Vistancia (Cachet Homes)
80' x 125' (10,000 SF) lots; 1.3 sls/mo.

Cachet Homes at Blackstone (Cachet Homes)
100' x 140' (14,000 SF) lots; 0.1 sls/mo.

Camelot at Blackstone (Camelot Homes)
100' x 126' (12,600 SF) lots; 0 sls/mo.

TW Lewis at Blackstone (TW Lewis Co.)
100' x 115' (11,500 SF) lots; 0.7 sls/mo.

Acacia Grove - Colony Series (Trend Homes)
(On Hold) lots; 0.1 sls/mo.

Acacia Grove - Cottage Series (Trend Homes)
45' x 90' (4,050 SF) lots; 0.3 sls/mo.

Acacia Grove - Villa Series (Trend Homes)
45' x 90' (4,050 SF) lots; 0.1 sls/mo.

Altavista at Vistancia (TW Lewis Co.)
70' x 130' (9,100 SF) lots; 0.7 sls/mo.

Canyon Crest (Engle Homes)
69' x 120' (8,280 SF) lots; 2 sls/mo.

Desert Trails (Shea Homes)
65' x 100' (7,200 SF) lots; 3 sls/mo.

Eagle Ridge (Ashton Woods Homes)
60' x 100' (6,000 SF) lots; 2.1 sls/mo.

Entrada at Vistancia (Shea Homes)
80' x 130' (10,400 SF) lots; 1.6 sls/mo.

Montecina (TW Lewis Co.)
80' x 135' (9,800 SF) lots; 0.7 sls/mo.

Mountain Gate (Rosewood Homes)
55' x 100' (5,760 SF) lots; 0.6 sls/mo.

Mountain View Estates (Shea Homes)
70' x 120' (8,400 SF) lots; 2.7 sls/mo.

Red Rock Trails (Engle Homes)
48' x 115' (5,520 SF) lots; 2.5 sls/mo.

Saguaro Heights (Shea Homes)
60' x 120' (7,200 SF) lots; 2.8 sls/mo.

Silvercreek (Engle Homes)
60' x 120' (7,200 SF) lots; 2.2 sls/mo.

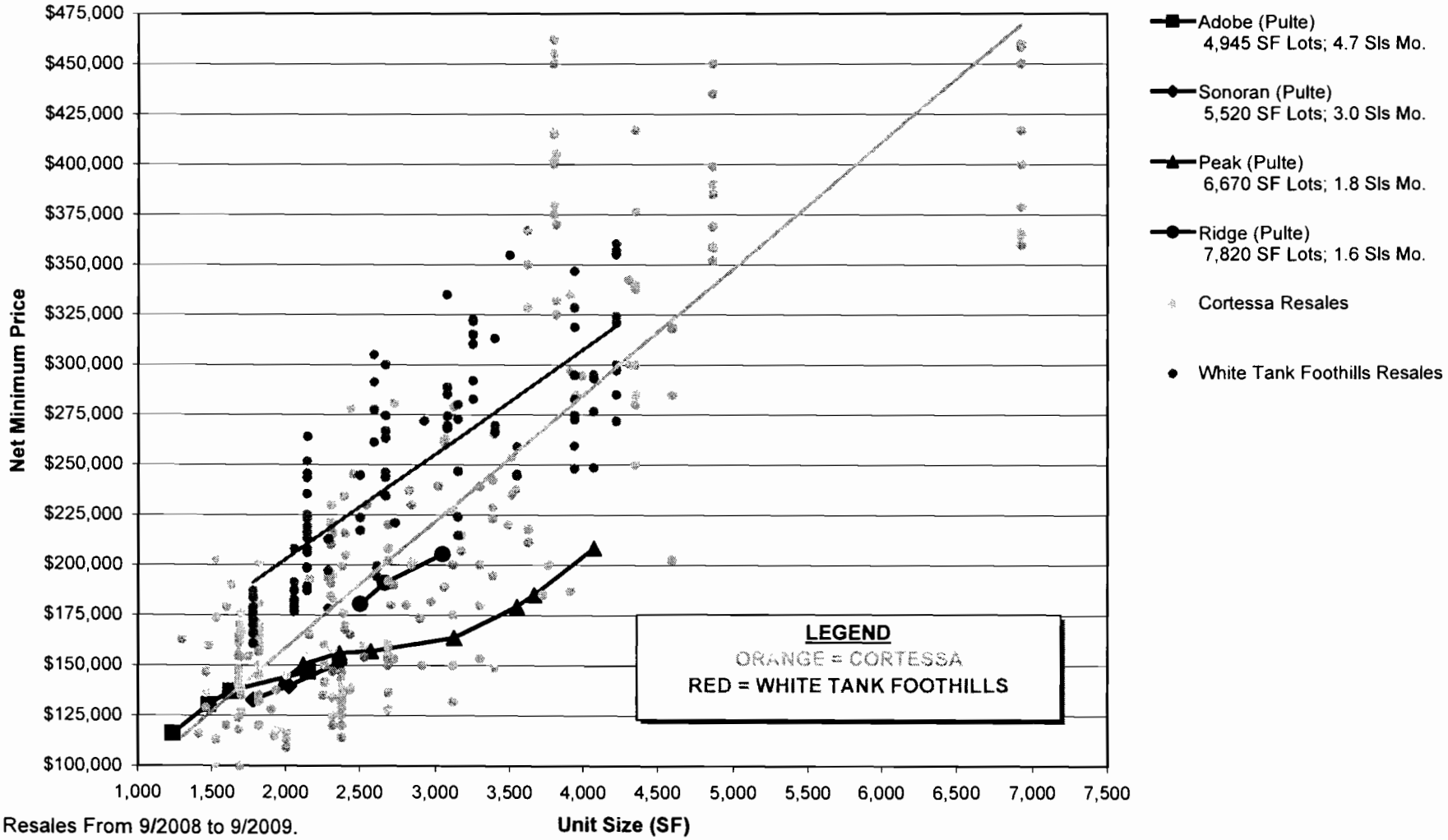
Stoneridge (Maracay Homes)
53' x 115' (6,905 SF) lots; 2.7 sls/mo.

TW Lewis at Blackstone (TW Lewis Co.)
100' x 115' (11,500 SF) lots; 0.7 sls/mo.

Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-20A**
**POSITIONING OF FESTIVAL FOOTHILLS VS.**
**CORTESSA/ WHITE TANK FOOTHILLS - RESALES**
**Phoenix MSA, Arizona**
**September, 2009**

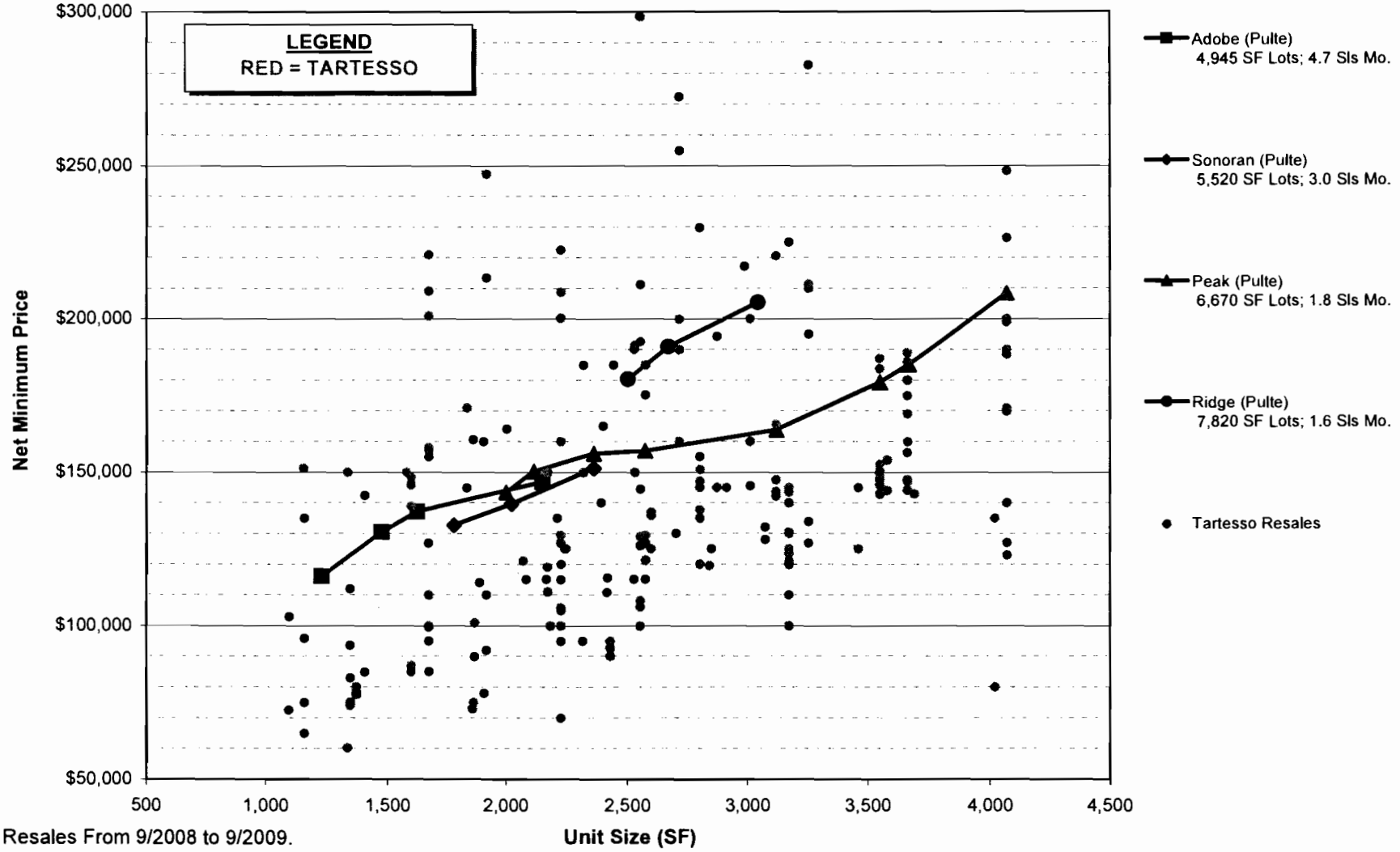



Resales From 9/2008 to 9/2009.

Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-20B**
**POSITIONING OF FESTIVAL FOOTHILS VS. TARTESSO RESALES**
**Phoenix MSA, Arizona**
**September, 2009**




Resales From 9/2008 to 9/2009.

1/ Positioning is net of incentives.
Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-21A**
**FLOORPLAN SUMMARY OF CORTESSA/ WHITE TANK FOOTHILLS MASTER PLAN**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name / Builder / Community / Typical Lot Size | Planned / Sold / Remain | Open Date / Sls/ Mo. / 3 mo. Sales. / 3 mo. Sls/Mo. | Floorplan Details: Bed/ Bath | Floors/ Parking | Home Size (SF) | Base Price $ | Base $/SF | Buyer Incentives | Net Base Price | 10% Down Payment | Loan Amount | Mortgage Payment | HOA | Base Tax Rate | CFD/ Special Assess. | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Courtland Homes** | 104 | Jul-08 | 3/2 | 1/2 | 2,070 | $156,990 | $76 | $5,500 | $151,490 | $15,149 | $136,341 | $862 | $60 | $164 | $0 | $1,086 |
| Courtland/ Hacienda | 0 | 0.0 | 4/2 | 1/2 | 2,368 | $163,490 | $69 | $5,500 | $157,990 | $15,799 | $142,191 | $899 | $60 | $170 | $0 | $1,129 |
| Cortessa | 104 | | 3/2.5 | 2/3 | 2,881 | $194,990 | $68 | $5,500 | $189,490 | $18,949 | $170,541 | $1,078 | $60 | $203 | $0 | $1,341 |
| 8,750 | | | 4/2.5 | 2/2 | 3,213 | $199,990 | $62 | $5,500 | $194,490 | $19,449 | $175,041 | $1,106 | $60 | $208 | $0 | $1,375 |
| **Crossings** | 90 | Nov-05 | 4/2 | 1/3 | 2,393 | SOLD OUT | | | | | | | | | | |
| Standard Pacific | 86 | 1.9 | 3/2.5 | 1/3 | 2,403 | SOLD OUT | | | | | | | | | | |
| Cortessa | 4 | 3 | 4/3 | 1/3 | 2,609 | $235,900 | $90 | $30,000 | $205,900 | $20,590 | $185,310 | $1,171 | $129 | $197 | $0 | $1,497 |
| 8,750 | | 1.0 | 3/3.5+D | 1/3 | 2,805 | $256,900 | $92 | $30,000 | $226,900 | $22,690 | $204,210 | $1,291 | $129 | $214 | $0 | $1,634 |
| | | | 4/2.5 | 2/3 | 3,255 | SOLD OUT | | | | | | | | | | |
| | | | 5/3.5 | 2/3 | 3,307 | $274,900 | $83 | $30,000 | $244,900 | $24,490 | $220,410 | $1,393 | $129 | $229 | $0 | $1,751 |
| | | | 5/4 | 2/4 | 3,776 | SOLD OUT | | | | | | | | | | |
| **Meadows II** | 72 | Oct-07 | 4/2 | 1/3 | 2,237 | $170,900 | $76 | $10,000 | $160,900 | $16,090 | $144,810 | $915 | $115 | $178 | $0 | $1,208 |
| Standard Pacific | 16 | 0.7 | 4/3 | 2/3 | 3,173 | $198,900 | $63 | $10,000 | $188,900 | $18,890 | $170,010 | $1,075 | $129 | $207 | $0 | $1,411 |
| Cortessa | 56 | 5 | 4/2.5 | 2/3 | 3,384 | $206,900 | $61 | $10,000 | $196,900 | $19,690 | $177,210 | $1,120 | $129 | $216 | $0 | $1,465 |
| 6,670 | | 1.7 | 4/2.5+D | 2/3 | 3,694 | $212,900 | $58 | $10,000 | $202,900 | $20,290 | $182,610 | $1,154 | $129 | $222 | $0 | $1,505 |
| **Regency/ Andalucia** | 101 | Feb-06 | 4/3.5+D | 2/3 | 4,321 | SOLD OUT | | | | | | | | | | |
| Trend | 44 | 1.0 | 4/3+D | 2/3 | 4,351 | $319,950 | $74 | $10,000 | $309,950 | $30,995 | $278,955 | $1,763 | $75 | $333 | $0 | $2,171 |
| Cortessa | 57 | | 5/5+D | 3/3 | 6,910 | $459,950 | $67 | $10,000 | $449,950 | $44,995 | $404,955 | $2,560 | $75 | $479 | $0 | $3,114 |
| 11,700 | | | | | | | | | | | | | | | | |
| *Sales and Pricing Information as of 3/2009* | | | | | | | | | | | | | | | | |
| **Regency/ Tarragona** | 131 | Feb-06 | 3/2+D | 2/2 | 1,670 | $144,950 | $87 | $10,000 | $134,950 | $13,495 | $121,455 | $768 | $75 | $151 | $0 | $994 |
| Trend | 54 | 1.3 | 3/2 | 1/2 | 2,158 | SOLD OUT | | | | | | | | | | |
| Cortessa | 77 | | 3/2.5+D | 2/2 | 2,295 | $164,950 | $72 | $10,000 | $154,950 | $15,495 | $139,455 | $881 | $75 | $172 | $0 | $1,128 |
| 6,480 | | | 4/2.5+D | 2/2 | 2,545 | SOLD OUT | | | | | | | | | | |
| *Sales and Pricing Information as of 3/2009* | | | 4/2.5+D | 2/2 | 3,173 | $203,950 | $64 | $10,000 | $193,950 | $19,395 | $174,555 | $1,103 | $75 | $212 | $0 | $1,391 |
| | | | 3/3 | 2/3 | 3,297 | $285,175 | $86 | $10,000 | $275,175 | $27,518 | $247,658 | $1,565 | $75 | $297 | $0 | $1,937 |
| | | | 3/3 | 2/3 | 3,608 | SOLD OUT | | | | | | | | | | |
| **Regency/ Zarragoza** | 113 | Feb-06 | 3/2.5+D | 2/2 | 2,287 | $164,950 | $72 | $10,000 | $154,950 | $15,495 | $139,455 | $881 | $75 | $172 | $0 | $1,128 |
| Trend | 47 | 1.1 | 3/3+D | 1/2 | 2,543 | $224,950 | $88 | $10,000 | $214,950 | $21,495 | $193,455 | $1,223 | $75 | $234 | $0 | $1,532 |
| Cortessa | 66 | | 4/2.5 | 2/3 | 2,841 | SOLD OUT | | | | | | | | | | |
| 6,950 | | | 3/2.5 | 2/3 | 3,056 | $244,950 | $80 | $10,000 | $234,950 | $23,495 | $211,455 | $1,337 | $75 | $255 | $0 | $1,667 |
| *Sales and Pricing Information as of 3/2009* | | | 4/2.5+D | 2/3 | 4,602 | $284,950 | $62 | $10,000 | $274,950 | $27,495 | $247,455 | $1,564 | $75 | $297 | $0 | $1,936 |
| **The Villages** | 392 | Oct-05 | 3/2 | 1/2 | 1,457 | $130,900 | $90 | $10,000 | $120,900 | $12,090 | $108,810 | $688 | $114 | $109 | $0 | $911 |
| Standard Pacific | 302 | 6.4 | 4/2 | 1/2 | 1,682 | $138,900 | $83 | $10,000 | $128,900 | $12,890 | $116,010 | $733 | $114 | $116 | $0 | $963 |
| Cortessa | 90 | 15 | 4/3 | 1/2 | 1,822 | $147,900 | $81 | $10,000 | $137,900 | $13,790 | $124,110 | $784 | $114 | $123 | $0 | $1,022 |
| 5,520 | | 5.0 | 3/2.5+D | 2/2 | 2,045 | $156,900 | $77 | $10,000 | $146,900 | $14,690 | $132,210 | $836 | $114 | $131 | $0 | $1,080 |
| | | | 3/2.5 | 2/2 | 2,420 | $179,900 | $74 | $10,000 | $169,900 | $16,990 | $152,910 | $966 | $114 | $150 | $0 | $1,230 |

Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-21A**
**FLOORPLAN SUMMARY OF CORTESSA/ WHITE TANK FOOTHILLS MASTER PLAN**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name<br>Builder<br>Community<br>Typical Lot Size | Planned<br>Sold<br>Remain | Open Date<br>Sls/ Mo.<br>3 mo. Sales.<br>3 mo. Sls/Mo. | Floorplan Details<br>Bed/<br>Bath | Floors/<br>Parking | Home<br>Size (SF) | Base<br>Price $ | Base<br>$/SF | Buyer<br>Incentives | Net<br>Base Price | 10%<br>Down<br>Payment | Loan<br>Amount | Mortgage<br>Payment | HOA | Base<br>Tax Rate | CFD/<br>Special<br>Assess. | Total<br>Monthly<br>Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Canyon** | 111 | Dec-06 | 3/2 | 1/3 | 2,145 | $197,900 | $92 | $5,937 | $191,963 | $19,196 | $172,767 | $1,092 | $75 | $206 | $0 | $1,373 |
| Pulte | 83 | 2.5 | 3/2.5 | 1/3 | 2,503 | $220,900 | $88 | $6,627 | $214,273 | $21,427 | $192,846 | $1,219 | $75 | $230 | $0 | $1,524 |
| White Tank Foothills | 28 | 11 | 3/2.5 | 1/3 | 2,667 | $230,900 | $87 | $6,927 | $223,973 | $22,397 | $201,576 | $1,274 | $75 | $241 | $0 | $1,590 |
| 9,750 | | 3.7 | | | | | | | | | | | | | | |
| **Compass** | 150 | Jan-07 | 3/2.5 | 2/3 | 2,613 | $172,900 | $66 | $15,187 | $157,713 | $15,771 | $141,942 | $897 | $77 | $180 | $0 | $1,154 |
| Pulte | 74 | 2.3 | 3/2.5/D | 2/3 | 3,121 | $189,900 | $61 | $15,697 | $174,203 | $17,420 | $156,783 | $991 | $77 | $198 | $0 | $1,266 |
| White Tank Foothills | 76 | 6 | 5/3.5 | 2/3 | 3,549 | $204,900 | $58 | $16,147 | $188,753 | $18,875 | $169,878 | $1,074 | $77 | $213 | $0 | $1,364 |
| 6,875 | | 2.0 | 5/4 | 2/3 | 4,068 | $218,900 | $54 | $16,567 | $202,333 | $20,233 | $182,100 | $1,151 | $77 | $228 | $0 | $1,456 |
| **Discovery** | 103 | Jan-07 | 4/3/D | 1/3 | 2,594 | $228,900 | $88 | $6,867 | $222,033 | $22,203 | $199,830 | $1,263 | $75 | $191 | $0 | $1,529 |
| Pulte | 65 | 2.0 | 4/3.5 | 1/3 | 3,075 | $260,900 | $85 | $7,827 | $253,073 | $25,307 | $227,766 | $1,440 | $75 | $217 | $0 | $1,732 |
| White Tank Foothills | 38 | 6 | 4/3.5/D | 1/3 | 3,251 | $270,900 | $83 | $8,127 | $262,773 | $26,277 | $236,496 | $1,495 | $75 | $226 | $0 | $1,796 |
| 10,500 | | 2.0 | | | | | | | | | | | | | | |
| **Summit** | 157 | Jan-07 | 3/2/D | 1/2 | 1,769 | $150,900 | $85 | $14,500 | $136,400 | $13,640 | $122,760 | $776 | $78 | $132 | $0 | $986 |
| Pulte | 103 | 3.2 | 4/2 | 1/2 | 2,059 | $162,900 | $79 | $14,800 | $148,100 | $14,810 | $133,290 | $842 | $75 | $143 | $0 | $1,060 |
| White Tank Foothills | 54 | 5 | 5/3 | 2/2 | 2,285 | $172,900 | $76 | $15,100 | $157,800 | $15,780 | $142,020 | $898 | $75 | $151 | $0 | $1,124 |
| 6,000 | | 1.7 | | | | | | | | | | | | | | |
| **Trailhead** | 80 | Jan-07 | 4/3.5/L | 2/3 | 3,397 | $293,900 | $87 | $0 | $293,900 | $29,390 | $264,510 | $1,672 | $75 | $294 | $0 | $2,041 |
| Pulte | 49 | 1.5 | 5/4.5/D/L | 2/3 | 3,938 | $312,900 | $79 | $0 | $312,900 | $31,290 | $281,610 | $1,780 | $75 | $313 | $0 | $2,168 |
| White Tank Foothills | 31 | 0 | 6/4.5/D/L | 2/3 | 4,223 | $331,900 | $79 | $0 | $331,900 | $33,190 | $298,710 | $1,888 | $75 | $332 | $0 | $2,295 |
| 9,450 | | 0.0 | | | | | | | | | | | | | | |

| Cortessa/ White Tank Foothills Sales Summary: | | |
|---|---|---|
| **Total Units Planned:** | **1,604** | **1.7** |
| **Total Units Sold:** | **923** | **1.8** |
| **Total Unsold Units:** | **681** | **Median Sls.** |

| Cortessa/ White Tank Foothills Unit Size & Pricing Summary: | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **MIN** | **1,457** | **$130,900** | **$54** | **$0** | **$120,900** | **$12,090** | **$108,810** | **$688** | **$60** | **$109** | **$0** | **$911** |
| **MAX** | **6,910** | **$459,950** | **$92** | **$30,000** | **$449,950** | **$44,995** | **$404,955** | **$2,560** | **$129** | **$479** | **$0** | **$3,114** |
| **MED** | **2,805** | **$204,425** | **$78** | **$10,000** | **$194,220** | **$19,422** | **$174,798** | **$1,105** | **$75** | **$208** | **$0** | **$1,401** |
| **AVG** | **2,939** | **$217,819** | **$76** | **$10,769** | **$207,049** | **$20,705** | **$186,344** | **$1,178** | **$87** | **$213** | **$0** | **$1,478** |

Source: Hanley Wood

SULLIVAN group
Analysis. Answers

**Exhibit II-21B**
**FLOORPLAN SUMMARY OF VISTANCIA**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name<br>Builder<br>Community<br>Typical Lot Size | Planned<br>Sold<br>Remain | Open Date<br>Sls/ Mo.<br>3 mo. Sales. | Floorplan Details<br>Bed/<br>Bath | Floors/<br>Parking | Home<br>Size (SF) | Base<br>Price $ | Base<br>$/SF | Buyer<br>Incentives | Net<br>Base Price | 10%<br>Down<br>Payment | Loan<br>Amount | Mortgage<br>Payment | HOA | Base<br>Tax Rate | Total<br>Monthly<br>Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Acacia Grove - Colony Series** | 170 | Oct-06 | 3/2 | 2/2 | 1,303 | $138,950 | $107 | $5,000 | $133,950 | $13,395 | $120,555 | $1,015 | $200 | $111 | $1,015 |
| Trend Homes | 5 | 0.1 | 3/2.5 | 2/2 | 1,346 | $139,950 | $104 | $5,000 | $134,950 | $13,495 | $121,455 | $1,022 | $200 | $112 | $1,022 |
| Peoria (Vistancia) | 165 | 2 | 3/2.5/D | 3/2 | 2,050 | $165,950 | $81 | $5,000 | $160,950 | $16,095 | $144,855 | $1,179 | $200 | $133 | $1,179 |
| (On Hold) | | 0.7 | 3/2.5 | 3/2 | 2,182 | $172,950 | $79 | $5,000 | $167,950 | $16,795 | $151,155 | $1,221 | $200 | $138 | $1,221 |
| **Acacia Grove - Cottage Series** | 187 | Oct-06 | 3/2.5 | 2/2 | 1,618 | $161,950 | $100 | $5,000 | $156,950 | $15,695 | $141,255 | $1,155 | $200 | $130 | $1,155 |
| Trend Homes | 9 | 0.3 | 3/2.5 | 2/2 | 1,780 | $165,950 | $93 | $5,000 | $160,950 | $16,095 | $144,855 | $1,179 | $200 | $133 | $1,179 |
| Peoria (Vistancia) | 178 | 3 | 3/2.5/L | 2/2 | 1,843 | $172,950 | $94 | $5,000 | $167,950 | $16,795 | $151,155 | $1,221 | $200 | $138 | $1,221 |
| 45' x 90' (4,050 SF) | | 1.0 | | | | | | | | | | | | | |
| (Will Re-Open in November) | | | | | | | | | | | | | | | |
| **Acacia Grove - Villa Series** | 141 | Oct-06 | 3/2.5 | 2/2 | 2,141 | $179,950 | $84 | $5,000 | $174,950 | $17,495 | $157,455 | $1,264 | $200 | $144 | $1,264 |
| Trend Homes | 4 | 0.1 | 3/2.5 | 2/2 | 2,168 | $181,950 | $84 | $5,000 | $176,950 | $17,695 | $159,255 | $1,276 | $200 | $146 | $1,276 |
| Peoria (Vistancia) | 137 | 1 | 3/2.5/D | 2/2 | 2,287 | $184,950 | $81 | $5,000 | $179,950 | $17,995 | $161,955 | $1,294 | $200 | $148 | $1,294 |
| 45' x 90' (4,050 SF) | | 0.3 | 3/2.5/L/D | 2/3 | 2,544 | $195,950 | $77 | $5,000 | $190,950 | $19,095 | $171,855 | $1,361 | $200 | $157 | $1,361 |
| (On Hold) | | | | | | | | | | | | | | | |
| **Altavista at Vistancia** | 52 | Nov-06 | 3/2.5/D | 1/2 | 2,741 | $339,900 | $124 | $10,000 | $329,900 | $32,990 | $296,910 | $2,136 | $118 | $283 | $2,136 |
| TW Lewis Co. | 25 | 0.7 | 4/2.5 | 1/3 | 2,804 | $345,000 | $123 | $10,000 | $335,000 | $33,500 | $301,500 | $2,167 | $118 | $288 | $2,167 |
| Peoria (Vistancia) | 27 | 8 | 4/2.5 | 1/3 | 2,874 | $364,000 | $127 | $10,000 | $354,000 | $35,400 | $318,600 | $2,283 | $118 | $303 | $2,283 |
| 70' x 130' (9,100 SF) | | 2.7 | 3/2.5/D | 1/3 | 3,119 | $374,000 | $120 | $10,000 | $364,000 | $36,400 | $327,600 | $2,344 | $118 | $312 | $2,344 |
| | | | 5/3 | 2/3 | 3,923 | $399,000 | $102 | $10,000 | $389,000 | $38,900 | $350,100 | $2,496 | $118 | $333 | $2,496 |
| | | | 4/2.5/D | 2/3 | 4,008 | $419,000 | $105 | $10,000 | $409,000 | $40,900 | $368,100 | $2,618 | $118 | $349 | $2,618 |
| **Cachet Homes at Blackstone** | 34 | Feb-06 | 4/3.5/D | 1/3 | 3,984 | $749,900 | $188 | $0 | $749,900 | $74,990 | $674,910 | $4,718 | $150 | $625 | $4,718 |
| Cachet Homes | 6 | 0.1 | 4/3.5 | 1/4 | 4,008 | $759,900 | $190 | $0 | $759,900 | $75,990 | $683,910 | $4,779 | $150 | $633 | $4,779 |
| Peoria (Vistancia) | 28 | 0 | 3/2.5/D | 3 | 4,196 | $799,900 | $191 | $0 | $799,900 | $79,990 | $719,910 | $5,022 | $150 | $667 | $5,022 |
| 100' x 140' (14,000 SF) | | 0.0 | 4/3.5/D | 1/4 | 4,490 | $839,900 | $187 | $0 | $839,900 | $83,990 | $755,910 | $5,266 | $150 | $700 | $5,266 |
| **Camelot at Blackstone** | 67 | Mar-07 | 3/2.5 | 1/3 | 3,233 | $629,900 | $195 | $10,000 | $619,900 | $61,990 | $557,910 | $3,897 | $113 | $525 | $3,897 |
| Camelot Homes | 0 | 0.0 | 3/3.5/D | 1/3 | 3,885 | $659,900 | $170 | $10,000 | $649,900 | $64,990 | $584,910 | $4,080 | $113 | $550 | $4,080 |
| Peoria (Vistancia) | 67 | | 5/4.5 | 2/3 | 3,982 | $652,900 | $164 | $10,000 | $642,900 | $64,290 | $578,610 | $4,037 | $113 | $544 | $4,037 |
| 100' x 126' (12,600 SF) | | | 4/3.5/D | 2/3 | 4,298 | $675,900 | $157 | $10,000 | $665,900 | $66,590 | $599,310 | $4,177 | $113 | $563 | $4,177 |
| Sales Information as of 2/09 | | | 4/3.5/D | 2/3 | 4,838 | $699,990 | $145 | $10,000 | $689,990 | $68,999 | $620,991 | $4,324 | $113 | $583 | $4,324 |
| **Eagle Ridge** | 79 | Aug-06 | 3/2 | 1/2 | 1,587 | $166,990 | $105 | $5,010 | $161,980 | $16,198 | $145,782 | $1,073 | $82 | $139 | $1,073 |
| Ashton Woods Homes | 76 | 2.1 | 3/2 | 1/2 | 1,853 | $180,990 | $98 | $5,430 | $175,560 | $17,556 | $158,004 | $1,156 | $82 | $151 | $1,156 |
| Peoria (Vistancia) | 3 | 8 | 4/2.5 | 2/2 | 2,337 | $199,990 | $86 | $6,000 | $193,990 | $19,399 | $174,591 | $1,269 | $82 | $167 | $1,269 |
| 60' x 100' (6,000 SF) | | 2.7 | 4/2.5 | 2/3 | 2,517 | $234,990 | $93 | $7,050 | $227,940 | $22,794 | $205,146 | $1,476 | $82 | $196 | $1,476 |
| | | | 4/3 | 2/3 | 2,563 | $220,990 | $86 | $6,630 | $214,360 | $21,436 | $192,924 | $1,393 | $82 | $184 | $1,393 |
| **Entrada at Vistancia** | 56 | Feb-06 | 4/2.5 | 1/3 | 3,014 | $299,990 | $100 | $10,000 | $289,990 | $28,999 | $260,991 | $1,895 | $120 | $250 | $1,895 |
| Shea Homes | 39 | 1.6 | 4/3/D | 1/3 | 3,289 | $305,990 | $93 | $10,000 | $295,990 | $29,599 | $266,391 | $1,931 | $120 | $255 | $1,931 |
| Peoria (Vistancia) | 17 | | 4/3.5/D | 2/3 | 4,589 | $329,990 | $72 | $10,000 | $319,990 | $31,999 | $287,991 | $2,077 | $120 | $275 | $2,077 |
| 80' x 130' (10,400 SF) | | | | | | | | | | | | | | | |
| Sales Information as of 2/09 | | | | | | | | | | | | | | | |

Source: Hanley Wood

SULLIVAN group
Analysis. Answers

**Exhibit II-21B**
**FLOORPLAN SUMMARY OF VISTANCIA**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name / Builder / Community / Typical Lot Size | Planned / Sold / Remain | Open Date / SIs/ Mo. / 3 mo. Sales. | Floorplan Details: Bed/ Bath | Floors/ Parking | Home Size (SF) | Base Price $ | Base $/SF | Buyer Incentives | Net Base Price | 10% Down Payment | Loan Amount | Mortgage Payment | HOA | Base Tax Rate | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Montecina** | 60 | Jun-04 | 3/2.5 | 1/2 | 2,960 | $409,900 | $138 | $10,000 | $399,900 | $39,990 | $359,910 | $2,562 | $118 | $342 | $2,562 |
| TW Lewis Co. | 45 | 0.7 | 3/2.5/D | 1/2 | 3,163 | $419,900 | $133 | $10,000 | $409,900 | $40,990 | $368,910 | $2,623 | $118 | $350 | $2,623 |
| Peoria (Vistancia) | 15 | 6 | 4/2.5 | 1/2 | 3,210 | $424,900 | $132 | $10,000 | $414,900 | $41,490 | $373,410 | $2,654 | $118 | $354 | $2,654 |
| 80' x 135' (9,800 SF) | | 2.0 | 4/2.5 | 1/2 | 3,233 | $432,900 | $134 | $10,000 | $422,900 | $42,290 | $380,610 | $2,702 | $118 | $361 | $2,702 |
| | | | 4/3 | 1/2 | 3,469 | $451,900 | $130 | $10,000 | $441,900 | $44,190 | $397,710 | $2,818 | $118 | $377 | $2,818 |
| | | | 3/2.5/D | 1/2 | 3,530 | $459,000 | $130 | $10,000 | $449,000 | $44,900 | $404,100 | $2,861 | $118 | $383 | $2,861 |
| **Mountain Gate** | 62 | Jan-07 | 3/2.5 | 1/2 | 1,876 | $209,990 | $112 | $5,000 | $204,990 | $20,499 | $184,491 | $1,335 | $82 | $175 | $1,335 |
| Rosewood Homes | 18 | 0.6 | 3/2.5/D | 1/2 | 2,602 | $249,990 | $96 | $5,000 | $244,990 | $24,499 | $220,491 | $1,578 | $82 | $208 | $1,578 |
| Peoria (Vistancia) | 44 | 1 | 4/2.5/D | 2/3 | 2,831 | $266,990 | $94 | $5,000 | $261,990 | $26,199 | $235,791 | $1,682 | $82 | $222 | $1,682 |
| 55' x 100' (5,760 SF) | | 0.3 | | | | | | | | | | | | | |
| **Mountain View Estates** | 171 | Feb-04 | 4/2.5 | 1/4 | 2,472 | $239,990 | $97 | $10,000 | $229,990 | $22,999 | $206,991 | $1,491 | $82 | $200 | $1,491 |
| Shea Homes | 133 | 2.7 | 3/2.5/D | 1/4 | 2,630 | $244,990 | $93 | $10,000 | $234,990 | $23,499 | $211,491 | $1,522 | $82 | $204 | $1,522 |
| Peoria (Vistancia) | 38 | | 3/2.5/D/L | 1/3 | 2,791 | $249,990 | $90 | $10,000 | $239,990 | $23,999 | $215,991 | $1,552 | $82 | $208 | $1,552 |
| 70' x 120' (8,400 SF) | | | 4/2.5/D | 1/4 | 2,825 | $256,990 | $91 | $10,000 | $246,990 | $24,699 | $222,291 | $1,595 | $82 | $214 | $1,595 |
| Sales Information as of 2/09 | | | 4/2.5/D | 1/4 | 2,921 | $258,990 | $89 | $10,000 | $248,990 | $24,899 | $224,091 | $1,607 | $82 | $216 | $1,607 |
| | | | 4/3.5 | 2/3(t) | 3,429 | $282,990 | $83 | $10,000 | $272,990 | $27,299 | $245,691 | $1,753 | $82 | $236 | $1,753 |
| | | | 5/3.5/D | 2/4 | 3,635 | $315,990 | $87 | $10,000 | $305,990 | $30,599 | $275,391 | $1,954 | $82 | $263 | $1,954 |
| | | | 5/3.5/D | 2/4 | 3,827 | $292,990 | $77 | $10,000 | $282,990 | $28,299 | $254,691 | $1,814 | $82 | $244 | $1,814 |
| | | | 6/3.5/D | 2/4 | 4,177 | $339,990 | $81 | $10,000 | $329,990 | $32,999 | $296,991 | $2,100 | $82 | $283 | $2,100 |
| | | | 4/3.5/D | 2/4(t) | 4,183 | $339,990 | $81 | $10,000 | $329,990 | $32,999 | $296,991 | $2,100 | $82 | $283 | $2,100 |
| | | | 5/3.5/D | 2/4 | 4,239 | $344,990 | $81 | $10,000 | $334,990 | $33,499 | $301,491 | $2,131 | $82 | $287 | $2,131 |
| | | | 5/4.5/D | 2/4(T) | 4,499 | $343,990 | $76 | $10,000 | $333,990 | $33,399 | $300,591 | $2,125 | $82 | $287 | $2,125 |
| | | | 4/3.5/D/L | 2/4(T) | 4,567 | $342,990 | $75 | $10,000 | $332,990 | $33,299 | $299,691 | $2,119 | $82 | $286 | $2,119 |
| | | | 6/4.5 | 2/4(T) | 5,629 | $359,990 | $64 | $10,001 | $349,989 | $34,999 | $314,990 | $2,223 | $83 | $300 | $2,223 |
| **Stoneridge** | 184 | Mar-04 | 3/2 | 1/2 | 1,601 | $169,900 | $106 | $4,000 | $165,900 | $16,590 | $149,310 | $1,096 | $82 | $142 | $1,096 |
| Maracay Homes | 176 | 2.7 | 3/2/D | 1/2 | 1,633 | $171,900 | $105 | $4,000 | $167,900 | $16,790 | $151,110 | $1,108 | $82 | $143 | $1,108 |
| Peoria (Vistancia) | 8 | 8 | 3/2/D | 1/2 | 1,762 | $182,900 | $104 | $4,000 | $178,900 | $17,890 | $161,010 | $1,175 | $82 | $152 | $1,175 |
| 53' x 115' (6,905 SF) | | 2.7 | 3/2/D | 1/2 | 1,984 | $198,500 | $100 | $4,000 | $194,500 | $19,450 | $175,050 | $1,270 | $82 | $165 | $1,270 |
| | | | 4/2.5/D | 2/2 | 2,347 | $217,900 | $93 | $4,000 | $213,900 | $21,390 | $192,510 | $1,388 | $82 | $182 | $1,388 |
| | | | 3/2.5/D | 2/2 | 2,662 | $244,900 | $92 | $4,000 | $240,900 | $24,090 | $216,810 | $1,553 | $82 | $204 | $1,553 |
| | | | 3/2.5/D | 2/2 | 2,774 | $251,900 | $91 | $4,000 | $247,900 | $24,790 | $223,110 | $1,595 | $82 | $210 | $1,595 |
| **TW Lewis at Blackstone** | 50 | Sep-06 | 3/2.5 | 1/2 | 3,004 | $445,900 | $148 | $10,000 | $435,900 | $43,590 | $392,310 | $2,813 | $150 | $372 | $2,813 |
| TW Lewis Co. | 26 | 0.7 | 3/2.5 | 1/2 | 3,029 | $449,900 | $149 | $10,000 | $439,900 | $43,990 | $395,910 | $2,838 | $150 | $375 | $2,838 |
| Peoria (Vistancia) | 24 | 3 | 3/2.5 | 1/2 | 3,198 | $479,900 | $150 | $10,000 | $469,900 | $46,990 | $422,910 | $3,021 | $150 | $400 | $3,021 |
| 100' x 115' (11,500 SF) | | 1.0 | 3/2.5/D | 1/2 | 3,216 | $491,900 | $153 | $10,000 | $481,900 | $48,190 | $433,710 | $3,094 | $150 | $410 | $3,094 |
| | | | 3/2.5/D | 1/2 | 3,266 | $496,900 | $152 | $10,000 | $486,900 | $48,690 | $438,210 | $3,124 | $150 | $414 | $3,124 |
| | | | 4/3 | 1/2 | 3,469 | $511,900 | $148 | $10,000 | $501,900 | $50,190 | $451,710 | $3,216 | $150 | $427 | $3,216 |
| | | | 4/2.5 | 1/2 | 3,511 | $503,900 | $144 | $10,000 | $493,900 | $49,390 | $444,510 | $3,167 | $150 | $420 | $3,167 |
| | | | 3/2.5/D | 1/3 | 3,530 | $519,900 | $147 | $10,000 | $509,900 | $50,990 | $458,910 | $3,264 | $150 | $433 | $3,264 |

| Vistancia Sales Summary: | | |
|---|---|---|
| **Total Units Planned:** | **1,313** | **Avg. SIs/Mo.** |
| **Total Units Sold:** | **562** | **0.7** |
| **Total Unsold Units:** | **751** | **Past 3 Mo. Rate** |
| | | **3.0** |

| Vistancia Unit Size & Pricing Summary: | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **MIN** | **1,303** | **$138,950** | **$64** | **$0** | **$133,950** | **$13,395** | **$120,555** | **$1,015** | **$82** | **$111** | **$1,015** |
| **MAX** | **5,629** | **$839,900** | **$195** | **$10,001** | **$839,900** | **$83,990** | **$755,910** | **$5,266** | **$200** | **$700** | **$5,266** |
| **MED** | **3,009** | **$322,990** | **$101** | **$10,000** | **$312,990** | **$31,299** | **$281,691** | **$2,016** | **$118** | **$269** | **$2,016** |
| **AVG** | **3,043** | **$352,623** | **$113** | **$7,613** | **$345,011** | **$34,501** | **$310,510** | **$2,228** | **$121** | **$293** | **$2,228** |

Source: Hanley Wood

SULLIVAN group
Analysis Answers.

**Exhibit II-21C**
**FLOORPLAN SUMMARY OF VERRADO MASTER PLAN**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name / Builder / Community / Typical Lot Size | Planned / Sold / Remain | Open Date / Sls/ Mo. / 3 mo. Sales. / 3 mo Sls/Mo. | Floorplan Details: Bed/ Bath | Floors/ Parking | Home Size (SF) | Base Price $ | Base $/SF | Buyer Incentives | Net Base Price | 10% Down Payment | Loan Amount | Mortgage Payment | HOA | Base Tax Rate | CFD/ Special Assess. | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Park View Square** | 72 | Apr-06 | 2/2.5 | 2/2 | 1,288 | $132,900 | $103 | $7,310 | $125,591 | $12,559 | $113,031 | $714 | $136 | $138 | $54 | $1,043 |
| Centex Homes | 70 | 1.7 | 3/2.5 | 2/2 | 1,390 | $145,900 | $105 | $8,025 | $137,876 | $13,788 | $124,088 | $784 | $136 | $152 | $54 | $1,127 |
| Buckeye (Verrado) | 2 | 3 | 3/2.5 | 2/2 | 1,642 | $158,900 | $97 | $8,740 | $150,161 | $15,016 | $135,144 | $854 | $136 | $166 | $54 | $1,210 |
| 32' x 71' (2,272 SF) | | 1.0 | 3/3.5 | 3/2 | 1,743 | $177,900 | $102 | $9,785 | $168,116 | $16,812 | $151,304 | $956 | $136 | $185 | $54 | $1,332 |
| **Madison Park** | 111 | Mar-07 | 2/2+D | 1/2 | 1,308 | $149,990 | $115 | $15,000 | $134,990 | $13,499 | $121,491 | $768 | $138 | $150 | $54 | $1,110 |
| Ashton Woods Homes | 35 | 1.2 | 3/2 | 1/2 | 1,575 | $167,990 | $107 | $15,000 | $152,990 | $15,299 | $137,691 | $870 | $138 | $168 | $54 | $1,231 |
| Buckeye (Verrado) | 76 | 9 | 4/3 | 2/2 | 1,888 | $180,990 | $96 | $15,000 | $165,990 | $16,599 | $149,391 | $944 | $138 | $181 | $54 | $1,318 |
| 45' x 120' (5,400 SF) | | 3.0 | 4/3 | 2/2 | 2,245 | $195,990 | $87 | $15,000 | $180,990 | $18,099 | $162,891 | $1,030 | $138 | $196 | $54 | $1,418 |
| | | | 2/2+D | 1/2 | 2,368 | $189,990 | $80 | $15,000 | $174,990 | $17,499 | $157,491 | $995 | $138 | $190 | $54 | $1,378 |
| **Main Street Promenade** | 61 | Jan-04 | 3/2.5 | 2/2 | 1,735 | SOLD OUT | | | | | | | | | | |
| Frank Residential Homes | 58 | 0.9 | 3/2.5 | 2/2 | 1,891 | SOLD OUT | | | | | | | | | | |
| Buckeye (Verrado) | 3 | 2 | 3/2.5 | 2/3 | 2,203 | $209,990 | $95 | $0 | $209,990 | $20,999 | $188,991 | $1,195 | $202 | $175 | $54 | $1,626 |
| 29' x 120' (3,480 SF) | | 0.7 | | | | | | | | | | | | | | |
| **Summit Collection** | 29 | May-08 | 4/3 | 1/3 | 3,150 | $444,900 | $141 | $0 | $444,900 | $44,490 | $400,410 | $2,531 | $136 | $445 | $54 | $3,166 |
| Cachet Homes | 3 | 1 | 4/3 | 1/3 | 3,195 | $464,900 | $146 | $0 | $464,900 | $46,490 | $418,410 | $2,645 | $136 | $465 | $54 | $3,300 |
| Buckeye (Verrado) | 26 | 3 | 4/2.5 | 1/3 | 3,416 | $484,900 | $142 | $0 | $484,900 | $48,490 | $436,410 | $2,758 | $136 | $485 | $54 | $3,434 |
| 90' x 130' (11,700 SF) | | 1.0 | 4/3.5 | 2/3 | 3,785 | $504,900 | $133 | $0 | $504,900 | $50,490 | $454,410 | $2,872 | $136 | $505 | $54 | $3,567 |
| | | | 6/4 | 2/3 | 4,021 | $529,900 | $132 | $0 | $529,900 | $52,990 | $476,910 | $3,014 | $136 | $530 | $54 | $3,735 |
| | | | 4/2.5+D | 2/3 | 4,426 | $539,900 | $122 | $0 | $539,900 | $53,990 | $485,910 | $3,071 | $136 | $540 | $54 | $3,802 |
| **Monterrey at Verrado** | 50 | Jun-09 | 4/3 | 2/3 | 1,902 | $190,900 | $100 | $9,545 | $181,355 | $18,136 | $163,220 | $1,032 | $137 | $191 | $54 | $1,414 |
| Monterrey Homes (Meritage) | 12 | 3.7 | 4/2 | 1/2 | 2,233 | $210,900 | $94 | $10,545 | $200,355 | $20,036 | $180,320 | $1,140 | $137 | $211 | $54 | $1,542 |
| Buckeye (Verrado) | 38 | 11 | 4/2 | 1/2 | 2,770 | $230,900 | $83 | $11,545 | $219,355 | $21,936 | $197,420 | $1,248 | $137 | $231 | $54 | $1,670 |
| 70' x 130' (9,100 SF) | | | | | | | | | | | | | | | | |

| **Verrado Sales Summary:** | | |
|---|---|---|
| **Total Units Planned:** | **323** | **1.1** |
| **Total Units Sold:** | **178** | **3.0** |
| **Total Unsold Units:** | **145** | **Median Sls.** |

| **Verrado Unit Size & Pricing Summary:** | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Minimum:** | **1,288** | **$132,900** | **$80** | **$0** | **$125,591** | **$12,559** | **$113,031** | **$714** | **$136** | **$138** | **$54** | **$1,043** |
| **Maximum:** | **4,426** | **$539,900** | **$146** | **$15,000** | **$539,900** | **$53,990** | **$485,910** | **$3,071** | **$202** | **$540** | **$54** | **$3,802** |
| **Median:** | **2,203** | **$195,990** | **$103** | **$8,740** | **$181,355** | **$18,136** | **$163,220** | **$1,032** | **$136** | **$191** | **$54** | **$1,418** |
| **Average:** | **2,389** | **$279,613** | **$110** | **$7,394** | **$272,218** | **$27,222** | **$244,996** | **$1,549** | **$140** | **$279** | **$54** | **$2,022** |

Source: Hanley Wood

SULLIVAN group
Analysis. Answers

**Exhibit II-21D**
**FLOORPLAN SUMMARY OF TARTESSO MASTERPLAN**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name / Builder / Community / Typical Lot Size | Planned / Sold / Remain | Open Date / Sls/ Mo. / 3 mo. Sales. / 3 mo Sls/Mo. | Unit Bed/ Bath | Unit Floors/ Parking | Unit Home Size (SF) | Unit Base Price $ | Unit Base $/SF | Buyer Incentives | Net Base Price | 10% Down Payment | Loan Amount | Mortgage Payment | HOA | Base Tax Rate | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Alegre** | 242 | Dec-05 | 3/2 | 1/2 | 1,296 | $119,990 | $93 | $10,000 | $109,990 | $10,999 | $98,991 | $578 | $55 | $130 | $763 |
| Atreus (Home Life Communities) | 70 | 1.6 | 3/2/D | 1/2 | 1,391 | $135,990 | $98 | $10,000 | $125,990 | $12,599 | $113,391 | $662 | $55 | $147 | $865 |
| Buckeye (Tartesso) | 172 | 2 | 3/2 | 1/2 | 1,392 | $155,990 | $112 | $10,000 | $145,990 | $14,599 | $131,391 | $768 | $55 | $169 | $992 |
| 48' x 120' (5,760 SF) | | 0.7 | 4/2 | 1/2 | 1,599 | $165,990 | $104 | $10,000 | $155,990 | $15,599 | $140,391 | $820 | $55 | $180 | $1,055 |
| | | | 4/2 | 1/2 | 1,726 | $169,990 | $98 | $10,000 | $159,990 | $15,999 | $143,991 | $841 | $55 | $184 | $1,080 |
| | | | 4/2.5 | 2/2 | 1,836 | $145,990 | $80 | $10,000 | $135,990 | $13,599 | $122,391 | $715 | $55 | $158 | $928 |
| | | | 4/2 | 1/2 | 1,908 | $175,990 | $92 | $10,000 | $165,990 | $16,599 | $149,391 | $873 | $55 | $191 | $1,118 |
| | | | 4/2.5 | 2/2 | 2,011 | $149,990 | $75 | $10,000 | $139,990 | $13,999 | $125,991 | $736 | $55 | $162 | $954 |
| | | | 4/2.5 | 2/2 | 2,090 | $154,990 | $74 | $10,000 | $144,990 | $14,499 | $130,491 | $762 | $55 | $168 | $985 |
| | | | 4/2.5 | 2/2 | 2,316 | $189,990 | $82 | $10,000 | $179,990 | $17,999 | $161,991 | $946 | $55 | $206 | $1,207 |
| | | | 4/2.5/D | 2/2 | 2,332 | $159,990 | $69 | $10,000 | $149,990 | $14,999 | $134,991 | $789 | $55 | $173 | $1,017 |
| | | | 5/2.5 | 2/3 | 2,530 | $199,990 | $79 | $10,000 | $189,990 | $18,999 | $170,991 | $999 | $55 | $217 | $1,271 |
| | | | 5/2.5/D | 2/2 | 2,675 | $169,990 | $64 | $10,000 | $159,990 | $15,999 | $143,991 | $841 | $55 | $184 | $1,080 |
| **Heritage** | 200 | Oct-05 | 4/4/D | 2/3 | 4,071 | $197,000 | $48 | $0 | $197,000 | $19,700 | $177,300 | $1,036 | $59 | $213 | $1,308 |
| Pulte | 199 | 4.3 | | | | | | | | | | | | | |
| Buckeye (Tartesso) | 1 | 0 | | | | | | | | | | | | | |
| 58' x 120' (7,875 SF) | | 0.0 | | | | | | | | | | | | | |
| **Sienna** | 285 | Dec-05 | 4/2 | 1/2 | 2,016 | $175,990 | $87 | $0 | $175,990 | $17,599 | $158,391 | $925 | $55 | $191 | $1,171 |
| Atreus (Home Life Communities) | 65 | 1.4 | 4/2 | 1/3 | 2,175 | $179,990 | $83 | $0 | $179,990 | $17,999 | $161,991 | $946 | $55 | $195 | $1,196 |
| Buckeye (Tartesso) | 220 | 8 | 4/2 | 1/3 | 2,418 | $189,990 | $79 | $0 | $189,990 | $18,999 | $170,991 | $999 | $55 | $206 | $1,260 |
| 58' x x120' (6,960 SF) | | 2.7 | 5/2.5 | 2/3 | 2,649 | $205,990 | $78 | $0 | $205,990 | $20,599 | $185,391 | $1,083 | $55 | $223 | $1,361 |
| *Pricing Estimated* | | | 4/2.5 | 2/3 | 2,921 | $210,990 | $72 | $0 | $210,990 | $21,099 | $189,891 | $1,109 | $55 | $229 | $1,393 |
| | | | 6/3.5 | 2/3 | 3,530 | $224,990 | $64 | $0 | $224,990 | $22,499 | $202,491 | $1,183 | $55 | $244 | $1,482 |
| **Tartesso Dorado** | 250 | Dec-05 | 3/2 | 1/2 | 1,138 | $162,950 | $143 | $0 | $162,950 | $16,295 | $146,655 | $857 | $58 | $177 | $1,091 |
| Elliot Homes | 30 | 0.7 | 3/2 | 1/2 | 1,329 | $172,950 | $130 | $0 | $172,950 | $17,295 | $155,655 | $909 | $58 | $187 | $1,155 |
| Buckeye (Tartesso) | 220 | 2 | 4/2 | 1/2 | 1,578 | $177,950 | $113 | $0 | $177,950 | $17,795 | $160,155 | $936 | $58 | $193 | $1,186 |
| 48' x 120' (5,760 SF) | | 0.7 | 4/3 | 2/2 | 1,825 | $195,950 | $107 | $0 | $195,950 | $19,595 | $176,355 | $1,030 | $58 | $212 | $1,301 |
| **Tartesso Select** | 156 | Dec-05 | 3/2 | 1/2 | 1,600 | $150,000 | $94 | $8,000 | $142,000 | $14,200 | $127,800 | $747 | $58 | $163 | $967 |
| Elliot Homes | 19 | 0.4 | 4/2 | 1/2 | 1,858 | $150,000 | $81 | $0 | $150,000 | $15,000 | $135,000 | $789 | $58 | $163 | $1,009 |
| Buckeye (Tartesso) | 137 | 3 | 3/2 | 1/2 | 2,125 | $170,000 | $80 | $0 | $170,000 | $17,000 | $153,000 | $894 | $58 | $184 | $1,136 |
| 58' x 120' (6,960 SF) | | 1.0 | 5/3 | 2/2 | 2,467 | $160,000 | $65 | $0 | $160,000 | $16,000 | $144,000 | $841 | $58 | $173 | $1,073 |
| | | | 5/3 | 2/2 | 2,626 | $190,000 | $72 | $0 | $190,000 | $19,000 | $171,000 | $999 | $58 | $206 | $1,263 |
| **Trend Homes/ Ibiza** | 77 | Mar-06 | 4/2 | 1/2 | 2,158 | $199,950 | $93 | $5,999 | $193,952 | $19,395 | $174,556 | $1,020 | $69 | $217 | $1,305 |
| Trend Homes | 46 | 1.1 | 3/2.5/D | 2/2 | 2,287 | $154,950 | $68 | $4,649 | $150,302 | $15,030 | $135,271 | $790 | $69 | $168 | $1,027 |
| Buckeye (Tartesso) | 31 | 1 | 4/2.5/D | 2/2 | 3,173 | $188,950 | $60 | $5,669 | $183,282 | $18,328 | $164,953 | $964 | $69 | $205 | $1,237 |
| 53' x 125' (6,625 SF) | | 0.3 | | | | | | | | | | | | | |
| **Trend Homes/ Kassandra** | 353 | Apr-06 | 3/2.5/D | 2/2 | 2,287 | $154,950 | $68 | $4,649 | $150,302 | $15,030 | $135,271 | $790 | $69 | $168 | $1,027 |
| Trend Homes | 99 | 2.4 | 4/2.5/D | 2/2 | 3,173 | $188,950 | $60 | $5,669 | $183,282 | $18,328 | $164,953 | $964 | $69 | $205 | $1,237 |
| Buckeye (Tartesso) | 254 | 5 | | | | | | | | | | | | | |
| 43' x 120' (5,160 SF) | | 1.7 | | | | | | | | | | | | | |

Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-21D**
**FLOORPLAN SUMMARY OF TARTESSO MASTERPLAN**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name<br>Builder<br>Community<br>Typical Lot Size | Planned<br>Sold<br>Remain | Open Date<br>Sls/ Mo.<br>3 mo. Sales.<br>3 mo Sls/Mo. | Unit<br>Bed/<br>Bath | Floors/<br>Parking | Home<br>Size (SF) | Base<br>Price $ | Base<br>$/SF | Buyer<br>Incentives | Net<br>Base Price | 10%<br>Down<br>Payment | Loan<br>Amount | Mortgage<br>Payment | HOA | Base<br>Tax Rate | Total<br>Monthly<br>Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Trend Homes/ Mallorca** | 327 | May-06 | 3/2 | 1/2 | 1,095 | $113,950 | $104 | $3,419 | $110,532 | $11,053 | $99,478 | $581 | $69 | $123 | $774 |
| Trend Homes | 84 | 2.1 | 3/2 | 1/2 | 1,351 | $123,950 | $92 | $3,719 | $120,232 | $12,023 | $108,208 | $632 | $69 | $134 | $835 |
| Buckeye (Tartesso) | 243 | 6 | 3/2/D | 1/2 | 1,670 | $135,950 | $81 | $4,079 | $131,872 | $13,187 | $118,684 | $693 | $69 | $147 | $910 |
| 48' x 125' (5,160 SF) | | 2.0 | | | | | | | | | | | | | |
| **Trend Homes/ Menorca** | 206 | Mar-06 | 4/3.5/D | 2/3 | 4,602 | $269,950 | $59 | $8,099 | $261,852 | $26,185 | $235,666 | $1,377 | $69 | $292 | $1,738 |
| Trend Homes | 40 | 0.9 | | | | | | | | | | | | | |
| Buckeye (Tartesso) | 166 | 0 | | | | | | | | | | | | | |
| 58' x 128' (6,625 SF) | | 0.0 | | | | | | | | | | | | | |

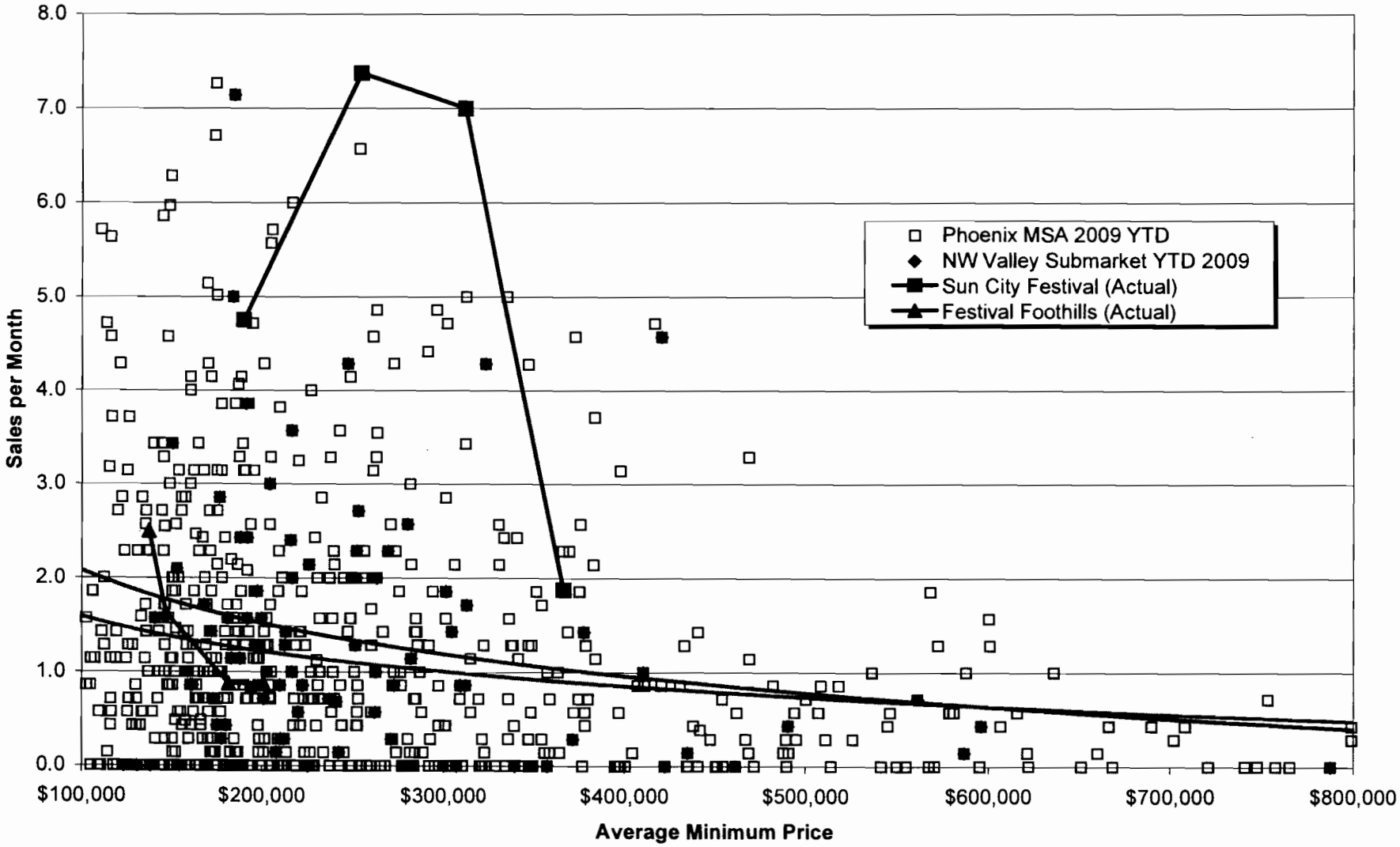
| **Tartesso Sales Summary:** | | |
|---|---|---|
| **Total Units Planned:** | **2,096** | **Avg. Sls/Mo.** |
| **Total Units Sold:** | **652** | **1.4** |
| **Total Unsold Units:** | **1,444** | **Past 3 Mo. Rate** |
| | | **0.7** |

| **Tartesso Unit Size & Pricing Summary:** | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **MIN** | **1,095** | **$113,950** | **$48** | **$0** | **$109,990** | **$10,999** | **$98,991** | **$578** | **$55** | **$123** | **$763** |
| **MAX** | **4,602** | **$269,950** | **$143** | **$10,000** | **$261,852** | **$26,185** | **$235,666** | **$1,377** | **$69** | **$292** | **$1,738** |
| **MED** | **2,108** | **$169,995** | **$80** | **$4,649** | **$164,470** | **$16,447** | **$148,023** | **$865** | **$57** | **$184** | **$1,105** |
| **AVG** | **2,190** | **$172,136** | **$84** | **$4,841** | **$167,295** | **$16,730** | **$150,566** | **$880** | **$59** | **$186** | **$1,125** |

Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-22**
**ELASTICITY OF DEMAND: YTD SALES RATES**
**Phoenix MSA**




Source: Hanley Wood

***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT***
***(TOWN OF BUCKEYE, ARIZONA)***
***DISTRICT GENERAL OBLIGATION BONDS,***
***SERIES 2009***

**$5,435,000**
**District General Obligation Bonds,**
**Series 2009A**

**$2,165,000**
**Taxable District General Obligation Bonds,**
**Series 2009B (Qualified Build America Bonds – Direct Pay)**

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# 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 $5,435,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009A and $2,165,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay) (collectively, 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 30, 2009, 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, 2010.

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

(i) (a) On November 17, 2009, Resolution 07-09 of the District Board as amended and restated on December 15, 2009 (collectively, the "*Resolution*") was duly adopted at duly called meetings (collectively, the "*Meetings*") of the District Board, at which quorums were present and acting throughout; that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notices of the Meetings were posted more than twenty-four (24) hours prior to the Meetings and that the Meetings were 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 December 16, 2009 (the "*Purchase Contract*"), by and between the District and Stone & Youngberg LLC, the Indenture of Trust and Security Agreement, dated as of December 1, 2009 from the District to Wells Fargo Bank, N.A., as trustee, the Dissemination Agency Agreement, dated as of December 1, 2009, by and between the

District and David Taussig & Associates, Inc., and the Continuing Disclosure Undertaking, dated December 30, 2009, executed by the District.

(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 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 December 16, 2009 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 proceeds for the 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 the Owner (as such term is defined in the Purchase Contract) relating to the Owner and the Owner's project, and DTC (as such term is defined in the Purchase Contract) and the book-entry system, the District relies solely on the information so provided.

DATED: December 30, 2009.

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

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

JTG:jlu 1154903 12/16/09

## 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 Act) described in the Feasibility Report, including particularly the acquisition by the District of the following:

| Project Descriptions | Estimated Costs |
|---|---|
| 1. Festival Ranch Wastewater Infrastructure Trunk Sewer Lines – installation of approximately 11,121 linear feet of sewer lines and include engineering, survey, permits and fees and other labor, tools and equipment | $1,046,416 |
| 2. Sun City Festival Phase 1 Roadways, (Canyon Springs, Desert Oasis, Mountain Ridge & Sun Valley Parkway) – installation of approximately 4,874 linear feet of arterial roadway and 5,942 of collector roadway including concrete, paying, storm drainage, engineering, survey, permits and fees, and other labor, tools and equipment | $6,400,000 |
| 3. Sun City Festival Phase 1 Landscaping (Canyon Springs, Desert Oasis, Mountain Ridge & Sun Valley Parkway) – represents installation of approximately 4,874 linear feet of arterial ROW landscaping and 5,942 of collector ROW landscaping including landscaping architecture, survey, permits and fees and other labor, tools and equipment | $650,000 |

*

# EXHIBIT B

Maturity Schedule

$5,435,000
District General Obligation Bonds, Series 2009A

| Maturity Date (July 15) | Principal Amount | Interest Rate |
|---|---|---|
| 2010 | $500,000 | 5.000% |
| 2011 | 165,000 | 5.000% |
| 2012 | 170,000 | 5.000% |
| 2013 | 180,000 | 5.000% |
| 2014 | 190,000 | 5.000% |
| 2015 | 200,000 | 5.000% |
| 2019* | 210,000 | 6.250% |
| 2020* | 225,000 | 6.250% |
| 2021* | 235,000 | 6.250% |
| 2022* | 250,000 | 6.250% |
| 2023* | 265,000 | 6.250% |
| 2024 | 285,000 | 6.250% |
| 2025** | 300,000 | 6.500% |
| 2026** | 320,000 | 6.500% |
| 2027** | 340,000 | 6.500% |
| 2028** | 365,000 | 6.500% |
| 2029** | 385,000 | 6.500% |
| 2030** | 410,000 | 6.500% |
| 2031 | 440,000 | 6.500% |

* Mandatory redemption amounts of Term Bond #1 maturing July 15, 2024
** Mandatory redemption amounts of Term Bond #2 maturing July 15, 2031

$2,165,000
Taxable District General Obligation Bonds, Series 2009B

| Maturity Date (July 15) | Principal Amount | Interest Rate |
|---|---|---|
| 2016* | $210,000 | 8.000% |
| 2017* | 200,000 | 8.000% |
| 2018 | 205,000 | 8.000% |
| 2032** | 465,000 | 8.625% |
| 2033** | 540,000 | 8.625% |
| 2034 | 545,000 | 8.625% |

* Mandatory redemption amounts of Taxable Term Bond #1 maturing July 15, 2018
** Mandatory redemption amounts of Taxable Term Bond #2 maturing July 15, 2034

*Optional Redemption*. The Bonds are subject to redemption prior to maturity, at the option of the District, on or after July 15, 2019, 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 Tax-Exempt 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:

| Year Redeemed | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2024 | |
| 2019 | $210,000 |
| 2020 | 225,000 |
| 2021 | 235,000 |
| 2022 | 250,000 |
| 2023 | 265,000 |
| 2024 (maturity) | 285,000 |

| Year Redeemed | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2031 | |
| 2025 | $300,000 |
| 2026 | 320,000 |
| 2027 | 340,000 |
| 2028 | 365,000 |
| 2029 | 385,000 |
| 2030 | 410,000 |
| 2031 (maturity) | 440,000 |

The Taxable 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:

| Year Redeemed | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2018 | |
| 2016 | $210,000 |
| 2017 | 200,000 |
| 2018 (maturity) | 205,000 |
| Term Bond Maturing 2034 | |
| 2032 | $465,000 |
| 2033 | 540,000 |
| 2034 (maturity) | 545,000 |

***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT***
***(TOWN OF BUCKEYE, ARIZONA)***
***DISTRICT GENERAL OBLIGATION BONDS,***
***SERIES 2009***

| **$5,435,000**<br>**District General Obligation Bonds,**<br>**Series 2009A** | **$2,165,000**<br>**Taxable District General Obligation Bonds,**<br>**Series 2009B (Qualified Build America Bonds – Direct Pay)** |
|---|---|

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# TAX CERTIFICATE FOR TAX-EXEMPT BONDS OF THE DISTRICT

---

The undersigned are the Chairman of the District Board and Clerk of 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 $5,435,000 principal amount of Festival Ranch Community Facilities (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009A (the "*Bonds*"), dated December 30, 2009. The Bonds mature on the dates and in the amounts and bear interest as shown on *Exhibit D* attached hereto and incorporated by reference

The Bonds are authorized and issued pursuant to an Indenture of Trust and Security Agreement dated as of Decmber 1, 2009 (the "*Indenture*") by and between the District and Wells Fargo Bank, N.A. (the "*Trustee*") and are being sold pursuant to a Purchase Contract dated December 16, 2009 (the "*Purchase Contract*") by and between the District and Stone & Youngberg LLC (the "*Underwriter*") and an Official Statement dated December 16, 2009 (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 in this certificate, the District relies on the certifications and representations of the Underwriter as set forth in the Purchase Contract and the Certificate of Underwriter Regarding the Initial Offering Price of the Bonds to the Public and as to Yield (the "*Underwriter's Certificate*") dated December 30, 2009. The District is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of the representations of the Underwriter.

**Section 1.3.** **Purpose of the Bonds**. The Bonds are being issued to provide funds for the acquisition and construction of the projects (the "Project") set forth in the District's Closing Certificate dated December 30, 2009, and to pay certain Issuance Costs of the Bonds.

**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.** **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 1.6.** **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 30, 2009, 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, 2010.

**Section 2.3.** **Sources and Uses of Proceeds**. The total sources and uses of the proceeds of the Bonds 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. Contemporaneously with the issuance of the Bonds, the District is issuing its Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay) (the "*Taxable Bonds*"). The Taxable Bonds are not part of the same issue with the Bonds but, together, they are a part of the composition of the District's bond issue totaling $7,600,000.00.

## ARTICLE 3
## ARBITRAGE (NONREBATE) MATTERS

**Section 3.1. Disposition of Sale Proceeds; Temporary Periods**. As shown on *Exhibit B*, attached hereto, the following funds and accounts will be funded at Closing: Acquisition and Construction 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 $228,000.00 will be retained by the Underwriter from the Issue Price otherwise paid to the District to purchase the Bonds as Underwriter's discount.

(ii) Issuance Costs. An amount of $135,052.45 will be deposited in the Acquisition and Construction Fund and used to pay Issuance Costs of the Bonds.

(iii) Project Costs.

(a) An amount of $5,103,812.75 will be deposited in the Acquisition and Construction Fund and used by the District to acquire certain real property and acquire or construct certain facilities and improvements comprising the Project.

(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 and Construction 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 30, 2012, 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 and Construction Fund may be invested in obligations without regard to yield limitation for the period ending on December 30, 2012 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.

Issuance Costs. Issuance costs of the Bonds and the Taxable Bonds in the amount of $130,000.00 shall be paid from the proceeds of the Bonds, which will be deposited in the Acquisition and Construction fund. Issuance Costs of the Bonds and the Taxable Bonds are expected to be paid within (6) months from the date hereof.

**Section 3.2. Bond Fund; Temporary Period.**

(i) Bona Fide Debt Service Fund. The Bond 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. It is reasonably expected that all amounts received as income from the investment of the Bond Fund will be expended to pay the principal of and interest on the Bonds within one year of the receipt thereof.

(ii) Thirteen-Month Temporary Period. Any moneys held in the Bond Fund and allocated to the Bonds, which are to be used to pay principal, interest or call premiums on the Bonds within thirteen (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 Bond Fund may be invested in obligations that bear a yield that does not exceed the yield of the Bonds. Moneys in the Bond Fund are not subject to the arbitrage rebate requirements provided in Section 148 of the Code and the Treasury Regulations promulgated.

**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 Bond 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 1.5 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**. 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 which, when used in computing the present value of all unconditionally payable payments of principal and interest to be

paid on an obligation and the cost of Qualified Guarantees (if any) paid and to be paid with respect to such obligation, produces an amount equal to the Issue Price of the obligation. The Underwriter certifies in the Underwriter's Certificate that the Initial Offering Price of the Bonds is $5,466,865.20, which represents the price at which, there being no pre-issuance accrued interest, at least ten percent of each maturity of the Bonds were sold to the public (excluding bond houses, brokers and other intermediaries). For purposes hereof, all calculations of yield have been made on the basis of semiannual compounding using a 360-day year. The yield on the Bonds as computed by the Underwriter, is at least 6.0526%.

**Section 4.2.** **Continuing Nature of Yield Limits**. 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.

## ARTICLE 5
## ARBITRAGE REBATE REQUIREMENTS

**Section 5.1.** **Compliance with Rebate Requirements of the Code and Treasury Regulations**. The District will comply with the Rebate Requirements of the Code and Treasury Regulations by making or causing to be made such calculations and such payments as are necessary therefor.

**Section 5.2.** **Prohibited Payments; Specific Investments**. No transaction involving any Non-purpose Investment may be entered into that results in a smaller profit or a larger loss than would have resulted if such transaction had been at arm's length and had the yield on the Bonds not been relevant to either party. Moneys to be rebated to the United States shall be invested in investments that mature on or before the expected rebate date. All investments of Gross Proceeds and any amounts in the Rebate Fund shall be bought and sold at Fair Market Value. Except for Certificates of Deposit and Guaranteed Investment Contracts purchased for their Fair Market Value (see "Fair Market Value" in *Exhibit A* attached hereto) and except for United States Treasury Obligations which are purchased directly from the United States Treasury, the District will not purchase or cause to be purchased any investment that is not of a type traded on an established securities market (within the meaning of Section 15A.453-1(e)(4)(iv) of the Treasury Regulations).

**Section 5.3.** **Two-Year Spending Exception to Rebate Requirement**.

(a) Election to Use Actual Facts Instead of Expectations for the 75% Construction Expenditures Test. In general, in order to avail itself of the two-year rebate expenditure exception, the issuer must "reasonably expect" that at least 75% of the Available Construction Proceeds of the issue will be used for, or allocated to, Construction Expenditures. However, the issuer may elect on or before the Issuance Date to base the 75% test on "actual facts" as opposed to "reasonable expectations."

The District hereby elects pursuant to Section 1.148-7(f)(2) of the Treasury Regulations to base the 75% Construction Expenditures test of Section 1.148-7(f) on "actual facts."

(b) Election to Use Actual Facts Instead of Expectations to Determine Available Construction Proceeds for the First Three Semiannual Expenditure Dates. In general, for purposes

of determining compliance with the first three spending periods set forth in Section 1.148-7(e)(1) of the Treasury Regulations, Available Construction Proceeds include the amount of future earnings that the issuer reasonably expected as of the Issuance Date. However, the issuer may elect on or before the Issuance Date to use actual facts instead of reasonable expectations to determine Available Construction Proceeds for the first three semiannual expenditure dates.

The District hereby elects pursuant to Section 1.148-7(f)(2) of the Treasury Regulations to use actual facts instead of reasonable expectations to determine Available Construction Proceeds for the first three semiannual expenditure dates.

**Section 5.4.** **18-Month Expenditure Exception**. Pursuant to Section 1.148-7(d)(3)(ii) of the Treasury Regulations, for purposes of determining compliance with the first two spending periods under Section 1.148-7(d)(1)(i) of the Treasury Regulations, the amount of investment earnings on the Sale Proceeds of the Bonds is reasonably expected to be $148.61.

## 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. Except for special assessments on property within the assessment district described in the Resolution, 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 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 government 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 or being used to finance the assessments).

**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**. The District hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. 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 2009 will not exceed $30,000,000.

## 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 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 30, 2009

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

By _____
Chairman, Board of Directors

By _____
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, in the case of an investment, the price at which a willing buyer would purchase the investment from a willing seller. If the investment is not readily salable, the Fair Market Value shall be determined by taking into account the price at which a willing buyer would purchase the same (or a substantially similar) investment from the issuer of the investment. The price shall not be increased by brokerage commissions, administrative expenses or similar expenses. The price at which a willing buyer would purchase an investment that is traded in an established securities market (within the meaning of Section 15A.453-1(e)(4)(iv) of the Treasury Regulations) shall generally be determined as provided in Section 20.2031-2 of the Treasury Regulations (relating to estate tax). Different guidelines exist for determining the Fair Market Value of Certificates of Deposit and Guaranteed Investment Contracts as described in subparagraphs (A) and (B), below.

(A) Certificates of Deposit. The purchase of a Certificate of Deposit will be deemed to be an investment purchased at its Fair Market Value if the price at which it is purchased or sold is the bona fide bid price quoted by a dealer who maintains an active secondary market in such Certificates of Deposit. If there is no active secondary market in such Certificates of Deposit, the purchase of such Certificate of Deposit will be deemed to be an investment purchased at its Fair Market Value if (I) at least three bona fide bids are received from unrelated financial institutions, (ii) the Certificate of Deposit is purchased from the financial institution offering the highest yield, (iii) the yield on the Certificate of Deposit is not less than the yield then currently available from the provider on comparable Certificates of Deposit offered to other persons from a source of funds other than Gross Proceeds of an issue of tax-exempt bonds, and (iv) such yield is not less than the yield on reasonably comparable direct obligations of the United States.

Notwithstanding anything stated previously in this subparagraph (A), the yield of a Certificate of Deposit is not less than the highest yield that is published or posted by the provider to be currently available from the provider on comparable Certificates of Deposit offered to the public and such yield is not less than the yield on reasonably comparable direct obligations of the United States.

(B) Guaranteed Investment Contracts. A Guaranteed Investment Contract (a "GIC") will be deemed to be an investment purchased at its Fair Market Value if (I) at least three bids on the GIC from persons other than those with a material financial interest in the tax-exempt issue (e.g., underwriters) are received, (ii) the yield on the GIC purchased is at least equal to the yield offered under the highest bid received from an uninterested party, (iii) the yield on the GIC purchased is at least equal to the yield offered on reasonably comparable GICs offered to other persons, if any, from a source of funds other than Gross Proceeds of an issue of tax-exempt bonds, (iv) the price of the GIC purchased takes into account as a significant factor the issuer's expected drawdown for the funds to be invested (exclusive of float funds and reasonably required reserve or replacement funds), (v) any collateral security requirements for the GIC purchased are reasonable, based upon all facts and circumstances, and (vi) the obligor on or provider of the GIC purchased certifies as to the amount of administrative costs that are reasonably expected to be paid to third parties in connection with the GIC. For purposes of establishing the Fair Market Value of such a GIC, administrative costs of the GIC include brokerage or selling commissions paid by or on behalf of the issuer [or borrower] of the tax-exempt obligations or the obligor on or provider of the GIC, legal and accounting fees, investment advisory fees, recordkeeping, safekeeping, custody and other similar costs or expenses. The GIC may be purchased from an obligor or provider that has a material financial interest in the tax-exempt issue only if the yield on the GIC is at least as high as the highest-yielding GIC for which a qualifying bid is made. Notwithstanding anything stated previously in this subparagraph (B), the purchase of any GIC will be at Fair Market Value if the investment contract has a term of six months or less, the GIC is traded on an established securities market (within the meaning of Section 15A.453-1(e)(4)(iv) of the Treasury Regulations) or the yield (including administrative fees) on the GIC is more than ¼% (.25%) below the yield on the Bonds and such GIC is not entered into for the purpose of offsetting arbitrage earned or to be earned on other investments of Gross Proceeds.

"***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 1.104-1(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©(3) Organization, any member of the same Controlled Group, and, in reference to any person that is not a Governmental Unit or 501©(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 | $5,435,000.00 |
| Net Premium | 31,865.20 |
| Accrued Interest | 0.00 |
| TOTAL SOURCES | $5,466,865.20 |
| USES | |
| Deposit to Acquisition and Construction Fund | $5,103,052.45 |
| Deposit to the Acquisition and Construction Fund to pay Costs of Issuance | 135,052.45 |
| Underwriter's Compensation | 228,000.00 |
| TOTAL USES | $5,466,865.20 |

# EXHIBIT C

| | |
|---|---|
| Principal Amount of Bonds | $5,435,000.00 |
| Reoffering Premium | 31,865.20 |
| Pre-Issuance Accrued Interest | 0.00 |
| ISSUE PRICE | $5,466,865.20 |
| Less Pre-Issuance Accrued Interest | (0.00) |
| SALE PROCEEDS | $5,466,825.20 |
| Less: Minor Portion | ( 100,000.00) |
| NET SALE PROCEEDS | $5,366,865.20 |

# EXHIBIT D

## TERMS OF THE BONDS

$5,435,000
District General Obligation Bonds, Series 2009A

| Maturity Date (July 15) | Principal Amount | Interest Rate |
|---|---|---|
| 2010 | $500,000 | 5.000% |
| 2011 | 165,000 | 5.000% |
| 2012 | 170,000 | 5.000% |
| 2013 | 180,000 | 5.000% |
| 2014 | 190,000 | 5.000% |
| 2015 | 200,000 | 5.000% |
| 2019* | 210,000 | 6.250% |
| 2020* | 225,000 | 6.250% |
| 2021* | 235,000 | 6.250% |
| 2022* | 250,000 | 6.250% |
| 2023* | 265,000 | 6.250% |
| 2024 | 285,000 | 6.250% |
| 2025** | 300,000 | 6.500% |
| 2026** | 320,000 | 6.500% |
| 2027** | 340,000 | 6.500% |
| 2028** | 365,000 | 6.500% |
| 2029** | 385,000 | 6.500% |
| 2030** | 410,000 | 6.500% |
| 2031 | 440,000 | 6.500% |

* Mandatory redemption amounts of Term Bond #1 maturing July 15, 2024
** Mandatory redemption amounts of Term Bond #2 maturing July 15, 2031

*Optional Redemption.* The Bonds are subject to redemption prior to maturity, at the option of the District, on or after July 15, 2019, 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 Tax-Exempt 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:

| Year Redeemed | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2024 | |
| 2019 | $210,000 |
| 2020 | 225,000 |
| 2021 | 235,000 |
| 2022 | 250,000 |
| 2023 | 265,000 |
| 2024 (maturity) | 285,000 |

| Year Redeemed | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2031 | |
| 2025 | $300,000 |
| 2026 | 320,000 |
| 2027 | 340,000 |
| 2028 | 365,000 |
| 2029 | 385,000 |
| 2030 | 410,000 |
| 2031 (maturity) | 440,000 |

***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT***
***(TOWN OF BUCKEYE, ARIZONA)***
***DISTRICT GENERAL OBLIGATION BONDS,***
***SERIES 2009***

**$5,435,000**
**District General Obligation Bonds,**
**Series 2009A**

**$2,165,000**
**Taxable District General Obligation Bonds,**
**Series 2009B (Qualified Build America Bonds – Direct Pay)**

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# TAX CERTIFICATE FOR TAXABLE BONDS OF THE DISTRICT

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The undersigned are the Chairman of the District Board and Clerk of 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 $2,165,000 principal amount of Festival Ranch Community Facilities (Town of Buckeye, Arizona) Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay) (the "*Bonds*"), dated December 30, 2009. The Bonds mature on the dates and in the amounts and bear interest as shown on *Exhibit D* attached hereto and incorporated by reference

The Bonds are authorized and issued pursuant to an Indenture of Trust and Security Agreement dated as of Decmber 1, 2009 (the "*Indenture*") by and between the District and Wells Fargo Bank, N.A. (the "*Trustee*") and are being sold pursuant to a Purchase Contract dated December 16, 2009 (the "*Purchase Contract*") by and between the District and Stone & Youngberg LLC (the "*Underwriter*") and an Official Statement dated December 16, 2009 (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*") but for the election of the District pursuant to Section 54A(d)(1)(C) of the Code t have Section 54AA apply to Bonds.

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 in this certificate, the District relies on the certifications and representations of the Underwriter as set forth in the Purchase Contract and the Certificate of Underwriter Regarding the Initial Offering Price of the Bonds to the Public and as to Yield (the "*Underwriter's Certificate*") dated December 30, 2009. The District is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of the representations of the Underwriter.

**Section 1.3.** **Purpose of the Bonds**. The Bonds are being issued to provide funds for the acquisition and construction of the projects (the "Project") set forth in the District's Closing Certificate dated December 30, 2009.

**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.** **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 54AA, 103, 141 through 150 and 6431of the Code and the Treasury Regulations promulgated thereunder.

**Section 1.6.** **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.

**Section 1.7** **Build America Bonds; Direct Payment of Tax Credit.** The District irrevocably elects, pursuant to Section 54AA(d)(1)(C) of the Code to have Section 54AA of the Code apply to the Bonds, and irrevocably elects, pursuant to Section 54AA(g)(2)(B) to have subsection 54AA(g) apply to the Bonds so that the District shall be allowed a credit as provided in Section 6431 of the Code in the amount of 35% of each interest payment on the Bonds.

## 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 30, 2009, 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, 2010.

**Section 2.3.** **Sources and Uses of Proceeds**. The total sources and uses of the proceeds of the Bonds 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. Contemporaneously with the issuance of the Bonds, the District is issuing its District General Obligation Bonds, Series 2009A) (the "*Tax-Exempt Bonds*"). The Tax-Exempt Bonds are not part of the same issue with the Bonds but, together, they are a part of the composition of the District's bond issue totaling $7,600,000.00.

## ARTICLE 3
## ARBITRAGE (NONREBATE) MATTERS

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

(i) Project Costs.

(a) An amount of $2,134,000.00 will be deposited in the Acquisition and Construction Fund and used by the District to acquire certain real property and acquire or construct certain facilities and improvements comprising the Project.

(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 and Construction 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 30, 2012, 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 and Construction Fund may be invested in obligations without regard to yield limitation for the period ending on December 30, 2012 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.

Issuance Costs. Issuance costs of the Bonds and the Tax-Exempt Bonds in the amount of $130,000.00 shall be paid from the proceeds of the Tax-Exempt Bonds, which will be deposited in the Acquisition and Construction fund. Issuance Costs of the Bonds and the Tax-Exempt Bonds are expected to be paid within (6) months from the date hereof.

**Section 3.2. Bond Fund; Temporary Period.**

(i) Bona Fide Debt Service Fund. The Bond 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. It is reasonably expected that all amounts received as income from the investment of the Bond Fund will be expended to pay the principal of and interest on the Bonds within one year of the receipt thereof.

(ii) Thirteen-Month Temporary Period. Any moneys held in the Bond Fund and allocated to the Bonds, which are to be used to pay principal, interest or call premiums on the Bonds within thirteen (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 Bond Fund may be invested in obligations that bear a yield that does not exceed the yield of the Bonds. Moneys in the Bond Fund are not

subject to the arbitrage rebate requirements provided in Section 148 of the Code and the Treasury Regulations promulgated.

**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 Bond 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 1.5 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**. 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 but subject to the reduction by the credit pursuant to Section 6431 (c) of the Code. Hence, in general, yield means that discount rate which, when used in computing the present value of all unconditionally payable payments of principal and interest to be paid on an obligation reduced by all credits allowed to the District by the United States pursuant to Section 6431 of the Code and the cost of Qualified Guarantees (if any) paid and to be paid with respect to such obligation, produces an amount equal to the Issue Price of the obligation. The Underwriter certifies in the Underwriter's Certificate that the Initial Offering Price of the Bonds is $2,134,000, which represents the price at which, there being no pre-issuance accrued interest, at least ten percent of each maturity of the Bonds were sold to the public (excluding bond houses, brokers and other intermediaries). For purposes hereof, all calculations of yield have been made on the basis of semiannual compounding using a 360-day year. The yield on the Bonds as computed by the Underwriter, is at least 6.0526%.

**Section 4.2.** **Continuing Nature of Yield Limits**. 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.

## ARTICLE 5
## ARBITRAGE REBATE REQUIREMENTS

**Section 5.1.** **Compliance with Rebate Requirements of the Code and Treasury Regulations**. The District will comply with the Rebate Requirements of the Code and Treasury Regulations by making or causing to be made such calculations and such payments as are necessary therefor.

**Section 5.2.** **Prohibited Payments; Specific Investments**. No transaction involving any Non-purpose Investment may be entered into that results in a smaller profit or a larger loss than would have resulted if such transaction had been at arm's length and had the yield on the Bonds not been relevant to either party. Moneys to be rebated to the United States shall be invested in investments that mature on or before the expected rebate date. All investments of Gross Proceeds and any amounts in the Rebate Fund shall be bought and sold at Fair Market Value. Except for Certificates of Deposit and Guaranteed Investment Contracts purchased for their Fair Market Value (see "Fair Market Value" in *Exhibit A* attached hereto) and except for United States Treasury Obligations which are purchased directly from the United States Treasury, the District will not purchase or cause to be purchased any investment that is not of a type traded on an established securities market (within the meaning of Section 15A.453-1(e)(4)(iv) of the Treasury Regulations).

**Section 5.3. Two-Year Spending Exception to Rebate Requirement.**

(a) Election to Use Actual Facts Instead of Expectations for the 75% Construction Expenditures Test. In general, in order to avail itself of the two-year rebate expenditure exception, the issuer must "reasonably expect" that at least 75% of the Available Construction Proceeds of the issue will be used for, or allocated to, Construction Expenditures. However, the issuer may elect on or before the Issuance Date to base the 75% test on "actual facts" as opposed to "reasonable expectations."

The District hereby elects pursuant to Section 1.148-7(f)(2) of the Treasury Regulations to base the 75% Construction Expenditures test of Section 1.148-7(f) on "actual facts."

(b) Election to Use Actual Facts Instead of Expectations to Determine Available Construction Proceeds for the First Three Semiannual Expenditure Dates. In general, for purposes of determining compliance with the first three spending periods set forth in Section 1.148-7(e)(1) of the Treasury Regulations, Available Construction Proceeds include the amount of future earnings that the issuer reasonably expected as of the Issuance Date. However, the issuer may elect on or before the Issuance Date to use actual facts instead of reasonable expectations to determine Available Construction Proceeds for the first three semiannual expenditure dates.

The District hereby elects pursuant to Section 1.148-7(f)(2) of the Treasury Regulations to use actual facts instead of reasonable expectations to determine Available Construction Proceeds for the first three semiannual expenditure dates.

**Section 5.4. 18-Month Expenditure Exception.** Pursuant to Section 1.148-7(d)(3)(ii) of the Treasury Regulations, for purposes of determining compliance with the first two spending periods under Section 1.148-7(d)(1)(i) of the Treasury Regulations, the amount of investment earnings on the Sale Proceeds of the Bonds is reasonably expected to be $59.20.

## 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. Except for special assessments on property within the assessment district described in the Resolution, 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 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 government 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 or being used to finance the assessments).

**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. Notwithstanding the foregoing, for purposes of Section 149(b) of the Code, pursuant to Section 54AA(d)92)(A), the Bonds are not treated as federally guaranteed by reason of the amount to be paid by the United States as the 334% credit allowed under Section 6431 of the Code.

**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.

## ARTICLE 7.
## BUILD AMERICA BOND MATTERS

**Section 7.1** **Build America Bonds**.

(i) The interest on the Bonds would (but for Section 54AA of the Code) be excludable from gross income under Section 103 of the Code;

(ii) The Bonds are issued before January 1, 2011;

(iii) The District has made an irrevocable election to have Section 54AA of the Code apply; and

(iv) The issue price of each of the Bonds, as certified in the Underwriter's Certificate does not have more than a de minimis amount (determined under rules similar to the rules of Section 1273(a)(3) of the Code) of premium over the stated principal amount of such Bond.

**Section 7.2** **Qualified Bonds; Direct Payment of Tax Credit.**

(i) 100 percent of the excess of (i) the available project proceeds (as defined in Section 54A of the Code) of the Bonds over the amounts in a reasonably required reserve (within the meaning of Section 150(a)(3)) with respect to the Bonds ($0.00) will be used for capital expenditures;

(ii) The District has made an irrevocable election to have Subsection 54AA(g) of the Code apply; and

(iii) The Bonds are Qualified Bonds under Sections 54AA(g) of the Code and 6431(e) of the Code.

**Section 7.3** **Maintain Qualified Build America Bond Status**. In order to maintain the status of the Bonds as Qualified Build America Bonds and receive the amount to be paid by the United States as the 35% credit allowed under Section 6431 of the Code, the District must take any action within its power and authority which would, other than as a result of the application of Section 54AA of the Code, prevent the interest income on the Bonds from becoming includable in gross income for federal income tax purposes under either laws existing on the date of issuance of the Bonds or such laws as they may be modified or amended. To so comply, the District must comply with such requirements and must take any such action(s) as in the opinion of Bond Counsel are necessary to prevent interest income on the Bonds from becoming includable in gross income for federal income tax purposes, other than as a result of the application of Section 54AA of the Code. 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 herein; to pay to the United States of America any required amounts representing rebates of investment income 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 proceeds of the Bonds; and limiting the use of Bond proceeds.

Additionally to so comply, the District must take all action and do all things necessary to continue to qualify the Bonds as Qualified Bonds pursuant to Sections 54AA and 6431 of the Code and to receive from the United States the direct payment of the tax credit.

## ARTICLE 8
## MISCELLANEOUS

**Section 8.1.** **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 8.2.** **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 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 8.3.** **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 8.4.** **Headings**. The headings hereof are inserted for convenience only and shall not be deemed to constitute a part hereof.

DATED: December 30, 2009

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

By_____
Chairman, Board of Directors

By_____
Clerk



JTG:jh2 1155239 12/16/09

## 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, in the case of an investment, the price at which a willing buyer would purchase the investment from a willing seller. If the investment is not readily salable, the Fair Market Value shall be determined by taking into account the price at which a willing buyer would purchase the same (or a substantially similar) investment from the issuer of the investment. The price shall not be increased by brokerage commissions, administrative expenses or similar expenses. The price at which a willing buyer would purchase an investment that is traded in an established securities market (within the meaning of Section 15A.453-1(e)(4)(iv) of the Treasury Regulations) shall generally be determined as provided in Section 20.2031-2 of the Treasury Regulations (relating to estate tax). Different guidelines exist for determining the Fair Market Value of Certificates of Deposit and Guaranteed Investment Contracts as described in subparagraphs (A) and (B), below.

(A) Certificates of Deposit. The purchase of a Certificate of Deposit will be deemed to be an investment purchased at its Fair Market Value if the price at which it is purchased or sold is the bona fide bid price quoted by a dealer who maintains an active secondary market in such Certificates of Deposit. If there is no active secondary market in such Certificates of Deposit, the purchase of such Certificate of Deposit will be deemed to be an investment purchased at its Fair Market Value if (I) at least three bona fide bids are received from unrelated financial institutions, (ii) the Certificate of Deposit is purchased from the financial institution offering the highest yield, (iii) the yield on the Certificate of Deposit is not less than the yield then currently available from the provider on comparable Certificates of Deposit offered to other persons from a source of funds other than Gross Proceeds of an issue of tax-exempt bonds, and (iv) such yield is not less than the yield on reasonably comparable direct obligations of the United States.

Notwithstanding anything stated previously in this subparagraph (A), the yield of a Certificate of Deposit is not less than the highest yield that is published or posted by the provider to be currently available from the provider on comparable Certificates of Deposit offered to the public and such yield is not less than the yield on reasonably comparable direct obligations of the United States.

(B) Guaranteed Investment Contracts. A Guaranteed Investment Contract (a "GIC") will be deemed to be an investment purchased at its Fair Market Value if (I) at least three bids on the GIC from persons other than those with a material financial interest in the tax-exempt issue (e.g., underwriters) are received, (ii) the yield on the GIC purchased is at least equal to the yield offered under the highest bid received from an uninterested party, (iii) the yield on the GIC purchased is at least equal to the yield offered on reasonably comparable GICs offered to other persons, if any, from a source of funds other than Gross Proceeds of an issue of tax-exempt bonds, (iv) the price of the GIC purchased takes into account as a significant factor the issuer's expected drawdown for the funds to be invested (exclusive of float funds and reasonably required reserve or replacement funds), (v) any collateral security requirements for the GIC purchased are reasonable, based upon all facts and circumstances, and (vi) the obligor on or provider of the GIC purchased certifies as to the amount of administrative costs that are reasonably expected to be paid to third parties in connection with the GIC. For purposes of establishing the Fair Market Value of such a GIC, administrative costs of the GIC include brokerage or selling commissions paid by or on behalf of the issuer [or borrower] of the tax-exempt obligations or the obligor on or provider of the GIC, legal and accounting fees, investment advisory fees, recordkeeping, safekeeping, custody and other similar costs or expenses. The GIC may be purchased from an obligor or provider that has a material financial interest in the tax-exempt issue only if the yield on the GIC is at least as high as the highest-yielding GIC for which a qualifying bid is made. Notwithstanding anything stated previously in this subparagraph (B), the purchase of any GIC will be at Fair Market Value if the investment contract has a term of six months or less, the GIC is traded on an established securities market (within the meaning of Section 15A.453-1(e)(4)(iv) of the Treasury Regulations) or the yield (including administrative fees) on the GIC is more than ¼% (.25%) below the yield on the Bonds and such GIC is not entered into for the purpose of offsetting arbitrage earned or to be earned on other investments of Gross Proceeds.

"***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 1.104-1(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©(3) Organization, any member of the same Controlled Group, and, in reference to any person that is not a Governmental Unit or 501©(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 | $2,165,000.00 |
| Net Premium | (31,000.00) |
| Accrued Interest | 0.00 |
| TOTAL SOURCES | $2,134,000.00 |
| USES | |
| Deposit to Acquisition and Construction Fund | $2,134,000.00 |
| TOTAL USES | $2,134,000.00 |

# EXHIBIT C

| | |
|---|---|
| Principal Amount of Bonds | $2,165,000.00 |
| Reoffering Discount | (31,000.00) |
| Pre-Issuance Accrued Interest | 0.00 |
| ISSUE PRICE | $2,134,000.00 |
| Less Pre-Issuance Accrued Interest | (0.00) |
| SALE PROCEEDS | $2,134,000.00 |
| Less: Minor Portion | ( 100,000.00) |
| NET SALE PROCEEDS | $2,034,000.00 |

# EXHIBIT D

## TERMS OF THE BONDS

$2,165,000
Taxable District General Obligation Bonds, Series 2009B

| Maturity Date (July 15) | Principal Amount | Interest Rate |
|---|---|---|
| 2016* | $210,000 | 8.000% |
| 2017* | 200,000 | 8.000% |
| 2018 | 205,000 | 8.000% |
| 2032** | 465,000 | 8.625% |
| 2033** | 540,000 | 8.625% |
| 2034 | 545,000 | 8.625% |

* Mandatory redemption amounts of Taxable Term Bond #1 maturing July 15, 2018
** Mandatory redemption amounts of Taxable Term Bond #2 maturing July 15, 2034

*Optional Redemption.* The Bonds are subject to redemption prior to maturity, at the option of the District, on or after July 15, 2019, 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 Taxable 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:

| Year Redeemed | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2018 | |
| 2016 | $210,000 |
| 2017 | 200,000 |
| 2018 (maturity) | 205,000 |
| Term Bond Maturing 2034 | |
| 2032 | $465,000 |
| 2033 | 540,000 |
| 2034 (maturity) | 545,000 |

JTG:jh2 1155239 12/16/09

***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT***
***(TOWN OF BUCKEYE, ARIZONA)***
***DISTRICT GENERAL OBLIGATION BONDS,***
***SERIES 2009***

| **$5,435,000**<br>**District General Obligation Bonds,**<br>**Series 2009A** | **$2,165,000**<br>**Taxable District General Obligation Bonds,**<br>**Series 2009B (Qualified Build America Bonds – Direct Pay)** |
|---|---|

Delivery Date: December 30, 2009

---

**ISSUER REQUEST FOR DISBURSEMENT**
**OF COSTS OF ISSUANCE**

---

The Trustee is hereby requested to pay from the Acquisition and Construction Fund established by the Indenture of Trust and Security Agreement, dated as of December 1, 2009 (the "*Indenture*"), between Wells Fargo Bank, N.A., the trustee ("*Trustee*"), and Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*Issuer*") to the parties designated below as Payees. The amount shown below is due and payable and has not formed the basis of any prior request for payment.

Check applicable paragraph:

■ The disbursement is for payment or reimbursement of a Delivery Cost properly chargeable to the Acquisition and Construction Fund; or

☐ The disbursement is for payment or reimbursement of an Acquisition and Construction Cost and (i) no more than 5% of the amount requested is or will be used for any private business use within the meaning of Section 141(b)(2) of the Code and (ii) the amount is properly chargeable to the Acquisition and Construction Fund.

Payee: See Exhibit A

Address: See Exhibit A

Amounts: See Exhibit A

Dated: December 30, 2009

By Stephen Cleveland
District Manager

JTG:jlu 1154910 12/16/09

## EXHIBIT A

## COSTS OF ISSUANCE

The following expenses are to be paid by the Trustee from the Acquisition and Construction Fund deposited with the Trustee for that purpose:

| | |
|---|---|
| Bond counsel (Gust Rosenfeld P.L.C., 201 East Washington Street, Suite 800, Phoenix, Arizona 85004) fees and expenses | $56,100.00 |
| Underwriter's counsel (Greenberg Traurig, LLP, 2375 E. Camelback Road, Suite 700, Phoenix, Arizona 85016) fees and expenses | 30,000.00 |
| Underwriter (Stone & Youngberg LLC, 2555 E. Camelback Road, Suite 280, Phoenix, Arizona 85016) out-of pocket fees and expenses | 1,918.45 |
| Trustee fees (Wells Fargo Bank, N.A., 100 W. Washington Street, 22nd Floor Phoenix, Arizona 85003) | 7,550.00 |
| Preliminary and final Offering Memorandum (Wold Printing) | 10,000.00 |
| Market Absorption Study – Sullivan | 19,350.00 |
| Credit Rating – Standard & Poor's | 9,500.00 |
| DTC CUSIPS – The Depository Trust Company | 634.00 |
| TOTAL | $135,052.45 |

***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT***
***(TOWN OF BUCKEYE, ARIZONA)***
***DISTRICT GENERAL OBLIGATION BONDS,***
***SERIES 2009***

| **$5,435,000** | **$2,165,000** |
|---|---|
| **District General Obligation Bonds, Series 2009A** | **Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay)** |

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**CLOSING CERTIFICATE OF**
**TOWN OF BUCKEYE, ARIZONA**

---

The undersigned, the Mayor, the Town Clerk and the Interim 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 November 17, 2009, the following persons are the duly qualified and acting Mayor and members of the Council of the Town:

| | | |
|---|---|---|
| Jackie A. Meck | Mayor | June 2012 |
| Elaine May | Vice Mayor | June 2012 |
| Brian McAchran | Council Member | June 2012 |
| David Rioux | Council Member | June 2010 |
| David Hardesty | Council Member | June 2010 |
| Dr. Robert Doster | Council Member | June 2010 |
| Robert Garza | Council Member | June 2012 |

3. (a) That on April 19, 2005, Resolution No. 39-05 (the "*Resolution*") of the Mayor and Council of the Town of Buckeye, Arizona, 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 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 Resolution.

(c) That the 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 Resolution; restricting or preventing the Town from performing its obligations under the 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 Resolution.

6. That all of the findings and the representations and warranties of the Town made and contained in the 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.

**IN WITNESS WHEREOF**, the undersigned have hereunto set their hands and the seal of the Town on December 30, 2009.

**TOWN OF BUCKEYE, ARIZONA**

By_____
Jackie A. Meck, Mayor

By_____
Lucinda Aja, Town Clerk

By_____
Stephen S. Cleveland, Interim Town Manager



JTG:jlu 1154904 12/16/09

*$7,600,000*
*FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT*
*(TOWN OF BUCKEYE, ARIZONA)*
*DISTRICT GENERAL OBLIGATION BONDS,*
*SERIES 2009*

**$5,435,000**
**District General Obligation Bonds, Series 2009A**

**$2,165,000**
**Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay)**

---

# 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 is 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. 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 December 16, 2009 from the Company to the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "District") and Stone & Youngberg LLC (the "Underwriter").

4. That the representative executing and delivering the Documents had the authority to execute and deliver the Documents.

5. That the undersigned and the persons named below were on the date or dates of the execution or acceptance of the Documents, and are on the date hereof, the duly qualified and acting incumbents of the offices of the Company appearing below.

| NAME | TITLE |
|---|---|
| Bruce Robinson | Vice President and Treasurer |
| Mike Brilz | Vice President |

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," "PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS," "PULTE" 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 Company from consummating the transactions contemplated by the Documents.

11. That the Company is not in default in the payment of principal of or interest on any of its indebtedness for borrowed money and is not in default under any instruments or agreements under or subject to which any indebtedness for borrowed money has been incurred and no event has occurred and is continuing under the provisions of any such instrument or agreement which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder and there has not occurred any material change or any development involving a prospective material change in the condition, financial or otherwise, or in the revenues or operations of the Company.

12. 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 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.

13. 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 December 21, 2009. Nothing has occurred since the date of the Certificate of Good Standing that would cause the Company to no longer be in good standing.

14. 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 December 21, 2009. Nothing has occurred since the date of the Certificate of Good Standing that would cause the Company to no longer be in good standing.

15. All of the representations and warranties of the Company made and contained in the Documents (which representations and warranties 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 representations and warranties were made as of the date hereof.

16. 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.

17. The Company certifies that all improvements financed with the Bonds will be owned by a governmental entity and available for use by the general public

and that the Company will proceed with all reasonable speed to develop such improvements and the property benefited thereby and to transfer said improvements to the District after the property benefited thereby is developed.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on December 28, 2009.

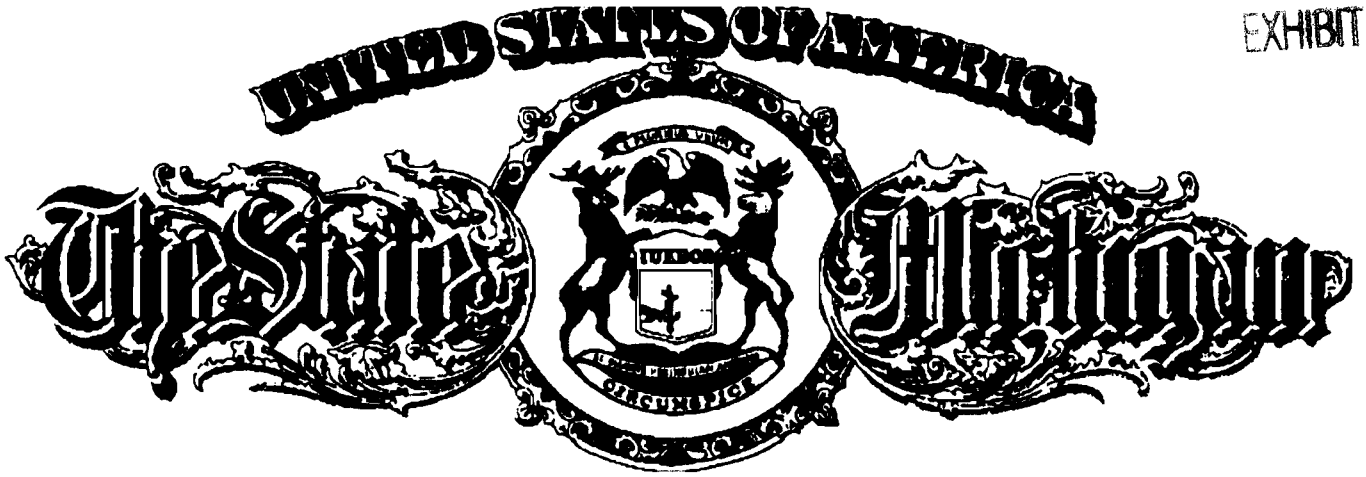
**PULTE HOME CORPORATION**, a Michigan corporation

By: _____
Name: Bruce Robinson
Title: Vice President and Treasurer

ATTACHMENTS

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

EXHIBIT A




**Department of Energy, Labor & Economic Growth**

**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*
*1003442*

*In testimony whereof, I have hereunto set my hand, in the City of Lansing, this 21st day of December, 2009.*

*Director*

*Bureau of Commercial Services*

EXHIBIT B

# STATE OF ARIZONA

Office of the
## CORPORATION COMMISSION

### CERTIFICATE OF GOOD STANDING

*To all to whom these presents shall come, greeting:*

*I, Ernest G. Johnson, 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 21st Day of December, 2009, A. D.*

Executive Director

By:

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
* 1912 *

***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT***
***(TOWN OF BUCKEYE, ARIZONA)***
***DISTRICT GENERAL OBLIGATION BONDS,***
***SERIES 2009***

| **$5,435,000** | **$2,165,000** |
|---|---|
| **District General Obligation Bonds, Series 2009A** | **Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay)** |

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## ACKNOWLEDGEMENT AND REQUEST FOR AUTHENTICATION AND DELIVERY OF BONDS

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I, Gail Reese, ex officio Treasurer of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), hereby acknowledge that, pursuant to the Indenture of Trust and Security Agreement, dated as of December 1, 2009 (the "*Indenture*"), the Trustee received from Stone & Youngberg LLC (the "*Underwriter*"), on the date of this Certificate the following amounts for the purchase of the above-captioned Festival Ranch Community Facilities District (Town of Buckeye, Arizona), District General Obligation Bonds, Series 2009:

| | |
|---|---|
| Principal | $7,600,000.00 |
| Less: Underwriter's Compensation | (228,000.00) |
| TOTAL | $7,372,000.00 |

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 plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the above-referenced Bonds.

The undersigned hereby requests that Wells Fargo Bank, N.A., acting pursuant to the Indenture, authenticate $7,600,000.00 principal amount of the bonds in the amounts and interest rates and maturing on the dates shown in the Indenture and cause the same to be delivered to the Underwriter.

Dated: December 30, 2009

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

By _____

JTG:jlu 1154911.1 12/16/09

***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT***
***(TOWN OF BUCKEYE, ARIZONA)***
***DISTRICT GENERAL OBLIGATION BONDS,***
***SERIES 2009***

**$5,435,000**
**District General Obligation Bonds,**
**Series 2009A**

**$2,165,000**
**Taxable District General Obligation Bonds,**
**Series 2009B (Qualified Build America**
**Bonds – Direct Pay)**

---

**TRUSTEE'S CERTIFICATE OF COMPLETION**
**AND AUTHENTICATION**

---

The undersigned, an authorize representative of Wells Fargo Bank, N.A., as trustee (the "*Trustee*") under the Indenture of Trust and Security Agreement dated as of December 1, 2009 (the "*Indenture*"), by and between Festival Ranch Community Facilities District (the "*District*") and the Trustee hereby certifies that:

(a) The performance of its duties and obligations under the Indenture has been duly authorized by all necessary corporate action on the part of the Trustee and under present law does not contravene the Articles of Association or By-Laws of the Trustee 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 Trustee is subject.

(b) By all necessary action, the Trustee has authorized the execution, delivery and due performance by it of the Indenture 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 17, 2009, as amend and restated on December 15, 2009, authorizing the issuance and sale of the Bonds.

(c) Pursuant to the written request and authorization from the District, the Trustee has executed the Bonds and caused the Bonds to be delivered in accordance with such written authorization and direction to the Trustee. The persons executing the Bonds and all documents relating to the Bonds on behalf of the Trustee were and are representatives duly authorized to execute the Bonds and all documents relating to the Bonds on behalf of the Trustee. 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 Trustee demonstrating the authority of the officer executing documents in the name of the Trustee to act on behalf of the Trustee. 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.

Dated: December 30, 2009

**WELLS FARGO BANK, N.A.**

By_____
Authorized Representative

WELLS FARGO BANK, NATIONAL ASSOCIATION
ASSISTANT SECRETARY'S CERTIFICATE

I, Paula N. Boemer, hereby certify that I am an Assistant Secretary of Wells Fargo Bank, National Association, a national banking association, (the "Bank"), and I hereby further certify as follows:

1. The following is a true and correct extract from resolutions duly adopted by the Board of Directors of the Bank on November 25, 2003, and no modification, amendment, rescission or revocation of such resolutions has occurred affecting such extract as of the date of this certificate.

> **RESOLVED**, that for the purposes of these resolutions, "Executive Officer" shall mean any person specifically designated as an Executive Officer of the Bank by resolution of the Board of Directors, and "Signing Officer" shall mean the Chairman of the Board, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, the Treasurer, any Vice President, any Assistant Vice President, any person whose title includes the word "Officer" (e.g., Commercial Banking Officer, Personal Banking Officer, Trust Officer), or any other person whose title has been or is hereafter designated by the Board of Directors as a title for an officer of the Bank, and such officers are hereby authorized to sign agreements, instruments and other documents on behalf of the Bank in accordance with the signing authorities conferred in Parts A, B and C of these resolutions;
>
> ***
>
> C. Signing Officers
>
> **FURTHER RESOLVED**, that any Signing Officer, acting alone, may execute on behalf of the Bank, whether acting for its own account or in a fiduciary or other representative capacity:
>
> ***
>
> Trust indentures, declarations of trust, trust and agency agreements, pooling and servicing agreements, fiscal and paying agency agreements, acceptances thereof, consents thereto and any similar agreements, however denominated, to which the Bank is a party in a fiduciary or other representative capacity; certificates of authentication or other indicia of valid issuance with respect to bonds, notes, debentures and other securities or obligations issued under any indenture, mortgage, trust or other agreement; certificates for securities deposited, interim certificates and other certificates for and on behalf of the Bank as depository or agent; countersignatures of stocks, bonds, notes, debentures, voting trust certificates, participation certificates and other certificates, instruments, obligations or other securities on behalf of the Bank as trustee, fiscal and paying agent, transfer agent, registrar or in another similar capacity; and certificates of cancellation and cremation of stocks, bonds, debentures or other securities.

2. The following named persons are Signing Officers of the Bank as of the date hereof, and their correct titles and genuine signatures appear beside their names:

| Name | Title | Signature |
|---|---|---|
| Denyce Liggitt | Vice President | |
| Jeffrey B. Kassels | Vice President | |
| Kathleen Jakubowicz | Vice President | |
| Mark Petrasso | Vice President | |
| Melissa Newton | Assistant Vice President | |
| Nancy Eatros | Vice President | |

**IN WITNESS WHEREOF**, I have hereunto set my hand this day

Paula N. Boemer
Assistant Secretary

***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT***
***(TOWN OF BUCKEYE, ARIZONA)***
***DISTRICT GENERAL OBLIGATION BONDS,***
***SERIES 2009***

**$5,435,000**
**District General Obligation Bonds, Series 2009A**

**$2,165,000**
**Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay)**

---

## RECEIPT OF TRUSTEE

---

The undersigned, does hereby acknowledge for and on behalf of the Trustee for the hereinafter described Indenture as follows:

$5,435,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009A and $2,165,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay) (collectively, the "*Bonds*"), maturing on July 15 in the years set forth in *Exhibit A*, and bearing interest from December 30, 2009 (payable semiannually on January 15 and July 15 in each year, commencing on July 15, 2010) have this day been delivered to, or upon the order of, Stone & Youngberg LLC, upon payment to the Trustee of the purchase price of the Bonds as follows:

| | |
|---|---|
| Par Amount of 2009A Bonds | $5,435,000.00 |
| Par Amount of 2009B Bonds | $2,165,000.00 |
| Net Premium 2009A Bonds | 31,865.20 |
| Original Issue Discount 2009B Bonds | (31,000.00) |
| less: Underwriting Compensation Series 2009A Bonds | (228,000.00) |
| less: Underwriting Compensation Series 2009B Bonds | (0.00) |
| Total Amount Received | $7,372,865.20 |

1. Pursuant to the provisions of Section 5.05 of the Indenture, proceeds of the Bonds have been applied by deposit of the following amounts to the following funds or accounts:

| FUND OR ACCOUNT | AMOUNT |
|---|---|
| Acquisition and Construction Fund | $7,372,865.20 |
| Total: | $7,372,865.20 |

Dated: December 30, 2009

**WELLS FARGO BANK, N.A.**

By: Mary L Eaton
Its: Vice President

JTG:jlu 1156075 12/18/09

## EXHIBIT A

Maturity Schedule

$5,435,000
District General Obligation Bonds, Series 2009A

| Maturity Date (July 15) | Principal Amount | Interest Rate |
|---|---|---|
| 2010 | $500,000 | 5.000% |
| 2011 | 165,000 | 5.000% |
| 2012 | 170,000 | 5.000% |
| 2013 | 180,000 | 5.000% |
| 2014 | 190,000 | 5.000% |
| 2015 | 200,000 | 5.000% |
| 2019* | 210,000 | 6.250% |
| 2020* | 225,000 | 6.250% |
| 2021* | 235,000 | 6.250% |
| 2022* | 250,000 | 6.250% |
| 2023* | 265,000 | 6.250% |
| 2024 | 285,000 | 6.250% |
| 2025** | 300,000 | 6.500% |
| 2026** | 320,000 | 6.500% |
| 2027** | 340,000 | 6.500% |
| 2028** | 365,000 | 6.500% |
| 2029** | 385,000 | 6.500% |
| 2030** | 410,000 | 6.500% |
| 2031 | 440,000 | 6.500% |

* Mandatory redemption amounts of Term Bond #1 maturing July 15, 2024
** Mandatory redemption amounts of Term Bond #2 maturing July 15, 2031

$2,165,000
Taxable District General Obligation Bonds, Series 2009B

| Maturity Date (July 15) | Principal Amount | Interest Rate |
|---|---|---|
| 2016* | $210,000 | 8.000% |
| 2017* | 200,000 | 8.000% |
| 2018 | 205,000 | 8.000% |
| 2032** | 465,000 | 8.625% |
| 2033** | 540,000 | 8.625% |
| 2034 | 545,000 | 8.625% |

* Mandatory redemption amounts of Taxable Term Bond #1 maturing July 15, 2018
** Mandatory redemption amounts of Taxable Term Bond #2 maturing July 15, 2034

JTG:jlu 1156075 12/18/09

*Optional Redemption*. The Bonds are subject to redemption prior to maturity, at the option of the District, on or after July 15, 2019, 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 Tax-Exempt 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:

| Year Redeemed | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2024 | |
| 2019 | $210,000 |
| 2020 | 225,000 |
| 2021 | 235,000 |
| 2022 | 250,000 |
| 2023 | 265,000 |
| 2024 (maturity) | 285,000 |

| Year Redeemed | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2031 | |
| 2025 | $300,000 |
| 2026 | 320,000 |
| 2027 | 340,000 |
| 2028 | 365,000 |
| 2029 | 385,000 |
| 2030 | 410,000 |
| 2031 (maturity) | 440,000 |

The Taxable 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:

| Year Redeemed | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2018 | |
| 2016 | $210,000 |
| 2017 | 200,000 |
| 2018 (maturity) | 205,000 |
| Term Bond Maturing 2034 | |
| 2032 | $465,000 |
| 2033 | 540,000 |
| 2034 (maturity) | 545,000 |

STONE & YOUNGBERG 2555 E. Camelback Road, Suite 280, Phoenix, Arizona 85016 (602) 794-4000

***25 Total Pages via Email***

# REVISED FINAL CLOSING MEMORANDUM

| | | Phone | Email Address |
|---|---|---|---|
| **TO:** | Stephen Cleveland – Town of Buckeye | (623) 349-6000 | scleveland@buckeyeaz.gov |
| | Gail Reese, CPA – Town of Buckeye | (623) 349-6108 | greese@buckeyeaz.gov |
| | Kim Sandstrom – Town of Buckeye | (623) 349-6113 | ksandstrom@buckeyeaz.gov |
| | Scott Ruby, Esq. – Gust Rosenfeld P.L.C. | (602) 257-7432 | swruby@gustlaw.com |
| | Jim Giel, Esq. – Gust Rosenfeld P.L.C. | (602) 257-7495 | jgiel@gustlaw.com |
| | Joan Hubbert – Gust Rosenfeld P.L.C. | (602) 257-7435 | jhubbert@gustlaw.com |
| | Michael Cafiso, Esq. – Greenberg Traurig, LLP | (602) 445-8452 | cafisom@gtlaw.com |
| | Brigitte Finley Green, Esq. – Greenberg Traurig, LLP | (602) 445-8467 | greenb@gtlaw.com |
| | Nancy Eatros – Wells Fargo Bank, N.A. | (602) 378-2337 | nancy.l.eatros@wellsfargo.com |
| | Michael Brilz – Pulte Home Corporation | (480) 391-7969 | mike.brilz@pulte.com |
| | Patrick Brown – Pulte Home Corporation | (480) 862-7856 | patrick.brown@pulte.com |
| | Jay Van Quathem – Pulte Home Corporation | (480) 391-6074 | jay.vanquathem@pulte.com |
| | Matt Berens, Esq. – Berens Kozub Lord & Kloberdanz | (480) 624-2777 | mberens@bkl-az.com |
| | Marc Blonstein, Esq. – Berens Kozub Lord & Kloberdanz | (480) 624-2777 | mblonstein@bkl-az.com |
| **FROM:** | Mark Reader – Stone & Youngberg LLC | (602) 794-4011 | mreader@syllc.com |
| | Mike LaVallee – Stone & Youngberg LLC | (602) 794-4008 | mlavallee@syllc.com |
| | Sandra Park – Stone & Youngberg LLC | (602) 794-4010 | spark@syllc.com |
| | Karyl Guthery – Stone & Youngberg LLC | (602) 794-4051 | kguthery@syllc.com |
| **CC:** | Carla Campodonico – Stone & Youngberg LLC | (415) 445-2306 | ccampi@syllc.com |

**DATE:** February 11, 2010 (Revised)

**RE:**

| **$5,435,000** | **$2,165,000** |
|---|---|
| **Festival Ranch Community Facilities District** | **Festival Ranch Community Facilities District** |
| **Town of Buckeye, Arizona** | **Town of Buckeye, Arizona** |
| **District General Obligation Bonds,** | **Taxable District General Obligation Bonds,** |
| **Series 2009 (Tax-Exempt)** | **Series 2009B** |
| | **(Qualified Build America Bonds - Direct Pay)** |

Stone & Youngberg LLC (the "Underwriter") priced the above-referenced bond issue for the Town of Buckeye, Arizona, Festival Ranch Community Facilities District (the "District") on Wednesday, December 16, 2009. The Bond Purchase Contract was signed that afternoon and is dated December 16, 2009. This document provides the final pricing, wire information, underwriting data and bond proceeds disposition necessary to close the transaction.

Closing occurred on Wednesday, December 30, 2009 at 8:00 a.m. in the offices of Gust Rosenfeld P.L.C., 201 E. Washington, Suite 800, Phoenix, Arizona 85004; Attention: Scott Ruby, Esq. (602) 257-7432.

Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation Bonds, Series 2009A and
Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay)
February 11, 2010 (Revised)

## I. Payment – Wells Fargo Bank, N.A. (the "Trustee") on behalf of the District

On Wednesday, December 30, 2009 not later than 8:00 a.m. (MST), Stone & Youngberg LLC will wire **$7,372,865.20** to the Trustee as the Net Purchase Price for the Bonds. The Net Purchase Price is determined as follows:

| Net Purchase Price of the Bonds: | Tax-Exempt General Obligation Bonds, Series 2009A | Taxable General Obligation Bonds, Series 2009B | Total |
|---|---|---|---|
| Par Amount | $5,435,000.00 | $2,165,000.00 | $7,600,000.00 |
| Net Original Issue Premium/(Discount) | 31,865.20 | (31,000.00) | 865.20 |
| *Less:* Underwriter's Compensation | 228,000.00 | | 228,000.00 |
| **NET PURCHASE PRICE** | $5,238,865.20 | $2,134,000.00 | $7,372,865.20 |

Wire instructions for the delivery are as follows:

**Wells Fargo Bank, N.A.**
ABA No.: 121000248
Trust Clearing Account No.: 00010-38-377
For Credit To: Festival Ranch Community Facilities District 09
Account No.: 82264801
Attn: Nancy Eatros – (602) 378-2337

## II. Bond Proceeds Disposition

Upon receipt of its portion of the Net Purchase Price, the Trustee will make the following deposits for the benefit of the District:

| Deposit to Acquisition and Construction Fund: | Tax-Exempt General Obligation Bonds, Series 2009A | Taxable General Obligation Bonds, Series 2009B | Total |
|---|---|---|---|
| Project Costs | $5,103,812.75 | $2,134,000.00 | $7,237,812.75 |
| Issuance Costs | 135,052.45 | | 135,052.45 |
| **NET PURCHASE PRICE** | $5,238,865.20 | $2,134,000.00 | $7,372,865.20 |

## III. District General Obligation Bonds, Series 2009 CUSIP Numbers

| Maturity Date | CUSIP No. 315598 |
|---|---|
| 7/15/2010 | AH5 |
| 7/15/2011 | AJ1 |
| 7/15/2012 | AK8 |
| 7/15/2013 | AL6 |
| 7/15/2014 | AM4 |
| 7/15/2015 | AN2 |
| 7/15/2016 | AS1 |
| 7/15/2017 | AS1 |
| 7/15/2018 | AS1 |
| 7/15/2019 | AQ5 |
| 7/15/2020 | AQ5 |
| 7/15/2021 | AQ5 |
| 7/15/2022 | AQ5 |
| 7/15/2023 | AQ5 |
| 7/15/2024 | AQ5 |
| 7/15/2025 | AR3 |
| 7/15/2026 | AR3 |
| 7/15/2027 | AR3 |
| 7/15/2028 | AR3 |
| 7/15/2029 | AR3 |
| 7/15/2030 | AR3 |
| 7/15/2031 | AR3 |
| 7/15/2032 | AU6 |
| 7/15/2033 | AU6 |
| 7/15/2034 | AU6 |

# ATTACHMENT A

**Page**

**District General Obligation Bonds, Series 2009**

Sources & Uses of Funds ..... 1-A
Bond Summary Statistics ..... 2-A
Bond Pricing ..... 3-A
Bond Debt Service (Semi-Annual) ..... 4-A
Net Bond Debt Service (Semi-Annual) ..... 6-A
Costs of Issuance Summary ..... 7-A

# ATTACHMENT B

**District General Obligation Bonds, Series 2009A (Tax-Exempt)**

Bond Summary Statistics ..... 1-B
Bond Pricing ..... 2-B
Bond Debt Service (Semi-Annual) ..... 3-B
Form 8038 Statistics ..... 4-B
Proof of Arbitrage Yield ..... 5-B

# ATTACHMENT C

**Taxable District General Obligation Bonds, Series 2009B**
**(Qualified Build America Bonds – Direct Pay)**

Bond Summary Statistics ..... 1-C
Bond Pricing ..... 2-C
Bond Debt Service (Semi-Annual) ..... 3-C
Net Bond Debt Service (Semi-Annual) ..... 5-C
Form 8038 Statistics ..... 6-C
Proof of Arbitrage Yield ..... 7-C

SOURCES AND USES OF FUNDS

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2009
(Town of Buckeye, Arizona)

| | |
|---|---|
| Dated Date | 12/30/2009 |
| Delivery Date | 12/30/2009 |

| Sources: | SRS09 | 09BABS | Total |
|---|---|---|---|
| Bond Proceeds: | | | |
| Par Amount | 5,435,000.00 | 2,165,000.00 | 7,600,000.00 |
| Net Premium/OID | 31,865.20 | -31,000.00 | 865.20 |
| | 5,466,865.20 | 2,134,000.00 | 7,600,865.20 |

| Uses: | SRS09 | 09BABS | Total |
|---|---|---|---|
| Delivery Date Expenses: | | | |
| Cost of Issuance | 135,052.45 | | 135,052.45 |
| Underwriter's Discount | 228,000.00 | | 228,000.00 |
| | 363,052.45 | | 363,052.45 |
| Other Uses of Funds: | | | |
| Additional Proceeds | 5,103,812.75 | 2,134,000.00 | 7,237,812.75 |
| | 5,466,865.20 | 2,134,000.00 | 7,600,865.20 |

## BOND SUMMARY STATISTICS

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2009
(Town of Buckeye, Arizona)

| | |
|---|---|
| Dated Date | 12/30/2009 |
| Delivery Date | 12/30/2009 |
| Last Maturity | 07/15/2034 |
| Arbitrage Yield | 6.052637% |
| True Interest Cost (TIC) | 6.400459% |
| Net Interest Cost (NIC) | 7.379992% |
| All-In TIC | 6.614931% |
| Average Coupon | 7.175065% |
| Average Life (years) | 14.584 |
| Duration of Issue (years) | 9.709 |
| Par Amount | 7,600,000.00 |
| Bond Proceeds | 7,600,865.20 |
| Total Interest | 7,952,602.62 |
| Net Interest | 8,179,737.42 |
| Total Debt Service | 15,552,602.62 |
| Maximum Annual Debt Service | 777,015.10 |
| Average Annual Debt Service | 633,722.35 |
| Underwriter's Fees (per $1000) | |
| Average Takedown | |
| Other Fee | 30.000000 |
| Total Underwriter's Discount | 30.000000 |
| Bid Price | 97.011384 |

| Bond Component | Par Value | Price | Average Coupon | Average Life |
|---|---|---|---|---|
| Serial Bonds | 1,405,000.00 | 102.995 | 5.000% | 2.538 |
| Term Bonds_2024 | 2,085,000.00 | 101.263 | 6.609% | 10.834 |
| Term Bonds_2031 | 4,110,000.00 | 98.356 | 7.418% | 20.604 |
| | 7,600,000.00 | | | 14.584 |

| | TIC | All-In TIC | Arbitrage Yield |
|---|---|---|---|
| Par Value | 7,600,000.00 | 7,600,000.00 | 7,600,000.00 |
| + Accrued Interest | | | |
| + Premium (Discount) | 865.20 | 865.20 | 865.20 |
| - Underwriter's Discount | -228,000.00 | -228,000.00 | |
| - Cost of Issuance Expense | | -135,052.45 | |
| - Other Amounts | | | |
| Target Value | 7,372,865.20 | 7,237,812.75 | 7,600,865.20 |
| Target Date | 12/30/2009 | 12/30/2009 | 12/30/2009 |
| Yield | 6.400459% | 6.614931% | 6.052637% |

BOND PRICING

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2009
(Town of Buckeye, Arizona)

| Bond Component | Maturity Date | Amount | Rate | Yield | Price | Premium (-Discount) |
|---|---|---|---|---|---|---|
| Serial Bonds: | | | | | | |
| | 07/15/2010 | 500,000 | 5.000% | 2.500% | 101.335 | 6,675.00 |
| | 07/15/2011 | 165,000 | 5.000% | 2.750% | 103.372 | 5,563.80 |
| | 07/15/2012 | 170,000 | 5.000% | 3.000% | 104.857 | 8,256.90 |
| | 07/15/2013 | 180,000 | 5.000% | 3.500% | 104.954 | 8,917.20 |
| | 07/15/2014 | 190,000 | 5.000% | 4.000% | 104.113 | 7,814.70 |
| | 07/15/2015 | 200,000 | 5.000% | 4.500% | 102.426 | 4,852.00 |
| | | 1,405,000 | | | | 42,079.60 |
| Term Bonds_2024: | | | | | | |
| | 07/15/2024 | 1,470,000 | 6.250% | 6.000% | 101.792 | 26,342.40 |
| Term Bonds_2031: | | | | | | |
| | 07/15/2031 | 2,560,000 | 6.500% | 6.625% | 98.572 | -36,556.80 |
| Term Bond: | | | | | | |
| | 07/15/2018 | 615,000 | 8.000% | 8.000% | 100.000 | |
| Term Bond: | | | | | | |
| | 07/15/2034 | 1,550,000 | 8.625% | 8.825% | 98.000 | -31,000.00 |
| | | 7,600,000 | | | | 865.20 |

| | | |
|---|---|---|
| Dated Date | 12/30/2009 | |
| Delivery Date | 12/30/2009 | |
| First Coupon | 07/15/2010 | |
| Par Amount | 7,600,000.00 | |
| Premium | 865.20 | |
| Production | 7,600,865.20 | 100.011384% |
| Underwriter's Discount | -228,000.00 | -3.000000% |
| Purchase Price | 7,372,865.20 | 97.011384% |
| Accrued Interest | | |
| Net Proceeds | 7,372,865.20 | |

BOND DEBT SERVICE

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2009
(Town of Buckeye, Arizona)

| | |
|---|---|
| Dated Date | 12/30/2009 |
| Delivery Date | 12/30/2009 |

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---|---|---|---|---|---|
| 07/15/2010 | 500,000 | 5.000% | 277,015.10 | 777,015.10 | 777,015.10 |
| 01/15/2011 | | | 243,206.25 | 243,206.25 | |
| 07/15/2011 | 165,000 | 5.000% | 243,206.25 | 408,206.25 | 651,412.50 |
| 01/15/2012 | | | 239,081.25 | 239,081.25 | |
| 07/15/2012 | 170,000 | 5.000% | 239,081.25 | 409,081.25 | 648,162.50 |
| 01/15/2013 | | | 234,831.25 | 234,831.25 | |
| 07/15/2013 | 180,000 | 5.000% | 234,831.25 | 414,831.25 | 649,662.50 |
| 01/15/2014 | | | 230,331.25 | 230,331.25 | |
| 07/15/2014 | 190,000 | 5.000% | 230,331.25 | 420,331.25 | 650,662.50 |
| 01/15/2015 | | | 225,581.25 | 225,581.25 | |
| 07/15/2015 | 200,000 | 5.000% | 225,581.25 | 425,581.25 | 651,162.50 |
| 01/15/2016 | | | 220,581.25 | 220,581.25 | |
| 07/15/2016 | 210,000 | 8.000% | 220,581.25 | 430,581.25 | 651,162.50 |
| 01/15/2017 | | | 212,181.25 | 212,181.25 | |
| 07/15/2017 | 200,000 | 8.000% | 212,181.25 | 412,181.25 | 624,362.50 |
| 01/15/2018 | | | 204,181.25 | 204,181.25 | |
| 07/15/2018 | 205,000 | 8.000% | 204,181.25 | 409,181.25 | 613,362.50 |
| 01/15/2019 | | | 195,981.25 | 195,981.25 | |
| 07/15/2019 | 210,000 | 6.250% | 195,981.25 | 405,981.25 | 601,962.50 |
| 01/15/2020 | | | 189,418.75 | 189,418.75 | |
| 07/15/2020 | 225,000 | 6.250% | 189,418.75 | 414,418.75 | 603,837.50 |
| 01/15/2021 | | | 182,387.50 | 182,387.50 | |
| 07/15/2021 | 235,000 | 6.250% | 182,387.50 | 417,387.50 | 599,775.00 |
| 01/15/2022 | | | 175,043.75 | 175,043.75 | |
| 07/15/2022 | 250,000 | 6.250% | 175,043.75 | 425,043.75 | 600,087.50 |
| 01/15/2023 | | | 167,231.25 | 167,231.25 | |
| 07/15/2023 | 265,000 | 6.250% | 167,231.25 | 432,231.25 | 599,462.50 |
| 01/15/2024 | | | 158,950.00 | 158,950.00 | |
| 07/15/2024 | 285,000 | 6.250% | 158,950.00 | 443,950.00 | 602,900.00 |
| 01/15/2025 | | | 150,043.75 | 150,043.75 | |
| 07/15/2025 | 300,000 | 6.500% | 150,043.75 | 450,043.75 | 600,087.50 |
| 01/15/2026 | | | 140,293.75 | 140,293.75 | |
| 07/15/2026 | 320,000 | 6.500% | 140,293.75 | 460,293.75 | 600,587.50 |
| 01/15/2027 | | | 129,893.75 | 129,893.75 | |
| 07/15/2027 | 340,000 | 6.500% | 129,893.75 | 469,893.75 | 599,787.50 |
| 01/15/2028 | | | 118,843.75 | 118,843.75 | |
| 07/15/2028 | 365,000 | 6.500% | 118,843.75 | 483,843.75 | 602,687.50 |
| 01/15/2029 | | | 106,981.25 | 106,981.25 | |
| 07/15/2029 | 385,000 | 6.500% | 106,981.25 | 491,981.25 | 598,962.50 |
| 01/15/2030 | | | 94,468.75 | 94,468.75 | |
| 07/15/2030 | 410,000 | 6.500% | 94,468.75 | 504,468.75 | 598,937.50 |
| 01/15/2031 | | | 81,143.75 | 81,143.75 | |
| 07/15/2031 | 440,000 | 6.500% | 81,143.75 | 521,143.75 | 602,287.50 |
| 01/15/2032 | | | 66,843.75 | 66,843.75 | |
| 07/15/2032 | 465,000 | 8.625% | 66,843.75 | 531,843.75 | 598,687.50 |

BOND DEBT SERVICE

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2009
(Town of Buckeye, Arizona)

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---|---|---|---|---|---|
| 01/15/2033 | | | 46,790.63 | 46,790.63 | |
| 07/15/2033 | 540,000 | 8.625% | 46,790.63 | 586,790.63 | 633,581.26 |
| 01/15/2034 | | | 23,503.13 | 23,503.13 | |
| 07/15/2034 | 545,000 | 8.625% | 23,503.13 | 568,503.13 | 592,006.26 |
| | 7,600,000 | | 7,952,602.62 | 15,552,602.62 | 15,552,602.62 |

NET DEBT SERVICE

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2009
(Town of Buckeye, Arizona)

| Date | Principal | Interest | Total Debt Service | BABs Subsidy | Net Debt Service | Annual Net D/S |
|---|---|---|---|---|---|---|
| 07/15/2010 | 500,000 | 277,015.10 | 777,015.10 | -34,672.42 | 742,342.68 | 742,342.68 |
| 01/15/2011 | | 243,206.25 | 243,206.25 | -32,005.31 | 211,200.94 | |
| 07/15/2011 | 165,000 | 243,206.25 | 408,206.25 | -32,005.31 | 376,200.94 | 587,401.88 |
| 01/15/2012 | | 239,081.25 | 239,081.25 | -32,005.31 | 207,075.94 | |
| 07/15/2012 | 170,000 | 239,081.25 | 409,081.25 | -32,005.31 | 377,075.94 | 584,151.88 |
| 01/15/2013 | | 234,831.25 | 234,831.25 | -32,005.31 | 202,825.94 | |
| 07/15/2013 | 180,000 | 234,831.25 | 414,831.25 | -32,005.31 | 382,825.94 | 585,651.88 |
| 01/15/2014 | | 230,331.25 | 230,331.25 | -32,005.31 | 198,325.94 | |
| 07/15/2014 | 190,000 | 230,331.25 | 420,331.25 | -32,005.31 | 388,325.94 | 586,651.88 |
| 01/15/2015 | | 225,581.25 | 225,581.25 | -32,005.31 | 193,575.94 | |
| 07/15/2015 | 200,000 | 225,581.25 | 425,581.25 | -32,005.31 | 393,575.94 | 587,151.88 |
| 01/15/2016 | | 220,581.25 | 220,581.25 | -32,005.31 | 188,575.94 | |
| 07/15/2016 | 210,000 | 220,581.25 | 430,581.25 | -32,005.31 | 398,575.94 | 587,151.88 |
| 01/15/2017 | | 212,181.25 | 212,181.25 | -29,065.31 | 183,115.94 | |
| 07/15/2017 | 200,000 | 212,181.25 | 412,181.25 | -29,065.31 | 383,115.94 | 566,231.88 |
| 01/15/2018 | | 204,181.25 | 204,181.25 | -26,265.31 | 177,915.94 | |
| 07/15/2018 | 205,000 | 204,181.25 | 409,181.25 | -26,265.31 | 382,915.94 | 560,831.88 |
| 01/15/2019 | | 195,981.25 | 195,981.25 | -23,395.31 | 172,585.94 | |
| 07/15/2019 | 210,000 | 195,981.25 | 405,981.25 | -23,395.31 | 382,585.94 | 555,171.88 |
| 01/15/2020 | | 189,418.75 | 189,418.75 | -23,395.31 | 166,023.44 | |
| 07/15/2020 | 225,000 | 189,418.75 | 414,418.75 | -23,395.31 | 391,023.44 | 557,046.88 |
| 01/15/2021 | | 182,387.50 | 182,387.50 | -23,395.31 | 158,992.19 | |
| 07/15/2021 | 235,000 | 182,387.50 | 417,387.50 | -23,395.31 | 393,992.19 | 552,984.38 |
| 01/15/2022 | | 175,043.75 | 175,043.75 | -23,395.31 | 151,648.44 | |
| 07/15/2022 | 250,000 | 175,043.75 | 425,043.75 | -23,395.31 | 401,648.44 | 553,296.88 |
| 01/15/2023 | | 167,231.25 | 167,231.25 | -23,395.31 | 143,835.94 | |
| 07/15/2023 | 265,000 | 167,231.25 | 432,231.25 | -23,395.31 | 408,835.94 | 552,671.88 |
| 01/15/2024 | | 158,950.00 | 158,950.00 | -23,395.31 | 135,554.69 | |
| 07/15/2024 | 285,000 | 158,950.00 | 443,950.00 | -23,395.31 | 420,554.69 | 556,109.38 |
| 01/15/2025 | | 150,043.75 | 150,043.75 | -23,395.31 | 126,648.44 | |
| 07/15/2025 | 300,000 | 150,043.75 | 450,043.75 | -23,395.31 | 426,648.44 | 553,296.88 |
| 01/15/2026 | | 140,293.75 | 140,293.75 | -23,395.31 | 116,898.44 | |
| 07/15/2026 | 320,000 | 140,293.75 | 460,293.75 | -23,395.31 | 436,898.44 | 553,796.88 |
| 01/15/2027 | | 129,893.75 | 129,893.75 | -23,395.31 | 106,498.44 | |
| 07/15/2027 | 340,000 | 129,893.75 | 469,893.75 | -23,395.31 | 446,498.44 | 552,996.88 |
| 01/15/2028 | | 118,843.75 | 118,843.75 | -23,395.31 | 95,448.44 | |
| 07/15/2028 | 365,000 | 118,843.75 | 483,843.75 | -23,395.31 | 460,448.44 | 555,896.88 |
| 01/15/2029 | | 106,981.25 | 106,981.25 | -23,395.31 | 83,585.94 | |
| 07/15/2029 | 385,000 | 106,981.25 | 491,981.25 | -23,395.31 | 468,585.94 | 552,171.88 |
| 01/15/2030 | | 94,468.75 | 94,468.75 | -23,395.31 | 71,073.44 | |
| 07/15/2030 | 410,000 | 94,468.75 | 504,468.75 | -23,395.31 | 481,073.44 | 552,146.88 |
| 01/15/2031 | | 81,143.75 | 81,143.75 | -23,395.31 | 57,748.44 | |
| 07/15/2031 | 440,000 | 81,143.75 | 521,143.75 | -23,395.31 | 497,748.44 | 555,496.88 |
| 01/15/2032 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | |
| 07/15/2032 | 465,000 | 66,843.75 | 531,843.75 | -23,395.31 | 508,448.44 | 551,896.88 |
| 01/15/2033 | | 46,790.63 | 46,790.63 | -16,376.72 | 30,413.91 | |
| 07/15/2033 | 540,000 | 46,790.63 | 586,790.63 | -16,376.72 | 570,413.91 | 600,827.82 |
| 01/15/2034 | | 23,503.13 | 23,503.13 | -8,226.10 | 15,277.03 | |
| 07/15/2034 | 545,000 | 23,503.13 | 568,503.13 | -8,226.10 | 560,277.03 | 575,554.06 |
| | 7,600,000 | 7,952,602.62 | 15,552,602.62 | -1,233,671.70 | 14,318,930.92 | 14,318,930.92 |

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**
**(TOWN OF BUCKEYE, ARIZONA)**
**DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009**

**$5,435,000, DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009A**
**$2,165,000 DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009B**
**(QUALIFIED BUILD AMERICA BONDS - DIRECT PAY)**

## Final Costs of Issuance Summary

| Costs of Issuance: | | Payable to: |
|---|---|---|
| Printing, Preparation & Dist Costs (PLOM/POS) | $10,000.00 | Stone & Youngberg |
| DTC/CUSIPs | 634.00 | Stone & Youngberg |
| Out-of-Pocket (copies, travel, conference calls) | 1,918.45 | Stone & Youngberg |
| Market Absorption Study | 19,350.00 | Sullivan Group |
| S&P Credit Rating Fee | 9,500.00 | Standard & Poor's |
| Underwriter's Counsel | 30,000.00 | Greenberg Traurig |
| Trustee, Registrar & Paying Agent (a) | 7,550.00 | Wells Fargo |
| Bond Counsel | 56,100.00 | Gust Rosenfeld |
| Total Costs of Issuance | $135,052.45 | |

(a) Includes BAB administration services (filing and administration of 8038 CP).

Prepared by:
Stone & Youngberg LLC
9:58 AM2/11/2010

## BOND SUMMARY STATISTICS

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2009 (Tax-Exempts)
BBB+ S&P Investment Grade Credit Rating

| | |
|---|---|
| Dated Date | 12/30/2009 |
| Delivery Date | 12/30/2009 |
| Last Maturity | 07/15/2031 |
| Arbitrage Yield | 6.247257% |
| True Interest Cost (TIC) | 6.784665% |
| Net Interest Cost (NIC) | 6.640382% |
| All-In TIC | 7.121786% |
| Average Coupon | 6.358717% |
| Average Life (years) | 12.812 |
| Duration of Issue (years) | 8.081 |
| Par Amount | 5,435,000.00 |
| Bond Proceeds | 5,466,865.20 |
| Total Interest | 4,427,826.04 |
| Net Interest | 4,623,960.84 |
| Total Debt Service | 9,862,826.04 |
| Maximum Annual Debt Service | 677,951.04 |
| Average Annual Debt Service | 457,848.79 |
| Underwriter's Fees (per $1000) | |
| Average Takedown | |
| Other Fee | 41.950322 |
| Total Underwriter's Discount | 41.950322 |
| Bid Price | 96.391264 |

| Bond Component | Par Value | Price | Average Coupon | Average Life |
|---|---|---|---|---|
| Serial Bonds | 1,405,000.00 | 102.995 | 5.000% | 2.538 |
| Term Bonds_2024 | 1,470,000.00 | 101.792 | 6.250% | 12.215 |
| Term Bonds_2031 | 2,560,000.00 | 98.572 | 6.500% | 18.794 |
| | 5,435,000.00 | | | 12.812 |

| | TIC | All-In TIC | Arbitrage Yield |
|---|---|---|---|
| Par Value | 5,435,000.00 | 5,435,000.00 | 5,435,000.00 |
| + Accrued Interest | | | |
| + Premium (Discount) | 31,865.20 | 31,865.20 | 31,865.20 |
| - Underwriter's Discount | -228,000.00 | -228,000.00 | |
| - Cost of Issuance Expense | | -135,052.45 | |
| - Other Amounts | | | |
| Target Value | 5,238,865.20 | 5,103,812.75 | 5,466,865.20 |
| Target Date | 12/30/2009 | 12/30/2009 | 12/30/2009 |
| Yield | 6.784665% | 7.121786% | 6.247257% |

BOND PRICING

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2009 (Tax-Exempts)
BBB+ S&P Investment Grade Credit Rating

| Bond Component | Maturity Date | Amount | Rate | Yield | Price | Premium (-Discount) |
|---|---|---|---|---|---|---|
| Serial Bonds: | | | | | | |
| | 07/15/2010 | 500,000 | 5.000% | 2.500% | 101.335 | 6,675.00 |
| | 07/15/2011 | 165,000 | 5.000% | 2.750% | 103.372 | 5,563.80 |
| | 07/15/2012 | 170,000 | 5.000% | 3.000% | 104.857 | 8,256.90 |
| | 07/15/2013 | 180,000 | 5.000% | 3.500% | 104.954 | 8,917.20 |
| | 07/15/2014 | 190,000 | 5.000% | 4.000% | 104.113 | 7,814.70 |
| | 07/15/2015 | 200,000 | 5.000% | 4.500% | 102.426 | 4,852.00 |
| | | 1,405,000 | | | | 42,079.60 |
| Term Bonds_2024: | | | | | | |
| | 07/15/2024 | 1,470,000 | 6.250% | 6.000% | 101.792 | 26,342.40 |
| Term Bonds_2031: | | | | | | |
| | 07/15/2031 | 2,560,000 | 6.500% | 6.625% | 98.572 | -36,556.80 |
| | | 5,435,000 | | | | 31,865.20 |

| | | |
|---|---|---|
| Dated Date | 12/30/2009 | |
| Delivery Date | 12/30/2009 | |
| First Coupon | 07/15/2010 | |
| Par Amount | 5,435,000.00 | |
| Premium | 31,865.20 | |
| Production | 5,466,865.20 | 100.586296% |
| Underwriter's Discount | -228,000.00 | -4.195032% |
| Purchase Price | 5,238,865.20 | 96.391264% |
| Accrued Interest | | |
| Net Proceeds | 5,238,865.20 | |

BOND DEBT SERVICE

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2009 (Tax-Exempts)
BBB+ S&P Investment Grade Credit Rating

Dated Date 12/30/2009
Delivery Date 12/30/2009

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---|---|---|---|---|---|
| 07/15/2010 | 500,000 | 5.000% | 177,951.04 | 677,951.04 | 677,951.04 |
| 01/15/2011 | | | 151,762.50 | 151,762.50 | |
| 07/15/2011 | 165,000 | 5.000% | 151,762.50 | 316,762.50 | 468,525.00 |
| 01/15/2012 | | | 147,637.50 | 147,637.50 | |
| 07/15/2012 | 170,000 | 5.000% | 147,637.50 | 317,637.50 | 465,275.00 |
| 01/15/2013 | | | 143,387.50 | 143,387.50 | |
| 07/15/2013 | 180,000 | 5.000% | 143,387.50 | 323,387.50 | 466,775.00 |
| 01/15/2014 | | | 138,887.50 | 138,887.50 | |
| 07/15/2014 | 190,000 | 5.000% | 138,887.50 | 328,887.50 | 467,775.00 |
| 01/15/2015 | | | 134,137.50 | 134,137.50 | |
| 07/15/2015 | 200,000 | 5.000% | 134,137.50 | 334,137.50 | 468,275.00 |
| 01/15/2016 | | | 129,137.50 | 129,137.50 | |
| 07/15/2016 | | | 129,137.50 | 129,137.50 | 258,275.00 |
| 01/15/2017 | | | 129,137.50 | 129,137.50 | |
| 07/15/2017 | | | 129,137.50 | 129,137.50 | 258,275.00 |
| 01/15/2018 | | | 129,137.50 | 129,137.50 | |
| 07/15/2018 | | | 129,137.50 | 129,137.50 | 258,275.00 |
| 01/15/2019 | | | 129,137.50 | 129,137.50 | |
| 07/15/2019 | 210,000 | 6.250% | 129,137.50 | 339,137.50 | 468,275.00 |
| 01/15/2020 | | | 122,575.00 | 122,575.00 | |
| 07/15/2020 | 225,000 | 6.250% | 122,575.00 | 347,575.00 | 470,150.00 |
| 01/15/2021 | | | 115,543.75 | 115,543.75 | |
| 07/15/2021 | 235,000 | 6.250% | 115,543.75 | 350,543.75 | 466,087.50 |
| 01/15/2022 | | | 108,200.00 | 108,200.00 | |
| 07/15/2022 | 250,000 | 6.250% | 108,200.00 | 358,200.00 | 466,400.00 |
| 01/15/2023 | | | 100,387.50 | 100,387.50 | |
| 07/15/2023 | 265,000 | 6.250% | 100,387.50 | 365,387.50 | 465,775.00 |
| 01/15/2024 | | | 92,106.25 | 92,106.25 | |
| 07/15/2024 | 285,000 | 6.250% | 92,106.25 | 377,106.25 | 469,212.50 |
| 01/15/2025 | | | 83,200.00 | 83,200.00 | |
| 07/15/2025 | 300,000 | 6.500% | 83,200.00 | 383,200.00 | 466,400.00 |
| 01/15/2026 | | | 73,450.00 | 73,450.00 | |
| 07/15/2026 | 320,000 | 6.500% | 73,450.00 | 393,450.00 | 466,900.00 |
| 01/15/2027 | | | 63,050.00 | 63,050.00 | |
| 07/15/2027 | 340,000 | 6.500% | 63,050.00 | 403,050.00 | 466,100.00 |
| 01/15/2028 | | | 52,000.00 | 52,000.00 | |
| 07/15/2028 | 365,000 | 6.500% | 52,000.00 | 417,000.00 | 469,000.00 |
| 01/15/2029 | | | 40,137.50 | 40,137.50 | |
| 07/15/2029 | 385,000 | 6.500% | 40,137.50 | 425,137.50 | 465,275.00 |
| 01/15/2030 | | | 27,625.00 | 27,625.00 | |
| 07/15/2030 | 410,000 | 6.500% | 27,625.00 | 437,625.00 | 465,250.00 |
| 01/15/2031 | | | 14,300.00 | 14,300.00 | |
| 07/15/2031 | 440,000 | 6.500% | 14,300.00 | 454,300.00 | 468,600.00 |
| | 5,435,000 | | 4,427,826.04 | 9,862,826.04 | 9,862,826.04 |

FORM 8038 STATISTICS

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2009 (Tax-Exempts)
BBB+ S&P Investment Grade Credit Rating

| | |
|---|---|
| Dated Date | 12/30/2009 |
| Delivery Date | 12/30/2009 |

| Bond Component | Date | Principal | Coupon | Price | Issue Price | Redemption at Maturity |
|---|---|---|---|---|---|---|
| Serial Bonds: | | | | | | |
| | 07/15/2010 | 500,000.00 | 5.000% | 101.335 | 506,675.00 | 500,000.00 |
| | 07/15/2011 | 165,000.00 | 5.000% | 103.372 | 170,563.80 | 165,000.00 |
| | 07/15/2012 | 170,000.00 | 5.000% | 104.857 | 178,256.90 | 170,000.00 |
| | 07/15/2013 | 180,000.00 | 5.000% | 104.954 | 188,917.20 | 180,000.00 |
| | 07/15/2014 | 190,000.00 | 5.000% | 104.113 | 197,814.70 | 190,000.00 |
| | 07/15/2015 | 200,000.00 | 5.000% | 102.426 | 204,852.00 | 200,000.00 |
| Term Bonds_2024: | | | | | | |
| | 07/15/2019 | 210,000.00 | 6.250% | 101.792 | 213,763.20 | 210,000.00 |
| | 07/15/2020 | 225,000.00 | 6.250% | 101.792 | 229,032.00 | 225,000.00 |
| | 07/15/2021 | 235,000.00 | 6.250% | 101.792 | 239,211.20 | 235,000.00 |
| | 07/15/2022 | 250,000.00 | 6.250% | 101.792 | 254,480.00 | 250,000.00 |
| | 07/15/2023 | 265,000.00 | 6.250% | 101.792 | 269,748.80 | 265,000.00 |
| | 07/15/2024 | 285,000.00 | 6.250% | 101.792 | 290,107.20 | 285,000.00 |
| Term Bonds_2031: | | | | | | |
| | 07/15/2025 | 300,000.00 | 6.500% | 98.572 | 295,716.00 | 300,000.00 |
| | 07/15/2026 | 320,000.00 | 6.500% | 98.572 | 315,430.40 | 320,000.00 |
| | 07/15/2027 | 340,000.00 | 6.500% | 98.572 | 335,144.80 | 340,000.00 |
| | 07/15/2028 | 365,000.00 | 6.500% | 98.572 | 359,787.80 | 365,000.00 |
| | 07/15/2029 | 385,000.00 | 6.500% | 98.572 | 379,502.20 | 385,000.00 |
| | 07/15/2030 | 410,000.00 | 6.500% | 98.572 | 404,145.20 | 410,000.00 |
| | 07/15/2031 | 440,000.00 | 6.500% | 98.572 | 433,716.80 | 440,000.00 |
| | | 5,435,000.00 | | | 5,466,865.20 | 5,435,000.00 |

| | Maturity Date | Interest Rate | Issue Price | Stated Redemption at Maturity | Weighted Average Maturity | Yield | Net Interest Cost |
|---|---|---|---|---|---|---|---|
| Final Maturity | 07/15/2031 | 6.500% | 433,716.80 | 440,000.00 | | | |
| Entire Issue | | | 5,466,865.20 | 5,435,000.00 | 12.6939 | 6.2473% | 6.3346% |

| | |
|---|---|
| Proceeds used for accrued interest | 0.00 |
| Proceeds used for bond issuance costs (including underwriters' discount) | 363,052.45 |
| Proceeds used for credit enhancement | 0.00 |
| Proceeds allocated to reasonably required reserve or replacement fund | 0.00 |

PROOF OF ARBITRAGE YIELD

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2009 (Tax-Exempts)
BBB+ S&P Investment Grade Credit Rating

| Date | Debt Service | Present Value to 12/30/2009 @ 6.2472569% |
|---|---|---|
| 07/15/2010 | 677,951.04 | 655,732.88 |
| 01/15/2011 | 151,762.50 | 142,342.61 |
| 07/15/2011 | 316,762.50 | 288,101.83 |
| 01/15/2012 | 147,637.50 | 130,211.92 |
| 07/15/2012 | 317,637.50 | 271,661.23 |
| 01/15/2013 | 143,387.50 | 118,918.38 |
| 07/15/2013 | 323,387.50 | 260,077.48 |
| 01/15/2014 | 138,887.50 | 108,313.98 |
| 07/15/2014 | 328,887.50 | 248,719.89 |
| 01/15/2015 | 134,137.50 | 98,368.30 |
| 07/15/2015 | 334,137.50 | 237,613.98 |
| 01/15/2016 | 129,137.50 | 89,051.44 |
| 07/15/2016 | 129,137.50 | 86,354.06 |
| 01/15/2017 | 129,137.50 | 83,738.39 |
| 07/15/2017 | 129,137.50 | 81,201.94 |
| 01/15/2018 | 129,137.50 | 78,742.32 |
| 07/15/2018 | 129,137.50 | 76,357.21 |
| 01/15/2019 | 129,137.50 | 74,044.34 |
| 07/15/2019 | 339,137.50 | 188,563.27 |
| 01/15/2020 | 122,575.00 | 66,088.37 |
| 07/15/2020 | 347,575.00 | 181,724.49 |
| 01/15/2021 | 115,543.75 | 58,580.52 |
| 07/15/2021 | 350,543.75 | 172,341.86 |
| 01/15/2022 | 108,200.00 | 51,584.31 |
| 07/15/2022 | 358,200.00 | 165,599.02 |
| 01/15/2023 | 100,387.50 | 45,004.26 |
| 07/15/2023 | 365,387.50 | 158,843.52 |
| 01/15/2024 | 92,106.25 | 38,828.15 |
| 07/15/2024 | 377,106.25 | 154,156.97 |
| 01/15/2025 | 83,200.00 | 32,981.06 |
| 07/15/2025 | 383,200.00 | 147,301.98 |
| 01/15/2026 | 73,450.00 | 27,378.94 |
| 07/15/2026 | 393,450.00 | 142,218.55 |
| 01/15/2027 | 63,050.00 | 22,100.07 |
| 07/15/2027 | 403,050.00 | 136,996.43 |
| 01/15/2028 | 52,000.00 | 17,139.39 |
| 07/15/2028 | 417,000.00 | 133,281.54 |
| 01/15/2029 | 40,137.50 | 12,440.16 |
| 07/15/2029 | 425,137.50 | 127,775.33 |
| 01/15/2030 | 27,625.00 | 8,051.22 |
| 07/15/2030 | 437,625.00 | 123,681.10 |
| 01/15/2031 | 14,300.00 | 3,919.03 |
| 07/15/2031 | 454,300.00 | 120,733.44 |
| | 9,862,826.04 | 5,466,865.20 |

# PROOF OF ARBITRAGE YIELD

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2009 (Tax-Exempts)
BBB+ S&P Investment Grade Credit Rating

## Proceeds Summary

| | |
|---|---|
| Delivery date | 12/30/2009 |
| Par Value | 5,435,000.00 |
| Premium (Discount) | 31,865.20 |
| Target for yield calculation | 5,466,865.20 |

## BOND SUMMARY STATISTICS

Festival Ranch Community Facilities District
Taxable Build America Bonds (Direct Pay), Series 2009
BBB+ S&P Investment Grade Credit Rating

| | |
|---|---|
| Dated Date | 12/30/2009 |
| Delivery Date | 12/30/2009 |
| Last Maturity | 07/15/2034 |
| Arbitrage Yield | 5.672867% |
| True Interest Cost (TIC) | 5.672867% |
| Net Interest Cost (NIC) | 8.629958% |
| All-In TIC | 5.672867% |
| Average Coupon | 8.554721% |
| Average Life (years) | 19.031 |
| Duration of Issue (years) | 14.230 |
| Par Amount | 2,165,000.00 |
| Bond Proceeds | 2,134,000.00 |
| Total Interest | 3,524,776.58 |
| Net Interest | 3,555,776.58 |
| Total Debt Service | 5,689,776.58 |
| Maximum Annual Debt Service | 633,581.26 |
| Average Annual Debt Service | 231,841.49 |
| Underwriter's Fees (per $1000) | |
| Average Takedown | |
| Other Fee | |
| Total Underwriter's Discount | |
| Bid Price | 98.568129 |

| Bond Component | Par Value | Price | Average Coupon | Average Life |
|---|---|---|---|---|
| Term Bond | 615,000.00 | 100.000 | 8.000% | 7.534 |
| Term Bond | 1,550,000.00 | 98.000 | 8.625% | 23.593 |
| | 2,165,000.00 | | | 19.031 |

| | TIC | All-In TIC | Arbitrage Yield |
|---|---|---|---|
| Par Value | 2,165,000.00 | 2,165,000.00 | 2,165,000.00 |
| + Accrued Interest | | | |
| + Premium (Discount) | -31,000.00 | -31,000.00 | -31,000.00 |
| - Underwriter's Discount | | | |
| - Cost of Issuance Expense | | | |
| - Other Amounts | | | |
| Target Value | 2,134,000.00 | 2,134,000.00 | 2,134,000.00 |
| Target Date | 12/30/2009 | 12/30/2009 | 12/30/2009 |
| Yield | 5.672867% | 5.672867% | 5.672867% |

BOND PRICING

Festival Ranch Community Facilities District
Taxable Build America Bonds (Direct Pay), Series 2009
BBB+ S&P Investment Grade Credit Rating

| Bond Component | Maturity Date | Amount | Rate | Yield | Price | Premium (-Discount) |
|---|---|---|---|---|---|---|
| Term Bond: | | | | | | |
| | 07/15/2018 | 615,000 | 8.000% | 8.000% | 100.000 | |
| Term Bond: | | | | | | |
| | 07/15/2034 | 1,550,000 | 8.625% | 8.825% | 98.000 | -31,000.00 |
| | | 2,165,000 | | | | -31,000.00 |

| | | |
|---|---|---|
| Dated Date | 12/30/2009 | |
| Delivery Date | 12/30/2009 | |
| First Coupon | 07/15/2010 | |
| Par Amount | 2,165,000.00 | |
| Original Issue Discount | -31,000.00 | |
| Production | 2,134,000.00 | 98.568129% |
| Underwriter's Discount | | |
| Purchase Price | 2,134,000.00 | 98.568129% |
| Accrued Interest | | |
| Net Proceeds | 2,134,000.00 | |

BOND DEBT SERVICE

Festival Ranch Community Facilities District
Taxable Build America Bonds (Direct Pay), Series 2009
BBB+ S&P Investment Grade Credit Rating

Dated Date 12/30/2009
Delivery Date 12/30/2009

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---|---|---|---|---|---|
| 07/15/2010 | | | 99,064.06 | 99,064.06 | 99,064.06 |
| 01/15/2011 | | | 91,443.75 | 91,443.75 | |
| 07/15/2011 | | | 91,443.75 | 91,443.75 | 182,887.50 |
| 01/15/2012 | | | 91,443.75 | 91,443.75 | |
| 07/15/2012 | | | 91,443.75 | 91,443.75 | 182,887.50 |
| 01/15/2013 | | | 91,443.75 | 91,443.75 | |
| 07/15/2013 | | | 91,443.75 | 91,443.75 | 182,887.50 |
| 01/15/2014 | | | 91,443.75 | 91,443.75 | |
| 07/15/2014 | | | 91,443.75 | 91,443.75 | 182,887.50 |
| 01/15/2015 | | | 91,443.75 | 91,443.75 | |
| 07/15/2015 | | | 91,443.75 | 91,443.75 | 182,887.50 |
| 01/15/2016 | | | 91,443.75 | 91,443.75 | |
| 07/15/2016 | 210,000 | 8.000% | 91,443.75 | 301,443.75 | 392,887.50 |
| 01/15/2017 | | | 83,043.75 | 83,043.75 | |
| 07/15/2017 | 200,000 | 8.000% | 83,043.75 | 283,043.75 | 366,087.50 |
| 01/15/2018 | | | 75,043.75 | 75,043.75 | |
| 07/15/2018 | 205,000 | 8.000% | 75,043.75 | 280,043.75 | 355,087.50 |
| 01/15/2019 | | | 66,843.75 | 66,843.75 | |
| 07/15/2019 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2020 | | | 66,843.75 | 66,843.75 | |
| 07/15/2020 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2021 | | | 66,843.75 | 66,843.75 | |
| 07/15/2021 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2022 | | | 66,843.75 | 66,843.75 | |
| 07/15/2022 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2023 | | | 66,843.75 | 66,843.75 | |
| 07/15/2023 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2024 | | | 66,843.75 | 66,843.75 | |
| 07/15/2024 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2025 | | | 66,843.75 | 66,843.75 | |
| 07/15/2025 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2026 | | | 66,843.75 | 66,843.75 | |
| 07/15/2026 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2027 | | | 66,843.75 | 66,843.75 | |
| 07/15/2027 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2028 | | | 66,843.75 | 66,843.75 | |
| 07/15/2028 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2029 | | | 66,843.75 | 66,843.75 | |
| 07/15/2029 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2030 | | | 66,843.75 | 66,843.75 | |
| 07/15/2030 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2031 | | | 66,843.75 | 66,843.75 | |
| 07/15/2031 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2032 | | | 66,843.75 | 66,843.75 | |
| 07/15/2032 | 465,000 | 8.625% | 66,843.75 | 531,843.75 | 598,687.50 |

BOND DEBT SERVICE

Festival Ranch Community Facilities District
Taxable Build America Bonds (Direct Pay), Series 2009
BBB+ S&P Investment Grade Credit Rating

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---|---|---|---|---|---|
| 01/15/2033 | | | 46,790.63 | 46,790.63 | |
| 07/15/2033 | 540,000 | 8.625% | 46,790.63 | 586,790.63 | 633,581.26 |
| 01/15/2034 | | | 23,503.13 | 23,503.13 | |
| 07/15/2034 | 545,000 | 8.625% | 23,503.13 | 568,503.13 | 592,006.26 |
| | 2,165,000 | | 3,524,776.58 | 5,689,776.58 | 5,689,776.58 |

NET DEBT SERVICE

Festival Ranch Community Facilities District
Taxable Build America Bonds (Direct Pay), Series 2009
BBB+ S&P Investment Grade Credit Rating

| Date | Principal | Interest | Total Debt Service | BABs Subsidy | Net Debt Service | Annual Net D/S |
|---|---|---|---|---|---|---|
| 07/15/2010 | | 99,064.06 | 99,064.06 | -34,672.42 | 64,391.64 | 64,391.64 |
| 01/15/2011 | | 91,443.75 | 91,443.75 | -32,005.31 | 59,438.44 | |
| 07/15/2011 | | 91,443.75 | 91,443.75 | -32,005.31 | 59,438.44 | 118,876.88 |
| 01/15/2012 | | 91,443.75 | 91,443.75 | -32,005.31 | 59,438.44 | |
| 07/15/2012 | | 91,443.75 | 91,443.75 | -32,005.31 | 59,438.44 | 118,876.88 |
| 01/15/2013 | | 91,443.75 | 91,443.75 | -32,005.31 | 59,438.44 | |
| 07/15/2013 | | 91,443.75 | 91,443.75 | -32,005.31 | 59,438.44 | 118,876.88 |
| 01/15/2014 | | 91,443.75 | 91,443.75 | -32,005.31 | 59,438.44 | |
| 07/15/2014 | | 91,443.75 | 91,443.75 | -32,005.31 | 59,438.44 | 118,876.88 |
| 01/15/2015 | | 91,443.75 | 91,443.75 | -32,005.31 | 59,438.44 | |
| 07/15/2015 | | 91,443.75 | 91,443.75 | -32,005.31 | 59,438.44 | 118,876.88 |
| 01/15/2016 | | 91,443.75 | 91,443.75 | -32,005.31 | 59,438.44 | |
| 07/15/2016 | 210,000 | 91,443.75 | 301,443.75 | -32,005.31 | 269,438.44 | 328,876.88 |
| 01/15/2017 | | 83,043.75 | 83,043.75 | -29,065.31 | 53,978.44 | |
| 07/15/2017 | 200,000 | 83,043.75 | 283,043.75 | -29,065.31 | 253,978.44 | 307,956.88 |
| 01/15/2018 | | 75,043.75 | 75,043.75 | -26,265.31 | 48,778.44 | |
| 07/15/2018 | 205,000 | 75,043.75 | 280,043.75 | -26,265.31 | 253,778.44 | 302,556.88 |
| 01/15/2019 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | |
| 07/15/2019 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | 86,896.88 |
| 01/15/2020 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | |
| 07/15/2020 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | 86,896.88 |
| 01/15/2021 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | |
| 07/15/2021 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | 86,896.88 |
| 01/15/2022 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | |
| 07/15/2022 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | 86,896.88 |
| 01/15/2023 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | |
| 07/15/2023 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | 86,896.88 |
| 01/15/2024 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | |
| 07/15/2024 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | 86,896.88 |
| 01/15/2025 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | |
| 07/15/2025 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | 86,896.88 |
| 01/15/2026 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | |
| 07/15/2026 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | 86,896.88 |
| 01/15/2027 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | |
| 07/15/2027 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | 86,896.88 |
| 01/15/2028 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | |
| 07/15/2028 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | 86,896.88 |
| 01/15/2029 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | |
| 07/15/2029 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | 86,896.88 |
| 01/15/2030 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | |
| 07/15/2030 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | 86,896.88 |
| 01/15/2031 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | |
| 07/15/2031 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | 86,896.88 |
| 01/15/2032 | | 66,843.75 | 66,843.75 | -23,395.31 | 43,448.44 | |
| 07/15/2032 | 465,000 | 66,843.75 | 531,843.75 | -23,395.31 | 508,448.44 | 551,896.88 |
| 01/15/2033 | | 46,790.63 | 46,790.63 | -16,376.72 | 30,413.91 | |
| 07/15/2033 | 540,000 | 46,790.63 | 586,790.63 | -16,376.72 | 570,413.91 | 600,827.82 |
| 01/15/2034 | | 23,503.13 | 23,503.13 | -8,226.10 | 15,277.03 | |
| 07/15/2034 | 545,000 | 23,503.13 | 568,503.13 | -8,226.10 | 560,277.03 | 575,554.06 |
| | 2,165,000 | 3,524,776.58 | 5,689,776.58 | -1,233,671.70 | 4,456,104.88 | 4,456,104.88 |

FORM 8038 STATISTICS

Festival Ranch Community Facilities District
Taxable Build America Bonds (Direct Pay), Series 2009
BBB+ S&P Investment Grade Credit Rating

| | |
|---|---|
| Dated Date | 12/30/2009 |
| Delivery Date | 12/30/2009 |

| Bond Component | Date | Principal | Coupon | Price | Issue Price | Redemption at Maturity |
|---|---|---|---|---|---|---|
| Term Bond: | | | | | | |
| | 07/15/2016 | 210,000.00 | 8.000% | 100.000 | 210,000.00 | 210,000.00 |
| | 07/15/2017 | 200,000.00 | 8.000% | 100.000 | 200,000.00 | 200,000.00 |
| | 07/15/2018 | 205,000.00 | 8.000% | 100.000 | 205,000.00 | 205,000.00 |
| Term Bond: | | | | | | |
| | 07/15/2032 | 465,000.00 | 8.625% | 98.000 | 455,700.00 | 465,000.00 |
| | 07/15/2033 | 540,000.00 | 8.625% | 98.000 | 529,200.00 | 540,000.00 |
| | 07/15/2034 | 545,000.00 | 8.625% | 98.000 | 534,100.00 | 545,000.00 |
| | | 2,165,000.00 | | | 2,134,000.00 | 2,165,000.00 |

| | Maturity Date | Interest Rate | Issue Price | Stated Redemption at Maturity | Weighted Average Maturity | Yield | Net Interest Cost |
|---|---|---|---|---|---|---|---|
| Final Maturity | 07/15/2034 | 8.625% | 534,100.00 | 545,000.00 | | | |
| Entire Issue | | | 2,134,000.00 | 2,165,000.00 | 18.9650 | 5.6729% | 8.7859% |

| | |
|---|---|
| Proceeds used for accrued interest | 0.00 |
| Proceeds used for bond issuance costs (including underwriters' discount) | 0.00 |
| Proceeds used for credit enhancement | 0.00 |
| Proceeds allocated to reasonably required reserve or replacement fund | 0.00 |

PROOF OF ARBITRAGE YIELD

Festival Ranch Community Facilities District
Taxable Build America Bonds (Direct Pay), Series 2009
BBB+ S&P Investment Grade Credit Rating

| Date | Debt Service | Expenses | Total | Present Value to 12/30/2009 @ 5.6728672% |
|---|---|---|---|---|
| 07/15/2010 | 99,064.06 | -34,672.42 | 64,391.64 | 62,469.82 |
| 01/15/2011 | 91,443.75 | -32,005.31 | 59,438.44 | 56,073.95 |
| 07/15/2011 | 91,443.75 | -32,005.31 | 59,438.44 | 54,527.32 |
| 01/15/2012 | 91,443.75 | -32,005.31 | 59,438.44 | 53,023.35 |
| 07/15/2012 | 91,443.75 | -32,005.31 | 59,438.44 | 51,560.86 |
| 01/15/2013 | 91,443.75 | -32,005.31 | 59,438.44 | 50,138.70 |
| 07/15/2013 | 91,443.75 | -32,005.31 | 59,438.44 | 48,755.78 |
| 01/15/2014 | 91,443.75 | -32,005.31 | 59,438.44 | 47,411.00 |
| 07/15/2014 | 91,443.75 | -32,005.31 | 59,438.44 | 46,103.31 |
| 01/15/2015 | 91,443.75 | -32,005.31 | 59,438.44 | 44,831.69 |
| 07/15/2015 | 91,443.75 | -32,005.31 | 59,438.44 | 43,595.14 |
| 01/15/2016 | 91,443.75 | -32,005.31 | 59,438.44 | 42,392.70 |
| 07/15/2016 | 301,443.75 | -32,005.31 | 269,438.44 | 186,868.55 |
| 01/15/2017 | 83,043.75 | -29,065.31 | 53,978.44 | 36,404.07 |
| 07/15/2017 | 283,043.75 | -29,065.31 | 253,978.44 | 166,563.37 |
| 01/15/2018 | 75,043.75 | -26,265.31 | 48,778.44 | 31,107.39 |
| 07/15/2018 | 280,043.75 | -26,265.31 | 253,778.44 | 157,377.76 |
| 01/15/2019 | 66,843.75 | -23,395.31 | 43,448.44 | 26,200.88 |
| 07/15/2019 | 66,843.75 | -23,395.31 | 43,448.44 | 25,478.20 |
| 01/15/2020 | 66,843.75 | -23,395.31 | 43,448.44 | 24,775.46 |
| 07/15/2020 | 66,843.75 | -23,395.31 | 43,448.44 | 24,092.11 |
| 01/15/2021 | 66,843.75 | -23,395.31 | 43,448.44 | 23,427.60 |
| 07/15/2021 | 66,843.75 | -23,395.31 | 43,448.44 | 22,781.42 |
| 01/15/2022 | 66,843.75 | -23,395.31 | 43,448.44 | 22,153.06 |
| 07/15/2022 | 66,843.75 | -23,395.31 | 43,448.44 | 21,542.04 |
| 01/15/2023 | 66,843.75 | -23,395.31 | 43,448.44 | 20,947.86 |
| 07/15/2023 | 66,843.75 | -23,395.31 | 43,448.44 | 20,370.08 |
| 01/15/2024 | 66,843.75 | -23,395.31 | 43,448.44 | 19,808.23 |
| 07/15/2024 | 66,843.75 | -23,395.31 | 43,448.44 | 19,261.88 |
| 01/15/2025 | 66,843.75 | -23,395.31 | 43,448.44 | 18,730.60 |
| 07/15/2025 | 66,843.75 | -23,395.31 | 43,448.44 | 18,213.97 |
| 01/15/2026 | 66,843.75 | -23,395.31 | 43,448.44 | 17,711.60 |
| 07/15/2026 | 66,843.75 | -23,395.31 | 43,448.44 | 17,223.08 |
| 01/15/2027 | 66,843.75 | -23,395.31 | 43,448.44 | 16,748.03 |
| 07/15/2027 | 66,843.75 | -23,395.31 | 43,448.44 | 16,286.09 |
| 01/15/2028 | 66,843.75 | -23,395.31 | 43,448.44 | 15,836.88 |
| 07/15/2028 | 66,843.75 | -23,395.31 | 43,448.44 | 15,400.07 |
| 01/15/2029 | 66,843.75 | -23,395.31 | 43,448.44 | 14,975.31 |
| 07/15/2029 | 66,843.75 | -23,395.31 | 43,448.44 | 14,562.26 |
| 01/15/2030 | 66,843.75 | -23,395.31 | 43,448.44 | 14,160.60 |
| 07/15/2030 | 66,843.75 | -23,395.31 | 43,448.44 | 13,770.02 |
| 01/15/2031 | 66,843.75 | -23,395.31 | 43,448.44 | 13,390.22 |
| 07/15/2031 | 66,843.75 | -23,395.31 | 43,448.44 | 13,020.89 |
| 01/15/2032 | 66,843.75 | -23,395.31 | 43,448.44 | 12,661.75 |
| 07/15/2032 | 531,843.75 | -23,395.31 | 508,448.44 | 144,085.20 |
| 01/15/2033 | 46,790.63 | -16,376.72 | 30,413.91 | 8,381.04 |
| 07/15/2033 | 586,790.63 | -16,376.72 | 570,413.91 | 152,851.09 |
| 01/15/2034 | 23,503.13 | -8,226.10 | 15,277.03 | 3,980.80 |
| 07/15/2034 | 568,503.13 | -8,226.10 | 560,277.03 | 141,966.94 |
| | 5,689,776.58 | -1,233,671.70 | 4,456,104.88 | 2,134,000.00 |

# PROOF OF ARBITRAGE YIELD

Festival Ranch Community Facilities District
Taxable Build America Bonds (Direct Pay), Series 2009
BBB+ S&P Investment Grade Credit Rating

## Proceeds Summary

| | |
|---|---|
| Delivery date | 12/30/2009 |
| Par Value | 2,165,000.00 |
| Premium (Discount) | -31,000.00 |
| Target for yield calculation | 2,134,000.00 |

***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT***
***(TOWN OF BUCKEYE, ARIZONA)***
***DISTRICT GENERAL OBLIGATION BONDS,***
***SERIES 2009***

**$5,435,000**
**District General Obligation Bonds,**
**Series 2009A**

**$2,165,000**
**Taxable District General Obligation Bonds,**
**Series 2009B (Qualified Build America Bonds – Direct Pay)**

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**CERTIFICATE OF UNDERWRITER**
**REGARDING THE INITIAL OFFERING PRICE**
**OF THE BONDS TO THE PUBLIC**
**AND AS TO YIELD**

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This certificate is furnished at the request of Bond Counsel by Stone & Youngberg, LLC (the "Underwriter"), as the initial purchaser of the $7,600,000 aggregate principal amount of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009 comprised of $5,435,000 District General Obligation Bonds, Series 2009A (the "Tax-Exempt Bonds") and $2,165,000 Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay) (the "Taxable Bonds" and together with the Tax-Exempt Bonds the "Bonds"). All terms not defined herein have the meanings ascribed to those terms in the Tax Certificate to which this certificate is attached. The Underwriter hereby certifies and represents the following, based upon the information available to it:

1. Issue Price.

1.1 As of December 16, 2009 (the "Sale Date"), the Underwriter did offer all the Bonds to the general public (excluding, to the best of our knowledge, bond houses, brokers, or similar persons acting in the capacity of purchaser or wholesalers) in a bona fide public offering, and the Underwriter reasonably expected that the first prices at which at least 10% of each maturity would be sold by the Underwriter to the general public were the prices shown on *Schedule A* attached hereto (the "Initial Offering Prices"). The aggregate of the Initial Offering Prices is $7,600,865.20.

For the purposes of this certificate, we have assumed that the phrase bond houses, brokers, or similar persons or organizations acting in the capacity as purchaser or wholesalers refers only to persons who, to our actual knowledge, have an arrangement with the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "Issuer") to act in such capacity on behalf of the Issuer of the Underwriter.

1.2 The Initial Offering Prices of the Bonds of each maturity (and stated interest rate) reflected the reasonable expectation of the Underwriter of the fair market prices of the Bonds at the time of such sales.

1.3 As of the Sale Date, based upon then prevailing market conditions, the Underwriter had no reason to believe any of the Bonds would be initially sold by the Underwriter to the general public at initial offering prices greater than the respective Initial Offering Prices.

1.4 The Underwriter has computed the yield on the Bonds under the economic accrual method using an assumed 30-day month/360-day year, and semiannual compounding. No other transaction (such as a guarantee of the Bonds, an interest rate swap or other hedge) was factored into the computation of the yield on the Bonds. In computing the yield on the Bonds, The Underwriter is aware that the Bonds are first callable at par at the option of the Issuer on July 15, 2019, and that none of the Bonds are subject to optional redemption by the Issuer within five years of the date hereof.

Based on the foregoing, the yield on the Tax-Exempt Bonds is at least 6.2473%. Based on the foregoing, the yield on the Taxable Bonds, taking into account the amount to be received by the District pursuant to Section 6431(c) of the Code, is at least 5.6729%.

Notwithstanding the foregoing, the Underwriter reminds the Issuer that it is neither accountants or actuaries, nor does it engage in the practice of law. Accordingly, while the Underwriter believes the methodology used for the calculations described above to be correct, it does not warrant them to be so, nor does it warrant their validity for purposes of Sections 103 and 141 through 150 of the Code.

The Underwriter understands that Bond Counsel and the Issuer will rely upon this certificate, among other things, in reaching its conclusion that the Bonds do not constitute "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, provided, however, that nothing herein represents our interpretation of any laws, and in particular, regulations under Section 148 of the Internal Revenue Code.

Date: December 30, 2009

**STONE & YOUNGBERG LLC**

By: Mark Neal

Authorized Representative

FHR:jh2 1144006 12/01/09

## SCHEDULE A

$5,435,000

District General Obligation Bonds, Series 2009A

| Maturity Date (July 15) | Principal Amount | Interest Rate |
|---|---|---|
| 2010 | $500,000 | 5.000% |
| 2011 | 165,000 | 5.000% |
| 2012 | 170,000 | 5.000% |
| 2013 | 180,000 | 5.000% |
| 2014 | 190,000 | 5.000% |
| 2015 | 200,000 | 5.000% |
| 2019* | 210,000 | 6.250% |
| 2020* | 225,000 | 6.250% |
| 2021* | 235,000 | 6.250% |
| 2022* | 250,000 | 6.250% |
| 2023* | 265,000 | 6.250% |
| 2024 | 285,000 | 6.250% |
| 2025** | 300,000 | 6.500% |
| 2026** | 320,000 | 6.500% |
| 2027** | 340,000 | 6.500% |
| 2028** | 365,000 | 6.500% |
| 2029** | 385,000 | 6.500% |
| 2030** | 410,000 | 6.500% |
| 2031 | 440,000 | 6.500% |

* Mandatory redemption amounts of Term Bond #1 maturing July 15, 2024
** Mandatory redemption amounts of Term Bond #2 maturing July 15, 2031

$2,165,000

Taxable District General Obligation Bonds, Series 2009B

| Maturity Date (July 15) | Principal Amount | Interest Rate |
|---|---|---|
| 2016* | $210,000 | 8.000% |
| 2017* | 200,000 | 8.000% |
| 2018 | 205,000 | 8.000% |
| 2032** | 465,000 | 8.625% |
| 2033** | 540,000 | 8.625% |
| 2034 | 545,000 | 8.625% |

* Mandatory redemption amounts of Taxable Term Bond #1 maturing July 15, 2018
** Mandatory redemption amounts of Taxable Term Bond #2 maturing July 15, 2034

*Optional Redemption*. The Bonds are subject to redemption prior to maturity, at the option of the District, on or after July 15, 2019, 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 Tax-Exempt 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:

| Year Redeemed | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2024 | |
| 2019 | $210,000 |
| 2020 | 225,000 |
| 2021 | 235,000 |
| 2022 | 250,000 |
| 2023 | 265,000 |
| 2024 (maturity) | 285,000 |

| Year Redeemed | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2031 | |
| 2025 | $300,000 |
| 2026 | 320,000 |
| 2027 | 340,000 |
| 2028 | 365,000 |
| 2029 | 385,000 |
| 2030 | 410,000 |
| 2031 (maturity) | 440,000 |

The Taxable 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:

| Year Redeemed | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2018 | |
| 2016 | $210,000 |
| 2017 | 200,000 |
| 2018 (maturity) | 205,000 |
| Term Bond Maturing 2034 | |
| 2032 | $465,000 |
| 2033 | 540,000 |
| 2034 (maturity) | 545,000 |

***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT***
***(TOWN OF BUCKEYE, ARIZONA)***
***DISTRICT GENERAL OBLIGATION BONDS,***
***SERIES 2009***

**$5,435,000**
**District General Obligation Bonds,**
**Series 2009A**

**$2,165,000**
**Taxable District General Obligation Bonds,**
**Series 2009B (Qualified Build America**
**Bonds – Direct Pay)**

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## RECEIPT FOR BONDS

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On behalf of Stone & Youngberg LLC, the purchaser of the $7,600,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009 (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 Wells Fargo Bank, N.A.

DATED: December 30, 2009

**STONE & YOUNGBERG LLC**

By _____
Authorized Agent

REGISTERED
No. R-_____

REGISTERED
$_____

*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)
DISTRICT GENERAL OBLIGATION BOND, SERIES 2009A
(Bank Qualified)

| INTEREST RATE | MATURITY DATE | ORIGINAL DATED DATE | CUSIP NO.: |
|---|---|---|---|
| _____% | July 15, 20__ | December 30, 2009 | 315598 ___ |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ____ THOUSAND AND NO/100 DOLLARS ($____)

Festival Ranch Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (the "*Holder*"), on the "Maturity Date" specified above unless earlier redeemed as provided herein, the "Principal Amount" specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "Original Dated Date" specified above, or from the most recent "Interest Payment Date" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as such term is defined in the hereinafter described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2010 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

As provided in the Indenture, the interest, principal and Redemption Price (as such term is defined in the Indenture) payable on the Bonds (as such term is hereinafter defined) shall be paid to CEDE & Co. or its registered assigns in same-day funds no later than the time established by The Depository Trust Company (the "*Depository*") on the date due (or in accordance with then existing arrangements between the Issuer and the Depository).

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of Paying Agent is located then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment, except that in the event of a moratorium for banking institutions generally at the Place of Payment or in the city

SPECIMEN BOND

where the principal corporate trust office of the Paying Agent is located, such payment may be made on such next succeeding day except that the Bonds on which such payment is due shall continue to accrue interest until such payment is made or duly provided for.

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 Issuer) is pledged to the payment of the Bonds.

Unless the Certificate of Authentication hereon has been executed by the Trustee, by manual signature, this bond shall not be entitled to any benefit under the hereinafter described Bond Resolution or the Indenture or be valid or obligatory for any purpose.

This bond is one of a duly authorized issue of bonds of the Issuer having the designation specified in its title (the "*Bonds*"), issued and to be issued in one series under, and all equally and ratably secured, with the limitations described herein, by an Indenture of Trust and Security Agreement, dated as of December 1, 2009 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, N.A.., as trustee (the "*Trustee*"), which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Holders of the Bonds, the Trustee, and the Issuer, and the terms upon which the bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Holder of this bond hereby consents. The Bonds are authorized to be issued by a resolution of the District Board of the Issuer adopted on November 17, 2009 as amended and restated on December 15, 2009 (collectively, the "*Bond Resolution*"), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*").

The Bonds are payable, equally and ratably with such other obligations of the Issuer payable from such sources as may be outstanding from time to time and to the extent provided in the Bond Resolution, from the proceeds of an *ad valorem* tax, unlimited as to rate or amount, to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer sufficient together with any other moneys from sources available pursuant to the Enabling Act to pay debt service on the Bonds when due.

Notwithstanding any provisions hereof or of the Bond Resolution, however, the Indenture may be released and the obligation of the Issuer to make money available to pay this bond may be defeased by the deposit of money and/or certain direct or indirect Governmental Obligations (as such term is defined in the Indenture) sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in the denominations of $5,000 and any integral multiples thereof.

**Optional Redemption**. The Bonds are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2019, as a whole or in part, upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

**Mandatory Redemption**. The Bonds maturing on July 15, 2024, shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the

SPECIMEN

Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

| Redemption Date (July 15) | Principal Amount |
|---|---|
| 2019 | $210,000 |
| 2020 | 225,000 |
| 2021 | 235,000 |
| 2022 | 250,000 |
| 2023 | 265,000 |
| 2024 (maturity) | 285,000 |

The Bonds maturing on July 15, 2031 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Project Bonds so redeemed plus accrued interest, if any, but without premium:

| Redemption Date (July 15) | Principal Amount |
|---|---|
| 2025 | $300,000 |
| 2026 | 320,000 |
| 2027 | 340,000 |
| 2028 | 365,000 |
| 2029 | 385,000 |
| 2030 | 410,000 |
| 2031 (maturity) | 440,000 |

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 rate basis, to the extent practicable provided, however, that each remaining mandatory payment shall be in an amount which is an Authorized Denomination.

Upon any partial redemption of any Bond, the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Bonds of the same maturity in authorized form for the unredeemed portion of principal. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If less than all the Outstanding Bonds are to be redeemed, the particular Bonds of a maturity to be redeemed shall, unless otherwise provided herein, be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds of such maturity or, as applicable, which have not previously been called for redemption, by lot and the Trustee may provide for the selection for redemption of portions (equal to an Authorized Denomination) of the principal of Bonds.

The Bonds shall initially be issued as a single fully-registered bond in each Stated Maturity and so long as the ownership of the Bonds is maintained in book-entry form by the Depository or a nominee thereof, this Bond may be transferred in whole but not in part only to the Depository or a nominee thereof or to a successor depository or its nominee.

Neither the Issuer nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person not shown on the registration

SPECIMEN BOND

books of the Trustee as being an Owner with respect to: (1) the Bonds; (2) the accuracy of any records maintained by the Depository or any Direct Participant or Indirect Participant; (3) the timely or untimely payment by the Depository or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution or the Indenture to be given to Owners; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by the Depository as Owner.

The Owner of this bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

The liability of the Issuer and obligations of the Issuer pursuant to the Indenture with respect to all or any portion of the Bonds may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Indenture.

No covenant or agreement contained in the Bonds, the Indenture or in the Bond Resolution shall be deemed to be the covenant or agreement of any elected or appointed official, officer, agent, servant or employee of the Issuer in his or her individual capacity or of any officer, director, agent, servant or employee of the Trustee or the Owner in his or her individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Terms used, but not defined, herein have the meanings set forth in the Indenture. Copies of the Bond Resolution and Indenture are on file at the designated office of the Trustee, and reference is made to those instruments for the provisions relating, among other things, to the terms and source of payment and security for the Bonds, the limited liability of the Issuer, the custody and application of the proceeds of the Bonds, the rights and remedies of the Owners of the Bonds, amendments, and the rights, duties and obligations of the Issuer and the Trustee, to all of which the Owner hereof, by acceptance of this bond, assents.

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Bonds under the Bond Resolution and the Indenture, at any time by the Issuer with the consent of the Holders of a majority in principal amount of the Bonds at the time Outstanding (as such term is defined in the Indenture) affected by such modification. The Bond Resolution and Indenture also contain provisions permitting the Holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Holders of all the Bonds, to waive compliance by the Issuer with certain past defaults under the Bond Resolution or the Indenture and their consequences. Any such consent or waiver by the Holder of this bond or any Predecessor Bond (as such term is defined in the Indenture) evidencing the same debt shall be conclusive and binding upon such Holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this bond.

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this bond for transfer to the Paying Agent at the Place of Payment duly endorsed by, or accompanied by a written instrument of transfer in

form satisfactory to the Issuer and the Paying Agent duly executed by, the registered Holder hereof or his attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of authorized denominations and for the same aggregate principal amount shall be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, Bonds are exchangeable for a like aggregate principal amount of Bonds in authorized denominations, as requested by the Holder, upon surrender of the Bonds to be exchanged to the Paying Agent at the Place of Payment.

The Paying Agent may require payment of a sum sufficient to cover any tax or other charges payable in connection therewith.

The Issuer, the Trustee, and any agent of either of them may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this bond be overdue, and none of the Issuer, the Trustee, and any such agent shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

Unless the Certificate of Authentication hereon has been executed by the Trustee, by manual signature, this Bond shall not be entitled to any benefit under the Bond Resolution or the Indenture or be valid or obligatory for any purpose.

It is hereby certified, covenanted, and represented that all acts, conditions and things required to be performed, exist, and be done precedent to or in the issuance of this bond in order to render the same a legal, valid, and binding general obligation of the Issuer have been performed, exist and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the bonds does not exceed any constitutional or statutory limitation. In case any provision in this bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This bond shall be construed in accordance with and governed by the laws of the State of Arizona and the federal laws of the United States of America.

IN WITNESS WHEREOF, the Issuer has caused this bond to be duly executed.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By _____
Chairman

ATTEST:

_____
District Clerk

Dated: December 30, 2009

SPECIMEN BOND

## CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within-mentioned Indenture.

WELLS FARGO BANK, N.A., as Trustee

By_____
Authorized Representative

DATE: December 30, 2009

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: _____

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

Signature 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 Trustee.

SPECIMEN BOND

REGISTERED
No. R-_____

REGISTERED
$_____

*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)
TAXABLE DISTRICT GENERAL OBLIGATION BOND, SERIES 2009B
(Qualified Build America Bond – Direct Pay)

| INTEREST RATE | MATURITY DATE | ORIGINAL DATED DATE | CUSIP NO.: |
|---|---|---|---|
| _____% | _____ | December 30, 2009 | 315598 ___ |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND AND NO/100 DOLLARS

Festival Ranch Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (the "*Holder*"), on the "Maturity Date" specified above unless earlier redeemed as provided herein, the "Principal Amount" specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "Original Dated Date" specified above, or from the most recent "Interest Payment Date" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as such term is defined in the hereinafter described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2010 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

As provided in the Indenture, the interest, principal and Redemption Price (as such term is defined in the Indenture) payable on the Bonds (as such term is hereinafter defined) shall be paid to CEDE & Co. or its registered assigns in same-day funds no later than the time established by The Depository Trust Company (the "*Depository*") on the date due (or in accordance with then existing arrangements between the Issuer and the Depository).

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of Paying Agent is located then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment, except that in the event of a moratorium for banking institutions generally at the Place of Payment or in the city where the principal corporate trust office of the Paying Agent is located, such payment may be made on

SPECIMEN BOND

such next succeeding day except that the Bonds on which such payment is due shall continue to accrue interest until such payment is made or duly provided for.

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 Issuer) is pledged to the payment of the Bonds.

Unless the Certificate of Authentication hereon has been executed by the Trustee, by manual signature, this bond shall not be entitled to any benefit under the hereinafter described Bond Resolution or the Indenture or be valid or obligatory for any purpose.

This bond is one of a duly authorized issue of bonds of the Issuer having the designation specified in its title (the "*Bonds*"), issued and to be issued in one series under, and all equally and ratably secured, with the limitations described herein, by an Indenture of Trust and Security Agreement, dated as of December 1, 2009 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, N.A.., as trustee (the "*Trustee*"), which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Holders of the Bonds, the Trustee, and the Issuer, and the terms upon which the bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Holder of this bond hereby consents. The Bonds are authorized to be issued by a resolution of the District Board of the Issuer adopted on November 17, 2009 as amended and restated on December 15, 2009 (collectively, the "*Bond Resolution*"), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*").

The Bonds are payable, equally and ratably with such other obligations of the Issuer payable from such sources as may be outstanding from time to time and to the extent provided in the Bond Resolution, from the proceeds of an *ad valorem* tax, unlimited as to rate or amount, to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer sufficient together with any other moneys from sources available pursuant to the Enabling Act to pay debt service on the Bonds when due.

Notwithstanding any provisions hereof or of the Bond Resolution, however, the Indenture may be released and the obligation of the Issuer to make money available to pay this bond may be defeased by the deposit of money and/or certain direct or indirect Governmental Obligations (as such term is defined in the Indenture) sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in the denominations of $5,000 and any integral multiples thereof.

**Optional Redemption**. The Bonds are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2019, as a whole or in part, upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

**Mandatory Redemption**. The Bonds maturing on July 15, 2018, shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

SPECIMEN BOND

| Redemption Date (July 15) | Principal Amount |
|---|---|
| 2016 | $210,000 |
| 2017 | 200,000 |
| 2018 (maturity) | 205,000 |

The Bonds maturing on July 15, 2034 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Project Bonds so redeemed plus accrued interest, if any, but without premium:

| Redemption Date (July 15) | Principal Amount |
|---|---|
| 2032 | $465,000 |
| 2033 | 540,000 |
| 2034 (maturity) | 545,000 |

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 rate basis, to the extent practicable provided, however, that each remaining mandatory payment shall be in an amount which is an Authorized Denomination.

Upon any partial redemption of any Bond, the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Bonds of the same maturity in authorized form for the unredeemed portion of principal. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If less than all the Outstanding Bonds are to be redeemed, the particular Bonds of a maturity to be redeemed shall, unless otherwise provided herein, be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds of such maturity or, as applicable, which have not previously been called for redemption, by lot and the Trustee may provide for the selection for redemption of portions (equal to an Authorized Denomination) of the principal of Bonds.

The Bonds shall initially be issued as a single fully-registered bond in each Stated Maturity and so long as the ownership of the Bonds is maintained in book-entry form by the Depository or a nominee thereof, this Bond may be transferred in whole but not in part only to the Depository or a nominee thereof or to a successor depository or its nominee.

Neither the Issuer nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person not shown on the registration books of the Trustee as being an Owner with respect to: (1) the Bonds; (2) the accuracy of any records maintained by the Depository or any Direct Participant or Indirect Participant; (3) the timely or untimely payment by the Depository or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution or the Indenture to be given to Owners; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by the Depository as Owner.

PRELIMINARY

The Owner of this bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

The liability of the Issuer and obligations of the Issuer pursuant to the Indenture with respect to all or any portion of the Bonds may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Indenture.

No covenant or agreement contained in the Bonds, the Indenture or in the Bond Resolution shall be deemed to be the covenant or agreement of any elected or appointed official, officer, agent, servant or employee of the Issuer in his or her individual capacity or of any officer, director, agent, servant or employee of the Trustee or the Owner in his or her individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Terms used, but not defined, herein have the meanings set forth in the Indenture. Copies of the Bond Resolution and Indenture are on file at the designated office of the Trustee, and reference is made to those instruments for the provisions relating, among other things, to the terms and source of payment and security for the Bonds, the limited liability of the Issuer, the custody and application of the proceeds of the Bonds, the rights and remedies of the Owners of the Bonds, amendments, and the rights, duties and obligations of the Issuer and the Trustee, to all of which the Owner hereof, by acceptance of this bond, assents.

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Bonds under the Bond Resolution and the Indenture, at any time by the Issuer with the consent of the Holders of a majority in principal amount of the Bonds at the time Outstanding (as such term is defined in the Indenture) affected by such modification. The Bond Resolution and Indenture also contain provisions permitting the Holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Holders of all the Bonds, to waive compliance by the Issuer with certain past defaults under the Bond Resolution or the Indenture and their consequences. Any such consent or waiver by the Holder of this bond or any Predecessor Bond (as such term is defined in the Indenture) evidencing the same debt shall be conclusive and binding upon such Holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this bond.

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this bond for transfer to the Paying Agent at the Place of Payment duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the registered Holder hereof or his attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of authorized denominations and for the same aggregate principal amount shall be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, Bonds are exchangeable for a like aggregate principal amount of Bonds in authorized denominations, as requested by the Holder, upon surrender of the Bonds to be exchanged to the Paying Agent at the Place of Payment.

SPECIMEN BOND

The Paying Agent may require payment of a sum sufficient to cover any tax or other charges payable in connection therewith.

The Issuer, the Trustee, and any agent of either of them may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this bond be overdue, and none of the Issuer, the Trustee, and any such agent shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

Unless the Certificate of Authentication hereon has been executed by the Trustee, by manual signature, this Bond shall not be entitled to any benefit under the Bond Resolution or the Indenture or be valid or obligatory for any purpose.

It is hereby certified, covenanted, and represented that all acts, conditions and things required to be performed, exist, and be done precedent to or in the issuance of this bond in order to render the same a legal, valid, and binding general obligation of the Issuer have been performed, exist and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the bonds does not exceed any constitutional or statutory limitation. In case any provision in this bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This bond shall be construed in accordance with and governed by the laws of the State of Arizona and the federal laws of the United States of America.

IN WITNESS WHEREOF, the Issuer has caused this bond to be duly executed.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By _____
Chairman

ATTEST:

_____
District Clerk

Dated December 30, 2009

SPECIMEN BOND

## CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within-mentioned Indenture.

WELLS FARGO BANK, N.A., as Trustee

By_____
Authorized Representative

DATE: December 30, 2009

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: _____

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

Signature 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 Trustee.

SPECIMEN BOND

# 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: C E Reynolds
(Authorized Officer's Signature)

Carroll Reynolds
(Print Name)

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)

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: Denise Russo

DTCC

*The Depository Trust & Clearing Corporation*

[2/02]

**(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.

Form **8038-G** (Rev. November 2000) Department of the Treasury Internal Revenue Service

# 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: 35 : 2264191

3 Number and street (or P.O. box if mail is not delivered to street address): 530 E. Monroe Avenue

Room/suite:

4 Report number: 3 03

5 City, town, or post office, state, and ZIP code: Buckeye, AZ 85326

6 Date of issue: December 30,2009

7 Name of issue: District General Obligation Bonds, Series 2009A (Tax-Exempt)

8 CUSIP number: 315598 AR3

9 Name and title of officer or legal representative whom the IRS may call for more information: Gail Reese, District Treasurer

10 Telephone number of officer or legal representative: ( 623 ) 349-6000

## Part II Type of Issue (check applicable box(es) and enter the issue price) See 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 | |
| 18 | ☑ Other. Describe ▶ Public Infrastructure, Roads, Utilities, Drainage, Irrigation | 18 | 5,446,865 |

19 If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐

20 If obligations are in the form of a lease or installment sale, check box ▶ ☐

## 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 | 7/15/2031 | $ 5,446,865 | $ 5,435,000 | 12.69 years | 6.2472 % |

## 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 | 5,446,865 |
| 24 | Proceeds used for bond issuance costs (including underwriters' discount) | 24 | 363,052 | | |
| 25 | Proceeds used for credit enhancement | 25 | 0 | | |
| 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 | 363,052 |
| 30 | Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here) | | | 30 | 5,103,813 |

## 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 ▶ _____

34 Enter the date(s) the refunded bonds were issued ▶

## 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 (see instructions) | 36a | |
| b | Enter the final maturity date of the guaranteed investment contract ▶ _____ | | |
| 37 | Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units | 37a | |

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

**Sign Here**

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.

▶ Signature of issuer's authorized representative — Date: February 11, 2010 ▶ Gail Reese, District Treasurer — Type or print name and title

***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATON BONDS, SERIES 2009***

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**CERTIFICATE OF MAILING**

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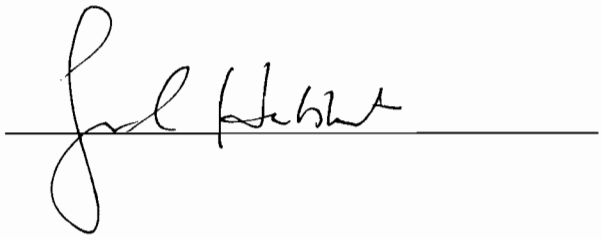
I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested, the Information Return for the above-captioned financing addressed to the Internal Revenue Service Center, Ogden, Utah 84201, on February 12, 2010.



Form **8038-G**
(Rev. November 2000)
Department of the Treasury
Internal Revenue Service

# 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: 35 : 2264191
3 Number and street (or P.O. box if mail is not delivered to street address): 530 E. Monroe Avenue — Room/suite:
4 Report number: 3 02
5 City, town, or post office, state, and ZIP code: Buckeye, AZ 85326
6 Date of issue: December 30, 2009
7 Name of issue: Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds - Direct Pay)
8 CUSIP number: 315598 AU6
9 Name and title of officer or legal representative whom the IRS may call for more information: Gail Reese, District Treasurer
10 Telephone number of officer or legal representative: ( 623 ) 349-6000

**Part II Type of Issue (check applicable box(es) and enter the issue price)** See 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 | |
| 18 | ☑ Other. Describe ▶ Build America Bonds (Payment Option) | 18 | 2,134,000 |
| 19 | If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐ | | |
| 20 | If obligations are in the form of a lease or installment sale, check box ▶ ☐ | | |

**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 | 7/15/2034 | $ 2,134,000 | $ 2,165,000 | 18.965 years | 5.6728 % |

**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 | 2,134,000 |
| 24 | Proceeds used for bond issuance costs (including underwriters' discount) | 24 | 0 | | |
| 25 | Proceeds used for credit enhancement | 25 | 0 | | |
| 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 | 0 |
| 30 | Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here) | | | 30 | 2,134,000 |

**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 ▶ _____
34 Enter the date(s) the refunded bonds were issued ▶

**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 (see instructions) | 36a | |
| b | Enter the final maturity date of the guaranteed investment contract ▶ _____ | | |
| 37 | Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units | 37a | |

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐
40 If the issuer has identified a hedge, check box ▶ ☐

**Sign Here**

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.

▶ Signature of issuer's authorized representative — Date: February 11, 2010 — ▶ Gail Reese, District Treasurer (Type or print name and title)

EXHIBIT TO IRS FORM 8038-G

**Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay)**

Issuer's Employer Identification Number 35-2264191

| | |
|---|---|
| 18. Public Infrastructure, Roads, Utilities, Drainage, Irrigation | $2,134,000 |

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**
**(TOWN OF BUCKEYE, ARIZONA)**
**TAXABLE DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009B**
**(QUALIFIED BUILD AMERICA BONDS - DIRECT PAY)**

**EXHIBIT TO IRS FORM 8038-G**

Fixed Rate Bond - Debt Service Schedule

| Interest Payment Date | Total Interest Payable on Such Date | Total Principal Amount of Bonds Expected to be Outstanding on Such Date | Credit Payment Expected to be Requested from IRS on Such Date | Earliest Date that the Bonds can be Called |
|---|---|---|---|---|
| 12/30/2009 | | | | |
| 7/15/2010 | $99,064.06 | | ($34,672.42) | |
| 1/15/2011 | 91,443.75 | | (32,005.31) | |
| 7/15/2011 | 91,443.75 | | (32,005.31) | |
| 1/15/2012 | 91,443.75 | | (32,005.31) | |
| 7/15/2012 | 91,443.75 | | (32,005.31) | |
| 1/15/2013 | 91,443.75 | | (32,005.31) | |
| 7/15/2013 | 91,443.75 | | (32,005.31) | |
| 1/15/2014 | 91,443.75 | | (32,005.31) | |
| 7/15/2014 | 91,443.75 | | (32,005.31) | |
| 1/15/2015 | 91,443.75 | | (32,005.31) | |
| 7/15/2015 | 91,443.75 | | (32,005.31) | |
| 1/15/2016 | 91,443.75 | | (32,005.31) | |
| 7/15/2016 | 91,443.75 | $210,000 | (32,005.31) | |
| 1/15/2017 | 83,043.75 | | (29,065.31) | |
| 7/15/2017 | 83,043.75 | 200,000 | (29,065.31) | |
| 1/15/2018 | 75,043.75 | | (26,265.31) | |
| 7/15/2018 | 75,043.75 | 205,000 | (26,265.31) | |
| 1/15/2019 | 66,843.75 | | (23,395.31) | |
| 7/15/2019 | 66,843.75 | | (23,395.31) | |
| 1/15/2020 | 66,843.75 | | (23,395.31) | |
| 7/15/2020 | 66,843.75 | | (23,395.31) | |
| 1/15/2021 | 66,843.75 | | (23,395.31) | |
| 7/15/2021 | 66,843.75 | | (23,395.31) | |
| 1/15/2022 | 66,843.75 | | (23,395.31) | |
| 7/15/2022 | 66,843.75 | | (23,395.31) | |
| 1/15/2023 | 66,843.75 | | (23,395.31) | |
| 7/15/2023 | 66,843.75 | | (23,395.31) | |
| 1/15/2024 | 66,843.75 | | (23,395.31) | |
| 7/15/2024 | 66,843.75 | | (23,395.31) | |
| 1/15/2025 | 66,843.75 | | (23,395.31) | |
| 7/15/2025 | 66,843.75 | | (23,395.31) | |
| 1/15/2026 | 66,843.75 | | (23,395.31) | |
| 7/15/2026 | 66,843.75 | | (23,395.31) | |
| 1/15/2027 | 66,843.75 | | (23,395.31) | |
| 7/15/2027 | 66,843.75 | | (23,395.31) | |
| 1/15/2028 | 66,843.75 | | (23,395.31) | |
| 7/15/2028 | 66,843.75 | | (23,395.31) | |
| 1/15/2029 | 66,843.75 | | (23,395.31) | |
| 7/15/2029 | 66,843.75 | | (23,395.31) | |
| 1/15/2030 | 66,843.75 | | (23,395.31) | |
| 7/15/2030 | 66,843.75 | | (23,395.31) | |
| 1/15/2031 | 66,843.75 | | (23,395.31) | |
| 7/15/2031 | 66,843.75 | | (23,395.31) | |
| 1/15/2032 | 66,843.75 | | (23,395.31) | |
| 7/15/2032 | 66,843.75 | 465,000 | (23,395.31) | 7/15/2020 |
| 1/15/2033 | 46,790.63 | | (16,376.72) | |
| 7/15/2033 | 46,790.63 | 540,000 | (16,376.72) | 7/15/2020 |
| 1/15/2034 | 23,503.13 | | (8,226.10) | |
| 7/15/2034 | 23,503.13 | 545,000 | (8,226.10) | 7/15/2020 |
| | $3,524,776.58 | $2,165,000 | ($1,233,671.70) | |

***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATON BONDS, SERIES 2009***

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**CERTIFICATE OF MAILING**

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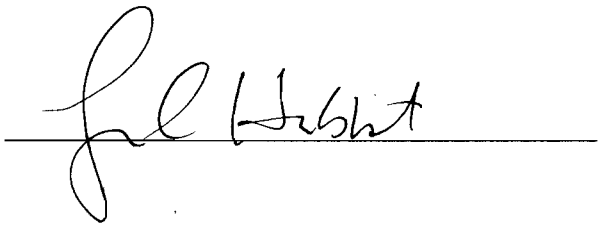
I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested, the Information Return for the above-captioned financing addressed to the Internal Revenue Service Center, Ogden, Utah 84201, on February 12, 2010.



# 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: District General Obligation Bonds, Series 2009A and Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay) | |
| 3. Dated Date: December 30, 2009 Closing Date: December 30, 2009 | 4. Par Amount: $7,600,000 |
| 5. Overall Interest Rate: 6.400459% (TIC) | 6. Type of Bond or Security: general obligation bond |
| 7. Repayment source: ad valorem taxes levied on property in the District | |
| 8. Total amount outstanding: Total: $9,790,000 | 9. Total amount outstanding of senior or subordinate bonds: $-0- |
| 10. Original issue price: Attach Schedule 1<br>a. Par Amount (principal amount) $7,600,000 | 11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued:<br>**For General Obligation Bonds:**<br>a. Secondary net assessed value: $ N/A |
| b. Original Issue Discount (-) $(67,556.80) | b. Debt limit percentage: 60% of market value plus value to improvements |
| c. Premium Amount (+) $68,422.00 | c. Total debt limit: not less than $7,600,000 |
| d. Original Issue Price (=) $7,600,865.20 | 12. Available debt limit: not less than $0 |
| e. Underwriter Compensation (discount) (-) $(228,000.00) | 13. Total amount authorized: $175,000,000 |
| f. Net Proceeds (=) $7,372,865.20 | |
| 14. Remaining authorized amount: $165,065,000 | 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 30, 2009
Date

**Title, address and phone number**

Gail Reese, Treasurer
Town of Buckeye, Arizona
530 E. Monroe Avenue
Buckeye, Arizona 85326
623.349.6000

**Trustee name, address, phone number**

Wells Fargo Bank, N.A.
Corporate Trust Services
100 Washington Street, 22nd Floor
Phoenix, AZ 85003
602.378.2337

**Political Subdivision Contact Name, address, phone number**

Gail Reese, Treasurer
Town of Buckeye, Arizona
530 E. Monroe Avenue
Buckeye, Arizona 85326
623.349.6000

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

JTG:jh2 1155005.1 12/16/09

**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 DISTRICT GENERAL OBLIGATION BONDS, SEIRES 2009comprised of SERIES 2009A BONDS (TAX-EXEMPT) and TAXABLE SERIES 2009B BONDS (QUALIFIED BUILD AMERICA BONDS (DIRECT PAY))**

Par Amount: $7,600,000 Date Closed: December 30, 2009

| Maturity Date (July 1) | Par Amount (Principal Amount) 10a | Coupon Rate | Yield Or Price | Original Issue Price | Premium or Discount 10b or 10c |
|---|---|---|---|---|---|
| | | | | | |
| 2010 | $500,000 E | 5.000% | 2.500% | $506,675.00 | $6,675.00 |
| 2011 | 165,000 E | 5.000% | 2.750% | 170,563.80 | 5,563.80 |
| 2012 | 170,000 E | 5.000% | 3.000% | 178,256.90 | 8,256.90 |
| 2013 | 180,000 E | 5.000% | 3.500% | 188,917.20 | 8,917.20 |
| 2014 | 190,000 E | 5.000% | 4.000% | 197,814.70 | 7,814.70 |
| 2015 | 200,000 E | 5.000% | 4.500% | 204,852.00 | 4,852.00 |
| 2016 *** | 210,000 | 8.000% | 2.500% | 210,000.00 | 0.00 |
| 2017 *** | 200,000 | 8.000% | 2.500% | 200,000.00 | 0.00 |
| 2018 | 205,000 | 8.000% | 2.500% | 205,000.00 | 0.00 |
| 2019 * | 210,000 | 6.250% | 6.000% | 213,763.20 | 3,763.20 |
| 2020 * | 225,000 | 6.250% | 6.000% | 229,032.00 | 4,032.00 |
| 2021 * | 235,000 | 6.250% | 6.000% | 239,211.20 | 4,211.20 |
| 2022 * | 250,000 | 6.250% | 6.000% | 254,480.00 | 4,480.00 |
| 2023 * | 260,000 | 6.250% | 6.000% | 269,748.80 | 4,748.80 |
| 2024 | 285,000 | 6.250% | 6.000% | 290,107.20 | 5,107.20 |
| 2025 ** | 300,000 | 6.500% | 6.625% | 295,716.00 | (4,284.00) |
| 2026 ** | 320,000 | 6.500% | 6.625% | 315,430.40 | (4,569.60) |
| 2027 ** | 340,000 | 6.500% | 6.625% | 335,144.80 | (4,855.20) |
| 2028 ** | 365,000 | 6.500% | 6.625% | 359,787.80 | (5,212.20) |
| 2029 ** | 385,000 | 6.500% | 6.625% | 379,502.20 | (5,497.80) |
| 2030 ** | 410,000 | 6.500% | 6.625% | 404,145.20 | (5,854.80) |
| 2031 | 440,000 | 6.500% | 6.625% | 433,716.80 | (6,283.20) |
| 2032 **** | 465,000 | 8.625% | 8.825% | 455,700.00 | (9,300.00) |
| 2033 **** | 540,000 | 8.625% | 8.825% | 529,200.00 | (10,800.00) |
| 2034 | 245,000 | 8.625% | 8.825% | 534,100.00 | (10,900.00) |
| | | | | | |
| **Total** | $7,600,000 | N/A | N/A | $7,600,865.20 | $865.20 |
| 10e Underwriter's discount and/or Placement Agent fee, if any | | | | 228,000.00 | |
| 10f Net proceeds (as shown on issuance form) | | | | $7,372,865.20 | |

E Tax-Exempt Serial Bonds

* Mandatory redemption dates of Tax-Exempt Term Bond maturing July 1, 2024
** Mandatory redemption dates of Tax-Exempt Term Bond maturing July 1, 2031
*** Mandatory redemption dates of Taxable Term Bond maturing July 1, 2018
**** Mandatory redemption dates of Taxable Term Bond maturing July 1, 2034

Name of Issue: **FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA DISTRICT GENERAL OBLIGATION BONDS, SEIRES 2009comprised of SERIES 2009A BONDS (TAX-EXEMPT) and TAXABLE SERIES 2009B BONDS (QUALIFIED BUILD AMERICA BONDS (DIRECT PAY))**

)

## Costs of Issuance

| | |
|---|---|
| Underwriter Compensation | $228,000.00 |
| Underwriter out-of-pocket fees | 1,918.45 |
| Bond Counsel fees and costs | 56,100.00 |
| Underwriter Counsel Fees and costs | 30,000.00 |
| Registrar, Transfer and Paying Agent initial fee and costs | 7,550.00 |
| Rating Agency fees | 9,500.00 |
| Official Statement printing | 10,000.00 |
| CUSIP/DTC | 634.00 |
| Market Absorption Study – Sullivan | 19,350.00 |
| **TOTAL** | **$363,052.45** |

BOND DEBT SERVICE

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2009
(Town of Buckeye, Arizona)

| | |
|---|---|
| Dated Date | 12/30/2009 |
| Delivery Date | 12/30/2009 |

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---|---|---|---|---|---|
| 07/15/2010 | 500,000 | 5.000% | 277,015.10 | 777,015.10 | 777,015.10 |
| 01/15/2011 | | | 243,206.25 | 243,206.25 | |
| 07/15/2011 | 165,000 | 5.000% | 243,206.25 | 408,206.25 | 651,412.50 |
| 01/15/2012 | | | 239,081.25 | 239,081.25 | |
| 07/15/2012 | 170,000 | 5.000% | 239,081.25 | 409,081.25 | 648,162.50 |
| 01/15/2013 | | | 234,831.25 | 234,831.25 | |
| 07/15/2013 | 180,000 | 5.000% | 234,831.25 | 414,831.25 | 649,662.50 |
| 01/15/2014 | | | 230,331.25 | 230,331.25 | |
| 07/15/2014 | 190,000 | 5.000% | 230,331.25 | 420,331.25 | 650,662.50 |
| 01/15/2015 | | | 225,581.25 | 225,581.25 | |
| 07/15/2015 | 200,000 | 5.000% | 225,581.25 | 425,581.25 | 651,162.50 |
| 01/15/2016 | | | 220,581.25 | 220,581.25 | |
| 07/15/2016 | 210,000 | 8.000% | 220,581.25 | 430,581.25 | 651,162.50 |
| 01/15/2017 | | | 212,181.25 | 212,181.25 | |
| 07/15/2017 | 200,000 | 8.000% | 212,181.25 | 412,181.25 | 624,362.50 |
| 01/15/2018 | | | 204,181.25 | 204,181.25 | |
| 07/15/2018 | 205,000 | 8.000% | 204,181.25 | 409,181.25 | 613,362.50 |
| 01/15/2019 | | | 195,981.25 | 195,981.25 | |
| 07/15/2019 | 210,000 | 6.250% | 195,981.25 | 405,981.25 | 601,962.50 |
| 01/15/2020 | | | 189,418.75 | 189,418.75 | |
| 07/15/2020 | 225,000 | 6.250% | 189,418.75 | 414,418.75 | 603,837.50 |
| 01/15/2021 | | | 182,387.50 | 182,387.50 | |
| 07/15/2021 | 235,000 | 6.250% | 182,387.50 | 417,387.50 | 599,775.00 |
| 01/15/2022 | | | 175,043.75 | 175,043.75 | |
| 07/15/2022 | 250,000 | 6.250% | 175,043.75 | 425,043.75 | 600,087.50 |
| 01/15/2023 | | | 167,231.25 | 167,231.25 | |
| 07/15/2023 | 265,000 | 6.250% | 167,231.25 | 432,231.25 | 599,462.50 |
| 01/15/2024 | | | 158,950.00 | 158,950.00 | |
| 07/15/2024 | 285,000 | 6.250% | 158,950.00 | 443,950.00 | 602,900.00 |
| 01/15/2025 | | | 150,043.75 | 150,043.75 | |
| 07/15/2025 | 300,000 | 6.500% | 150,043.75 | 450,043.75 | 600,087.50 |
| 01/15/2026 | | | 140,293.75 | 140,293.75 | |
| 07/15/2026 | 320,000 | 6.500% | 140,293.75 | 460,293.75 | 600,587.50 |
| 01/15/2027 | | | 129,893.75 | 129,893.75 | |
| 07/15/2027 | 340,000 | 6.500% | 129,893.75 | 469,893.75 | 599,787.50 |
| 01/15/2028 | | | 118,843.75 | 118,843.75 | |
| 07/15/2028 | 365,000 | 6.500% | 118,843.75 | 483,843.75 | 602,687.50 |
| 01/15/2029 | | | 106,981.25 | 106,981.25 | |
| 07/15/2029 | 385,000 | 6.500% | 106,981.25 | 491,981.25 | 598,962.50 |
| 01/15/2030 | | | 94,468.75 | 94,468.75 | |
| 07/15/2030 | 410,000 | 6.500% | 94,468.75 | 504,468.75 | 598,937.50 |
| 01/15/2031 | | | 81,143.75 | 81,143.75 | |
| 07/15/2031 | 440,000 | 6.500% | 81,143.75 | 521,143.75 | 602,287.50 |
| 01/15/2032 | | | 66,843.75 | 66,843.75 | |
| 07/15/2032 | 465,000 | 8.625% | 66,843.75 | 531,843.75 | 598,687.50 |

BOND DEBT SERVICE

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2009
(Town of Buckeye, Arizona)

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---|---|---|---|---|---|
| 01/15/2033 | | | 46,790.63 | 46,790.63 | |
| 07/15/2033 | 540,000 | 8.625% | 46,790.63 | 586,790.63 | 633,581.26 |
| 01/15/2034 | | | 23,503.13 | 23,503.13 | |
| 07/15/2034 | 545,000 | 8.625% | 23,503.13 | 568,503.13 | 592,006.26 |
| | 7,600,000 | | 7,952,602.62 | 15,552,602.62 | 15,552,602.62 |

BOND DEBT SERVICE

Festival Ranch Community Facilities District
General Obligation Bonds, Series 2009 (Tax-Exempts)
BBB+ S&P Investment Grade Credit Rating

Dated Date 12/30/2009
Delivery Date 12/30/2009

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---|---|---|---|---|---|
| 07/15/2010 | 500,000 | 5.000% | 177,951.04 | 677,951.04 | 677,951.04 |
| 01/15/2011 | | | 151,762.50 | 151,762.50 | |
| 07/15/2011 | 165,000 | 5.000% | 151,762.50 | 316,762.50 | 468,525.00 |
| 01/15/2012 | | | 147,637.50 | 147,637.50 | |
| 07/15/2012 | 170,000 | 5.000% | 147,637.50 | 317,637.50 | 465,275.00 |
| 01/15/2013 | | | 143,387.50 | 143,387.50 | |
| 07/15/2013 | 180,000 | 5.000% | 143,387.50 | 323,387.50 | 466,775.00 |
| 01/15/2014 | | | 138,887.50 | 138,887.50 | |
| 07/15/2014 | 190,000 | 5.000% | 138,887.50 | 328,887.50 | 467,775.00 |
| 01/15/2015 | | | 134,137.50 | 134,137.50 | |
| 07/15/2015 | 200,000 | 5.000% | 134,137.50 | 334,137.50 | 468,275.00 |
| 01/15/2016 | | | 129,137.50 | 129,137.50 | |
| 07/15/2016 | | | 129,137.50 | 129,137.50 | 258,275.00 |
| 01/15/2017 | | | 129,137.50 | 129,137.50 | |
| 07/15/2017 | | | 129,137.50 | 129,137.50 | 258,275.00 |
| 01/15/2018 | | | 129,137.50 | 129,137.50 | |
| 07/15/2018 | | | 129,137.50 | 129,137.50 | 258,275.00 |
| 01/15/2019 | | | 129,137.50 | 129,137.50 | |
| 07/15/2019 | 210,000 | 6.250% | 129,137.50 | 339,137.50 | 468,275.00 |
| 01/15/2020 | | | 122,575.00 | 122,575.00 | |
| 07/15/2020 | 225,000 | 6.250% | 122,575.00 | 347,575.00 | 470,150.00 |
| 01/15/2021 | | | 115,543.75 | 115,543.75 | |
| 07/15/2021 | 235,000 | 6.250% | 115,543.75 | 350,543.75 | 466,087.50 |
| 01/15/2022 | | | 108,200.00 | 108,200.00 | |
| 07/15/2022 | 250,000 | 6.250% | 108,200.00 | 358,200.00 | 466,400.00 |
| 01/15/2023 | | | 100,387.50 | 100,387.50 | |
| 07/15/2023 | 265,000 | 6.250% | 100,387.50 | 365,387.50 | 465,775.00 |
| 01/15/2024 | | | 92,106.25 | 92,106.25 | |
| 07/15/2024 | 285,000 | 6.250% | 92,106.25 | 377,106.25 | 469,212.50 |
| 01/15/2025 | | | 83,200.00 | 83,200.00 | |
| 07/15/2025 | 300,000 | 6.500% | 83,200.00 | 383,200.00 | 466,400.00 |
| 01/15/2026 | | | 73,450.00 | 73,450.00 | |
| 07/15/2026 | 320,000 | 6.500% | 73,450.00 | 393,450.00 | 466,900.00 |
| 01/15/2027 | | | 63,050.00 | 63,050.00 | |
| 07/15/2027 | 340,000 | 6.500% | 63,050.00 | 403,050.00 | 466,100.00 |
| 01/15/2028 | | | 52,000.00 | 52,000.00 | |
| 07/15/2028 | 365,000 | 6.500% | 52,000.00 | 417,000.00 | 469,000.00 |
| 01/15/2029 | | | 40,137.50 | 40,137.50 | |
| 07/15/2029 | 385,000 | 6.500% | 40,137.50 | 425,137.50 | 465,275.00 |
| 01/15/2030 | | | 27,625.00 | 27,625.00 | |
| 07/15/2030 | 410,000 | 6.500% | 27,625.00 | 437,625.00 | 465,250.00 |
| 01/15/2031 | | | 14,300.00 | 14,300.00 | |
| 07/15/2031 | 440,000 | 6.500% | 14,300.00 | 454,300.00 | 468,600.00 |
| | 5,435,000 | | 4,427,826.04 | 9,862,826.04 | 9,862,826.04 |

BOND DEBT SERVICE

Festival Ranch Community Facilities District
Taxable Build America Bonds (Direct Pay), Series 2009
BBB+ S&P Investment Grade Credit Rating

Dated Date 12/30/2009
Delivery Date 12/30/2009

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---|---|---|---|---|---|
| 07/15/2010 | | | 99,064.06 | 99,064.06 | 99,064.06 |
| 01/15/2011 | | | 91,443.75 | 91,443.75 | |
| 07/15/2011 | | | 91,443.75 | 91,443.75 | 182,887.50 |
| 01/15/2012 | | | 91,443.75 | 91,443.75 | |
| 07/15/2012 | | | 91,443.75 | 91,443.75 | 182,887.50 |
| 01/15/2013 | | | 91,443.75 | 91,443.75 | |
| 07/15/2013 | | | 91,443.75 | 91,443.75 | 182,887.50 |
| 01/15/2014 | | | 91,443.75 | 91,443.75 | |
| 07/15/2014 | | | 91,443.75 | 91,443.75 | 182,887.50 |
| 01/15/2015 | | | 91,443.75 | 91,443.75 | |
| 07/15/2015 | | | 91,443.75 | 91,443.75 | 182,887.50 |
| 01/15/2016 | | | 91,443.75 | 91,443.75 | |
| 07/15/2016 | 210,000 | 8.000% | 91,443.75 | 301,443.75 | 392,887.50 |
| 01/15/2017 | | | 83,043.75 | 83,043.75 | |
| 07/15/2017 | 200,000 | 8.000% | 83,043.75 | 283,043.75 | 366,087.50 |
| 01/15/2018 | | | 75,043.75 | 75,043.75 | |
| 07/15/2018 | 205,000 | 8.000% | 75,043.75 | 280,043.75 | 355,087.50 |
| 01/15/2019 | | | 66,843.75 | 66,843.75 | |
| 07/15/2019 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2020 | | | 66,843.75 | 66,843.75 | |
| 07/15/2020 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2021 | | | 66,843.75 | 66,843.75 | |
| 07/15/2021 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2022 | | | 66,843.75 | 66,843.75 | |
| 07/15/2022 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2023 | | | 66,843.75 | 66,843.75 | |
| 07/15/2023 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2024 | | | 66,843.75 | 66,843.75 | |
| 07/15/2024 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2025 | | | 66,843.75 | 66,843.75 | |
| 07/15/2025 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2026 | | | 66,843.75 | 66,843.75 | |
| 07/15/2026 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2027 | | | 66,843.75 | 66,843.75 | |
| 07/15/2027 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2028 | | | 66,843.75 | 66,843.75 | |
| 07/15/2028 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2029 | | | 66,843.75 | 66,843.75 | |
| 07/15/2029 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2030 | | | 66,843.75 | 66,843.75 | |
| 07/15/2030 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2031 | | | 66,843.75 | 66,843.75 | |
| 07/15/2031 | | | 66,843.75 | 66,843.75 | 133,687.50 |
| 01/15/2032 | | | 66,843.75 | 66,843.75 | |
| 07/15/2032 | 465,000 | 8.625% | 66,843.75 | 531,843.75 | 598,687.50 |

BOND DEBT SERVICE

Festival Ranch Community Facilities District
Taxable Build America Bonds (Direct Pay), Series 2009
BBB+ S&P Investment Grade Credit Rating

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---|---|---|---|---|---|
| 01/15/2033 | | | 46,790.63 | 46,790.63 | |
| 07/15/2033 | 540,000 | 8.625% | 46,790.63 | 586,790.63 | 633,581.26 |
| 01/15/2034 | | | 23,503.13 | 23,503.13 | |
| 07/15/2034 | 545,000 | 8.625% | 23,503.13 | 568,503.13 | 592,006.26 |
| | 2,165,000 | | 3,524,776.58 | 5,689,776.58 | 5,689,776.58 |

Form **8038-G** (Rev. November 2000) Department of the Treasury Internal Revenue Service

# 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: 35 : 2264191

3 Number and street (or P.O. box if mail is not delivered to street address): 530 E. Monroe Avenue — Room/suite:

4 Report number: 3 03

5 City, town, or post office, state, and ZIP code: Buckeye, AZ 85326

6 Date of issue: December 30,2009

7 Name of issue: District General Obligation Bonds, Series 2009A (Tax-Exempt)

8 CUSIP number: 315598 AR3

9 Name and title of officer or legal representative whom the IRS may call for more information: Gail Reese, District Treasurer

10 Telephone number of officer or legal representative: ( 623 ) 349-6000

**Part II Type of Issue (check applicable box(es) and enter the issue price)** See 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 | |
| 18 | ☑ Other. Describe ▶ Public Infrastructure, Roads, Utilities, Drainage, Irrigation | 18 | 5,446,865 |
| 19 | If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐ | | |
| 20 | If obligations are in the form of a lease or installment sale, check box ▶ ☐ | | |

**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 | 7/15/2031 | $ 5,446,865 | $ 5,435,000 | 12.69 years | 6.2472 % |

**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 | 5,446,865 |
| 24 | Proceeds used for bond issuance costs (including underwriters' discount) | 24 | 363,052 | | |
| 25 | Proceeds used for credit enhancement | 25 | 0 | | |
| 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 | 363,052 |
| 30 | Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here) | | | 30 | 5,103,813 |

**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 ▶ _____

34 Enter the date(s) the refunded bonds were issued ▶

**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 (see instructions) | 36a | |
| b | Enter the final maturity date of the guaranteed investment contract ▶ _____ | | |
| 37 | Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units | 37a | |

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

**Sign Here**

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.

Signature of issuer's authorized representative — Date: February 11, 2010 — Type or print name and title: Gail Reese, District Treasurer

Form **8038-G** (Rev. November 2000) Department of the Treasury Internal Revenue Service

# 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: 35 : 2264191

3 Number and street (or P.O. box if mail is not delivered to street address): 530 E. Monroe Avenue — Room/suite:

4 Report number: 3 02

5 City, town, or post office, state, and ZIP code: Buckeye, AZ 85326

6 Date of issue: December 30, 2009

7 Name of issue: Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds - Direct Pay)

8 CUSIP number: 315598 AU6

9 Name and title of officer or legal representative whom the IRS may call for more information: Gail Reese, District Treasurer

10 Telephone number of officer or legal representative: ( 623 ) 349-6000

**Part II Type of Issue (check applicable box(es) and enter the issue price)** See 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 | |
| 18 | ☑ Other. Describe ▶ Build America Bonds (Payment Option) | 18 | 2,134,000 |
| 19 | If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐ | | |
| 20 | If obligations are in the form of a lease or installment sale, check box ▶ ☐ | | |

**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 | 7/15/2034 | $ 2,134,000 | $ 2,165,000 | 18.965 years | 5.6728 % |

**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 | 2,134,000 |
| 24 | Proceeds used for bond issuance costs (including underwriters' discount) | 24 | 0 | | |
| 25 | Proceeds used for credit enhancement | 25 | 0 | | |
| 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 | 0 |
| 30 | Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here) | | | 30 | 2,134,000 |

**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 ▶ _____

34 Enter the date(s) the refunded bonds were issued ▶

**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 (see instructions) | 36a | |
| b | Enter the final maturity date of the guaranteed investment contract ▶ _____ | | |
| 37 | Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units | 37a | |

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

**Sign Here**

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.

Signature of issuer's authorized representative — Date: February 11, 2010 — Type or print name and title: Gail Reese, District Treasurer

EXHIBIT TO IRS FORM 8038-G

**Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay)**

Issuer's Employer Identification Number 35-2264191

| | |
|---|---|
| 18. Public Infrastructure, Roads, Utilities, Drainage, Irrigation | $2,134,000 |

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**
**(TOWN OF BUCKEYE, ARIZONA)**
**TAXABLE DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009B**
**(QUALIFIED BUILD AMERICA BONDS - DIRECT PAY)**

**EXHIBIT TO IRS FORM 8038-G**

Fixed Rate Bond - Debt Service Schedule

| Interest Payment Date | Total Interest Payable on Such Date | Total Principal Amount of Bonds Expected to be Outstanding on Such Date | Credit Payment Expected to be Requested from IRS on Such Date | Earliest Date that the Bonds can be Called |
|---|---|---|---|---|
| 12/30/2009 | | | | |
| 7/15/2010 | $99,064.06 | | ($34,672.42) | |
| 1/15/2011 | 91,443.75 | | (32,005.31) | |
| 7/15/2011 | 91,443.75 | | (32,005.31) | |
| 1/15/2012 | 91,443.75 | | (32,005.31) | |
| 7/15/2012 | 91,443.75 | | (32,005.31) | |
| 1/15/2013 | 91,443.75 | | (32,005.31) | |
| 7/15/2013 | 91,443.75 | | (32,005.31) | |
| 1/15/2014 | 91,443.75 | | (32,005.31) | |
| 7/15/2014 | 91,443.75 | | (32,005.31) | |
| 1/15/2015 | 91,443.75 | | (32,005.31) | |
| 7/15/2015 | 91,443.75 | | (32,005.31) | |
| 1/15/2016 | 91,443.75 | | (32,005.31) | |
| 7/15/2016 | 91,443.75 | $210,000 | (32,005.31) | |
| 1/15/2017 | 83,043.75 | | (29,065.31) | |
| 7/15/2017 | 83,043.75 | 200,000 | (29,065.31) | |
| 1/15/2018 | 75,043.75 | | (26,265.31) | |
| 7/15/2018 | 75,043.75 | 205,000 | (26,265.31) | |
| 1/15/2019 | 66,843.75 | | (23,395.31) | |
| 7/15/2019 | 66,843.75 | | (23,395.31) | |
| 1/15/2020 | 66,843.75 | | (23,395.31) | |
| 7/15/2020 | 66,843.75 | | (23,395.31) | |
| 1/15/2021 | 66,843.75 | | (23,395.31) | |
| 7/15/2021 | 66,843.75 | | (23,395.31) | |
| 1/15/2022 | 66,843.75 | | (23,395.31) | |
| 7/15/2022 | 66,843.75 | | (23,395.31) | |
| 1/15/2023 | 66,843.75 | | (23,395.31) | |
| 7/15/2023 | 66,843.75 | | (23,395.31) | |
| 1/15/2024 | 66,843.75 | | (23,395.31) | |
| 7/15/2024 | 66,843.75 | | (23,395.31) | |
| 1/15/2025 | 66,843.75 | | (23,395.31) | |
| 7/15/2025 | 66,843.75 | | (23,395.31) | |
| 1/15/2026 | 66,843.75 | | (23,395.31) | |
| 7/15/2026 | 66,843.75 | | (23,395.31) | |
| 1/15/2027 | 66,843.75 | | (23,395.31) | |
| 7/15/2027 | 66,843.75 | | (23,395.31) | |
| 1/15/2028 | 66,843.75 | | (23,395.31) | |
| 7/15/2028 | 66,843.75 | | (23,395.31) | |
| 1/15/2029 | 66,843.75 | | (23,395.31) | |
| 7/15/2029 | 66,843.75 | | (23,395.31) | |
| 1/15/2030 | 66,843.75 | | (23,395.31) | |
| 7/15/2030 | 66,843.75 | | (23,395.31) | |
| 1/15/2031 | 66,843.75 | | (23,395.31) | |
| 7/15/2031 | 66,843.75 | | (23,395.31) | |
| 1/15/2032 | 66,843.75 | | (23,395.31) | |
| 7/15/2032 | 66,843.75 | 465,000 | (23,395.31) | 7/15/2020 |
| 1/15/2033 | 46,790.63 | | (16,376.72) | |
| 7/15/2033 | 46,790.63 | 540,000 | (16,376.72) | 7/15/2020 |
| 1/15/2034 | 23,503.13 | | (8,226.10) | |
| 7/15/2034 | 23,503.13 | 545,000 | (8,226.10) | 7/15/2020 |
| | $3,524,776.58 | $2,165,000 | ($1,233,671.70) | |

**OFFICIAL STATEMENT DECEMBER 16, 2009**

**NEW ISSUE - FULL BOOK-ENTRY FORM**

**RATING: STANDARD & POOR'S - "BBB+"**
**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 FOR TAX-EXEMPT BONDS" herein, interest income on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Tax-Exempt Bonds is not an item of preference to be included in the alternative minimum tax of individuals or corporations and is not taken into account as an adjustment to alternative minimum taxable income for corporations. See "TAX EXEMPTION FOR TAX-EXEMPT BONDS," "TAX-EXEMPT ORIGINAL ISSUE DISCOUNT" and "TAX-EXEMPT BOND PREMIUM" herein. Interest income on the Taxable Bonds is not excluded from gross income for federal income tax purposes. See "TAXABLE BONDS TAX MATTERS" herein.*

*The District has designated the Tax-Exempt 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 2009 will not exceed $30,000,000. See "QUALIFIED TAX EXEMPT OBLIGATIONS" herein.*

# $7,600,000
# FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
# (TOWN OF BUCKEYE, ARIZONA)
# DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009

**$5,435,000**
**DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009A**
**(BANK QUALIFIED)**

**$2,165,000**
**TAXABLE DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009B**
**(QUALIFIED BUILD AMERICA BONDS - DIRECT PAY)**

**DATED: Date of Initial Delivery**

**DUE: As shown on the inside front cover**

The $5,435,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009A (the "Tax-Exempt Bonds") and the $2,165,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds - Direct Pay) (the "Taxable Bonds" and, together with the Tax-Exempt Bonds, 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, 2010. 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 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 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 December 1, 2009, 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 and to pay the costs of issuance of the Bonds.

**Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See "SECURITY FOR AND SOURCES OF PAYMENT" 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, Lord & Kloberdanz PLC, Scottsdale, Arizona. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about December 30, 2009.

STONE & YOUNGBERG

***$7,600,000***
***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATON BONDS, SERIES 2009***

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**CERTIFICATE OF MAILING**

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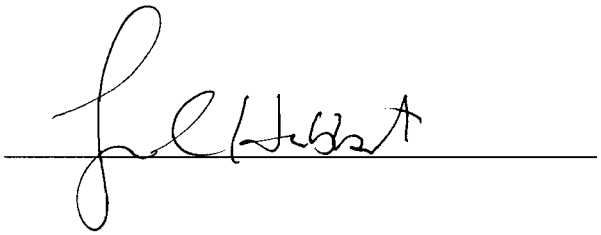
I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested, the Report of Bond and Security Issuance for the above-captioned financing, addressed to the Arizona Department of Revenue, OERA, 1600 West Monroe, 9th Floor, Phoenix, Arizona 85007, on February 12, 2010.



**OFFICIAL STATEMENT DECEMBER 16, 2009**

**NEW ISSUE - FULL BOOK-ENTRY FORM**

**RATING: STANDARD & POOR'S - "BBB+"**
**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 FOR TAX-EXEMPT BONDS" herein, interest income on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Tax-Exempt Bonds is not an item of preference to be included in the alternative minimum tax of individuals or corporations and is not taken into account as an adjustment to alternative minimum taxable income for corporations. See "TAX EXEMPTION FOR TAX-EXEMPT BONDS," "TAX-EXEMPT ORIGINAL ISSUE DISCOUNT" and "TAX-EXEMPT BOND PREMIUM" herein. Interest income on the Taxable Bonds is not excluded from gross income for federal income tax purposes. See "TAXABLE BONDS TAX MATTERS" herein.*

*The District has designated the Tax-Exempt 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 2009 will not exceed $30,000,000. See "QUALIFIED TAX EXEMPT OBLIGATIONS" herein.*

# $7,600,000
# FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
# (TOWN OF BUCKEYE, ARIZONA)
# DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009

**$5,435,000**
**DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009A (BANK QUALIFIED)**

**$2,165,000**
**TAXABLE DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009B (QUALIFIED BUILD AMERICA BONDS - DIRECT PAY)**

**DATED: Date of Initial Delivery**

**DUE: As shown on the inside front cover**

The $5,435,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009A (the "Tax-Exempt Bonds") and the $2,165,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds - Direct Pay) (the "Taxable Bonds" and, together with the Tax-Exempt Bonds, 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, 2010. 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 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 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 December 1, 2009, 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 and to pay the costs of issuance of the Bonds.

**Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See "SECURITY FOR AND SOURCES OF PAYMENT" 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, Lord & Kloberdanz PLC, Scottsdale, Arizona. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about December 30, 2009.

STONE & YOUNGBERG

**MATURITY SCHEDULE**
**Base CUSIP® No. 315598***

**$5,435,000**
**DISTRICT GENERAL OBLIGATION BONDS,**
**SERIES 2009A**

Tax-Exempt Bonds

Serial Bonds - $1,405,000

| Year (July 15) | Principal Amount | Rate | Yield | CUSIP® |
|---|---|---|---|---|
| 2010 | $500,000 | 5.000% | 2.50% | AH5 |
| 2011 | 165,000 | 5.000 | 2.75 | AJ1 |
| 2012 | 170,000 | 5.000 | 3.00 | AK8 |
| 2013 | 180,000 | 5.000 | 3.50 | AL6 |
| 2014 | 190,000 | 5.000 | 4.00 | AM4 |
| 2015 | 200,000 | 5.000 | 4.50 | AN2 |

$1,470,000 Term Bonds @ 6.25% Due July 15, 2024 - Price 101.792% CUSIP® No. 315598 AQ5[(1)]
$2,560,000 Term Bonds @ 6.50% Due July 15, 2031 - Price 98.572% CUSIP® No. 315598 AR3

[(1)] Priced to July 15, 2019, the first optional redemption date.

**$2,165,000**
**TAXABLE DISTRICT GENERAL OBLIGATION BONDS,**
**SERIES 2009B**
**(QUALIFIED BUILD AMERICA BONDS - DIRECT PAY)**

Taxable Bonds

$615,000 Term Bonds @ 8.000% Due July 15, 2018 - Price 100.000% CUSIP® No. 315598 AS1
$1,550,000 Term Bonds @ 8.625% Due July 15, 2034 - Price 98.000% CUSIP® No. 315598 AU6

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

**District Board**

Jackie A. Meck, Chairman
Elaine May, Vice Chairman
Dr. W. Robert Doster, Board Member
Robert Garza, Board Member
David Hardesty, Board Member
Brian McAchran, Board Member
David Rioux, Board Member

**District Staff**

Stephen Cleveland, Interim District Manager
Gail Reese, CPA, District Treasurer
Lucinda Aja, District Clerk

**Trustee**

Wells Fargo Bank, N.A.
Phoenix, Arizona

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**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 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 OVERALLOT 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 COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.**

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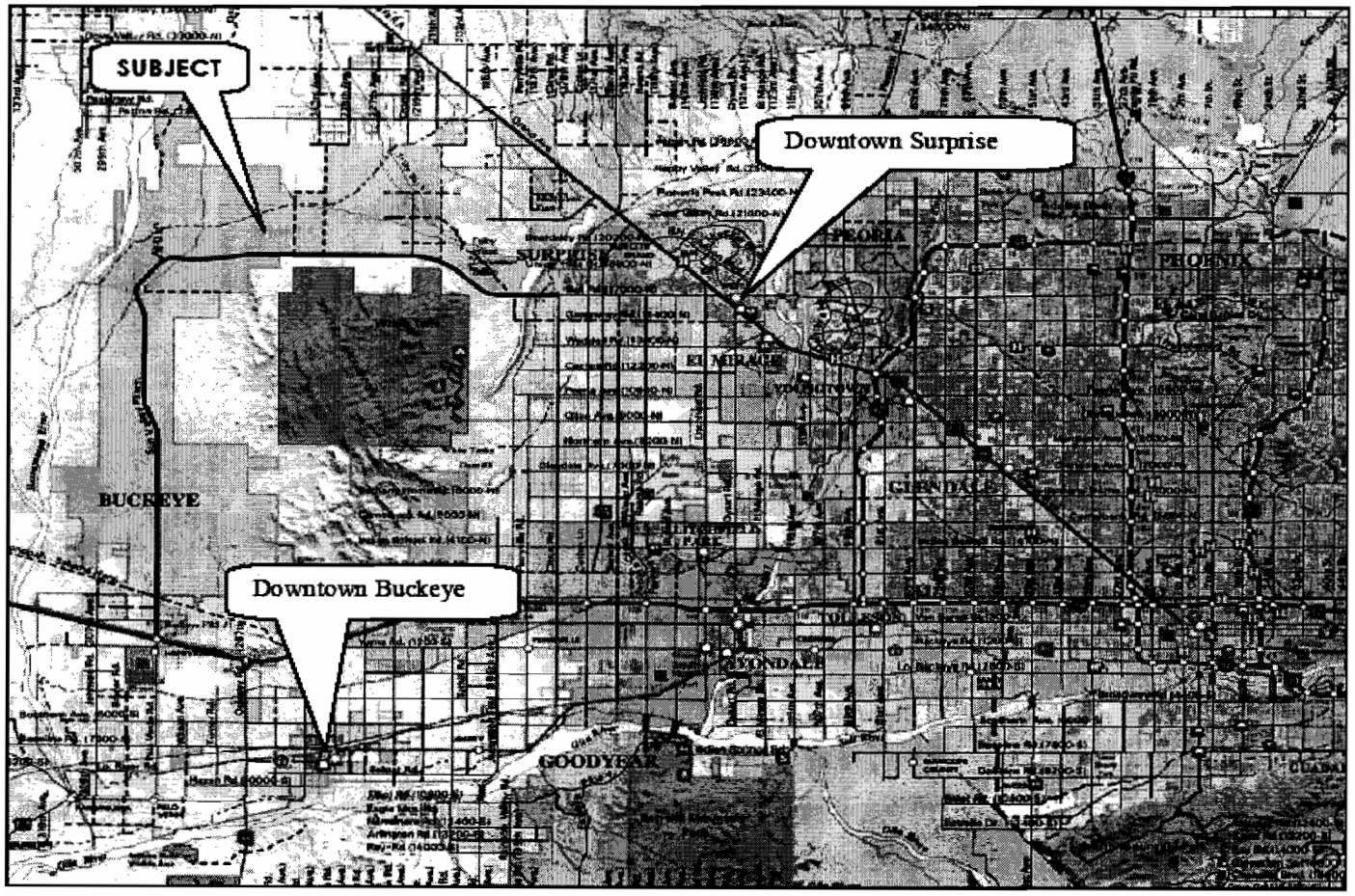
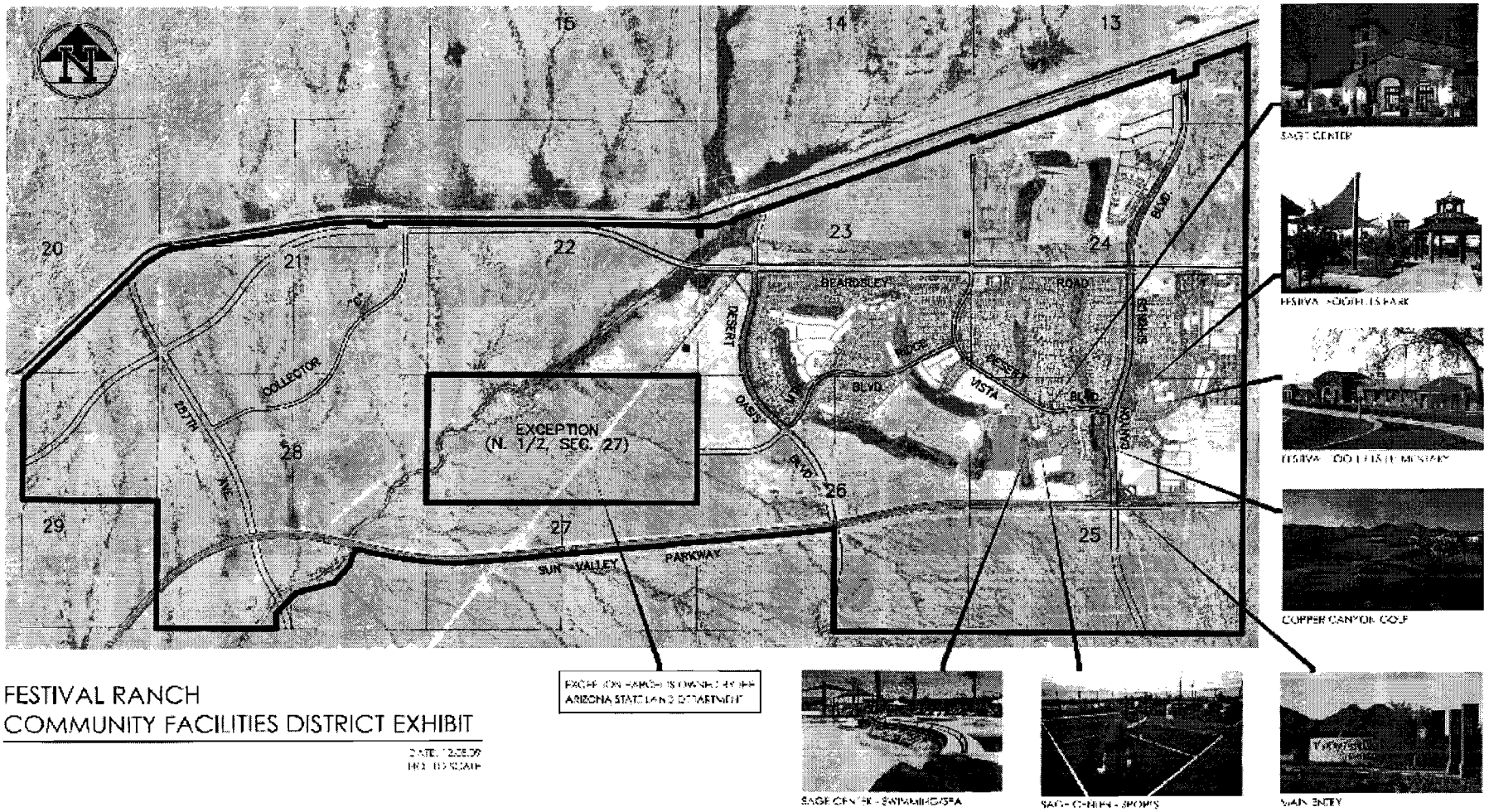
MAP SHOWING LOCATION OF THE DISTRICT
WITHIN METROPOLITAN PHOENIX AREA



## AERIAL PHOTOGRAPH OF THE DISTRICT




FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT EXHIBIT

**$7,600,000**
**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**
**(TOWN OF BUCKEYE, ARIZONA)**
**DISTRICT GENERAL OBLIGATION BONDS,**
**SERIES 2009**

**$5,435,000**
**DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009A**
**(BANK QUALIFIED)**

**$2,165,000**
**TAXABLE DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009B**
**(QUALIFIED BUILD AMERICA BONDS - DIRECT PAY)**

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, provides certain information concerning the issuance of $5,435,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009A (the "Tax-Exempt Bonds") and $2,165,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds - Direct Pay) (the "Taxable Bonds" and, together with the Tax-Exempt Bonds, 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 thirty-four (34) miles west of downtown Phoenix, Arizona, seventeen miles north of Interstate 10 and nine miles west of the City of Surprise, Arizona. See the map on page (ii) with respect to the location of the District and the aerial photograph of the District on page (iii).

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 Interim Town Manager of the Town currently serves as the Interim 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 $0.3000 *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 November 17, 2009, as amended on December 15, 2009 (as so amended, the "Bond Resolution"), and the Indenture of Trust and Security Agreement, to be dated as of December 1, 2009 (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 third series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, $165,065,000 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 from Pulte the hereinafter defined "Public Infrastructure Financed by the Bonds" and to pay costs of issuance of the Bonds. 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, 2010 (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, 2019, 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 (July 15) | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2018 | |
| 2016 | $210,000 |
| 2017 | 200,000 |
| 2018 (maturity) | 205,000 |
| Term Bond Maturing 2024 | |
| 2019 | $210,000 |
| 2020 | 225,000 |
| 2021 | 235,000 |
| 2022 | 250,000 |
| 2023 | 265,000 |
| 2024 (maturity) | 285,000 |
| Term Bond Maturing 2031 | |
| 2025 | $300,000 |
| 2026 | 320,000 |
| 2027 | 340,000 |
| 2028 | 365,000 |
| 2029 | 385,000 |
| 2030 | 410,000 |
| 2031 (maturity) | 440,000 |
| Term Bond Maturing 2034 | |
| 2032 | $465,000 |
| 2033 | 540,000 |
| 2034 (maturity) | 545,000 |

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 thirty (30) days nor more than sixty (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 and Series 2007 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 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 permanently affixed 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 from a base year using one of the following two procedures:

(a) The limited property value for parcels 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

ten 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.

(b) The limited property value for parcels that were omitted from the tax roll in the prior year, that underwent a change in use or modification through construction, destruction or demolition or that have been split, subdivided or consolidated, and for new parcels, 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 a county, city/town and community college district are constitutionally limited to a maximum increase of two percent over the maximum allowable previous year's levy limit plus any taxes on property not subject to tax in the previous year (e.g., new construction and property brought into the jurisdiction because of annexation). In November 2006, the maximum allowable 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 the prior year). The two percent limitation does not apply to primary taxes levied on behalf of school districts.

Primary taxes on owner-occupied 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.

Arizona law provides for a property valuation "freeze" for certain residential property owners sixty-five years of age and older. Owners of residential property may obtain such freeze against

valuation increases (the "Property Valuation Protection Option") if the owners total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate". The property owner must apply for the Property Valuation Protection Option and, if approved by the Assessor, must renew the application 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 translate to 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) | Assessment as Percent of Full Cash Value | | | | |
|---|---|---|---|---|---|
| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
| Mining, Utility, Commercial and Industrial (b) | 24.5% | 24.0% | 23.0% | 22.0% | 21.0% |
| Agriculture and Vacant Land (b) | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 |
| Owner Occupied Residential | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Leased or Rented Residential | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Railroad, Private Car Company and Airline Flight Property (c) | 22.0 | 21.0 | 20.0 | 18.0 | 17.0 |

(a) Additional classes of property exist, but seldom amount to a significant portion of total valuation.

(b) With respect to 2010-11, the first $66,440 of full cash value of commercial, industrial and agricultural personal property is not taxable. Any portion of the full cash value in excess of such amount will be assessed at 21% or 16% as applicable. The assessment ratio for mining, utility, commercial and industrial property has been reduced, starting at 25%, by one percent annually through 2010, resulting in an assessment ratio of 20% from and after December 31, 2010.

(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.

*Collection.* On or before the third (3rd) Monday in August of each tax year based on valuation as of that date, the District will (i) fix, levy and assess the amount to be raised from *ad valorem* property taxes which, together with the amount estimated to be available from all other sources of revenue and any unencumbered balances from the previous tax year, will equal the total of amounts proposed to be expended in the budget for the current fiscal year and (ii) fix and determine the necessary *ad valorem* tax rates for the District. After review of such amount and rate for compliance with any applicable statutory and constitutional limitations by the property tax oversight commission of the State of Arizona, a final assessment and tax roll for the District must be delivered to the County Treasurer for the County (the "Treasurer"). 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.*

The *ad valorem* property taxes levied and assessed by 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 sixteen percent (16%) 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 sixteen percent (16%) 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 fifteen (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 |
|---|---|---|
| 2009-10 | $336,778,501 | $40,493,025 |
| 2008-09 | 224,796,614 | 27,282,628 |
| 2007-08 | 39,588,777 | 6,102,478 |
| 2006-07 | 13,124,457 | 2,099,913 |

(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.

Source: Assessor and Finance Department of the County, *Property Tax Rates and Assessed Values*, Arizona Tax Research Foundation 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 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2009-10 Percent of Total |
|---|---|---|---|---|---|---|
| 1 | Commercial | $ 0 | $ 888,756 | $ 2,193,772 | $ 6,569,751(a) | 16.22% |
| 2 | Agricultural & Vacant | 2,099,913 | 4,339,055 | 9,445,982 | 7,777,635 | 19.21 |
| 3 | Residential (owner occupied) | 0 | 874,617 | 14,972,824 | 25,417,262 | 62.77 |
| 4 | Residential (rental occupied) | 0 | 50 | 670,050 | 728,377 | 1.80 |
| | Total | $2,099,913 | $6,102,478 | $27,282,628 | $40,493,025 | 100.00% |

(a) Includes a recreation center currently owned by Pulte which is expected to be transferred to the homeowners association for Festival Foothills and Sun City Festival (as hereinafter defined) in 2010-11 and thereafter not be subject to taxation. See "LAND DEVELOPMENT - Residential Development."

Source: Assessor and Finance Department 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 Assessor of the County, shown below with respect to tax year 2009-10 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 | 2009-10 Net Secondary Assessed Valuation | As Percent of District's 2009-10 Net Secondary Assessed Valuation |
|---|---|---|
| Pulte Home Corporation (a)(b) | $13,577,970 | 33.53% |
| Sun City Festival Community Association Inc.(c) | 1,465,185 | 3.62 |

(a) See "PULTE."

(b) Includes a recreation center currently owned by Pulte which will be transferred to the homeowners association for Festival Foothills and Sun City Festival in 2010-11 and thereafter not be subject to taxation. See "LAND DEVELOPMENT - Residential Development."

(c) Includes the golf course, the operation of which is currently subsidized by Pulte.

Source: Maricopa County Treasurer's Office.

**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 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 | Real and Secured Personal Property Tax Levy (a) | Adjusted Tax Levy as of June 30th | Collected to June 30th(b) | | Adjusted Tax Levy as of 11/12/09 | Cumulative Collections to 11/30/09 | |
|---|---|---|---|---|---|---|---|
| | | | Amount | Percent of Adjusted Tax Levy | | Amount | Percent of Adjusted Tax Levy |
| 2009-10 | $1,336,277 | $1,336,277 | N/A | N/A | $1,336,277 | $707,335 | 52.93% |
| 2008-09 | 900,330 | 899,967 | $896,511 | 99.62% | 899,967 | 900,325 | 100.00 |
| 2007-08 | 201,383 | 201,383 | 194,782 | 96.72 | 199,319 | 199,319 | 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 $3.0000 tax rate for debt service as well as a $0.3000 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% 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.

*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 | Maturity Date | Average Interest Rate | Total Outstanding |
|---|---|---|---|---|
| Series 2006 (a) | $800,000 | 7-15-2016/2027 | 5.217% | $ 735,000 |
| Series 2007 (b) | $1,535,000 | 7-15-2012/2032 | 5.723% | $1,455,000 |
| Total Outstanding | | | | $2,190,000 |
| Plus: The Bonds | | | | $7,600,000 |
| Total | | | | $9,790,000 |

(a) Herein referred to as the Series 2006 Bonds

(b) Herein referred to as the Series 2007 Bonds

*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**

| Payments Made Before Fiscal Year Ending | Debt Service Requirement for the Bonds | | Total Debt Service Requirements for the Series 2006 Bonds and the Series 2007 Bonds | Total Combined Debt Service Requirements |
|---|---|---|---|---|
| | Principal | Interest | | |
| 2010 | $500,000 | $277,015.10 | $169,660 | $946,675 |
| 2011 | 165,000 | 486,412.50 | 172,285 | 823,698 |
| 2012 | 170,000 | 478,162.50 | 169,678 | 817,840 |
| 2013 | 180,000 | 469,662.50 | 172,070 | 821,733 |
| 2014 | 190,000 | 460,662.50 | 169,090 | 819,753 |
| 2015 | 200,000 | 451,162.50 | 171,115 | 822,278 |
| 2016 | 210,000 (a) | 441,162.50 | 172,890 | 824,053 |
| 2017 | 200,000 (a) | 424,362.50 | 169,415 | 793,778 |
| 2018 | 205,000 | 408,362.50 | 170,550 | 783,913 |
| 2019 | 210,000 (b) | 391,962.50 | 171,425 | 773,388 |
| 2020 | 225,000 (b) | 378,837.50 | 172,010 | 775,848 |
| 2021 | 235,000 (b) | 364,775.00 | 172,305 | 772,080 |
| 2022 | 250,000 (b) | 350,087.50 | 172,325 | 772,413 |
| 2023 | 265,000 (b) | 334,462.50 | 172,085 | 771,548 |
| 2024 | 285,000 | 317,900.00 | 171,495 | 774,395 |
| 2025 | 300,000 (c) | 300,087.50 | 170,645 | 770,733 |
| 2026 | 320,000 (c) | 280,587.50 | 169,505 | 770,093 |
| 2027 | 340,000 (c) | 259,787.50 | 173,075 | 772,863 |
| 2028 | 365,000 (c) | 237,687.50 | 171,050 | 773,738 |
| 2029 | 385,000 (c) | 213,962.50 | 168,735 | 767,698 |
| 2030 | 410,000 (c) | 188,937.50 | 171,155 | 770,093 |
| 2031 | 440,000 | 162,287.50 | 172,995 | 775,283 |
| 2032 | 465,000 (d) | 133,687.50 | 169,280 | 767,968 |
| 2033 | 540,000 (d) | 93,581.26 | | 633,581 |
| 2034 | 545,000 | 47,006.26 | | 592,006 |
| | $7,600,000 | | | $19,487,440 |

(a) Mandatory redemption requirement for the term bond maturing on July 15, 2018.

(b) Mandatory redemption requirement for the term bond maturing on July 15, 2024.

(c) Mandatory redemption requirement for the term bond maturing on July 15, 2031.

(d) Mandatory redemption requirement for the term bond maturing on July 15, 2034.

## OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS

### Overlapping General Obligation Bonded Indebted ness

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 | 2009-10 Secondary Assessed Valuation | Net Outstanding Bonded Debt(a) | Proportion Applicable to the District Based on Assessed Valuation | | 2009-10 Combined Tax Rate Per $100 Assessed(b) |
|---|---|---|---|---|---|
| | | | Approx. Percent | Net Amount | |
| State of Arizona (c) | $86,504,734,898 | None | 0.05% | None | $0.3306 |
| Maricopa County (d)(e) | 57,984,051,718 | None | 0.07 | None | 1.3600 |
| Maricopa County Community College District (f) | 57,984,051,718 | $653,040,000 | 0.07 | $457,128 | 0.8844 |
| Western Maricopa Education Center (West-MEC) | 20,706,973,204 | None | 0.20 | None | 0.0500 |
| Wickenburg Unified School District No. 9 | 266,546,453 | 17,605,000 | 15.20 | 2,675,960 | 4.5499 |
| Town of Buckeye (g) | 595,778,177 | None | 6.80 | None | 0.8851 |
| **The District (h)** | 40,493,025 | 9,790,000 | 100.00% | 9,790,000 | 3.3000 |
| Total Net Direct and Overlapping General Obligation Bonded Debt | | | | $12,923,088 | $11.3600 |

(a) This table includes general obligation bonds outstanding and general obligation bonds scheduled for sale as of December 1, 2009.

This table also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, 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 of 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. Effectiveness of the agreement is subject to a number of conditions including settlement of certain Indian community water claims and other water claims and will require certain State of Arizona legislation. If the conditions are not met by May 9, 2012, and the parties do not amend the agreement, the agreement will terminate and litigation will resume. If it appears prior to May 9, 2012, that the conditions will not be met by the deadline, the parties can amend the agreement or either party may petition the U.S. District Court to terminate the agreement and resume litigation. It is not possible to predict whether the agreement will become finally effective, be amended, or terminate, or whether litigation will resume. If litigation resumes, it is not possible to predict the outcome of such litigation. CAWCD is a water conservation district having boundaries coterminous with the exterior boundaries of 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 fourteen cents per $100 of secondary assessed valuation, of which ten cents is being currently 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.

This table also does not include the obligation of the Maricopa County Flood Control District to contribute $80 million to CAP. The Flood Control District's sole source of revenue to pay the contribution will be raised from *ad valorem* taxes.

(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" which has been set at $0.3306 for fiscal year 2009/10, computed by annually adjusting the fiscal year 2005/06 tax rate of $0.4358 through fiscal year 2009/10 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 $0.1367 tax rate of the Maricopa County Flood Control District, the $0.0353 tax rate of the County Free Library, the $0.0914 tax rate of the Maricopa Special Health Care District, the $0.0057 tax rate of the County Fire District contribution.

(e) Does not include certificates of participation outstanding in the aggregate principal amount of $3,385,000 or lease revenue bonds issued by the Maricopa County Public Finance Corporation in the aggregate principal amount of $153,285,000. Does not include County Stadium District

revenue bonds outstanding in the aggregate principal amount of $41,165,000. It should be noted that the County Flood Control District does not levy taxes on personal property.

(f) Does not include revenue bonds outstanding in the aggregate principal amount of $14,000,000.

(g) Does not include excise tax obligations outstanding in the aggregate principal amount of $28,175,000, utility system revenue loan outstanding in the aggregate principal amount of $12,000,000 or assessment lien revenue bonds outstanding in the aggregate principal amount of $5,335,000.

(h) Includes the Bonds. Does not include special assessment revenue bonds outstanding in the aggregate principal amount of $5,284,000. See "Other Debt of the District" herein.

**Additional General Obligation Bonded Indebted ness of the District**

In addition to the Series 2006 Bonds, the Series 2007 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 sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure 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 $165,065,000 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 and the costs of issuing bonds. 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 December 1, 2009:

| | |
|---|---|
| Maricopa County Community College District | $301,093,000 |

**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**

| Series Designation | Principal Amount | Date Issued | Acres Assessed | Assessment District No. | Assessment Per Lot |
|---|---|---|---|---|---|
| 2005 | $1,448,000 | November 17, 2005 | 152.2 | 1 | $2,000 |
| 2007 | 1,868,000 | April 4, 2007 | 275.8 | 2&3 | 2,000 |
| 2007 | 1,784,000 | October 17, 2007 | 245.2 | 4&5 | 2,000 |
| 2009 | 356,000 | November 19, 2009 | 43.5 | 6 | 2,000 |

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."**

## LAND DEVELOPMENT

**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.**

**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 thirty-five (35) miles northwest of downtown Phoenix, Arizona, in the northern portion of the Town, approximately seventeen (17) miles north of Interstate 10 on the Sun Valley Parkway. The District is approximately nine (9) miles west of current development within the City of Surprise, Arizona, along the Sun Valley Parkway. See the

map on page (ii) and the aerial photograph on page (iii). Pulte's current production operations within the District consist of approximately 3,200 of the 4,015 acres within the District marketed as "Festival Ranch," 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 of 2004 having commenced entitlements and pre-development prior to closing. Construction of infrastructure improvements and certain amenities commenced in August of 2005, and the first residential sales closed in 2006. Since that time, Pulte has spent approximately $180,000,000 in water, sewer, streets, curbs, gutter, golf course, recreation center, baseball fields and other facilities and has continued to ready additional property it owns in the District for residential and commercial development and 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 815 acres of land in the District outside of Festival Ranch, due to the current financial conditions of such owners and the market as a whole, 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 selling homes 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 its 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 the Owner 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 Community Master Plan Amendments have been adopted by the Town, the latest on August 5, 2008 which added certain areas owned by Pulte to the Community Master Plan. 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**

| Total Project | Approximate District Acres |
|---|---|
| Single Family Residential | 3,190 |
| 2 Golf Courses and Recreation Center | 475 |
| Commercial | 350 |
| Total | 4,015 |

The Community Master Plan allows approximately 14,200 residential units within the District, of which the vast majority are planned as single family residences. The Community Master Plan also allows development of 7.2 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 Section 404 Permit**

Because development of property within the District as currently contemplated calls for the disturbance of certain washes which are considered jurisdictional waters of the United States under the Clean Water Act, a "Section 404 permit" from United States Army Corps of Engineers ("USACE") is required. Such a permit was approved and issued in July 2005 (the "Permit"). Recently concluded litigation between USACE and White Tanks Concerned Citizens (the "Plaintiff") resulted in the Ninth Circuit Court of Appeals (the "Ninth Circuit") rendering a decision overruling the prior District Court decision and remanding for further proceedings.

All parties to the litigation filed pleadings regarding the form of the District Court's final order in light of the Ninth Circuit's decision. In its proposed order before the District Court on remand, the Plaintiff sought an order enjoining any development authorized by the Permit until a more detailed environmental analysis (i.e., an environmental impact statement) could be conducted by USACE. The Plaintiff contended that an environmental impact statement was required by the Ninth Circuit's decision before any additional construction was undertaken. Both Pulte and USACE filed objections and their own proposed orders, both of which would terminate the Permit but required no further action. 10,000 West, L.L.C., which owns significant property in the District, filed a joinder in Pulte's objection and proposed order. Pulte also sought to clarify that development of existing areas previously disturbed under the Permit during the period when the Permit was validly issued can still be developed as originally planned and approved. The Plaintiff objected to the proposed orders filed by Pulte and USACE.

The District Court order entered on December 11, 2009, adopted the arguments of Pulte and USACE. The District Court terminated the Permit but allowed development to proceed in those areas disturbed or developed while the Permit was in force in accordance with the original land planning and other regulatory documents and approvals. The existing developed and disturbed areas on which the District Court's order allows development to continue as planned are designed for approximately 2,500 more residential units of varying types and sizes and some commercial development. Further, Pulte

currently has approximately 700 fully improved residential lots which are ready for residential construction, which are not affected by the order adopted by the District Court. While Pulte and its legal counsel believe the order adopted by the District Court is supported by the facts and equities in this case and, is supported by existing case law, there can be no assurance that the Plaintiffs will not appeal the District Court's order seeking to have Plaintiff's version of the order adopted.

In areas within the District where development has not commenced, a new Section 404 permit will be required so that Pulte can develop such undeveloped property as originally planned. To obtain a new permit, the owners will need to submit to the Section 404 application process again, and USACE may require an environmental impact statement discussing the effect of the issuance of the new permit, consistent with the Ninth Circuit's decision. Such statement may delay the approval process for obtaining a new Section 404 permit and in turn may slow down development of areas within the District. There can be no assurance that a new Section 404 permit, if required, can be obtained under the new level of scrutiny without significant delays in the permitting process or unacceptable conditions being attached to the new permit's issuance. Moreover, even if a new Section 404 permit is issued, there can be no assurance that such new permit will not substantially delay development or cause replanning of the project to meet the possible new conditions attached to such new permit approval.

In areas where development in the District has not started, Pulte believes that portions of the property within the District could be replanned and redesigned to avoid jurisdictional waters under the federal Clean Water Act. In such event, as to such portions of the property, no Section 404 permit from USACE would be required. However, in such event, development would probably be less dense and more expensive to improve as any jurisdictional washes would have to be left undisturbed.

**Additional Entitlements**

Pulte currently has obtained approval of six preliminary plats for over 3,400 residential lots on property within the District. Pulte has recorded thirteen final plats which include 3,200 lots within the District (exclusive of the lots subject to preliminary plats). Of those lots included in final plats, over 2,100 have been improved with utilities and paved streets, and of those, 1498 have had homes constructed and closed on them as of October 31, 2009, while the balance of those lots (approximately 700 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 several model complexes located in both the conventional and age restricted communities. Currently, there are 29 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 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.

The Owner is responsible for the construction of all offsite infrastructure and subdivision improvements necessary to deliver fully finished lots. The "active adult" residences constructed by Pulte are planned to range in size from 1,099 to 2,849 square feet; homes are planned to be base priced from $149,900 to over $385,900. The "conventional" residences constructed by Pulte are planned to range in

size from 1,230 to 4,068 square feet; homes are planned to be base priced from $119,900 to $214,900. Pulte has increased purchase incentives available to potential buyers to help increase sales.

**TABLE 11**

**CALENDAR YEAR CLOSINGS AS OF OCTOBER 31, 2009**

| | 2006 | 2007 | 2008 | 2009 | Total Residential Closings Overall |
|---|---|---|---|---|---|
| Active Adult Homes Closed | 143 | 578 | 318 | 140 | 1,179 |
| Conventional Homes Closed | 0 | 83 | 184 | 52 | 319 |
| Total Residential Closings by Year | 143 | 661 | 502 | 192 | 1,498 |

Source: Pulte

**Market Absorption Study**

A Market Analysis and Absorption Study, dated November 11, 2009, was performed by Sullivan Group Real Estate Advisors at the request of the District for the purpose of determining the potential market demand for the proposed development and residences within the District. An Executive Summary of the Study is attached hereto as Appendix F - "EXECUTIVE SUMMARY OF MARKET ANALYSIS AND ABSORPTION STUDY". A copy of the final Report can be obtained from the Underwriter, Stone & Youngberg LLC, 2555 E. Camelback Road, Suite 280, Phoenix, Arizona 85016.

## THE PUBLIC INFRASTRUCTURE

**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.**

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 is complete, and such facility was accepted by the Town and is in the warranty period. The first phase of the WRF (the "First Phase") is anticipated 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 2014, 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 2,500 additional residences without construction of any additional phases of the water reclamation facility, 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 1,750 active adult units and 550 conventional units. A third well has been drilled and is planned to be completed and equipped in 2010 or when required for proper service. With Well #3 in operation, the system should be able to support approximately 4,500 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 the Owner 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 25,000 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

Melinda Lane, on Desert Vista Boulevard from Canyon Springs Boulevard to Beardsley Parkway and on Mountain Ridge Boulevard from Desert Vista Boulevard to Desert Oasis Boulevard have been installed, and Desert Oasis Boulevard from Mountain Ridge Boulevard to Beardsley Parkway. The Owner has received construction drawing approval from the Town for Beardsley Parkway from the east property line to Desert Oasis Boulevard. Construction of future roadways will be dependent on existing roadway capacities and the need to provide safe vehicular access within the District.

Approximately 12,298 linear feet of arterial roadway (2.33 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 78,000 linear feet of local streets (14.77 miles). Such "Public Infrastructure" was completed in August 2009 and has been or will be dedicated to the Town.

The Owner has, or plans in the future to, publicly bid the improvements outlined above and plans to pay for the construction of same. Owner anticipates that these improvements will be eligible to be reimbursed from future bond offerings by the District.

**Police and Fire**

The Owner 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 market conditions and absorption in Festival Foothills and Sun City Festival.

**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, 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.**

The "Public Infrastructure Financed by the Bonds" is composed of approximately 19,780 linear feet of trunk sewer lines constructed throughout the District and approximately 13,000 linear feet of arterial roadway (2.3 miles) and 13,200 linear feet of collector roadway (2.5 miles) constructed in the District, including landscaping, approximately 78,000 linear feet of local streets (14.8 miles), Water Plant #1 and Wells #1, #2, #2A and #3, approximately 25,000 linear feet (4.7 miles) of water line, approximately 16,000 linear feet (3 miles) of reclaimed water lines, 1,361 linear feet of storm drains and the WRF and related facilities. The Public Infrastructure Financed by the Bonds was completed in or prior to August 2009 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 the Owner. 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 Pulte Homes, Inc., a Michigan corporation, which is a publicly traded company listed on the New York Stock Exchange ("Pulte Homes"). Pulte Homes 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 nor 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 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, Pulte shareholders own approximately 68% of the combined company, and Centex shareholders own approximately 32%. 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.

## SOURCES AND APPLICATION OF FUNDS

| | |
|---|---|
| Sources | |
| Par Amount of Bonds | $7,600,000.00 |
| Net Original Issue Premium | 865.20 |
| Total | $7,600,865.20 |
| Applications | |
| Costs of Acquisition | $7,242,865.20 |
| Costs of Issuance (including Underwriter's Compensation) | 358,000.00 |
| Total | $7,600,865.20 |

## 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 the current litigation regarding the Permit 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 could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. (Any approvals needed in the future for the development must come from the Town or USACE, over which the District has no control.) See "LAND DEVELOPMENT - United States Army Corps of Engineering Section 404 Permit."*

*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 has been a general slowdown in the single family housing sector in the Phoenix metropolitan area over the past 24 to 30 months, and decreased absorption rates associated with such slowdown could adversely affect 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 reduce the 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.*

*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 a Section 404 permit from USACE as described above under the heading "LAND DEVELOPMENT - United States Army Corps of Engineers Section 404 Permit.". 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 OTHER 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 has been a general slowdown in the single family housing sector in the United States and, in particular, in Arizona over the past 24 to 30 months, and decreased absorption rates associated with such slowdown could adversely affect 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 have been 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 District Land 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 District Land 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."*

**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 and the Series 2007 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 Bonds; in the Fourth and Fifth Assessment Area, the assessment for the Series 2008 Assessment Bonds and in the Sixth Assessment Area, the assessment for the Series 2009 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. Neither the District, the Underwriter nor their respective agents or consultants have 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 in the early phases. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Accordingly, 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 items. 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 FOR TAX-EXEMPT BONDS

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 Tax-Exempt Bonds will be excluded from gross income for federal income tax purposes and will be exempt from State of Arizona income taxes. The opinion of Bond Counsel will be dated as of the date of delivery of the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The opinion of Bond Counsel assumes continuing compliance with such restrictions, conditions and requirements.

The Code also imposes an "alternative minimum tax" ("AMT") upon certain corporations and individuals. The AMT is equal to the excess (if any) of a taxpayer's "tentative minimum tax" for a taxable year over its regular income tax liability for the taxable year. The tentative minimum tax is based upon a taxpayer's "alternative minimum taxable income" ("AMTI"). A taxpayer's AMTI is its taxable income with certain adjustments. Interest income on the Tax-Exempt Bonds is not an item of tax preference to be included in the AMT of individuals or corporations.

Notwithstanding the preceding sentence, included in the adjustments of AMTI for corporations is an adjustment increasing the corporation's AMTI by seventy-five percent (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 Tax-Exempt Bonds.

Although Bond Counsel will render an opinion that, as of the delivery of the Tax-Exempt Bonds, interest income on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Tax-Exempt Bonds may otherwise affect a bondholder's federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing the Tax-Exempt 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 Tax-Exempt Bondholder. The nature and extent of these other tax consequences will depend upon the Tax-Exempt Bondholder's particular tax status and the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such tax consequences.

The Tax-Exempt Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

Under existing federal tax law, if the Tax-Exempt Bonds are determined to be invalid for failure to comply with a substantive or procedural requirement of local law, the Tax-Exempt Bonds will be deemed not to be an obligation of the District and interest thereon will not be excludable from gross income for federal income tax purposes. The Tax-Exempt 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 of the Tax-Exempt Bonds.

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 Tax-Exempt 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 Tax-Exempt Bonds) issued prior to enactment.

## TAX-EXEMPT ORIGINAL ISSUE DISCOUNT

The Tax-Exempt Bonds maturing on July 15, 2031 (referred to in this section as the "Original Discount Bonds"), will be sold at an original issue discount. The difference between the initial public offering price, including any pre-issuance accrued interest, of an Original Discount Bond based upon the amounts shown herein (the "Issue Price"), and the amount payable at maturity of the Original Discount Bonds will be treated as "original issue discount." With respect to a taxpayer who purchases an Original Discount Bond in the initial public offering at the Issue Price and who holds the Original Discount Bond to maturity, the full amount of original issue discount will constitute interest income with is not includable in the gross income of the owner of the Original Discount Bond for federal income tax purposes or Arizona income tax purposes and that owner will not, under present federal income tax law or present Arizona income tax law, realize taxable gain upon payment of the Original Discount Bond upon maturity.

The original issue discount on each of the Original Discount Bonds is treated for federal income tax purposes and Arizona income tax purposes as accruing daily over the term of such Original 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 July 1 and January 1 (with straightline interpolation between compounding dates).

The amount of original issue discount accruing each period will be added to the owner's tax basis for an Original Discount Bond. The owner's tax basis in an Original Discount Bond will be decreased by the payment of any amounts (such as interest payments) to the owner under the terms of an Original Discount Bond. The adjusted tax basis will be used to determine taxable gain or loss upon disposition of an Original Discount Bond. An owner of an Original Discount Bond who disposes of the Original Discount Bond prior to maturity should consult their tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or disposition of the Original Discount Bond prior to maturity.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of an Original Discount Bond. Owners who do not purchase an Original Discount Bond in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Original Discount Bond.

A portion of the original issue discount that accrues in each year to an owner of an Original Discount Bond may result in certain collateral federal income tax consequences as described in "TAX EXEMPTION FOR TAX-EXEMPT BONDS" herein. The owners of Original Discount Bonds in states other than Arizona should consult their own tax advisors with respect to the state and local tax consequences. In the case of income tax laws and states other than Arizona, it is possible that under the applicable provisions governing the determination of state or local income taxes, accrued interest on the Original Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

## TAX-EXEMPT BOND PREMIUM

The difference between the principal amount of the Tax-Exempt Bonds maturing on July 15, 2010, through and including July 15, 2015, and July 15, 2024 (referred to in this section as the "Premium Bonds"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Premium Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

## QUALIFIED TAX-EXEMPT OBLIGATIONS FOR TAX-EXEMPT BONDS

The District has designated the Tax-Exempt 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 2009, will not exceed $30,000,000. Bond Counsel will rely on such certification with respect to its opinion on this matter.

## TAXABLE BONDS TAX MATTERS

Interest on the Taxable Bonds is not excludible from gross income of the owners thereof for federal income tax purposes. Bond Counsel expresses no opinion regarding any tax consequences of ownership of, or the receipt of interest payments on, the Taxable Bonds. Owners of the Taxable Bonds should consult their tax advisors with respect to any such tax consequences including, without limitation, the treatment of interest in jurisdictions other than Arizona, the calculation and timing of inclusion of interest in income, the tax consequences of dispositions of Taxable Bonds at a gain or loss and the determination of the amount thereof, rules applicable if Taxable Bonds are acquired at a premium or discount from their face amount (including without limitation the possible treatment of accrued market discount as ordinary income, deferral of certain interest deductions attributable to indebtedness incurred or continued to purchase or hold Taxable Bonds, and the amortization of market premium.)

## RATING

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P") has assigned the rating of "BBB+" 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 FOR TAX-EXEMPT BONDS" 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, 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 Stone & Youngberg LLC (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a net effective aggregate purchase price of $7,372,865.20 (reflecting the aggregate principal amount of the Bonds, plus net original issue premium in the amount of $865.20 less compensation of the Underwriter in the amount of $228,000.00). 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 cover page hereof. The offering prices set forth on the inside 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, if material (the "Notices of Material Events"). The method of filing of, and specific nature of the information to be contained in, the Annual Reports and in the Notices of Material 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 Material 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 materially with the continuing disclosure undertakings entered into by it for purposes of the Rule, which were with respect to the Series 2006 Bonds, the Series 2007 Bonds, the Series 2005 Assessment Bonds and the Series 2006 Assessment Bonds, and the Series 2007 Assessment Bonds.

## RELATIONSHIPS 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 have acted as underwriter's counsel to the Underwriter 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 has 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
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 thirty (30) miles from downtown Phoenix, Arizona ("Phoenix"), approximately four (4) 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**

| Years | Town of Buckeye | Maricopa County | State of Arizona |
|---|---|---|---|
| 2009* | 52,764 | 4,023,331 | 6,683,129 |
| 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 |
| 1960 Census | 2,286 | 663,510 | 1,302,161 |

*Estimate as of July 1, 2009.

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 (6) 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 twenty (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 and Surrounding Area**

| Employer | Description | Approximate Number of Employees |
|---|---|---|
| Palo Verde Nuclear Power Plant | Energy plant | 2,500 |
| Arizona Lewis Prison | Prison | 1,100 |
| Wal-Mart/Sam's Club Distribution Center | Retail and wholesaler | 745 |
| Buckeye Elementary School District No. 33 | Education | 490 |
| Liberty Elementary School District No. 25 | Education | 480 |
| Town of Buckeye | Government | 455 |
| Buckeye Union High School District No. 210 | Education | 325 |
| Shult Homes Corp./Marlette Homes Inc. | Mobile homes | 250 |
| SW Regional Juvenile Corrections Complex | Corrections | 220 |
| CMH Manufacturing Inc. | Mobile home manufacturing | 215 |
| Schuff Steel/Quincy Joist Inc. | Steel joists manufacturing | 200 |
| Lowe's Home Improvement | Retail | 150 |
| Wadsworth Golf Construction Co. | Golf course construction | 125 |
| Hickman's Egg Ranch Inc. | Egg/dairy farming | 100 |
| Petra Contracting | Sidewalk/street contractor | 100 |

Source: *Arizona Industrial Directory* and *Arizona Services Directory,* Harris Infosource, Estrella Mountain Community College Office of Planning & Institutional Effectiveness and Buckeye Valley Development, Inc.

**Area Unemployment Averages**

| Calendar Year | United States | State of Arizona | Maricopa County | Town of Buckeye |
|---|---|---|---|---|
| 2009 (a) | 9.2% | 8.4% | 7.6% | 9.7% |
| 2008 | 5.8 | 5.5 | 4.8 | 6.1 |
| 2007 | 4.6 | 3.8 | 3.2 | 4.1 |
| 2006 | 4.6 | 4.1 | 3.5 | 4.4 |
| 2005 | 5.1 | 4.6 | 4.0 | 5.2 |
| 2004 | 5.5 | 4.9 | 4.4 | 5.6 |

(a) Data through November 2009.

Source: Arizona Department of Commerce, Research Administration, CES/LAUS Unit and U.S. Department of Labor, Bureau of Labor Statistics.

**Non-Agricultural Wage and Salary Employment**
**Maricopa County**

| Industry | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 (a) |
|---|---|---|---|---|---|---|
| Mining and Construction | 140,900 | 163,200 | 179,200 | 168,400 | 140,000 | 104,300 |
| Manufacturing | 129,000 | 133,100 | 136,200 | 133,300 | 127,400 | 119,200 |
| Trade, Transportation, and Utilities | 333,200 | 354,400 | 371,100 | 383,000 | 374,000 | 347,700 |
| Financial Activities | 137,700 | 146,000 | 152,200 | 152,100 | 146,200 | 139,100 |
| Services and Miscellaneous | 695,900 | 737,700 | 785,700 | 806,100 | 801,900 | 758,800 |
| Government | 204,500 | 208,800 | 211,700 | 219,900 | 225,200 | 218,000 |
| Total | 1,641,200 | 1,743,200 | 1,836,100 | 1,862,800 | 1,814,700 | 1,687,100 |

(a) Data through November 2009.

Source: Arizona Department of Commerce, Research Administration, CES/LAUS Unit and 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)**

| Fiscal Year | Amount |
|---|---|
| 2008/09 | $14,446 |
| 2007/08 | 18,897 |
| 2006/07 | 21,176 |
| 2005/06 | 16,474 |
| 2004/05 | 8,402 |

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 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)**

| Fiscal Year | Amount |
|---|---|
| 2009 | $58,359,000 |
| 2008 | 55,055,000 |
| 2007 | 55,663,000 |
| 2006 | 54,926,000 |
| 2005 | 51,138,000 |

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 000's)**

| Calendar Year | Residential | Commercial & Industrial | Other | Total |
|---|---|---|---|---|
| 2009 (a) | $ 10,411 | $ 2,839 | $ 3,067 | $ 16,317 |
| 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 |
| 2005 (b) | 597,407 | 4,089 | 12,422 | 613,918 |
| 2004 | 394,647 | 1,516 | 10,070 | 406,233 |

(a) Data through first quarter of 2009.

(b) Incomplete data - one or more months unavailable.

Source: Realty Studies, Morrison School, 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**

| Calendar Year | New Housing Permits |
|---|---|
| 2009 (a) | 61 |
| 2008 | 1,430 |
| 2007 | 2,300 |
| 2006 (b) | 2,582 |
| 2005(b) | 4,219 |
| 2004 | 2,986 |

(a) Data through first quarter of 2009.

(b) Incomplete data - one or more months unavailable.

Source: Realty Studies, Morrison School, Arizona State University Polytechnic campus. Note that the data is obtained from county and municipal divisions which issue such permits. The issuance of a building permit does not necessarily mean that construction will commence immediately or at all.

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**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 2009

At your request we have examined the official proceedings leading to the issuance of $5,435,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009A (the "Tax-Exempt Bonds") and the $2,165,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds - Direct Pay) (the "Taxable Bonds" and, together with the Tax-Exempt Bonds, 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.s 07-09 and 10-09, passed and adopted by the District Board on November 17, 2009, and December 15, 2009 (together, 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.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Tax-Exempt Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the Tax-Exempt Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations and is not 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 Tax-Exempt 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 Tax-Exempt Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Tax-Exempt 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 Tax-Exempt Bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Tax-Exempt 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 Tax-Exempt Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

We express no opinion on the treatment of interest income on the Taxable Bonds for federal income tax purposes.

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, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S., equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of the regulated subsidiaries. Access to the DTC system is also available to other 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 Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchase of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may

not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 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 registrar and request that copies of notices be provided directly to them.

Redemption notices of the Bonds shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 the redemption price of any Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of and information funds and corresponding detail information from the 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 Direct Participants and Indirect Participants and not of DTC (or its nominee) or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the 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 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.

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# APPENDIX D

## FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

$7,600,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009

(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 man 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 Material 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.

"Tax-exempt" shall mean that interest on the Securities is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax

preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

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, 2010, 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 December 16, 2009, 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 each of the Repositories or 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 thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided through EMMA.***

Section 3. Reporting of Material 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:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions or events affecting, if applicable, the tax-exempt status of the Securities (including particularly, but not by way of limitation,

(A) Receipt of an opinion of nationally recognized bond counsel to the effect that interest on the Securities is not Tax-exempt or

(B) Any event adversely affecting the Tax-exempt status of the Securities, including but not limited to:

(I) Any non-random audit, investigation or other challenge of the Tax-exempt status of the Securities by the Internal Revenue Service or in any administrative or judicial proceeding or

(II) The issuance of any regulation, decision or other official pronouncement by the Internal Revenue Service or other official tax authority or by any court adversely affecting the Tax-exempt status of the Securities or securities of the same type as the Securities or financing structures of the same type as financed by the Securities.)

(vii) Modifications to rights of holders (i.e. owners).

(viii) Bond calls (which are other than mandatory or scheduled redemptions, not otherwise contingent upon the occurrence of an event).

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the Securities (including property leased, mortgaged or pledged as such security).

(xi) Rating changes.

(b) ***IF KNOWLEDGE OF THE OCCURRENCE OF A LISTED EVENT WOULD BE MATERIAL AS INTERPRETED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (PROVIDED, HOWEVER, THAT ANY EVENT UNDER SUBSECTION (A)(VIII), (IX) OR (XI) OF THIS SECTION SHALL ALWAYS BE DEEMED TO BE MATERIAL), THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY 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 MATERIAL 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 Material 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 Material 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 Material 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

## 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 directly or indirectly payable by or reimbursable to the District 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, (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..

***"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 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 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 ANALYSIS AND ABSORPTION STUDY

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**TO:** Ms. Gail Reese, CPA
District Treasurer
**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (Town of Buckeye, Arizona)**

**FROM:** Mr. Peter F. Dennehy
**SULLIVAN GROUP REAL ESTATE ADVISORS**

**DATE:** December 8, 2009

**SUBJECT:** **Market Absorption Study for Potential Issuance of General Obligation Bonds for the Residential Buildout of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona)**

A Community Facility District (the "CFD") has been formed by the Town of Buckeye, Arizona (the "Town") to finance public infrastructure related to the development of certain land, including a project within the CFD known as "Festival Ranch" (also referred to herein as the "Project"). The Sullivan Group 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.

The following is a summary of the key conclusions from the Absorption Analysis report, which was completed in October 2009.

## INTRODUCTION

The Project is located 34 miles west of downtown Phoenix, is 20 miles north of downtown Buckeye and 10 miles west of the City of Surprise, Arizona (primary access is from 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 Home Corporation ("Pulte"). The balance of the undeveloped land 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 the age-restricted (Sun City Festival) and primary housing (Festival Foothills) communities. Pulte is developing +/-9,000 residential units at Festival Ranch, with +/-7,650 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 primary objective of this assignment was to analyze the residential market in Buckeye (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 the specific residential component.

## A. Tasks Completed

The Sullivan Group 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.

## B. Conditions of the Report

The Sullivan Group is not responsible for representations about plans and expectations for the development of the Project and for disclosure of significant information that might affect the ultimate realization of the projected results. There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and the differences may be material. The Sullivan Group does not express any form of assurance on the achievability of any pricing or absorption estimates or reasonableness of the underlying assumptions and has no responsibility to update the analysis for events and circumstances occurring after the date of this report. This analysis represents just one resource that should be considered when assessing this development opportunity.

## C. Critical Assumptions and Development Risks

The development and marketing of the subject neighborhoods is already underway and will continue. According to Pulte, through October 31, 2009, a total of 1,498 units had been closed in the two components of the Project, with 1,179 units closed in Sun City Festival and 319 units closed in Festival Foothills. With +/-7,502 units left to sell and close, development of the Project should continue to 2022 (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 buildout 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 early in the decade, has been in an extended period of correction, but is now showing some preliminary signs of recovery. Annual new home sales are at the lowest level in over a decade

and prices are lower. But Phoenix is not alone. Many housing markets throughout the the United States are experiencing similar conditions. 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, etc).

The appropriateness of the proposed 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 buildout 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 locational pluses and minuses and a smooth schedule of approvals processing, home construction and infrastructure completion (i.e., no prolonged delays due to unusual weather conditions, lack of needed infrastructure such as sewer, roads, etc., no environmental issues, construction worker shortages any or municipal delays in processing final maps, issuing permits, reviewing plans or approving any product plans nor any delays in issuing permits such as the §404 permit litigation mentioned below could require).

## D. United States Army Corps of Engineers / Section 404 Permit

Because development of property within the District as currently contemplated calls for the disturbance of certain washes which are considered jurisdictional waters of the United States under the Clean Water Act, a "Section 404 permit" from United States Army Corps of Engineers ("USACE") is required. Such a permit was approved and issued in July 2005 (the "Permit"). Recently concluded litigation between USACE and Concerned Citizens for the White Tanks (the "Plaintiff") resulted in the Ninth Circuit Court of Appeals (the "Ninth Circuit") rendering a decision overruling the prior District Court decision and remanding for further proceedings. All parties to the litigation have filed pleadings regarding the form of the District Court's final order in light of the Ninth Circuit's decision. A decision on such form of final judgment should be handed down in the near future.

In its proposed order before the District Court on remand, the Plaintiff seeks an order enjoining any development authorized by the Permit until a more detailed environmental analysis (i.e., an environmental impact statement) is conducted by USACE. The Plaintiff contends that an environmental impact statement is required by the Ninth Circuit's decision before any additional construction is undertaken. Both Pulte and the USACE have filed objections and their own proposed orders, which would terminate the Permit. 10,000 West, L.L.C., which owns significant property in the District, filed a joinder in Pulte's objection and proposed order. Pulte also seeks to clarify that development of existing areas previously disturbed under the Permit during the period when the Permit was validly issued can still be developed as originally planned and approved. The Plaintiff objected to the proposed orders filed by Pulte and the USACE, and instead argue that the Plaintiff's proposed order is appropriate and is supported by existing case law.

Consistent with cases cited by Pulte, the effect of the invalidation of the Permit for certain land within the District should be minimal in areas of existing development and disturbance. Consistent with case law cited by Pulte, development should be allowed to proceed in those areas disturbed or developed while the Permit was in force in accordance with the original Community Master Plan, the Land Development Agreement and other regulatory documents and approvals. The existing developed and disturbed areas which Pulte and the USACE agree should be allowed to continue development are currently planned for approximately 2,500 more residential units of varying types and sizes and some commercial development. Further, Pulte currently has approximately 700 fully improved residential lots upon which a residence can be constructed regardless of which form of order is adopted by the District Court. While Pulte and its legal counsel believe its form of order is supported by the facts and equities in this case, is supported by existing case law and will be adopted, until the District Court rules, there can be no assurance that Pulte will prevail.

In areas within the District where development has not commenced, or if the Plaintiff's form of final order prevails in the District Court, a new Section 404 permit may be required so that Pulte can develop its property as provided in the Community Master Plan and consistent with the existing land planning. If a new permit is required, the owners will need to submit to the Section 404 application process again, and the USACE may require an environmental impact statement discussing the effect of the issuance of the new permit, consistent with the Ninth Circuit's decision. Such statement may delay the approval process for obtaining a new Section 404 permit and in turn may slow down development of areas within the District. There can be no assurance that a new Section 404 permit, if required, can be obtained under the new level of scrutiny. Moreover, even if a new Section 404 permit is issued, there can be no assurance that such new permit will not substantially delay development or cause replanning of the project to meet new conditions attached to such new permit approval.

If the Plaintiff prevails and development in existing areas is stopped and/or in areas where development in the District has not started, Pulte believes that portions of the property within the District could be replanned and redesigned to avoid jurisdictional waters under the federal Clean Water Act. In such event, as to such portions of the property, no Section 404 permit from the USACE would be required. However, in such event, development would probably be less dense and more expensive to improve as any jurisdictional washes would have to be left undisturbed.

## I. KEY RECOMMENDATIONS AND CONCLUSIONS

### A. Project and Location

As noted above, Pulte is developing Festival Ranch in two parts. The active adult Sun City Festival project is being built under Pulte Home Corporation'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.

The Sun City Festival project was recently named the "Best Active Adult Community in the Nation for 2009". 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, walking trails, learning and wellness programs, activities and special events.

The conventional aspect of the Festival Ranch project, Festival Foothills, offers a K-8 elementary school and a 12-acre community park (built).

Festival Ranch offers a good opportunity for both conventional and age qualified housing. Positive attributes of the location include:

- **Sufficient regional retail opportunities.** While there is no commercial development in the Festival Ranch area presently, 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, is already built and available for Festival Foothills residents (Wickenburg School District). Other area schools include Vulture Peak Middle School and Wickenburg High School. The elementary school is planned for up to 850 students and currently has +/-130 students, so there is room for additional growth in usage as the project population increases.

- **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 locational 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.

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 to-date.

## B. Summary of Proposed Product and Price Points

At Sun City Festival, four different residential product types are being offered in a series of different residential neighborhoods (refer to Exhibit II-9). According to Pulte, a total of 1,179 units have been closed through October 31, 2009 in the age-restricted Sun City Festival portion of Festival Ranch since sales started in 2006, with closings of 300 to 500 units per year in the 2007-2008 period and a projected +/-223 sales/closings projected for 2009.

In addition to the above base prices, some locations in Sun City Festival command additional golf course premiums of up to $130,000 to $140,000 for the best views ($30,000 to $40,000 for partial views). About 20% of lots in Sun City Festival are golf-oriented. Sun City Festival has maintained stable prices in recent years despite the drop in home values generally and current price points are up slightly from project opening (more incentives are being offered now to spur sales and Pulte has added a lower-cost product line – the Cottage/Holiday homes). With an average price point of about $300,000, the Sun City Festival product line is higher priced than the conventional Festival Foothills (average price point of under $200,000).

According to sales agents, 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 projects like Arizona Traditions, Trilogy at Vistancia, Pebble Creek and Sundance in West Valley area) and resales at older Sun City projects (i.e. Sun City Grand).

According to Pulte, a total of 319 units have been closed 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 and a projected +/-76 sales/closings projected for 2009. There are four active residential projects there currently, with characteristics and current pricing outlined in Exhibit II-10.

According to sales representatives, the buyers for this component of Festival Ranch are primarily Phoenix area family buyers and/or more price conscious active adult households that want 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 comes 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 is 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 market starts to stabilize (many new home buyers are effectively "outbid" on foreclosures and prefer not to deal with the hassle given that the new purchase process is less complicated).

## C. Market Positioning of the Festival Ranch Residential Products

This analysis reflects new home base prices as currently established by Pulte for the Sun City Festival and Festival Foothills community. Overall, the Sullivan Group's research suggests that the builder's proposed prices position the Festival Ranch products appropriately within the context of the competitive market. To test the proposed product and targeted (base) pricing relative to the competitive for-sale market we undertook three different analyses. The first is against other product lines within Festival Ranch. As a second test, we positioned the proposed product lines at Sun City Festival against other, regional active adult communities in the Phoenix region (and resales at Sun City Grand). Finally we compared proposed product at the subject property to other active projects selling in the area (in master plans like White Tank Foothills, Cortessa and Vistancia)

The first test of Pulte's pricing was to compare all product lines within the project. This is an important analysis as it ensures that: 1) product is properly segmented to maximize the potential for absorption; 2) each line is appropriately priced relative to each other (i.e. higher density product is more affordable than lower density, large homes are more expensive than small homes, etc.); and, 3) each line is positioned in a "stair step" pattern to create a "pull" in buyers minds between obtaining the largest home in a smaller line or the smallest home in a larger line.

As presented in Exhibit II-11 (Sun City Festival) and Exhibit II-12 (Festival Foothills), the product lines at Festival Ranch are appropriately positioned relative to one another using the builder's current prices. Each product line offers a distinct lot size, unit size, and price point and there is virtually no (base price) competition among product lines. For Festival Foothills, the analysis reveals some overlap in the two smallest projects, but these product lines are selling well (3.0 to 5.0 sales per month) with prices under $150,000 (generally) and targeting the depth of the current market (the larger Festival Foothills homes are selling less well).

Between the active-adult and conventional products, there is price disparity, with the majority of Festival Foothills housing priced under $200,000 and the majority of Sun City Festival product priced over $200,000 (and golf-oriented product at Sun City Festival is largely priced over $300,000). With this price disparity, the project is actually addressing two aspects of the active-adult market, those with the means to afford the lifestyle features of a Sun City project and more price conscious retirees who are willing to buy a conventional product because they like the general location with the ability to access golf and other recreation (but without having to pay for it in form of higher home prices, location premiums and/or homeowners fees).

While there are relatively few resales in Festival Ranch itself given how new the project is, current base home values are in line with actual sales prices in the community. As shown in Exhibits II-11 and II-12, sales values in Sun City Festival range from $160,000 to $400,000, with most sales priced under $360,000. Festival Foothills sales prices range from $100,000 to $260,000, with most activity under $200,000.

Because active adult product tends to have a larger regional draw than traditional residential product (active adults are willing to seek out communities such as Sun City Festival for the amenities and lifestyle elements) proposed prices at Sun City Festival were compared to prices

at other active adult communities in the Phoenix area, with a focus on other communities in the West Valley. As shown in Exhibits II-14 and 15, Sun City Festival is positioned:

- **Generally in-line with or above active adult product in the West Valley region of Phoenix.** Projects like Arizona Traditions, Pebble Creek, Sundance and Trilogy at Vistancia offer the combination of product and amenities that are comparable to Sun City Festival. Sun City Festival's pricing is in-line with, or above, most of the older West Valley communities and is somewhat lower than Shea's Trilogy project in Vistancia. Sales rates for all the active-adult projects are higher than the market, with overall sales rates of 6.0 to 20.0 sales a month versus the 1.0 to 2.0 sales/month that is average for the overall market. Sun City Festival offers the most outlying location of the active projects, but competes favorably as the newest community and offers a unique, mountain-oriented setting that seems more "removed" from the congestion of older communities (i.e. Pebble Creek). With the exception of Pebble Creek (Robson) in Goodyear, the other active adult projects are in their later stages (Arizona Tradition is nearly sold-out), meaning Sun City Festval could become the dominant active-adult option in the West Valley in coming years.

- **In-line with resale values for the closest active-adult projects.** Resales at built out active adult communities are a competitive factor. As shown in Exhibit II-15, current base prices for Sun City Festival are in-line with the bulk of resales in Sun City Grand (built from 1996 to 2004) and Arizona Traditions, located east of the project in Surprise. Current sales values average in the $260,000s ($147 per square foot) for Sun City Grand resales. Sun City Festival offers new product in an outlying location and state-of-the art community facilities.

Finally, we also compared current (base) prices at Festival Foothills to those of actively selling conventional new home projects in master planned communities in the West Valley. As outlined in Exhibits II-19A through II-21D, the current prices are below recent sales prices in master planned communities like White Tank Foothills, Cortessa, Verrado and Vistancia. Looking at White Tank Foothills specifically, a Pulte project located on the east side of the White Tank Mountain Regional Park (closer-in to roads, shopping, services), Festival Foothills is priced competitively.

## D. Absorption Projection for the Festival Ranch Master Plan

As shown in Exhibit II-22, despite price points that are higher than most actively selling projects in the market today (they are in-line with other active adult options), and considering its superior level of amenities and lifestyle (that create a "destination") Sun City Festival (and other active adult projects) are even today achieving substantially higher overall absorption rates (anywhere from 2.5 to 9.0 sales per month depending on the series) than are currently being achieved by actively selling projects in the Phoenix region (most are averaging fewer than 2.0 sales per month). This illustrates the extent to which today's negative economic and housing market conditions have impacted the active adult sector less directly (although the number of willing buyers has definitely dropped off for active adult as well).

Going forward, we see the potential to improve sales rates as the community matures in an improving economy and as older competitive options sell out. For perspective, refer to Exhibits II-17A and II-17B which show historic sales rates at Sun City Grand of 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. It should be noted that 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).

This analysis targets absorption rates of 5.0 and 14.0 sales per product per month for Sun City Festival project, building from current actual sales rates as the market improves. The per project absorption rates are estimates and are intended to represent an average over the lifetime of the project. In actuality, absorption rates in some months may be higher (depending on floorplan and lot availability or the status of planned amenities).

The Sullivan Group targets slightly slower, per project absorption rates for 2009 and 2010 than for the subsequent years of the project's build-out. Actual sales to-date reflect a master plan that is in its early stages of development as well as prevailing housing market conditions that reflect slower sales, buyer uncertainty, and flat (or declining) new home prices. The Sullivan Group anticipates that as master plan development evolves, and as housing market conditions improve (as we expect they may in 2011 and beyond), per project absorption levels will increase.

The targeted per project sales rates consider several factors:

- Sun City Festival will have 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. As the economy stabilizes and improves, improved confidence and continued exposure of Sun City Festival to maturing boomers will 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 substantially higher than rates being achieved at projects selling actively in the area today (most are averaging 2.0 sales per month or fewer). 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 higher than typical sales rates are attainable.

  Overall housing market conditions (and absorption rates) for most residential product types in Phoenix have slowed substantially from peak levels. At the same time, the level of production has declined considerably as projects have built out or shut down, and sales levels for remaining active projects in 2009 have improved due to greater affordability, improved confidence and a combination of low mortgage rates and government incentives. 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 Sullivan Group recognizes that 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. While we believe it is reasonable to expect that housing market conditions could improve in the coming years, we also anticipate that absorption levels going forward will be lower than they were than during the peak years of the market so peak sales 500 to 550 sales a year appear more likely than the 1,000+ sales per year 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 300 to 550 new home sales annually for the Sun City Festival community in the period from 2010 to buildout in 2022, for an annual average of 441 sales/year from 2006 to 2022.

As outlined in Exhibit II-16, this annual sales pace is in-line with actual sales rates for other active-adult communities in the Phoenix area and is well below the average sales rate of 1,125 units/year experienced at Sun City Grand from 1996 to 2004. 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 is on pace to sell 233 units in 2009 and a slight increase is projected in 2010 (286 units) with increases thereafter. Through October 31, 2009, there have been 1,179 **closings** in Sun City Festival, with 143 in 2006, 578 closings in 2007 and 318 closings in 2008. The Sun City Festival community is on pace for +/-233 sales/closings in 2009.

For the conventional products in Festival Foothills, actual absorption rates total 1.6 to 4.7 sales per month to-date. Going forward, we used sales rates averaging 2.0 to 5.0 sales per month, a slight increase from current sales to reflect the more competitive market conditions for conventional housing. The projected buildout for Festival Foothills rages from 86 to 210 units per year, with an annual average of 136 sales per year. In comparison, the community actually sold 166 units in 2007 and 120 units in 2008 and is on pace to sell 62 units in 2009 (mostly in the two smaller products and lines). Through October 31, 2009, there have been 319 **closings** in Festival Foothills, with 83 units closed in 2007 and 184 closings in 2008. The Festival Foothills community is on pace for +/-56 sales/closings in 2009.

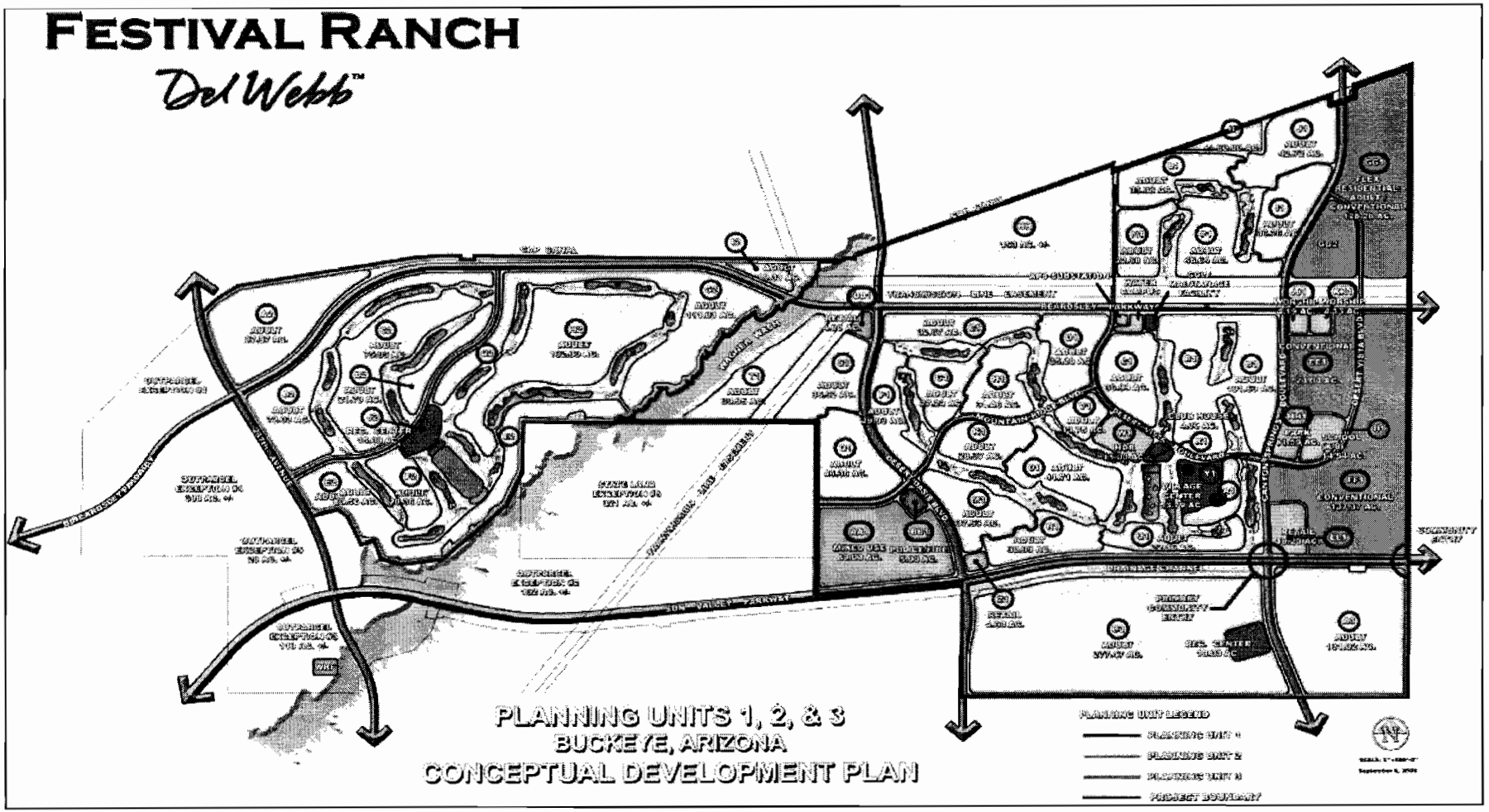
These assumptions presume that Pulte will take advantage of an improved market and established community by maintaining and increasing marketing and production efforts to maximize sales potential and also by maintaining a competitive price positioning versus other available housing options.

* * * * * * * * * * * *

We appreciate the opportunity to conduct this analysis on your behalf, and welcome any questions or comments you may have.

SULLIVAN group
Analysis Answers

**Exhibit I-1**
**FESTIVAL RANCH CONCEPTUAL SITE PLAN**
**Buckeye, Arizona**
**September, 2009**




Source: Pulte

PH200-09 Maps

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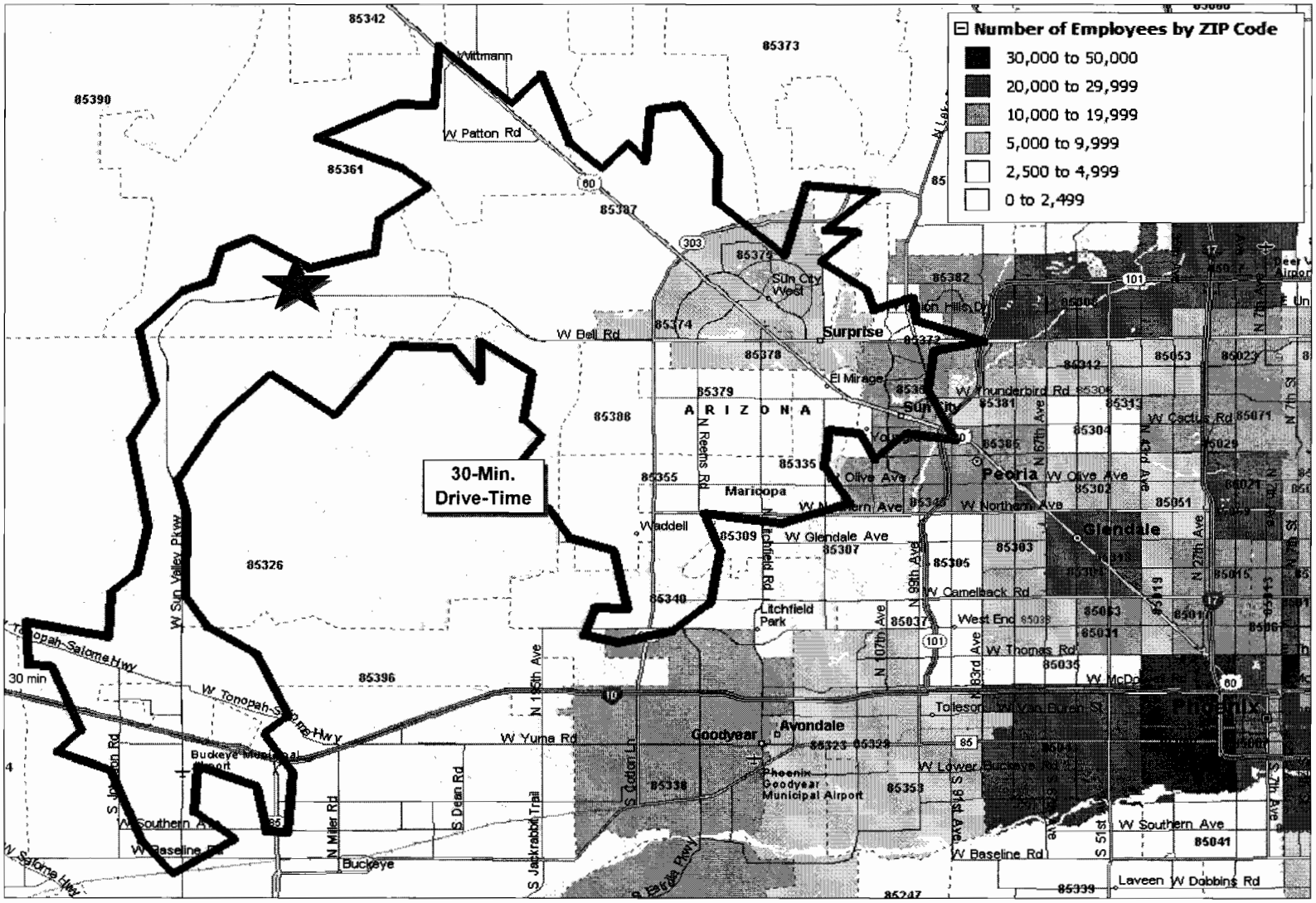
Analysis. Answers.

**Exhibit I-2**
**REGIONAL LOCATION OF THE SUBJECT PROPERTY**
**Phoenix, Arizona**
**September, 2009**

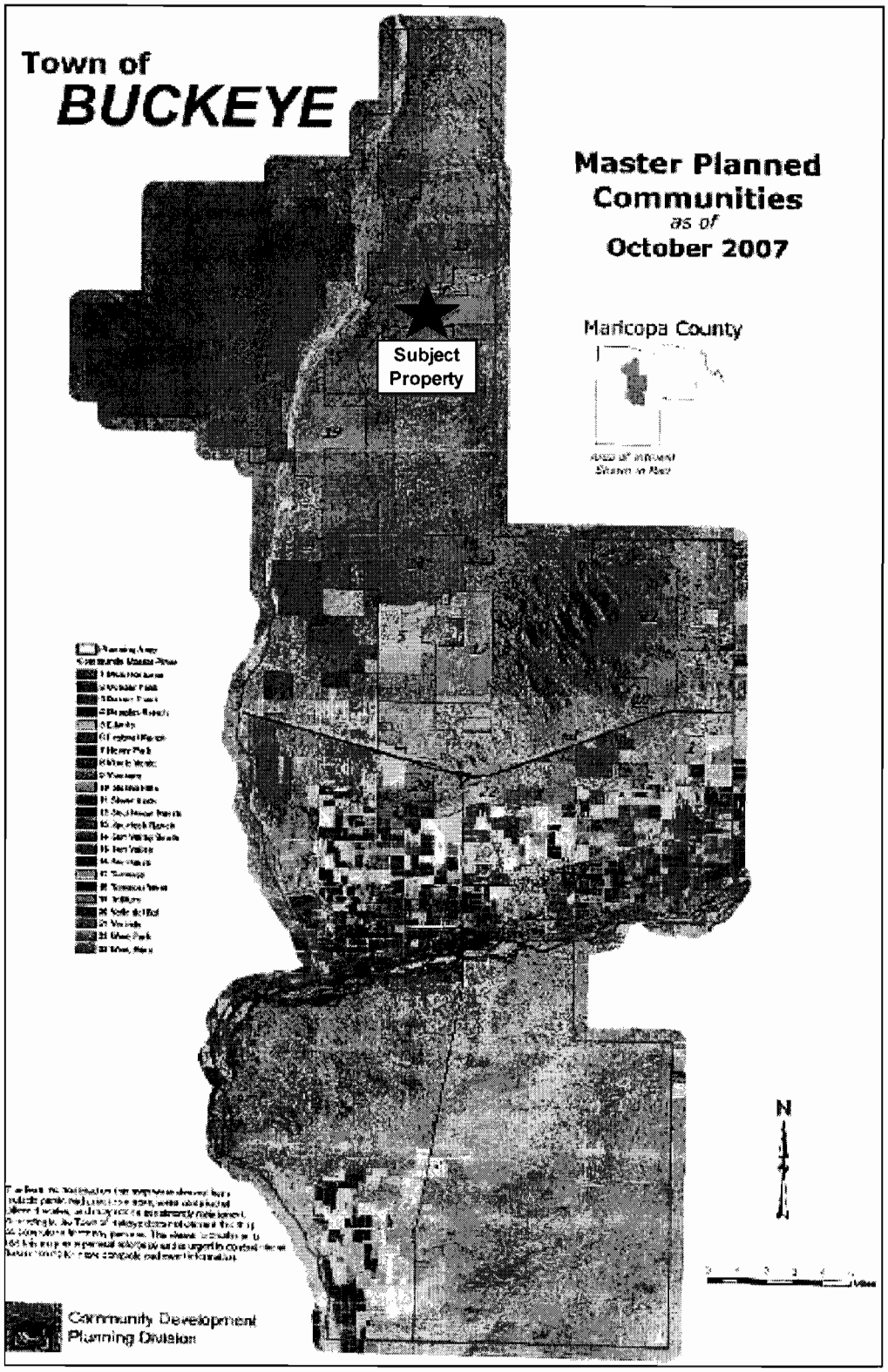



Source: ESRI (2006 Job Data), Map Point

PH200-09 Maps

SULLIVAN group
Analysis. Answers.

**Exhibit I-3**
**LOCATION IN THE TOWN OF BUCKEYE**
**Phoenix MSA, Arizona**
**September, 2009**




Source: Town of Buckeye

PH200-09 Maps

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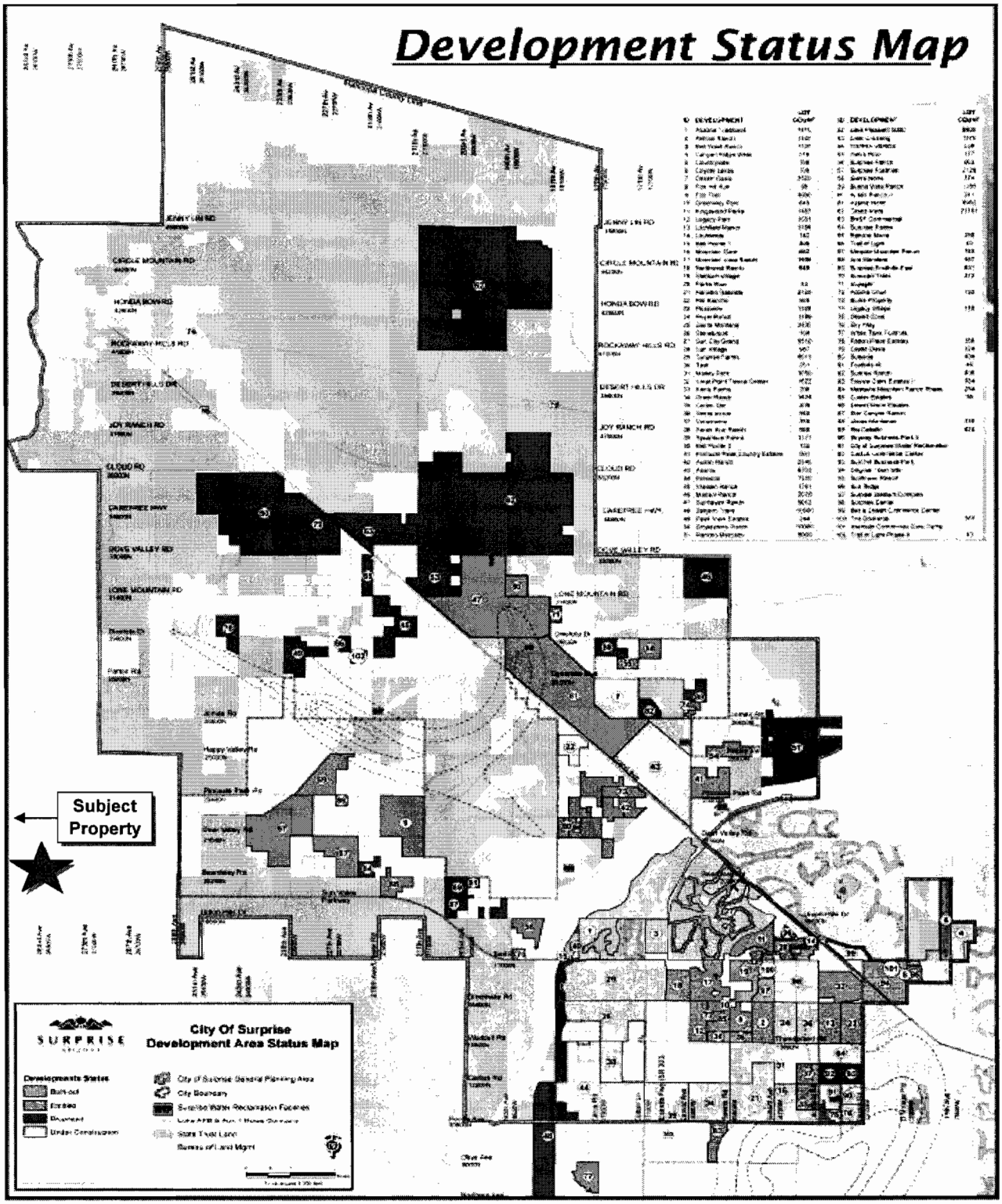
Analysis. Answers.

**Exhibit I-4**
**PROXIMITY TO NEARBY DEVELOPMENT IN SURPRISE**
**Phoenix, Arizona**
**September, 2009**




Source: City of Surprise

PH200-09 Maps

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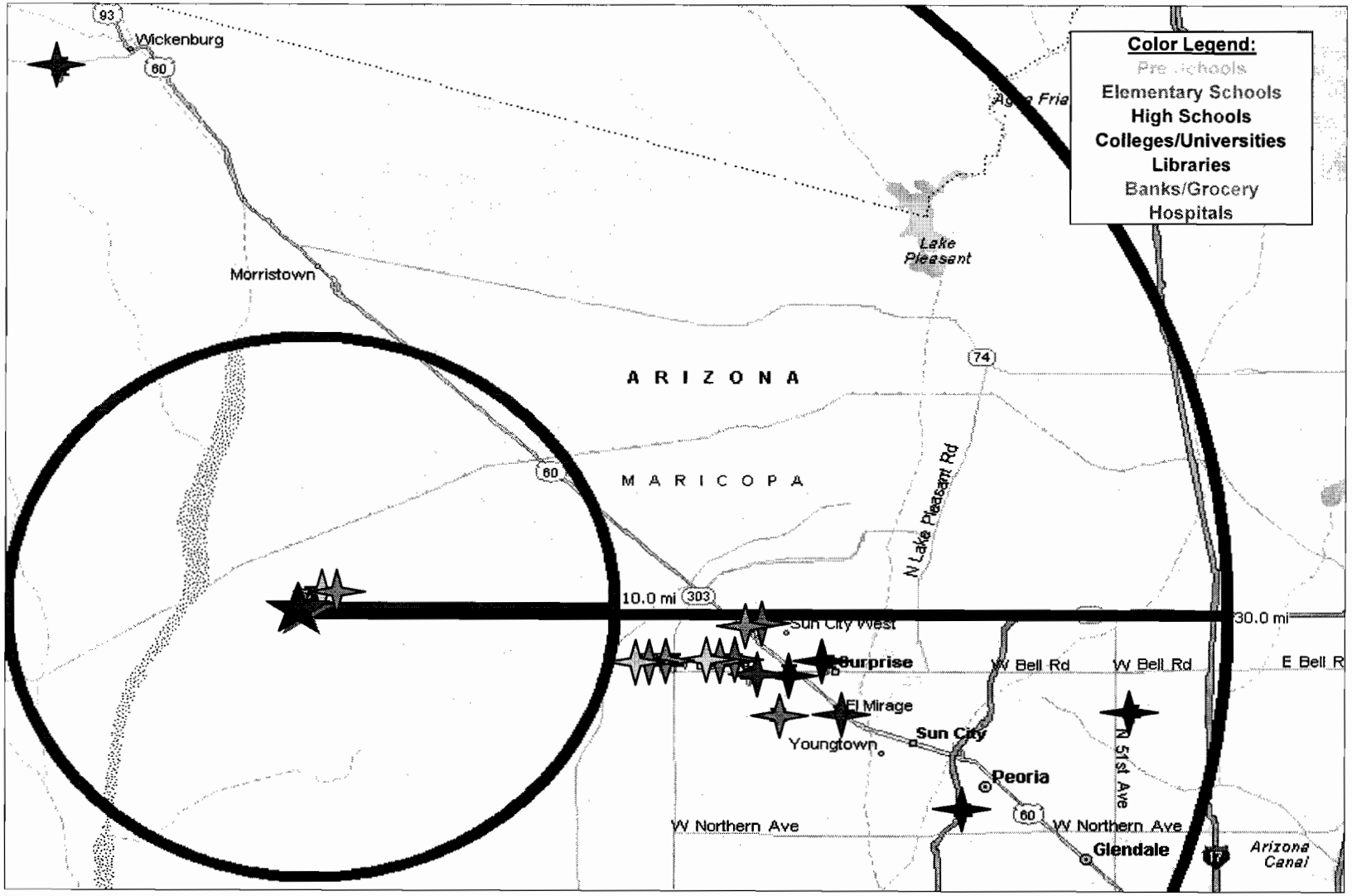
Analysis. Answers.

**Exhibit I-5**
**LOCATION OF AREA SERVICES**
**Buckeye, Arizona**
**September, 2009**




Source: Pulte

PH200-09 Maps

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Analysis. Answers.

**Exhibit I-6**
**SUN CITY FESTIVAL PHOTOS**
**Buckeye, Arizona**
**September, 2009**

Entry Monumentation

Clubhouse

Driving Range

Source: Sullivan Group

SULLIVAN group
Analysis. Answers.

**Exhibit I-7**
**FESTIVAL FOOTHILLS PHOTOS**
**Buckeye, Arizona**
**September, 2009**

Entry Monumentation

Community Park

Elementary School

Source: Sullivan Group

PH200-09 Maps

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Analysis. Answers.

**Exhibit I-9**
**LOCATION RELATIVE TO OTHER WEST VALLEY MASTER PLANS**
**Phoenix MSA, Arizona**
**September, 2009**

| No. | Name | Developer | Location | Acreage | Total Units Planned | Units Built | Status |
|---|---|---|---|---|---|---|---|
| 1 | Estrella | Newland/ Sunchase | Goodyear | 20,000 | 65,000 | 3500 | Active |
| 2 | King Ranch | Elman Companies | Goodyear | 1,860 | 4,250 + 60 AC mixed-use/ COM | 0 | Planned |
| 3 | Canyon Trails | (Builders) | Goodyear | 1900+ | 9,000 | 1500 (Fin) | Active |
| 4 | Palm Valley | SunCor | Goodyear | 3500 | 3500 | 1300 | Active |
| 5 | Pebble Creek | Robson Communities | Goodyear | 2100 | 6400 | 4700 | Active |
| 6 | Verrado | DMB | Buckeye | 8,800 (Including 100 AC planned COM) | 14,000 | 1800 | Active |
| 7 | Tartesso | Stardust Companies | Buckeye | 12405 (Including 717 AC planned COM) | 43000 | 3375 (Phase I) | Active |
| 8 | Maricopa Water District/Zanjero Trails | Maricopa Water District | Surprise | 2,665 | 10,500 | 0 | Planned |
| 9 | Marley Park | DMB | Surprise | 956 (428 AC in phase I & II) | 3,000 (1,448 units in phase I & II) | 582 (Fin) | Active |
| 10 | Vistancia | Sunbelt Holdings/ Shea Homes | Peoria | 7,100 | 14,000 | 9640 | Active |
| 11 | Asante | Elman/ Lennar | Surprise | 1508 South & 2100 North (844 AC controlled by Elman) | 12,750 | 845 (PBE to Fin) | Active (Phase 2) |
| 12 | Sun City Festival | Pulte | Buckeye | 3,200 | 9,000 | 700 (PBE to Fin) | Active |
| 13 | Sedella | Bank Owned (GMAC) & Montage | Goodyear | 630 | 1,180 | 298 (Fin) | Active |
| 14 | Madeira | AREAD Development | Goodyear | 2,500 | 6,500 (Including 40 AC of COM) | 0 | Planned |
| 15 | Lake Pleasant Heights | Bank Owned (AmTrust) | Peoria | 1086 | 9,029 | 0 | Planned |
| 16 | Sienna Hills | Pulte | Buckeye | 444 (Including 2.5 AC planned for COM) | 2300 | 0 | Planned |
| 17 | Rancho Mercado | William Lyons | Surprise | 1819 (Including 100 AC Planned COM) | 4641 | 0 | Planned |
| 18 | Rancho Cabrillo | Robson/ Engle/ Bank Owned | Surprise | 600 | 2000 | 860 (Fin) | Active |

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Source: Land Advisors

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Analysis. Answers.

**Exhibit II - 1**
**ACTUAL CLOSINGS AND PROJECTED SALES FOR FESTIVAL RANCH (Sun City Festival + Festival Foothills)**
**Festival Ranch Community Facilities District (Town of Buckeye, Arizona)**
**District General Obligation Bonds, Series 2009**

| Project Series Name | Total Units | Total Closed | | | CLOSINGS 1/ 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **ACTIVE (Actual Closings - 10.31.09)** | | | | | | | | | | | | | | | | | | | | | |
| **Sun City Festival** | | | | | | | | | | | | | | | | | | | | | |
| Cottage/Holiday | | 257 | | | 46 | 100 | 61 | 50 | | | | | | | | | | | | | |
| Classics | | 412 | | | 40 | 223 | 112 | 37 | | | | | | | | | | | | | |
| Premier | | 406 | | | 47 | 195 | 125 | 39 | | | | | | | | | | | | | |
| Estates | | 104 | | | 10 | 60 | 20 | 14 | | | | | | | | | | | | | |
| | | 1,179 | | | 143 | 578 | 318 | 140 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Festival Foothills** | | | | | | | | | | | | | | | | | | | | | |
| Adobe | | 138 | | | | 39 | 77 | 22 | | | | | | | | | | | | | |
| Sonoran | | 90 | | | | 31 | 51 | 8 | | | | | | | | | | | | | |
| Ridge | | 49 | | | | 10 | 33 | 6 | | | | | | | | | | | | | |
| Peak | | 42 | | | | 3 | 23 | 16 | | | | | | | | | | | | | |
| | | 319 | | | | 83 | 184 | 52 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ***Total Sales (Active)*** | | ***1,498*** | | | ***143*** | ***661*** | ***502*** | ***192*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** |
| **FUTURE (Projected Sales)** | | | | | | | | | | | | | | | | | | | | | |
| **Sun City Festival** | | | | | | | | | PROJECTED SALES | | | | | | | | | | | | |
| Cottage/Holiday | 1,553 | | 1,553 | | | | | 23 | 66 | 92 | 92 | 110 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| Classics | 1,826 | | 1,826 | | | | | 30 | 82 | 108 | 108 | 130 | 152 | 152 | 152 | 152 | 152 | 152 | 152 | 152 | 152 |
| Premier | 2,262 | | 2,262 | | | | | 30 | 110 | 130 | 130 | 152 | 190 | 190 | 190 | 190 | 190 | 190 | 190 | 190 | 190 |
| Estates | 830 | | 830 | | | | | 10 | 28 | 54 | 54 | 54 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 |
| | 6,471 | | 6,471 | | | | | 93 | 286 | 384 | 384 | 446 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 |
| **Festival Foothills** | | | | | | | | | | | | | | | | | | | | | |
| Adobe | 439 | | 439 | | | | | 10 | 36 | 52 | 52 | 78 | 78 | 78 | 55 | 0 | | | | | |
| Sonoran | 276 | | 276 | | | | | 6 | 22 | 28 | 38 | 54 | 54 | 54 | 20 | 0 | | | | | |
| Ridge | 164 | | 164 | | | | | 4 | 14 | 22 | 33 | 42 | 42 | 7 | 0 | 0 | | | | | |
| Peak | 152 | | 152 | | | | | 4 | 14 | 14 | 26 | 36 | 36 | 23 | 0 | 0 | | | | | |
| | 1,031 | | 1,031 | | | | | 24 | 86 | 116 | 149 | 210 | 210 | 162 | 75 | 0 | 0 | 0 | 0 | 0 | 0 |
| ***Total Sales (Future)*** | ***7,502*** | ***0*** | ***7,502*** | | | | | ***117*** | ***372*** | ***500*** | ***533*** | ***656*** | ***752*** | ***704*** | ***617*** | ***542*** | ***542*** | ***542*** | ***542*** | ***542*** | ***542*** |
| **TOTAL SALES (OVERALL)** | **9,000** | | | | **143** | **661** | **502** | **309** | **372** | **500** | **533** | **656** | **752** | **704** | **617** | **542** | **542** | **542** | **542** | **542** | **542** |
| Total Sales: Sun City Festival | 7,650 | | | | 143 | 578 | 318 | 233 | 286 | 384 | 384 | 446 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 |
| Total Sales: Festival Foothills | 1,350 | | | | 0 | 83 | 184 | 76 | 86 | 116 | 149 | 210 | 210 | 162 | 75 | 0 | 0 | 0 | 0 | 0 | 0 |

| AVERAGE SALES/YEAR | | |
|---|---|---|
| Sun City Festival | 450 | 2006-2022 |
| Festival Foothills | 123 | 2007-2017 |
| TOTAL | 573 | |

1/ Actual closings by product series through 10.31.2009 - provided by Pulte Homes.

SULLIVAN group
Analysis. Answers.

# Exhibit II - 2
## COMPARISON OF BUILDING PERMITS AND NEW HOME SALES
## Maricopa County, Northwest Submarket and
## Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
## 1990 - 2009

| Year | MARICOPA COUNTY | | | | | NORTHWEST | |
|---|---|---|---|---|---|---|---|
| | Building Permits (1) | | | New Home Sales (2) | | New Sales (2) | |
| | SF | MF | TOTAL | TOTAL | Ratio of Sales to Permits | TOTAL | % of County |
| **1990** | 11,304 | 2,074 | 13,378 | | | | |
| **1991** | 14,330 | 1,098 | 15,428 | | 0% | | |
| **1992** | 19,449 | 1,567 | 21,016 | | 0% | | |
| **1993** | 23,215 | 2,257 | 25,472 | 21,882 | 86% | | |
| **1994** | 28,224 | 6,551 | 34,775 | 22,123 | 64% | | |
| **1995** | 28,583 | 8,953 | 37,536 | 24,243 | 65% | | |
| **1996** | 29,513 | 10,133 | 39,646 | 24,563 | 62% | | |
| **1997** | 32,210 | 11,014 | 43,224 | 29,535 | 68% | | |
| **1998** | 36,562 | 11,240 | 47,802 | 33,742 | 71% | | |
| **1999** | 38,448 | 9,265 | 47,713 | 33,840 | 71% | | |
| **2000** | 34,232 | 11,078 | 45,310 | 25,498 | 56% | 7,403 | 29% |
| **2001** | 37,170 | 8,930 | 46,100 | 26,792 | 58% | 7,346 | 27% |
| **2002** | 40,002 | 7,897 | 47,899 | 25,672 | 54% | 7,106 | 28% |
| **2003** | 47,285 | 7,575 | 54,860 | 26,173 | 48% | 5,776 | 22% |
| **2004** | 57,360 | 7,899 | 65,259 | 41,729 | 64% | 8,713 | 21% |
| **2005** | 60,926 | 8,304 | 69,230 | 54,396 | 79% | 10,698 | 20% |
| **2006** | 38,753 | 7,998 | 46,751 | 49,295 | 105% | 8,753 | 18% |
| **2007** | 31,172 | 6,676 | 37,848 | 38,830 | 103% | 4,905 | 13% |
| **2008** | 12,582 | 6,365 | 18,947 | 20,695 | 109% | 2,313 | 11% |
| **2009P** | 6,000 | 2,030 | 8,030 | 10,301 | 128% | 1,178 | 11% |
| **2010P** | 9,073 | 2,050 | 11,123 | 12,000 | 108% | | |
| **Minimum** | 6,000 | 1,098 | 8,030 | 10,301 | 0% | 1,178 | 27% |
| **Maximum** | 60,926 | 11,240 | 69,230 | 54,396 | 86% | 10,698 | 29% |
| **Average** | 30,304 | 6,712 | 37,017 | 28,962 | 54% | 6,419 | 28% |
| **Median** | 31,172 | 7,897 | 39,646 | 25,923 | 63% | 7,346 | 28% |

| **By Year,** | **If Total New Home Sales Are:** Maricopa County | Festival Ranch Absorption | % Capture |
|---|---|---|---|
| *2006* | 49,295 | 422 | 0.9% |
| *2007* | 38,830 | 504 | 1.3% |
| *2008* | 20,695 | 408 | 2.0% |
| *2009* | 10,301 | 295 | 2.9% |
| *2010* | 12,000 | 372 | 3.1% |
| *2011* | 16,000 | 500 | 3.1% |
| *2012* | 20,000 | 533 | 2.7% |
| *2013* | 25,000 | 656 | 2.6% |
| *2014* | 30,000 | 752 | 2.5% |
| *2015* | 30,000 | 704 | 2.3% |
| *2016* | 30,000 | 612 | 2.0% |
| *2017* | 30,000 | 542 | 1.8% |
| *2018* | 30,000 | 542 | 1.8% |
| *2019* | 30,000 | 542 | 1.8% |
| *2020* | 30,000 | 542 | 1.8% |
| *2021* | 30,000 | 542 | 1.8% |
| *2022* | 30,000 | 533 | 1.8% |
| | TOTAL | 9,000 | |

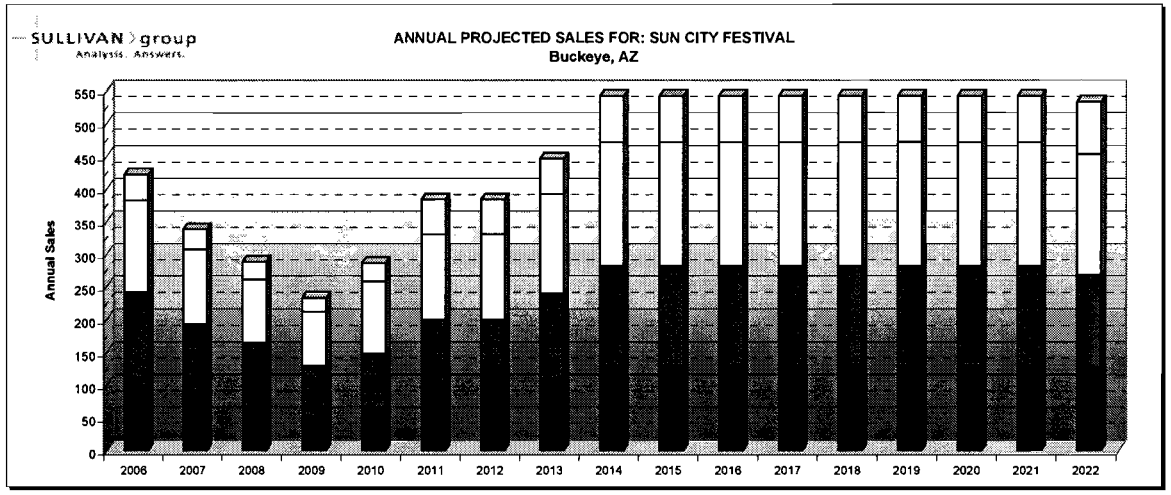
Source: HUD, DataQuick, Sullivan Group

SULLIVAN group
Analysis. Answers.

# Exhibit II-3
## HYPOTHETICAL RESIDENTIAL SELL-OUT: SUN CITY FESTIVAL
### Buckeye, AZ
### September 2009

| SERIES | Total | Ave. Sales Rate Per | | | 2006 | | | | 2007 | | | | 2008 | | | | 2009 | | | | 2010 | | | | 2011 | | | | 2012 | | | | 2013 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. |
| Lot Size (SF) | Units | Mo. 1/ | Qtr. | Yr. | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| COTTAGE/HOLIDAY (5,060 SF Lots) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 271 | 6.0 | 18.1 | 72.3 | 23 | 29 | 20 | 22 | 24 | 18 | 12 | 21 | 27 | 17 | 9 | 10 | 17 | 15 | 6 | | | | | | | | | | | | | | | | | |
| FUTURE | 1,544 | 9.7 | 29.1 | 116.5 | | | | | | | | | | | | | | | | 15 | 15 | 18 | 18 | 15 | 21 | 25 | 25 | 21 | 21 | 25 | 25 | 21 | 25 | 30 | 30 | 25 |
| CLASSICS (6,600 SF Lots) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 425 | 9.4 | 28.3 | 113.3 | 36 | 45 | 31 | 35 | 38 | 28 | 19 | 34 | 43 | 27 | 15 | 16 | 26 | 24 | 9 | | | | | | | | | | | | | | | | | |
| FUTURE | 1,801 | 11.3 | 34.0 | 135.9 | | | | | | | | | | | | | | | | 18 | 20 | 22 | 22 | 18 | 24 | 30 | 30 | 24 | 24 | 30 | 30 | 24 | 30 | 35 | 35 | 30 |
| PREMIER (7,700 SF Lots) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 408 | 9.1 | 27.2 | 108.8 | 35 | 43 | 30 | 34 | 37 | 27 | 18 | 32 | 41 | 26 | 14 | 15 | 25 | 23 | 8 | | | | | | | | | | | | | | | | | |
| FUTURE | 2,252 | 14.2 | 42.5 | 170.0 | | | | | | | | | | | | | | | | 25 | 25 | 30 | 30 | 25 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 35 | 40 | 40 | 35 |
| ESTATES (8,800 SF Lots) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 113 | 2.5 | 7.5 | 30.1 | 10 | 12 | 8 | 9 | 10 | 7 | 5 | 9 | 11 | 7 | 4 | 4 | 7 | 6 | 2 | | | | | | | | | | | | | | | | | |
| FUTURE | 836 | 5.3 | 15.8 | 63.1 | | | | | | | | | | | | | | | | 6 | 6 | 8 | 8 | 6 | 12 | 15 | 15 | 12 | 12 | 15 | 15 | 12 | 12 | 15 | 15 | 12 |
| **TOTAL: SUN CITY FESTIVAL** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1,217 | Quarterly Totals: | | | 104 | 128 | 89 | 101 | 109 | 80 | 53 | 96 | 123 | 77 | 42 | 46 | 75 | 69 | 25 | 64 | 66 | 78 | 78 | 64 | 87 | 105 | 105 | 87 | 87 | 105 | 105 | 87 | 103 | 120 | 120 | 103 |
| | 6,433 | Annual Sales: | | | 422 | | | | 338 | | | | 288 | | | | 233 | | | | 286 | | | | 384 | | | | 384 | | | | 446 | | | |

1/ Build-out is hypothetical. Actual build-out (and ultimately absorption) will change depending on release dates, phasing, etc.
2/ Estimates are based on housing market conditions in 2009 (recovering) and the "start-up" phase of the master plan.
3/ Lot size is typical and is per Pulte Homes. Actual lot sizes may vary.




Source: Sullivan Group Real Estate Advisors



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**Exhibit II-3**
**HYPOTHETICAL RESIDENTIAL SELL-OUT: SUN CITY FESTIVAL (CONTINUED)**
**Buckeye, AZ**
**September 2009**

| 2014 | | | | 2015 | | | | 2016 | | | | 2017 | | | | 2018 | | | | 2019 | | | | 2020 | | | | 2021 | | | | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. |
| 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 29 | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 23 | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 40 | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 20 | 20 | 20 | 20 | | | | |
| 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 131 | 145 | 145 | 112 | 0 | 0 | 0 | 0 |
| 542 | | | | 542 | | | | 542 | | | | 542 | | | | 542 | | | | 542 | | | | 542 | | | | 542 | | | | 533 | | | | 0 | | | |

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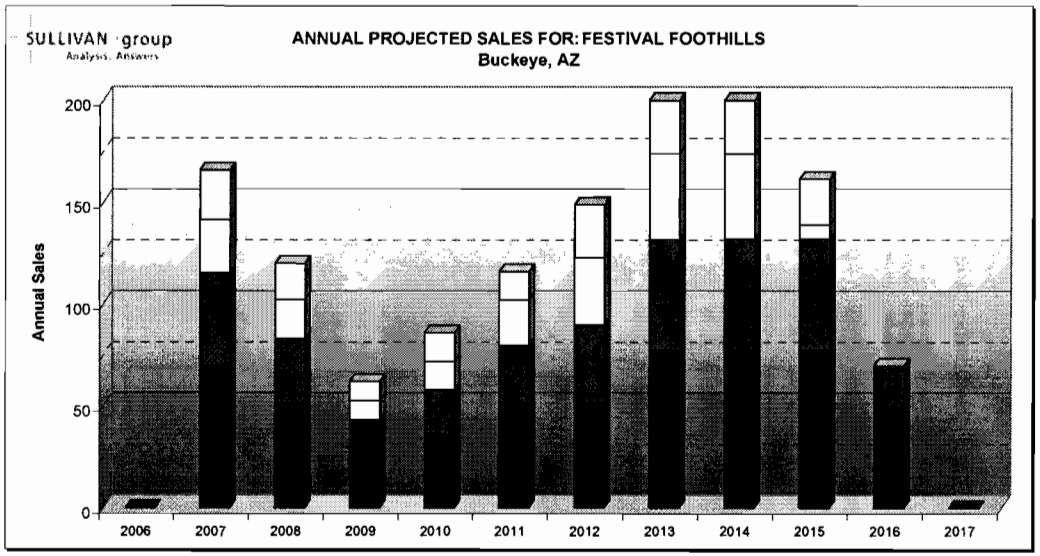
# Exhibit II - 4
## HYPOTHETICAL RESIDENTIAL SELL-OUT: FESTIVAL FOOTHILLS
### Buckeye, AZ
### September 2009

| SERIES | Total Units | Ave. Sales Rate Per Mo. 1/ | Qtr. | Yr. | 2006 1Q (Jan., Feb., Mar.) | 2006 2Q (Apr., May, Jun.) | 2006 3Q (Jul., Aug., Sept.) | 2006 4Q (Oct., Nov., Dec.) | 2007 1Q (Jan., Feb., Mar.) | 2007 2Q (Apr., May, Jun.) | 2007 3Q (Jul., Aug., Sept.) | 2007 4Q (Oct., Nov., Dec.) | 2008 1Q (Jan., Feb., Mar.) | 2008 2Q (Apr., May, Jun.) | 2008 3Q (Jul., Aug., Sept.) | 2008 4Q (Oct., Nov., Dec.) | 2009 1Q (Jan., Feb., Mar.) | 2009 2Q (Apr., May, Jun.) | 2009 3Q (Jul., Aug., Sept.) | 2009 4Q (Oct., Nov., Dec.) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Lot Size (SF) | | | | | | | | | | | | | | | | | | | | |
| ADOBE (4,945 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 142 | 4.7 | 14.2 | 56.8 | | | | | | 80 | -6 | -3 | 14 | 17 | 8 | 12 | 9 | 6 | 5 | |
| FUTURE | 432 | 5.1 | 15.4 | 61.4 | | | | | | | | | | | | | | | | 6 |
| SONORAN (5,520 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 90 | 3.0 | 9.0 | 36.0 | | | | | | 50 | -4 | -2 | 9 | 11 | 5 | 8 | 6 | 4 | 3 | |
| FUTURE | 274 | 3.4 | 10.1 | 40.6 | | | | | | | | | | | | | | | | 4 |
| RIDGE (6,670 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 53 | 1.8 | 5.3 | 21.2 | | | | | | 30 | -2 | -1 | 5 | 6 | 3 | 4 | 3 | 2 | 2 | |
| FUTURE | 161 | 2.5 | 7.4 | 29.5 | | | | | | | | | | | | | | | | 2 |
| PEAK (7,820 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 49 | 1.6 | 4.9 | 19.6 | | | | | | 27 | -2 | -1 | 5 | 6 | 3 | 4 | 3 | 2 | 2 | |
| FUTURE | 149 | 2.1 | 6.2 | 24.9 | | | | | | | | | | | | | | | | 2 |
| TOTAL: FESTIVAL FOOTHILLS | | | | | | | | | | | | | | | | | | | | |
| | 334 | Quarterly Totals: | | | 0 | 0 | 0 | 0 | 0 | 187 | -13 | -8 | 34 | 40 | 18 | 28 | 21 | 15 | 12 | 14 |
| | 1,016 | Annual Sales: | | | 0 | | | | 166 | | | | 120 | | | | 62 | | | |

| SERIES | 2010 1Q (Jan., Feb., Mar.) | 2010 2Q (Apr., May, Jun.) | 2010 3Q (Jul., Aug., Sept.) | 2010 4Q (Oct., Nov., Dec.) | 2011 1Q (Jan., Feb., Mar.) | 2011 2Q (Apr., May, Jun.) | 2011 3Q (Jul., Aug., Sept.) | 2011 4Q (Oct., Nov., Dec.) | 2012 1Q (Jan., Feb., Mar.) | 2012 2Q (Apr., May, Jun.) | 2012 3Q (Jul., Aug., Sept.) | 2012 4Q (Oct., Nov., Dec.) | 2013 1Q (Jan., Feb., Mar.) | 2013 2Q (Apr., May, Jun.) | 2013 3Q (Jul., Aug., Sept.) | 2013 4Q (Oct., Nov., Dec.) | 2014 1Q (Jan., Feb., Mar.) | 2014 2Q (Apr., May, Jun.) | 2014 3Q (Jul., Aug., Sept.) | 2014 4Q (Oct., Nov., Dec.) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Lot Size (SF) | | | | | | | | | | | | | | | | | | | | |
| ADOBE (4,945 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | | | | | |
| FUTURE | 8 | 10 | 10 | 5 | 12 | 14 | 14 | 12 | 12 | 14 | 14 | 12 | 18 | 21 | 21 | 18 | 18 | 21 | 21 | 18 |
| SONORAN (5,520 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | | | | | |
| FUTURE | 5 | 6 | 6 | 5 | 6 | 6 | 8 | 6 | 9 | 10 | 10 | 9 | 12 | 15 | 16 | 12 | 12 | 15 | 16 | 12 |
| RIDGE (6,670 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | | | | | |
| FUTURE | 3 | 4 | 4 | 3 | 5 | 6 | 6 | 5 | 8 | 9 | 9 | 8 | 9 | 12 | 12 | 9 | 9 | 12 | 12 | 9 |
| PEAK (7,820 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | | | | | |
| FUTURE | 3 | 4 | 4 | 3 | 3 | 4 | 4 | 3 | 6 | 7 | 7 | 6 | 8 | 10 | 10 | 8 | 8 | 10 | 10 | 8 |
| TOTAL: FESTIVAL FOOTHILLS | | | | | | | | | | | | | | | | | | | | |
| Quarterly Totals: | 19 | 24 | 24 | 19 | 26 | 32 | 32 | 26 | 35 | 40 | 40 | 35 | 47 | 58 | 58 | 47 | 47 | 58 | 58 | 47 |
| Annual Sales: | | 86 | | | | 116 | | | | 149 | | | | 210 | | | | 210 | | |

| SERIES | 2015 1Q (Jan., Feb., Mar.) | 2015 2Q (Apr., May, Jun.) | 2015 3Q (Jul., Aug., Sept.) | 2015 4Q (Oct., Nov., Dec.) | 2016 1Q (Jan., Feb., Mar.) | 2016 2Q (Apr., May, Jun.) | 2016 3Q (Jul., Aug., Sept.) | 2016 4Q (Oct., Nov., Dec.) | 2017 1Q (Jan., Feb., Mar.) | 2017 2Q (Apr., May, Jun.) | 2017 3Q (Jul., Aug., Sept.) | 2017 4Q (Oct., Nov., Dec.) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Lot Size (SF) | | | | | | | | | | | | |
| ADOBE (4,945 SF Lots) | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | |
| FUTURE | 18 | 21 | 21 | 18 | 18 | 21 | 11 | | | | | |
| SONORAN (5,520 SF Lots) | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | |
| FUTURE | 12 | 15 | 16 | 12 | 12 | 8 | | | | | | |
| RIDGE (6,670 SF Lots) | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | |
| FUTURE | 9 | | | | 7 | | | | | | | |
| PEAK (7,820 SF Lots) | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | |
| FUTURE | 8 | 10 | 5 | | | | | | | | | |
| TOTAL: FESTIVAL FOOTHILLS | | | | | | | | | | | | |
| Quarterly Totals: | 45 | 46 | 41 | 30 | 30 | 29 | 11 | 0 | 0 | 0 | 0 | 0 |
| Annual Sales: | | 162 | | | | 70 | | | | 0 | | |

1/ Build-out is hypothetical. Actual build-out (and ultimately absorption) will change depending on release dates, phasing, etc.
2/ Estimates are based on housing market conditions in 2007 (recovering) and the "start-up" phase of the master plan.
3/ Lot size is typical and is per Pulte Homes. Actual lot sizes may vary.

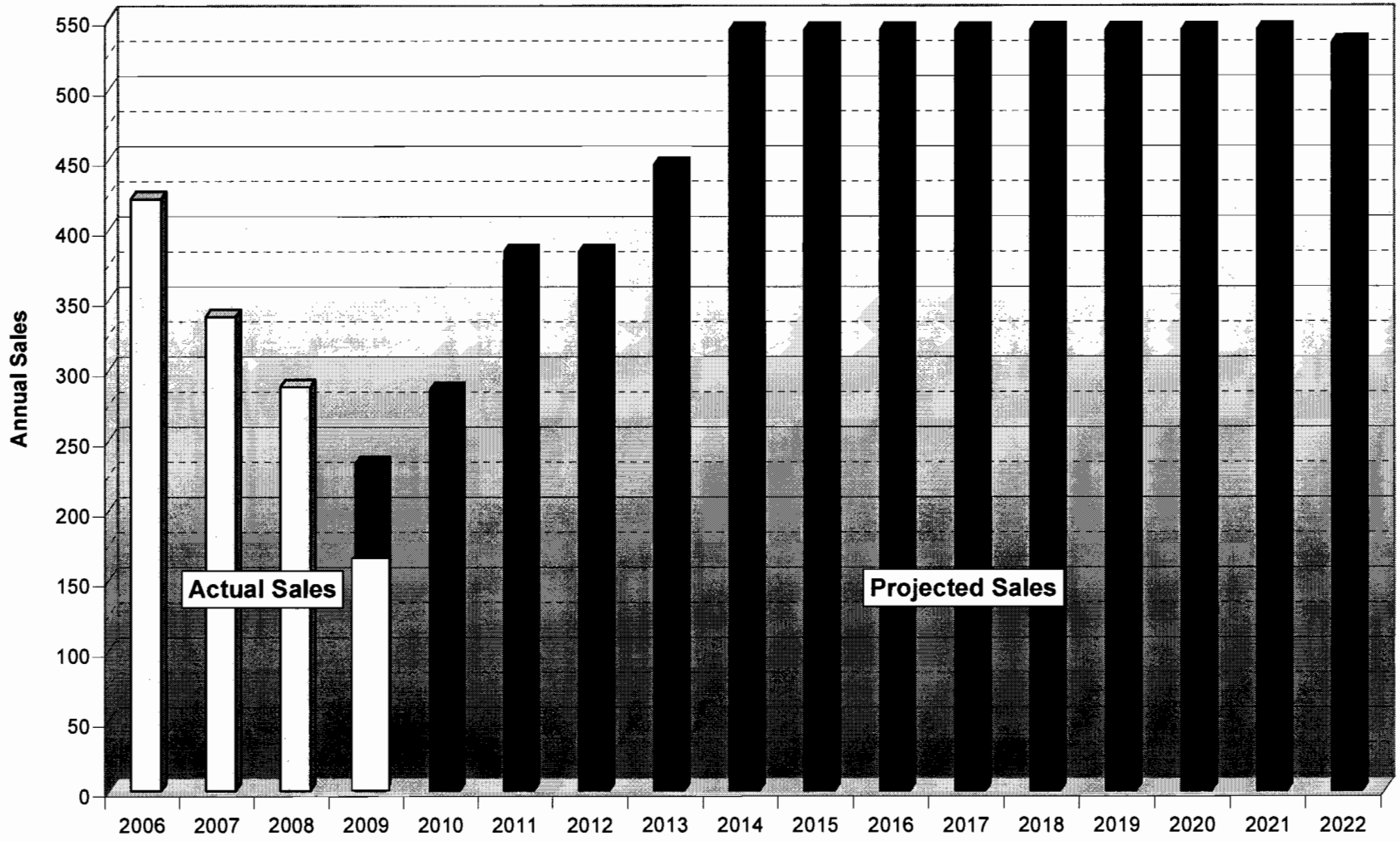



Source: Sullivan Group Real Estate Advisors

PH200-09 Recommendations

SULLIVAN group
Analysis. Answers.

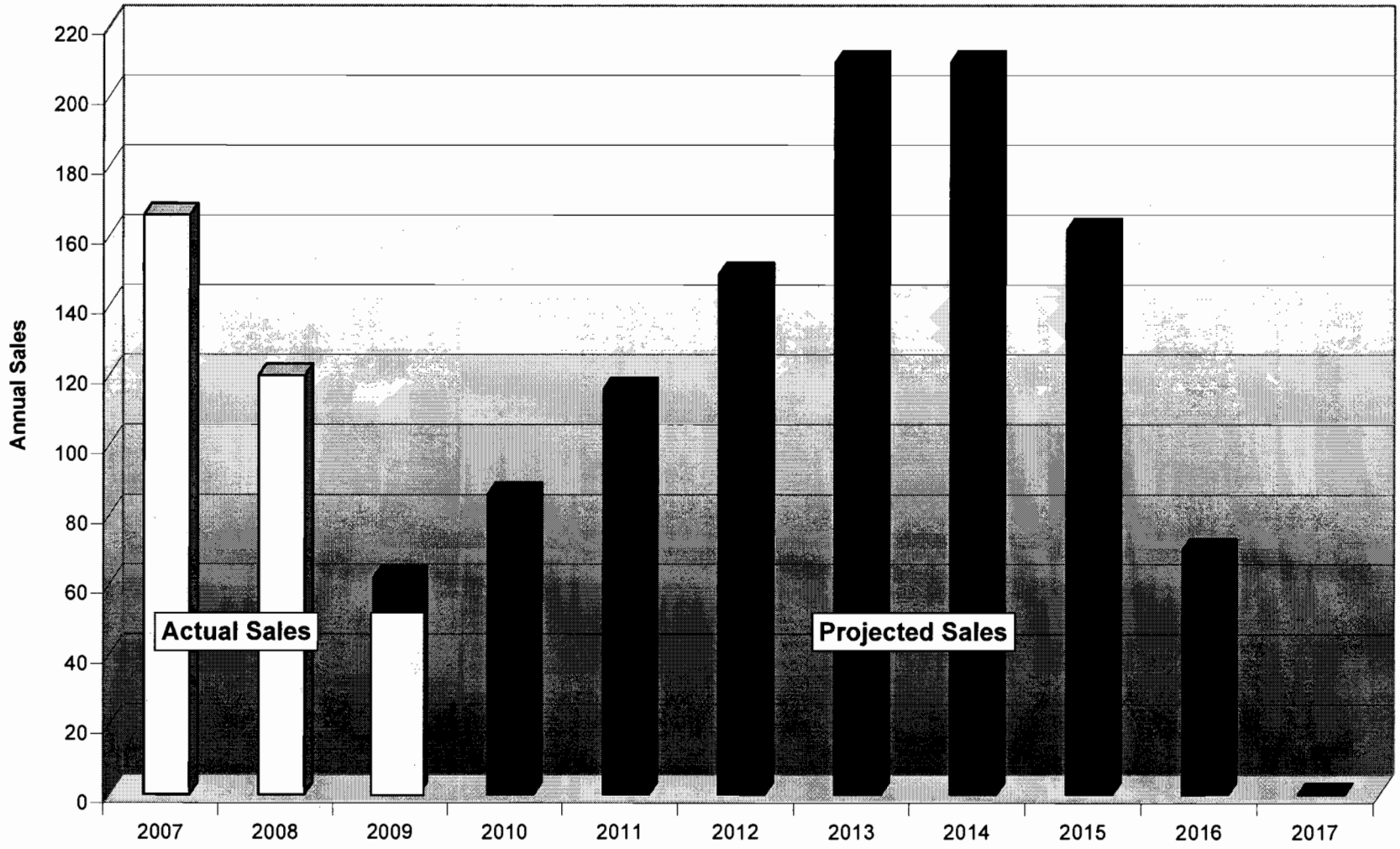
**Exhibit II-5**
**ACTUAL AND PROJECTED SALES FOR: SUN CITY FESTIVAL**
**Buckeye, AZ**
**2006 to 2022**




Source: Sullivan Group

SULLIVAN group
Analysis. Answers.

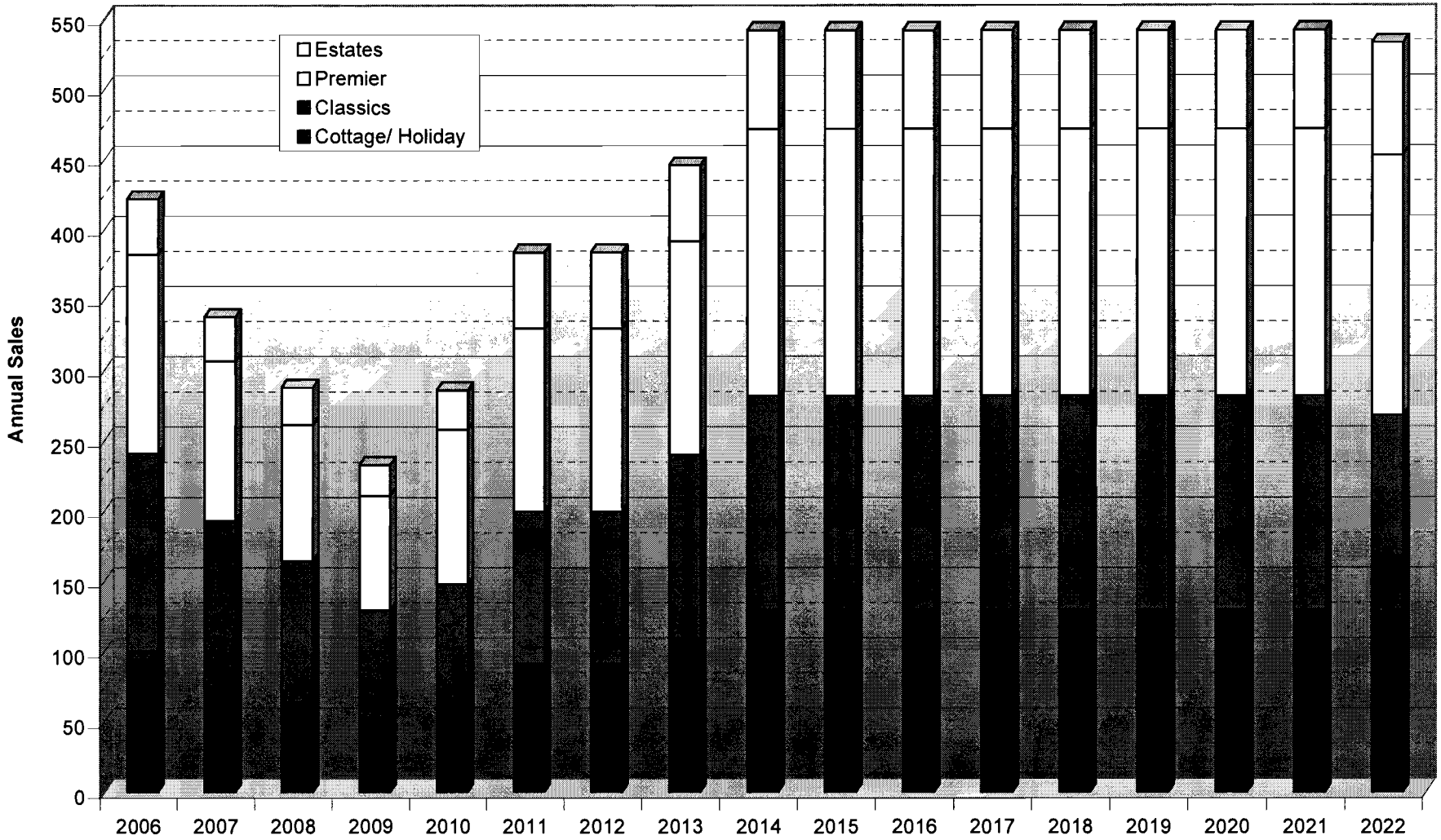
**Exhibit II-6**
**ACTUAL AND PROJECTED SALES FOR: FESTIVAL FOOTHILLS**
**Buckeye, AZ**
**2007 to 2018**




Source: Sullivan Group

SULLIVAN group
Analysis Answers.

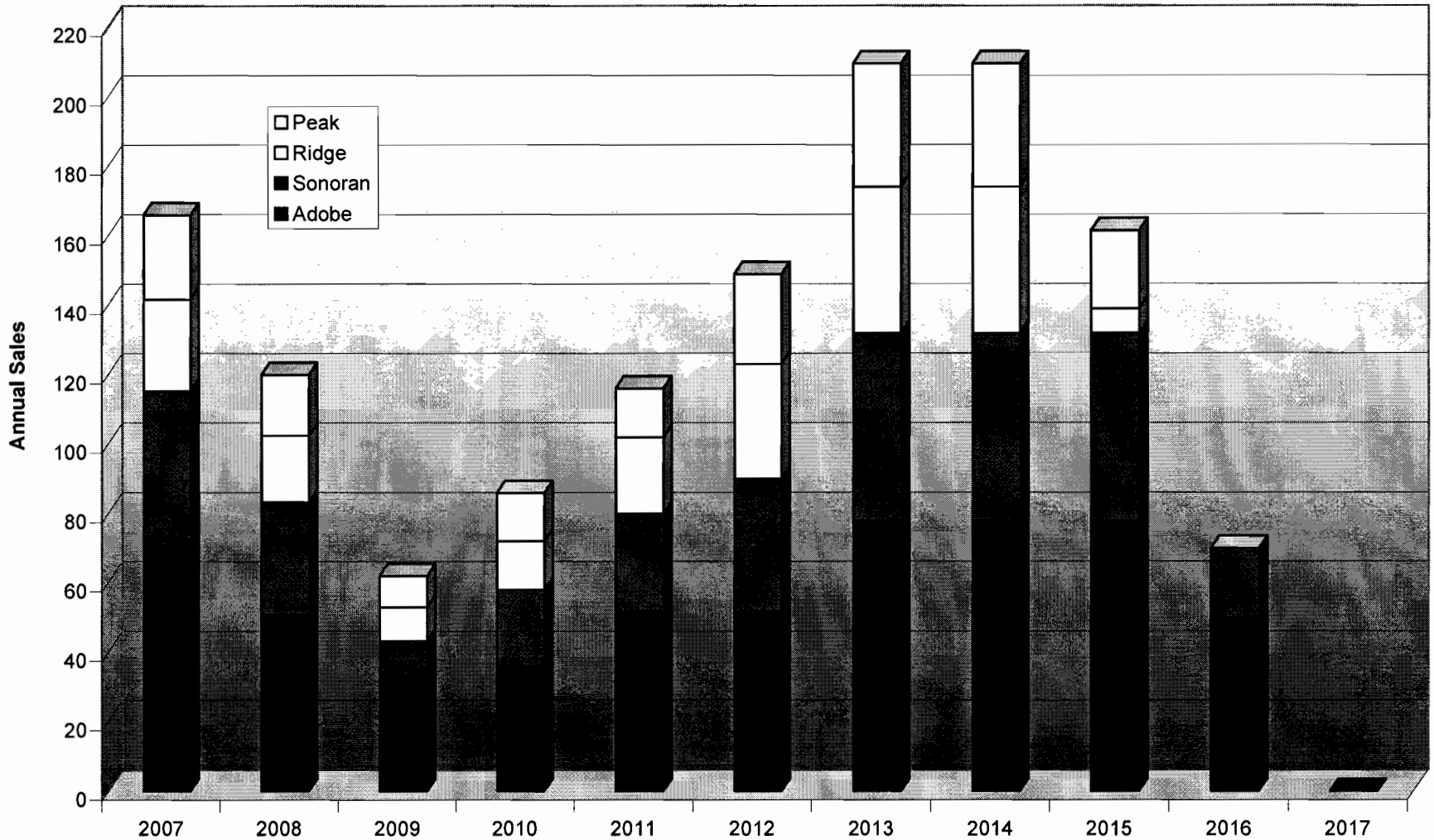
**Exhibit II-7**
**ANNUAL PROJECTED SALES FOR: SUN CITY FESTIVAL**
**Buckeye, AZ**
**2006 to 2022**




Source: Sullivan Group

SULLIVAN group
Analysis. Answers.

**Exhibit II-8**
**ANNUAL PROJECTED SALES FOR: FESTIVAL FOOTHILLS**
**Buckeye, AZ**
**2007 to 2018**




Source: Sullivan Group

SULLIVAN group
Analysis. Answers.

**Exhibit II-9**
**CURRENT PRODUCT PROGRAM: SUN CITY FESTIVAL**
**Buckeye, AZ**
**September 2009**

| Series | Plan Name | Number of Units 1/ | Monthly CFD 2/ | Typical Lot Size (SF) 1/ | Lot Dimensions 1/ | Bed/Bath 1/ 4/ | Floors/Pkg. 1/ | Unit Size (Square Feet) 1/ | Base Price 3/ | Base $/SF | Buyer Incentives | Net Base Price | SGREA Projected Absorption (Sales Per Month) 5/ Estimated Range | Implied Target (For Build-Out) | Past 12 Mo. Avg. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Liberty | | | 5,060 | 46' x 110' | 2/2 | 1/2 | 1,099 | $151,900 | $138 | $4,500 | $147,400 | 4.0 - 10.0 | 9.7 | 4.0 |
| | Freedom | | | | | 1/2 | 1/2 | 1,268 | $163,900 | $129 | $4,500 | $159,400 | | | |
| | Triumph | | | | | 2/2 | 1/2 | 1,398 | $174,900 | $125 | $4,500 | $170,400 | | | |
| | Spirit | | | | | 2/2+D | 1/2 | 1,373 | $208,900 | $152 | $4,500 | $204,400 | | | |
| | Valor | | | | | 2/2+D | 1/2 | 1,494 | $224,900 | $151 | $4,500 | $220,400 | | | |
| | **Cottage/ Holiday** | **1,836** | | | | | | | | | | | | | |
| 2 | Gala | | | 6,600 | 60' x 110' | 2/2+D | 1/2 | 1,612 | $246,900 | $153 | $4,500 | $242,400 | 6.0 - 12.0 | 11.3 | 6.3 |
| | Celebration | | | | | 2/2+D | 1/2 | 1,673 | $251,900 | $151 | $4,500 | $247,400 | | | |
| | Jamboree | | | | | 2/2+D | 1/2 | 1,816 | $261,900 | $144 | $4,500 | $257,400 | | | |
| | **Classics** | **2,142** | | | | | | | | | | | | | |
| 3 | Jubilee | | | 7,700 | 70' x 110' | 2/2+D | 1/3 | 1,960 | $296,000 | $151 | $4,500 | $291,500 | 6.0 - 15.0 | 14.2 | 6.0 |
| | Destiny | | | | | 2/2+D | 1/3 | 2,095 | $312,900 | $149 | $5,500 | $307,400 | | | |
| | Fiesta | | | | | 2/2+D | 1/3 | 2,323 | $327,900 | $141 | $5,500 | $322,400 | | | |
| | **Premier** | **2,678** | | | | | | | | | | | | | |
| 4 | Veranda | | | 8,800 | 80' x 110' | 3/2.5+D | 1/3 | 2,450 | $347,900 | $142 | $5,500 | $342,400 | 2.0 - 5.0 | 5.3 | 1.7 |
| | Parada | | | | | 2/2.5+D | 1/3 | 2,528 | $365,900 | $145 | $5,500 | $360,400 | | | |
| | Regale | | | | | 2/2.5+D | 1/3 | 2,849 | $385,900 | $135 | $5,500 | $380,400 | | | |
| | **Estates** | **995** | | | | | | | | | | | | | |
| | TOTAL/AVERAGE | **7,650** | | **6,901** | | | | | | | | | **18.0 - 42.0** | **40.5** | **17.9** |

1/ Based on total buildout of 7,650 homes, and market share of homes that have sold in each series to date.
2/ CFD Assessment Spread Analysis
3/ Base prices as provided by Pulte Homes.
4/ Options denoted by parenthesis. Example: 2-car garage (3 car option).
D=den; C=casita
5/ Absorption estimate per Sullivan Group Real Estate Advisors. Represents an average over the lifetime of the project. Actual absorption will vary in some months/years.

Source: Sullivan Group Real Estate Advisors

SULLIVAN group
Analysis. Answers.

# Exhibit II-10
## CURRENT PRODUCT PROGRAM: FESTIVAL FOOTHILLS
## Buckeye, AZ
## September 2009

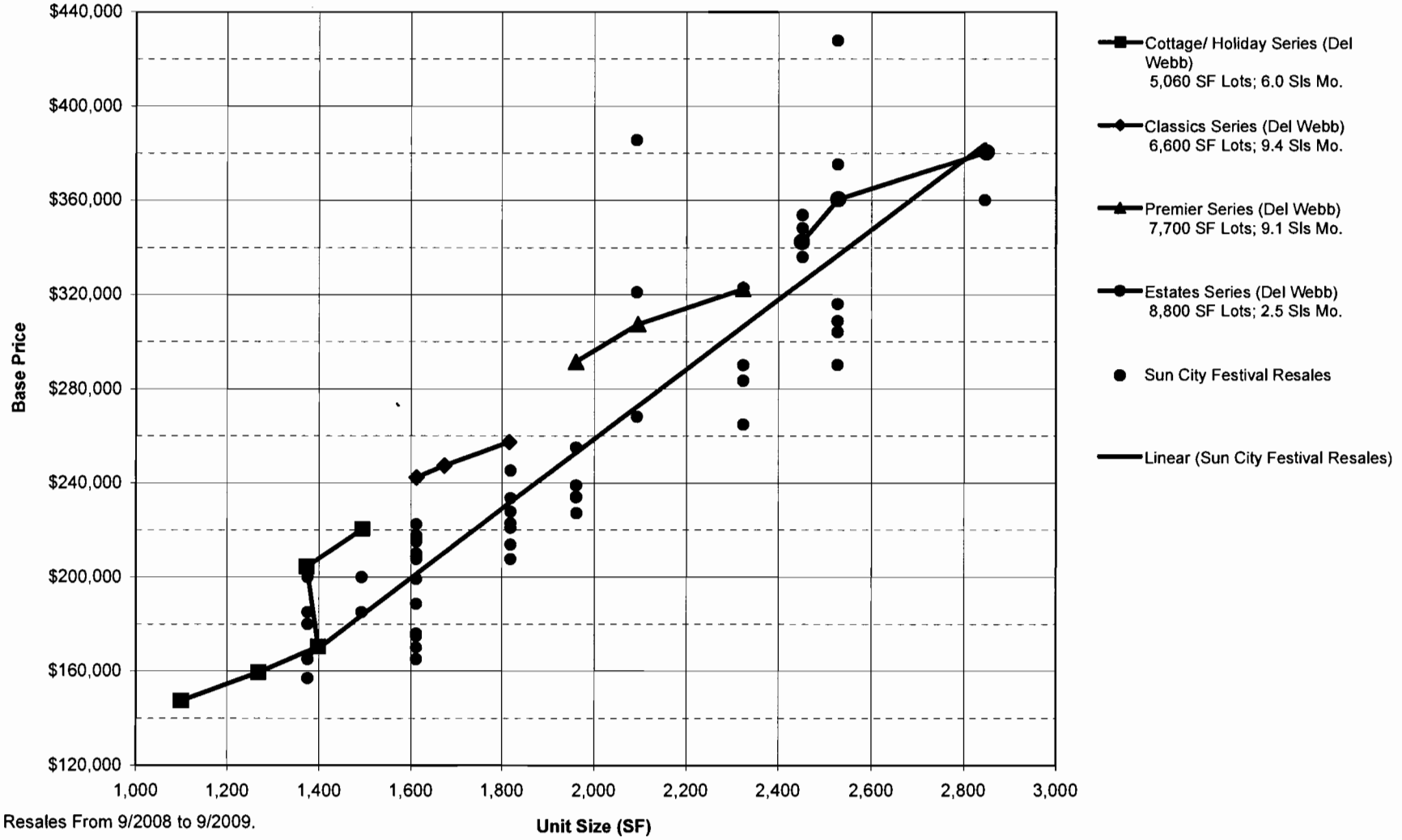
| Series | Plan Name | Number of Units 1/ | Monthly CFD 2/ | Typical Lot Size (SF) | Lot Dimensions 1/ | Bed/Bath 1/ 4/ | Floors/Pkg. 1/ | Unit Size (Square Feet) 1/ | Base Price 3/ | Base $/SF | Buyer Incentives | Net Base Price | SGREA Projected Absorption (Sales Per Month) 5/ Estimated Range | Implied Target (For Build-Out) | Past 12 Mo. Avg. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Sunset | | $14.50 | 4,945 | 43' x 115' | 2/2+D | 1/2 | 1,230 | $120,900 | $98 | $4,836 | $116,064 | 5.0 - 7.0 | 5.1 | 2.7 |
| | Horizon | | $14.50 | | | 2/2+D | 1/2 | 1,476 | $135,900 | $92 | $5,436 | $130,464 | | | |
| | Twilight | | $14.50 | | | 3/2+D | 1/2 | 1,624 | $142,900 | $88 | $5,716 | $137,184 | | | |
| | Crescent | | $14.50 | | | 4/2 | 2/2 | 2,154 | $152,900 | $71 | $6,116 | $146,784 | | | |
| | **Adobe** | **574** | **$14.50** | | | | | | | | | | | | |
| 2 | Sierra | | $14.50 | 5,520 | 48' x 115' | 3/2+D | 1/2 | 1,780 | $136,900 | $77 | $4,107 | $132,793 | 3.0 - 5.0 | 3.4 | 1.7 |
| | Cordillera | | $14.50 | | | 3/2.5 | 2/2 | 2,023 | $143,900 | $71 | $4,317 | $139,583 | | | |
| | Pinnacle | | $14.50 | | | 3/2.5+D | 2/2 | 2,364 | $155,900 | $66 | $4,677 | $151,223 | | | |
| | **Sonoran** | **364** | **$14.50** | | | | | | | | | | | | |
| 3 | Bahia | | $14.50 | 6,670 | 58' x 115' | 3/2 | 1/2 | 2,001 | $147,900 | $74 | $4,437 | $143,463 | 2.0 - 4.0 | 2.5 | 1.0 |
| | Hawthorn | | $14.50 | | | 3/2 | 1/2 | 2,118 | $154,900 | $73 | $4,647 | $150,253 | | | |
| | Verbena | | $14.50 | | | 3/2 | 1/2 | 2,364 | $160,900 | $68 | $4,827 | $156,073 | | | |
| | Plateau | | $14.50 | | | 3/2 | 2/3 | 2,573 | $161,900 | $63 | $4,857 | $157,043 | | | |
| | Canyon | | $14.50 | | | 3/2.5+D | 2/3 | 3,121 | $168,900 | $54 | $5,067 | $163,833 | | | |
| | Arroyo | | $14.50 | | | 5/2.5+D | 2/3 | 3,549 | $184,900 | $52 | $5,547 | $179,353 | | | |
| | Mesa | | $14.50 | | | 4/2.5+D | 2/3 | 3,666 | $190,900 | $52 | $5,727 | $185,173 | | | |
| | Butte | | $14.50 | | | 4/2.5+D | 2/3 | 4,071 | $214,900 | $53 | $6,447 | $208,453 | | | |
| | **Ridge** | **214** | **$14.50** | | | | | | | | | | | | |
| 4 | Ironwood | | $14.50 | 7,820 | 68' x 115' | 3/2.5+D | 1/3 | 2,503 | $187,900 | $75 | $7,516 | $180,384 | 2.0 - 4.0 | 2.1 | 0.9 |
| | Palo Verde | | $14.50 | | | 2/2.5+D | 1/3 | 2,667 | $198,900 | $75 | $7,956 | $190,944 | | | |
| | Mesquite | | $14.50 | | | 2/2.5+D | 1/3 | 3,044 | $213,900 | $70 | $8,556 | $205,344 | | | |
| | **Peak** | **198** | **$14.50** | | | | | | | | | | | | |
| | **TOTAL/AVERAGE** | **1,350** | | **5,795** | | | | | | | | | **12.0 - 20.0** | **13.0** | **6.3** |

1/ Based on total buildout of 1,350 homes, and market share of homes that have sold in each series to date.
2/ CFD Assessment based on a one time fee of $2,300 (according to sale agents) and ammoritized at 6.50% over 30 years.
3/ Base prices as provided by Pulte Homes.
4/ Options denoted by parenthesis. Example: 2-car garage (3 car option).
D=den; C=casita
5/ Absorption estimate per Sullivan Group Real Estate Advisors. Represents an average over the lifetime of the project. Actual absorption will vary in some months/years.

Source: Sullivan Group Real Estate Advisors

SULLIVAN group
Analysis. Answers.

**Exhibit II-11**
**CURRENT PRODUCT PROGRAM: SUN CITY FESTIVAL VS. SUN CITY FESTIVAL RESALES**
**Buckeye, AZ**
**September, 2009**

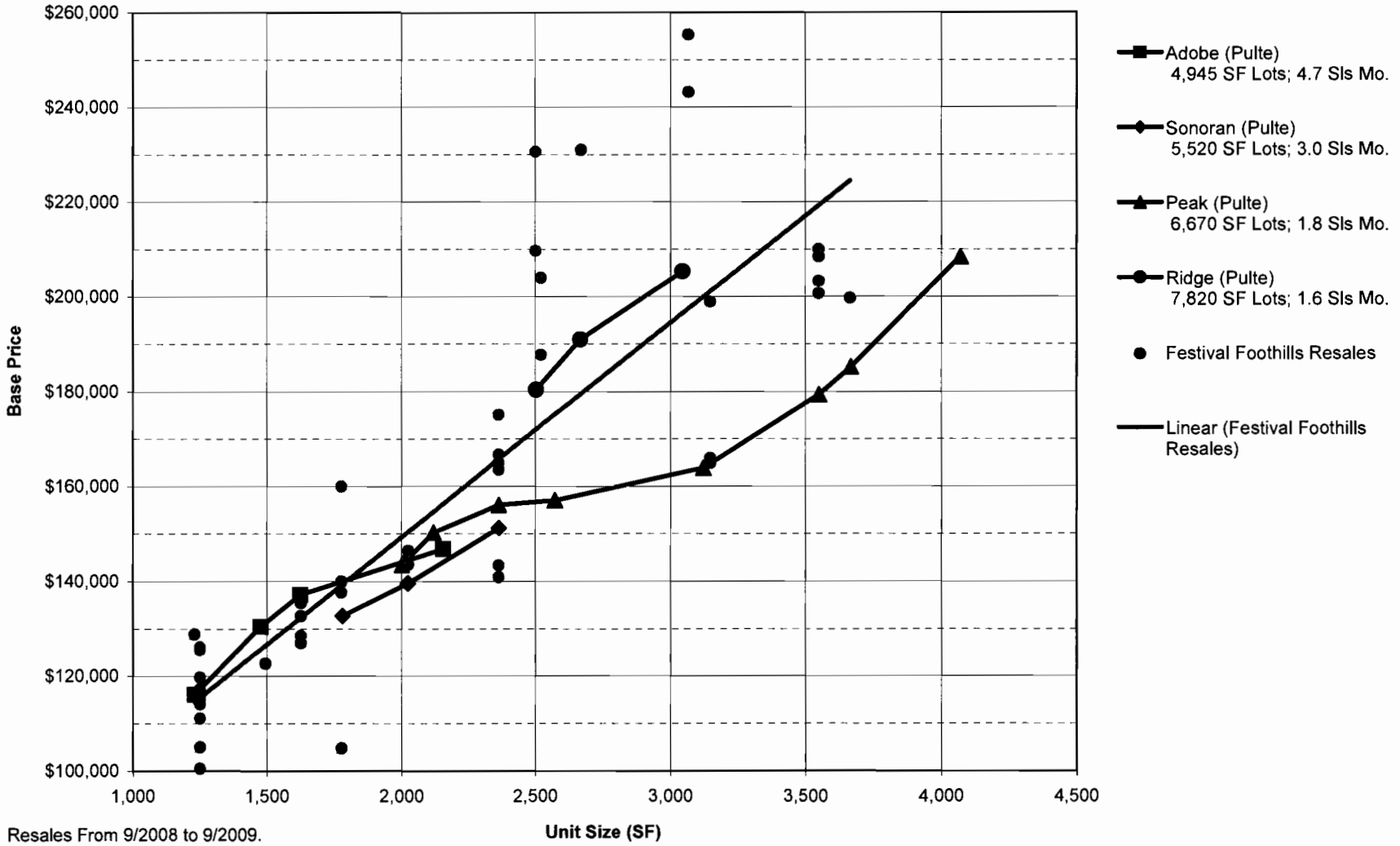



Resales From 9/2008 to 9/2009.

Source: Sullivan Group;
DPFG, Pulte Homes

SULLIVAN group
Analysis. Answers.

**Exhibit II-12**
**POSITIONING OF SUBJECT DEVELOPMENT: FESTIVAL FOOTHILLS VS. RESALES**
**Buckeye, AZ**
**September, 2009**

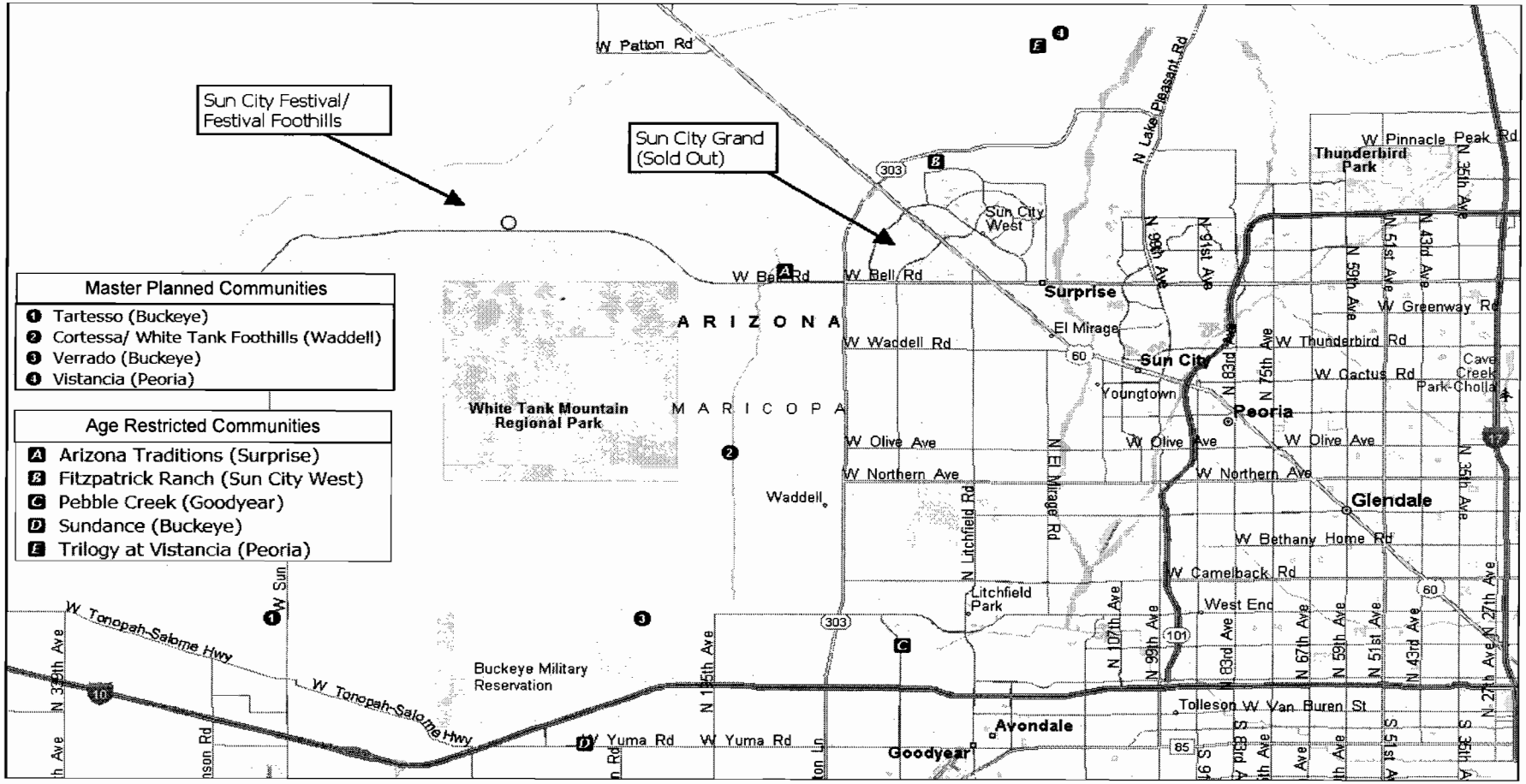



Resales From 9/2008 to 9/2009.

Source: Sullivan Group;
DPFG, Pulte Homes

SULLIVAN group
Analysis. Answers.

**Exhibit II-13**
**MAP OF ACTIVE ADULT MASTER PLANNED COMMUNITIES**
**West Valley - Phoenix, AZ**
**September 2009**

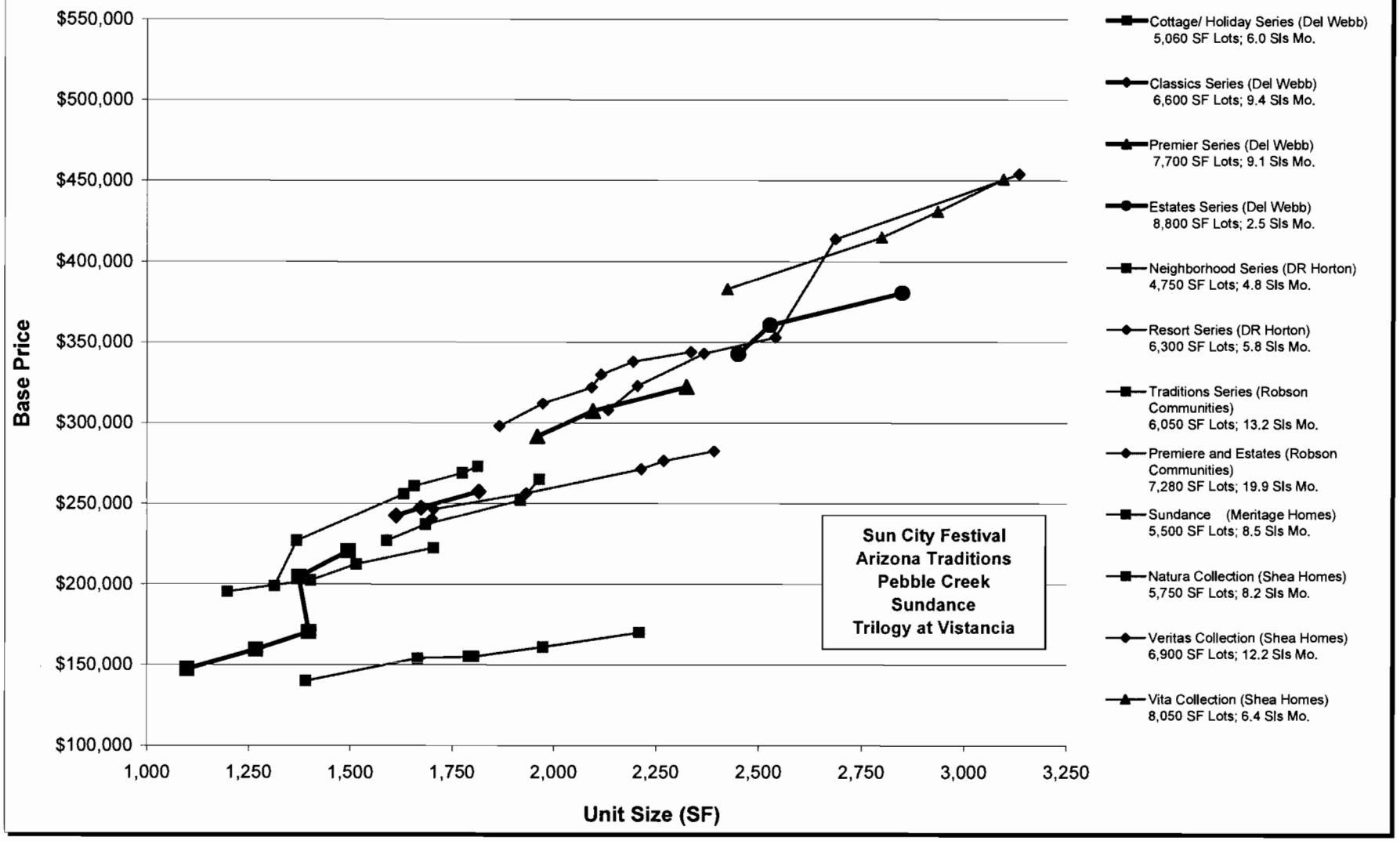



Source: MapPoint; Sullivan Group

PH200-09 Maps

SULLIVAN group
Analysis. Answers.

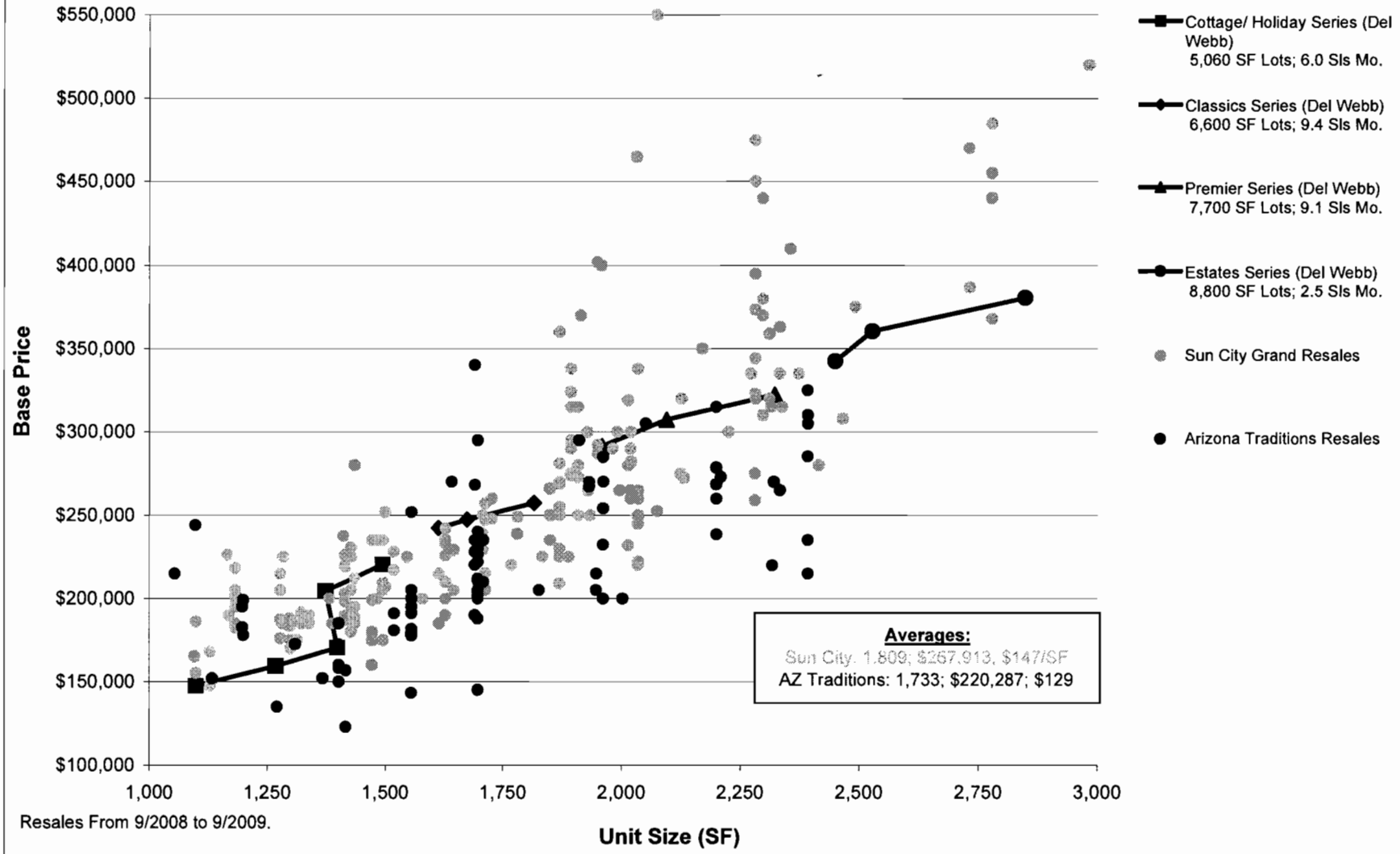
**Exhibit II-14**
**POSITIONING OF SUN CITY FESTIVAL VS. ACTIVE ADULT PROJECTS: (NET OF INCENTIVES)**
**West Valley - Phoenix, AZ**
**September 2009**




Source: Sullivan Group

SULLIVAN group
Analysis. Answers.

**Exhibit II-15**
**POSITIONING OF SUN CITY FESTIVAL VS. ACTIVE ADULT RESALES**
**West Valley - Phoenix, AZ**
**September 2009**




Resales From 9/2008 to 9/2009.

Source: Sullivan Group

SULLIVAN group
Analysis, Advice

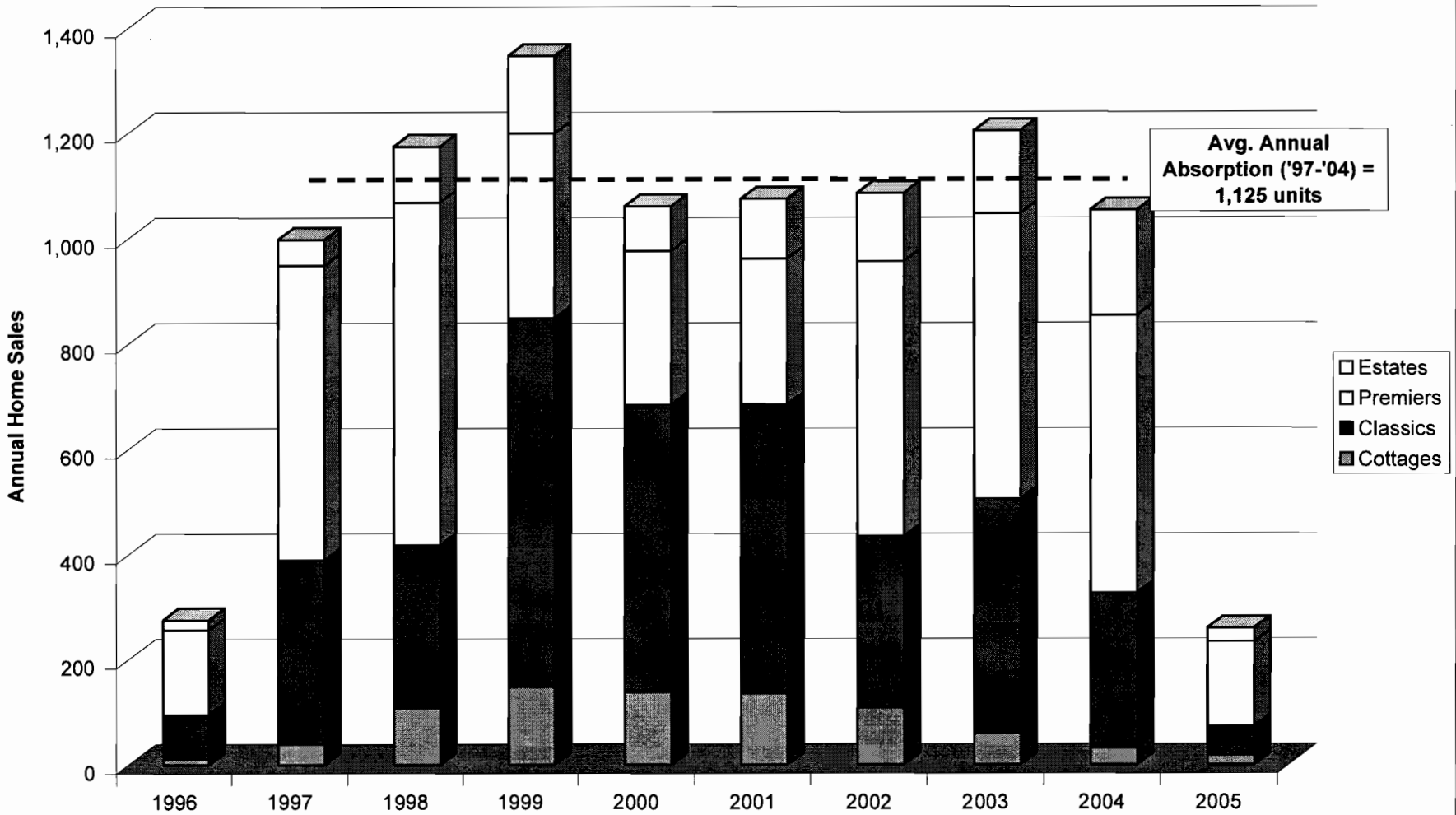
**Exhibit II-16**
**PHOENIX MSA ACTIVE ADULT MASTER PLAN HISTORICAL SALES AND % OF OVERALL MARKET SHARE: Sorted by 2000-2008 Total Sales - Descending Order**
**Phoenix MSA, AZ**
**October 2009**

| Masterplan Name | 2000 | | 2001 | | 2002 | | 2003 | | 2004 | | 2005 | | 2006 | | 2007 | | 2008 | | AAC MPC Total Sales 2000 - 2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total Sales | % of Total Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | |
| Phoenix-Mesa, AZ | | | | | | | | | | | | | | | | | | | |
| SUN CITY GRAND | 1,061 | 3.3% | 1,090 | 3.2% | 1,086 | 3.1% | 1,204 | 2.9% | 1,054 | 1.7% | 260 | 0.5% | | | | | | | 5,755 |
| PEBBLE CREEK | 355 | 1.1% | 342 | 1.0% | 211 | 0.6% | 344 | 0.8% | 322 | 0.5% | 200 | 0.4% | 89 | 0.2% | 80 | 0.3% | 83 | 0.6% | 2,026 |
| TRILOGY AT POWER RANCH | 130 | 0.4% | 154 | 0.4% | 194 | 0.6% | 303 | 0.7% | 202 | 0.3% | 534 | 1.0% | 213 | 0.5% | 137 | 0.5% | | | 1,867 |
| SUNDANCE | | | | | | | 150 | 0.4% | 335 | 0.5% | 792 | 1.5% | 299 | 0.7% | 76 | 0.3% | 57 | 0.4% | 1,709 |
| SUNLAND SPRINGS | 218 | 0.7% | 157 | 0.5% | 269 | 0.8% | 237 | 0.8% | 114 | 0.2% | 434 | 0.8% | 74 | 0.2% | 86 | 0.3% | 53 | 0.4% | 1,642 |
| TRILOGY AT VISTANCIA | | | | | | | | | 452 | 0.7% | 465 | 0.9% | 251 | 0.6% | 232 | 0.9% | 206 | 1.5% | 1,606 |
| CORTE BELLA | | | | | | | | | 587 | 1.0% | 494 | 0.9% | 369 | 0.9% | 108 | 0.4% | | | 1,558 |
| SUN LAKES | 212 | 0.7% | 289 | 0.8% | 140 | 0.4% | 330 | 0.8% | 258 | 0.4% | 281 | 0.5% | | | 9 | 0.0% | 2 | 0.0% | 1,521 |
| SOLERA | | | 158 | 0.5% | 234 | 0.7% | 286 | 0.7% | 259 | 0.4% | 213 | 0.4% | | | 98 | 0.4% | 81 | 0.6% | 1,329 |
| AR/ARIZONA TRADITIONS | 112 | 0.3% | 180 | 0.5% | 207 | 0.6% | 235 | 0.6% | 241 | 0.4% | 89 | 0.2% | 113 | 0.3% | 5 | 0.0% | 40 | 0.3% | 1,222 |
| SUN CITY FESTIVAL 1/ | | | | | | | | | | | | | 422 | 1.0% | 338 | 1.3% | 228 | 1.6% | 988 |
| PROVINCE | | | | | | | 15 | 0.0% | 188 | 0.3% | 370 | 0.7% | 208 | 0.5% | 96 | 0.4% | 23 | 0.2% | 900 |
| SUN CITY ANTHEM AT MERRILL RANCH | | | | | | | | | | | | | 434 | 1.0% | 307 | 1.2% | 156 | 1.1% | 897 |
| WHITE DOVE RANCH | | | | | | | | | | | | | 434 | 1.0% | 307 | 1.2% | 11 | 10.7% | 752 |
| MISSION ROYALE | | | | | | | 23 | 0.1% | 155 | 0.3% | 181 | 0.3% | 103 | 0.2% | 169 | 0.6% | 103 | 0.7% | 734 |
| JOHNSON RANCH | | | | | | | | | 135 | 0.2% | 228 | 0.4% | 184 | 0.4% | 76 | 0.3% | 81 | 0.6% | 704 |
| ROBSON RANCH | | | | | | | | | | | | | 150 | 0.4% | 200 | 0.8% | 200 | 1.4% | 550 |
| MOUNTAINBROOK VILLAGE | 236 | 0.7% | 98 | 0.3% | 67 | 0.2% | | | | | | | | | | | | | 401 |
| IRONWOOD VILLAGE | | | | | 13 | 0.0% | 22 | 0.1% | 27 | 0.0% | 83 | 0.2% | 23 | 0.1% | 9 | 0.0% | 6 | 0.0% | 183 |
| VILLA DE JARDINES | 9 | 0.0% | 11 | 0.0% | 12 | 0.0% | 5 | 0.0% | 10 | 0.0% | 55 | 0.1% | -13 | 0.0% | | | | | 89 |
| Phoenix-Mesa, AZ Total | 32,240 | 7.2% | 34,596 | 7.2% | 34,968 | 7.0% | 42,146 | 7.5% | 61,291 | 7.1% | 53,532 | 8.7% | 42,313 | 7.9% | 26,587 | 8.8% | 14,165 | 9.4% | 26,433 |

1/ % Market Capture is per market and based on Active Adult product only.
Source: Hanley Wood; Sullivan Group

SULLIVAN group
Analysis. Answers.

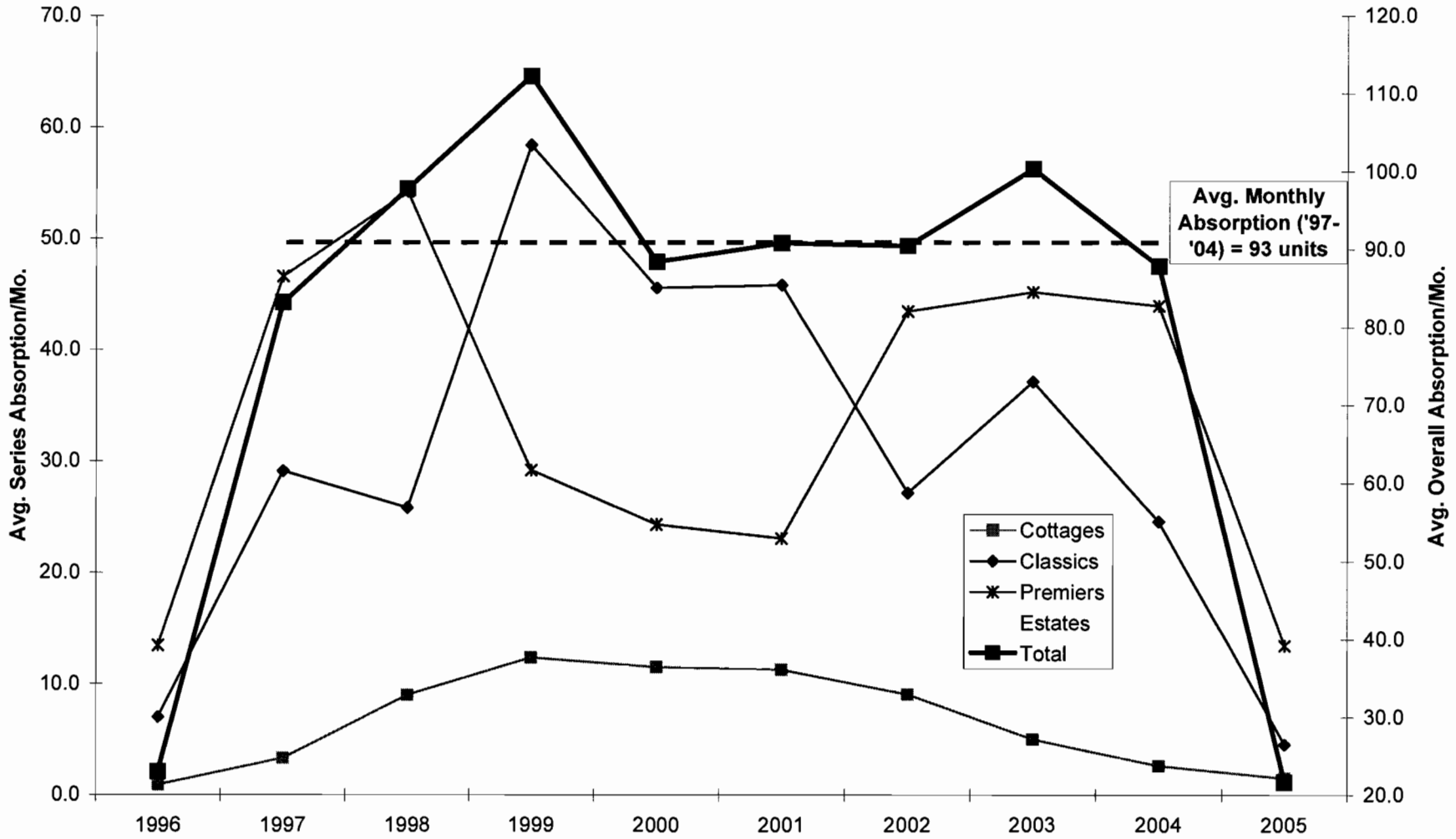
**Exhibit II-17A**
**ANNUAL NEW HOME SALES AT SUN CITY GRAND**
**Phoenix MSA, Arizona**
**1996 to 2005**




Source: Pulte/Del Webb, Sullivan Group

SULLIVAN group
Analysis. Answers.

**Exhibit II-17B**
**AVERAGE MONTHLY ABSORPTION BY SERIES AT SUN CITY GRAND**
**Phoenix MSA, Arizona**
**1996 to 2005**




Source: Pulte/Del Webb, Sullivan Group

PH200-09 Sun City Grand

SULLIVAN > group
Analysis. Answers.

**Exhibit II-18**
**COMPARABLE PROJECT SUMMARY: ACTIVE ADULT MASTER PLANNED COMMUNITIES**
**West Valley - Phoenix, AZ**
**September 2009**

| Project Name<br>Builder<br>Location<br>Typical Lot Size | Planned<br>Sold<br>Remain | Open Date<br>Sls/ Mo.<br>3 mo. Sales.<br>3 mo Sls/Mo. | Unit<br>BR/Baths<br>Type | Floors/<br>Parking | Size<br>(Sq. Ft.) | Base<br>Price | Base<br>$/Sq. Ft. | Incentives | Net<br>Base Price | H.O.A. | Total<br>Monthly<br>Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **ARIZONA TRADITIONS (SUNBELT HOLDINGS)** | | | | | | | | | | | |
| **Neighborhood Series** | 844 | Feb-96 | 2/2 | 1/2 | 1,198 | $195,400 | $163 | $0 | $195,400 | $107 | $1,381 |
| DR Horton | 794 | 4.8 | 2/2+D | 1/2 | 1,402 | $202,300 | $144 | $0 | $202,300 | $107 | $1,426 |
| Surprise | 50 | 0 | 2/2 | 1/2 | 1,515 | $212,400 | $140 | $0 | $212,400 | $107 | $1,492 |
| 4,750 | | 0 | 2/2+D | 1/2 | 1,704 | $222,400 | $131 | $0 | $222,400 | $107 | $1,557 |
| **Resort Series** | 928 | Oct-96 | 2/2+D | 1/2 | 1,699 | $240,400 | $141 | $0 | $240,400 | $107 | $1,675 |
| DR Horton | 898 | 5.8 | 2/2+D | 1/2 | 1,704 | $246,400 | $145 | $0 | $246,400 | $107 | $1,714 |
| Surprise | 30 | 2 | 3/2 | 1/2 | 1,933 | $256,400 | $133 | $0 | $256,400 | $107 | $1,779 |
| 6,300 | | 1 | 2/2.5+D | 1/2 | 2,213 | $271,400 | $123 | $0 | $271,400 | $107 | $1,877 |
| | | | 2/2+D | 1/2 | 2,268 | $276,400 | $122 | $0 | $276,400 | $107 | $1,910 |
| | | | 3/2 | 1/2 | 2,391 | $282,400 | $118 | $0 | $282,400 | $107 | $1,949 |
| **Total Units Proposed** | **1,772** | **5.3** | | **Minimum** | **1,198** | **$195,400** | **$118** | **$0** | **$195,400** | **$107** | **$1,381** |
| **Total Units Sold** | **1,692** | **Avg. Sls** | | **Maximum** | **2,391** | **$282,400** | **$163** | **$0** | **$282,400** | **$107** | **$1,949** |
| **Total Units Remain** | **80** | **Rate** | | **Median** | **1,704** | **$243,400** | **$136** | **$0** | **$243,400** | **$107** | **$1,694** |
| | | | | **Average** | **1,803** | **$240,590** | **$136** | **$0** | **$240,590** | **$107** | **$1,676** |
| **PEBBLE CREEK (ROBSON)** | | | | | | | | | | | |
| **Traditions Series** | 2,368 | Jan-00 | 2/2+D | 1/2 | 1,589 | $261,900 | $165 | $35,000 | $226,900 | $135 | $1,653 |
| Robson Communities | 1,529 | 13.2 | 2/2+D | 1/2 | 1,684 | $271,900 | $161 | $35,000 | $236,900 | $135 | $1,720 |
| Goodyear | 839 | 15 | 2/2+D | 1/2 | 1,919 | $286,900 | $150 | $35,000 | $251,900 | $135 | $1,820 |
| 6,050 | | 5.0 | 2/2.5+D | 1/2 | 1,965 | $299,900 | $153 | $35,000 | $264,900 | $135 | $1,907 |
| **Premiere and Estates** | 3,914 | Jan-00 | 2/2.5+D | 1/3 | 2,132 | $347,900 | $163 | $40,000 | $307,900 | $135 | $2,194 |
| Robson Communities | 2,319 | 19.9 | 2/2.5+D | 1/2 | 2,204 | $362,900 | $165 | $40,000 | $322,900 | $135 | $2,295 |
| Goodyear | 1,595 | 20 | 2/2.5+D | 1/2 | 2,366 | $382,900 | $162 | $40,000 | $342,900 | $135 | $2,429 |
| 7,280 | | 6.7 | 2/2.5+D | 1/2 | 2,541 | $402,900 | $159 | $50,000 | $352,900 | $135 | $2,495 |
| | | | 2/2.5+D | 1/3 | 2,686 | $463,900 | $173 | $50,000 | $413,900 | $135 | $2,903 |
| | | | 2/2.5+D | 1/2 | 3,134 | $503,900 | $161 | $50,000 | $453,900 | $135 | $3,171 |
| **Total Units Proposed** | **6,282** | **16.6** | | **Minimum** | **1,589** | **$261,900** | **$150** | **$35,000** | **$226,900** | **$135** | **$1,653** |
| **Total Units Sold** | **3,848** | **Avg. Sls** | | **Maximum** | **3,134** | **$503,900** | **$173** | **$50,000** | **$453,900** | **$135** | **$3,171** |
| **Total Units Remain** | **2,434** | **Rate** | | **Median** | **2,168** | **$355,400** | **$162** | **$40,000** | **$315,400** | **$135** | **$2,245** |
| | | | | **Average** | **2,222** | **$358,500** | **$161** | **$41,000** | **$317,500** | **$135** | **$2,259** |
| **SUNDANCE (MERITAGE HOMES)** | | | | | | | | | | | |
| **Sundance** | 1,102 | Oct-02 | 2/2+D | 1/2 | 1,390 | $149,900 | $108 | $10,000 | $139,900 | $91 | $1,023 |
| Meritage Homes | 708 | 8.5 | 2/2+D | 1/2 | 1,665 | $163,900 | $98 | $10,000 | $153,900 | $91 | $1,115 |
| Buckeye | 394 | 7 | 2/2+D | 1/2 | 1,791 | $169,900 | $95 | $15,000 | $154,900 | $91 | $1,125 |
| 5,500 | | 2.3 | 2/2+D | 1/2 | 1,804 | $169,900 | $94 | $15,000 | $154,900 | $91 | $1,125 |
| *Free Golf Cart (or $5,000) on Spec homes* | | | 2/2+D | 1/2 | 1,974 | $175,900 | $89 | $15,000 | $160,900 | $91 | $1,165 |
| | | | 2/2.5+D | 1/2 | 2,209 | $184,900 | $84 | $15,000 | $169,900 | $91 | $1,223 |

Source: Sullivan Group; Hanley Wood Market Intelligence

SULLIVAN group
Analysis. Answers.

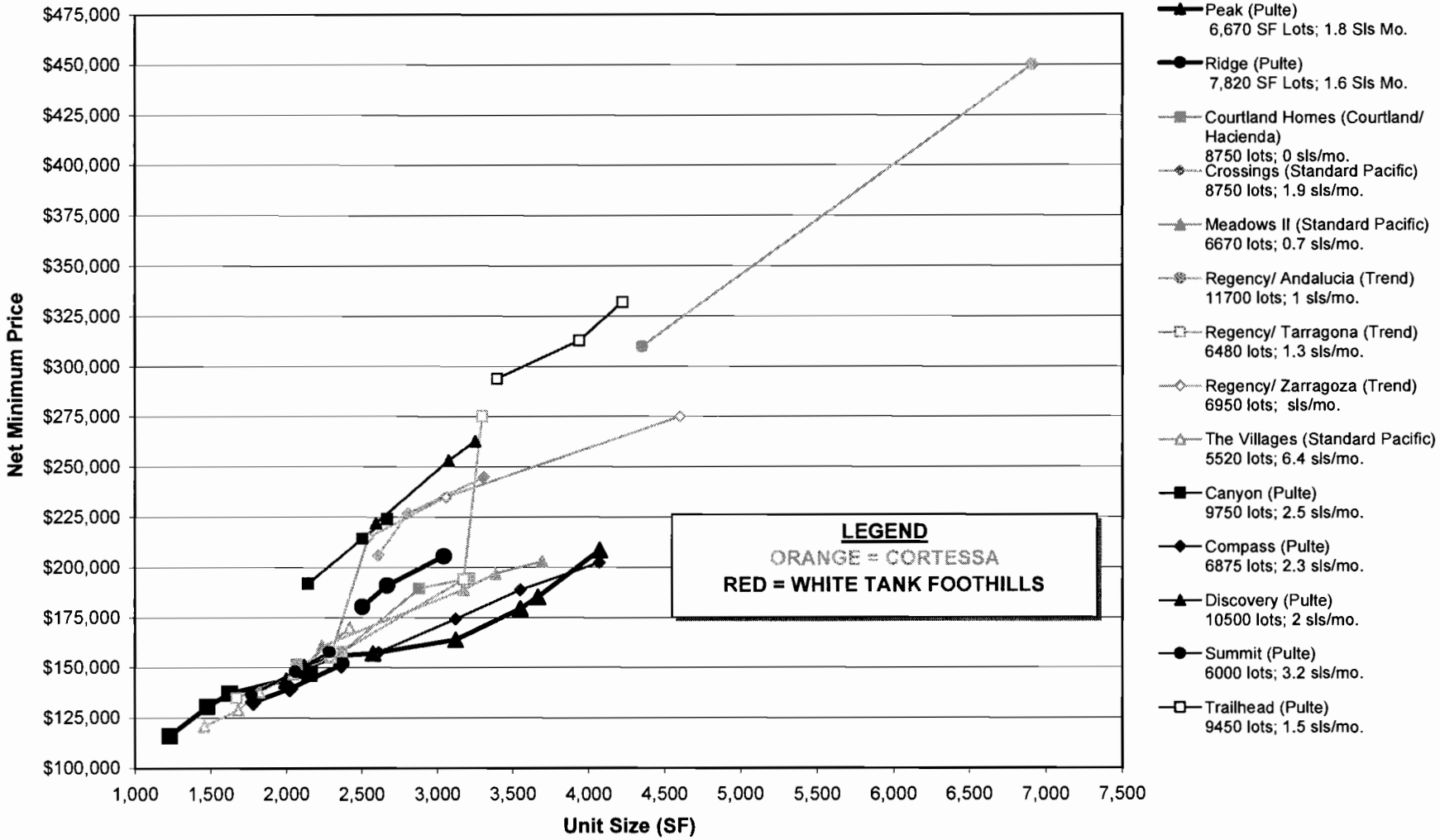
**Exhibit II-18**
**COMPARABLE PROJECT SUMMARY: ACTIVE ADULT MASTER PLANNED COMMUNITIES**
**West Valley - Phoenix, AZ**
**September 2009**

| Project Name / Builder / Location / Typical Lot Size | Planned / Sold / Remain | Open Date / SIs/ Mo. / 3 mo. Sales. / 3 mo SIs/Mo. | Unit: BR/Baths Type | Unit: Floors/ Parking | Unit: Size (Sq. Ft.) | Unit: Base Price | Unit: Base $/Sq. Ft. | Incentives | Net Base Price | H.O.A. | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Units Proposed** | **1,102** | **8.5** | | **Minimum** | **1,390** | **$149,900** | **$84** | **$10,000** | **$139,900** | **$91** | **$1,023** |
| **Total Units Sold** | **708** | **Avg. SIs** | | **Maximum** | **2,209** | **$184,900** | **$108** | **$15,000** | **$169,900** | **$91** | **$1,223** |
| **Total Units Remain** | **394** | **Rate** | | **Median** | **1,798** | **$169,900** | **$95** | **$15,000** | **$154,900** | **$91** | **$1,125** |
| | | | | **Average** | **1,806** | **$169,067** | **$95** | **$13,333** | **$155,733** | **$91** | **$1,129** |
| **TRILOGY AT VISTANCIA (SHEA HOMES)** | | | | | | | | | | | |
| **Natura Collection** | 750 | Feb-04 | 2/2 | 1/2 | 1,314 | $198,900 | $151 | $0 | $198,900 | $177 | $1,474 |
| Shea Homes | 553 | 8.2 | 2/2 | 1/2 | 1,368 | $226,900 | $166 | $0 | $226,900 | $177 | $1,657 |
| Peoria | 197 | 14 | 2/2+D | 1/2 | 1,631 | $255,900 | $157 | $0 | $255,900 | $177 | $1,846 |
| 5,750 | | 4.7 | 2/2+D | 1/2 | 1,656 | $260,900 | $158 | $0 | $260,900 | $177 | $1,879 |
| | | | 2/2+D | 1/2 | 1,774 | $268,900 | $152 | $0 | $268,900 | $177 | $1,931 |
| | | | 2/2+D | 1/2 | 1,813 | $272,900 | $151 | $0 | $272,900 | $177 | $1,957 |
| **Veritas Collection** | 1,125 | Feb-04 | 2/2+D | 1/2 | 1,867 | $297,900 | $160 | $0 | $297,900 | $177 | $2,120 |
| Shea Homes | 824 | 12.2 | 2/2+D | 1/2 | 1,973 | $311,900 | $158 | $0 | $311,900 | $177 | $2,211 |
| Peoria | 301 | 9 | 2/2+D | 1/2 | 2,092 | $321,900 | $154 | $0 | $321,900 | $177 | $2,276 |
| 6,900 | | 3.0 | 2/1+D | 1/2 | 2,115 | $329,900 | $156 | $0 | $329,900 | $177 | $2,329 |
| | | | 2/2+D | 1/2 | 2,193 | $337,900 | $154 | $0 | $337,900 | $177 | $2,381 |
| | | | 2/2.5+D | 1/2 | 2,334 | $343,900 | $147 | $0 | $343,900 | $177 | $2,420 |
| **Vita Collection** | 625 | Feb-04 | 2/2.5+D | 1/2 | 2,423 | $382,900 | $158 | $0 | $382,900 | $177 | $2,674 |
| Shea Homes | 433 | 6.4 | 2/2.5+D | 1/2 | 2,799 | $414,900 | $148 | $0 | $414,900 | $177 | $2,883 |
| Peoria | 192 | 5 | 3/2.5+D | 1/2 | 2,935 | $430,900 | $147 | $0 | $430,900 | $177 | $2,987 |
| 8,050 | | 1.7 | 3/3.5+D | 1/2 | 3,096 | $450,900 | $146 | $0 | $450,900 | $177 | $3,118 |
| **Total Units Proposed** | **2,500** | **8.9** | | **Minimum** | **1,314** | **$198,900** | **$146** | **$0** | **$198,900** | **$177** | **$1,474** |
| **Total Units Sold** | **1,810** | **Avg. SIs** | | **Maximum** | **3,096** | **$450,900** | **$166** | **$0** | **$450,900** | **$177** | **$3,118** |
| **Total Units Remain** | **690** | **Rate** | | **Median** | **2,033** | **$316,900** | **$154** | **$0** | **$316,900** | **$177** | **$2,244** |
| | | | | **Average** | **2,086** | **$319,213** | **$154** | **$0** | **$319,213** | **$177** | **$2,259** |
| **GRAND TOTAL** | | | | | | | | | | | |
| **Total Units Proposed** | **11,656** | **9.9** | | **Minimum** | **1,198** | **$149,900** | **$84** | **$0** | **$139,900** | **$91** | **$1,023** |
| **Total Units Sold** | **8,058** | **Avg. SIs** | | **Maximum** | **3,134** | **$503,900** | **$173** | **$50,000** | **$453,900** | **$177** | **$3,171** |
| **Total Units Remain** | **3,598** | **Rate** | | **Median** | **1,949** | **$271,900** | **$151** | **$0** | **$264,900** | **$135** | **$1,893** |
| | | | | **Average** | **2,011** | **$288,398** | **$143** | **$11,667** | **$276,731** | **$138** | **$1,959** |

Source: Sullivan Group; Hanley Wood Market Intelligence

SULLIVAN group
Analysis. Answers.

**Exhibit II-19A**
**POSITIONING OF FESTIVAL FOOTHILLS VS.**
**CORTESSA/ WHITE TANK FOOTHILLS (NET OF INCENTIVES)**
**Phoenix MSA, Arizona**
**September, 2009**

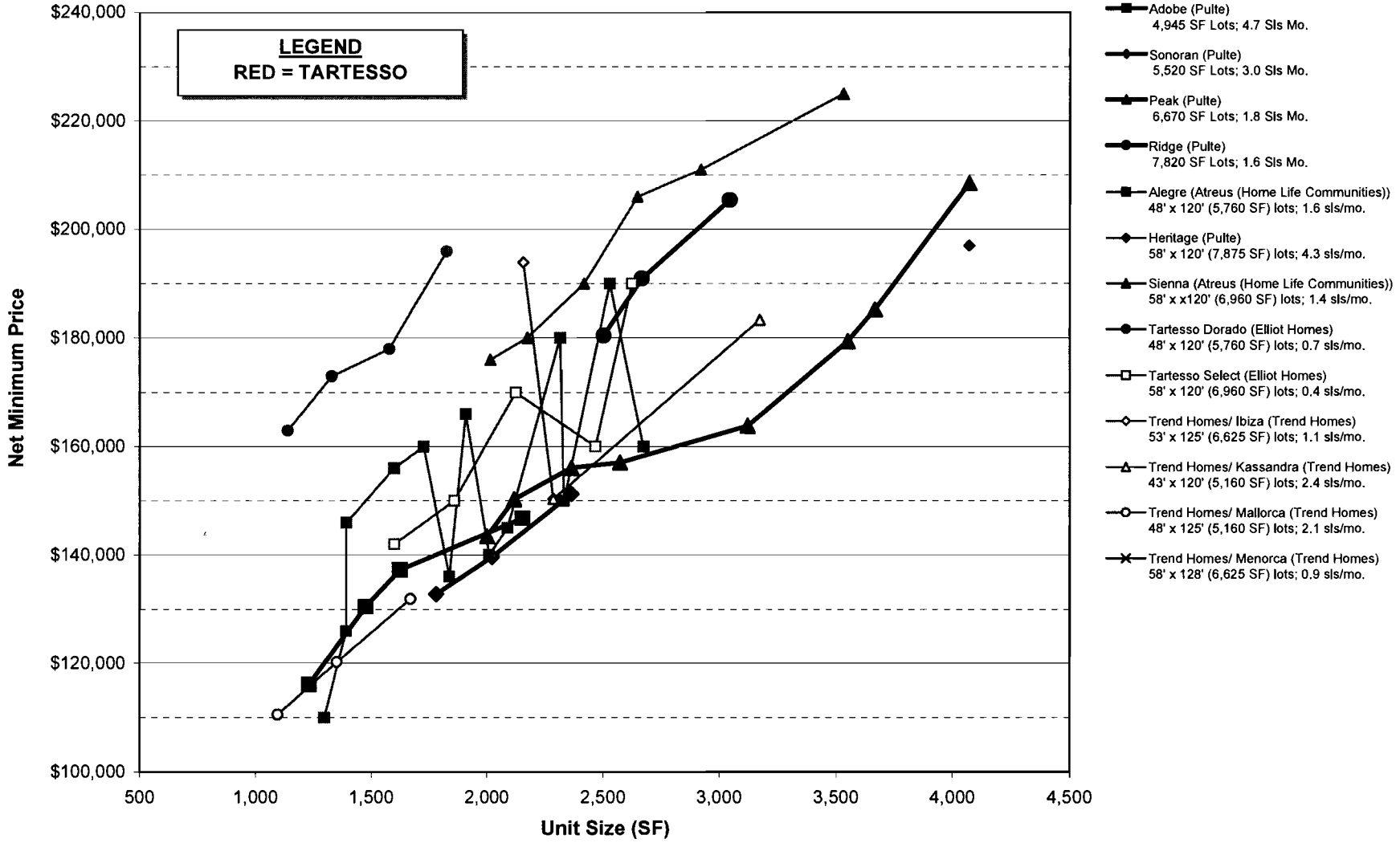



Source: Hanley Wood

PH200-09 Cortessa - White Tank Foothills

SULLIVAN group
Analysis. Answers.

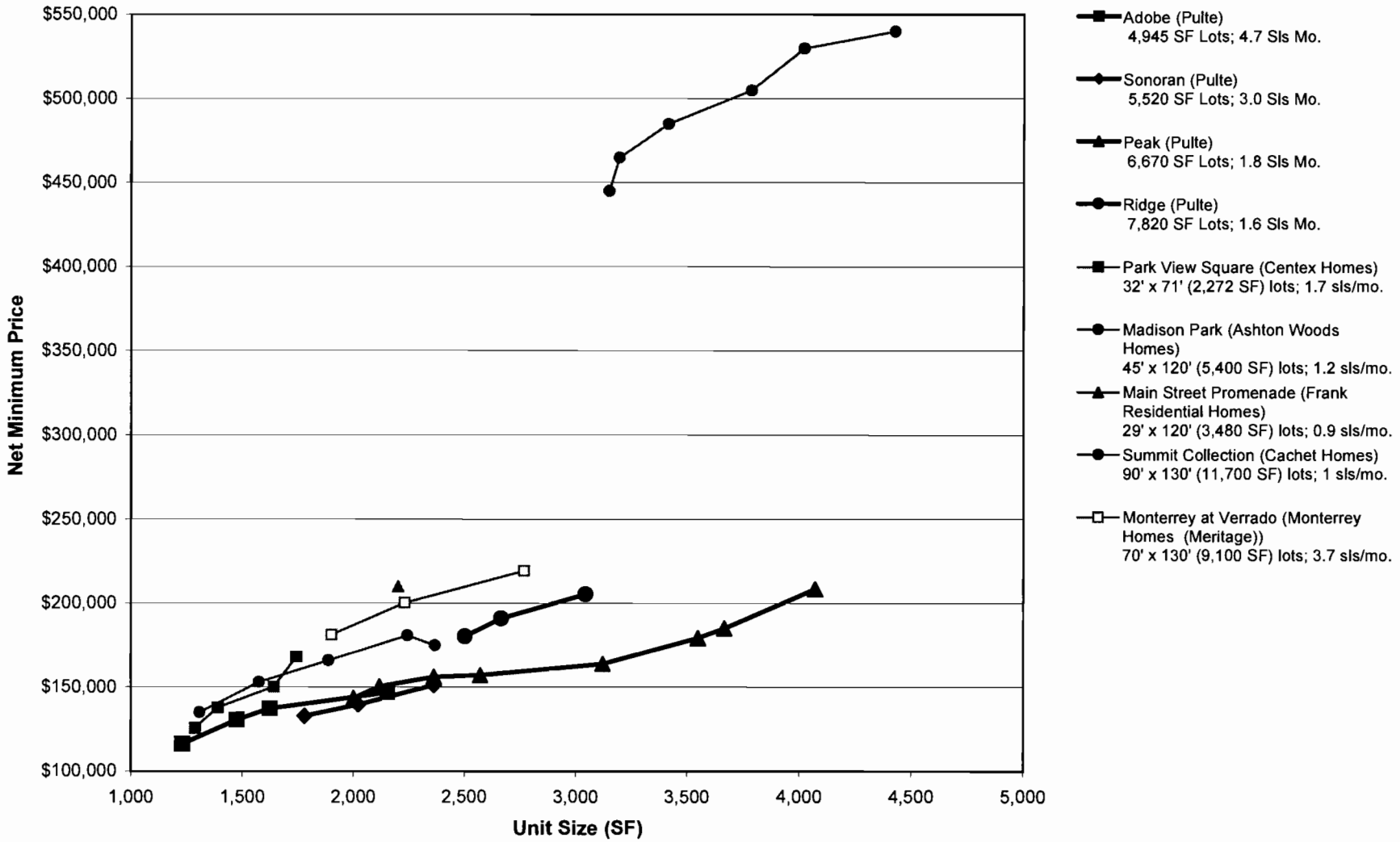
**Exhibit II-19B**
**POSITIONING OF FESTIVAL FOOTHILS VS. TARTESSO (NET OF INCENTIVES)**
**Phoenix MSA, Arizona**
**September, 2009**




1/ Positioning is net of incentives.
Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

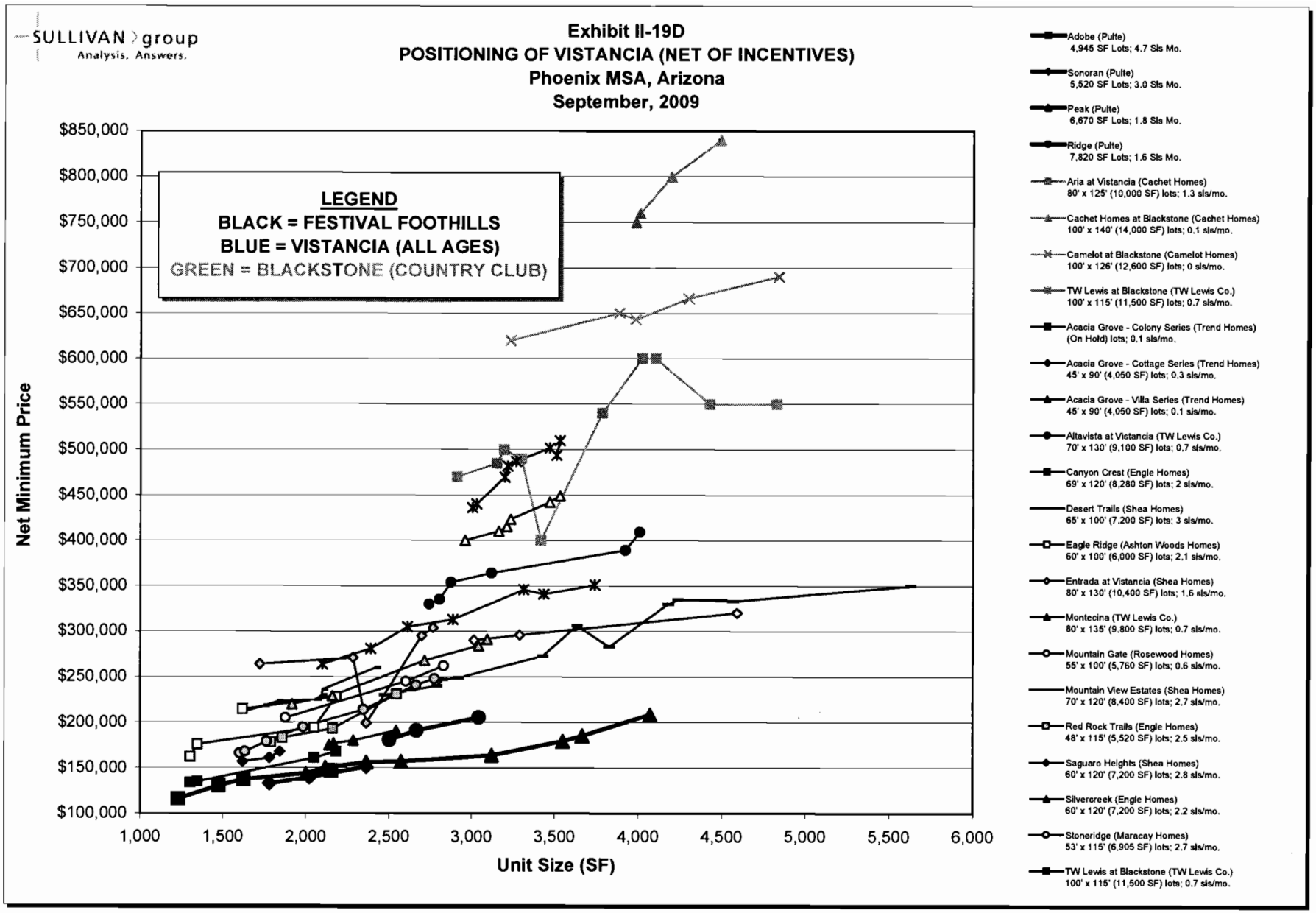
**Exhibit II-19C**
**POSITIONING OF FESTIVAL FOOTHILLS VS. VERRADO (NET OF INCENTIVES)**
**Phoenix MSA, Arizona**
**September, 2009**




1/ Positioning is net of incentives.
Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

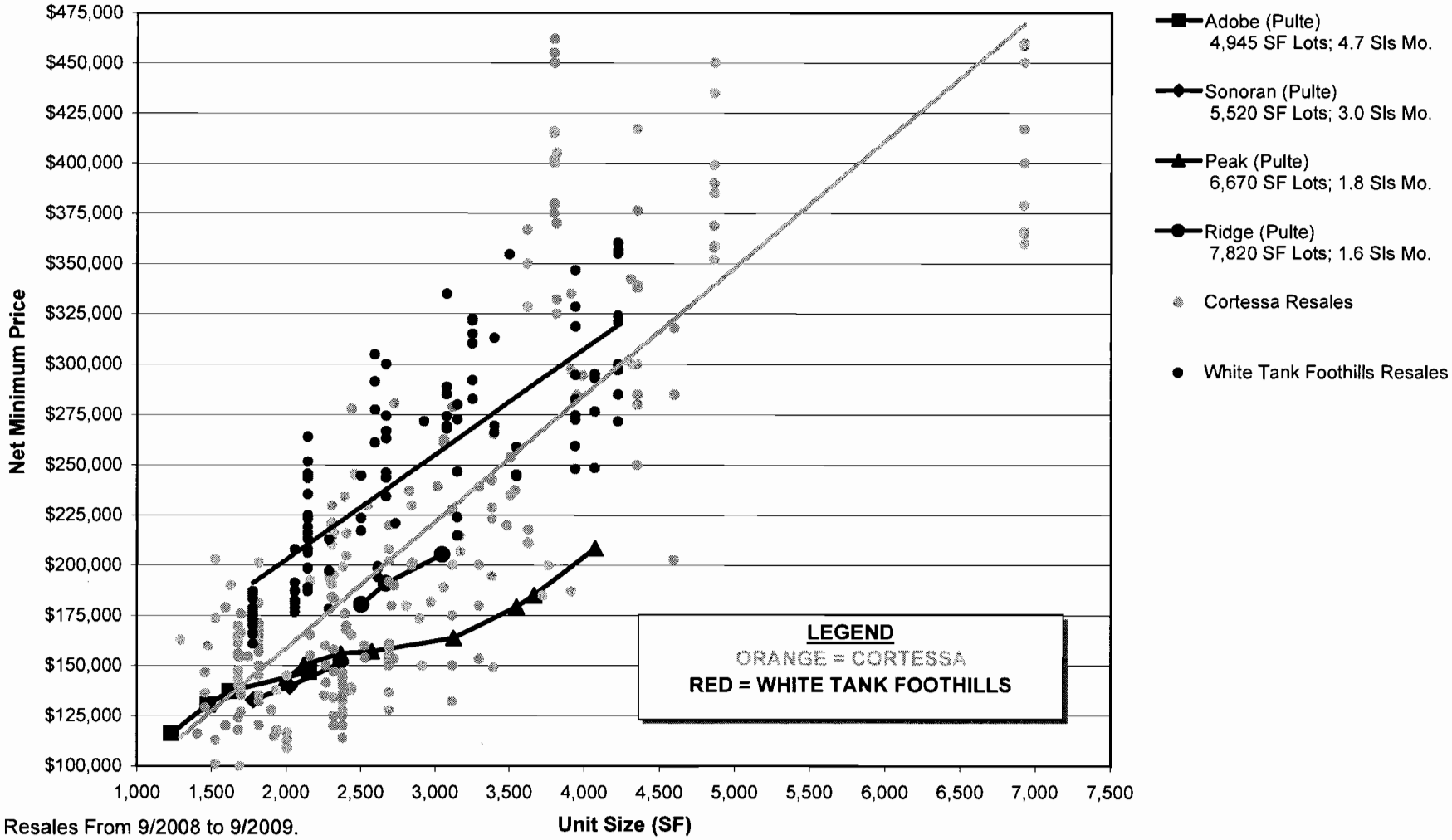
## Exhibit II-19D
## POSITIONING OF VISTANCIA (NET OF INCENTIVES)
## Phoenix MSA, Arizona
## September, 2009




Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-20A**
**POSITIONING OF FESTIVAL FOOTHILLS VS.**
**CORTESSA/ WHITE TANK FOOTHILLS - RESALES**
**Phoenix MSA, Arizona**
**September, 2009**

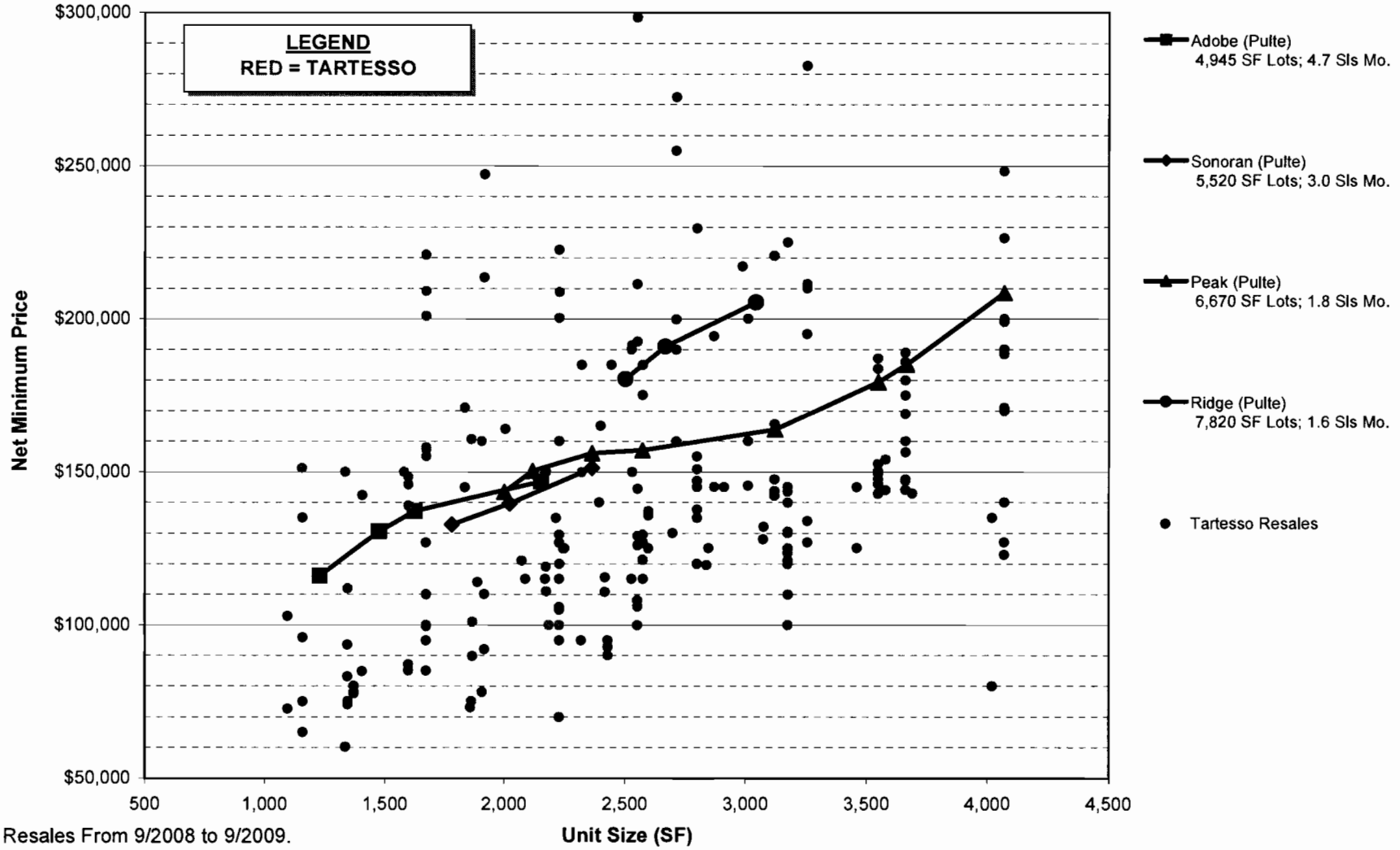



Resales From 9/2008 to 9/2009.

Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-20B**
**POSITIONING OF FESTIVAL FOOTHILS VS. TARTESSO RESALES**
**Phoenix MSA, Arizona**
**September, 2009**




Resales From 9/2008 to 9/2009.

1/ Positioning is net of incentives.
Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-21A**
**FLOORPLAN SUMMARY OF CORTESSA/ WHITE TANK FOOTHILLS MASTER PLAN**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name<br>Builder<br>Community<br>Typical Lot Size | Planned<br>Sold<br>Remain | Open Date<br>Sls/ Mo.<br>3 mo. Sales.<br>3 mo. Sls/Mo. | Floorplan Details<br>Bed/<br>Bath | Floors/<br>Parking | Home<br>Size (SF) | Base<br>Price $ | Base<br>$/SF | Buyer<br>Incentives | Net<br>Base Price | 10%<br>Down<br>Payment | Loan<br>Amount | Mortgage<br>Payment | HOA | Base<br>Tax Rate | CFD/<br>Special<br>Assess. | Total<br>Monthly<br>Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Courtland Homes** | 104 | Jul-08 | 3/2 | 1/2 | 2,070 | $156,990 | $76 | $5,500 | $151,490 | $15,149 | $136,341 | $862 | $60 | $164 | $0 | $1,086 |
| Courtland/ Hacienda | 0 | 0.0 | 4/2 | 1/2 | 2,368 | $163,490 | $69 | $5,500 | $157,990 | $15,799 | $142,191 | $899 | $60 | $170 | $0 | $1,129 |
| Cortessa | 104 | | 3/2.5 | 2/3 | 2,881 | $194,990 | $68 | $5,500 | $189,490 | $18,949 | $170,541 | $1,078 | $60 | $203 | $0 | $1,341 |
| 8,750 | | | 4/2.5 | 2/2 | 3,213 | $199,990 | $62 | $5,500 | $194,490 | $19,449 | $175,041 | $1,106 | $60 | $208 | $0 | $1,375 |
| **Crossings** | 90 | Nov-05 | 4/2 | 1/3 | 2,393 | SOLD OUT | | | | | | | | | | |
| Standard Pacific | 86 | 1.9 | 3/2.5 | 1/3 | 2,403 | SOLD OUT | | | | | | | | | | |
| Cortessa | 4 | 3 | 4/3 | 1/3 | 2,609 | $235,900 | $90 | $30,000 | $205,900 | $20,590 | $185,310 | $1,171 | $129 | $197 | $0 | $1,497 |
| 8,750 | | 1.0 | 3/3.5+D | 1/3 | 2,805 | $256,900 | $92 | $30,000 | $226,900 | $22,690 | $204,210 | $1,291 | $129 | $214 | $0 | $1,634 |
| | | | 4/2.5 | 2/3 | 3,255 | SOLD OUT | | | | | | | | | | |
| | | | 5/3.5 | 2/3 | 3,307 | $274,900 | $83 | $30,000 | $244,900 | $24,490 | $220,410 | $1,393 | $129 | $229 | $0 | $1,751 |
| | | | 5/4 | 2/4 | 3,776 | SOLD OUT | | | | | | | | | | |
| **Meadows II** | 72 | Oct-07 | 4/2 | 1/3 | 2,237 | $170,900 | $76 | $10,000 | $160,900 | $16,090 | $144,810 | $915 | $115 | $178 | $0 | $1,208 |
| Standard Pacific | 16 | 0.7 | 4/3 | 2/3 | 3,173 | $198,900 | $63 | $10,000 | $188,900 | $18,890 | $170,010 | $1,075 | $129 | $207 | $0 | $1,411 |
| Cortessa | 56 | 5 | 4/2.5 | 2/3 | 3,384 | $206,900 | $61 | $10,000 | $196,900 | $19,690 | $177,210 | $1,120 | $129 | $216 | $0 | $1,465 |
| 6,670 | | 1.7 | 4/2.5+D | 2/3 | 3,694 | $212,900 | $58 | $10,000 | $202,900 | $20,290 | $182,610 | $1,154 | $129 | $222 | $0 | $1,505 |
| **Regency/ Andalucia** | 101 | Feb-06 | 4/3.5+D | 2/3 | 4,321 | SOLD OUT | | | | | | | | | | |
| Trend | 44 | 1.0 | 4/3+D | 2/3 | 4,351 | $319,950 | $74 | $10,000 | $309,950 | $30,995 | $278,955 | $1,763 | $75 | $333 | $0 | $2,171 |
| Cortessa | 57 | | 5/5+D | 3/3 | 6,910 | $459,950 | $67 | $10,000 | $449,950 | $44,995 | $404,955 | $2,560 | $75 | $479 | $0 | $3,114 |
| 11,700 | | | | | | | | | | | | | | | | |
| *Sales and Pricing Information as of 3/2009* | | | | | | | | | | | | | | | | |
| **Regency/ Tarragona** | 131 | Feb-06 | 3/2+D | 2/2 | 1,670 | $144,950 | $87 | $10,000 | $134,950 | $13,495 | $121,455 | $768 | $75 | $151 | $0 | $994 |
| Trend | 54 | 1.3 | 3/2 | 1/2 | 2,158 | SOLD OUT | | | | | | | | | | |
| Cortessa | 77 | | 3/2.5+D | 2/2 | 2,295 | $164,950 | $72 | $10,000 | $154,950 | $15,495 | $139,455 | $881 | $75 | $172 | $0 | $1,128 |
| 6,480 | | | 4/2.5+D | 2/2 | 2,545 | SOLD OUT | | | | | | | | | | |
| *Sales and Pricing Information as of 3/2009* | | | 4/2.5+D | 2/2 | 3,173 | $203,950 | $64 | $10,000 | $193,950 | $19,395 | $174,555 | $1,103 | $75 | $212 | $0 | $1,391 |
| | | | 3/3 | 2/3 | 3,297 | $285,175 | $86 | $10,000 | $275,175 | $27,518 | $247,658 | $1,565 | $75 | $297 | $0 | $1,937 |
| | | | 3/3 | 2/3 | 3,608 | SOLD OUT | | | | | | | | | | |
| **Regency/ Zarragoza** | 113 | Feb-06 | 3/2.5+D | 2/2 | 2,287 | $164,950 | $72 | $10,000 | $154,950 | $15,495 | $139,455 | $881 | $75 | $172 | $0 | $1,128 |
| Trend | 47 | 1.1 | 3/3+D | 1/2 | 2,543 | $224,950 | $88 | $10,000 | $214,950 | $21,495 | $193,455 | $1,223 | $75 | $234 | $0 | $1,532 |
| Cortessa | 66 | | 4/2.5 | 2/3 | 2,841 | SOLD OUT | | | | | | | | | | |
| 6,950 | | | 3/2.5 | 2/3 | 3,056 | $244,950 | $80 | $10,000 | $234,950 | $23,495 | $211,455 | $1,337 | $75 | $255 | $0 | $1,667 |
| *Sales and Pricing Information as of 3/2009* | | | 4/2.5+D | 2/3 | 4,602 | $284,950 | $62 | $10,000 | $274,950 | $27,495 | $247,455 | $1,564 | $75 | $297 | $0 | $1,936 |
| **The Villages** | 392 | Oct-05 | 3/2 | 1/2 | 1,457 | $130,900 | $90 | $10,000 | $120,900 | $12,090 | $108,810 | $688 | $114 | $109 | $0 | $911 |
| Standard Pacific | 302 | 6.4 | 4/2 | 1/2 | 1,682 | $138,900 | $83 | $10,000 | $128,900 | $12,890 | $116,010 | $733 | $114 | $116 | $0 | $963 |
| Cortessa | 90 | 15 | 4/3 | 1/2 | 1,822 | $147,900 | $81 | $10,000 | $137,900 | $13,790 | $124,110 | $784 | $114 | $123 | $0 | $1,022 |
| 5,520 | | 5.0 | 3/2.5+D | 2/2 | 2,045 | $156,900 | $77 | $10,000 | $146,900 | $14,690 | $132,210 | $836 | $114 | $131 | $0 | $1,080 |
| | | | 3/2.5 | 2/2 | 2,420 | $179,900 | $74 | $10,000 | $169,900 | $16,990 | $152,910 | $966 | $114 | $150 | $0 | $1,230 |

Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-21A**
**FLOORPLAN SUMMARY OF CORTESSA/ WHITE TANK FOOTHILLS MASTER PLAN**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name<br>Builder<br>Community<br>Typical Lot Size | Planned<br>Sold<br>Remain | Open Date<br>Sls/ Mo.<br>3 mo. Sales.<br>3 mo. Sls/Mo. | Floorplan Details<br>Bed/<br>Bath | Floors/<br>Parking | Home<br>Size (SF) | Base<br>Price $ | Base<br>$/SF | Buyer<br>Incentives | Net<br>Base Price | 10%<br>Down<br>Payment | Loan<br>Amount | Mortgage<br>Payment | HOA | Base<br>Tax Rate | CFD/<br>Special<br>Assess. | Total<br>Monthly<br>Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Canyon** | 111 | Dec-06 | 3/2 | 1/3 | 2,145 | $197,900 | $92 | $5,937 | $191,963 | $19,196 | $172,767 | $1,092 | $75 | $206 | $0 | $1,373 |
| Pulte | 83 | 2.5 | 3/2.5 | 1/3 | 2,503 | $220,900 | $88 | $6,627 | $214,273 | $21,427 | $192,846 | $1,219 | $75 | $230 | $0 | $1,524 |
| White Tank Foothills | 28 | 11 | 3/2.5 | 1/3 | 2,667 | $230,900 | $87 | $6,927 | $223,973 | $22,397 | $201,576 | $1,274 | $75 | $241 | $0 | $1,590 |
| 9,750 | | 3.7 | | | | | | | | | | | | | | |
| **Compass** | 150 | Jan-07 | 3/2.5 | 2/3 | 2,613 | $172,900 | $66 | $15,187 | $157,713 | $15,771 | $141,942 | $897 | $77 | $180 | $0 | $1,154 |
| Pulte | 74 | 2.3 | 3/2.5/D | 2/3 | 3,121 | $189,900 | $61 | $15,697 | $174,203 | $17,420 | $156,783 | $991 | $77 | $198 | $0 | $1,266 |
| White Tank Foothills | 76 | 6 | 5/3.5 | 2/3 | 3,549 | $204,900 | $58 | $16,147 | $188,753 | $18,875 | $169,878 | $1,074 | $77 | $213 | $0 | $1,364 |
| 6,875 | | 2.0 | 5/4 | 2/3 | 4,068 | $218,900 | $54 | $16,567 | $202,333 | $20,233 | $182,100 | $1,151 | $77 | $228 | $0 | $1,456 |
| **Discovery** | 103 | Jan-07 | 4/3/D | 1/3 | 2,594 | $228,900 | $88 | $6,867 | $222,033 | $22,203 | $199,830 | $1,263 | $75 | $191 | $0 | $1,529 |
| Pulte | 65 | 2.0 | 4/3.5 | 1/3 | 3,075 | $260,900 | $85 | $7,827 | $253,073 | $25,307 | $227,766 | $1,440 | $75 | $217 | $0 | $1,732 |
| White Tank Foothills | 38 | 6 | 4/3.5/D | 1/3 | 3,251 | $270,900 | $83 | $8,127 | $262,773 | $26,277 | $236,496 | $1,495 | $75 | $226 | $0 | $1,796 |
| 10,500 | | 2.0 | | | | | | | | | | | | | | |
| **Summit** | 157 | Jan-07 | 3/2/D | 1/2 | 1,769 | $150,900 | $85 | $14,500 | $136,400 | $13,640 | $122,760 | $776 | $78 | $132 | $0 | $986 |
| Pulte | 103 | 3.2 | 4/2 | 1/2 | 2,059 | $162,900 | $79 | $14,800 | $148,100 | $14,810 | $133,290 | $842 | $75 | $143 | $0 | $1,060 |
| White Tank Foothills | 54 | 5 | 5/3 | 2/2 | 2,285 | $172,900 | $76 | $15,100 | $157,800 | $15,780 | $142,020 | $898 | $75 | $151 | $0 | $1,124 |
| 6,000 | | 1.7 | | | | | | | | | | | | | | |
| **Trailhead** | 80 | Jan-07 | 4/3.5/L | 2/3 | 3,397 | $293,900 | $87 | $0 | $293,900 | $29,390 | $264,510 | $1,672 | $75 | $294 | $0 | $2,041 |
| Pulte | 49 | 1.5 | 5/4.5/D/L | 2/3 | 3,938 | $312,900 | $79 | $0 | $312,900 | $31,290 | $281,610 | $1,780 | $75 | $313 | $0 | $2,168 |
| White Tank Foothills | 31 | 0 | 6/4.5/D/L | 2/3 | 4,223 | $331,900 | $79 | $0 | $331,900 | $33,190 | $298,710 | $1,888 | $75 | $332 | $0 | $2,295 |
| 9,450 | | 0.0 | | | | | | | | | | | | | | |

| Cortessa/ White Tank Foothills Sales Summary: | | |
|---|---|---|
| **Total Units Planned:** | **1,604** | **1.7** |
| **Total Units Sold:** | **923** | **1.8** |
| **Total Unsold Units:** | **681** | **Median Sls.** |

| Cortessa/ White Tank Foothills Unit Size & Pricing Summary: | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **MIN** | **1,457** | **$130,900** | **$54** | **$0** | **$120,900** | **$12,090** | **$108,810** | **$688** | **$60** | **$109** | **$0** | **$911** |
| **MAX** | **6,910** | **$459,950** | **$92** | **$30,000** | **$449,950** | **$44,995** | **$404,955** | **$2,560** | **$129** | **$479** | **$0** | **$3,114** |
| **MED** | **2,805** | **$204,425** | **$78** | **$10,000** | **$194,220** | **$19,422** | **$174,798** | **$1,105** | **$75** | **$208** | **$0** | **$1,401** |
| **AVG** | **2,939** | **$217,819** | **$76** | **$10,769** | **$207,049** | **$20,705** | **$186,344** | **$1,178** | **$87** | **$213** | **$0** | **$1,478** |

Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-21B**
**FLOORPLAN SUMMARY OF VISTANCIA**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name<br>Builder<br>Community<br>Typical Lot Size | Planned<br>Sold<br>Remain | Open Date<br>Sls/ Mo.<br>3 mo. Sales. | Floorplan Details<br>Bed/<br>Bath | Floors/<br>Parking | Home<br>Size (SF) | Base<br>Price $ | Base<br>$/SF | Buyer<br>Incentives | Net<br>Base Price | 10%<br>Down<br>Payment | Loan<br>Amount | Mortgage<br>Payment | HOA | Base<br>Tax Rate | Total<br>Monthly<br>Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Acacia Grove - Colony Series** | 170 | Oct-06 | 3/2 | 2/2 | 1,303 | $138,950 | $107 | $5,000 | $133,950 | $13,395 | $120,555 | $1,015 | $200 | $111 | $1,015 |
| Trend Homes | 5 | 0.1 | 3/2.5 | 2/2 | 1,346 | $139,950 | $104 | $5,000 | $134,950 | $13,495 | $121,455 | $1,022 | $200 | $112 | $1,022 |
| Peoria (Vistancia) | 165 | 2 | 3/2.5/D | 3/2 | 2,050 | $165,950 | $81 | $5,000 | $160,950 | $16,095 | $144,855 | $1,179 | $200 | $133 | $1,179 |
| (On Hold) | | 0.7 | 3/2.5 | 3/2 | 2,182 | $172,950 | $79 | $5,000 | $167,950 | $16,795 | $151,155 | $1,221 | $200 | $138 | $1,221 |
| **Acacia Grove - Cottage Series** | 187 | Oct-06 | 3/2.5 | 2/2 | 1,618 | $161,950 | $100 | $5,000 | $156,950 | $15,695 | $141,255 | $1,155 | $200 | $130 | $1,155 |
| Trend Homes | 9 | 0.3 | 3/2.5 | 2/2 | 1,780 | $165,950 | $93 | $5,000 | $160,950 | $16,095 | $144,855 | $1,179 | $200 | $133 | $1,179 |
| Peoria (Vistancia) | 178 | 3 | 3/2.5/L | 2/2 | 1,843 | $172,950 | $94 | $5,000 | $167,950 | $16,795 | $151,155 | $1,221 | $200 | $138 | $1,221 |
| 45' x 90' (4,050 SF) | | 1.0 | | | | | | | | | | | | | |
| (Will Re-Open in November) | | | | | | | | | | | | | | | |
| **Acacia Grove - Villa Series** | 141 | Oct-06 | 3/2.5 | 2/2 | 2,141 | $179,950 | $84 | $5,000 | $174,950 | $17,495 | $157,455 | $1,264 | $200 | $144 | $1,264 |
| Trend Homes | 4 | 0.1 | 3/2.5 | 2/2 | 2,168 | $181,950 | $84 | $5,000 | $176,950 | $17,695 | $159,255 | $1,276 | $200 | $146 | $1,276 |
| Peoria (Vistancia) | 137 | 1 | 3/2.5/D | 2/2 | 2,287 | $184,950 | $81 | $5,000 | $179,950 | $17,995 | $161,955 | $1,294 | $200 | $148 | $1,294 |
| 45' x 90' (4,050 SF) | | 0.3 | 3/2.5/L/D | 2/3 | 2,544 | $195,950 | $77 | $5,000 | $190,950 | $19,095 | $171,855 | $1,361 | $200 | $157 | $1,361 |
| (On Hold) | | | | | | | | | | | | | | | |
| **Altavista at Vistancia** | 52 | Nov-06 | 3/2.5/D | 1/2 | 2,741 | $339,900 | $124 | $10,000 | $329,900 | $32,990 | $296,910 | $2,136 | $118 | $283 | $2,136 |
| TW Lewis Co. | 25 | 0.7 | 4/2.5 | 1/3 | 2,804 | $345,000 | $123 | $10,000 | $335,000 | $33,500 | $301,500 | $2,167 | $118 | $288 | $2,167 |
| Peoria (Vistancia) | 27 | 8 | 4/2.5 | 1/3 | 2,874 | $364,000 | $127 | $10,000 | $354,000 | $35,400 | $318,600 | $2,283 | $118 | $303 | $2,283 |
| 70' x 130' (9,100 SF) | | 2.7 | 3/2.5/D | 1/3 | 3,119 | $374,000 | $120 | $10,000 | $364,000 | $36,400 | $327,600 | $2,344 | $118 | $312 | $2,344 |
| | | | 5/3 | 2/3 | 3,923 | $399,000 | $102 | $10,000 | $389,000 | $38,900 | $350,100 | $2,496 | $118 | $333 | $2,496 |
| | | | 4/2.5/D | 2/3 | 4,008 | $419,000 | $105 | $10,000 | $409,000 | $40,900 | $368,100 | $2,618 | $118 | $349 | $2,618 |
| **Cachet Homes at Blackstone** | 34 | Feb-06 | 4/3.5/D | 1/3 | 3,984 | $749,900 | $188 | $0 | $749,900 | $74,990 | $674,910 | $4,718 | $150 | $625 | $4,718 |
| Cachet Homes | 6 | 0.1 | 4/3.5 | 1/4 | 4,008 | $759,900 | $190 | $0 | $759,900 | $75,990 | $683,910 | $4,779 | $150 | $633 | $4,779 |
| Peoria (Vistancia) | 28 | 0 | 3/2.5/D | 3 | 4,196 | $799,900 | $191 | $0 | $799,900 | $79,990 | $719,910 | $5,022 | $150 | $667 | $5,022 |
| 100' x 140' (14,000 SF) | | 0.0 | 4/3.5/D | 1/4 | 4,490 | $839,900 | $187 | $0 | $839,900 | $83,990 | $755,910 | $5,266 | $150 | $700 | $5,266 |
| **Camelot at Blackstone** | 67 | Mar-07 | 3/2.5 | 1/3 | 3,233 | $629,900 | $195 | $10,000 | $619,900 | $61,990 | $557,910 | $3,897 | $113 | $525 | $3,897 |
| Camelot Homes | 0 | 0.0 | 3/3.5/D | 1/3 | 3,885 | $659,900 | $170 | $10,000 | $649,900 | $64,990 | $584,910 | $4,080 | $113 | $550 | $4,080 |
| Peoria (Vistancia) | 67 | | 5/4.5 | 2/3 | 3,982 | $652,900 | $164 | $10,000 | $642,900 | $64,290 | $578,610 | $4,037 | $113 | $544 | $4,037 |
| 100' x 126' (12,600 SF) | | | 4/3.5/D | 2/3 | 4,298 | $675,900 | $157 | $10,000 | $665,900 | $66,590 | $599,310 | $4,177 | $113 | $563 | $4,177 |
| Sales Information as of 2/09 | | | 4/3.5/D | 2/3 | 4,838 | $699,990 | $145 | $10,000 | $689,990 | $68,999 | $620,991 | $4,324 | $113 | $583 | $4,324 |
| **Eagle Ridge** | 79 | Aug-06 | 3/2 | 1/2 | 1,587 | $166,990 | $105 | $5,010 | $161,980 | $16,198 | $145,782 | $1,073 | $82 | $139 | $1,073 |
| Ashton Woods Homes | 76 | 2.1 | 3/2 | 1/2 | 1,853 | $180,990 | $98 | $5,430 | $175,560 | $17,556 | $158,004 | $1,156 | $82 | $151 | $1,156 |
| Peoria (Vistancia) | 3 | 8 | 4/2.5 | 2/2 | 2,337 | $199,990 | $86 | $6,000 | $193,990 | $19,399 | $174,591 | $1,269 | $82 | $167 | $1,269 |
| 60' x 100' (6,000 SF) | | 2.7 | 4/2.5 | 2/3 | 2,517 | $234,990 | $93 | $7,050 | $227,940 | $22,794 | $205,146 | $1,476 | $82 | $196 | $1,476 |
| | | | 4/3 | 2/3 | 2,563 | $220,990 | $86 | $6,630 | $214,360 | $21,436 | $192,924 | $1,393 | $82 | $184 | $1,393 |
| **Entrada at Vistancia** | 56 | Feb-06 | 4/2.5 | 1/3 | 3,014 | $299,990 | $100 | $10,000 | $289,990 | $28,999 | $260,991 | $1,895 | $120 | $250 | $1,895 |
| Shea Homes | 39 | 1.6 | 4/3/D | 1/3 | 3,289 | $305,990 | $93 | $10,000 | $295,990 | $29,599 | $266,391 | $1,931 | $120 | $255 | $1,931 |
| Peoria (Vistancia) | 17 | | 4/3.5/D | 2/3 | 4,589 | $329,990 | $72 | $10,000 | $319,990 | $31,999 | $287,991 | $2,077 | $120 | $275 | $2,077 |
| 80' x 130' (10,400 SF) | | | | | | | | | | | | | | | |
| Sales Information as of 2/09 | | | | | | | | | | | | | | | |

Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-21B**
**FLOORPLAN SUMMARY OF VISTANCIA**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name / Builder / Community / Typical Lot Size | Planned / Sold / Remain | Open Date / Sls/ Mo. / 3 mo. Sales. | Floorplan Details: Bed/ Bath | Floors/ Parking | Home Size (SF) | Base Price $ | Base $/SF | Buyer Incentives | Net Base Price | 10% Down Payment | Loan Amount | Mortgage Payment | HOA | Base Tax Rate | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Montecina** | 60 | Jun-04 | 3/2.5 | 1/2 | 2,960 | $409,900 | $138 | $10,000 | $399,900 | $39,990 | $359,910 | $2,562 | $118 | $342 | $2,562 |
| TW Lewis Co. | 45 | 0.7 | 3/2.5/D | 1/2 | 3,163 | $419,900 | $133 | $10,000 | $409,900 | $40,990 | $368,910 | $2,623 | $118 | $350 | $2,623 |
| Peoria (Vistancia) | 15 | 6 | 4/2.5 | 1/2 | 3,210 | $424,900 | $132 | $10,000 | $414,900 | $41,490 | $373,410 | $2,654 | $118 | $354 | $2,654 |
| 80' x 135' (9,800 SF) | | 2.0 | 4/2.5 | 1/2 | 3,233 | $432,900 | $134 | $10,000 | $422,900 | $42,290 | $380,610 | $2,702 | $118 | $361 | $2,702 |
| | | | 4/3 | 1/2 | 3,469 | $451,900 | $130 | $10,000 | $441,900 | $44,190 | $397,710 | $2,818 | $118 | $377 | $2,818 |
| | | | 3/2.5/D | 1/2 | 3,530 | $459,000 | $130 | $10,000 | $449,000 | $44,900 | $404,100 | $2,861 | $118 | $383 | $2,861 |
| **Mountain Gate** | 62 | Jan-07 | 3/2.5 | 1/2 | 1,876 | $209,990 | $112 | $5,000 | $204,990 | $20,499 | $184,491 | $1,335 | $82 | $175 | $1,335 |
| Rosewood Homes | 18 | 0.6 | 3/2.5/D | 1/2 | 2,602 | $249,990 | $96 | $5,000 | $244,990 | $24,499 | $220,491 | $1,578 | $82 | $208 | $1,578 |
| Peoria (Vistancia) | 44 | 1 | 4/2.5/D | 2/3 | 2,831 | $266,990 | $94 | $5,000 | $261,990 | $26,199 | $235,791 | $1,682 | $82 | $222 | $1,682 |
| 55' x 100' (5,760 SF) | | 0.3 | | | | | | | | | | | | | |
| **Mountain View Estates** | 171 | Feb-04 | 4/2.5 | 1/4 | 2,472 | $239,990 | $97 | $10,000 | $229,990 | $22,999 | $206,991 | $1,491 | $82 | $200 | $1,491 |
| Shea Homes | 133 | 2.7 | 3/2.5/D | 1/4 | 2,630 | $244,990 | $93 | $10,000 | $234,990 | $23,499 | $211,491 | $1,522 | $82 | $204 | $1,522 |
| Peoria (Vistancia) | 38 | | 3/2.5/D/L | 1/3 | 2,791 | $249,990 | $90 | $10,000 | $239,990 | $23,999 | $215,991 | $1,552 | $82 | $208 | $1,552 |
| 70' x 120' (8,400 SF) | | | 4/2.5/D | 1/4 | 2,825 | $256,990 | $91 | $10,000 | $246,990 | $24,699 | $222,291 | $1,595 | $82 | $214 | $1,595 |
| Sales Information as of 2/09 | | | 4/2.5/D | 1/4 | 2,921 | $258,990 | $89 | $10,000 | $248,990 | $24,899 | $224,091 | $1,607 | $82 | $216 | $1,607 |
| | | | 4/3.5 | 2/3(t) | 3,429 | $282,990 | $83 | $10,000 | $272,990 | $27,299 | $245,691 | $1,753 | $82 | $236 | $1,753 |
| | | | 5/3.5/D | 2/4 | 3,635 | $315,990 | $87 | $10,000 | $305,990 | $30,599 | $275,391 | $1,954 | $82 | $263 | $1,954 |
| | | | 5/3.5/D | 2/4 | 3,827 | $292,990 | $77 | $10,000 | $282,990 | $28,299 | $254,691 | $1,814 | $82 | $244 | $1,814 |
| | | | 6/3.5/D | 2/4 | 4,177 | $339,990 | $81 | $10,000 | $329,990 | $32,999 | $296,991 | $2,100 | $82 | $283 | $2,100 |
| | | | 4/3.5/D | 2/4(t) | 4,183 | $339,990 | $81 | $10,000 | $329,990 | $32,999 | $296,991 | $2,100 | $82 | $283 | $2,100 |
| | | | 5/3.5/D | 2/4 | 4,239 | $344,990 | $81 | $10,000 | $334,990 | $33,499 | $301,491 | $2,131 | $82 | $287 | $2,131 |
| | | | 5/4.5/D | 2/4(T) | 4,499 | $343,990 | $76 | $10,000 | $333,990 | $33,399 | $300,591 | $2,125 | $82 | $287 | $2,125 |
| | | | 4/3.5/D/L | 2/4(T) | 4,567 | $342,990 | $75 | $10,000 | $332,990 | $33,299 | $299,691 | $2,119 | $82 | $286 | $2,119 |
| | | | 6/4.5 | 2/4(T) | 5,629 | $359,990 | $64 | $10,001 | $349,989 | $34,999 | $314,990 | $2,223 | $83 | $300 | $2,223 |
| **Stoneridge** | 184 | Mar-04 | 3/2 | 1/2 | 1,601 | $169,900 | $106 | $4,000 | $165,900 | $16,590 | $149,310 | $1,096 | $82 | $142 | $1,096 |
| Maracay Homes | 176 | 2.7 | 3/2/D | 1/2 | 1,633 | $171,900 | $105 | $4,000 | $167,900 | $16,790 | $151,110 | $1,108 | $82 | $143 | $1,108 |
| Peoria (Vistancia) | 8 | 8 | 3/2/D | 1/2 | 1,762 | $182,900 | $104 | $4,000 | $178,900 | $17,890 | $161,010 | $1,175 | $82 | $152 | $1,175 |
| 53' x 115' (6,905 SF) | | 2.7 | 3/2/D | 1/2 | 1,984 | $198,500 | $100 | $4,000 | $194,500 | $19,450 | $175,050 | $1,270 | $82 | $165 | $1,270 |
| | | | 4/2.5/D | 2/2 | 2,347 | $217,900 | $93 | $4,000 | $213,900 | $21,390 | $192,510 | $1,388 | $82 | $182 | $1,388 |
| | | | 3/2.5/D | 2/2 | 2,662 | $244,900 | $92 | $4,000 | $240,900 | $24,090 | $216,810 | $1,553 | $82 | $204 | $1,553 |
| | | | 3/2.5/D | 2/2 | 2,774 | $251,900 | $91 | $4,000 | $247,900 | $24,790 | $223,110 | $1,595 | $82 | $210 | $1,595 |
| **TW Lewis at Blackstone** | 50 | Sep-06 | 3/2.5 | 1/2 | 3,004 | $445,900 | $148 | $10,000 | $435,900 | $43,590 | $392,310 | $2,813 | $150 | $372 | $2,813 |
| TW Lewis Co. | 26 | 0.7 | 3/2.5 | 1/2 | 3,029 | $449,900 | $149 | $10,000 | $439,900 | $43,990 | $395,910 | $2,838 | $150 | $375 | $2,838 |
| Peoria (Vistancia) | 24 | 3 | 3/2.5 | 1/2 | 3,198 | $479,900 | $150 | $10,000 | $469,900 | $46,990 | $422,910 | $3,021 | $150 | $400 | $3,021 |
| 100' x 115' (11,500 SF) | | 1.0 | 3/2.5/D | 1/2 | 3,216 | $491,900 | $153 | $10,000 | $481,900 | $48,190 | $433,710 | $3,094 | $150 | $410 | $3,094 |
| | | | 3/2.5/D | 1/2 | 3,266 | $496,900 | $152 | $10,000 | $486,900 | $48,690 | $438,210 | $3,124 | $150 | $414 | $3,124 |
| | | | 4/3 | 1/2 | 3,469 | $511,900 | $148 | $10,000 | $501,900 | $50,190 | $451,710 | $3,216 | $150 | $427 | $3,216 |
| | | | 4/2.5 | 1/2 | 3,511 | $503,900 | $144 | $10,000 | $493,900 | $49,390 | $444,510 | $3,167 | $150 | $420 | $3,167 |
| | | | 3/2.5/D | 1/3 | 3,530 | $519,900 | $147 | $10,000 | $509,900 | $50,990 | $458,910 | $3,264 | $150 | $433 | $3,264 |

| Vistancia Sales Summary: | | |
|---|---|---|
| **Total Units Planned:** | **1,313** | **Avg. Sls/Mo.** |
| **Total Units Sold:** | **562** | **0.7** |
| **Total Unsold Units:** | **751** | **Past 3 Mo. Rate** |
| | | **3.0** |

| Vistancia Unit Size & Pricing Summary: | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **MIN** | **1,303** | **$138,950** | **$64** | **$0** | **$133,950** | **$13,395** | **$120,555** | **$1,015** | **$82** | **$111** | **$1,015** |
| **MAX** | **5,629** | **$839,900** | **$195** | **$10,001** | **$839,900** | **$83,990** | **$755,910** | **$5,266** | **$200** | **$700** | **$5,266** |
| **MED** | **3,009** | **$322,990** | **$101** | **$10,000** | **$312,990** | **$31,299** | **$281,691** | **$2,016** | **$118** | **$269** | **$2,016** |
| **AVG** | **3,043** | **$352,623** | **$113** | **$7,613** | **$345,011** | **$34,501** | **$310,510** | **$2,228** | **$121** | **$293** | **$2,228** |

Source: Hanley Wood

SULLIVAN group
Analysis. Answers

**Exhibit II-21C**
**FLOORPLAN SUMMARY OF VERRADO MASTER PLAN**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name<br>Builder<br>Community<br>Typical Lot Size | Planned<br>Sold<br>Remain | Open Date<br>Sls/ Mo.<br>3 mo. Sales.<br>3 mo Sls/Mo. | Floorplan Details<br>Bed/<br>Bath | Floors/<br>Parking | Home<br>Size (SF) | Base<br>Price $ | Base<br>$/SF | Buyer<br>Incentives | Net<br>Base Price | 10%<br>Down<br>Payment | Loan<br>Amount | Mortgage<br>Payment | HOA | Base<br>Tax Rate | CFD/<br>Special<br>Assess. | Total<br>Monthly<br>Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Park View Square** | 72 | Apr-06 | 2/2.5 | 2/2 | 1,288 | $132,900 | $103 | $7,310 | $125,591 | $12,559 | $113,031 | $714 | $136 | $138 | $54 | $1,043 |
| Centex Homes | 70 | 1.7 | 3/2.5 | 2/2 | 1,390 | $145,900 | $105 | $8,025 | $137,876 | $13,788 | $124,088 | $784 | $136 | $152 | $54 | $1,127 |
| Buckeye (Verrado) | 2 | 3 | 3/2.5 | 2/2 | 1,642 | $158,900 | $97 | $8,740 | $150,161 | $15,016 | $135,144 | $854 | $136 | $166 | $54 | $1,210 |
| 32' x 71' (2,272 SF) | | 1.0 | 3/3.5 | 3/2 | 1,743 | $177,900 | $102 | $9,785 | $168,116 | $16,812 | $151,304 | $956 | $136 | $185 | $54 | $1,332 |
| **Madison Park** | 111 | Mar-07 | 2/2+D | 1/2 | 1,308 | $149,990 | $115 | $15,000 | $134,990 | $13,499 | $121,491 | $768 | $138 | $150 | $54 | $1,110 |
| Ashton Woods Homes | 35 | 1.2 | 3/2 | 1/2 | 1,575 | $167,990 | $107 | $15,000 | $152,990 | $15,299 | $137,691 | $870 | $138 | $168 | $54 | $1,231 |
| Buckeye (Verrado) | 76 | 9 | 4/3 | 2/2 | 1,888 | $180,990 | $96 | $15,000 | $165,990 | $16,599 | $149,391 | $944 | $138 | $181 | $54 | $1,318 |
| 45' x 120' (5,400 SF) | | 3.0 | 4/3 | 2/2 | 2,245 | $195,990 | $87 | $15,000 | $180,990 | $18,099 | $162,891 | $1,030 | $138 | $196 | $54 | $1,418 |
| | | | 2/2+D | 1/2 | 2,368 | $189,990 | $80 | $15,000 | $174,990 | $17,499 | $157,491 | $995 | $138 | $190 | $54 | $1,378 |
| **Main Street Promenade** | 61 | Jan-04 | 3/2.5 | 2/2 | 1,735 | SOLD OUT | | | | | | | | | | |
| Frank Residential Homes | 58 | 0.9 | 3/2.5 | 2/2 | 1,891 | SOLD OUT | | | | | | | | | | |
| Buckeye (Verrado) | 3 | 2 | 3/2.5 | 2/3 | 2,203 | $209,990 | $95 | $0 | $209,990 | $20,999 | $188,991 | $1,195 | $202 | $175 | $54 | $1,626 |
| 29' x 120' (3,480 SF) | | 0.7 | | | | | | | | | | | | | | |
| **Summit Collection** | 29 | May-08 | 4/3 | 1/3 | 3,150 | $444,900 | $141 | $0 | $444,900 | $44,490 | $400,410 | $2,531 | $136 | $445 | $54 | $3,166 |
| Cachet Homes | 3 | 1 | 4/3 | 1/3 | 3,195 | $464,900 | $146 | $0 | $464,900 | $46,490 | $418,410 | $2,645 | $136 | $465 | $54 | $3,300 |
| Buckeye (Verrado) | 26 | 3 | 4/2.5 | 1/3 | 3,416 | $484,900 | $142 | $0 | $484,900 | $48,490 | $436,410 | $2,758 | $136 | $485 | $54 | $3,434 |
| 90' x 130' (11,700 SF) | | 1.0 | 4/3.5 | 2/3 | 3,785 | $504,900 | $133 | $0 | $504,900 | $50,490 | $454,410 | $2,872 | $136 | $505 | $54 | $3,567 |
| | | | 6/4 | 2/3 | 4,021 | $529,900 | $132 | $0 | $529,900 | $52,990 | $476,910 | $3,014 | $136 | $530 | $54 | $3,735 |
| | | | 4/2.5+D | 2/3 | 4,426 | $539,900 | $122 | $0 | $539,900 | $53,990 | $485,910 | $3,071 | $136 | $540 | $54 | $3,802 |
| **Monterrey at Verrado** | 50 | Jun-09 | 4/3 | 2/3 | 1,902 | $190,900 | $100 | $9,545 | $181,355 | $18,136 | $163,220 | $1,032 | $137 | $191 | $54 | $1,414 |
| Monterrey Homes (Meritage) | 12 | 3.7 | 4/2 | 1/2 | 2,233 | $210,900 | $94 | $10,545 | $200,355 | $20,036 | $180,320 | $1,140 | $137 | $211 | $54 | $1,542 |
| Buckeye (Verrado) | 38 | 11 | 4/2 | 1/2 | 2,770 | $230,900 | $83 | $11,545 | $219,355 | $21,936 | $197,420 | $1,248 | $137 | $231 | $54 | $1,670 |
| 70' x 130' (9,100 SF) | | | | | | | | | | | | | | | | |

| Verrado Sales Summary: | | |
|---|---|---|
| **Total Units Planned:** | **323** | **1.1** |
| **Total Units Sold:** | **178** | **3.0** |
| **Total Unsold Units:** | **145** | **Median Sls.** |

| Verrado Unit Size & Pricing Summary: | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Minimum:** | **1,288** | **$132,900** | **$80** | **$0** | **$125,591** | **$12,559** | **$113,031** | **$714** | **$136** | **$138** | **$54** | **$1,043** |
| **Maximum:** | **4,426** | **$539,900** | **$146** | **$15,000** | **$539,900** | **$53,990** | **$485,910** | **$3,071** | **$202** | **$540** | **$54** | **$3,802** |
| **Median:** | **2,203** | **$195,990** | **$103** | **$8,740** | **$181,355** | **$18,136** | **$163,220** | **$1,032** | **$136** | **$191** | **$54** | **$1,418** |
| **Average:** | **2,389** | **$279,613** | **$110** | **$7,394** | **$272,218** | **$27,222** | **$244,996** | **$1,549** | **$140** | **$279** | **$54** | **$2,022** |

Source: Hanley Wood



PH200-09 Verrado

SULLIVAN group
Analysis. Answers

**Exhibit II-21D**
**FLOORPLAN SUMMARY OF TARTESSO MASTERPLAN**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name / Builder / Community / Typical Lot Size | Planned / Sold / Remain | Open Date / Sls/ Mo. / 3 mo. Sales. / 3 mo Sls/Mo. | Unit: Bed/ Bath | Floors/ Parking | Home Size (SF) | Base Price $ | Base $/SF | Buyer Incentives | Net Base Price | 10% Down Payment | Loan Amount | Mortgage Payment | HOA | Base Tax Rate | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Alegre** | 242 | Dec-05 | 3/2 | 1/2 | 1,296 | $119,990 | $93 | $10,000 | $109,990 | $10,999 | $98,991 | $578 | $55 | $130 | $763 |
| Atreus (Home Life Communities) | 70 | 1.6 | 3/2/D | 1/2 | 1,391 | $135,990 | $98 | $10,000 | $125,990 | $12,599 | $113,391 | $662 | $55 | $147 | $865 |
| Buckeye (Tartesso) | 172 | 2 | 3/2 | 1/2 | 1,392 | $155,990 | $112 | $10,000 | $145,990 | $14,599 | $131,391 | $768 | $55 | $169 | $992 |
| 48' x 120' (5,760 SF) | | 0.7 | 4/2 | 1/2 | 1,599 | $165,990 | $104 | $10,000 | $155,990 | $15,599 | $140,391 | $820 | $55 | $180 | $1,055 |
| | | | 4/2 | 1/2 | 1,726 | $169,990 | $98 | $10,000 | $159,990 | $15,999 | $143,991 | $841 | $55 | $184 | $1,080 |
| | | | 4/2.5 | 2/2 | 1,836 | $145,990 | $80 | $10,000 | $135,990 | $13,599 | $122,391 | $715 | $55 | $158 | $928 |
| | | | 4/2 | 1/2 | 1,908 | $175,990 | $92 | $10,000 | $165,990 | $16,599 | $149,391 | $873 | $55 | $191 | $1,118 |
| | | | 4/2.5 | 2/2 | 2,011 | $149,990 | $75 | $10,000 | $139,990 | $13,999 | $125,991 | $736 | $55 | $162 | $954 |
| | | | 4/2.5 | 2/2 | 2,090 | $154,990 | $74 | $10,000 | $144,990 | $14,499 | $130,491 | $762 | $55 | $168 | $985 |
| | | | 4/2.5 | 2/2 | 2,316 | $189,990 | $82 | $10,000 | $179,990 | $17,999 | $161,991 | $946 | $55 | $206 | $1,207 |
| | | | 4/2.5/D | 2/2 | 2,332 | $159,990 | $69 | $10,000 | $149,990 | $14,999 | $134,991 | $789 | $55 | $173 | $1,017 |
| | | | 5/2.5 | 2/3 | 2,530 | $199,990 | $79 | $10,000 | $189,990 | $18,999 | $170,991 | $999 | $55 | $217 | $1,271 |
| | | | 5/2.5/D | 2/2 | 2,675 | $169,990 | $64 | $10,000 | $159,990 | $15,999 | $143,991 | $841 | $55 | $184 | $1,080 |
| **Heritage** | 200 | Oct-05 | 4/4/D | 2/3 | 4,071 | $197,000 | $48 | $0 | $197,000 | $19,700 | $177,300 | $1,036 | $59 | $213 | $1,308 |
| Pulte | 199 | 4.3 | | | | | | | | | | | | | |
| Buckeye (Tartesso) | 1 | 0 | | | | | | | | | | | | | |
| 58' x 120' (7,875 SF) | | 0.0 | | | | | | | | | | | | | |
| **Sienna** | 285 | Dec-05 | 4/2 | 1/2 | 2,016 | $175,990 | $87 | $0 | $175,990 | $17,599 | $158,391 | $925 | $55 | $191 | $1,171 |
| Atreus (Home Life Communities) | 65 | 1.4 | 4/2 | 1/3 | 2,175 | $179,990 | $83 | $0 | $179,990 | $17,999 | $161,991 | $946 | $55 | $195 | $1,196 |
| Buckeye (Tartesso) | 220 | 8 | 4/2 | 1/3 | 2,418 | $189,990 | $79 | $0 | $189,990 | $18,999 | $170,991 | $999 | $55 | $206 | $1,260 |
| 58' x x120' (6,960 SF) | | 2.7 | 5/2.5 | 2/3 | 2,649 | $205,990 | $78 | $0 | $205,990 | $20,599 | $185,391 | $1,083 | $55 | $223 | $1,361 |
| *Pricing Estimated* | | | 4/2.5 | 2/3 | 2,921 | $210,990 | $72 | $0 | $210,990 | $21,099 | $189,891 | $1,109 | $55 | $229 | $1,393 |
| | | | 6/3.5 | 2/3 | 3,530 | $224,990 | $64 | $0 | $224,990 | $22,499 | $202,491 | $1,183 | $55 | $244 | $1,482 |
| **Tartesso Dorado** | 250 | Dec-05 | 3/2 | 1/2 | 1,138 | $162,950 | $143 | $0 | $162,950 | $16,295 | $146,655 | $857 | $58 | $177 | $1,091 |
| Elliot Homes | 30 | 0.7 | 3/2 | 1/2 | 1,329 | $172,950 | $130 | $0 | $172,950 | $17,295 | $155,655 | $909 | $58 | $187 | $1,155 |
| Buckeye (Tartesso) | 220 | 2 | 4/2 | 1/2 | 1,578 | $177,950 | $113 | $0 | $177,950 | $17,795 | $160,155 | $936 | $58 | $193 | $1,186 |
| 48' x 120' (5,760 SF) | | 0.7 | 4/3 | 2/2 | 1,825 | $195,950 | $107 | $0 | $195,950 | $19,595 | $176,355 | $1,030 | $58 | $212 | $1,301 |
| **Tartesso Select** | 156 | Dec-05 | 3/2 | 1/2 | 1,600 | $150,000 | $94 | $8,000 | $142,000 | $14,200 | $127,800 | $747 | $58 | $163 | $967 |
| Elliot Homes | 19 | 0.4 | 4/2 | 1/2 | 1,858 | $150,000 | $81 | $0 | $150,000 | $15,000 | $135,000 | $789 | $58 | $163 | $1,009 |
| Buckeye (Tartesso) | 137 | 3 | 3/2 | 1/2 | 2,125 | $170,000 | $80 | $0 | $170,000 | $17,000 | $153,000 | $894 | $58 | $184 | $1,136 |
| 58' x 120' (6,960 SF) | | 1.0 | 5/3 | 2/2 | 2,467 | $160,000 | $65 | $0 | $160,000 | $16,000 | $144,000 | $841 | $58 | $173 | $1,073 |
| | | | 5/3 | 2/2 | 2,626 | $190,000 | $72 | $0 | $190,000 | $19,000 | $171,000 | $999 | $58 | $206 | $1,263 |
| **Trend Homes/ Ibiza** | 77 | Mar-06 | 4/2 | 1/2 | 2,158 | $199,950 | $93 | $5,999 | $193,952 | $19,395 | $174,556 | $1,020 | $69 | $217 | $1,305 |
| Trend Homes | 46 | 1.1 | 3/2.5/D | 2/2 | 2,287 | $154,950 | $68 | $4,649 | $150,302 | $15,030 | $135,271 | $790 | $69 | $168 | $1,027 |
| Buckeye (Tartesso) | 31 | 1 | 4/2.5/D | 2/2 | 3,173 | $188,950 | $60 | $5,669 | $183,282 | $18,328 | $164,953 | $964 | $69 | $205 | $1,237 |
| 53' x 125' (6,625 SF) | | 0.3 | | | | | | | | | | | | | |
| **Trend Homes/ Kassandra** | 353 | Apr-06 | 3/2.5/D | 2/2 | 2,287 | $154,950 | $68 | $4,649 | $150,302 | $15,030 | $135,271 | $790 | $69 | $168 | $1,027 |
| Trend Homes | 99 | 2.4 | 4/2.5/D | 2/2 | 3,173 | $188,950 | $60 | $5,669 | $183,282 | $18,328 | $164,953 | $964 | $69 | $205 | $1,237 |
| Buckeye (Tartesso) | 254 | 5 | | | | | | | | | | | | | |
| 43' x 120' (5,160 SF) | | 1.7 | | | | | | | | | | | | | |

Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-21D**
**FLOORPLAN SUMMARY OF TARTESSO MASTERPLAN**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name / Builder / Community / Typical Lot Size | Planned / Sold / Remain | Open Date / Sls/ Mo. / 3 mo. Sales. / 3 mo Sls/Mo. | Unit: Bed/ Bath | Floors/ Parking | Home Size (SF) | Base Price $ | Base $/SF | Buyer Incentives | Net Base Price | 10% Down Payment | Loan Amount | Mortgage Payment | HOA | Base Tax Rate | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Trend Homes/ Mallorca** | 327 | May-06 | 3/2 | 1/2 | 1,095 | $113,950 | $104 | $3,419 | $110,532 | $11,053 | $99,478 | $581 | $69 | $123 | $774 |
| Trend Homes | 84 | 2.1 | 3/2 | 1/2 | 1,351 | $123,950 | $92 | $3,719 | $120,232 | $12,023 | $108,208 | $632 | $69 | $134 | $835 |
| Buckeye (Tartesso) | 243 | 6 | 3/2/D | 1/2 | 1,670 | $135,950 | $81 | $4,079 | $131,872 | $13,187 | $118,684 | $693 | $69 | $147 | $910 |
| 48' x 125' (5,160 SF) | | 2.0 | | | | | | | | | | | | | |
| **Trend Homes/ Menorca** | 206 | Mar-06 | 4/3.5/D | 2/3 | 4,602 | $269,950 | $59 | $8,099 | $261,852 | $26,185 | $235,666 | $1,377 | $69 | $292 | $1,738 |
| Trend Homes | 40 | 0.9 | | | | | | | | | | | | | |
| Buckeye (Tartesso) | 166 | 0 | | | | | | | | | | | | | |
| 58' x 128' (6,625 SF) | | 0.0 | | | | | | | | | | | | | |

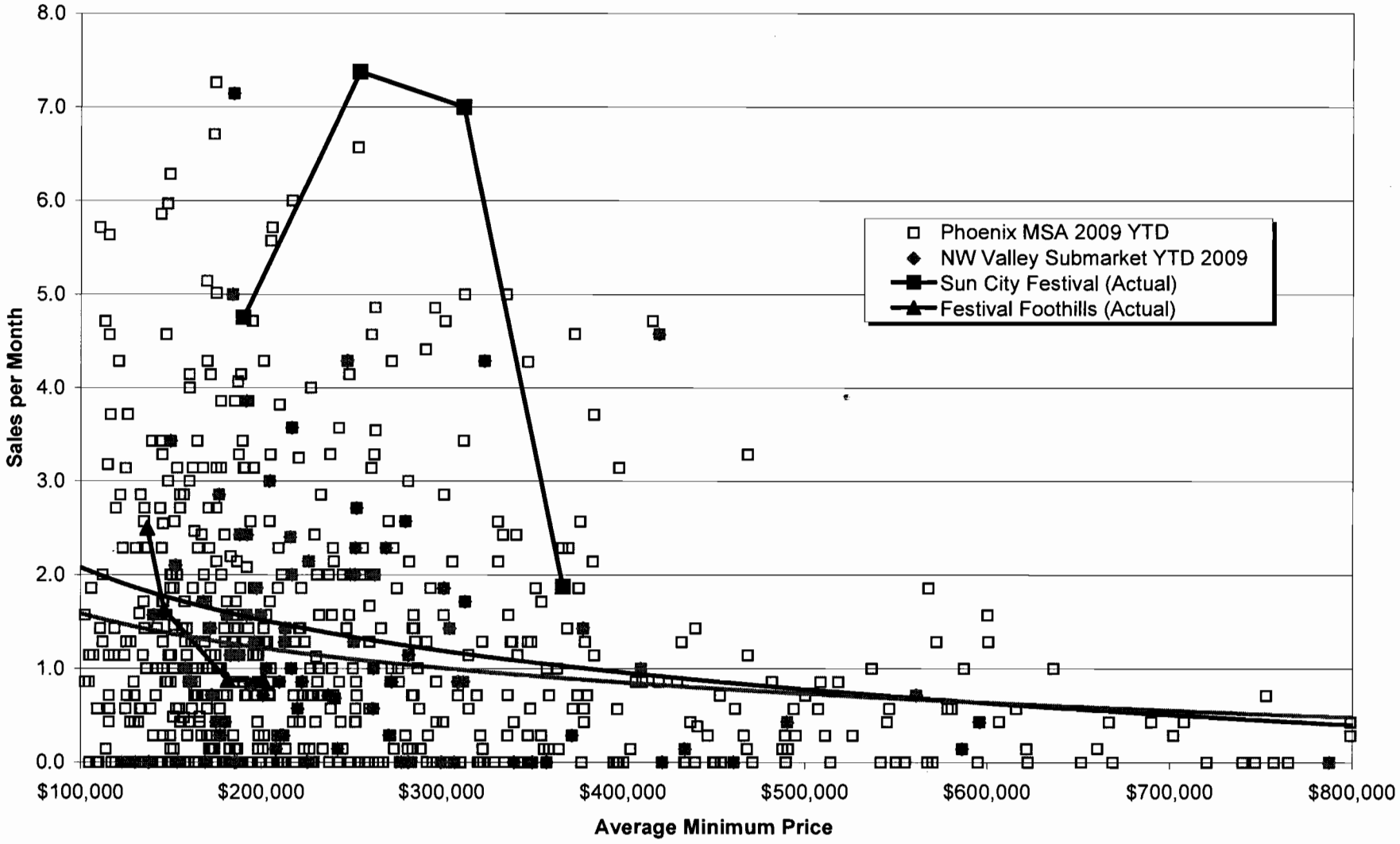
| Tartesso Sales Summary: | | |
|---|---|---|
| **Total Units Planned:** | **2,096** | **Avg. Sls/Mo.** |
| **Total Units Sold:** | **652** | **1.4** |
| **Total Unsold Units:** | **1,444** | **Past 3 Mo. Rate** |
| | | **0.7** |

| Tartesso Unit Size & Pricing Summary: | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **MIN** | **1,095** | **$113,950** | **$48** | **$0** | **$109,990** | **$10,999** | **$98,991** | **$578** | **$55** | **$123** | **$763** |
| **MAX** | **4,602** | **$269,950** | **$143** | **$10,000** | **$261,852** | **$26,185** | **$235,666** | **$1,377** | **$69** | **$292** | **$1,738** |
| **MED** | **2,108** | **$169,995** | **$80** | **$4,649** | **$164,470** | **$16,447** | **$148,023** | **$865** | **$57** | **$184** | **$1,105** |
| **AVG** | **2,190** | **$172,136** | **$84** | **$4,841** | **$167,295** | **$16,730** | **$150,566** | **$880** | **$59** | **$186** | **$1,125** |

Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-22**
**ELASTICITY OF DEMAND: YTD SALES RATES**
**Phoenix MSA**




Source: Hanley Wood

PH200-09 Elasticity

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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.



**NEW ISSUE - FULL BOOK-ENTRY FORM**

**RATING: STANDARD & POOR'S - "BBB+"**
**SEE "RATING" herein**

*If the Bonds are issued on a tax-exempt basis (the "Tax-Exempt Bonds"), 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 FOR TAX-EXEMPT BONDS" herein, interest income on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Tax-Exempt Bonds is not an item of preference to be included in the alternative minimum tax of individuals or corporations and is not taken into account as an adjustment to alternative minimum taxable income for corporations. See "TAX EXEMPTION FOR TAX-EXEMPT BONDS," "TAX-EXEMPT ORIGINAL ISSUE DISCOUNT" and "TAX-EXEMPT BOND PREMIUM" herein. If the Bonds are issued on a taxable basis (the "Taxable Bonds"), interest income on the Taxable Bonds is not excluded from gross income for federal income tax purposes. See "TAXABLE BONDS TAX MATTERS" herein. The District is offering the Bonds as all or a portion tax-exempt bonds (i.e., the Tax-Exempt Bonds) or as all or a portion taxable bonds which the District will elect to designate as "Qualified Build America Bonds (Direct Pay)" (i.e., the Taxable Bonds).*

*The District has designated the Tax-Exempt 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 2009 will not exceed $30,000,000. See "QUALIFIED TAX EXEMPT OBLIGATIONS" herein.*

# $7,600,000*
# FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
# (TOWN OF BUCKEYE, ARIZONA)
# DISTRICT GENERAL OBLIGATION BONDS,
# SERIES 2009
# (BANK QUALIFIED)

*Dated:* Date of Initial Delivery

*Due:* As shown on the inside front cover

The Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009 (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, 2010. 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 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 December 1, 2009, 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 and to pay the costs of issuance of the Bonds.

**Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See "SECURITY FOR AND SOURCES OF PAYMENT" 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, Lord & Kloberdanz PLC, Scottsdale, Arizona. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about December 30, 2009.

* *Subject to change.*

STONE & YOUNGBERG

**MATURITY SCHEDULE***

Serial Bonds - $1,590,000

| Year (July 15) | Principal Amount | Rate | Yield |
|---|---|---|---|
| 2010 | $450,000 | % | % |
| 2011 | 110,000 | | |
| 2012 | 115,000 | | |
| 2013 | 125,000 | | |
| 2014 | 135,000 | | |
| 2015 | 145,000 | | |
| 2016 | 155,000 | | |
| 2017 | 170,000 | | |
| 2018 | 185,000 | | |

$2,475,000 Term Bonds @ _____% Due July 15, 2027 - Price ___%
$3,535,000 Term Bonds @ _____% Due July 15, 2034 - Price ___%

*Subject to change.

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

**District Board**

Jackie A. Meck, Chairman
Elaine May, Vice Chairman
Dr. W. Robert Doster, Board Member
Robert Garza, Board Member
David Hardesty, Board Member
Brian McAchran, Board Member
David Rioux, Board Member

**District Staff**

Stephen Cleveland, Interim District Manager
Gail Reese, CPA, District Treasurer
Lucinda Aja, District Clerk

**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 STONE & YOUNGBERG LLC (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. 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 IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION."**

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

**THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT OR 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 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 OVERALLOT 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 COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.**

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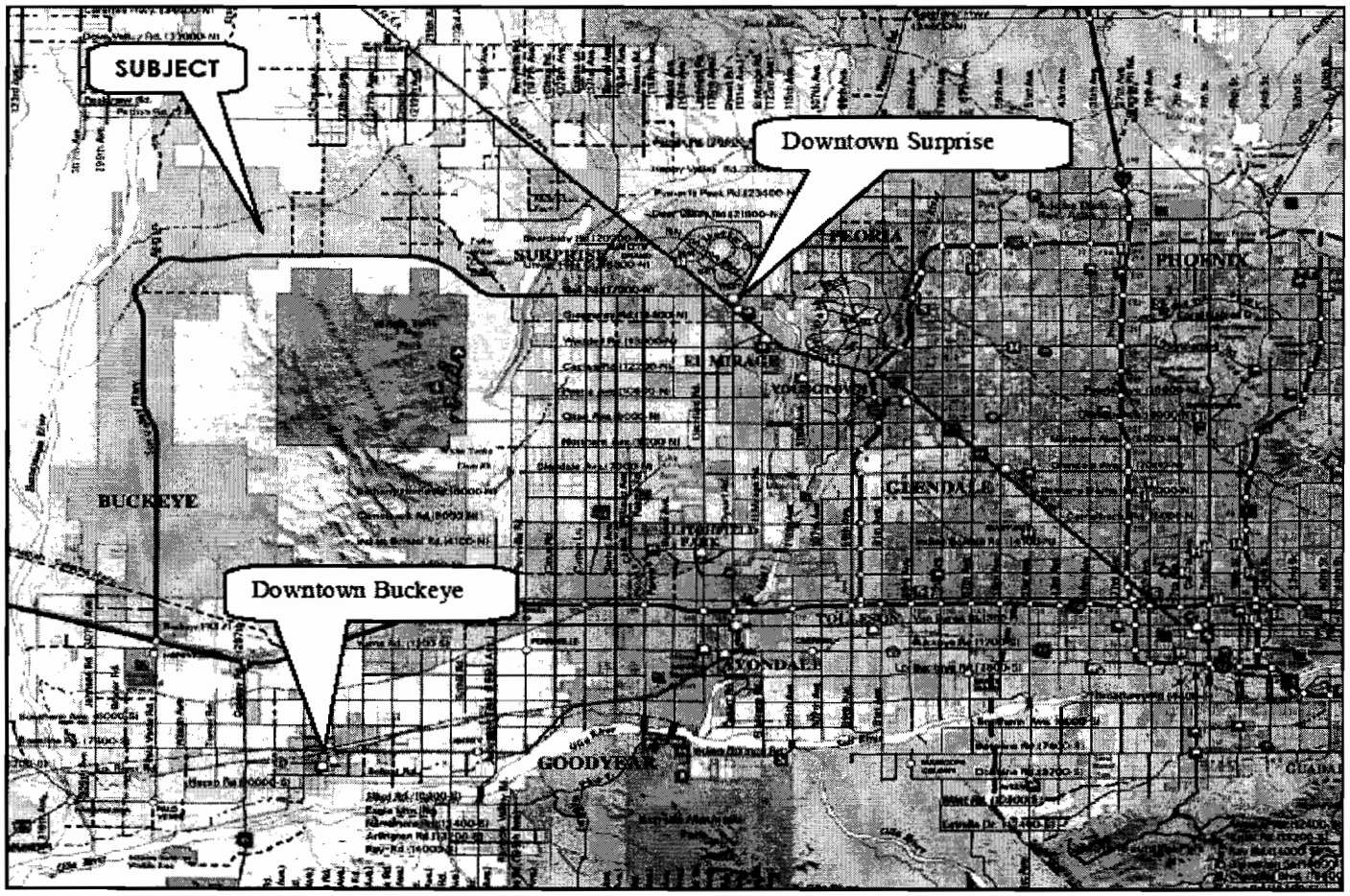
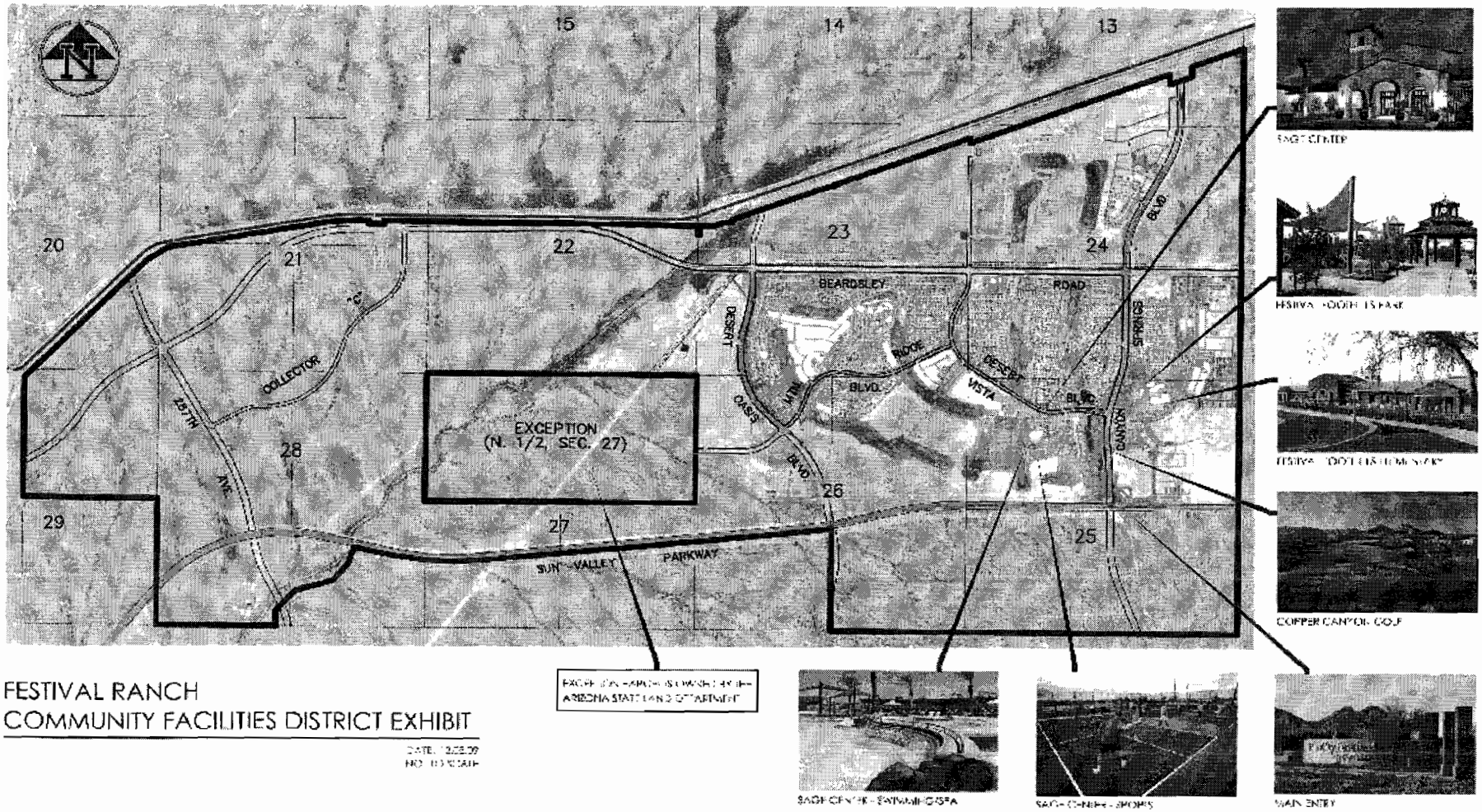
MAP SHOWING LOCATION OF THE DISTRICT
WITHIN METROPOLITAN PHOENIX AREA



## AERIAL PHOTOGRAPH OF THE DISTRICT




FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT EXHIBIT

**$7,600,000***
**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**
**(TOWN OF BUCKEYE, ARIZONA)**
**DISTRICT GENERAL OBLIGATION BONDS,**
**SERIES 2009**
**(BANK QUALIFIED)**

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, provides certain information concerning the issuance of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009 (the "Bonds"), in the aggregate principal amount of $7,600,000.*

## 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 thirty-four (34) miles west of downtown Phoenix, Arizona, seventeen miles north of Interstate 10 and nine miles west of the City of Surprise, Arizona. See the map on page (ii) with respect to the location of the District and the aerial photograph of the District on page (iii).

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 Interim Town Manager of the Town currently serves as the Interim 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 $0.3000 *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.

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*Subject to change.

## 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 17, 2009, as amended on December 15, 2009 (as so amended, the "Bond Resolution"), and the Indenture of Trust and Security Agreement, to be dated as of December 1, 2009 (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 third series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, $165,065,000* 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 from Pulte the hereinafter defined "Public Infrastructure Financed by the Bonds" and to pay costs of issuance of the Bonds. 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, 2010 (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 maturing on and after July 15, 20__, will be subject to redemption prior to maturity, at the option of the District, on or after July 15, 2019, 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 and without premium.

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*Subject to change.

*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 (July 15) | Principal Amount Redeemed |
|---|---|
| Term Bond Maturing 2027 | |
| 2019 | $200,000 |
| 2020 | 215,000 |
| 2021 | 230,000 |
| 2022 | 250,000 |
| 2023 | 270,000 |
| 2024 | 290,000 |
| 2025 | 315,000 |
| 2026 | 340,000 |
| 2027 (maturity) | 365,000 |
| Term Bond Maturing 2034 | |
| 2028 | $395,000 |
| 2029 | 420,000 |
| 2030 | 460,000 |
| 2031 | 500,000 |
| 2032 | 540,000 |
| 2033 | 580,000 |
| 2034 (maturity) | 630,000 |

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 thirty (30) days nor more than sixty (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 and Series 2007 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 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 permanently affixed 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 from a base year using one of the following two procedures:

(a) The limited property value for parcels 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 ten 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.

(b) The limited property value for parcels that were omitted from the tax roll in the prior year, that underwent a change in use or modification through construction,

destruction or demolition or that have been split, subdivided or consolidated, and for new parcels, 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 a county, city/town and community college district are constitutionally limited to a maximum increase of two percent over the maximum allowable previous year's levy limit plus any taxes on property not subject to tax in the previous year (e.g., new construction and property brought into the jurisdiction because of annexation). In November 2006, the maximum allowable 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 the prior year). The two percent limitation does not apply to primary taxes levied on behalf of school districts.

Primary taxes on owner-occupied 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.

Arizona law provides for a property valuation "freeze" for certain residential property owners sixty-five years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Protection Option") if the owners total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate". The property owner must apply for the Property Valuation Protection Option and, if approved by the Assessor, must renew the application 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 translate to 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) | Assessment as Percent of Full Cash Value | | | |
|---|---|---|---|---|
| | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
| Mining, Utility, Commercial and Industrial (b) | 24.5% | 24.0% | 23.0% | 22.0% |
| Agriculture and Vacant Land (b) | 16.0 | 16.0 | 16.0 | 16.0 |
| Owner Occupied Residential | 10.0 | 10.0 | 10.0 | 10.0 |
| Leased or Rented Residential | 10.0 | 10.0 | 10.0 | 10.0 |
| Railroad, Private Car Company and Airline Flight Property (c) | 22.0 | 21.0 | 20.0 | 18.0 |

(a) Additional classes of property exist, but seldom amount to a significant portion of total valuation.

(b) With respect to 2009-10, the first $65,013 of full cash value of commercial, industrial and agricultural personal property is not taxable. Any portion of the full cash value in excess of such amount will be assessed at 22% or 16% as applicable. The assessment ratio for mining, utility, commercial and industrial property is being reduced, starting at 25%, by one percent annually through 2010, resulting in an assessment ratio of 20% from and after December 31, 2010.

(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.

*Collection.* On or before the third (3rd) Monday in August of each tax year based on valuation as of that date, the District will (i) fix, levy and assess the amount to be raised from *ad valorem* property taxes which, together with the amount estimated to be available from all other sources of revenue and any unencumbered balances from the previous tax year, will equal the total of amounts proposed to be expended in the budget for the current fiscal year and (ii) fix and determine the necessary *ad valorem* tax rates for the District. After review of such amount and rate for compliance with any applicable statutory and constitutional limitations by the property tax oversight commission of the State of Arizona, a final assessment and tax roll for the District must be delivered to the County Treasurer for the County (the "Treasurer"). 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.*

The *ad valorem* property taxes levied and assessed by 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 sixteen percent (16%) 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 sixteen percent (16%) 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 fifteen (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 |
|---|---|---|
| 2009-10 | $336,778,501 | $40,493,025 |
| 2008-09 | 224,796,614 | 27,282,628 |
| 2007-08 | 39,588,777 | 6,102,478 |
| 2006-07 | 13,124,457 | 2,099,913 |

(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.

Source: Assessor and Finance Department of the County, *Property Tax Rates and Assessed Values*, Arizona Tax Research Foundation 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 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2009-10 Percent of Total |
|---|---|---|---|---|---|---|
| 1 | Commercial | $ 0 | $ 888,756 | $ 2,193,772 | $ 6,569,751(a) | 16.22% |
| 2 | Agricultural & Vacant | 2,099,913 | 4,339,055 | 9,445,982 | 7,777,635 | 19.21 |
| 3 | Residential (owner occupied) | 0 | 874,617 | 14,972,824 | 25,417,262 | 62.77 |
| 4 | Residential (rental occupied) | 0 | 50 | 670,050 | 728,377 | 1.80 |
| | Total | $2,099,913 | $6,102,478 | $27,282,628 | $40,493,025 | 100.00% |

(a) Includes a recreation center currently owned by Pulte which is expected to be transferred to the homeowners association for Festival Foothills and Sun City Festival (as hereinafter defined) in 2010-11 and thereafter not be subject to taxation. See "LAND DEVELOPMENT - Residential Development."

Source: Assessor and Finance Department of the County.

**See also in this respect the discussion under the subheading "LA ND DEVELOPMENT."**

*Net Secondary Assessed Valuations of Major Taxpayers.* As reported by the Assessor of the County, shown below with respect to tax year 2009-10 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 | 2009-10 Net Secondary Assessed Valuation | As Percent of District's 2009-10 Net Secondary Assessed Valuation |
|---|---|---|
| Pulte Home Corporation (a)(b) | $13,577,970 | 33.53% |
| Sun City Festival Community Association Inc.(c) | 1,465,185 | 3.62 |

(a) See "PULTE."

(b) Includes a recreation center currently owned by Pulte which will be transferred to the homeowners association for Festival Foothills and Sun City Festival in 2010-11 and thereafter not be subject to taxation. See "LAND DEVELOPMENT - Residential Development."

(c) Includes the golf course, the operation of which is currently subsidized by Pulte.

Source: Maricopa County Treasurer's Office.

**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 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 | Real and Secured Personal Property Tax Levy (a) | Adjusted Tax Levy as of June 30th | Collected to June 30th(b) | | Adjusted Tax Levy as of 11/12/09 | Cumulative Collections to 11/30/09 | |
|---|---|---|---|---|---|---|---|
| | | | Amount | Percent of Adjusted Tax Levy | | Amount | Percent of Adjusted Tax Levy |
| 2009-10 | $1,336,277 | $1,336,277 | N/A | N/A | $1,336,277 | $707,335 | 52.93% |
| 2008-09 | 900,330 | 899,967 | $896,511 | 99.62% | 899,967 | 900,325 | 100.00 |
| 2007-08 | 201,383 | 201,383 | 194,782 | 96.72 | 199,319 | 199,319 | 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 $3.0000 tax rate for debt service as well as a $0.3000 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% 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.

*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 | Maturity Date | Average Interest Rate | Total Outstanding |
|---|---|---|---|---|
| Series 2006 (a) | $800,000 | 7-15-2016/2027 | 5.217% | $ 735,000 |
| Series 2007 (b) | $1,535,000 | 7-15-2012/2032 | 5.723% | $1,455,000 |
| Total Outstanding | | | | $2,190,000 |
| Plus: The Bonds | | | | $7,600,000* |
| Total | | | | $9,790,000* |

* Subject to change.

(a) Herein referred to as the Series 2006 Bonds

(b) Herein referred to as the Series 2007 Bonds

*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**

| Payments Made Before Fiscal Year Ending | Debt Service Requirement for the Bonds | | Total Debt Service Requirements for the Series 2006 Bonds and the Series 2007 Bonds | Total Combined Debt Service Requirements* |
|---|---|---|---|---|
| | Principal* | Interest (c) | | |
| 2010 | $450,000 | $356,356 | $169,660 | $976,016 |
| 2011 | 110,000 | 572,000 | 172,285 | 854,285 |
| 2012 | 115,000 | 563,200 | 169,678 | 847,878 |
| 2013 | 125,000 | 554,000 | 172,070 | 851,070 |
| 2014 | 135,000 | 544,000 | 169,090 | 848,090 |
| 2015 | 145,000 | 533,200 | 171,115 | 849,315 |
| 2016 | 155,000 | 521,600 | 172,890 | 849,490 |
| 2017 | 170,000 | 509,200 | 169,415 | 848,615 |
| 2018 | 185,000 | 495,600 | 170,550 | 851,150 |
| 2019 | 200,000 | 480,800 | 171,425 | 852,225 |
| 2020 | 215,000 (a) | 464,800 | 172,010 | 851,810 |
| 2021 | 230,000 (a) | 447,600 | 172,305 | 849,905 |
| 2022 | 250,000 (a) | 429,200 | 172,325 | 851,525 |
| 2023 | 270,000 (a) | 409,200 | 172,085 | 851,285 |
| 2024 | 290,000 (a) | 387,600 | 171,495 | 849,095 |
| 2025 | 315,000 (a) | 364,400 | 170,645 | 850,045 |
| 2026 | 340,000 | 339,200 | 169,505 | 848,705 |
| 2027 | 365,000 (b) | 312,000 | 173,075 | 850,075 |
| 2028 | 395,000 (b) | 282,800 | 171,050 | 848,850 |
| 2029 | 430,000 (b) | 251,200 | 168,735 | 849,935 |
| 2030 | 460,000 (b) | 216,800 | 171,155 | 847,955 |
| 2031 | 500,000 (b) | 180,000 | 172,995 | 852,995 |
| 2032 | 540,000 (b) | 140,000 | 169,280 | 849,280 |
| 2033 | 580,000 (b) | 96,800 | | 676,800 |
| 2034 | 630,000 | 50,400 | | 680,400 |
| | $7,600,000 | | | |

*Subject to change.

(a) Mandatory redemption requirement for the term bond maturing on July 15, 2027.

(b) Mandatory redemption requirement for the term bond maturing on July 15, 2034.

(c) Interest is estimated.

## OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS

**Overlapping General Obligation Bonded Indebted ness**

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 | 2009-10 Secondary Assessed Valuation | Net Outstanding Bonded Debt(a) | Proportion Applicable to the District Based on Assessed Valuation | | 2009-10 Combined Tax Rate Per $100 Assessed(b) |
|---|---|---|---|---|---|
| | | | Approx. Percent | Net Amount | |
| State of Arizona (c) | $86,525,272,506 | None | 0.05% | None | $0.3306 |
| Maricopa County (d)(e) | 57,984,051,718 | None | 0.07 | None | 1.3600 |
| Maricopa County Community College District (f) | 57,984,051,718 | $653,040,000 | 0.07 | $457,128 | 0.8844 |
| Western Maricopa Education Center (West-MEC) | 20,706,973,204 | None | 0.20 | None | 0.0500 |
| Wickenburg Unified School District No. 9 | 266,546,453 | 17,605,000 | 15.20 | 2,675,960 | 3.5020 |
| Town of Buckeye (g) | 595,778,177 | None | 6.80 | None | |
| **The District (h)** | 40,493,025 | 9,790,000* | 100.00% | 9,790,000* | 0.8851 |
| Total Net Direct and Overlapping General Obligation Bonded Debt | | | | $12,923,088* | $10.3121 |

(a) This table includes general obligation bonds outstanding and general obligation bonds scheduled for sale as of December 1, 2009.

This table also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, 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 of 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. Effectiveness of the agreement is subject to a number of conditions including settlement of certain Indian community water claims and other water claims and will require certain State of Arizona legislation. If the conditions are not met by May 9, 2012, and the parties do not amend the agreement, the agreement will terminate and litigation will resume. If it appears prior to May 9, 2012, that the conditions will not be met by the deadline, the parties can amend the agreement or either party may petition the U.S. District Court to terminate the agreement and resume litigation. It is not possible to predict whether the agreement will become finally effective, be amended, or terminate, or whether litigation will resume. If litigation resumes, it is not possible to predict the outcome of such litigation. CAWCD is a water conservation district having boundaries coterminous with the exterior boundaries of 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 fourteen cents per $100 of secondary assessed valuation, of which ten cents is being currently 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.

This table also does not include the obligation of the Maricopa County Flood Control District to contribute $80 million to CAP. The Flood Control District's sole source of revenue to pay the contribution will be raised from *ad valorem* taxes.

(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" which has been set at $0.3306 for fiscal year 2009/10, computed by annually adjusting the fiscal year 2005/06 tax rate of $0.4358 through fiscal year 2009/10 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 $0.1367 tax rate of the Maricopa County Flood Control District, the $0.0353 tax rate of the County Free Library, the $0.0914 tax rate of the Maricopa Special Health Care District, the $0.0057 tax rate of the County Fire District contribution.

(e) Does not include certificates of participation outstanding in the aggregate principal amount of $3,385,000 or lease revenue bonds issued by the Maricopa County Public Finance Corporation in the aggregate principal amount of $153,285,000. Does not include County Stadium District

revenue bonds outstanding in the aggregate principal amount of $41,165,000. It should be noted that the County Flood Control District does not levy taxes on personal property.

(f) Does not include revenue bonds outstanding in the aggregate principal amount of $14,000,000.

(g) Does not include excise tax obligations outstanding in the aggregate principal amount of $28,175,000, utility system revenue loan outstanding in the aggregate principal amount of $12,000,000 or assessment lien revenue bonds outstanding in the aggregate principal amount of $5,335,000.

(h) Includes the Bonds. Does not include special assessment revenue bonds outstanding in the aggregate principal amount of $5,284,000. See "Other Debt of the District" herein.

**Additional General Obligation Bonded Indebted ness of the District**

In addition to the Series 2006 Bonds, the Series 2007 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 sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure 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 $165,065,000* 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 and the costs of issuing bonds. Additional indebtedness could be authorized for the District in the future pursuant to other elections.

**Additional Overlapping General Obligation Bonded Indebtedne ss**

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."**

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*Subject to change.

The following overlapping entities of the District have the indicated authorized but unissued general obligation bonds available for future issuance as of December 1, 2009:

| | |
|---|---|
| Maricopa County Community College District | $301,093,000 |

**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**

| Series Designation | Principal Amount | Date Issued | Acres Assessed | Assessment District No. | Assessment Per Lot |
|---|---|---|---|---|---|
| 2005 | $1,448,000 | November 17, 2005 | 152.2 | 1 | $2,000 |
| 2007 | 1,868,000 | April 4, 2007 | 275.8 | 2&3 | 2,000 |
| 2007 | 1,784,000 | October 17, 2007 | 245.2 | 4&5 | 2,000 |
| 2009 | 356,000 | November 16, 2009 | 43.5 | 6 | 2,000 |

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."**

## LAND DEVELOPMENT

**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.**

**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 thirty-five (35) miles northwest of downtown Phoenix, Arizona, in the northern portion of the Town, approximately seventeen (17) miles north of Interstate 10 on the Sun Valley Parkway. The District is approximately nine (9) miles west of current development within the City of Surprise, Arizona, along the Sun Valley Parkway. See the

map on page (ii) and the aerial photograph on page (iii). Pulte's current production operations within the District consist of approximately 3,200 of the 4,015 acres within the District marketed as "Festival Ranch," 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 of 2004 having commenced entitlements and pre-development prior to closing. Construction of infrastructure improvements and certain amenities commenced in August of 2005, and the first residential sales closed in 2006. Since that time, Pulte has spent approximately $180,000,000 in water, sewer, streets, curbs, gutter, golf course, recreation center, baseball fields and other facilities and has continued to ready additional property it owns in the District for residential and commercial development and 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 815 acres of land in the District outside of Festival Ranch, due to the current financial conditions of such owners and the market as a whole, 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 selling homes 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 its 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 the Owner 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 Community Master Plan Amendments have been adopted by the Town, the latest on August 5, 2008 which added certain areas owned by Pulte to the Community Master Plan. 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**

| Total Project | Approximate District Acres |
|---|---|
| Single Family Residential | 3,190 |
| 2 Golf Courses and Recreation Center | 475 |
| Commercial | 350 |
| Total | 4,015 |

The Community Master Plan allows approximately 14,200 residential units within the District, of which the vast majority are planned as single family residences. The Community Master Plan also allows development of 7.2 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 Section 404 Permit**

Because development of property within the District as currently contemplated calls for the disturbance of certain washes which are considered jurisdictional waters of the United States under the Clean Water Act, a "Section 404 permit" from United States Army Corps of Engineers ("USACE") is required. Such a permit was approved and issued in July 2005 (the "Permit"). Recently concluded litigation between USACE and Concerned Citizens for the White Tanks (the "Plaintiff") resulted in the Ninth Circuit Court of Appeals (the "Ninth Circuit") rendering a decision overruling the prior District Court decision and remanding for further proceedings. All parties to the litigation have filed pleadings regarding the form of the District Court's final order in light of the Ninth Circuit's decision. A decision on such form of final judgment should be handed down in the near future.

In its proposed order before the District Court on remand, the Plaintiff seeks an order enjoining any development authorized by the Permit until a more detailed environmental analysis (i.e., an environmental impact statement) is conducted by USACE. The Plaintiff contends that an environmental impact statement is required by the Ninth Circuit's decision before any additional construction is undertaken. Both Pulte and the USACE have filed objections and their own proposed orders, which would terminate the Permit. 10,000 West, L.L.C., which owns significant property in the District, filed a joinder in Pulte's objection and proposed order. Pulte also seeks to clarify that development of existing areas previously disturbed under the Permit during the period when the Permit was validly issued can still be developed as originally planned and approved. The Plaintiff objected to the proposed orders filed by Pulte and the USACE, and instead argue that the Plaintiff's proposed order is appropriate and is supported by existing case law.

Consistent with cases cited by Pulte, the effect of the invalidation of the Permit for certain land within the District should be minimal in areas of existing development and disturbance. Consistent with case law cited by Pulte, development should be allowed to proceed in those areas disturbed or developed while the Permit was in force in accordance with the original Community Master

Plan, the Land Development Agreement and other regulatory documents and approvals. The existing developed and disturbed areas which Pulte and the USACE agree should be allowed to continue development are currently planned for approximately 2,500 more residential units of varying types and sizes and some commercial development. Further, Pulte currently has approximately 700 fully improved residential lots upon which a residence can be constructed regardless of which form of order is adopted by the District Court. While Pulte and its legal counsel believe its form of order is supported by the facts and equities in this case, is supported by existing case law and will be adopted, until the District Court rules, there can be no assurance that Pulte will prevail.

In areas within the District where development has not commenced, or if the Plaintiff's form of final order prevails in the District Court, a new Section 404 permit may be required so that Pulte can develop its property as provided in the Community Master Plan and consistent with the existing land planning. If a new permit is required, the owners will need to submit to the Section 404 application process again, and the USACE may require an environmental impact statement discussing the effect of the issuance of the new permit, consistent with the Ninth Circuit's decision. Such statement may delay the approval process for obtaining a new Section 404 permit and in turn may slow down development of areas within the District. There can be no assurance that a new Section 404 permit, if required, can be obtained under the new level of scrutiny. Moreover, even if a new Section 404 permit is issued, there can be no assurance that such new permit will not substantially delay development or cause replanning of the project to meet new conditions attached to such new permit approval.

If the Plaintiff prevails and development in existing areas is stopped and/or in areas where development in the District has not started, Pulte believes that portions of the property within the District could be replanned and redesigned to avoid jurisdictional waters under the federal Clean Water Act. In such event, as to such portions of the property, no Section 404 permit from the USACE would be required. However, in such event, development would probably be less dense and more expensive to improve as any jurisdictional washes would have to be left undisturbed.

**Additional Entitlements**

Pulte currently has obtained approval of six preliminary plats for over 3,400 residential lots on property within the District. Pulte has recorded thirteen final plats which include 3,200 lots within the District (exclusive of the lots subject to preliminary plats). Of those lots included in final plats, over 2,100 have been improved with utilities and paved streets, and of those, 1498 have had homes constructed and closed on them as of October 31, 2009, while the balance of those lots (approximately 700 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 several model complexes located in both the conventional and age restricted communities. Currently, there are 29 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 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.

The Owner is responsible for the construction of all offsite infrastructure and subdivision improvements necessary to deliver fully finished lots. The "active adult" residences constructed by Pulte are planned to range in size from 1,099 to 2,849 square feet; homes are planned to be base priced from $149,900 to over $385,900. The "conventional" residences constructed by Pulte are planned to range in size from 1,230 to 4,068 square feet; homes are planned to be base priced from $119,900 to $214,900. Pulte has increased purchase incentives available to potential buyers to help increase sales.

**TABLE 11**

**CALENDAR YEAR CLOSINGS AS OF OCTOBER 31, 2009**

| | 2006 | 2007 | 2008 | 2009 | Total Residential Closings Overall |
|---|---|---|---|---|---|
| Active Adult Homes Closed | 143 | 578 | 318 | 140 | 1,179 |
| Conventional Homes Closed | 0 | 83 | 184 | 52 | 319 |
| Total Residential Closings by Year | 143 | 661 | 502 | 192 | 1,498 |

Source: Pulte

**Market Absorption Study**

A Market Analysis and Absorption Study, dated November 11, 2009, was performed by Sullivan Group Real Estate Advisors at the request of the District for the purpose of determining the potential market demand for the proposed development and residences within the District. An Executive Summary of the Study is attached hereto as Appendix F - "EXECUTIVE SUMMARY OF MARKET ANALYSIS AND ABSORPTION STUDY". A copy of the final Report can be obtained from the Underwriter, Stone & Youngberg LLC, 2555 E. Camelback Road, Suite 280, Phoenix, Arizona 85016.

## THE PUBLIC INFRASTRUCTURE

**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.**

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 is complete, and such facility was accepted by the Town and is in the warranty period. The first phase of the WRF (the "First Phase") is anticipated 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 2014, 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 2,500 additional residences without construction of any additional phases of the water reclamation facility, 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 1,750 active adult units and 550 conventional units. A third well has been drilled and is planned to be completed and equipped in 2010 or when required for proper service. With Well #3 in operation, the system should be able to support approximately 4,500 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 the Owner 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 25,000 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 Melinda Lane, on Desert Vista Boulevard from Canyon Springs Boulevard to Beardsley Parkway and on Mountain Ridge Boulevard from Desert Vista Boulevard to Desert Oasis Boulevard have been installed, and Desert Oasis Boulevard from Mountain Ridge Boulevard to Beardsley Parkway. The Owner has received construction drawing approval from the Town for Beardsley Parkway from the east property line to Desert Oasis Boulevard. Construction of future roadways will be dependent on existing roadway capacities and the need to provide safe vehicular access within the District.

Approximately 12,298 linear feet of arterial roadway (2.33 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 78,000 linear feet of local streets (14.77 miles). Such "Public Infrastructure" was completed in August 2009 and has been or will be dedicated to the Town.

The Owner has, or plans in the future to, publicly bid the improvements outlined above and plans to pay for the construction of same. Owner anticipates that these improvements will be eligible to be reimbursed from future bond offerings by the District.

**Police and Fire**

The Owner 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 market conditions and absorption in Festival Foothills and Sun City Festival.

**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, 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.**

The "Public Infrastructure Financed by the Bonds" is composed of approximately 19,780 linear feet of trunk sewer lines constructed throughout the District and approximately 13,000 linear feet of arterial roadway (2.3 miles) and 13,200 linear feet of collector roadway (2.5 miles) constructed in the District, including landscaping, approximately 78,000 linear feet of local streets (14.8 miles), Water Plant #1 and Wells #1, #2, #2A and #3, approximately 25,000 linear feet (4.7 miles) of water line, approximately 16,000 linear feet (3 miles) of reclaimed water lines, 1,361 linear feet of storm drains and the WRF and related facilities. The Public Infrastructure Financed by the Bonds was completed in or prior to August 2009 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 the Owner. 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 Pulte Homes, Inc., a Michigan corporation, which is a publicly traded company listed on the New York Stock Exchange ("Pulte Homes"). Pulte Homes 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 nor 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 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, Pulte shareholders own approximately 68% of the combined company, and Centex shareholders own approximately 32%. 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.

## SOURCES AND APPLICATION OF FUNDS

| | |
|---|---|
| Sources | |
| Par Amount of Bonds | $7,600,000.00* |
| Total | $7,600,000.00* |
| Applications | |
| Costs of Acquisition | $ |
| Costs of Issuance (including Original Purchaser'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 the current litigation regarding the Permit 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***

*Subject to change.

*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 could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. (Any approvals needed in the future for the development must come from the Town or USACE, over which the District has no control.) See "LAND DEVELOPMENT - United States Army Corps of Engineering Section 404 Permit."*

*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 has been a general slowdown in the single family housing sector in the Phoenix metropolitan area over the past 24 to 30 months, and decreased absorption rates associated with such slowdown could adversely affect 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 reduce the 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.*

*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 a Section 404 permit from USACE as described above under the heading "LAND DEVELOPMENT - United States Army Corps of Engineers Section 404 Permit.". 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 OTHER 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 has been a general slowdown in the single family housing sector in the United States and, in particular, in Arizona over the past 24 to 30 months, and decreased absorption rates associated with such slowdown could adversely affect 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 have been 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 District Land 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 District Land 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."*

**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 and the Series 2007 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 Bonds; in the Fourth and Fifth Assessment Area, the assessment for the Series 2008 Assessment Bonds and in the Sixth Assessment Area, the assessment for the Series 2009 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. Neither the District, the Underwriter nor their respective agents or consultants have 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 in the early phases. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Accordingly, 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 items. 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 FOR TAX-EXEMPT BONDS

If the Bonds are issued as Tax-Exempt Bonds, the information under this caption shall apply:

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 restric-

tions, conditions and requirements by the District as described below, interest income on the Bonds will be excluded from gross income for federal income tax purposes and will be 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 opinion of Bond Counsel assumes continuing compliance with such restrictions, conditions and requirements.

The Code also imposes an "alternative minimum tax" ("AMT") upon certain corporations and individuals. The AMT is equal to the excess (if any) of a taxpayer's "tentative minimum tax" for a taxable year over its regular income tax liability for the taxable year. The tentative minimum tax is based upon a taxpayer's "alternative minimum taxable income" ("AMTI"). A taxpayer's 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, included in the adjustments of AMTI for corporations is an adjustment increasing the corporation's AMTI by seventy-five percent (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 bondholder's federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing 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 Bondholder. The nature and extent of these other tax consequences will depend upon the Bondholder's particular tax status and the Bondholder'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.

Under existing federal tax law, if the Bonds are determined to be invalid for failure to comply with a substantive or procedural requirement of local law, the Bonds will be deemed not to be an obligation of the District and interest thereon will not be excludable from gross income for federal income tax purposes. 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 of the Bonds.

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.

## TAXABLE BONDS TAX MATTERS

If the Bonds are issued as Taxable Bonds, the information under this caption shall apply:

Interest on the Taxable Bonds is not excludible from gross income of the owners thereof for federal income tax purposes. Bond Counsel expresses no opinion regarding any tax consequences of ownership of, or the receipt of interest payments on, the Taxable Bonds. Owners of the Taxable Bonds should consult their tax advisors with respect to any such tax consequences including, without limitation, the treatment of interest in jurisdictions other than Arizona, the calculation and timing of inclusion of interest in income, the tax consequences of dispositions of Taxable Bonds at a gain or loss and the determination of the amount thereof, rules applicable if Taxable Bonds are acquired at a premium or discount from their face amount (including without limitation the possible treatment of accrued market discount as ordinary income, deferral of certain interest deductions attributable to indebtedness incurred or continued to purchase or hold Taxable Bonds, and the amortization of market premium.)

## QUALIFIED TAX-EXEMPT OBLIGATIONS FOR TAX-EXEMPT BONDS

If the Bonds are issued as Tax-Exempt Bonds, the information under this caption shall apply:

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 2009, will not exceed $30,000,000. Bond Counsel will rely on such certification with respect to its opinion on this matter.

## RATING

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P") has assigned the rating of "BBB+" 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, 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 Stone & Youngberg LLC (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, less compensation of the Underwriter of $_____ _____). The Underwriter will offer and sell the Bonds in a limited distribution only to Qualified Investors who have agreed to the transfer restrictions described herein. See "THE BONDS - Investor Suitability Standards and Transfer Restrictions." 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 cover page hereof. The offering prices set forth on the 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, if material (the "Notices of Material Events"). The method of filing of, and specific nature of the information to be contained in, the Annual Reports and in the Notices of Material 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 Material 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 materially with the continuing disclosure undertakings entered into by it for purposes of the Rule, which were with respect to the Series 2006 Bonds, the Series 2007 Bonds, the Series 2005 Assessment Bonds and the Series 2006 Assessment Bonds, and the Series 2007 Assessment Bonds.

## RELATIONSHIPS 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 have acted as underwriter's counsel to the Underwriter 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 has 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/.....
Chairman, District Board

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## 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 thirty (30) miles from downtown Phoenix, Arizona ("Phoenix"), approximately four (4) 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**

| Years | Town of Buckeye | Maricopa County | State of Arizona |
|---|---|---|---|
| 2008* | 50,143 | 3,987,942 | 6,629,455 |
| 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 |
| 1960 Census | 2,286 | 663,510 | 1,302,161 |

*Estimate as of July 1, 2008.

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 (6) 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 twenty (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 and Surrounding Area**

| Employer | Description | Approximate Number of Employees |
|---|---|---|
| Palo Verde Nuclear Power Plant | Energy plant | 2,500 |
| Arizona Lewis Prison | Prison | 1,100 |
| Wal-Mart/Sam's Club Distribution Center | Retail and wholesaler | 745 |
| Buckeye Elementary School District No. 33 | Education | 490 |
| Liberty Elementary School District No. 25 | Education | 480 |
| Town of Buckeye | Government | 455 |
| Buckeye Union High School District No. 210 | Education | 325 |
| Shult Homes Corp./Marlette Homes Inc. | Mobile homes | 250 |
| SW Regional Juvenile Corrections Complex | Corrections | 220 |
| CMH Manufacturing Inc. | Mobile home manufacturing | 215 |
| Schuff Steel/Quincy Joist Inc. | Steel joists manufacturing | 200 |
| Lowe's Home Improvement | Retail | 150 |
| Wadsworth Golf Construction Co. | Golf course construction | 125 |
| Hickman's Egg Ranch Inc. | Egg/dairy farming | 100 |
| Petra Contracting | Sidewalk/street contractor | 100 |

Source: *Arizona Industrial Directory* and *Arizona Services Directory,* Harris Infosource, Estrella Mountain Community College Office of Planning & Institutional Effectiveness and Buckeye Valley Development, Inc.

**Area Unemployment Averages**

| Calendar Year | United States | State of Arizona | Maricopa County | Town of Buckeye |
|---|---|---|---|---|
| 2009 (a) | 8.8% | 8.0% | 7.3% | 9.2% |
| 2008 | 5.8 | 5.5 | 4.8 | 6.1 |
| 2007 | 4.6 | 3.8 | 3.2 | 4.1 |
| 2006 | 4.6 | 4.1 | 3.5 | 4.4 |
| 2005 | 5.1 | 4.6 | 4.0 | 5.2 |
| 2004 | 5.5 | 4.9 | 4.4 | 5.6 |

(a) Data through July 2009.

Source: Arizona Department of Commerce, Research Administration, CES/LAUS Unit and U.S. Department of Labor, Bureau of Labor Statistics.

**Non-Agricultural Wage and Salary Employment**
**Maricopa County**

| Industry | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 (a) |
|---|---|---|---|---|---|---|
| Mining and Construction | 140,900 | 163,200 | 179,200 | 168,400 | 140,000 | 106,100 |
| Manufacturing | 129,000 | 133,100 | 136,200 | 133,300 | 127,400 | 120,600 |
| Trade, Transportation, and Utilities | 333,200 | 354,400 | 371,100 | 383,000 | 374,000 | 350,000 |
| Financial Activities | 137,700 | 146,000 | 152,200 | 152,100 | 146,200 | 140,500 |
| Services and Miscellaneous | 695,900 | 737,700 | 785,700 | 806,100 | 801,900 | 761,000 |
| Government | 204,500 | 208,800 | 211,700 | 219,900 | 225,200 | 219,400 |
| Total | 1,641,200 | 1,743,200 | 1,836,100 | 1,862,800 | 1,814,700 | 1,697,600 |

(a) Data through July 2009.

Source: Arizona Department of Commerce, Research Administration, CES/LAUS Unit and 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)**

| Fiscal Year | Amount |
|---|---|
| 2008/09 (a) | $14,711 |
| 2007/08 | 18,897 |
| 2006/07 | 21,176 |
| 2005/06 | 16,474 |
| 2004/05 | 8,402 |
| 2003/04 | 3,856 |

(a) Unaudited

Source: Arizona Department of Revenue, Municipal Privilege Tax Collection Program and the Finance Department of the Town.

**Educational Facilities**

Elementary and high school education is available through Wickenburg Unified School District, Buckeye Elementary School District, Liberty Elementary School District and Buckeye 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)**

| Fiscal Year | Amount |
|---|---|
| 2009 | $58,359,000 |
| 2008 | 55,055,000 |
| 2007 | 55,663,000 |
| 2006 | 54,926,000 |
| 2005 | 51,138,000 |

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 000's)**

| Calendar Year | Residential | Commercial & Industrial | Other | Total |
|---|---|---|---|---|
| 2009 (a) | $ 10,411 | $ 2,839 | $ 3,067 | $ 16,317 |
| 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 |
| 2005 (b) | 597,407 | 4,089 | 12,422 | 613,918 |
| 2004 | 394,647 | 1,516 | 10,070 | 406,233 |

(a) Data through first quarter of 2009.

(b) Incomplete data - one or more months unavailable.

Source: Realty Studies, Morrison School, 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**

| Calendar Year | New Housing Permits |
|---|---|
| 2009 (a) | 61 |
| 2008 | 1,430 |
| 2007 | 2,300 |
| 2006 (b) | 2,582 |
| 2005(b) | 4,219 |
| 2004 | 2,986 |

(a) Data through first quarter of 2009.

(b) Incomplete data - one or more months unavailable.

Source: Realty Studies, Morrison School, Arizona State University Polytechnic campus. Note that the data is obtained from county and municipal divisions which issue such permits. The issuance of a building permit does not necessarily mean that construction will commence immediately or at all.

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# 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 2009

At your request we have examined the official proceedings leading to the issuance of $7,600,000* aggregate principal amount of District General Obligation Bonds, Series 2009, dated the date hereof, 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. 09-....., passed and adopted by the District Board on November 17, 2009, as amended on December 15, 2009 (as so amended, 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.

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*Subject to change.

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. [Interest income on the Bonds is included in gross income for purposes of calculating federal income taxes/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 and is not 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

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* Subject to whether the Bonds are issued as Tax-Exempt Bonds or Taxable Bonds.

## APPENDIX C

## BOOK-ENTRY ONLY SYSTEM

**This information concerning DTC and DTC's book-entry system has been obtained from DTC and the District takes no responsibility for the accuracy thereof. The Beneficial Owners (defined below) should confirm this information with DTC or the DTC participants.**

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S., equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of the regulated subsidiaries. Access to the DTC system is also available to other 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 Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchase of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may

not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 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 registrar and request that copies of notices be provided directly to them.

Redemption notices of the Bonds shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 the redemption price of any Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of and information funds and corresponding detail information from the 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 Direct Participants and Indirect Participants and not of DTC (or its nominee) or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the 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 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.

DRAFT

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

CONTINUING DISCLOSURE UNDERTAKING

$7,600,000*
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2009

(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 man 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 Material Event" shall mean any notice provided by the Issuer pursuant to, and as described in, Section 3.

*Subject to change.

"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.

"Tax-exempt" shall mean that interest on the Securities is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

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, 2010, 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 _____, 2009, 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 each of the Repositories or 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 thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided through EMMA.***

Section 3. Reporting of Material 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:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions or events affecting, if applicable, the tax-exempt status of the Securities (including particularly, but not by way of limitation,

(A) Receipt of an opinion of nationally recognized bond counsel to the effect that interest on the Securities is not Tax-exempt or

(B) Any event adversely affecting the Tax-exempt status of the Securities, including but not limited to:

(I) Any non-random audit, investigation or other challenge of the Tax-exempt status of the Securities by the Internal Revenue Service or in any administrative or judicial proceeding or

(II) The issuance of any regulation, decision or other official pronouncement by the Internal Revenue Service or other official tax authority or by any court adversely affecting the Tax-exempt status of the Securities or securities of the same type as the Securities or financing structures of the same type as financed by the Securities.)

(vii) Modifications to rights of holders (i.e. owners).

(viii) Bond calls (which are other than mandatory or scheduled redemptions, not otherwise contingent upon the occurrence of an event).

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the Securities (including property leased, mortgaged or pledged as such security).

(xi) Rating changes.

(b) ***IF KNOWLEDGE OF THE OCCURRENCE OF A LISTED EVENT WOULD BE MATERIAL AS INTERPRETED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (PROVIDED, HOWEVER, THAT ANY EVENT UNDER***

***SUBSECTION (A)(VIII), (IX) OR (XI) OF THIS SECTION SHALL ALWAYS BE DEEMED TO BE MATERIAL), THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY 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 MATERIAL 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 Material 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 Material 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 Material 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

## 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 directly or indirectly payable by or reimbursable to the District 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, (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..

***"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 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 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 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.

**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.

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# APPENDIX F

## EXECUTIVE SUMMARY OF MARKET ANALYSIS AND ABSORPTION STUDY

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**TO:** Ms. Gail Reese, CPA
District Treasurer
**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (Town of Buckeye, Arizona)**

**FROM:** Mr. Peter F. Dennehy
**SULLIVAN GROUP REAL ESTATE ADVISORS**

**DATE:** December 8, 2009

**SUBJECT:** **Market Absorption Study for Potential Issuance of General Obligation Bonds for the Residential Buildout of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona)**

A Community Facility District (the "CFD") has been formed by the Town of Buckeye, Arizona (the "Town") to finance public infrastructure related to the development of certain land, including a project within the CFD known as "Festival Ranch" (also referred to herein as the "Project"). The Sullivan Group 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.

The following is a summary of the key conclusions from the Absorption Analysis report, which was completed in October 2009.

## INTRODUCTION

The Project is located 34 miles west of downtown Phoenix, is 20 miles north of downtown Buckeye and 10 miles west of the City of Surprise, Arizona (primary access is from 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 Home Corporation ("Pulte"). The balance of the undeveloped land 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 the age-restricted (Sun City Festival) and primary housing (Festival Foothills) communities. Pulte is developing +/-9,000 residential units at Festival Ranch, with +/-7,650 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 primary objective of this assignment was to analyze the residential market in Buckeye (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 the specific residential component.

## A. Tasks Completed

The Sullivan Group 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.

## B. Conditions of the Report

The Sullivan Group is not responsible for representations about plans and expectations for the development of the Project and for disclosure of significant information that might affect the ultimate realization of the projected results. There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and the differences may be material. The Sullivan Group does not express any form of assurance on the achievability of any pricing or absorption estimates or reasonableness of the underlying assumptions and has no responsibility to update the analysis for events and circumstances occurring after the date of this report. This analysis represents just one resource that should be considered when assessing this development opportunity.

## C. Critical Assumptions and Development Risks

The development and marketing of the subject neighborhoods is already underway and will continue. According to Pulte, through October 31, 2009, a total of 1,498 units had been closed in the two components of the Project, with 1,179 units closed in Sun City Festival and 319 units closed in Festival Foothills. With +/-7,502 units left to sell and close, development of the Project should continue to 2022 (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 buildout 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 early in the decade, has been in an extended period of correction, but is now showing some preliminary signs of recovery. Annual new home sales are at the lowest level in over a decade

and prices are lower. But Phoenix is not alone. Many housing markets throughout the the United States are experiencing similar conditions. 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, etc).

The appropriateness of the proposed 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 buildout 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 locational pluses and minuses and a smooth schedule of approvals processing, home construction and infrastructure completion (i.e., no prolonged delays due to unusual weather conditions, lack of needed infrastructure such as sewer, roads, etc., no environmental issues, construction worker shortages any or municipal delays in processing final maps, issuing permits, reviewing plans or approving any product plans nor any delays in issuing permits such as the §404 permit litigation mentioned below could require).

## D. United States Army Corps of Engineers / Section 404 Permit

Because development of property within the District as currently contemplated calls for the disturbance of certain washes which are considered jurisdictional waters of the United States under the Clean Water Act, a "Section 404 permit" from United States Army Corps of Engineers ("USACE") is required. Such a permit was approved and issued in July 2005 (the "Permit"). Recently concluded litigation between USACE and Concerned Citizens for the White Tanks (the "Plaintiff") resulted in the Ninth Circuit Court of Appeals (the "Ninth Circuit") rendering a decision overruling the prior District Court decision and remanding for further proceedings. All parties to the litigation have filed pleadings regarding the form of the District Court's final order in light of the Ninth Circuit's decision. A decision on such form of final judgment should be handed down in the near future.

In its proposed order before the District Court on remand, the Plaintiff seeks an order enjoining any development authorized by the Permit until a more detailed environmental analysis (i.e., an environmental impact statement) is conducted by USACE. The Plaintiff contends that an environmental impact statement is required by the Ninth Circuit's decision before any additional construction is undertaken. Both Pulte and the USACE have filed objections and their own proposed orders, which would terminate the Permit. 10,000 West, L.L.C., which owns significant property in the District, filed a joinder in Pulte's objection and proposed order. Pulte also seeks to clarify that development of existing areas previously disturbed under the Permit during the period when the Permit was validly issued can still be developed as originally planned and approved. The Plaintiff objected to the proposed orders filed by Pulte and the USACE, and instead argue that the Plaintiff's proposed order is appropriate and is supported by existing case law.

Consistent with cases cited by Pulte, the effect of the invalidation of the Permit for certain land within the District should be minimal in areas of existing development and disturbance. Consistent with case law cited by Pulte, development should be allowed to proceed in those areas disturbed or developed while the Permit was in force in accordance with the original Community Master Plan, the Land Development Agreement and other regulatory documents and approvals. The existing developed and disturbed areas which Pulte and the USACE agree should be allowed to continue development are currently planned for approximately 2,500 more residential units of varying types and sizes and some commercial development. Further, Pulte currently has approximately 700 fully improved residential lots upon which a residence can be constructed regardless of which form of order is adopted by the District Court. While Pulte and its legal counsel believe its form of order is supported by the facts and equities in this case, is supported by existing case law and will be adopted, until the District Court rules, there can be no assurance that Pulte will prevail.

In areas within the District where development has not commenced, or if the Plaintiff's form of final order prevails in the District Court, a new Section 404 permit may be required so that Pulte can develop its property as provided in the Community Master Plan and consistent with the existing land planning. If a new permit is required, the owners will need to submit to the Section 404 application process again, and the USACE may require an environmental impact statement discussing the effect of the issuance of the new permit, consistent with the Ninth Circuit's decision. Such statement may delay the approval process for obtaining a new Section 404 permit and in turn may slow down development of areas within the District. There can be no assurance that a new Section 404 permit, if required, can be obtained under the new level of scrutiny. Moreover, even if a new Section 404 permit is issued, there can be no assurance that such new permit will not substantially delay development or cause replanning of the project to meet new conditions attached to such new permit approval.

If the Plaintiff prevails and development in existing areas is stopped and/or in areas where development in the District has not started, Pulte believes that portions of the property within the District could be replanned and redesigned to avoid jurisdictional waters under the federal Clean Water Act. In such event, as to such portions of the property, no Section 404 permit from the USACE would be required. However, in such event, development would probably be less dense and more expensive to improve as any jurisdictional washes would have to be left undisturbed.

## I. KEY RECOMMENDATIONS AND CONCLUSIONS

### A. Project and Location

As noted above, Pulte is developing Festival Ranch in two parts. The active adult Sun City Festival project is being built under Pulte Home Corporation'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.

The Sun City Festival project was recently named the "Best Active Adult Community in the Nation for 2009". 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, walking trails, learning and wellness programs, activities and special events.

The conventional aspect of the Festival Ranch project, Festival Foothills, offers a K-8 elementary school and a 12-acre community park (built).

Festival Ranch offers a good opportunity for both conventional and age qualified housing. Positive attributes of the location include:

- **Sufficient regional retail opportunities.** While there is no commercial development in the Festival Ranch area presently, 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, is already built and available for Festival Foothills residents (Wickenburg School District). Other area schools include Vulture Peak Middle School and Wickenburg High School. The elementary school is planned for up to 850 students and currently has +/-130 students, so there is room for additional growth in usage as the project population increases.

- **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 locational 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.

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 to-date.

## B. Summary of Proposed Product and Price Points

At Sun City Festival, four different residential product types are being offered in a series of different residential neighborhoods (refer to Exhibit II-9). According to Pulte, a total of 1,179 units have been closed through October 31, 2009 in the age-restricted Sun City Festival portion of Festival Ranch since sales started in 2006, with closings of 300 to 500 units per year in the 2007-2008 period and a projected +/-223 sales/closings projected for 2009.

In addition to the above base prices, some locations in Sun City Festival command additional golf course premiums of up to $130,000 to $140,000 for the best views ($30,000 to $40,000 for partial views). About 20% of lots in Sun City Festival are golf-oriented. Sun City Festival has maintained stable prices in recent years despite the drop in home values generally and current price points are up slightly from project opening (more incentives are being offered now to spur sales and Pulte has added a lower-cost product line – the Cottage/Holiday homes). With an average price point of about $300,000, the Sun City Festival product line is higher priced than the conventional Festival Foothills (average price point of under $200,000).

According to sales agents, 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 projects like Arizona Traditions, Trilogy at Vistancia, Pebble Creek and Sundance in West Valley area) and resales at older Sun City projects (i.e. Sun City Grand).

According to Pulte, a total of 319 units have been closed 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 and a projected +/-76 sales/closings projected for 2009. There are four active residential projects there currently, with characteristics and current pricing outlined in Exhibit II-10.

According to sales representatives, the buyers for this component of Festival Ranch are primarily Phoenix area family buyers and/or more price conscious active adult households that want 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 comes 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 is 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 market starts to stabilize (many new home buyers are effectively "outbid" on foreclosures and prefer not to deal with the hassle given that the new purchase process is less complicated).

## C. Market Positioning of the Festival Ranch Residential Products

This analysis reflects new home base prices as currently established by Pulte for the Sun City Festival and Festival Foothills community. Overall, the Sullivan Group's research suggests that the builder's proposed prices position the Festival Ranch products appropriately within the context of the competitive market. To test the proposed product and targeted (base) pricing relative to the competitive for-sale market we undertook three different analyses. The first is against other product lines within Festival Ranch. As a second test, we positioned the proposed product lines at Sun City Festival against other, regional active adult communities in the Phoenix region (and resales at Sun City Grand). Finally we compared proposed product at the subject property to other active projects selling in the area (in master plans like White Tank Foothills, Cortessa and Vistancia)

The first test of Pulte's pricing was to compare all product lines within the project. This is an important analysis as it ensures that: 1) product is properly segmented to maximize the potential for absorption; 2) each line is appropriately priced relative to each other (i.e. higher density product is more affordable than lower density, large homes are more expensive than small homes, etc.); and, 3) each line is positioned in a "stair step" pattern to create a "pull" in buyers minds between obtaining the largest home in a smaller line or the smallest home in a larger line.

As presented in Exhibit II-11 (Sun City Festival) and Exhibit II-12 (Festival Foothills), the product lines at Festival Ranch are appropriately positioned relative to one another using the builder's current prices. Each product line offers a distinct lot size, unit size, and price point and there is virtually no (base price) competition among product lines. For Festival Foothills, the analysis reveals some overlap in the two smallest projects, but these product lines are selling well (3.0 to 5.0 sales per month) with prices under $150,000 (generally) and targeting the depth of the current market (the larger Festival Foothills homes are selling less well).

Between the active-adult and conventional products, there is price disparity, with the majority of Festival Foothills housing priced under $200,000 and the majority of Sun City Festival product priced over $200,000 (and golf-oriented product at Sun City Festival is largely priced over $300,000). With this price disparity, the project is actually addressing two aspects of the active-adult market, those with the means to afford the lifestyle features of a Sun City project and more price conscious retirees who are willing to buy a conventional product because they like the general location with the ability to access golf and other recreation (but without having to pay for it in form of higher home prices, location premiums and/or homeowners fees).

While there are relatively few resales in Festival Ranch itself given how new the project is, current base home values are in line with actual sales prices in the community. As shown in Exhibits II-11 and II-12, sales values in Sun City Festival range from $160,000 to $400,000, with most sales priced under $360,000. Festival Foothills sales prices range from $100,000 to $260,000, with most activity under $200,000.

Because active adult product tends to have a larger regional draw than traditional residential product (active adults are willing to seek out communities such as Sun City Festival for the amenities and lifestyle elements) proposed prices at Sun City Festival were compared to prices

at other active adult communities in the Phoenix area, with a focus on other communities in the West Valley. As shown in Exhibits II-14 and 15, Sun City Festival is positioned:

- **Generally in-line with or above active adult product in the West Valley region of Phoenix.** Projects like Arizona Traditions, Pebble Creek, Sundance and Trilogy at Vistancia offer the combination of product and amenities that are comparable to Sun City Festival. Sun City Festival's pricing is in-line with, or above, most of the older West Valley communities and is somewhat lower than Shea's Trilogy project in Vistancia. Sales rates for all the active-adult projects are higher than the market, with overall sales rates of 6.0 to 20.0 sales a month versus the 1.0 to 2.0 sales/month that is average for the overall market. Sun City Festival offers the most outlying location of the active projects, but competes favorably as the newest community and offers a unique, mountain-oriented setting that seems more "removed" from the congestion of older communities (i.e. Pebble Creek). With the exception of Pebble Creek (Robson) in Goodyear, the other active adult projects are in their later stages (Arizona Tradition is nearly sold-out), meaning Sun City Festval could become the dominant active-adult option in the West Valley in coming years.

- **In-line with resale values for the closest active-adult projects.** Resales at built out active adult communities are a competitive factor. As shown in Exhibit II-15, current base prices for Sun City Festival are in-line with the bulk of resales in Sun City Grand (built from 1996 to 2004) and Arizona Traditions, located east of the project in Surprise. Current sales values average in the $260,000s ($147 per square foot) for Sun City Grand resales. Sun City Festival offers new product in an outlying location and state-of-the art community facilities.

Finally, we also compared current (base) prices at Festival Foothills to those of actively selling conventional new home projects in master planned communities in the West Valley. As outlined in Exhibits II-19A through II-21D, the current prices are below recent sales prices in master planned communities like White Tank Foothills, Cortessa, Verrado and Vistancia. Looking at White Tank Foothills specifically, a Pulte project located on the east side of the White Tank Mountain Regional Park (closer-in to roads, shopping, services), Festival Foothills is priced competitively.

## D. Absorption Projection for the Festival Ranch Master Plan

As shown in Exhibit II-22, despite price points that are higher than most actively selling projects in the market today (they are in-line with other active adult options), and considering its superior level of amenities and lifestyle (that create a "destination") Sun City Festival (and other active adult projects) are even today achieving substantially higher overall absorption rates (anywhere from 2.5 to 9.0 sales per month depending on the series) than are currently being achieved by actively selling projects in the Phoenix region (most are averaging fewer than 2.0 sales per month). This illustrates the extent to which today's negative economic and housing market conditions have impacted the active adult sector less directly (although the number of willing buyers has definitely dropped off for active adult as well).

Going forward, we see the potential to improve sales rates as the community matures in an improving economy and as older competitive options sell out. For perspective, refer to Exhibits II-17A and II-17B which show historic sales rates at Sun City Grand of 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. It should be noted that 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).

This analysis targets absorption rates of 5.0 and 14.0 sales per product per month for Sun City Festival project, building from current actual sales rates as the market improves. The per project absorption rates are estimates and are intended to represent an average over the lifetime of the project. In actuality, absorption rates in some months may be higher (depending on floorplan and lot availability or the status of planned amenities).

The Sullivan Group targets slightly slower, per project absorption rates for 2009 and 2010 than for the subsequent years of the project's build-out. Actual sales to-date reflect a master plan that is in its early stages of development as well as prevailing housing market conditions that reflect slower sales, buyer uncertainty, and flat (or declining) new home prices. The Sullivan Group anticipates that as master plan development evolves, and as housing market conditions improve (as we expect they may in 2011 and beyond), per project absorption levels will increase.

The targeted per project sales rates consider several factors:

- Sun City Festival will have 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. As the economy stabilizes and improves, improved confidence and continued exposure of Sun City Festival to maturing boomers will 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 substantially higher than rates being achieved at projects selling actively in the area today (most are averaging 2.0 sales per month or fewer). 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 higher than typical sales rates are attainable.

Overall housing market conditions (and absorption rates) for most residential product types in Phoenix have slowed substantially from peak levels. At the same time, the level of production has declined considerably as projects have built out or shut down, and sales levels for remaining active projects in 2009 have improved due to greater affordability, improved confidence and a combination of low mortgage rates and government incentives. 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 Sullivan Group recognizes that 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. While we believe it is reasonable to expect that housing market conditions could improve in the coming years, we also anticipate that absorption levels going forward will be lower than they were than during the peak years of the market so peak sales 500 to 550 sales a year appear more likely than the 1,000+ sales per year 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 300 to 550 new home sales annually for the Sun City Festival community in the period from 2010 to buildout in 2022, for an annual average of 441 sales/year from 2006 to 2022.

As outlined in Exhibit II-16, this annual sales pace is in-line with actual sales rates for other active-adult communities in the Phoenix area and is well below the average sales rate of 1,125 units/year experienced at Sun City Grand from 1996 to 2004. 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 is on pace to sell 233 units in 2009 and a slight increase is projected in 2010 (286 units) with increases thereafter. Through October 31, 2009, there have been 1,179 **closings** in Sun City Festival, with 143 in 2006,5 78 closings in 2007 and 318 closings in 2008. The Sun City Festival community is on pace for +/-233 sales/closings in 2009.

For the conventional products in Festival Foothills, actual absorption rates total 1.6 to 4.7 sales per month to-date. Going forward, we used sales rates averaging 2.0 to 5.0 sales perm onth, a slight increase from current sales to reflect the more competitive market conditions for conventional housing. The projected buildout for Festival Foothills rages from 86 to 210 units per year, with an annual average of 136 sales per year. In comparison, the community actually sold 166 units in 2007 and 120 units in 2008 and is on pace to sell 62 units in 2009 (mostly in the two smaller products and lines). Through October 31, 2009, there have been 319 **closings** in Festival Foothills, with 83 units closed in 2007 and 184 closings in 2008. The Festival Foothills community is on pace for +/-56 sales/closings in 2009.

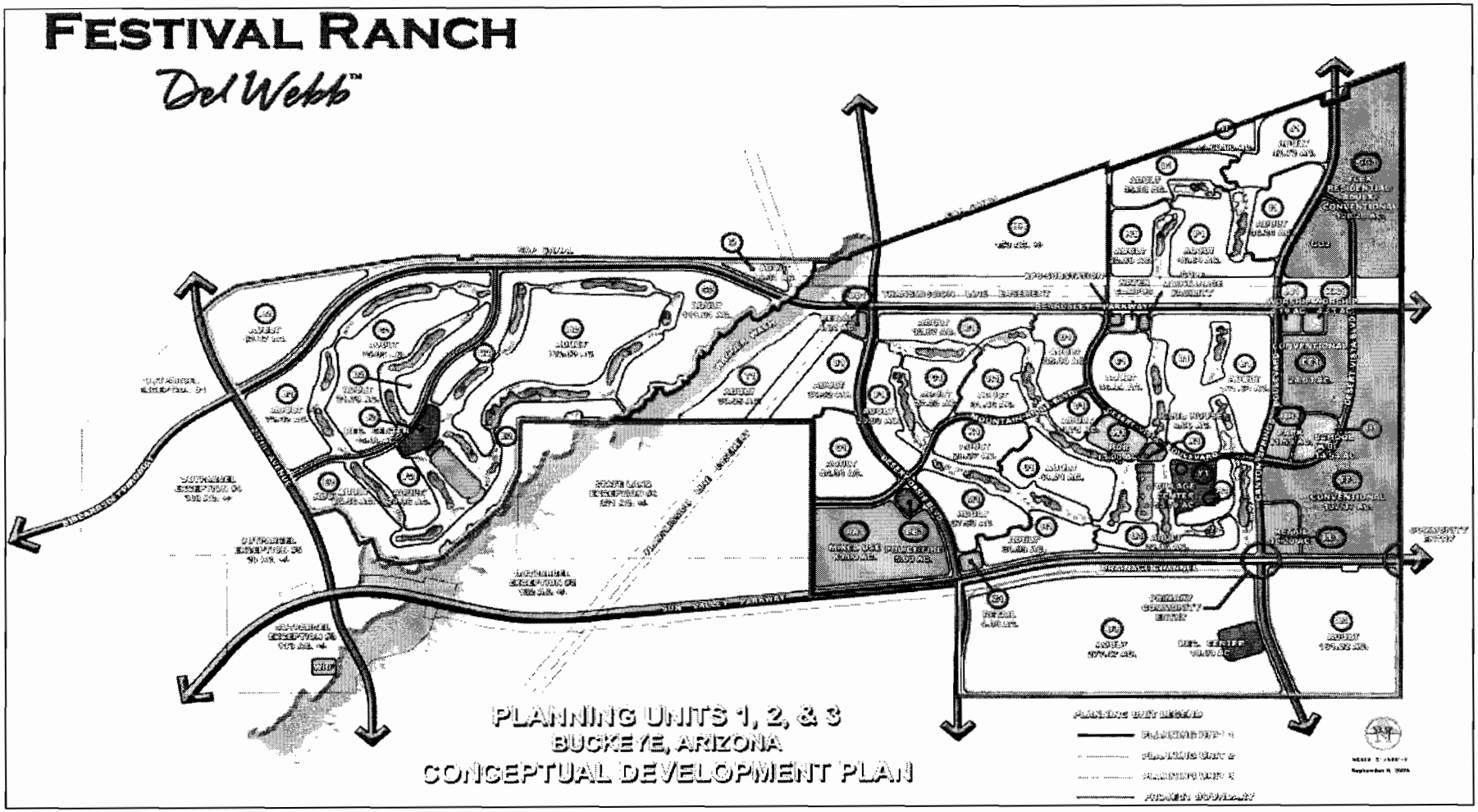
These assumptions presume that Pulte will take advantage of an improved market and established community by maintaining and increasing marketing and production efforts to maximize sales potential and also by maintaining a competitive price positioning versus other available housing options.

* * * * * * * * * * * *

We appreciate the opportunity to conduct this analysis on your behalf, and welcome any questions or comments you may have.

SULLIVAN group
Analysis Answers

**Exhibit I-1**
**FESTIVAL RANCH CONCEPTUAL SITE PLAN**
**Buckeye, Arizona**
**September, 2009**

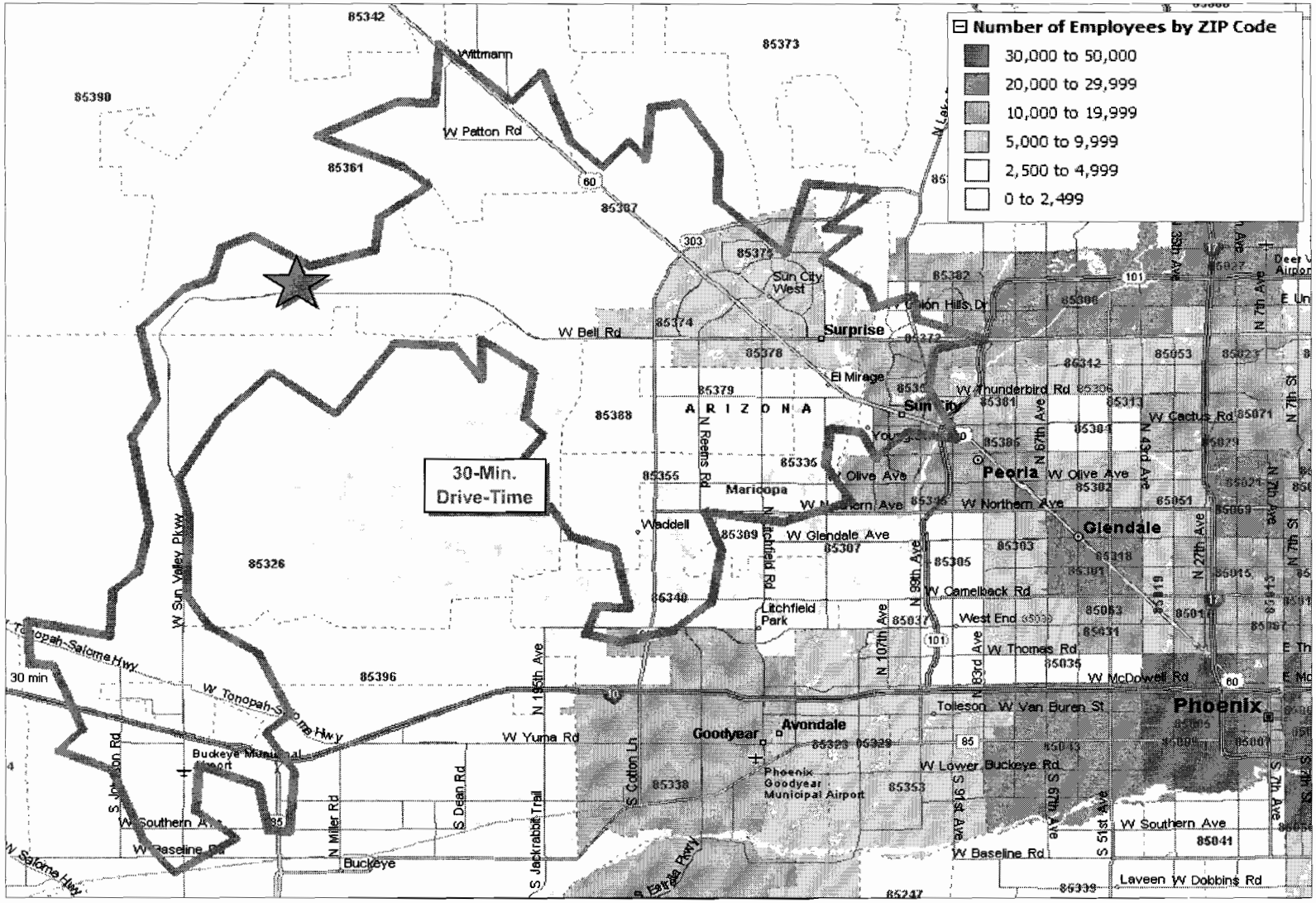



Source: Pulte

PH200-09 Maps

SULLIVAN group
Analysis. Answers.

**Exhibit I-2**
**REGIONAL LOCATION OF THE SUBJECT PROPERTY**
**Phoenix, Arizona**
**September, 2009**

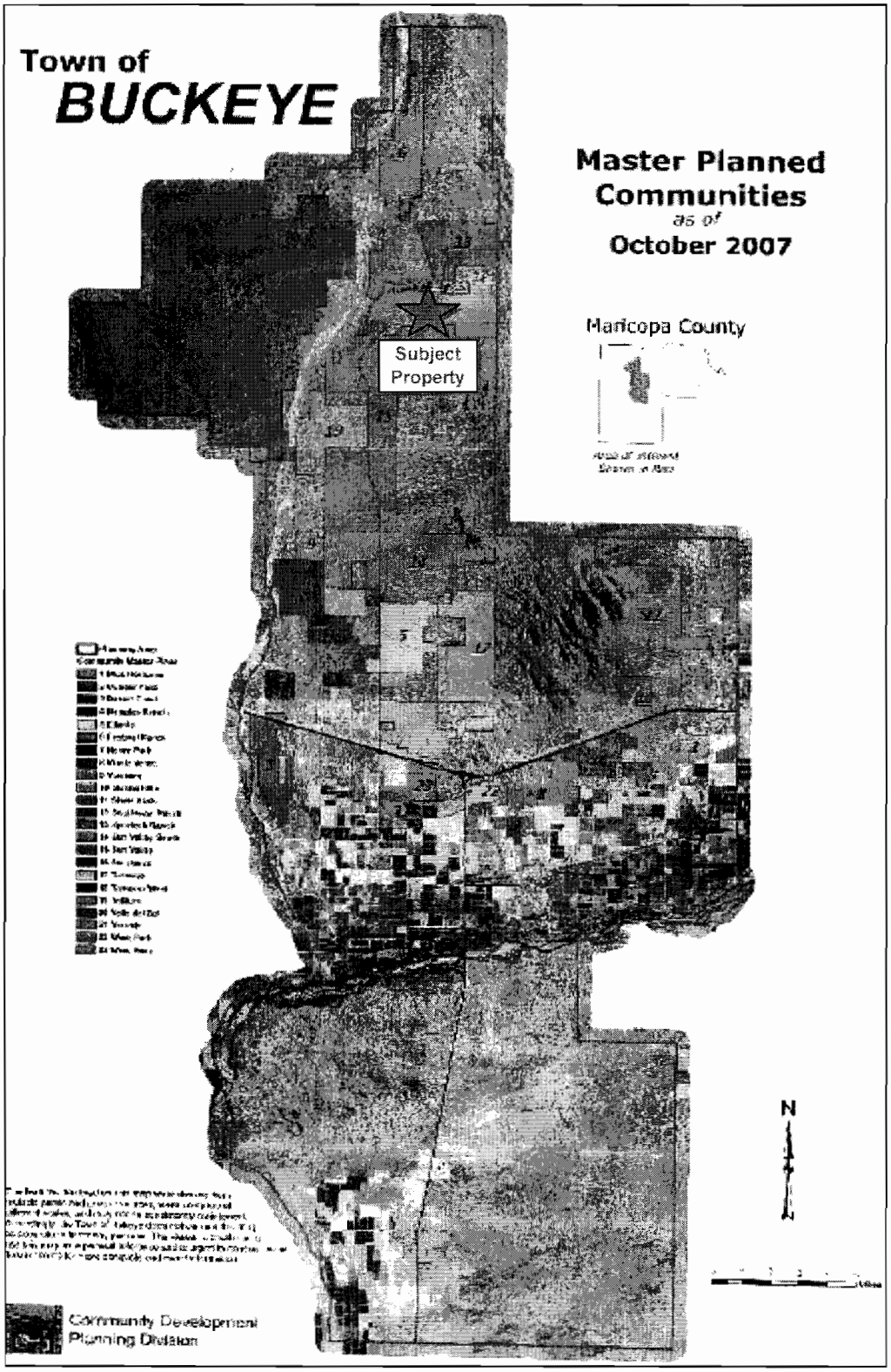



Source: ESRI (2006 Job Data), Map Point

PH200-09 Maps

SULLIVAN group
Analysis. Answers

**Exhibit I-3**
**LOCATION IN THE TOWN OF BUCKEYE**
**Phoenix MSA, Arizona**
**September, 2009**

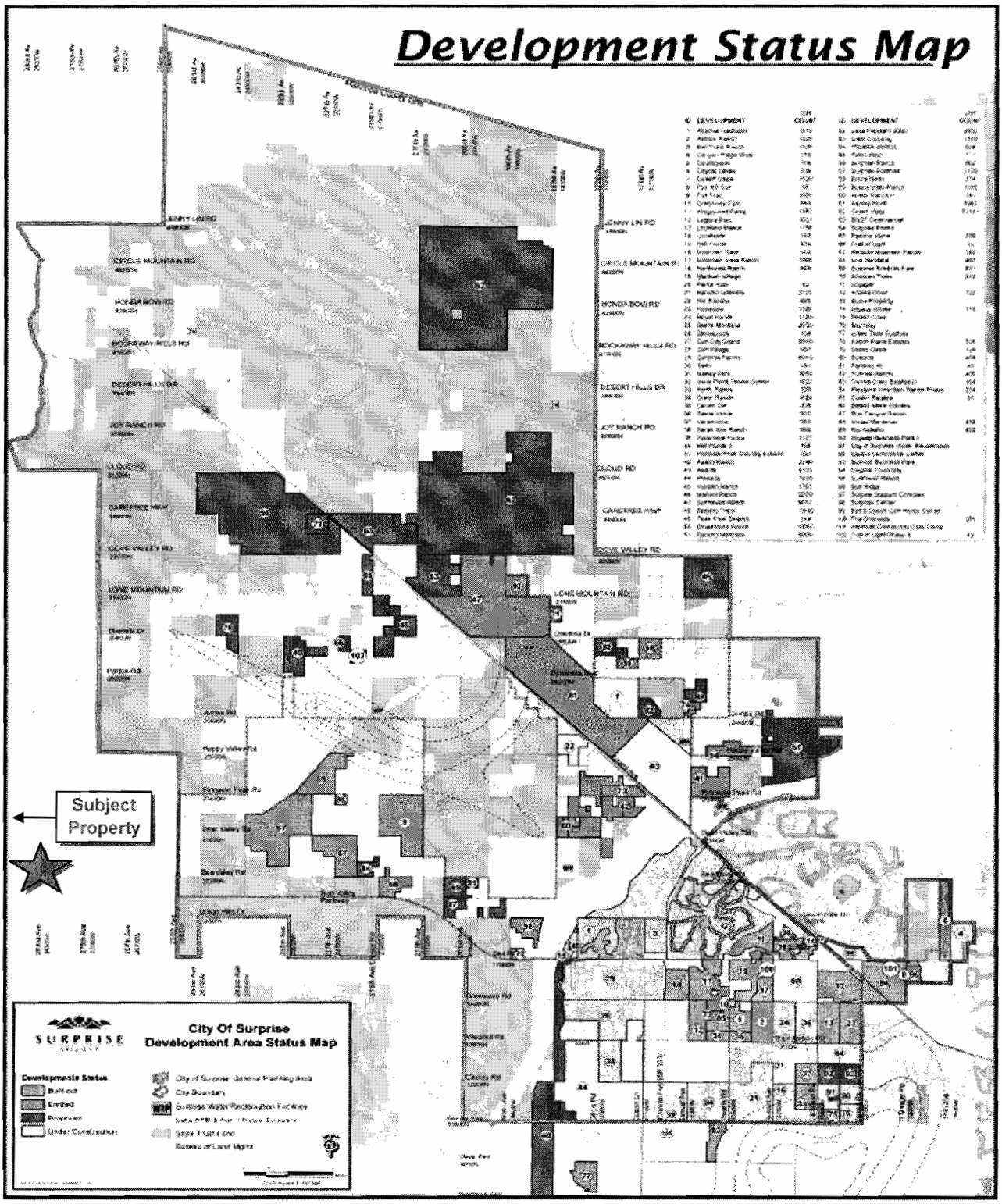



Source: Town of Buckeye

PH200-09 Maps

SULLIVAN group
Analysis. Answers.

**Exhibit I-4**
**PROXIMITY TO NEARBY DEVELOPMENT IN SURPRISE**
**Phoenix, Arizona**
**September, 2009**

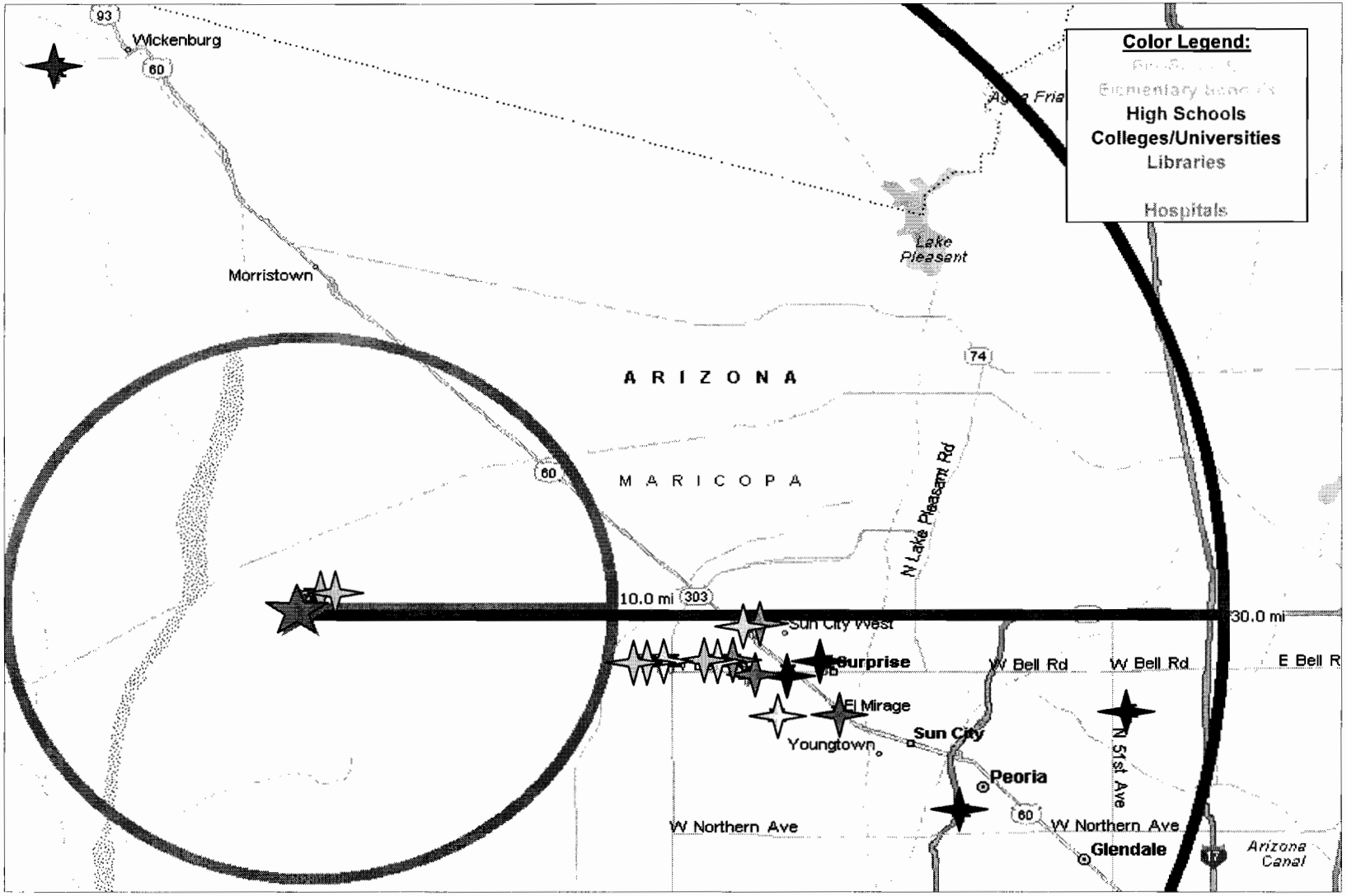



Source: City of Surprise

PH200-09 Maps

SULLIVAN group
Analysis. Answers.

**Exhibit I-5**
**LOCATION OF AREA SERVICES**
**Buckeye, Arizona**
**September, 2009**




Source: Pulte

PH200-09 Maps

SULLIVAN group
Analysis. Answers.

**Exhibit I-6**
**SUN CITY FESTIVAL PHOTOS**
**Buckeye, Arizona**
**September, 2009**

Entry Monumentation

Clubhouse

Driving Range

Source: Sullivan Group

SULLIVAN group
Analysis Answers

**Exhibit I-7**
**FESTIVAL FOOTHILLS PHOTOS**
**Buckeye, Arizona**
**September, 2009**

Entry Monumentation

Community Park

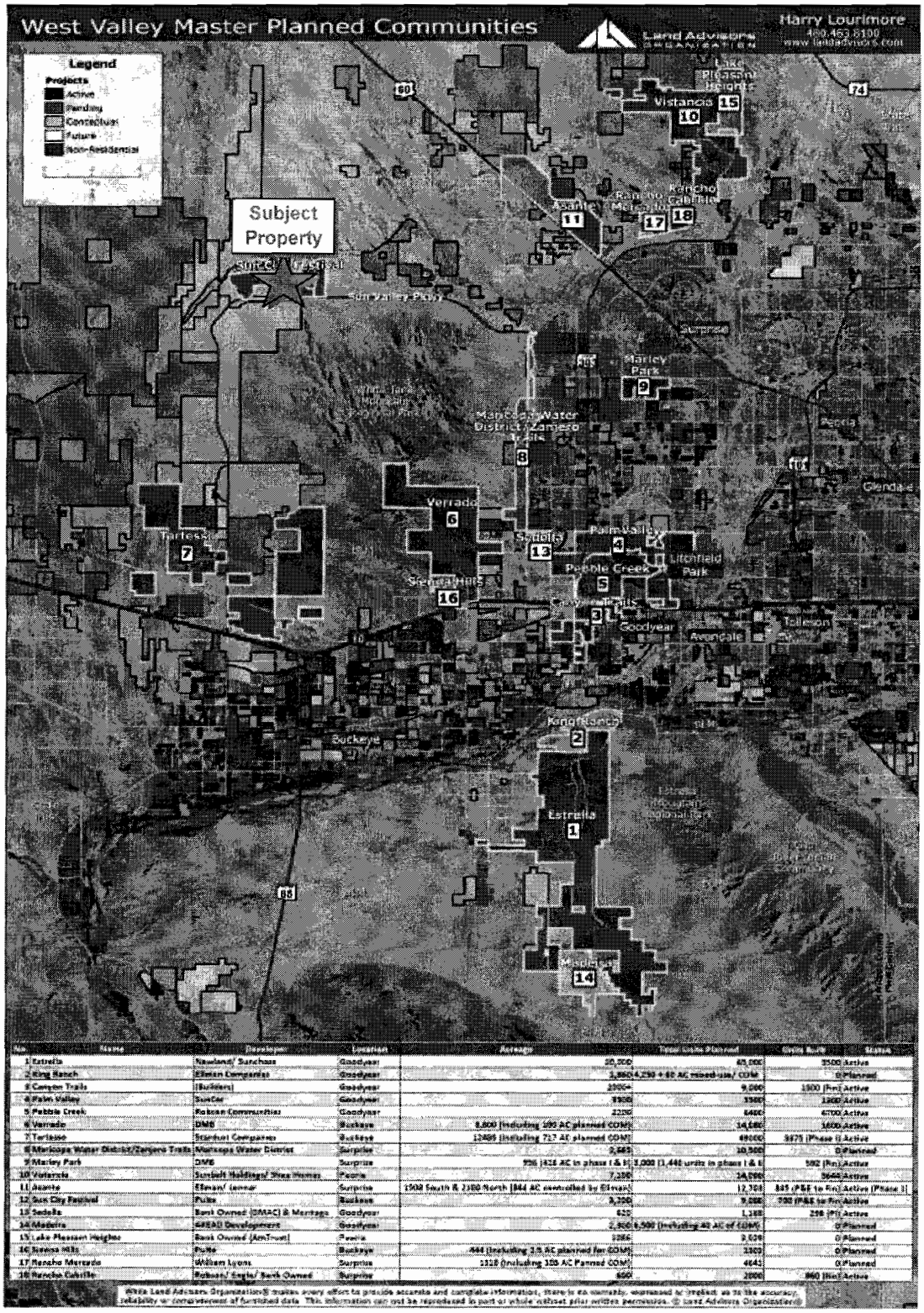
Elementary School

Source: Sullivan Group

PH200-09 Maps

SULLIVAN group
Analysis. Answers.

**Exhibit I-9**
**LOCATION RELATIVE TO OTHER WEST VALLEY MASTER PLANS**
**Phoenix MSA, Arizona**
**September, 2009**




| No. | Name | Developer | Location | Acreage | Total Units Planned | Units Built | Status |
|---|---|---|---|---|---|---|---|
| 1 | Estrella | Newland/ Sunchase | Goodyear | 20,000 | 65,000 | 3500 | Active |
| 2 | King Ranch | Ellman Companies | Goodyear | 1,860 | 4,250 + 60 AC mixed-use/ COM | | 0 Planned |
| 3 | Canyon Trails | [Builders] | Goodyear | 2000+ | 9,000 | 1500 (Pm) | Active |
| 4 | Palm Valley | SunCor | Goodyear | 1900 | 3500 | 1200 | Active |
| 5 | Pebble Creek | Robson Communities | Goodyear | 2200 | 6400 | 4700 | Active |
| 6 | Verrado | DMB | Buckeye | 8,800 [including 190 AC planned COM] | 14,000 | 3600 | Active |
| 7 | Tartesso | Stardust Companies | Buckeye | 12485 [including 717 AC planned COM] | 49000 | 5975 (Phase I) | Active |
| 8 | Maricopa Water District/Zanjero Trails | Maricopa Water District | Surprise | 2,883 | 10,500 | 0 | Planned |
| 9 | Marley Park | DMB | Surprise | 936 [416 AC in phase I & II] | 3,000 [1,446 units in phase I & I | 592 (Pm) | Active |
| 10 | Vistancia | Sunbelt Holdings/ Pulte Homes | Peoria | 7,100 | 14,000 | 3644 | Active |
| 11 | Asante | Ellman/ Lennar | Surprise | 1500 South & 2500 North [844 AC controlled by Ellman] | 12,700 | 845 (PBE to Fin) | Active (Phase 1) |
| 12 | Sun City Festival | Pulte | Buckeye | 3,200 | 9,000 | 590 (PBE to Fin) | Active |
| 13 | Sedella | Bank Owned (DMAC) & Mortage | Goodyear | 635 | 1,100 | 298 (Pf) | Active |
| 14 | Maplewood | GREAD Development | Goodyear | 2,300 | 6,500 [including 40 AC of COM] | | 0 Planned |
| 15 | Lake Pleasant Heights | Bank Owned (AmTrust) | Peoria | 1286 | 2,020 | | 0 Planned |
| 16 | Sierra Hills | Pulte | Buckeye | 444 [including 3.5 AC planned for COM] | 2300 | | 0 Planned |
| 17 | Rancho Mercado | William Lyons | Surprise | 1318 [including 105 AC Planned COM] | 4642 | | 0 Planned |
| 18 | Rancho Cabrillo | Robson/ Eagle/ Bank Owned | Surprise | 650 | 2000 | 860 (Pm) | Active |

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Source: Land Advisors

PH200-09 Maps

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**Exhibit II - 1**
**ACTUAL CLOSINGS AND PROJECTED SALES FOR FESTIVAL RANCH (Sun City Festival + Festival Foothills)**
**Festival Ranch Community Facilities District (Town of Buckeye, Arizona)**
**District General Obligation Bonds, Series 2009**

| Project Series Name | Total Units | Total Closed | | CLOSINGS 1/ 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **ACTIVE (Actual Closings - 10.31.09)** | | | | | | | | | | | | | | | | | | | | |
| **Sun City Festival** | | | | | | | | | | | | | | | | | | | | |
| Cottage/Holiday | | 257 | | 46 | 100 | 61 | 50 | | | | | | | | | | | | | |
| Classics | | 412 | | 40 | 223 | 112 | 37 | | | | | | | | | | | | | |
| Premier | | 406 | | 47 | 195 | 125 | 39 | | | | | | | | | | | | | |
| Estates | | 104 | | 10 | 60 | 20 | 14 | | | | | | | | | | | | | |
| | | 1,179 | | 143 | 578 | 318 | 140 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Festival Foothills** | | | | | | | | | | | | | | | | | | | | |
| Adobe | | 138 | | | 39 | 77 | 22 | | | | | | | | | | | | | |
| Sonoran | | 90 | | | 31 | 51 | 8 | | | | | | | | | | | | | |
| Ridge | | 49 | | | 10 | 33 | 6 | | | | | | | | | | | | | |
| Peak | | 42 | | | 3 | 23 | 16 | | | | | | | | | | | | | |
| | | 319 | | | 83 | 184 | 52 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ***Total Sales (Active)*** | | ***1,498*** | | ***143*** | ***661*** | ***502*** | ***192*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** |
| **FUTURE (Projected Sales)** | | | | | | | | | | | | | | | | | | | | |
| **Sun City Festival** | | | | | | | PROJECTED SALES | | | | | | | | | | | | | |
| Cottage/Holiday | 1,553 | | 1,553 | | | | 23 | 66 | 92 | 92 | 110 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| Classics | 1,826 | | 1,826 | | | | 30 | 82 | 108 | 108 | 130 | 152 | 152 | 152 | 152 | 152 | 152 | 152 | 152 | 152 |
| Premier | 2,262 | | 2,262 | | | | 30 | 110 | 130 | 130 | 152 | 190 | 190 | 190 | 190 | 190 | 190 | 190 | 190 | 190 |
| Estates | 830 | | 830 | | | | 10 | 28 | 54 | 54 | 54 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 |
| | 6,471 | | 6,471 | | | | 93 | 286 | 384 | 384 | 446 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 |
| **Festival Foothills** | | | | | | | | | | | | | | | | | | | | |
| Adobe | 439 | | 439 | | | | 10 | 36 | 52 | 52 | 78 | 78 | 78 | 55 | 0 | | | | | |
| Sonoran | 276 | | 276 | | | | 6 | 22 | 28 | 38 | 54 | 54 | 54 | 20 | 0 | | | | | |
| Ridge | 164 | | 164 | | | | 4 | 14 | 22 | 33 | 42 | 42 | 7 | 0 | 0 | | | | | |
| Peak | 152 | | 152 | | | | 4 | 14 | 14 | 26 | 36 | 36 | 23 | 0 | 0 | | | | | |
| | 1,031 | | 1,031 | | | | 24 | 86 | 116 | 149 | 210 | 210 | 162 | 75 | 0 | 0 | 0 | 0 | 0 | 0 |
| ***Total Sales (Future)*** | ***7,502*** | ***0*** | ***7,502*** | | | | ***117*** | ***372*** | ***500*** | ***533*** | ***656*** | ***752*** | ***704*** | ***617*** | ***542*** | ***542*** | ***542*** | ***542*** | ***542*** | ***542*** |
| **TOTAL SALES (OVERALL)** | **9,000** | | | **143** | **661** | **502** | **309** | **372** | **500** | **533** | **656** | **752** | **704** | **617** | **542** | **542** | **542** | **542** | **542** | **542** |
| Total Sales: Sun City Festival | 7,650 | | | 143 | 578 | 318 | 233 | 286 | 384 | 384 | 446 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 |
| Total Sales: Festival Foothills | 1,350 | | | 0 | 83 | 184 | 76 | 86 | 116 | 149 | 210 | 210 | 162 | 75 | 0 | 0 | 0 | 0 | 0 | 0 |

| AVERAGE SALES/YEAR | | |
|---|---|---|
| Sun City Festival | 450 | 2006-2022 |
| Festival Foothills | 123 | 2007-2017 |
| TOTAL | 573 | |

1/ Actual closings by product series through 10.31.2009 - provided by Pulte Homes.

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Analysis. Answers.

# Exhibit II - 2
## COMPARISON OF BUILDING PERMITS AND NEW HOME SALES
## Maricopa County, Northwest Submarket and
## Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
## 1990 - 2009

| Year | | MARICOPA COUNTY | | | | | NORTHWEST | |
|---|---|---|---|---|---|---|---|---|
| | | Building Permits (1) | | | New Home Sales (2) | | New Sales (2) | |
| | | SF | MF | TOTAL | TOTAL | Ratio of Sales to Permits | TOTAL | % of County |
| 1990 | | 11,304 | 2,074 | 13,378 | | | | |
| 1991 | | 14,330 | 1,098 | 15,428 | | 0% | | |
| 1992 | | 19,449 | 1,567 | 21,016 | | 0% | | |
| 1993 | | 23,215 | 2,257 | 25,472 | 21,882 | 86% | | |
| 1994 | | 28,224 | 6,551 | 34,775 | 22,123 | 64% | | |
| 1995 | | 28,583 | 8,953 | 37,536 | 24,243 | 65% | | |
| 1996 | | 29,513 | 10,133 | 39,646 | 24,563 | 62% | | |
| 1997 | | 32,210 | 11,014 | 43,224 | 29,535 | 68% | | |
| 1998 | | 36,562 | 11,240 | 47,802 | 33,742 | 71% | | |
| 1999 | | 38,448 | 9,265 | 47,713 | 33,840 | 71% | | |
| 2000 | | 34,232 | 11,078 | 45,310 | 25,498 | 56% | 7,403 | 29% |
| 2001 | | 37,170 | 8,930 | 46,100 | 26,792 | 58% | 7,346 | 27% |
| 2002 | | 40,002 | 7,897 | 47,899 | 25,672 | 54% | 7,106 | 28% |
| 2003 | | 47,285 | 7,575 | 54,860 | 26,173 | 48% | 5,776 | 22% |
| 2004 | | 57,360 | 7,899 | 65,259 | 41,729 | 64% | 8,713 | 21% |
| 2005 | | 60,926 | 8,304 | 69,230 | 54,396 | 79% | 10,698 | 20% |
| 2006 | | 38,753 | 7,998 | 46,751 | 49,295 | 105% | 8,753 | 18% |
| 2007 | | 31,172 | 6,676 | 37,848 | 38,830 | 103% | 4,905 | 13% |
| 2008 | | 12,582 | 6,365 | 18,947 | 20,695 | 109% | 2,313 | 11% |
| 2009P | | 6,000 | 2,030 | 8,030 | 10,301 | 128% | 1,178 | 11% |
| 2010P | | 9,073 | 2,050 | 11,123 | 12,000 | 108% | | |
| Minimum | | 6,000 | 1,098 | 8,030 | 10,301 | 0% | 1,178 | 27% |
| Maximum | | 60,926 | 11,240 | 69,230 | 54,396 | 86% | 10,698 | 29% |
| Average | | 30,304 | 6,712 | 37,017 | 28,962 | 54% | 6,419 | 28% |
| Median | | 31,172 | 7,897 | 39,646 | 25,923 | 63% | 7,346 | 28% |

| By Year, | If Total New Home Sales Are: Maricopa County | Festival Ranch Absorption | % Capture |
|---|---|---|---|
| *2006* | 49,295 | 422 | 0.9% |
| *2007* | 38,830 | 504 | 1.3% |
| *2008* | 20,695 | 408 | 2.0% |
| *2009* | 10,301 | 295 | 2.9% |
| *2010* | 12,000 | 372 | 3.1% |
| *2011* | 16,000 | 500 | 3.1% |
| *2012* | 20,000 | 533 | 2.7% |
| *2013* | 25,000 | 656 | 2.6% |
| *2014* | 30,000 | 752 | 2.5% |
| *2015* | 30,000 | 704 | 2.3% |
| *2016* | 30,000 | 612 | 2.0% |
| *2017* | 30,000 | 542 | 1.8% |
| *2018* | 30,000 | 542 | 1.8% |
| *2019* | 30,000 | 542 | 1.8% |
| *2020* | 30,000 | 542 | 1.8% |
| *2021* | 30,000 | 542 | 1.8% |
| *2022* | 30,000 | 533 | 1.8% |
| | TOTAL | 9,000 | |

Source: HUD, DataQuick, Sullivan Group

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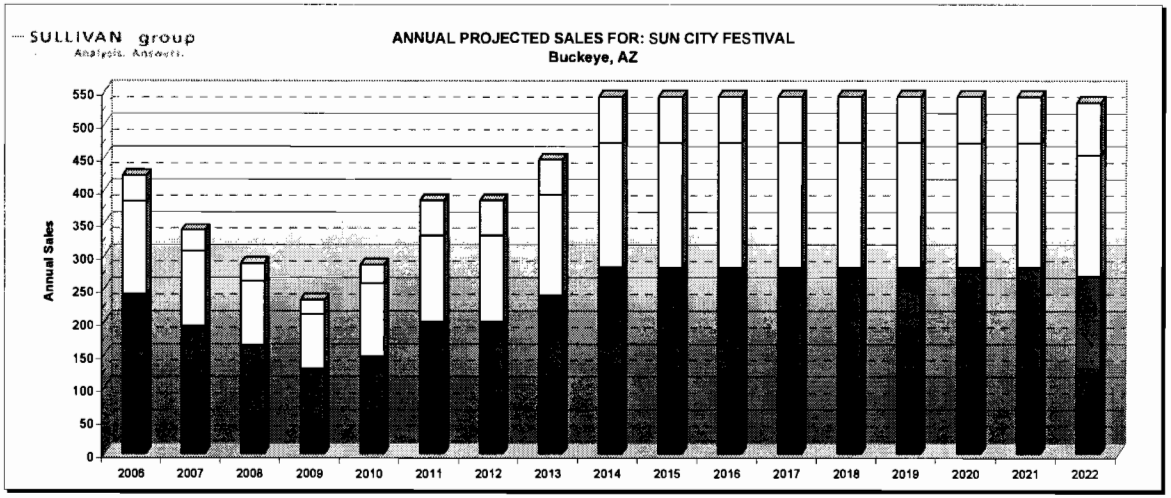
Analysis. Answers.

# Exhibit II-3
## HYPOTHETICAL RESIDENTIAL SELL-OUT: SUN CITY FESTIVAL
### Buckeye, AZ
### September 2009

| SERIES | Total Units | Ave. Sales Rate Per Mo. 1/ | Qtr. | Yr. | 2006 Jan., Feb., Mar. 1Q | 2006 Apr., May, Jun. 2Q | 2006 Jul., Aug., Sept. 3Q | 2006 Oct., Nov., Dec. 4Q | 2007 Jan., Feb., Mar. 1Q | 2007 Apr., May, Jun. 2Q | 2007 Jul., Aug., Sept. 3Q | 2007 Oct., Nov., Dec. 4Q | 2008 Jan., Feb., Mar. 1Q | 2008 Apr., May, Jun. 2Q | 2008 Jul., Aug., Sept. 3Q | 2008 Oct., Nov., Dec. 4Q | 2009 Jan., Feb., Mar. 1Q | 2009 Apr., May, Jun. 2Q | 2009 Jul., Aug., Sept. 3Q | 2009 Oct., Nov., Dec. 4Q | 2010 Jan., Feb., Mar. 1Q | 2010 Apr., May, Jun. 2Q | 2010 Jul., Aug., Sept. 3Q | 2010 Oct., Nov., Dec. 4Q | 2011 Jan., Feb., Mar. 1Q | 2011 Apr., May, Jun. 2Q | 2011 Jul., Aug., Sept. 3Q | 2011 Oct., Nov., Dec. 4Q | 2012 Jan., Feb., Mar. 1Q | 2012 Apr., May, Jun. 2Q | 2012 Jul., Aug., Sept. 3Q | 2012 Oct., Nov., Dec. 4Q | 2013 Jan., Feb., Mar. 1Q | 2013 Apr., May, Jun. 2Q | 2013 Jul., Aug., Sept. 3Q | 2013 Oct., Nov., Dec. 4Q |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Lot Size (SF) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| COTTAGE/HOLIDAY (5,060 SF Lots) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 271 | 6.0 | 18.1 | 72.3 | 23 | 29 | 20 | 22 | 24 | 18 | 12 | 21 | 27 | 17 | 9 | 10 | 17 | 15 | 6 | | | | | | | | | | | | | | | | | |
| FUTURE | 1,544 | 9.7 | 29.1 | 116.5 | | | | | | | | | | | | | | | | 15 | 15 | 18 | 18 | 15 | 21 | 25 | 25 | 21 | 21 | 25 | 25 | 21 | 25 | 30 | 30 | 25 |
| CLASSICS (6,600 SF Lots) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 425 | 9.4 | 28.3 | 113.3 | 35 | 45 | 31 | 35 | 39 | 28 | 19 | 34 | 43 | 27 | 15 | 16 | 26 | 24 | 9 | | | | | | | | | | | | | | | | | |
| FUTURE | 1,801 | 11.3 | 34.0 | 135.9 | | | | | | | | | | | | | | | | 18 | 20 | 22 | 22 | 18 | 24 | 30 | 30 | 24 | 24 | 30 | 30 | 24 | 30 | 35 | 35 | 30 |
| PREMIER (7,700 SF Lots) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 408 | 9.1 | 27.2 | 108.8 | 35 | 43 | 30 | 34 | 37 | 27 | 18 | 32 | 41 | 26 | 14 | 15 | 25 | 23 | 8 | | | | | | | | | | | | | | | | | |
| FUTURE | 2,252 | 14.2 | 42.6 | 170.0 | | | | | | | | | | | | | | | | 25 | 25 | 30 | 30 | 25 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 36 | 40 | 40 | 36 |
| ESTATES (8,800 SF Lots) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 113 | 2.5 | 7.5 | 30.1 | 10 | 12 | 8 | 9 | 10 | 7 | 5 | 9 | 11 | 7 | 4 | 4 | 7 | 6 | 2 | | | | | | | | | | | | | | | | | |
| FUTURE | 836 | 5.3 | 15.8 | 63.1 | | | | | | | | | | | | | | | | 6 | 6 | 8 | 8 | 6 | 12 | 15 | 15 | 12 | 12 | 15 | 15 | 12 | 12 | 15 | 15 | 12 |
| TOTAL: SUN CITY FESTIVAL | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1,217 | Quarterly Totals: | | | 104 | 128 | 89 | 101 | 109 | 80 | 53 | 96 | 123 | 77 | 42 | 46 | 75 | 69 | 25 | 64 | 66 | 78 | 78 | 64 | 87 | 105 | 105 | 87 | 87 | 105 | 105 | 87 | 103 | 120 | 120 | 103 |
| | 6,433 | Annual Sales: | | | 422 | | | | 338 | | | | 288 | | | | 233 | | | | 286 | | | | 384 | | | | 384 | | | | 446 | | | |

1/ Build-out is hypothetical. Actual build-out (and ultimately absorption) will change depending on release dates, phasing, etc.
2/ Estimates are based on housing market conditions in 2009 (recovering) and the "start-up" phase of the master plan.
3/ Lot size is typical and is per Pulte Homes. Actual lot sizes may vary.




Source: Sullivan Group Real Estate Advisors



PH200-09 Recommendations

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**Exhibit II-3**
**HYPOTHETICAL RESIDENTIAL SELL-OUT: SUN CITY FESTIVAL (CONTINUED)**
**Buckeye, AZ**
**September 2009**

| 2014 | | | | 2015 | | | | 2016 | | | | 2017 | | | | 2018 | | | | 2019 | | | | 2020 | | | | 2021 | | | | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. | Jan., Feb., Mar. | Apr., May, Jun. | Jul., Aug., Sept. | Oct., Nov., Dec. |
| 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 30 | 30 | 35 | 35 | 29 | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 36 | 36 | 40 | 40 | 23 | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 45 | 45 | 50 | 50 | 40 | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 15 | 20 | 20 | 15 | 20 | 20 | 20 | 20 | | | | |
| 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 126 | 145 | 145 | 126 | 131 | 145 | 145 | 112 | 0 | 0 | 0 | 0 |
| 542 | | | | 542 | | | | 542 | | | | 542 | | | | 542 | | | | 542 | | | | 542 | | | | 542 | | | | 533 | | | | 0 | | | |

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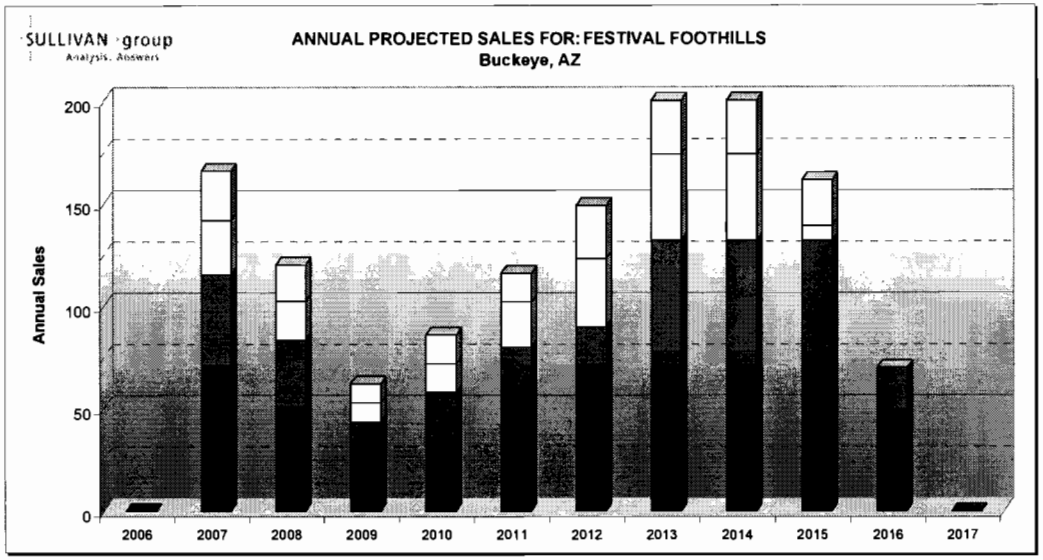
# Exhibit II - 4
## HYPOTHETICAL RESIDENTIAL SELL-OUT: FESTIVAL FOOTHILLS
### Buckeye, AZ
### September 2009

| SERIES | Total Units | Ave. Sales Rate Per Mo. 1/ | Qtr. | Yr. | 2006 Jan., Feb., Mar. 1Q | 2006 Apr., May, Jun 2Q | 2006 Jul., Aug., Sept. 3Q | 2006 Oct., Nov., Dec. 4Q | 2007 Jan., Feb., Mar. 1Q | 2007 Apr., May, Jun 2Q | 2007 Jul., Aug., Sept. 3Q | 2007 Oct., Nov., Dec 4Q | 2008 Jan., Feb., Mar. 1Q | 2008 Apr., May, Jun 2Q | 2008 Jul., Aug., Sept. 3Q | 2008 Oct., Nov., Dec 4Q | 2009 Jan., Feb., Mar. 1Q | 2009 Apr., May, Jun 2Q | 2009 Jul., Aug., Sept. 3Q | 2009 Oct., Nov., Dec 4Q |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ADOBE (4,945 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 142 | 4.7 | 14.2 | 56.8 | | | | | | 80 | -6 | -3 | 14 | 17 | 8 | 12 | 9 | 6 | 6 | |
| FUTURE | 432 | 5.1 | 15.4 | 61.4 | | | | | | | | | | | | | | | | 6 |
| SONORAN (5,520 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 90 | 3.0 | 9.0 | 36.0 | | | | | | 50 | -4 | -2 | 9 | 11 | 5 | 8 | 6 | 4 | 3 | |
| FUTURE | 274 | 3.4 | 10.1 | 40.6 | | | | | | | | | | | | | | | | 4 |
| RIDGE (6,670 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 52 | 1.8 | 5.3 | 21.2 | | | | | | 30 | -2 | -1 | 5 | 6 | 3 | 4 | 3 | 2 | 2 | |
| FUTURE | 16 | 2.5 | 7.4 | 29.5 | | | | | | | | | | | | | | | | 2 |
| PEAK (7,820 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | 48 | 1.6 | 4.9 | 19.6 | | | | | | 27 | -2 | -1 | 5 | 6 | 3 | 4 | 3 | 2 | 2 | |
| FUTURE | 149 | 2.1 | 6.2 | 24.9 | | | | | | | | | | | | | | | | 2 |
| TOTAL: FESTIVAL FOOTHILLS | | | | | | | | | | | | | | | | | | | | |
| | 334 | Quarterly Totals: | | | 0 | 0 | 0 | 0 | 0 | 187 | -13 | -8 | 34 | 40 | 18 | 28 | 21 | 15 | 12 | 14 |
| | 1,016 | Annual Sales: | | | 0 | | | | 166 | | | | 120 | | | | 62 | | | |

| SERIES | 2010 Jan., Feb., Mar. 1Q | 2010 Apr., May, Jun 2Q | 2010 Jul., Aug., Sept. 3Q | 2010 Oct., Nov., Dec. 4Q | 2011 Jan., Feb., Mar. 1Q | 2011 Apr., May, Jun 2Q | 2011 Jul., Aug., Sept. 3Q | 2011 Oct., Nov., Dec 4Q | 2012 Jan., Feb., Mar. 1Q | 2012 Apr., May, Jun 2Q | 2012 Jul., Aug., Sept. 3Q | 2012 Oct., Nov., Dec 4Q | 2013 Jan., Feb., Mar. 1Q | 2013 Apr., May, Jun 2Q | 2013 Jul., Aug., Sept. 3Q | 2013 Oct., Nov., Dec 4Q | 2014 Jan., Feb., Mar. 1Q | 2014 Apr., May, Jun 2Q | 2014 Jul., Aug., Sept. 3Q | 2014 Oct., Nov., Dec 4Q |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ADOBE (4,945 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | | | | | |
| FUTURE | 8 | 8 | 10 | 10 | 8 | 12 | 14 | 14 | 12 | 12 | 14 | 14 | 12 | 18 | 21 | 21 | 18 | 18 | 21 | 21 |
| SONORAN (5,520 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | | | | | |
| FUTURE | 5 | 6 | 6 | 5 | 6 | 8 | 8 | 6 | 9 | 10 | 10 | 8 | 12 | 15 | 15 | 12 | 12 | 15 | 15 | 12 |
| RIDGE (6,670 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | | | | | |
| FUTURE | 3 | 4 | 4 | 3 | 5 | 6 | 8 | 5 | 8 | 9 | 8 | 8 | 9 | 12 | 12 | 9 | 9 | 12 | 12 | 9 |
| PEAK (7,820 SF Lots) | | | | | | | | | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | | | | | | | | | |
| FUTURE | 3 | 4 | 4 | 3 | 3 | 4 | 4 | 3 | 6 | 7 | 7 | 8 | 8 | 10 | 10 | 8 | 8 | 10 | 10 | 8 |
| TOTAL: FESTIVAL FOOTHILLS | | | | | | | | | | | | | | | | | | | | |
| Quarterly Totals: | 19 | 24 | 24 | 19 | 26 | 32 | 32 | 26 | 35 | 40 | 40 | 35 | 47 | 58 | 58 | 47 | 47 | 58 | 58 | 47 |
| Annual Sales: | | 86 | | | | 116 | | | | 149 | | | | 210 | | | | 210 | | |

| SERIES | 2015 Jan., Feb., Mar. 1Q | 2015 Apr., May, Jun. 2Q | 2015 Jul., Aug., Sept. 3Q | 2015 Oct., Nov., Dec. 4Q | 2016 Jan., Feb., Mar. 1Q | 2016 Apr., May, Jun. 2Q | 2016 Jul., Aug., Sept. 3Q | 2016 Oct., Nov., Dec. 4Q | 2017 Jan., Feb., Mar. 1Q | 2017 Apr., May, Jun. 2Q | 2017 Jul., Aug., Sept. 3Q | 2017 Oct., Nov., Dec. 4Q |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ADOBE (4,945 SF Lots) | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | |
| FUTURE | 18 | 21 | 21 | 18 | 18 | 21 | 11 | | | | | |
| SONORAN (5,520 SF Lots) | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | |
| FUTURE | 12 | 15 | 15 | 12 | 12 | 8 | | | | | | |
| RIDGE (6,670 SF Lots) | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | |
| FUTURE | 9 | | | | | | | | | | | |
| PEAK (7,820 SF Lots) | | | | | | | | | | | | |
| TO DATE | | | | | | | | | | | | |
| FUTURE | 8 | 10 | 8 | | | | | | | | | |
| TOTAL: FESTIVAL FOOTHILLS | | | | | | | | | | | | |
| Quarterly Totals: | 45 | 46 | 41 | 30 | 30 | 29 | 11 | 0 | 0 | 0 | 0 | 0 |
| Annual Sales: | | 162 | | | | 70 | | | | 0 | | |

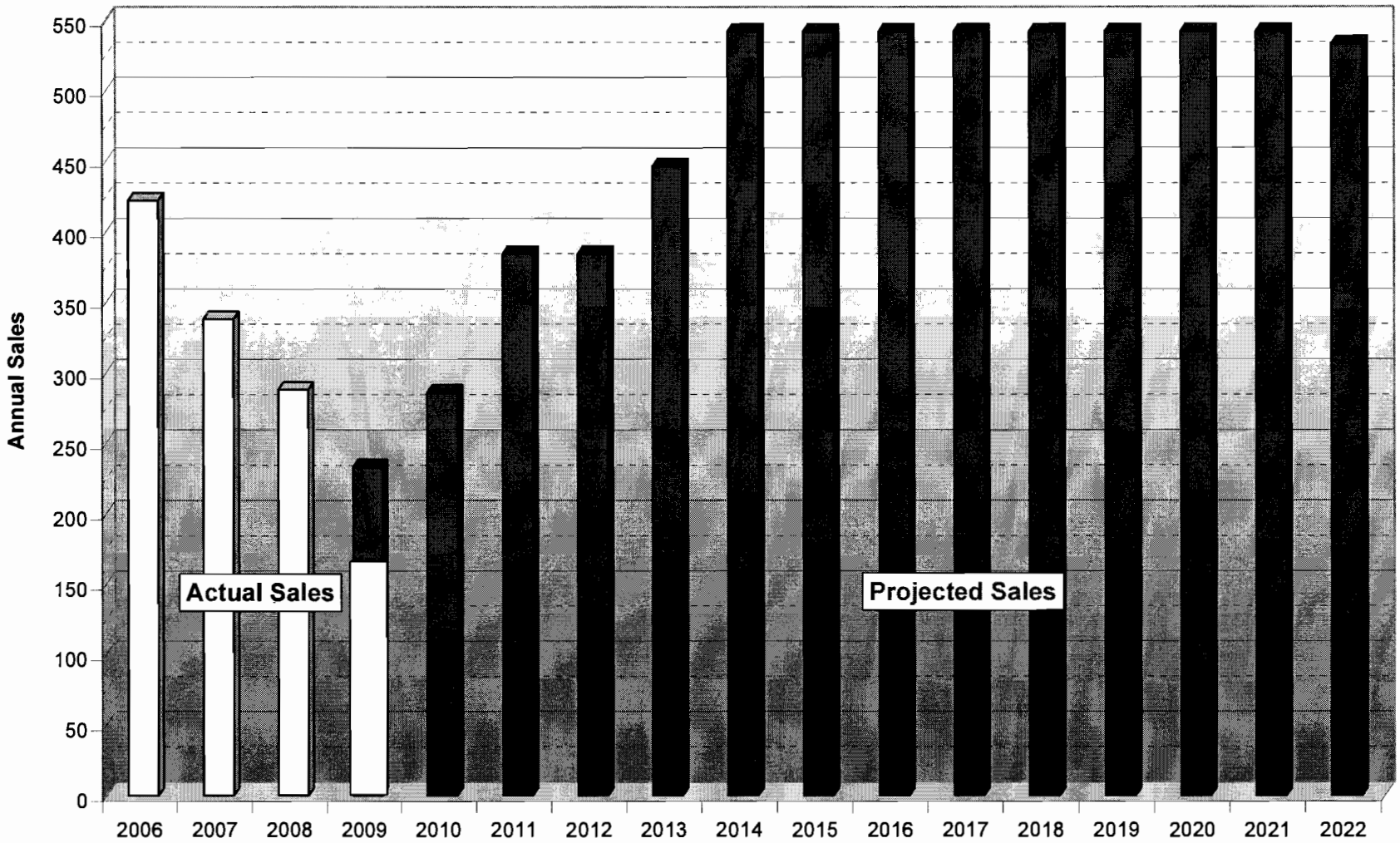
1/ Build-out is hypothetical. Actual build-out (and ultimately absorption) will change depending on release dates, phasing, etc.
2/ Estimates are based on housing market conditions in 2007 (recovering) and the "start-up" phase of the master plan.
3/ Lot size is typical and is per Pulte Homes. Actual lot sizes may vary.




Source: Sullivan Group Real Estate Advisors

SULLIVAN group
Analysis Answers.

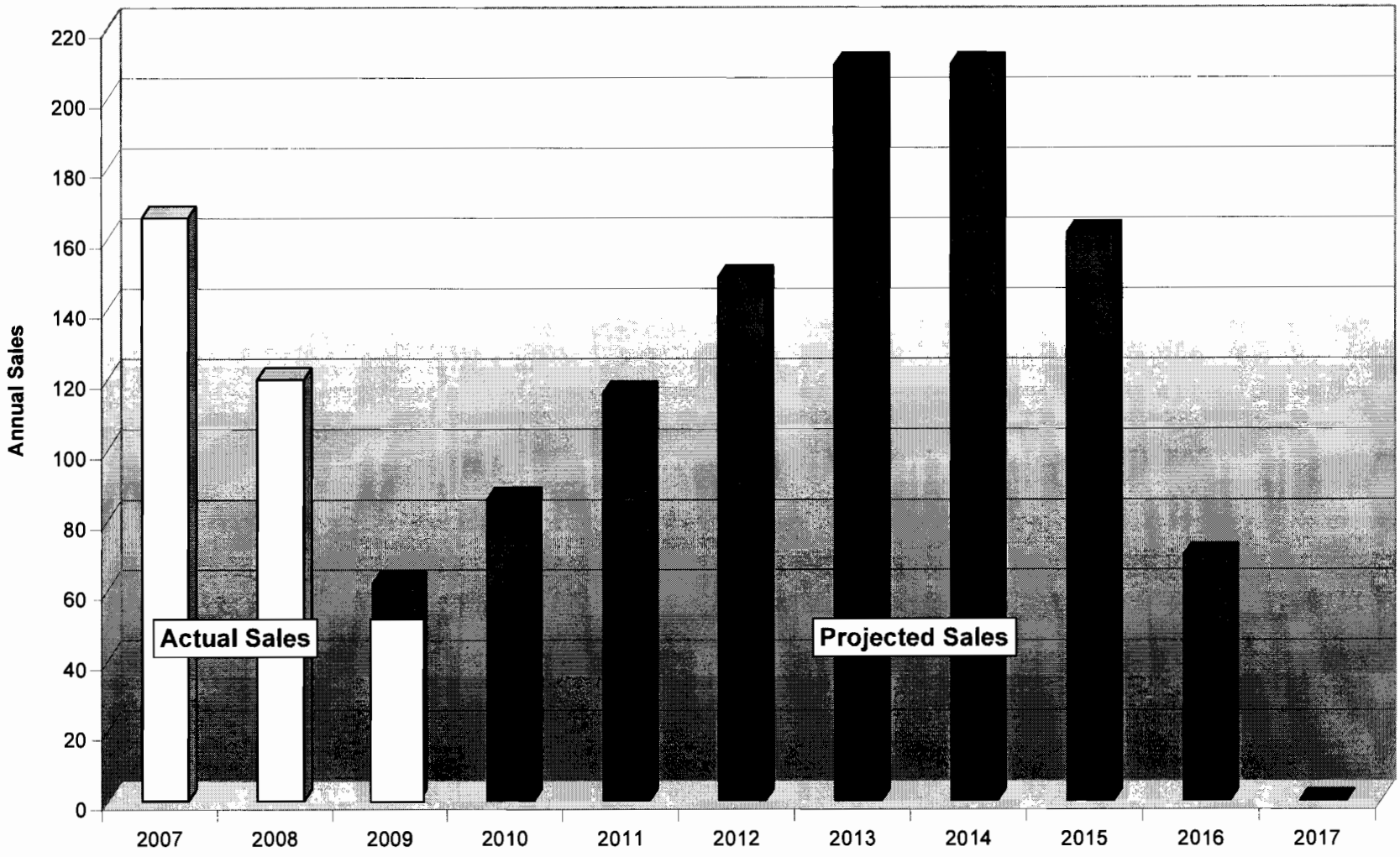
**Exhibit II-5**
**ACTUAL AND PROJECTED SALES FOR: SUN CITY FESTIVAL**
**Buckeye, AZ**
**2006 to 2022**




Source: Sullivan Group

SULLIVAN group
Analysis. Answers.

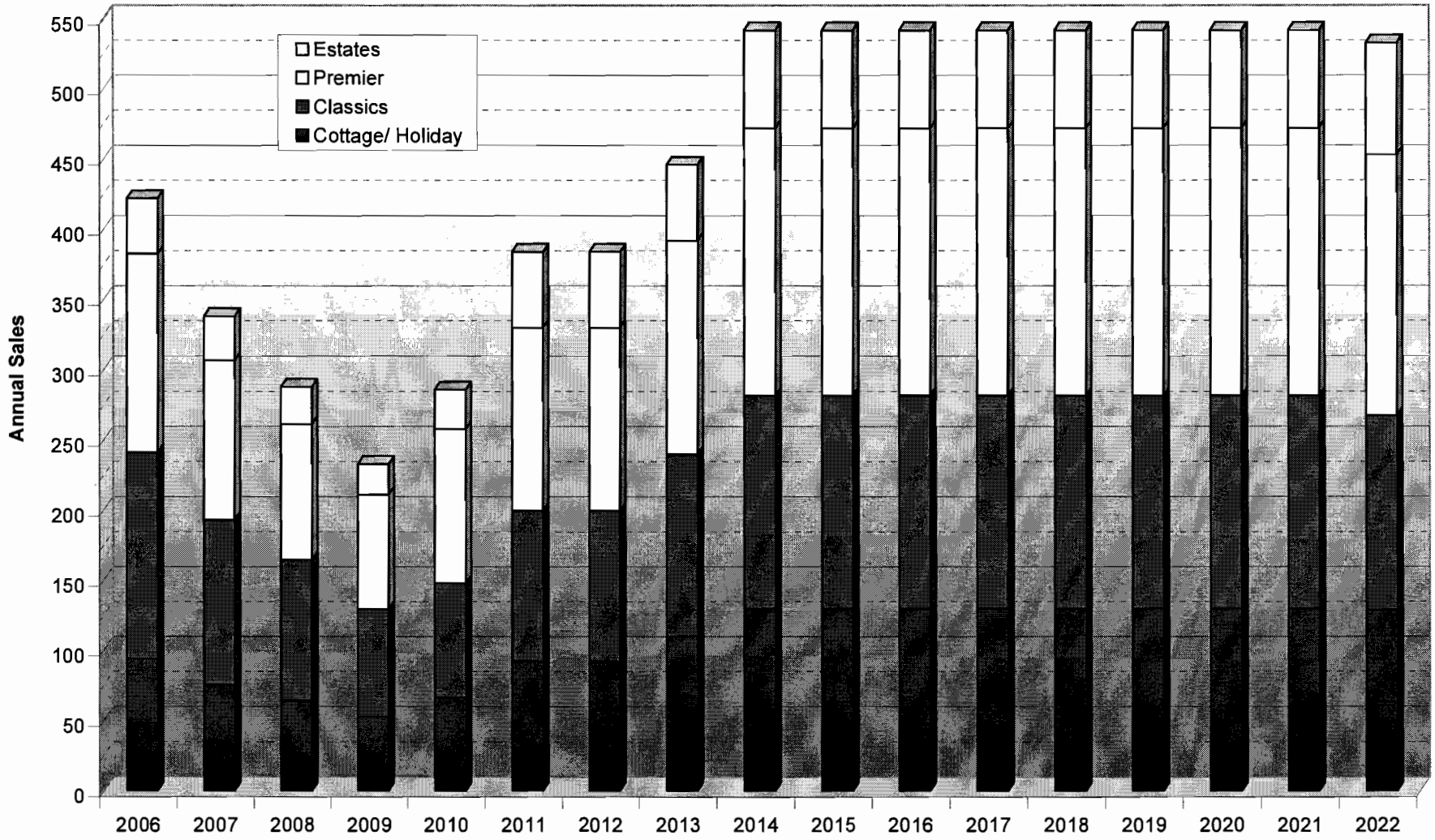
**Exhibit II-6**
**ACTUAL AND PROJECTED SALES FOR: FESTIVAL FOOTHILLS**
**Buckeye, AZ**
**2007 to 2018**




Source: Sullivan Group

SULLIVAN group
Analysis. Answers.

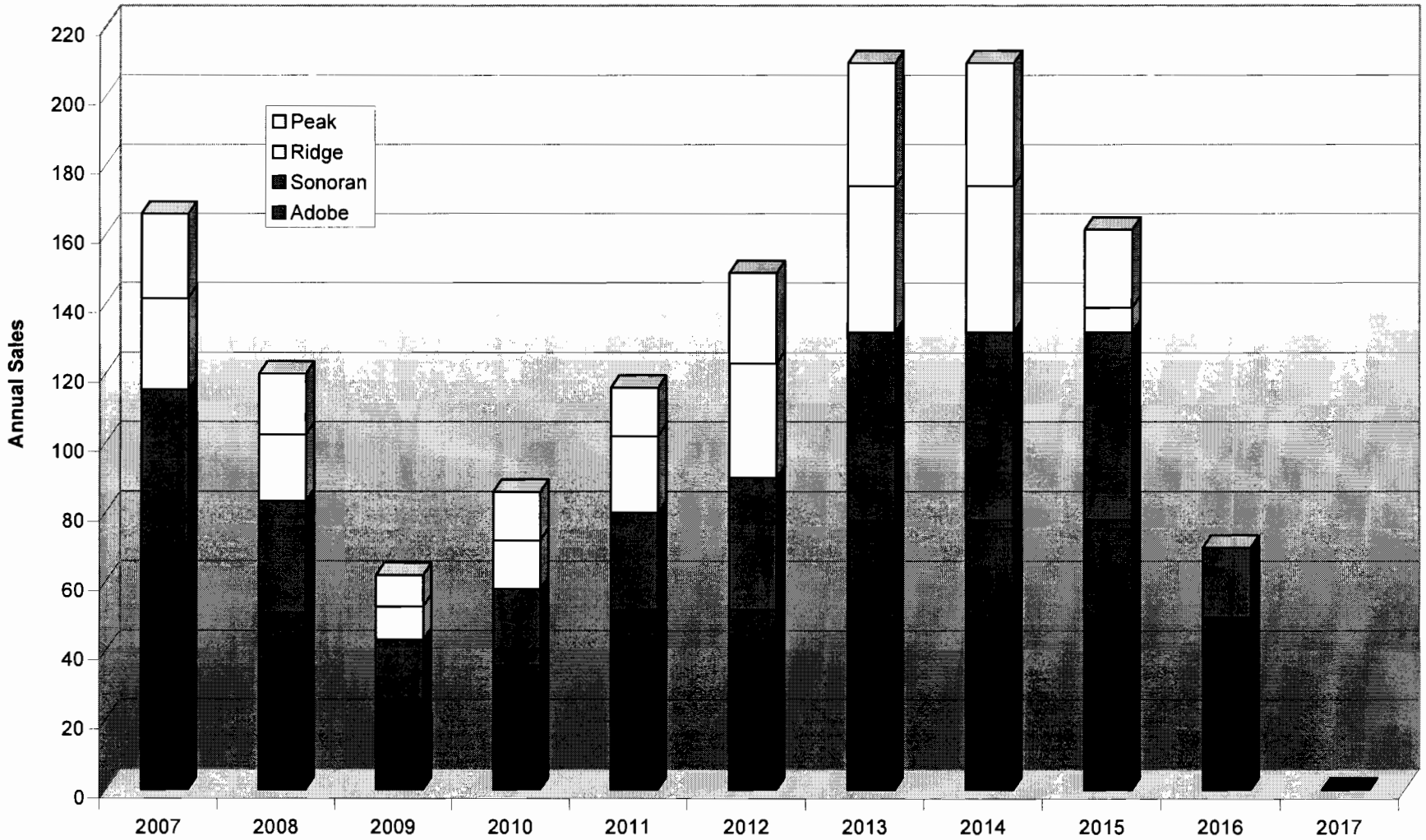
**Exhibit II-7**
**ANNUAL PROJECTED SALES FOR: SUN CITY FESTIVAL**
**Buckeye, AZ**
**2006 to 2022**




Source: Sullivan Group

SULLIVAN group
Analysis. Answers.

**Exhibit II-8**
**ANNUAL PROJECTED SALES FOR: FESTIVAL FOOTHILLS**
**Buckeye, AZ**
**2007 to 2018**




Source: Sullivan Group

SULLIVAN group
Analysis. Answers.

# Exhibit II-9
## CURRENT PRODUCT PROGRAM: SUN CITY FESTIVAL
## Buckeye, AZ
## September 2009

| Series | Plan Name | Number of Units 1/ | Monthly CFD 2/ | Typical Lot Size (SF) 1/ | Lot Dimensions 1/ | Bed/Bath 1/ 4/ | Floors/Pkg. 1/ | Unit Size (Square Feet) 1/ | Base Price 3/ | Base $/SF | Buyer Incentives | Net Base Price | SGREA Projected Absorption (Sales Per Month) 5/ Estimated Range | Implied Target (For Build-Out) | Past 12 Mo. Avg. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Liberty | | | 5,060 | 46' x 110' | 2/2 | 1/2 | 1,099 | $151,900 | $138 | $4,500 | $147,400 | 4.0 - 10.0 | 9.7 | 4.0 |
| | Freedom | | | | | 1/2 | 1/2 | 1,268 | $163,900 | $129 | $4,500 | $159,400 | | | |
| | Triumph | | | | | 2/2 | 1/2 | 1,398 | $174,900 | $125 | $4,500 | $170,400 | | | |
| | Spirit | | | | | 2/2+D | 1/2 | 1,373 | $208,900 | $152 | $4,500 | $204,400 | | | |
| | Valor | | | | | 2/2+D | 1/2 | 1,494 | $224,900 | $151 | $4,500 | $220,400 | | | |
| | **Cottage/ Holiday** | **1,836** | | | | | | | | | | | | | |
| 2 | Gala | | | 6,600 | 60' x 110' | 2/2+D | 1/2 | 1,612 | $246,900 | $153 | $4,500 | $242,400 | 6.0 - 12.0 | 11.3 | 6.3 |
| | Celebration | | | | | 2/2+D | 1/2 | 1,673 | $251,900 | $151 | $4,500 | $247,400 | | | |
| | Jamboree | | | | | 2/2+D | 1/2 | 1,816 | $261,900 | $144 | $4,500 | $257,400 | | | |
| | **Classics** | **2,142** | | | | | | | | | | | | | |
| 3 | Jubilee | | | 7,700 | 70' x 110' | 2/2+D | 1/3 | 1,960 | $296,000 | $151 | $4,500 | $291,500 | 6.0 - 15.0 | 14.2 | 6.0 |
| | Destiny | | | | | 2/2+D | 1/3 | 2,095 | $312,900 | $149 | $5,500 | $307,400 | | | |
| | Fiesta | | | | | 2/2+D | 1/3 | 2,323 | $327,900 | $141 | $5,500 | $322,400 | | | |
| | **Premier** | **2,678** | | | | | | | | | | | | | |
| 4 | Veranda | | | 8,800 | 80' x 110' | 3/2.5+D | 1/3 | 2,450 | $347,900 | $142 | $5,500 | $342,400 | 2.0 - 5.0 | 5.3 | 1.7 |
| | Parada | | | | | 2/2.5+D | 1/3 | 2,528 | $365,900 | $145 | $5,500 | $360,400 | | | |
| | Regale | | | | | 2/2.5+D | 1/3 | 2,849 | $385,900 | $135 | $5,500 | $380,400 | | | |
| | **Estates** | **995** | | | | | | | | | | | | | |
| | **TOTAL/AVERAGE** | **7,650** | | **6,901** | | | | | | | | | **18.0 - 42.0** | **40.5** | **17.9** |

1/ Based on total buildout of 7,650 homes, and market share of homes that have sold in each series to date.
2/ CFD Assessment Spread Analysis
3/ Base prices as provided by Pulte Homes.
4/ Options denoted by parenthesis. Example: 2-car garage (3 car option).
D=den; C=casita
5/ Absorption estimate per Sullivan Group Real Estate Advisors. Represents an average over the lifetime of the project. Actual absorption will vary in some months/years.

Source: Sullivan Group Real Estate Advisors

SULLIVAN group
Analysis. Answers.

# Exhibit II-10
## CURRENT PRODUCT PROGRAM: FESTIVAL FOOTHILLS
## Buckeye, AZ
## September 2009

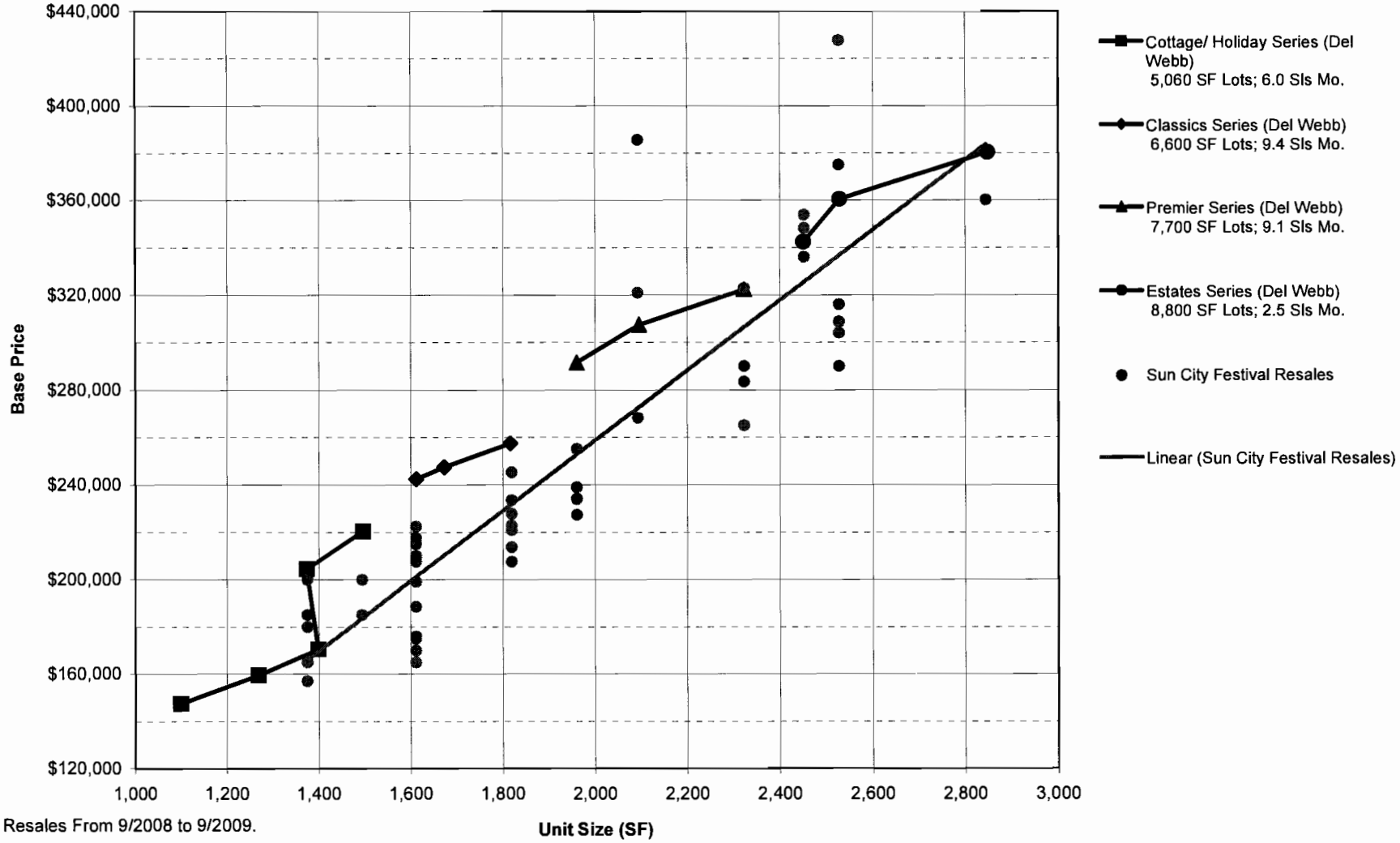
| Series | Plan Name | Number of Units 1/ | Monthly CFD 2/ | Typical Lot Size (SF) | Lot Dimensions 1/ | Bed/Bath 1/ 4/ | Floors/Pkg. 1/ | Unit Size (Square Feet) 1/ | Base Price 3/ | Base $/SF | Buyer Incentives | Net Base Price | SGREA Projected Absorption (Sales Per Month) 5/ Estimated Range | Implied Target (For Build-Out) | Past 12 Mo. Avg. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Sunset | | $14.50 | 4,945 | 43' x 115' | 2/2+D | 1/2 | 1,230 | $120,900 | $98 | $4,836 | $116,064 | 5.0 - 7.0 | 5.1 | 2.7 |
| | Horizon | | $14.50 | | | 2/2+D | 1/2 | 1,476 | $135,900 | $92 | $5,436 | $130,464 | | | |
| | Twilight | | $14.50 | | | 3/2+D | 1/2 | 1,624 | $142,900 | $88 | $5,716 | $137,184 | | | |
| | Crescent | | $14.50 | | | 4/2 | 2/2 | 2,154 | $152,900 | $71 | $6,116 | $146,784 | | | |
| | **Adobe** | **574** | **$14.50** | | | | | | | | | | | | |
| 2 | Sierra | | $14.50 | 5,520 | 48' x 115' | 3/2+D | 1/2 | 1,780 | $136,900 | $77 | $4,107 | $132,793 | 3.0 - 5.0 | 3.4 | 1.7 |
| | Cordillera | | $14.50 | | | 3/2.5 | 2/2 | 2,023 | $143,900 | $71 | $4,317 | $139,583 | | | |
| | Pinnacle | | $14.50 | | | 3/2.5+D | 2/2 | 2,364 | $155,900 | $66 | $4,677 | $151,223 | | | |
| | **Sonoran** | **364** | **$14.50** | | | | | | | | | | | | |
| 3 | Bahia | | $14.50 | 6,670 | 58' x 115' | 3/2 | 1/2 | 2,001 | $147,900 | $74 | $4,437 | $143,463 | 2.0 - 4.0 | 2.5 | 1.0 |
| | Hawthorn | | $14.50 | | | 3/2 | 1/2 | 2,118 | $154,900 | $73 | $4,647 | $150,253 | | | |
| | Verbena | | $14.50 | | | 3/2 | 1/2 | 2,364 | $160,900 | $68 | $4,827 | $156,073 | | | |
| | Plateau | | $14.50 | | | 3/2 | 2/3 | 2,573 | $161,900 | $63 | $4,857 | $157,043 | | | |
| | Canyon | | $14.50 | | | 3/2.5+D | 2/3 | 3,121 | $168,900 | $54 | $5,067 | $163,833 | | | |
| | Arroyo | | $14.50 | | | 5/2.5+D | 2/3 | 3,549 | $184,900 | $52 | $5,547 | $179,353 | | | |
| | Mesa | | $14.50 | | | 4/2.5+D | 2/3 | 3,666 | $190,900 | $52 | $5,727 | $185,173 | | | |
| | Butte | | $14.50 | | | 4/2.5+D | 2/3 | 4,071 | $214,900 | $53 | $6,447 | $208,453 | | | |
| | **Ridge** | **214** | **$14.50** | | | | | | | | | | | | |
| 4 | Ironwood | | $14.50 | 7,820 | 68' x 115' | 3/2.5+D | 1/3 | 2,503 | $187,900 | $75 | $7,516 | $180,384 | 2.0 - 4.0 | 2.1 | 0.9 |
| | Palo Verde | | $14.50 | | | 2/2.5+D | 1/3 | 2,667 | $198,900 | $75 | $7,956 | $190,944 | | | |
| | Mesquite | | $14.50 | | | 2/2.5+D | 1/3 | 3,044 | $213,900 | $70 | $8,556 | $205,344 | | | |
| | **Peak** | **198** | **$14.50** | | | | | | | | | | | | |
| | **TOTAL/AVERAGE** | **1,350** | | **5,795** | | | | | | | | | **12.0 - 20.0** | **13.0** | **6.3** |

1/ Based on total buildout of 1,350 homes, and market share of homes that have sold in each series to date.
2/ CFD Assessment based on a one time fee of $2,300 (according to sale agents) and ammoritized at 6.50% over 30 years.
3/ Base prices as provided by Pulte Homes.
4/ Options denoted by parenthesis. Example: 2-car garage (3 car option).
D=den; C=casita
5/ Absorption estimate per Sullivan Group Real Estate Advisors. Represents an average over the lifetime of the project. Actual absorption will vary in some months/years.

Source: Sullivan Group Real Estate Advisors

SULLIVAN group
Analysis. Answers.

**Exhibit II-11**
**CURRENT PRODUCT PROGRAM: SUN CITY FESTIVAL VS. SUN CITY FESTIVAL RESALES**
**Buckeye, AZ**
**September, 2009**

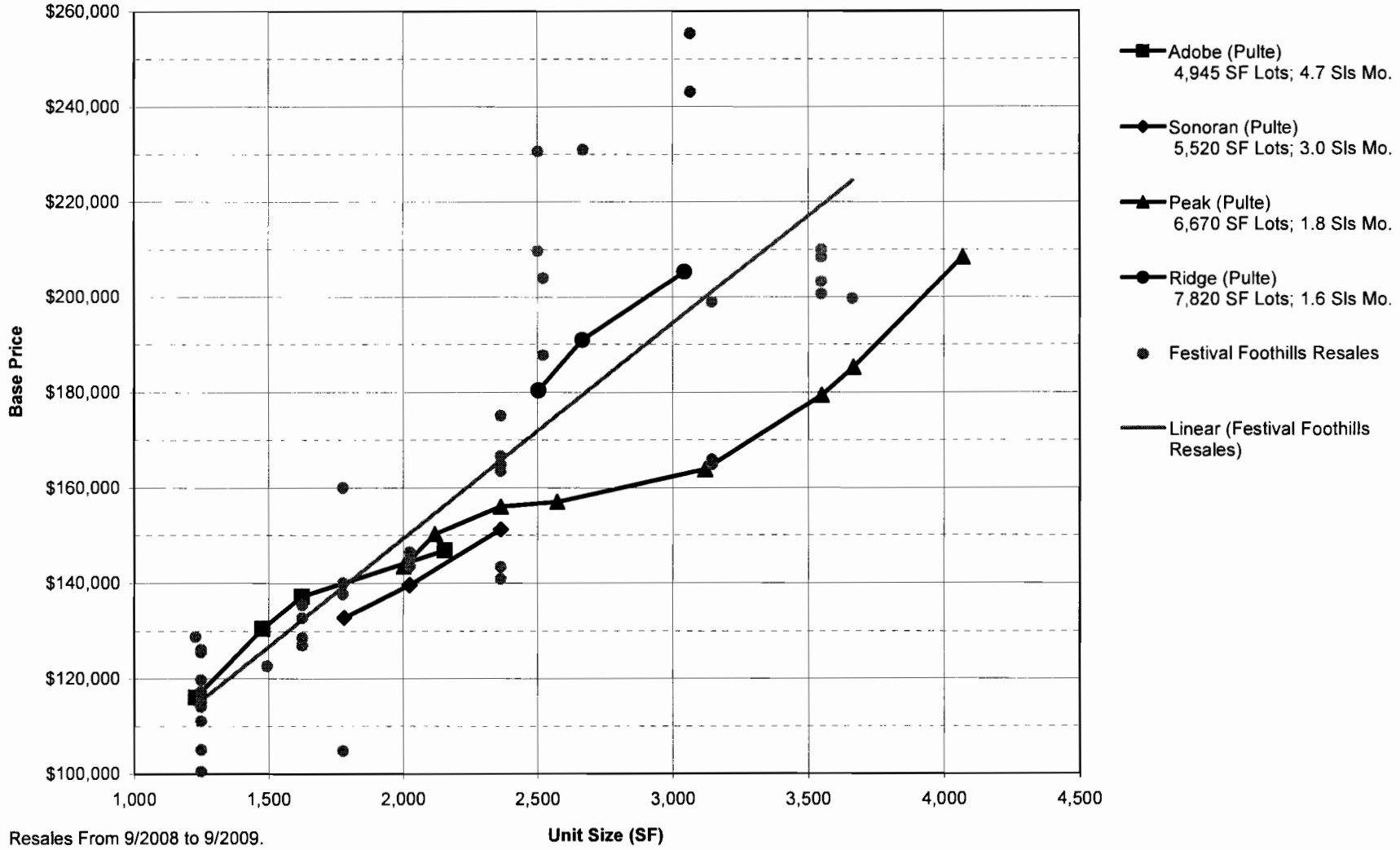



Resales From 9/2008 to 9/2009.

Source: Sullivan Group;
DPFG, Pulte Homes

SULLIVAN group
Analysis. Answers.

**Exhibit II-12**
**POSITIONING OF SUBJECT DEVELOPMENT: FESTIVAL FOOTHILLS VS. RESALES**
**Buckeye, AZ**
**September, 2009**

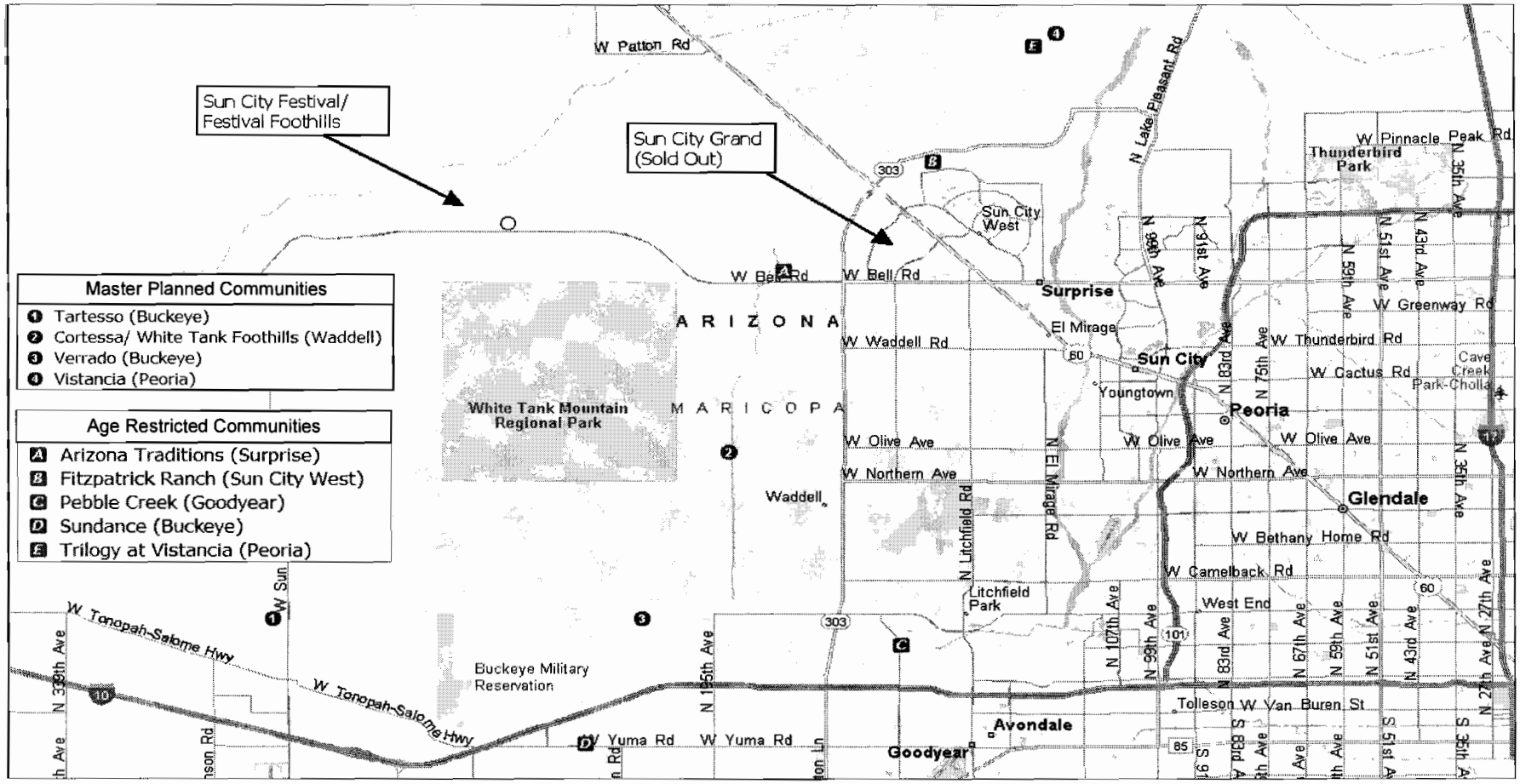



Resales From 9/2008 to 9/2009.

Source: Sullivan Group;
DPFG, Pulte Homes

SULLIVAN group
Analysis. Answers

**Exhibit II-13**
**MAP OF ACTIVE ADULT MASTER PLANNED COMMUNITIES**
**West Valley - Phoenix, AZ**
**September 2009**

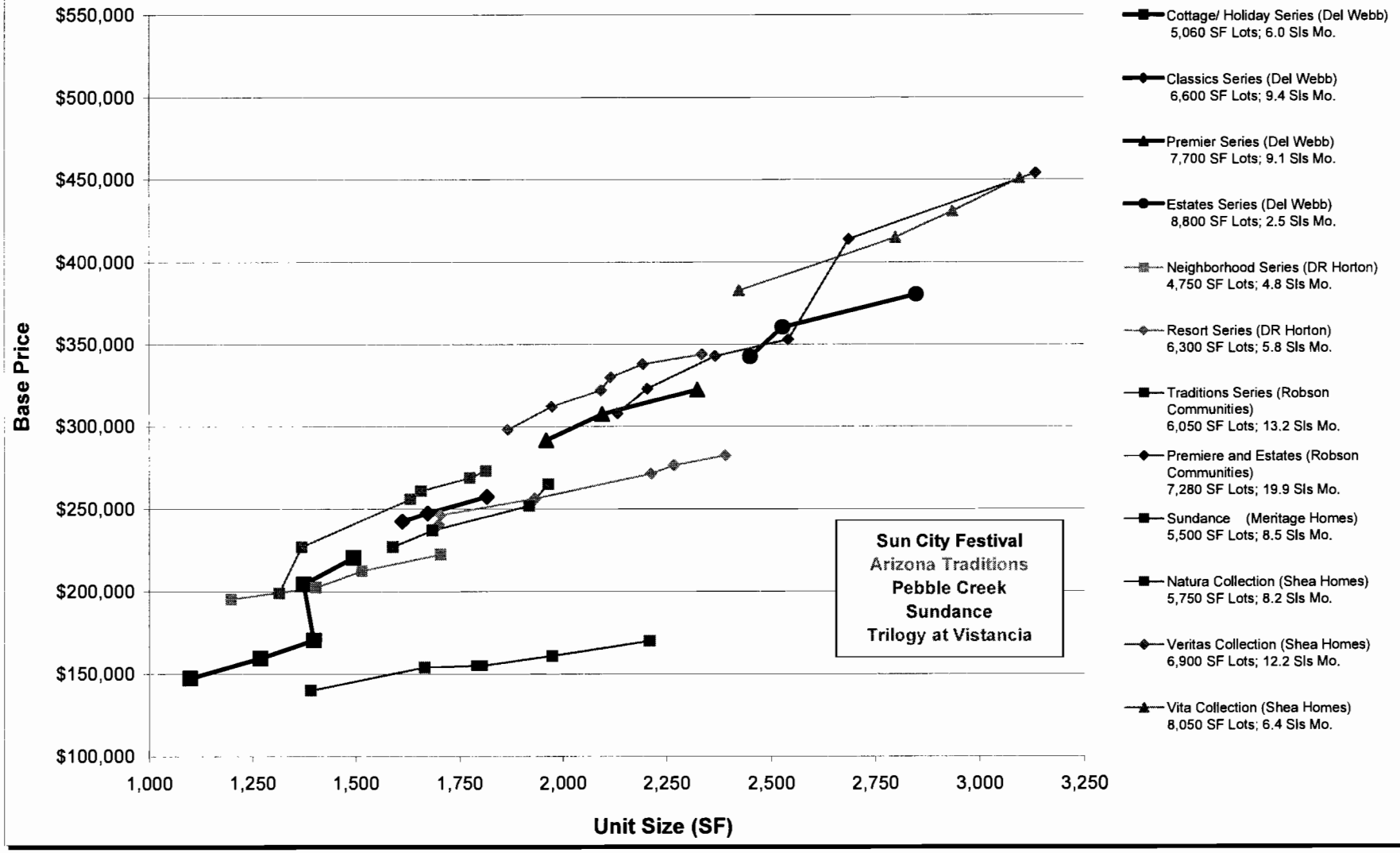



Source: MapPoint; Sullivan Group

PH200-09 Maps

SULLIVAN group
Analysis. Answers.

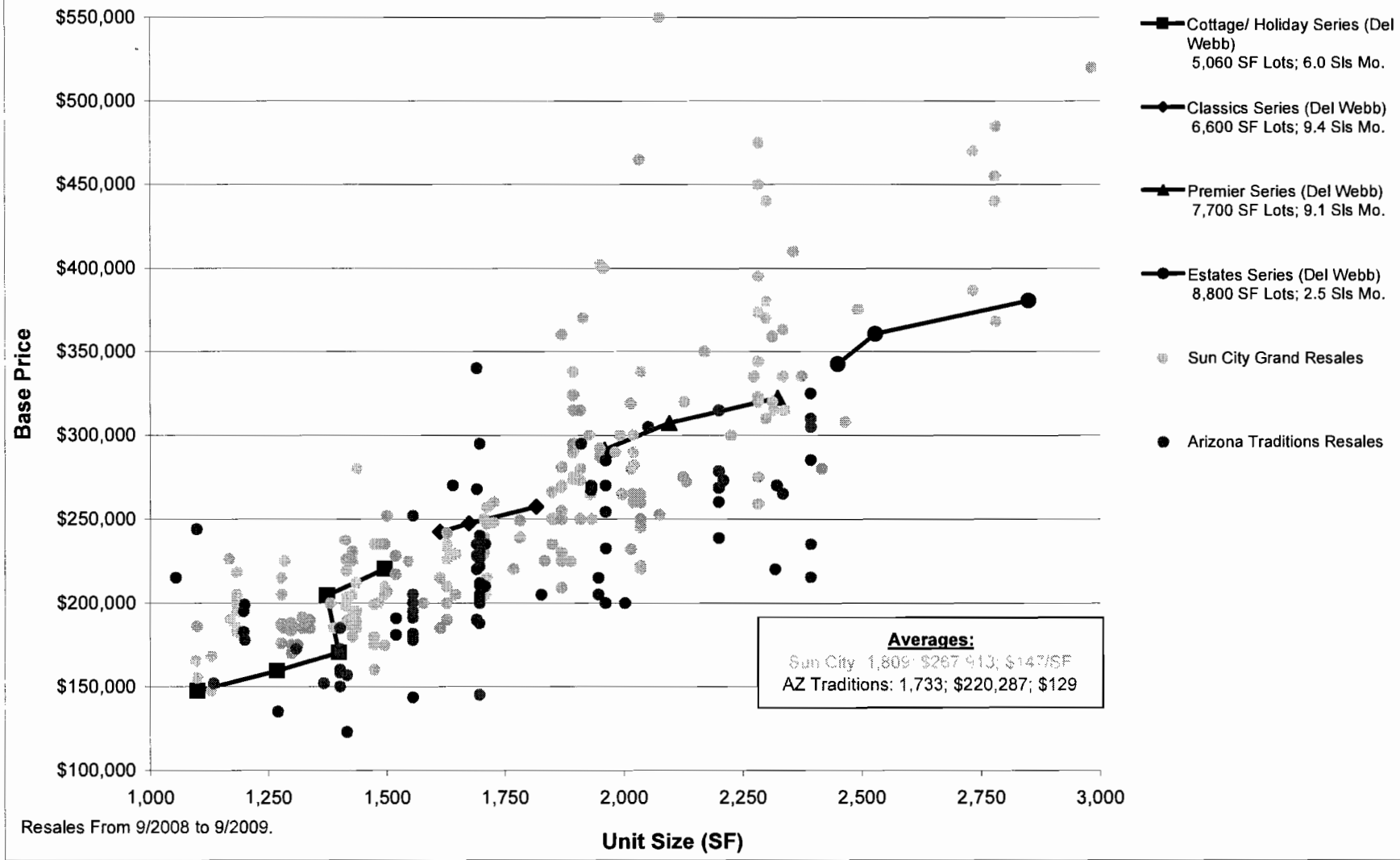
**Exhibit II-14**
**POSITIONING OF SUN CITY FESTIVAL VS. ACTIVE ADULT PROJECTS: (NET OF INCENTIVES)**
**West Valley - Phoenix, AZ**
**September 2009**




Source: Sullivan Group

SULLIVAN group
Analysis. Answers.

**Exhibit II-15**
**POSITIONING OF SUN CITY FESTIVAL VS. ACTIVE ADULT RESALES**
**West Valley - Phoenix, AZ**
**September 2009**




Resales From 9/2008 to 9/2009.

Source: Sullivan Group

SULLIVAN group

**Exhibit II-16**

**PHOENIX MSA ACTIVE ADULT MASTER PLAN HISTORICAL SALES AND % OF OVERALL MARKET SHARE:** Sorted by 2000-2008 Total Sales - Descending Order

**Phoenix MSA, AZ**

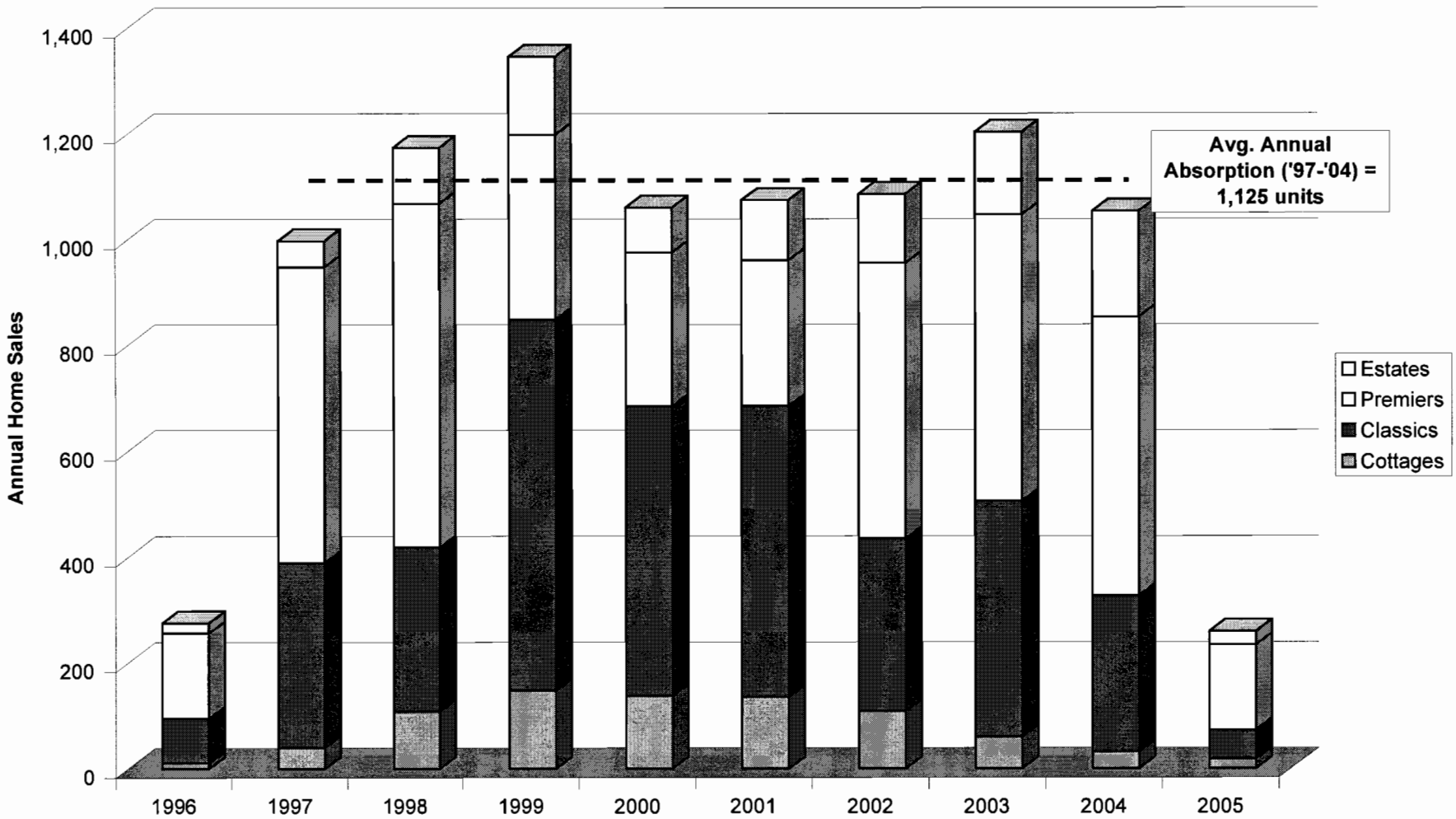
**October 2009**

| Masterplan Name | 2000 | | 2001 | | 2002 | | 2003 | | 2004 | | 2005 | | 2006 | | 2007 | | 2008 | | AAC MPC Total Sales 2000 - 2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total Sales | % of Total Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | Total Sales | % Market Share | |
| **Phoenix-Mesa, AZ** | | | | | | | | | | | | | | | | | | | |
| SUN CITY GRAND | 1,061 | 3.3% | 1,080 | 3.2% | 1,086 | 3.1% | 1,204 | 2.9% | 1,054 | 1.7% | 260 | 0.5% | | | | | | | 5,755 |
| PEBBLE CREEK | 355 | 1.1% | 342 | 1.0% | 211 | 0.6% | 344 | 0.8% | 322 | 0.5% | 200 | 0.4% | 89 | 0.2% | 80 | 0.3% | 83 | 0.6% | 2,026 |
| TRILOGY AT POWER RANCH | 130 | 0.4% | 154 | 0.4% | 194 | 0.6% | 303 | 0.7% | 202 | 0.3% | 534 | 1.0% | 213 | 0.5% | 137 | 0.5% | | | 1,867 |
| SUNDANCE | | | | | | | 150 | 0.4% | 335 | 0.5% | 792 | 1.5% | 299 | 0.7% | 76 | 0.3% | 57 | 0.4% | 1,709 |
| SUNLAND SPRINGS | 218 | 0.7% | 157 | 0.5% | 269 | 0.8% | 237 | 0.8% | 114 | 0.2% | 434 | 0.8% | 74 | 0.2% | 86 | 0.3% | 53 | 0.4% | 1,642 |
| TRILOGY AT VISTANCIA | | | | | | | | | 452 | 0.7% | 465 | 0.9% | 251 | 0.6% | 232 | 0.9% | 206 | 1.5% | 1,606 |
| CORTE BELLA | | | | | | | | | 587 | 1.0% | 494 | 0.9% | 369 | 0.9% | 108 | 0.4% | | | 1,558 |
| SUN LAKES | 212 | 0.7% | 289 | 0.8% | 140 | 0.4% | 330 | 0.8% | 258 | 0.4% | 281 | 0.5% | | | 9 | 0.0% | 2 | 0.0% | 1,521 |
| SOLERA | | | 158 | 0.5% | 234 | 0.7% | 286 | 0.7% | 259 | 0.4% | 213 | 0.4% | | | 98 | 0.4% | 81 | 0.6% | 1,329 |
| AR/ARIZONA TRADITIONS | 112 | 0.3% | 180 | 0.5% | 207 | 0.6% | 235 | 0.6% | 241 | 0.4% | 89 | 0.2% | 113 | 0.3% | 5 | 0.0% | 40 | 0.3% | 1,222 |
| SUN CITY FESTIVAL 1/ | | | | | | | | | | | | | 422 | 1.0% | 338 | 1.3% | 228 | 1.6% | 988 |
| PROVINCE | | | | | | | 15 | 0.0% | 188 | 0.3% | 370 | 0.7% | 208 | 0.5% | 96 | 0.4% | 23 | 0.2% | 900 |
| SUN CITY ANTHEM AT MERRILL RANCH | | | | | | | | | | | | | 434 | 1.0% | 307 | 1.2% | 156 | 1.1% | 897 |
| WHITE DOVE RANCH | | | | | | | | | | | | | 434 | 1.0% | 307 | 1.2% | 11 | 10.7% | 752 |
| MISSION ROYALE | | | | | | | 23 | 0.1% | 155 | 0.3% | 181 | 0.3% | 103 | 0.2% | 169 | 0.6% | 103 | 0.7% | 734 |
| JOHNSON RANCH | | | | | | | | | 135 | 0.2% | 228 | 0.4% | 184 | 0.4% | 76 | 0.3% | 81 | 0.6% | 704 |
| ROBSON RANCH | | | | | | | | | | | | | 150 | 0.4% | 200 | 0.8% | 200 | 1.4% | 550 |
| MOUNTAINBROOK VILLAGE | 236 | 0.7% | 98 | 0.3% | 67 | 0.2% | | | | | | | | | | | | | 401 |
| IRONWOOD VILLAGE | | | | | 13 | 0.0% | 22 | 0.1% | 27 | 0.0% | 83 | 0.2% | 23 | 0.1% | 9 | 0.0% | 6 | 0.0% | 183 |
| VILLA DE JARDINES | 9 | 0.0% | 11 | 0.0% | 12 | 0.0% | 5 | 0.0% | 10 | 0.0% | 55 | 0.1% | -13 | 0.0% | | | | | 89 |
| **Phoenix-Mesa, AZ Total** | 32,240 | 7.2% | 34,596 | 7.2% | 34,968 | 7.0% | 42,146 | 7.5% | 61,291 | 7.1% | 53,532 | 8.7% | 42,313 | 7.9% | 26,587 | 8.8% | 14,165 | 9.4% | 26,433 |

1/ % Market Capture is per market and based on Active Adult product only.
Source: Hanley Wood; Sullivan Group

SULLIVAN group
Analysis. Answers.

**Exhibit II-17A**
**ANNUAL NEW HOME SALES AT SUN CITY GRAND**
**Phoenix MSA, Arizona**
**1996 to 2005**

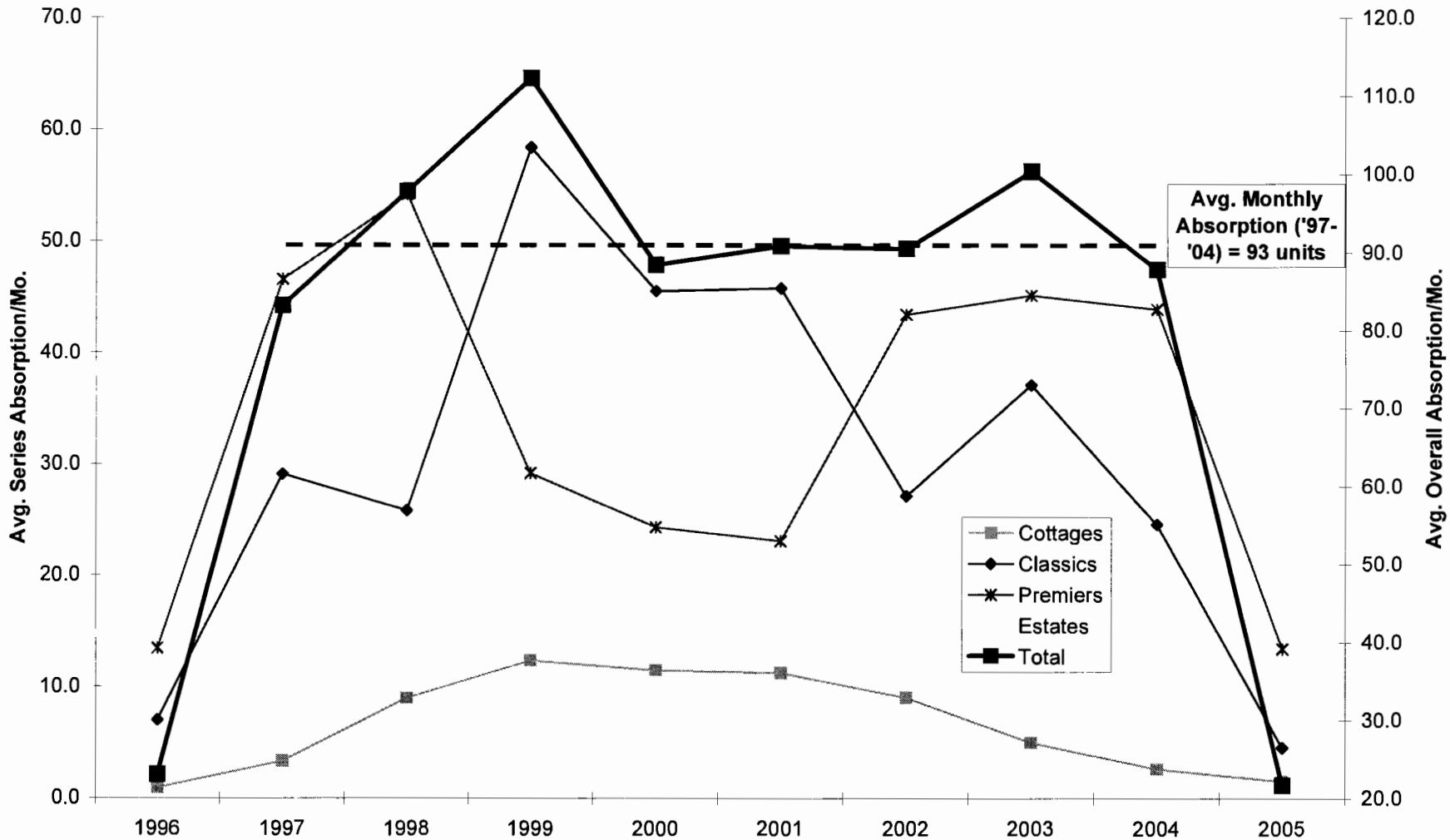



Source: Pulte/Del Webb, Sullivan Group

PH200-09 Sun City Grand

SULLIVAN group
Analysis. Answers.

**Exhibit II-17B**
**AVERAGE MONTHLY ABSORPTION BY SERIES AT SUN CITY GRAND**
**Phoenix MSA, Arizona**
**1996 to 2005**




Source: Pulte/Del Webb, Sullivan Group

PH200-09 Sun City Grand

SULLIVAN group
Analysis. Answers.

**Exhibit II-18**
**COMPARABLE PROJECT SUMMARY: ACTIVE ADULT MASTER PLANNED COMMUNITIES**
**West Valley - Phoenix, AZ**
**September 2009**

| Project Name / Builder / Location / Typical Lot Size | Planned / Sold / Remain | Open Date / Sls/ Mo. / 3 mo. Sales. / 3 mo Sls/Mo. | Unit: BR/Baths Type | Floors/ Parking | Size (Sq. Ft.) | Base Price | Base $/Sq. Ft. | Incentives | Net Base Price | H.O.A. | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **ARIZONA TRADITIONS (SUNBELT HOLDINGS)** | | | | | | | | | | | |
| **Neighborhood Series** | 844 | Feb-96 | 2/2 | 1/2 | 1,198 | $195,400 | $163 | $0 | $195,400 | $107 | $1,381 |
| DR Horton | 794 | 4.8 | 2/2+D | 1/2 | 1,402 | $202,300 | $144 | $0 | $202,300 | $107 | $1,426 |
| Surprise | 50 | 0 | 2/2 | 1/2 | 1,515 | $212,400 | $140 | $0 | $212,400 | $107 | $1,492 |
| 4,750 | | 0 | 2/2+D | 1/2 | 1,704 | $222,400 | $131 | $0 | $222,400 | $107 | $1,557 |
| **Resort Series** | 928 | Oct-96 | 2/2+D | 1/2 | 1,699 | $240,400 | $141 | $0 | $240,400 | $107 | $1,675 |
| DR Horton | 898 | 5.8 | 2/2+D | 1/2 | 1,704 | $246,400 | $145 | $0 | $246,400 | $107 | $1,714 |
| Surprise | 30 | 2 | 3/2 | 1/2 | 1,933 | $256,400 | $133 | $0 | $256,400 | $107 | $1,779 |
| 6,300 | | 1 | 2/2.5+D | 1/2 | 2,213 | $271,400 | $123 | $0 | $271,400 | $107 | $1,877 |
| | | | 2/2+D | 1/2 | 2,268 | $276,400 | $122 | $0 | $276,400 | $107 | $1,910 |
| | | | 3/2 | 1/2 | 2,391 | $282,400 | $118 | $0 | $282,400 | $107 | $1,949 |
| **Total Units Proposed** | **1,772** | **5.3** | | **Minimum** | **1,198** | **$195,400** | **$118** | **$0** | **$195,400** | **$107** | **$1,381** |
| **Total Units Sold** | **1,692** | **Avg. Sls** | | **Maximum** | **2,391** | **$282,400** | **$163** | **$0** | **$282,400** | **$107** | **$1,949** |
| **Total Units Remain** | **80** | **Rate** | | **Median** | **1,704** | **$243,400** | **$136** | **$0** | **$243,400** | **$107** | **$1,694** |
| | | | | **Average** | **1,803** | **$240,590** | **$136** | **$0** | **$240,590** | **$107** | **$1,676** |
| **PEBBLE CREEK (ROBSON)** | | | | | | | | | | | |
| **Traditions Series** | 2,368 | Jan-00 | 2/2+D | 1/2 | 1,589 | $261,900 | $165 | $35,000 | $226,900 | $135 | $1,653 |
| Robson Communities | 1,529 | 13.2 | 2/2+D | 1/2 | 1,684 | $271,900 | $161 | $35,000 | $236,900 | $135 | $1,720 |
| Goodyear | 839 | 15 | 2/2+D | 1/2 | 1,919 | $286,900 | $150 | $35,000 | $251,900 | $135 | $1,820 |
| 6,050 | | 5.0 | 2/2.5+D | 1/2 | 1,965 | $299,900 | $153 | $35,000 | $264,900 | $135 | $1,907 |
| **Premiere and Estates** | 3,914 | Jan-00 | 2/2.5+D | 1/3 | 2,132 | $347,900 | $163 | $40,000 | $307,900 | $135 | $2,194 |
| Robson Communities | 2,319 | 19.9 | 2/2.5+D | 1/2 | 2,204 | $362,900 | $165 | $40,000 | $322,900 | $135 | $2,295 |
| Goodyear | 1,595 | 20 | 2/2.5+D | 1/2 | 2,366 | $382,900 | $162 | $40,000 | $342,900 | $135 | $2,429 |
| 7,280 | | 6.7 | 2/2.5+D | 1/2 | 2,541 | $402,900 | $159 | $50,000 | $352,900 | $135 | $2,495 |
| | | | 2/2.5+D | 1/3 | 2,686 | $463,900 | $173 | $50,000 | $413,900 | $135 | $2,903 |
| | | | 2/2.5+D | 1/2 | 3,134 | $503,900 | $161 | $50,000 | $453,900 | $135 | $3,171 |
| **Total Units Proposed** | **6,282** | **16.6** | | **Minimum** | **1,589** | **$261,900** | **$150** | **$35,000** | **$226,900** | **$135** | **$1,653** |
| **Total Units Sold** | **3,848** | **Avg. Sls** | | **Maximum** | **3,134** | **$503,900** | **$173** | **$50,000** | **$453,900** | **$135** | **$3,171** |
| **Total Units Remain** | **2,434** | **Rate** | | **Median** | **2,168** | **$355,400** | **$162** | **$40,000** | **$315,400** | **$135** | **$2,245** |
| | | | | **Average** | **2,222** | **$358,500** | **$161** | **$41,000** | **$317,500** | **$135** | **$2,259** |
| **SUNDANCE (MERITAGE HOMES)** | | | | | | | | | | | |
| **Sundance** | 1,102 | Oct-02 | 2/2+D | 1/2 | 1,390 | $149,900 | $108 | $10,000 | $139,900 | $91 | $1,023 |
| Meritage Homes | 708 | 8.5 | 2/2+D | 1/2 | 1,665 | $163,900 | $98 | $10,000 | $153,900 | $91 | $1,115 |
| Buckeye | 394 | 7 | 2/2+D | 1/2 | 1,791 | $169,900 | $95 | $15,000 | $154,900 | $91 | $1,125 |
| 5,500 | | 2.3 | 2/2+D | 1/2 | 1,804 | $169,900 | $94 | $15,000 | $154,900 | $91 | $1,125 |
| *Free Golf Cart (or $5,000) on Spec homes* | | | 2/2+D | 1/2 | 1,974 | $175,900 | $89 | $15,000 | $160,900 | $91 | $1,165 |
| | | | 2/2.5+D | 1/2 | 2,209 | $184,900 | $84 | $15,000 | $169,900 | $91 | $1,223 |

Source: Sullivan Group; Hanley Wood Market Intelligence

SULLIVAN group
Analysis Answers.

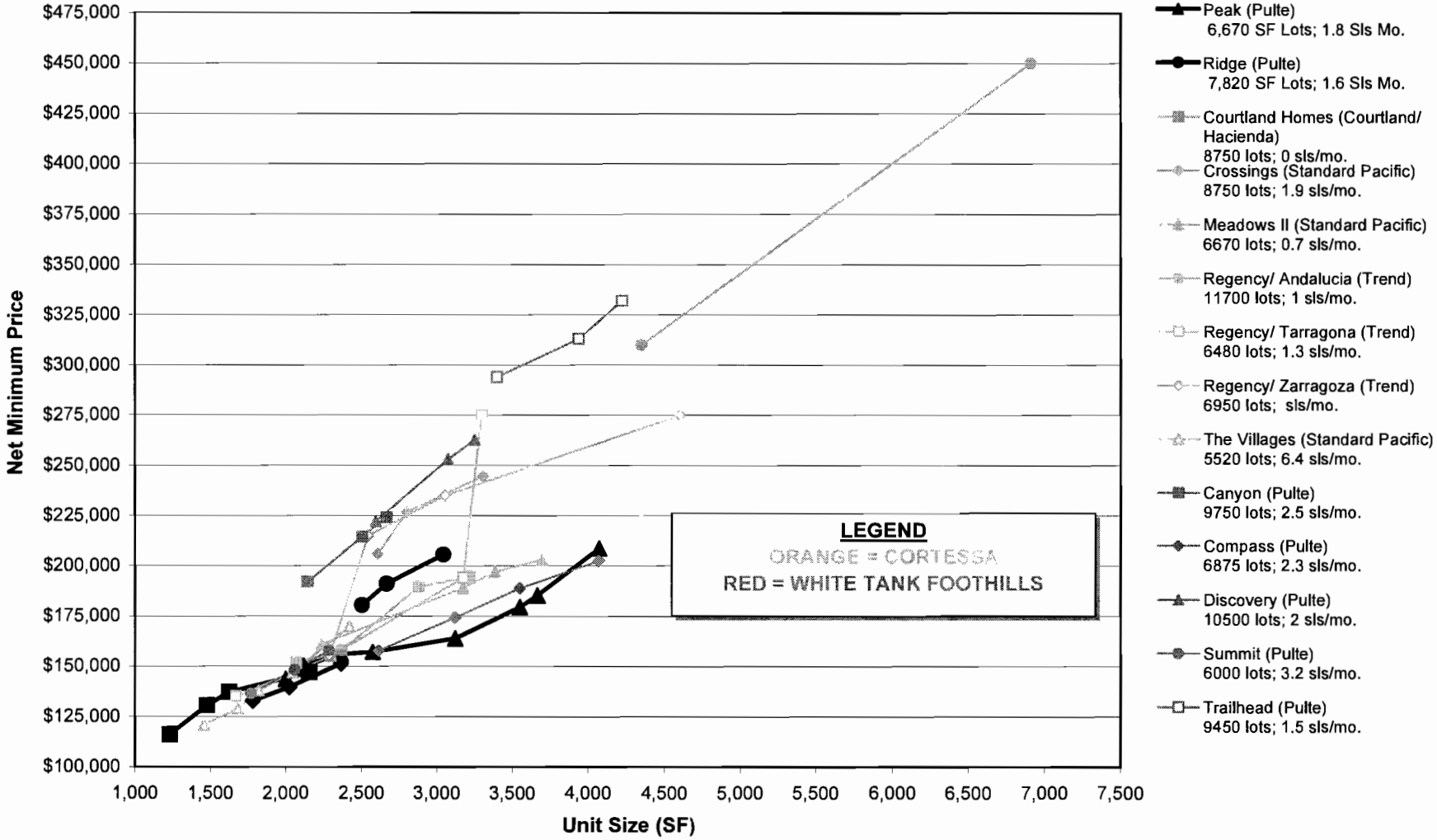
**Exhibit II-18**
**COMPARABLE PROJECT SUMMARY: ACTIVE ADULT MASTER PLANNED COMMUNITIES**
**West Valley - Phoenix, AZ**
**September 2009**

| Project Name / Builder / Location / Typical Lot Size | Planned / Sold / Remain | Open Date / Sls/ Mo. / 3 mo. Sales. / 3 mo Sls/Mo. | Unit BR/Baths Type | Floors/ Parking | Size (Sq. Ft.) | Base Price | Base $/Sq. Ft. | Incentives | Net Base Price | H.O.A. | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Units Proposed** | **1,102** | **8.5** | | **Minimum** | **1,390** | **$149,900** | **$84** | **$10,000** | **$139,900** | **$91** | **$1,023** |
| **Total Units Sold** | **708** | **Avg. Sls** | | **Maximum** | **2,209** | **$184,900** | **$108** | **$15,000** | **$169,900** | **$91** | **$1,223** |
| **Total Units Remain** | **394** | **Rate** | | **Median** | **1,798** | **$169,900** | **$95** | **$15,000** | **$154,900** | **$91** | **$1,125** |
| | | | | **Average** | **1,806** | **$169,067** | **$95** | **$13,333** | **$155,733** | **$91** | **$1,129** |
| **TRILOGY AT VISTANCIA (SHEA HOMES)** | | | | | | | | | | | |
| **Natura Collection** | 750 | Feb-04 | 2/2 | 1/2 | 1,314 | $198,900 | $151 | $0 | $198,900 | $177 | $1,474 |
| Shea Homes | 553 | 8.2 | 2/2 | 1/2 | 1,368 | $226,900 | $166 | $0 | $226,900 | $177 | $1,657 |
| Peoria | 197 | 14 | 2/2+D | 1/2 | 1,631 | $255,900 | $157 | $0 | $255,900 | $177 | $1,846 |
| 5,750 | | 4.7 | 2/2+D | 1/2 | 1,656 | $260,900 | $158 | $0 | $260,900 | $177 | $1,879 |
| | | | 2/2+D | 1/2 | 1,774 | $268,900 | $152 | $0 | $268,900 | $177 | $1,931 |
| | | | 2/2+D | 1/2 | 1,813 | $272,900 | $151 | $0 | $272,900 | $177 | $1,957 |
| **Veritas Collection** | 1,125 | Feb-04 | 2/2+D | 1/2 | 1,867 | $297,900 | $160 | $0 | $297,900 | $177 | $2,120 |
| Shea Homes | 824 | 12.2 | 2/2+D | 1/2 | 1,973 | $311,900 | $158 | $0 | $311,900 | $177 | $2,211 |
| Peoria | 301 | 9 | 2/2+D | 1/2 | 2,092 | $321,900 | $154 | $0 | $321,900 | $177 | $2,276 |
| 6,900 | | 3.0 | 2/1+D | 1/2 | 2,115 | $329,900 | $156 | $0 | $329,900 | $177 | $2,329 |
| | | | 2/2+D | 1/2 | 2,193 | $337,900 | $154 | $0 | $337,900 | $177 | $2,381 |
| | | | 2/2.5+D | 1/2 | 2,334 | $343,900 | $147 | $0 | $343,900 | $177 | $2,420 |
| **Vita Collection** | 625 | Feb-04 | 2/2.5+D | 1/2 | 2,423 | $382,900 | $158 | $0 | $382,900 | $177 | $2,674 |
| Shea Homes | 433 | 6.4 | 2/2.5+D | 1/2 | 2,799 | $414,900 | $148 | $0 | $414,900 | $177 | $2,883 |
| Peoria | 192 | 5 | 3/2.5+D | 1/2 | 2,935 | $430,900 | $147 | $0 | $430,900 | $177 | $2,987 |
| 8,050 | | 1.7 | 3/3.5+D | 1/2 | 3,096 | $450,900 | $146 | $0 | $450,900 | $177 | $3,118 |
| **Total Units Proposed** | **2,500** | **8.9** | | **Minimum** | **1,314** | **$198,900** | **$146** | **$0** | **$198,900** | **$177** | **$1,474** |
| **Total Units Sold** | **1,810** | **Avg. Sls** | | **Maximum** | **3,096** | **$450,900** | **$166** | **$0** | **$450,900** | **$177** | **$3,118** |
| **Total Units Remain** | **690** | **Rate** | | **Median** | **2,033** | **$316,900** | **$154** | **$0** | **$316,900** | **$177** | **$2,244** |
| | | | | **Average** | **2,086** | **$319,213** | **$154** | **$0** | **$319,213** | **$177** | **$2,259** |
| **GRAND TOTAL** | | | | | | | | | | | |
| **Total Units Proposed** | **11,656** | **9.9** | | **Minimum** | **1,198** | **$149,900** | **$84** | **$0** | **$139,900** | **$91** | **$1,023** |
| **Total Units Sold** | **8,058** | **Avg. Sls** | | **Maximum** | **3,134** | **$503,900** | **$173** | **$50,000** | **$453,900** | **$177** | **$3,171** |
| **Total Units Remain** | **3,598** | **Rate** | | **Median** | **1,949** | **$271,900** | **$151** | **$0** | **$264,900** | **$135** | **$1,893** |
| | | | | **Average** | **2,011** | **$288,398** | **$143** | **$11,667** | **$276,731** | **$138** | **$1,959** |

Source: Sullivan Group; Hanley Wood Market Intelligence

SULLIVAN group
Analysis. Answers.

**Exhibit II-19A**
**POSITIONING OF FESTIVAL FOOTHILLS VS.**
**CORTESSA/ WHITE TANK FOOTHILLS (NET OF INCENTIVES)**
**Phoenix MSA, Arizona**
**September, 2009**

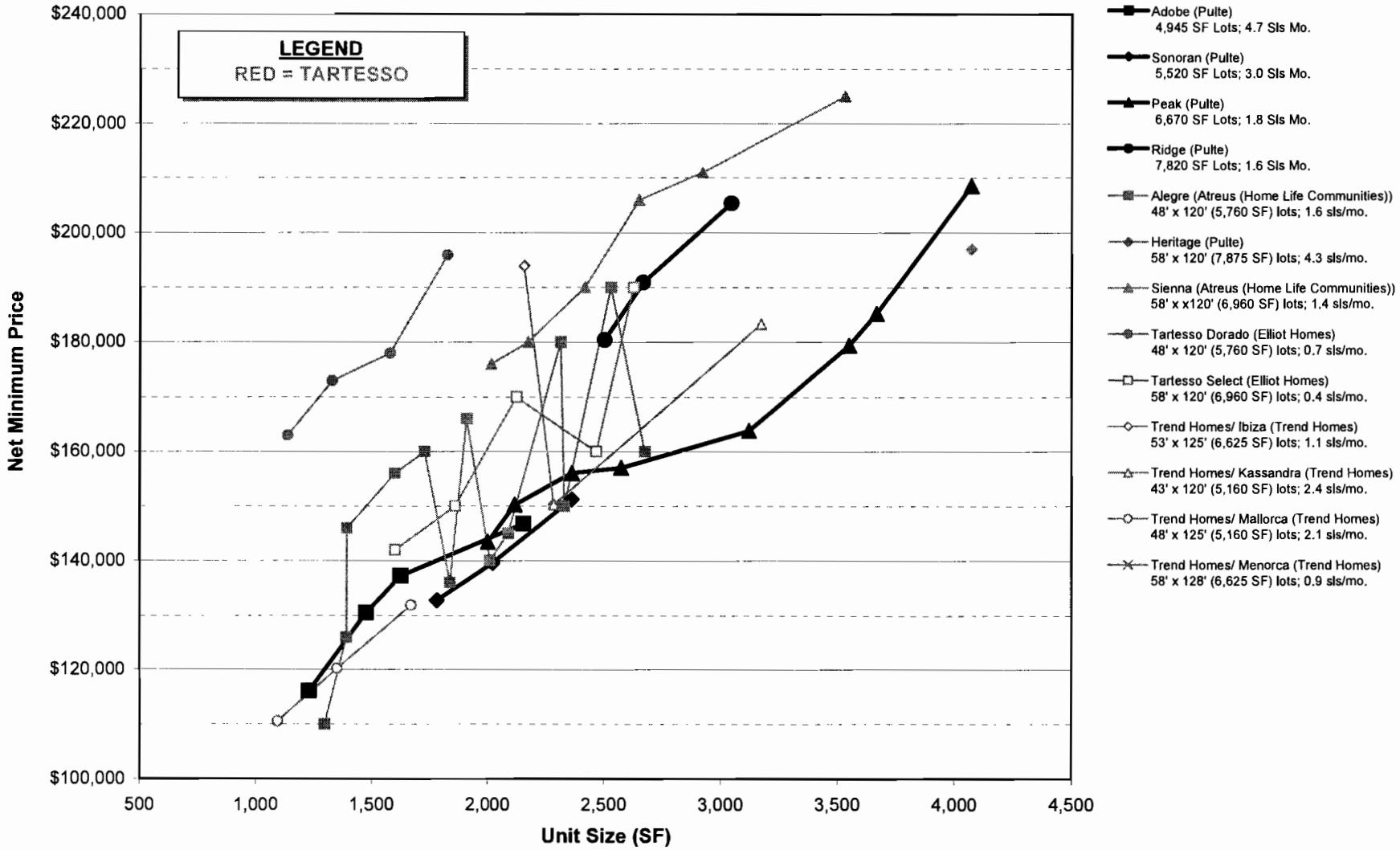



Source: Hanley Wood

PH200-09 Cortessa - White Tank Foothills

SULLIVAN group
Analysis. Answers.

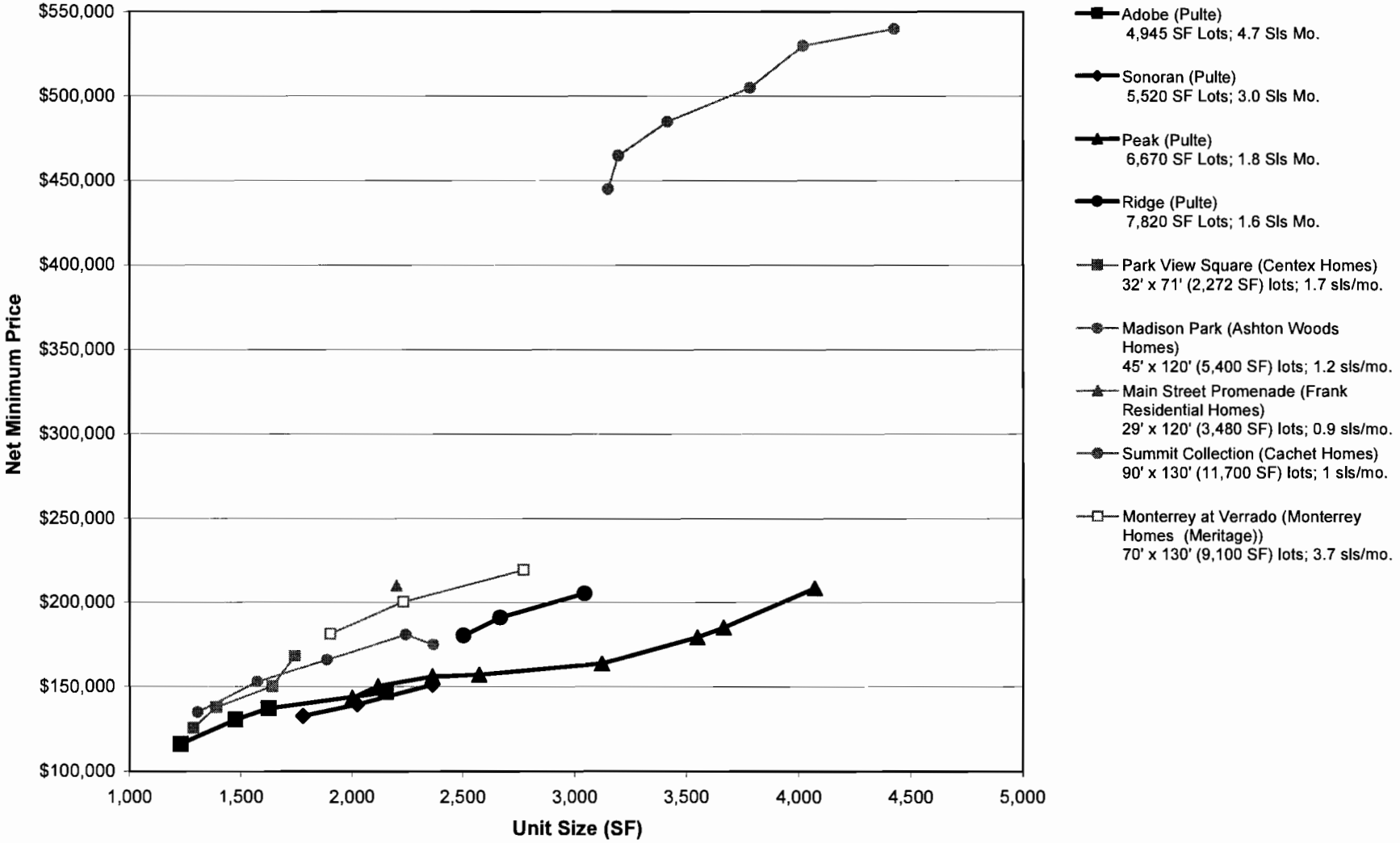
**Exhibit II-19B**
**POSITIONING OF FESTIVAL FOOTHILS VS. TARTESSO (NET OF INCENTIVES)**
**Phoenix MSA, Arizona**
**September, 2009**




1/ Positioning is net of incentives.
Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

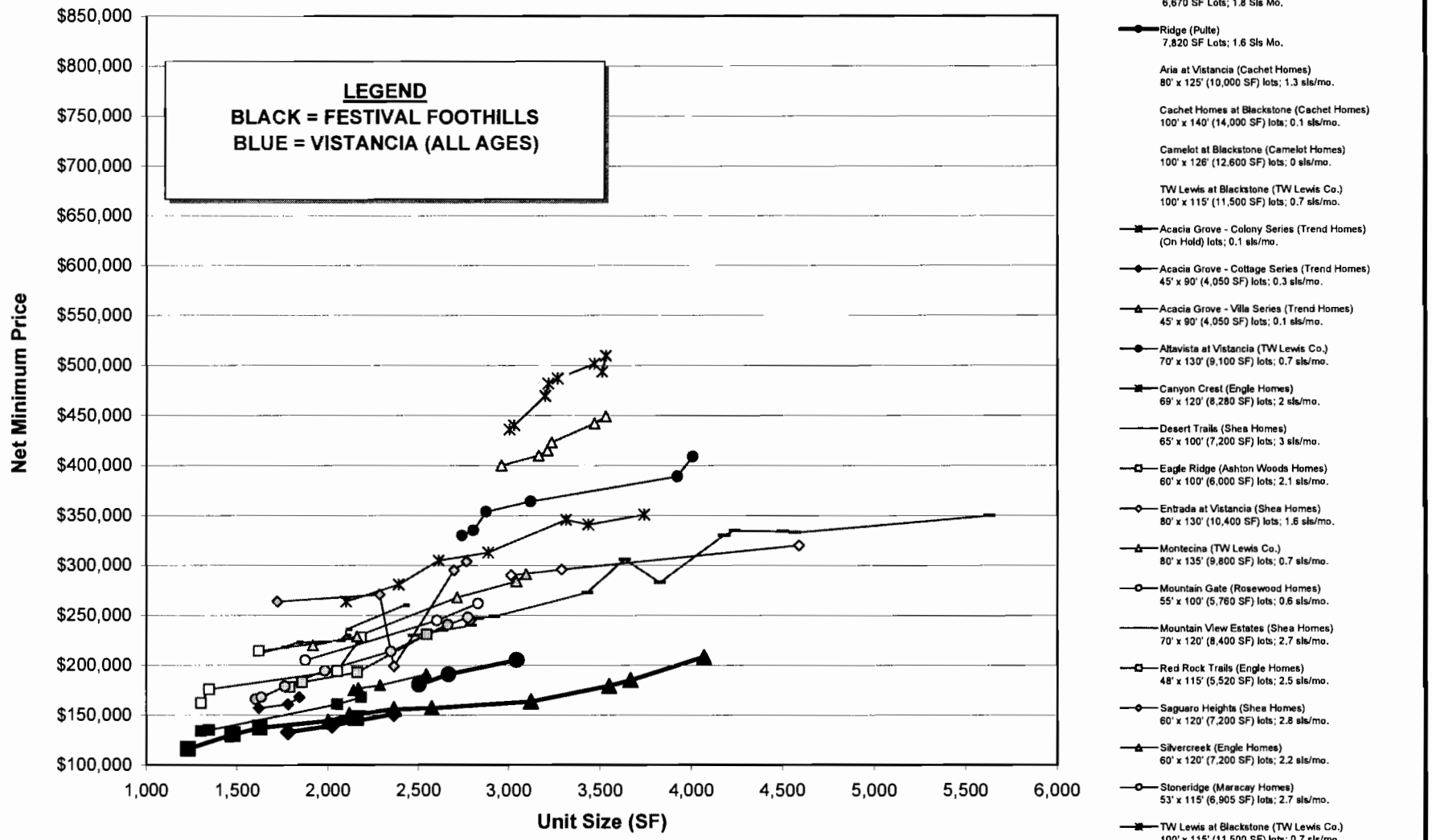
**Exhibit II-19C**
**POSITIONING OF FESTIVAL FOOTHILLS VS. VERRADO (NET OF INCENTIVES)**
**Phoenix MSA, Arizona**
**September, 2009**




1/ Positioning is net of incentives.
Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

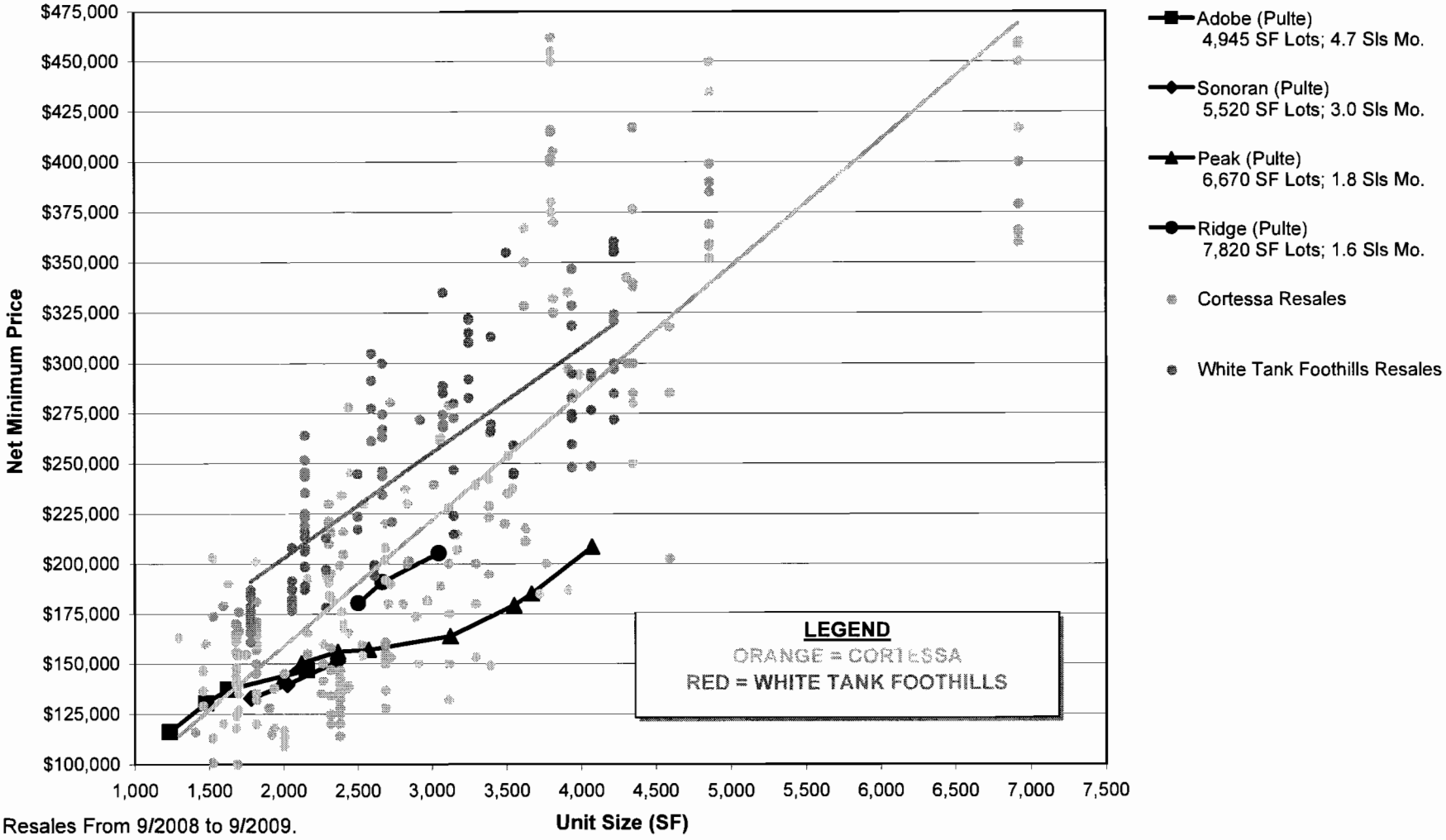
# Exhibit II-19D
## POSITIONING OF VISTANCIA (NET OF INCENTIVES)
## Phoenix MSA, Arizona
## September, 2009




Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-20A**
**POSITIONING OF FESTIVAL FOOTHILLS VS.**
**CORTESSA/ WHITE TANK FOOTHILLS - RESALES**
**Phoenix MSA, Arizona**
**September, 2009**

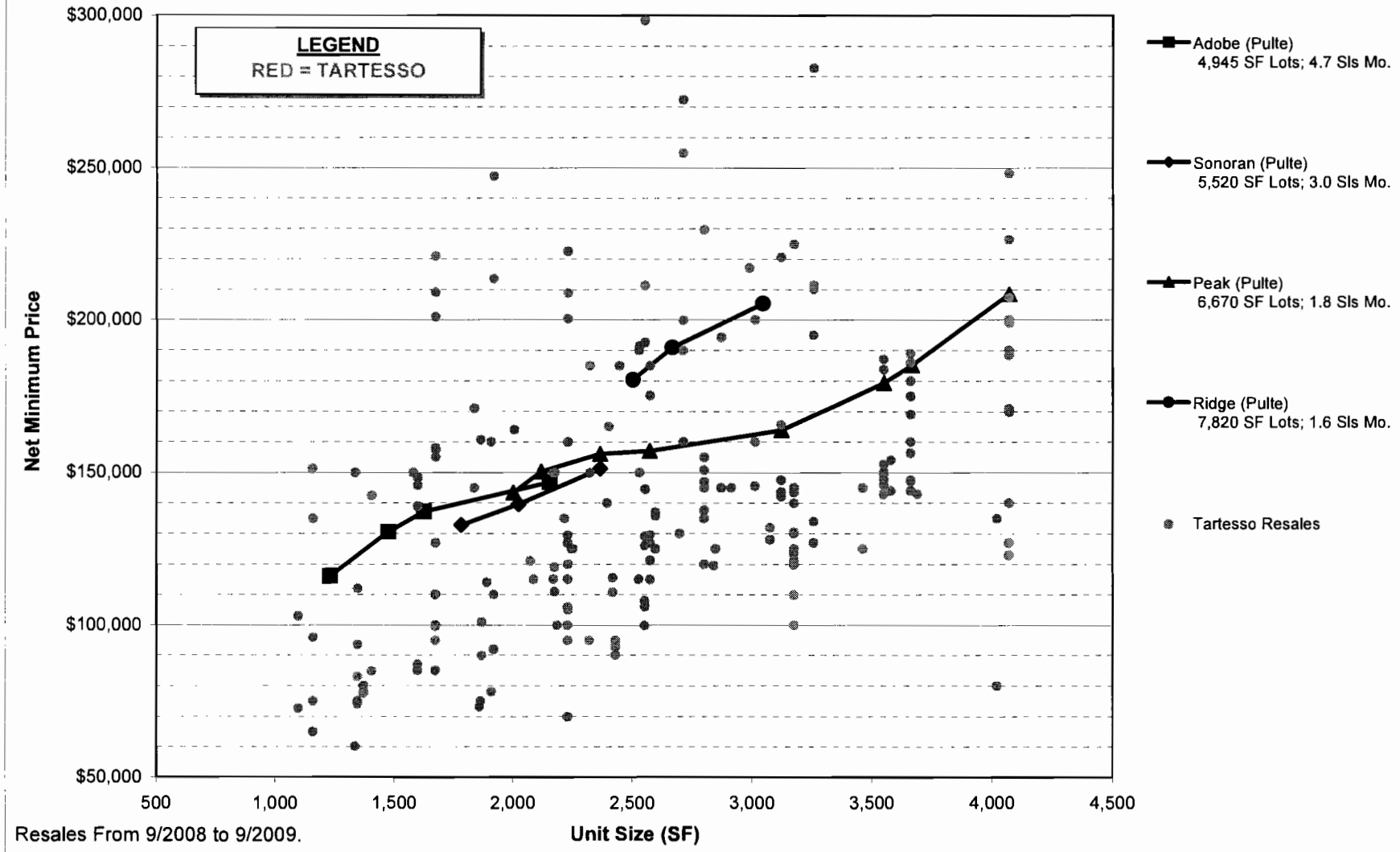



Resales From 9/2008 to 9/2009.

Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-20B**
**POSITIONING OF FESTIVAL FOOTHILS VS. TARTESSO RESALES**
**Phoenix MSA, Arizona**
**September, 2009**




Resales From 9/2008 to 9/2009.

1/ Positioning is net of incentives.
Source: Hanley Wood

SULLIVAN > group
Analysis Answers

**Exhibit II-21A**
**FLOORPLAN SUMMARY OF CORTESSA/ WHITE TANK FOOTHILLS MASTER PLAN**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name / Builder / Community / Typical Lot Size | Planned / Sold / Remain | Open Date / Sls/ Mo. / 3 mo. Sales. / 3 mo. Sls/Mo. | Floorplan Details: Bed/ Bath | Floors/ Parking | Home Size (SF) | Base Price $ | Base $/SF | Buyer Incentives | Net Base Price | 10% Down Payment | Loan Amount | Mortgage Payment | HOA | Base Tax Rate | CFD/ Special Assess. | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Courtland Homes** | 104 | Jul-08 | 3/2 | 1/2 | 2,070 | $156,990 | $76 | $5,500 | $151,490 | $15,149 | $136,341 | $862 | $60 | $164 | $0 | $1,086 |
| Courtland/ Hacienda | 0 | 0.0 | 4/2 | 1/2 | 2,368 | $163,490 | $69 | $5,500 | $157,990 | $15,799 | $142,191 | $899 | $60 | $170 | $0 | $1,129 |
| Cortessa | 104 | | 3/2.5 | 2/3 | 2,881 | $194,990 | $68 | $5,500 | $189,490 | $18,949 | $170,541 | $1,078 | $60 | $203 | $0 | $1,341 |
| 8,750 | | | 4/2.5 | 2/2 | 3,213 | $199,990 | $62 | $5,500 | $194,490 | $19,449 | $175,041 | $1,106 | $60 | $208 | $0 | $1,375 |
| **Crossings** | 90 | Nov-05 | 4/2 | 1/3 | 2,393 | SOLD OUT | | | | | | | | | | |
| Standard Pacific | 86 | 1.9 | 3/2.5 | 1/3 | 2,403 | SOLD OUT | | | | | | | | | | |
| Cortessa | 4 | 3 | 4/3 | 1/3 | 2,609 | $235,900 | $90 | $30,000 | $205,900 | $20,590 | $185,310 | $1,171 | $129 | $197 | $0 | $1,497 |
| 8,750 | | 1.0 | 3/3.5+D | 1/3 | 2,805 | $256,900 | $92 | $30,000 | $226,900 | $22,690 | $204,210 | $1,291 | $129 | $214 | $0 | $1,634 |
| | | | 4/2.5 | 2/3 | 3,255 | SOLD OUT | | | | | | | | | | |
| | | | 5/3.5 | 2/3 | 3,307 | $274,900 | $83 | $30,000 | $244,900 | $24,490 | $220,410 | $1,393 | $129 | $229 | $0 | $1,751 |
| | | | 5/4 | 2/4 | 3,776 | SOLD OUT | | | | | | | | | | |
| **Meadows II** | 72 | Oct-07 | 4/2 | 1/3 | 2,237 | $170,900 | $76 | $10,000 | $160,900 | $16,090 | $144,810 | $915 | $115 | $178 | $0 | $1,208 |
| Standard Pacific | 16 | 0.7 | 4/3 | 2/3 | 3,173 | $198,900 | $63 | $10,000 | $188,900 | $18,890 | $170,010 | $1,075 | $129 | $207 | $0 | $1,411 |
| Cortessa | 56 | 5 | 4/2.5 | 2/3 | 3,384 | $206,900 | $61 | $10,000 | $196,900 | $19,690 | $177,210 | $1,120 | $129 | $216 | $0 | $1,465 |
| 6,670 | | 1.7 | 4/2.5+D | 2/3 | 3,694 | $212,900 | $58 | $10,000 | $202,900 | $20,290 | $182,610 | $1,154 | $129 | $222 | $0 | $1,505 |
| **Regency/ Andalucia** | 101 | Feb-06 | 4/3.5+D | 2/3 | 4,321 | SOLD OUT | | | | | | | | | | |
| Trend | 44 | 1.0 | 4/3+D | 2/3 | 4,351 | $319,950 | $74 | $10,000 | $309,950 | $30,995 | $278,955 | $1,763 | $75 | $333 | $0 | $2,171 |
| Cortessa | 57 | | 5/5+D | 3/3 | 6,910 | $459,950 | $67 | $10,000 | $449,950 | $44,995 | $404,955 | $2,560 | $75 | $479 | $0 | $3,114 |
| 11,700 | | | | | | | | | | | | | | | | |
| *Sales and Pricing Information as of 3/2009* | | | | | | | | | | | | | | | | |
| **Regency/ Tarragona** | 131 | Feb-06 | 3/2+D | 2/2 | 1,670 | $144,950 | $87 | $10,000 | $134,950 | $13,495 | $121,455 | $768 | $75 | $151 | $0 | $994 |
| Trend | 54 | 1.3 | 3/2 | 1/2 | 2,158 | SOLD OUT | | | | | | | | | | |
| Cortessa | 77 | | 3/2.5+D | 2/2 | 2,295 | $164,950 | $72 | $10,000 | $154,950 | $15,495 | $139,455 | $881 | $75 | $172 | $0 | $1,128 |
| 6,480 | | | 4/2.5+D | 2/2 | 2,545 | SOLD OUT | | | | | | | | | | |
| *Sales and Pricing Information as of 3/2009* | | | 4/2.5+D | 2/2 | 3,173 | $203,950 | $64 | $10,000 | $193,950 | $19,395 | $174,555 | $1,103 | $75 | $212 | $0 | $1,391 |
| | | | 3/3 | 2/3 | 3,297 | $285,175 | $86 | $10,000 | $275,175 | $27,518 | $247,658 | $1,565 | $75 | $297 | $0 | $1,937 |
| | | | 3/3 | 2/3 | 3,608 | SOLD OUT | | | | | | | | | | |
| **Regency/ Zarragoza** | 113 | Feb-06 | 3/2.5+D | 2/2 | 2,287 | $164,950 | $72 | $10,000 | $154,950 | $15,495 | $139,455 | $881 | $75 | $172 | $0 | $1,128 |
| Trend | 47 | 1.1 | 3/3+D | 1/2 | 2,543 | $224,950 | $88 | $10,000 | $214,950 | $21,495 | $193,455 | $1,223 | $75 | $234 | $0 | $1,532 |
| Cortessa | 66 | | 4/2.5 | 2/3 | 2,841 | SOLD OUT | | | | | | | | | | |
| 6,950 | | | 3/2.5 | 2/3 | 3,056 | $244,950 | $80 | $10,000 | $234,950 | $23,495 | $211,455 | $1,337 | $75 | $255 | $0 | $1,667 |
| *Sales and Pricing Information as of 3/2009* | | | 4/2.5+D | 2/3 | 4,602 | $284,950 | $62 | $10,000 | $274,950 | $27,495 | $247,455 | $1,564 | $75 | $297 | $0 | $1,936 |
| **The Villages** | 392 | Oct-05 | 3/2 | 1/2 | 1,457 | $130,900 | $90 | $10,000 | $120,900 | $12,090 | $108,810 | $688 | $114 | $109 | $0 | $911 |
| Standard Pacific | 302 | 6.4 | 4/2 | 1/2 | 1,682 | $138,900 | $83 | $10,000 | $128,900 | $12,890 | $116,010 | $733 | $114 | $116 | $0 | $963 |
| Cortessa | 90 | 15 | 4/3 | 1/2 | 1,822 | $147,900 | $81 | $10,000 | $137,900 | $13,790 | $124,110 | $784 | $114 | $123 | $0 | $1,022 |
| 5,520 | | 5.0 | 3/2.5+D | 2/2 | 2,045 | $156,900 | $77 | $10,000 | $146,900 | $14,690 | $132,210 | $836 | $114 | $131 | $0 | $1,080 |
| | | | 3/2.5 | 2/2 | 2,420 | $179,900 | $74 | $10,000 | $169,900 | $16,990 | $152,910 | $966 | $114 | $150 | $0 | $1,230 |

Source: Hanley Wood

SULLIVAN group
Analysis Answers

**Exhibit II-21A**
**FLOORPLAN SUMMARY OF CORTESSA/ WHITE TANK FOOTHILLS MASTER PLAN**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name / Builder / Community / Typical Lot Size | Planned / Sold / Remain | Open Date / Sls/ Mo. / 3 mo. Sales. / 3 mo. Sls/Mo. | Floorplan Details: Bed/ Bath | Floors/ Parking | Home Size (SF) | Base Price $ | Base $/SF | Buyer Incentives | Net Base Price | 10% Down Payment | Loan Amount | Mortgage Payment | HOA | Base Tax Rate | CFD/ Special Assess. | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Canyon** | 111 | Dec-06 | 3/2 | 1/3 | 2,145 | $197,900 | $92 | $5,937 | $191,963 | $19,196 | $172,767 | $1,092 | $75 | $206 | $0 | $1,373 |
| Pulte | 83 | 2.5 | 3/2.5 | 1/3 | 2,503 | $220,900 | $88 | $6,627 | $214,273 | $21,427 | $192,846 | $1,219 | $75 | $230 | $0 | $1,524 |
| White Tank Foothills | 28 | 11 | 3/2.5 | 1/3 | 2,667 | $230,900 | $87 | $6,927 | $223,973 | $22,397 | $201,576 | $1,274 | $75 | $241 | $0 | $1,590 |
| 9,750 | | 3.7 | | | | | | | | | | | | | | |
| **Compass** | 150 | Jan-07 | 3/2.5 | 2/3 | 2,613 | $172,900 | $66 | $15,187 | $157,713 | $15,771 | $141,942 | $897 | $77 | $180 | $0 | $1,154 |
| Pulte | 74 | 2.3 | 3/2.5/D | 2/3 | 3,121 | $189,900 | $61 | $15,697 | $174,203 | $17,420 | $156,783 | $991 | $77 | $198 | $0 | $1,266 |
| White Tank Foothills | 76 | 6 | 5/3.5 | 2/3 | 3,549 | $204,900 | $58 | $16,147 | $188,753 | $18,875 | $169,878 | $1,074 | $77 | $213 | $0 | $1,364 |
| 6,875 | | 2.0 | 5/4 | 2/3 | 4,068 | $218,900 | $54 | $16,567 | $202,333 | $20,233 | $182,100 | $1,151 | $77 | $228 | $0 | $1,456 |
| **Discovery** | 103 | Jan-07 | 4/3/D | 1/3 | 2,594 | $228,900 | $88 | $6,867 | $222,033 | $22,203 | $199,830 | $1,263 | $75 | $191 | $0 | $1,529 |
| Pulte | 65 | 2.0 | 4/3.5 | 1/3 | 3,075 | $260,900 | $85 | $7,827 | $253,073 | $25,307 | $227,766 | $1,440 | $75 | $217 | $0 | $1,732 |
| White Tank Foothills | 38 | 6 | 4/3.5/D | 1/3 | 3,251 | $270,900 | $83 | $8,127 | $262,773 | $26,277 | $236,496 | $1,495 | $75 | $226 | $0 | $1,796 |
| 10,500 | | 2.0 | | | | | | | | | | | | | | |
| **Summit** | 157 | Jan-07 | 3/2/D | 1/2 | 1,769 | $150,900 | $85 | $14,500 | $136,400 | $13,640 | $122,760 | $776 | $78 | $132 | $0 | $986 |
| Pulte | 103 | 3.2 | 4/2 | 1/2 | 2,059 | $162,900 | $79 | $14,800 | $148,100 | $14,810 | $133,290 | $842 | $75 | $143 | $0 | $1,060 |
| White Tank Foothills | 54 | 5 | 5/3 | 2/2 | 2,285 | $172,900 | $76 | $15,100 | $157,800 | $15,780 | $142,020 | $898 | $75 | $151 | $0 | $1,124 |
| 6,000 | | 1.7 | | | | | | | | | | | | | | |
| **Trailhead** | 80 | Jan-07 | 4/3.5/L | 2/3 | 3,397 | $293,900 | $87 | $0 | $293,900 | $29,390 | $264,510 | $1,672 | $75 | $294 | $0 | $2,041 |
| Pulte | 49 | 1.5 | 5/4.5/D/L | 2/3 | 3,938 | $312,900 | $79 | $0 | $312,900 | $31,290 | $281,610 | $1,780 | $75 | $313 | $0 | $2,168 |
| White Tank Foothills | 31 | 0 | 6/4.5/D/L | 2/3 | 4,223 | $331,900 | $79 | $0 | $331,900 | $33,190 | $298,710 | $1,888 | $75 | $332 | $0 | $2,295 |
| 9,450 | | 0.0 | | | | | | | | | | | | | | |

| Cortessa/ White Tank Foothills Sales Summary: | | |
|---|---|---|
| **Total Units Planned:** | **1,604** | **1.7** |
| **Total Units Sold:** | **923** | **1.8** |
| **Total Unsold Units:** | **681** | **Median Sls.** |

| Cortessa/ White Tank Foothills Unit Size & Pricing Summary: | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MIN** | **1,457** | **$130,900** | **$54** | **$0** | **$120,900** | **$12,090** | **$108,810** | **$688** | **$60** | **$109** | **$0** | **$911** |
| **MAX** | **6,910** | **$459,950** | **$92** | **$30,000** | **$449,950** | **$44,995** | **$404,955** | **$2,560** | **$129** | **$479** | **$0** | **$3,114** |
| **MED** | **2,805** | **$204,425** | **$78** | **$10,000** | **$194,220** | **$19,422** | **$174,798** | **$1,105** | **$75** | **$208** | **$0** | **$1,401** |
| **AVG** | **2,939** | **$217,819** | **$76** | **$10,769** | **$207,049** | **$20,705** | **$186,344** | **$1,178** | **$87** | **$213** | **$0** | **$1,478** |

Source: Hanley Wood

SULLIVAN group
Analysis Answers

**Exhibit II-21B**
**FLOORPLAN SUMMARY OF VISTANCIA**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name<br>Builder<br>Community<br>Typical Lot Size | Planned<br>Sold<br>Remain | Open Date<br>SIs/ Mo.<br>3 mo. Sales. | Floorplan Details<br>Bed/<br>Bath | Floors/<br>Parking | Home<br>Size (SF) | Base<br>Price $ | Base<br>$/SF | Buyer<br>Incentives | Net<br>Base Price | 10%<br>Down<br>Payment | Loan<br>Amount | Mortgage<br>Payment | HOA | Base<br>Tax Rate | Total<br>Monthly<br>Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Acacia Grove - Colony Series** | 170 | Oct-06 | 3/2 | 2/2 | 1,303 | $138,950 | $107 | $5,000 | $133,950 | $13,395 | $120,555 | $1,015 | $200 | $111 | $1,015 |
| Trend Homes | 5 | 0.1 | 3/2.5 | 2/2 | 1,346 | $139,950 | $104 | $5,000 | $134,950 | $13,495 | $121,455 | $1,022 | $200 | $112 | $1,022 |
| Peoria (Vistancia) | 165 | 2 | 3/2.5/D | 3/2 | 2,050 | $165,950 | $81 | $5,000 | $160,950 | $16,095 | $144,855 | $1,179 | $200 | $133 | $1,179 |
| (On Hold) | | 0.7 | 3/2.5 | 3/2 | 2,182 | $172,950 | $79 | $5,000 | $167,950 | $16,795 | $151,155 | $1,221 | $200 | $138 | $1,221 |
| **Acacia Grove - Cottage Series** | 187 | Oct-06 | 3/2.5 | 2/2 | 1,618 | $161,950 | $100 | $5,000 | $156,950 | $15,695 | $141,255 | $1,155 | $200 | $130 | $1,155 |
| Trend Homes | 9 | 0.3 | 3/2.5 | 2/2 | 1,780 | $165,950 | $93 | $5,000 | $160,950 | $16,095 | $144,855 | $1,179 | $200 | $133 | $1,179 |
| Peoria (Vistancia) | 178 | 3 | 3/2.5/L | 2/2 | 1,843 | $172,950 | $94 | $5,000 | $167,950 | $16,795 | $151,155 | $1,221 | $200 | $138 | $1,221 |
| 45' x 90' (4,050 SF) | | 1.0 | | | | | | | | | | | | | |
| (Will Re-Open in November) | | | | | | | | | | | | | | | |
| **Acacia Grove - Villa Series** | 141 | Oct-06 | 3/2.5 | 2/2 | 2,141 | $179,950 | $84 | $5,000 | $174,950 | $17,495 | $157,455 | $1,264 | $200 | $144 | $1,264 |
| Trend Homes | 4 | 0.1 | 3/2.5 | 2/2 | 2,168 | $181,950 | $84 | $5,000 | $176,950 | $17,695 | $159,255 | $1,276 | $200 | $146 | $1,276 |
| Peoria (Vistancia) | 137 | 1 | 3/2.5/D | 2/2 | 2,287 | $184,950 | $81 | $5,000 | $179,950 | $17,995 | $161,955 | $1,294 | $200 | $148 | $1,294 |
| 45' x 90' (4,050 SF) | | 0.3 | 3/2.5/L/D | 2/3 | 2,544 | $195,950 | $77 | $5,000 | $190,950 | $19,095 | $171,855 | $1,361 | $200 | $157 | $1,361 |
| (On Hold) | | | | | | | | | | | | | | | |
| **Altavista at Vistancia** | 52 | Nov-06 | 3/2.5/D | 1/2 | 2,741 | $339,900 | $124 | $10,000 | $329,900 | $32,990 | $296,910 | $2,136 | $118 | $283 | $2,136 |
| TW Lewis Co. | 25 | 0.7 | 4/2.5 | 1/3 | 2,804 | $345,000 | $123 | $10,000 | $335,000 | $33,500 | $301,500 | $2,167 | $118 | $288 | $2,167 |
| Peoria (Vistancia) | 27 | 8 | 4/2.5 | 1/3 | 2,874 | $364,000 | $127 | $10,000 | $354,000 | $35,400 | $318,600 | $2,283 | $118 | $303 | $2,283 |
| 70' x 130' (9,100 SF) | | 2.7 | 3/2.5/D | 1/3 | 3,119 | $374,000 | $120 | $10,000 | $364,000 | $36,400 | $327,600 | $2,344 | $118 | $312 | $2,344 |
| | | | 5/3 | 2/3 | 3,923 | $399,000 | $102 | $10,000 | $389,000 | $38,900 | $350,100 | $2,496 | $118 | $333 | $2,496 |
| | | | 4/2.5/D | 2/3 | 4,008 | $419,000 | $105 | $10,000 | $409,000 | $40,900 | $368,100 | $2,618 | $118 | $349 | $2,618 |
| **Cachet Homes at Blackstone** | 34 | Feb-06 | 4/3.5/D | 1/3 | 3,984 | $749,900 | $188 | $0 | $749,900 | $74,990 | $674,910 | $4,718 | $150 | $625 | $4,718 |
| Cachet Homes | 6 | 0.1 | 4/3.5 | 1/4 | 4,008 | $759,900 | $190 | $0 | $759,900 | $75,990 | $683,910 | $4,779 | $150 | $633 | $4,779 |
| Peoria (Vistancia) | 28 | 0 | 3/2.5/D | 3 | 4,196 | $799,900 | $191 | $0 | $799,900 | $79,990 | $719,910 | $5,022 | $150 | $667 | $5,022 |
| 100' x 140' (14,000 SF) | | 0.0 | 4/3.5/D | 1/4 | 4,490 | $839,900 | $187 | $0 | $839,900 | $83,990 | $755,910 | $5,266 | $150 | $700 | $5,266 |
| **Camelot at Blackstone** | 67 | Mar-07 | 3/2.5 | 1/3 | 3,233 | $629,900 | $195 | $10,000 | $619,900 | $61,990 | $557,910 | $3,897 | $113 | $525 | $3,897 |
| Camelot Homes | 0 | 0.0 | 3/3.5/D | 1/3 | 3,885 | $659,900 | $170 | $10,000 | $649,900 | $64,990 | $584,910 | $4,080 | $113 | $550 | $4,080 |
| Peoria (Vistancia) | 67 | | 5/4.5 | 2/3 | 3,982 | $652,900 | $164 | $10,000 | $642,900 | $64,290 | $578,610 | $4,037 | $113 | $544 | $4,037 |
| 100' x 126' (12,600 SF) | | | 4/3.5/D | 2/3 | 4,298 | $675,900 | $157 | $10,000 | $665,900 | $66,590 | $599,310 | $4,177 | $113 | $563 | $4,177 |
| Sales Information as of 2/09 | | | 4/3.5/D | 2/3 | 4,838 | $699,990 | $145 | $10,000 | $689,990 | $68,999 | $620,991 | $4,324 | $113 | $583 | $4,324 |
| **Eagle Ridge** | 79 | Aug-06 | 3/2 | 1/2 | 1,587 | $166,990 | $105 | $5,010 | $161,980 | $16,198 | $145,782 | $1,073 | $82 | $139 | $1,073 |
| Ashton Woods Homes | 76 | 2.1 | 3/2 | 1/2 | 1,853 | $180,990 | $98 | $5,430 | $175,560 | $17,556 | $158,004 | $1,156 | $82 | $151 | $1,156 |
| Peoria (Vistancia) | 3 | 8 | 4/2.5 | 2/2 | 2,337 | $199,990 | $86 | $6,000 | $193,990 | $19,399 | $174,591 | $1,269 | $82 | $167 | $1,269 |
| 60' x 100' (6,000 SF) | | 2.7 | 4/2.5 | 2/3 | 2,517 | $234,990 | $93 | $7,050 | $227,940 | $22,794 | $205,146 | $1,476 | $82 | $196 | $1,476 |
| | | | 4/3 | 2/3 | 2,563 | $220,990 | $86 | $6,630 | $214,360 | $21,436 | $192,924 | $1,393 | $82 | $184 | $1,393 |
| **Entrada at Vistancia** | 56 | Feb-06 | 4/2.5 | 1/3 | 3,014 | $299,990 | $100 | $10,000 | $289,990 | $28,999 | $260,991 | $1,895 | $120 | $250 | $1,895 |
| Shea Homes | 39 | 1.6 | 4/3/D | 1/3 | 3,289 | $305,990 | $93 | $10,000 | $295,990 | $29,599 | $266,391 | $1,931 | $120 | $255 | $1,931 |
| Peoria (Vistancia) | 17 | | 4/3.5/D | 2/3 | 4,589 | $329,990 | $72 | $10,000 | $319,990 | $31,999 | $287,991 | $2,077 | $120 | $275 | $2,077 |
| 80' x 130' (10,400 SF) | | | | | | | | | | | | | | | |
| Sales Information as of 2/09 | | | | | | | | | | | | | | | |

Source: Hanley Wood

SULLIVAN group
Analysis Answers

**Exhibit II-21B**
**FLOORPLAN SUMMARY OF VISTANCIA**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name / Builder / Community / Typical Lot Size | Planned / Sold / Remain | Open Date / Sls/ Mo. / 3 mo. Sales. | Floorplan Details: Bed/ Bath | Floors/ Parking | Home Size (SF) | Base Price $ | Base $/SF | Buyer Incentives | Net Base Price | 10% Down Payment | Loan Amount | Mortgage Payment | HOA | Base Tax Rate | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Montecina** | 60 | Jun-04 | 3/2.5 | 1/2 | 2,960 | $409,900 | $138 | $10,000 | $399,900 | $39,990 | $359,910 | $2,562 | $118 | $342 | $2,562 |
| TW Lewis Co. | 45 | 0.7 | 3/2.5/D | 1/2 | 3,163 | $419,900 | $133 | $10,000 | $409,900 | $40,990 | $368,910 | $2,623 | $118 | $350 | $2,623 |
| Peoria (Vistancia) | 15 | 6 | 4/2.5 | 1/2 | 3,210 | $424,900 | $132 | $10,000 | $414,900 | $41,490 | $373,410 | $2,654 | $118 | $354 | $2,654 |
| 80' x 135' (9,800 SF) | | 2.0 | 4/2.5 | 1/2 | 3,233 | $432,900 | $134 | $10,000 | $422,900 | $42,290 | $380,610 | $2,702 | $118 | $361 | $2,702 |
| | | | 4/3 | 1/2 | 3,469 | $451,900 | $130 | $10,000 | $441,900 | $44,190 | $397,710 | $2,818 | $118 | $377 | $2,818 |
| | | | 3/2.5/D | 1/2 | 3,530 | $459,000 | $130 | $10,000 | $449,000 | $44,900 | $404,100 | $2,861 | $118 | $383 | $2,861 |
| **Mountain Gate** | 62 | Jan-07 | 3/2.5 | 1/2 | 1,876 | $209,990 | $112 | $5,000 | $204,990 | $20,499 | $184,491 | $1,335 | $82 | $175 | $1,335 |
| Rosewood Homes | 18 | 0.6 | 3/2.5/D | 1/2 | 2,602 | $249,990 | $96 | $5,000 | $244,990 | $24,499 | $220,491 | $1,578 | $82 | $208 | $1,578 |
| Peoria (Vistancia) | 44 | 1 | 4/2.5/D | 2/3 | 2,831 | $266,990 | $94 | $5,000 | $261,990 | $26,199 | $235,791 | $1,682 | $82 | $222 | $1,682 |
| 55' x 100' (5,760 SF) | | 0.3 | | | | | | | | | | | | | |
| **Mountain View Estates** | 171 | Feb-04 | 4/2.5 | 1/4 | 2,472 | $239,990 | $97 | $10,000 | $229,990 | $22,999 | $206,991 | $1,491 | $82 | $200 | $1,491 |
| Shea Homes | 133 | 2.7 | 3/2.5/D | 1/4 | 2,630 | $244,990 | $93 | $10,000 | $234,990 | $23,499 | $211,491 | $1,522 | $82 | $204 | $1,522 |
| Peoria (Vistancia) | 38 | | 3/2.5/D/L | 1/3 | 2,791 | $249,990 | $90 | $10,000 | $239,990 | $23,999 | $215,991 | $1,552 | $82 | $208 | $1,552 |
| 70' x 120' (8,400 SF) | | | 4/2.5/D | 1/4 | 2,825 | $256,990 | $91 | $10,000 | $246,990 | $24,699 | $222,291 | $1,595 | $82 | $214 | $1,595 |
| Sales Information as of 2/09 | | | 4/2.5/D | 1/4 | 2,921 | $258,990 | $89 | $10,000 | $248,990 | $24,899 | $224,091 | $1,607 | $82 | $216 | $1,607 |
| | | | 4/3.5 | 2/3(t) | 3,429 | $282,990 | $83 | $10,000 | $272,990 | $27,299 | $245,691 | $1,753 | $82 | $236 | $1,753 |
| | | | 5/3.5/D | 2/4 | 3,635 | $315,990 | $87 | $10,000 | $305,990 | $30,599 | $275,391 | $1,954 | $82 | $263 | $1,954 |
| | | | 5/3.5/D | 2/4 | 3,827 | $292,990 | $77 | $10,000 | $282,990 | $28,299 | $254,691 | $1,814 | $82 | $244 | $1,814 |
| | | | 6/3.5/D | 2/4 | 4,177 | $339,990 | $81 | $10,000 | $329,990 | $32,999 | $296,991 | $2,100 | $82 | $283 | $2,100 |
| | | | 4/3.5/D | 2/4(t) | 4,183 | $339,990 | $81 | $10,000 | $329,990 | $32,999 | $296,991 | $2,100 | $82 | $283 | $2,100 |
| | | | 5/3.5/D | 2/4 | 4,239 | $344,990 | $81 | $10,000 | $334,990 | $33,499 | $301,491 | $2,131 | $82 | $287 | $2,131 |
| | | | 5/4.5/D | 2/4(T) | 4,499 | $343,990 | $76 | $10,000 | $333,990 | $33,399 | $300,591 | $2,125 | $82 | $287 | $2,125 |
| | | | 4/3.5/D/L | 2/4(T) | 4,567 | $342,990 | $75 | $10,000 | $332,990 | $33,299 | $299,691 | $2,119 | $82 | $286 | $2,119 |
| | | | 6/4.5 | 2/4(T) | 5,629 | $359,990 | $64 | $10,001 | $349,989 | $34,999 | $314,990 | $2,223 | $83 | $300 | $2,223 |
| **Stoneridge** | 184 | Mar-04 | 3/2 | 1/2 | 1,601 | $169,900 | $106 | $4,000 | $165,900 | $16,590 | $149,310 | $1,096 | $82 | $142 | $1,096 |
| Maracay Homes | 176 | 2.7 | 3/2/D | 1/2 | 1,633 | $171,900 | $105 | $4,000 | $167,900 | $16,790 | $151,110 | $1,108 | $82 | $143 | $1,108 |
| Peoria (Vistancia) | 8 | 8 | 3/2/D | 1/2 | 1,762 | $182,900 | $104 | $4,000 | $178,900 | $17,890 | $161,010 | $1,175 | $82 | $152 | $1,175 |
| 53' x 115' (6,905 SF) | | 2.7 | 3/2/D | 1/2 | 1,984 | $198,500 | $100 | $4,000 | $194,500 | $19,450 | $175,050 | $1,270 | $82 | $165 | $1,270 |
| | | | 4/2.5/D | 2/2 | 2,347 | $217,900 | $93 | $4,000 | $213,900 | $21,390 | $192,510 | $1,388 | $82 | $182 | $1,388 |
| | | | 3/2.5/D | 2/2 | 2,662 | $244,900 | $92 | $4,000 | $240,900 | $24,090 | $216,810 | $1,553 | $82 | $204 | $1,553 |
| | | | 3/2.5/D | 2/2 | 2,774 | $251,900 | $91 | $4,000 | $247,900 | $24,790 | $223,110 | $1,595 | $82 | $210 | $1,595 |
| **TW Lewis at Blackstone** | 50 | Sep-06 | 3/2.5 | 1/2 | 3,004 | $445,900 | $148 | $10,000 | $435,900 | $43,590 | $392,310 | $2,813 | $150 | $372 | $2,813 |
| TW Lewis Co. | 26 | 0.7 | 3/2.5 | 1/2 | 3,029 | $449,900 | $149 | $10,000 | $439,900 | $43,990 | $395,910 | $2,838 | $150 | $375 | $2,838 |
| Peoria (Vistancia) | 24 | 3 | 3/2.5 | 1/2 | 3,198 | $479,900 | $150 | $10,000 | $469,900 | $46,990 | $422,910 | $3,021 | $150 | $400 | $3,021 |
| 100' x 115' (11,500 SF) | | 1.0 | 3/2.5/D | 1/2 | 3,216 | $491,900 | $153 | $10,000 | $481,900 | $48,190 | $433,710 | $3,094 | $150 | $410 | $3,094 |
| | | | 3/2.5/D | 1/2 | 3,266 | $496,900 | $152 | $10,000 | $486,900 | $48,690 | $438,210 | $3,124 | $150 | $414 | $3,124 |
| | | | 4/3 | 1/2 | 3,469 | $511,900 | $148 | $10,000 | $501,900 | $50,190 | $451,710 | $3,216 | $150 | $427 | $3,216 |
| | | | 4/2.5 | 1/2 | 3,511 | $503,900 | $144 | $10,000 | $493,900 | $49,390 | $444,510 | $3,167 | $150 | $420 | $3,167 |
| | | | 3/2.5/D | 1/3 | 3,530 | $519,900 | $147 | $10,000 | $509,900 | $50,990 | $458,910 | $3,264 | $150 | $433 | $3,264 |

| Vistancia Sales Summary: | | |
|---|---|---|
| **Total Units Planned:** | **1,313** | **Avg. Sls/Mo.** |
| **Total Units Sold:** | **562** | **0.7** |
| **Total Unsold Units:** | **751** | **Past 3 Mo. Rate** |
| | | **3.0** |

| Vistancia Unit Size & Pricing Summary: | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **MIN** | **1,303** | **$138,950** | **$64** | **$0** | **$133,950** | **$13,395** | **$120,555** | **$1,015** | **$82** | **$111** | **$1,015** |
| **MAX** | **5,629** | **$839,900** | **$195** | **$10,001** | **$839,900** | **$83,990** | **$755,910** | **$5,266** | **$200** | **$700** | **$5,266** |
| **MED** | **3,009** | **$322,990** | **$101** | **$10,000** | **$312,990** | **$31,299** | **$281,691** | **$2,016** | **$118** | **$269** | **$2,016** |
| **AVG** | **3,043** | **$352,623** | **$113** | **$7,613** | **$345,011** | **$34,501** | **$310,510** | **$2,228** | **$121** | **$293** | **$2,228** |

Source: Hanley Wood

SULLIVAN > group
Analysis. Answers

**Exhibit II-21C**
**FLOORPLAN SUMMARY OF VERRADO MASTER PLAN**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name / Builder / Community / Typical Lot Size | Planned / Sold / Remain | Open Date / SIs/ Mo. / 3 mo. Sales. / 3 mo SIs/Mo. | Floorplan Details: Bed/ Bath | Floors/ Parking | Home Size (SF) | Base Price $ | Base $/SF | Buyer Incentives | Net Base Price | 10% Down Payment | Loan Amount | Mortgage Payment | HOA | Base Tax Rate | CFD/ Special Assess. | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Park View Square** | 72 | Apr-06 | 2/2.5 | 2/2 | 1,288 | $132,900 | $103 | $7,310 | $125,591 | $12,559 | $113,031 | $714 | $136 | $138 | $54 | $1,043 |
| Centex Homes | 70 | 1.7 | 3/2.5 | 2/2 | 1,390 | $145,900 | $105 | $8,025 | $137,876 | $13,788 | $124,088 | $784 | $136 | $152 | $54 | $1,127 |
| Buckeye (Verrado) | 2 | 3 | 3/2.5 | 2/2 | 1,642 | $158,900 | $97 | $8,740 | $150,161 | $15,016 | $135,144 | $854 | $136 | $166 | $54 | $1,210 |
| 32' x 71' (2,272 SF) | | 1.0 | 3/3.5 | 3/2 | 1,743 | $177,900 | $102 | $9,785 | $168,116 | $16,812 | $151,304 | $956 | $136 | $185 | $54 | $1,332 |
| **Madison Park** | 111 | Mar-07 | 2/2+D | 1/2 | 1,308 | $149,990 | $115 | $15,000 | $134,990 | $13,499 | $121,491 | $768 | $138 | $150 | $54 | $1,110 |
| Ashton Woods Homes | 35 | 1.2 | 3/2 | 1/2 | 1,575 | $167,990 | $107 | $15,000 | $152,990 | $15,299 | $137,691 | $870 | $138 | $168 | $54 | $1,231 |
| Buckeye (Verrado) | 76 | 9 | 4/3 | 2/2 | 1,888 | $180,990 | $96 | $15,000 | $165,990 | $16,599 | $149,391 | $944 | $138 | $181 | $54 | $1,318 |
| 45' x 120' (5,400 SF) | | 3.0 | 4/3 | 2/2 | 2,245 | $195,990 | $87 | $15,000 | $180,990 | $18,099 | $162,891 | $1,030 | $138 | $196 | $54 | $1,418 |
| | | | 2/2+D | 1/2 | 2,368 | $189,990 | $80 | $15,000 | $174,990 | $17,499 | $157,491 | $995 | $138 | $190 | $54 | $1,378 |
| **Main Street Promenade** | 61 | Jan-04 | 3/2.5 | 2/2 | 1,735 | SOLD OUT | | | | | | | | | | |
| Frank Residential Homes | 58 | 0.9 | 3/2.5 | 2/2 | 1,891 | SOLD OUT | | | | | | | | | | |
| Buckeye (Verrado) | 3 | 2 | 3/2.5 | 2/3 | 2,203 | $209,990 | $95 | $0 | $209,990 | $20,999 | $188,991 | $1,195 | $202 | $175 | $54 | $1,626 |
| 29' x 120' (3,480 SF) | | 0.7 | | | | | | | | | | | | | | |
| **Summit Collection** | 29 | May-08 | 4/3 | 1/3 | 3,150 | $444,900 | $141 | $0 | $444,900 | $44,490 | $400,410 | $2,531 | $136 | $445 | $54 | $3,166 |
| Cachet Homes | 3 | 1 | 4/3 | 1/3 | 3,195 | $464,900 | $146 | $0 | $464,900 | $46,490 | $418,410 | $2,645 | $136 | $465 | $54 | $3,300 |
| Buckeye (Verrado) | 26 | 3 | 4/2.5 | 1/3 | 3,416 | $484,900 | $142 | $0 | $484,900 | $48,490 | $436,410 | $2,758 | $136 | $485 | $54 | $3,434 |
| 90' x 130' (11,700 SF) | | 1.0 | 4/3.5 | 2/3 | 3,785 | $504,900 | $133 | $0 | $504,900 | $50,490 | $454,410 | $2,872 | $136 | $505 | $54 | $3,567 |
| | | | 6/4 | 2/3 | 4,021 | $529,900 | $132 | $0 | $529,900 | $52,990 | $476,910 | $3,014 | $136 | $530 | $54 | $3,735 |
| | | | 4/2.5+D | 2/3 | 4,426 | $539,900 | $122 | $0 | $539,900 | $53,990 | $485,910 | $3,071 | $136 | $540 | $54 | $3,802 |
| **Monterrey at Verrado** | 50 | Jun-09 | 4/3 | 2/3 | 1,902 | $190,900 | $100 | $9,545 | $181,355 | $18,136 | $163,220 | $1,032 | $137 | $191 | $54 | $1,414 |
| Monterrey Homes (Meritage) | 12 | 3.7 | 4/2 | 1/2 | 2,233 | $210,900 | $94 | $10,545 | $200,355 | $20,036 | $180,320 | $1,140 | $137 | $211 | $54 | $1,542 |
| Buckeye (Verrado) | 38 | 11 | 4/2 | 1/2 | 2,770 | $230,900 | $83 | $11,545 | $219,355 | $21,936 | $197,420 | $1,248 | $137 | $231 | $54 | $1,670 |
| 70' x 130' (9,100 SF) | | | | | | | | | | | | | | | | |

| Verrado Sales Summary: | | |
|---|---|---|
| **Total Units Planned:** | **323** | **1.1** |
| **Total Units Sold:** | **178** | **3.0** |
| **Total Unsold Units:** | **145** | **Median SIs.** |

| Verrado Unit Size & Pricing Summary: | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Minimum:** | **1,288** | **$132,900** | **$80** | **$0** | **$125,591** | **$12,559** | **$113,031** | **$714** | **$136** | **$138** | **$54** | **$1,043** |
| **Maximum:** | **4,426** | **$539,900** | **$146** | **$15,000** | **$539,900** | **$53,990** | **$485,910** | **$3,071** | **$202** | **$540** | **$54** | **$3,802** |
| **Median:** | **2,203** | **$195,990** | **$103** | **$8,740** | **$181,355** | **$18,136** | **$163,220** | **$1,032** | **$136** | **$191** | **$54** | **$1,418** |
| **Average:** | **2,389** | **$279,613** | **$110** | **$7,394** | **$272,218** | **$27,222** | **$244,996** | **$1,549** | **$140** | **$279** | **$54** | **$2,022** |

Source: Hanley Wood

SULLIVAN group
Analysis Answers

**Exhibit II-21D**
**FLOORPLAN SUMMARY OF TARTESSO MASTERPLAN**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name / Builder / Community / Typical Lot Size | Planned / Sold / Remain | Open Date / Sls/ Mo. / 3 mo. Sales. / 3 mo Sls/Mo. | Unit: Bed/ Bath | Floors/ Parking | Home Size (SF) | Base Price $ | Base $/SF | Buyer Incentives | Net Base Price | 10% Down Payment | Loan Amount | Mortgage Payment | HOA | Base Tax Rate | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Alegre** | 242 | Dec-05 | 3/2 | 1/2 | 1,296 | $119,990 | $93 | $10,000 | $109,990 | $10,999 | $98,991 | $578 | $55 | $130 | $763 |
| Atreus (Home Life Communities) | 70 | 1.6 | 3/2/D | 1/2 | 1,391 | $135,990 | $98 | $10,000 | $125,990 | $12,599 | $113,391 | $662 | $55 | $147 | $865 |
| Buckeye (Tartesso) | 172 | 2 | 3/2 | 1/2 | 1,392 | $155,990 | $112 | $10,000 | $145,990 | $14,599 | $131,391 | $768 | $55 | $169 | $992 |
| 48' x 120' (5,760 SF) | | 0.7 | 4/2 | 1/2 | 1,599 | $165,990 | $104 | $10,000 | $155,990 | $15,599 | $140,391 | $820 | $55 | $180 | $1,055 |
| | | | 4/2 | 1/2 | 1,726 | $169,990 | $98 | $10,000 | $159,990 | $15,999 | $143,991 | $841 | $55 | $184 | $1,080 |
| | | | 4/2.5 | 2/2 | 1,836 | $145,990 | $80 | $10,000 | $135,990 | $13,599 | $122,391 | $715 | $55 | $158 | $928 |
| | | | 4/2 | 1/2 | 1,908 | $175,990 | $92 | $10,000 | $165,990 | $16,599 | $149,391 | $873 | $55 | $191 | $1,118 |
| | | | 4/2.5 | 2/2 | 2,011 | $149,990 | $75 | $10,000 | $139,990 | $13,999 | $125,991 | $736 | $55 | $162 | $954 |
| | | | 4/2.5 | 2/2 | 2,090 | $154,990 | $74 | $10,000 | $144,990 | $14,499 | $130,491 | $762 | $55 | $168 | $985 |
| | | | 4/2.5 | 2/2 | 2,316 | $189,990 | $82 | $10,000 | $179,990 | $17,999 | $161,991 | $946 | $55 | $206 | $1,207 |
| | | | 4/2.5/D | 2/2 | 2,332 | $159,990 | $69 | $10,000 | $149,990 | $14,999 | $134,991 | $789 | $55 | $173 | $1,017 |
| | | | 5/2.5 | 2/3 | 2,530 | $199,990 | $79 | $10,000 | $189,990 | $18,999 | $170,991 | $999 | $55 | $217 | $1,271 |
| | | | 5/2.5/D | 2/2 | 2,675 | $169,990 | $64 | $10,000 | $159,990 | $15,999 | $143,991 | $841 | $55 | $184 | $1,080 |
| **Heritage** | 200 | Oct-05 | 4/4/D | 2/3 | 4,071 | $197,000 | $48 | $0 | $197,000 | $19,700 | $177,300 | $1,036 | $59 | $213 | $1,308 |
| Pulte | 199 | 4.3 | | | | | | | | | | | | | |
| Buckeye (Tartesso) | 1 | 0 | | | | | | | | | | | | | |
| 58' x 120' (7,875 SF) | | 0.0 | | | | | | | | | | | | | |
| **Sienna** | 285 | Dec-05 | 4/2 | 1/2 | 2,016 | $175,990 | $87 | $0 | $175,990 | $17,599 | $158,391 | $925 | $55 | $191 | $1,171 |
| Atreus (Home Life Communities) | 65 | 1.4 | 4/2 | 1/3 | 2,175 | $179,990 | $83 | $0 | $179,990 | $17,999 | $161,991 | $946 | $55 | $195 | $1,196 |
| Buckeye (Tartesso) | 220 | 8 | 4/2 | 1/3 | 2,418 | $189,990 | $79 | $0 | $189,990 | $18,999 | $170,991 | $999 | $55 | $206 | $1,260 |
| 58' x x120' (6,960 SF) | | 2.7 | 5/2.5 | 2/3 | 2,649 | $205,990 | $78 | $0 | $205,990 | $20,599 | $185,391 | $1,083 | $55 | $223 | $1,361 |
| *Pricing Estimated* | | | 4/2.5 | 2/3 | 2,921 | $210,990 | $72 | $0 | $210,990 | $21,099 | $189,891 | $1,109 | $55 | $229 | $1,393 |
| | | | 6/3.5 | 2/3 | 3,530 | $224,990 | $64 | $0 | $224,990 | $22,499 | $202,491 | $1,183 | $55 | $244 | $1,482 |
| **Tartesso Dorado** | 250 | Dec-05 | 3/2 | 1/2 | 1,138 | $162,950 | $143 | $0 | $162,950 | $16,295 | $146,655 | $857 | $58 | $177 | $1,091 |
| Elliot Homes | 30 | 0.7 | 3/2 | 1/2 | 1,329 | $172,950 | $130 | $0 | $172,950 | $17,295 | $155,655 | $909 | $58 | $187 | $1,155 |
| Buckeye (Tartesso) | 220 | 2 | 4/2 | 1/2 | 1,578 | $177,950 | $113 | $0 | $177,950 | $17,795 | $160,155 | $936 | $58 | $193 | $1,186 |
| 48' x 120' (5,760 SF) | | 0.7 | 4/3 | 2/2 | 1,825 | $195,950 | $107 | $0 | $195,950 | $19,595 | $176,355 | $1,030 | $58 | $212 | $1,301 |
| **Tartesso Select** | 156 | Dec-05 | 3/2 | 1/2 | 1,600 | $150,000 | $94 | $8,000 | $142,000 | $14,200 | $127,800 | $747 | $58 | $163 | $967 |
| Elliot Homes | 19 | 0.4 | 4/2 | 1/2 | 1,858 | $150,000 | $81 | $0 | $150,000 | $15,000 | $135,000 | $789 | $58 | $163 | $1,009 |
| Buckeye (Tartesso) | 137 | 3 | 3/2 | 1/2 | 2,125 | $170,000 | $80 | $0 | $170,000 | $17,000 | $153,000 | $894 | $58 | $184 | $1,136 |
| 58' x 120' (6,960 SF) | | 1.0 | 5/3 | 2/2 | 2,467 | $160,000 | $65 | $0 | $160,000 | $16,000 | $144,000 | $841 | $58 | $173 | $1,073 |
| | | | 5/3 | 2/2 | 2,626 | $190,000 | $72 | $0 | $190,000 | $19,000 | $171,000 | $999 | $58 | $206 | $1,263 |
| **Trend Homes/ Ibiza** | 77 | Mar-06 | 4/2 | 1/2 | 2,158 | $199,950 | $93 | $5,999 | $193,952 | $19,395 | $174,556 | $1,020 | $69 | $217 | $1,305 |
| Trend Homes | 46 | 1.1 | 3/2.5/D | 2/2 | 2,287 | $154,950 | $68 | $4,649 | $150,302 | $15,030 | $135,271 | $790 | $69 | $168 | $1,027 |
| Buckeye (Tartesso) | 31 | 1 | 4/2.5/D | 2/2 | 3,173 | $188,950 | $60 | $5,669 | $183,282 | $18,328 | $164,953 | $964 | $69 | $205 | $1,237 |
| 53' x 125' (6,625 SF) | | 0.3 | | | | | | | | | | | | | |
| **Trend Homes/ Kassandra** | 353 | Apr-06 | 3/2.5/D | 2/2 | 2,287 | $154,950 | $68 | $4,649 | $150,302 | $15,030 | $135,271 | $790 | $69 | $168 | $1,027 |
| Trend Homes | 99 | 2.4 | 4/2.5/D | 2/2 | 3,173 | $188,950 | $60 | $5,669 | $183,282 | $18,328 | $164,953 | $964 | $69 | $205 | $1,237 |
| Buckeye (Tartesso) | 254 | 5 | | | | | | | | | | | | | |
| 43' x 120' (5,160 SF) | | 1.7 | | | | | | | | | | | | | |

Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-21D**
**FLOORPLAN SUMMARY OF TARTESSO MASTERPLAN**
**Phoenix MSA, Arizona**
**September, 2009**

| Project Name / Builder / Community / Typical Lot Size | Planned / Sold / Remain | Open Date / Sls/ Mo. / 3 mo. Sales. / 3 mo Sls/Mo. | Unit Bed/ Bath | Floors/ Parking | Home Size (SF) | Base Price $ | Base $/SF | Buyer Incentives | Net Base Price | 10% Down Payment | Loan Amount | Mortgage Payment | HOA | Base Tax Rate | Total Monthly Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Trend Homes/ Mallorca** | 327 | May-06 | 3/2 | 1/2 | 1,095 | $113,950 | $104 | $3,419 | $110,532 | $11,053 | $99,478 | $581 | $69 | $123 | $774 |
| Trend Homes | 84 | 2.1 | 3/2 | 1/2 | 1,351 | $123,950 | $92 | $3,719 | $120,232 | $12,023 | $108,208 | $632 | $69 | $134 | $835 |
| Buckeye (Tartesso) | 243 | 6 | 3/2/D | 1/2 | 1,670 | $135,950 | $81 | $4,079 | $131,872 | $13,187 | $118,684 | $693 | $69 | $147 | $910 |
| 48' x 125' (5,160 SF) | | 2.0 | | | | | | | | | | | | | |
| **Trend Homes/ Menorca** | 206 | Mar-06 | 4/3.5/D | 2/3 | 4,602 | $269,950 | $59 | $8,099 | $261,852 | $26,185 | $235,666 | $1,377 | $69 | $292 | $1,738 |
| Trend Homes | 40 | 0.9 | | | | | | | | | | | | | |
| Buckeye (Tartesso) | 166 | 0 | | | | | | | | | | | | | |
| 58' x 128' (6,625 SF) | | 0.0 | | | | | | | | | | | | | |

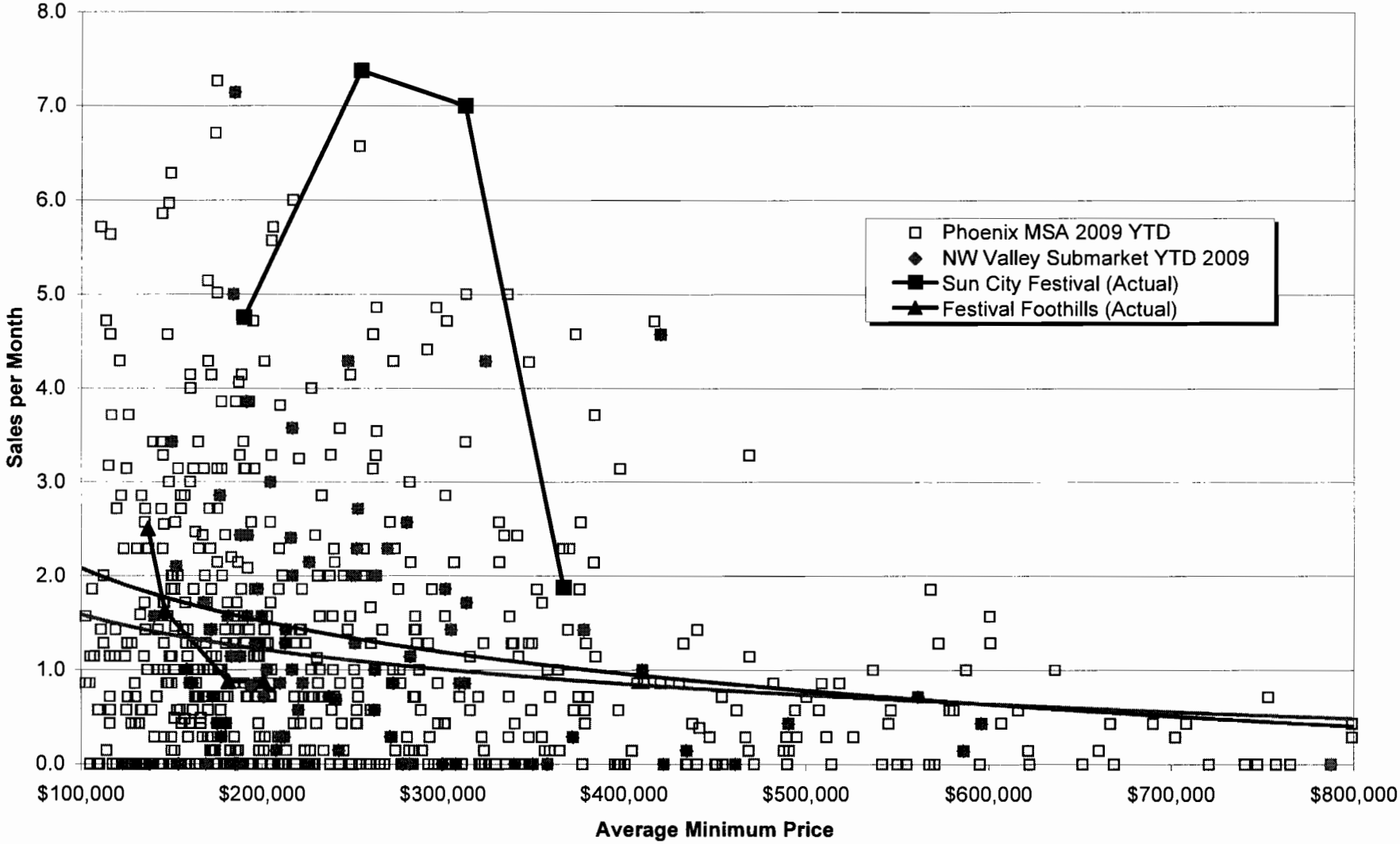
| Tartesso Sales Summary: | | |
|---|---|---|
| **Total Units Planned:** | **2,096** | **Avg. Sls/Mo.** |
| **Total Units Sold:** | **652** | **1.4** |
| **Total Unsold Units:** | **1,444** | **Past 3 Mo. Rate** |
| | | **0.7** |

| Tartesso Unit Size & Pricing Summary: | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **MIN** | **1,095** | **$113,950** | **$48** | **$0** | **$109,990** | **$10,999** | **$98,991** | **$578** | **$55** | **$123** | **$763** |
| **MAX** | **4,602** | **$269,950** | **$143** | **$10,000** | **$261,852** | **$26,185** | **$235,666** | **$1,377** | **$69** | **$292** | **$1,738** |
| **MED** | **2,108** | **$169,995** | **$80** | **$4,649** | **$164,470** | **$16,447** | **$148,023** | **$865** | **$57** | **$184** | **$1,105** |
| **AVG** | **2,190** | **$172,136** | **$84** | **$4,841** | **$167,295** | **$16,730** | **$150,566** | **$880** | **$59** | **$186** | **$1,125** |

Source: Hanley Wood

SULLIVAN group
Analysis. Answers.

**Exhibit II-22**
**ELASTICITY OF DEMAND: YTD SALES RATES**
**Phoenix MSA**




Source: Hanley Wood

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STANDARD
&POOR'S

One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5000
reference no.: 1096221

Festival Ranch Community Facilities District
1101 E. Ash Avenue
Buckeye, AZ 85326
Attention: Ms. Gail Reese, District Treasurer

Re: ***US$7,600,000 Festival Ranch Community Facilities District, Arizona, District General Obligation Bonds, Series 2009, dated: Date of Delivery, due: July 15, 2034***

Dear Ms. Reese:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions,* have 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.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on

CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

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Sincerely yours,

Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business

vb
enclosures
cc: Mr. Mark Reader, Managing Director
Stone & Youngberg LLC

STANDARD
&POOR'S

**Standard & Poor's Ratings Services**
**Terms and Conditions**
**Applicable To**
**U.S. Public Finance Ratings**

Request for a rating. Standard & Poor's issues public finance ratings for a fee upon request from an issuer, or from an underwriter, financial advisor, investor, insurance company, or other entity, provided that the obligor and issuer (if different from the obligor) each has knowledge of the request. The term "issuer/obligor" in these Terms and Conditions means the issuer and the obligor if the obligor is different from the issuer.

Agreement to Accept Terms and Conditions. Standard & Poor's assigns Public Finance ratings subject to the terms and conditions stated herein and in the rating letter. The issuer/obligor's use of a Standard & Poor's public finance rating constitutes agreement to comply in all respects with the terms and conditions contained herein and in the rating letter and acknowledges the issuer/obligor's understanding of the scope and limitations of the Standard & Poor's rating as stated herein and in the rating letter.

Fees and expenses. In consideration of our analytic review and issuance of the rating, the issuer/obligor agrees to pay Standard & Poor's a rating fee. Payment of the fee is not conditioned on Standard & Poor's issuance of any particular rating. In most cases an annual surveillance fee will be charged for so long as we maintain the rating. The issuer/obligor will reimburse Standard & Poor's for reasonable travel and legal expenses if such expenses are not included in the fee. Should the rating not be issued, the issuer/obligor agrees to compensate Standard & Poor's based on the time, effort, and charges incurred through the date upon which it is determined that the rating will not be issued.

Scope of Rating. The issuer/obligor understands and agrees that (i) an issuer rating reflects Standard & Poor's current opinion of the issuer/obligor's overall financial capacity to pay its financial obligations as they come due, (ii) an issue rating reflects Standard & Poor's current opinion of the likelihood that the issuer/obligor will make payments of principal and interest on a timely basis in accordance with the terms of the obligation, (iii) a rating is an opinion and is not a verifiable statement of fact, (iv) ratings are based on information supplied to Standard & Poor's by the issuer/obligor or by its agents and upon other information obtained by Standard & Poor's from other sources it considers reliable, (v) Standard & Poor's does not perform an audit in connection with any rating and a rating does not represent an audit by Standard & Poor's, (vi) Standard & Poor's relies on the issuer/obligor, its accountants, counsel, and other experts for the accuracy and completeness of the information submitted in connection with the rating and surveillance process, (vii) Standard & Poor's undertakes no duty of due diligence or independent verification of any information, (viii) Standard & Poor's does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information, (ix) Standard & Poor's may raise, lower, suspend, place on CreditWatch, or withdraw a rating at any time, in Standard & Poor's sole discretion, and (x) a rating is not a "market" rating nor a recommendation to buy, hold, or sell any financial obligation.

Publication. Standard & Poor's reserves the right to publish, disseminate, or license others to publish or disseminate the rating and the rationale for the rating unless the issuer/obligor specifically requests that the rating be assigned and maintained on a confidential basis. If a confidential rating subsequently becomes public through disclosure by the issuer/obligor or a third party other than Standard & Poor's, Standard & Poor's reserves the right to publish it. Standard & Poor's may publish explanations of Standard & Poor's ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Standard & Poor's ability to modify or refine Standard & Poor's criteria at any time as Standard & Poor's deems appropriate.

Information to be Provided by the Issuer/obligor. The issuer/obligor shall meet with Standard & Poor's for an analytic review at any reasonable time Standard & Poor's requests. The issuer/obligor also agrees to provide Standard & Poor's promptly with all information relevant to the rating and surveillance of the rating including information on material changes to information previously supplied to Standard & Poor's. The rating may be affected by Standard & Poor's opinion of the accuracy, completeness, timeliness, and reliability of information received from the issuer/obligor or its agents. Standard & Poor's undertakes no duty of due diligence or independent verification of

information provided by the issuer/obligor or its agents. Standard & Poor's reserves the right to withdraw the rating if the issuer/obligor or its agents fails to provide Standard & Poor's with accurate, complete, timely, or reliable information.

Standard & Poor's Not an Advisor, Fiduciary, or Expert. The issuer/obligor understands and agrees that Standard & Poor's is not acting as an investment, financial, or other advisor to the issuer/obligor and that the issuer/obligor should not and cannot rely upon the rating or any other information provided by Standard & Poor's as investment or financial advice. Nothing in this Agreement is intended to or should be construed as creating a fiduciary relationship between Standard & Poor's and the issuer/obligor or between Standard & Poor's and recipients of the rating. The issuer/obligor understands and agrees that Standard & Poor's has not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the U.S. Securities Act of 1933.

Limitation on Damages. The issuer/obligor agrees that Standard & Poor's, its officers, directors, shareholders, and employees shall not be liable to the issuer/obligor or any other person for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the rating or the related analytic services provided for in an aggregate amount in excess of the aggregate fees paid to Standard & Poor's for the rating, except for Standard & Poor's gross negligence or willful misconduct. In no event shall Standard & Poor's, its officers, directors, shareholders, or employees be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, legal fees, or losses (including, without limitation, lost profits and opportunity costs). In furtherance and not in limitation of the foregoing, Standard & Poor's will not be liable in respect of any decisions made by the issuer/obligor or any other person as a result of the issuance of the rating or the related analytic services provided by Standard & Poor's hereunder or based on anything that appears to be advice or recommendations. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. The issuer/obligor acknowledges and agrees that Standard & Poor's does not waive any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Term. This Agreement shall terminate when the ratings are withdrawn. Notwithstanding the foregoing, the paragraphs above, "Standard & Poor's Not an Advisor, Fiduciary, or Expert" and "Limitation on Damages", shall survive the termination of this Agreement or any withdrawal of a rating.

Third Parties. Nothing in this Agreement, or the 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 the rating. No person is intended as a third party beneficiary to this Agreement or to the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Complete Agreement. This Agreement constitutes the complete agreement between the parties with respect to its subject matter. This Agreement may not be modified except in a writing signed by authorized representatives of both parties.

Governing Law. This Agreement and the rating letter shall be governed by the internal laws of the State of New York. The parties agree that the state and federal courts of New York shall be the exclusive forums for any dispute arising out of this Agreement and the parties hereby consent to the personal jurisdiction of such courts.

STANDARD
&POOR'S

One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5000
reference no.: 1084189

December 7, 2009

Festival Ranch Community Facilities District
1101 E. Ash Avenue
Buckeye, AZ 85326
Attention: Ms. Gail Reese, District Treasurer

Re: ***US$7,600,000 Festival Ranch Community Facilities District, Arizona, District General Obligation Bonds, Series 2009, dated: Date of Delivery, due: July 15, 2034***

Dear Ms. Reese:

Pursuant to your request for a Standard & Poor's confidential credit assessment on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions,* have assigned a credit assessment quality of "Low Investment Grade". This credit assessment in no sense represents a rating and should not be represented as a rating. Please let us know if you wish to have Standard & Poor's assign a full rating to the above-referenced obligations.

This confidential credit assessment is provided to you for your internal use only and can be shown only to officers, directors, managers, and employees of your organization. Such persons can be notified about the credit assessment only by providing a copy of this credit assessment letter in its entirety. All recipients of the credit assessment must agree to keep it confidential. The credit assessment will not be published by Standard & Poor's.

Standard & Poor's does not maintain surveillance on credit assessments. Recipients of the credit assessment must be notified that Standard & Poor's will not review or modify the credit assessment after the date of this letter and that a current assessment could be different.

The credit assessment is not investment, financial, or other advice and you should not and cannot rely upon the credit assessment as such. The credit assessment is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a credit assessment does not create a fiduciary relationship between us and you or between us and other recipients of the credit assessment. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The credit assessment is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the credit

assessment. This credit assessment is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. If we can be of help in any other way, please call or contact us at nypublicfinance@standardandpoors.com. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business

vb
enclosure
cc: Mr. Mark Reader, Managing Director
Stone & Youngberg LLC

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**Standard & Poor's Ratings Services**
**Terms and Conditions**
**Applicable To**
**U.S. Public Finance Credit Assessments**

Request for a credit assessment. Standard & Poor's issues credit assessments for a fee upon request from an issuer, or from an underwriter, financial advisor, investor, insurance company, or other entity, provided that the obligor and issuer (if different from the obligor) each has knowledge of the request. The term "issuer/obligor" in these Terms and Conditions means the issuer and the obligor if the obligor is different from the issuer.

Agreement to Accept Terms and Conditions. Standard & Poor's assigns credit assessments subject to the terms and conditions stated herein and in the credit assessment letter. The use of a Standard & Poor's credit assessment constitutes agreement to comply in all respects with the terms and conditions contained herein and in the credit assessment letter and acknowledges the issuer/obligor's understanding of the scope and limitations of the Standard & Poor's credit assessment as stated herein and in the credit assessment letter.

Fees and expenses. In consideration of our analytic review and assignment of a credit assessment, the issuer/obligor agrees to pay Standard & Poor's a credit assessment fee. Payment of the credit assessment fee is not conditioned on Standard & Poor's issuance of any particular credit assessment. Should the credit assessment not be assigned, the issuer/obligor agrees to compensate Standard & Poor's based on the time, effort, and charges incurred through the date upon which it is determined that the credit assessment will not be issued. The issuer/obligor will reimburse Standard & Poor's for reasonable travel and legal expenses if such expenses are not included in the fee.

Scope of Credit Assessment. The issuer/obligor understands and agrees that (i) a credit assessment is not a rating but is a broad indication of the credit strength of the obligations based on limited information, (ii) a credit assessment should not be represented as a rating, (iii) a credit assessment is an opinion and is not a verifiable statement of fact, (iv) a credit assessment is based on information supplied to Standard & Poor's by the issuer/obligor or by its agents and upon other information obtained by Standard & Poor's from other sources it considers reliable, (v) Standard & Poor's does not perform an audit in connection with any credit assessment and a credit assessment does not represent an audit by Standard & Poor's, (vi) Standard & Poor's relies on the issuer/obligor, its accountants, counsel, and other experts for the accuracy and completeness of the information submitted in connection with the credit assessment, (vii) Standard & Poor's undertakes no duty of due diligence or independent verification of any information, (viii) Standard & Poor's does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a credit assessment or the results obtained from the use of such information, and, (ix) a credit assessment is not a "market" rating nor a recommendation to buy, hold, or sell any financial obligation.

Dissemination of the Credit Assessment. The credit assessment may be disseminated only on a need to know basis and only to (i) employees, officers, directors, and managers of the issuer/obligor for internal use only, and (ii) financial advisors, investment bankers, bond insurers and others who are directly involved in assisting the issuer/obligor with the issuance of the obligations. The credit assessment may be disseminated to the above persons only in accordance with the following conditions: (a) distribution of the credit assessment must comply with any applicable law, (b) the credit assessment letter must be provided in its entirety to all recipients, including the Terms and Conditions, (c) the credit assessment letter shall not be altered or edited in any manner, (d) all recipients of the credit assessment must agree to keep it confidential, and (e) dissemination of the credit assessment shall cease if and when Standard & Poor's withdraws the credit assessment. The credit assessment will not be published by Standard & Poor's. Standard & Poor's may publish explanations of Standard & Poor's credit assessment methodology from time to time and nothing in this Agreement shall be construed as limiting Standard & Poor's ability to modify or refine Standard & Poor's methodology at any time as Standard & Poor's deems appropriate.

Additional Dissemination for Housing Credit Assessments. In addition to the dissemination permitted above, a confidential credit assessment provided for a housing agency or authority may also be disseminated on a need to know basis to employees and officials of the U.S. Department of Housing and Urban Development.

Dissemination of the Summary Analysis (if any). The summary analysis, if provided with the credit assessment, may be disseminated only as described in the immediately preceding two sections.

Information to be Provided by the Issuer/obligor. The issuer/obligor shall meet with Standard & Poor's for an analytic review at any reasonable time Standard & Poor's requests. The issuer/obligor also agrees to provide Standard & Poor's promptly with all information relevant to the credit assessment including information on material changes to information previously supplied to Standard & Poor's. The credit assessment may be affected by Standard & Poor's opinion of the accuracy, completeness, timeliness, and reliability of information received from the issuer/obligor or its agents. Standard & Poor's undertakes no duty of due diligence or independent verification of information provided by the issuer/obligor or its agents. Standard & Poor's reserves the right to withdraw the credit assessment if the issuer/obligor or its agents fails to provide Standard & Poor's with accurate, complete, timely, or reliable information.

Confidential Information. For purposes of this Agreement, "Confidential Information" shall mean information received by Standard & Poor's from the issuer/obligor which has been marked "Proprietary and Confidential" or in respect of which Standard & Poor's has received from the issuer/obligor specific written notice of its proprietary and confidential nature. Notwithstanding the foregoing, information disclosed by the issuer/obligor shall not be deemed to be Confidential Information, and Standard & Poor's shall have no obligation to treat such information as Confidential Information, if such information (i) was substantially known by Standard & Poor's at the time of such disclosure, (ii) was known to the public at the time of such disclosure, (iii) becomes known to the public (other than by Standard & Poor's act) subsequent to such disclosure, (iv) is disclosed lawfully to Standard & Poor's by a third party subsequent to such disclosure, (v) is developed independently by Standard & Poor's without reference to the Confidential Information, (vi) is approved in writing by the issuer/obligor for public disclosure, or (vii) is required by law to be disclosed by the issuer/obligor or Standard & Poor's provided that notice of such required disclosure is given to the issuer/obligor. Commencing on the date hereof, Standard & Poor's will use Confidential Information only in connection with the assignment of credit assessments and the assignment and monitoring of ratings and will not directly disclose any Confidential Information to any third party. Standard & Poor's may also use Confidential Information for research and modeling purposes provided that the Confidential Information is not presented in a way that can be directly tied to the issuer/obligor. The issuer/obligor agrees that the Confidential Information may be used to raise, lower, suspend, withdraw, place on CreditWatch, and change the Outlook assigned to any rating or to withdraw a credit assessment if the Confidential Information is not directly disclosed.

Standard & Poor's Not an Advisor, Fiduciary, or Expert. The issuer/obligor understands and agrees that Standard & Poor's is not acting as an investment, financial, or other advisor to the issuer/obligor and that the issuer/obligor should not and cannot rely upon the credit assessment or any other information provided by Standard & Poor's as investment or financial advice. Nothing in this Agreement is intended to or should be construed as creating a fiduciary relationship between Standard & Poor's and the issuer/obligor or between Standard & Poor's and recipients of the credit assessment. The issuer/obligor understands and agrees that Standard & Poor's has not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the U.S. Securities Act of 1933.

Limitation on Damages. The issuer/obligor agrees that Standard & Poor's, its officers, directors, shareholders, and employees shall not be liable to the issuer/obligor or any other person for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the credit assessment or the related analytic services provided for in an aggregate amount in excess of the aggregate fees paid to Standard & Poor's for the credit assessment, except for Standard & Poor's gross negligence or willful misconduct. In no event shall Standard & Poor's, its officers, directors, shareholders, or employees be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, legal fees, or losses (including, without limitation, lost profits and opportunity costs). In furtherance and not in limitation of the foregoing, Standard & Poor's will not be liable in respect of any decisions made by the issuer/obligor or any other person as a result of the issuance of the credit assessment or the related analytic services provided by Standard & Poor's hereunder or based on anything that appears to be advice or recommendations. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. The issuer/obligor acknowledges and agrees that Standard & Poor's does not waive any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Term. This Agreement shall terminate immediately following the dissemination of the credit assessment to the issuer/obligor. Notwithstanding the foregoing, the paragraphs above, Standard & Poor's Not an Advisor, Fiduciary, or Expert and Limitation on Damages, shall survive the termination of this Agreement.

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Third Parties. Nothing in this Agreement, or the credit assessment letter when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the credit assessment. No person is intended as a third party beneficiary to this Agreement or to the credit assessment when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Complete Agreement. This Agreement constitutes the complete agreement between the parties with respect to its subject matter. This Agreement may not be modified except in a writing signed by authorized representatives of both parties.

Governing Law. This Agreement and the credit assessment letter shall be governed by the internal laws of the State of New York. The parties agree that the state and federal courts of New York shall be the exclusive forums for any dispute arising out of this Agreement and the parties hereby consent to the personal jurisdiction of such courts.

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# Global Credit Portal
## RatingsDirect®

December 8, 2009

**Summary:**

# Festival Ranch Community Facilities General District, Arizona; General Obligation

**Primary Credit Analyst:**
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**Secondary Credit Analyst:**
Paul Dyson, San Francisco (1) 415-371-5079; paul_dyson@standardandpoors.com

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**Summary:**

# Festival Ranch Community Facilities General District, Arizona; General Obligation

**Credit Profile**

US$7.6 mil District GO bnds ser 2009 due 07/15/2034

| | | |
|---|---|---|
| *Long Term Rating* | BBB+/Stable | New |

## Rationale

Standard & Poor's Ratings Services assigned its 'BBB+' rating to Festival Ranch Community Facilities General District (town of Buckeye), Ariz.'s series 2009 district general obligation (GO) bonds. The rating reflects the district's:

- Small tax base with continued concentration in the leading taxpayer, which is the master developer;
- Early status of development, with less than a third of total infrastructure in place and approximately 17% of projected total residential units constructed and individually owned; and
- High net overall debt burden on a per capita basis, offset by a moderate debt burden as a percent of market value; however, future GO debt is planned on an annual basis as AV growth allows.

These weaknesses are mitigated by the district's:

- Strong historical tax base growth, and
- Participation in the large and diverse Phoenix MSA.

An unlimited ad valorem tax levied on all taxable property within the district secures the bonds.

Festival Ranch Community Facilities General District is a special-purpose, tax-levying public improvement district that is located in but is separate from the town of Buckeye. However, the town council and town manager serve the same roles for the district. Formed in April 2005, the 4,105-acre district is located 45 miles northwest of downtown Phoenix at the city's north edge, just off of the Sun Valley Parkway. The district was established to provide a vehicle to finance the necessary public infrastructure needed for the development of district land. At buildout, the district will be primarily single-family homes (3,190 acres), with two planned golf courses (475 acres), commercial uses (350 acres), and two planned recreation centers (75 acres) making up the remainder. Roughly speaking, the district is in an early stage of infrastructure development, with approximately 25% to 30% of planned total infrastructure improvements made. The master developer, Pulte, seeks reimbursement from the district after the improvements have been made.

The district has allowable total residential units of 14,226 parcels; however, Pulte has indicated a planned buildout of 9,000 residential units. Based on the planned unit buildout, the district is 17% developed as of Oct. 31, 2009, based on Maricopa County Assessor's office data for residential closings.

As the master developer has built and sold homes (as well as a much smaller amount of commercial property) in recent years, the district's secondary assessed value (AV) has grown by a 195% average annual rate since fiscal 2007



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to $40.5 million in fiscal 2010 (a 48% increase over the prior year). Net full cash value has increased at similar rates to $350 million in fiscal 2010. In terms of use, 63% (or 1,355 parcels) of the fiscal 2010 secondary AV came from owner-occupied residential property, and a modest 1.8% (or 42 parcels) from rental-occupied residential property. Agricultural and vacant property, almost entirely undeveloped property held by Pulte as the master developer, accounted for 19% of the total fiscal 2010 AV, with commercial property at 16%.

Leading taxpayers are concentrated, primarily in the largest taxpayer, Pulte Home Corporation, which makes up 33.5% of the fiscal 2010 secondary AV. Pulte is the master developer of the Festival Ranch mixed-use development and has prior experience developing the nearby series of Sun City active-adult (retirement) developments. Based on district management-provided information, Pulte's AV is primarily held in unbuilt land in various stages of development: "Paved lots" make up 53% of their AV, and "platted but not developed land" accounts for 32% of their total. Sun City Festival Community Association Inc. is the second-largest taxpayer at 3.6% of the total AV and includes the golf course, which is currently subsidized by Pulte and will eventually be transferred to the homeowners association. In total, the four largest taxpayers make up 38% of fiscal 2010 and there is no concentration beyond these.

The special-purpose district was established primarily as a financing vehicle and has limited operational needs. The district's policy and recent history is to levy at $3.00 per $100 of AV tax rate for property tax to support these bonds. This includes a 10% over-levy for delinquencies. The district had $646,000 in cash balances after the payments of debt service in fiscal 2009 (this is approximately three-fourths of the ongoing level debt service -- excluding higher fiscal 2010 debt prepayments). For fiscal 2010, this cash balance is estimated to be $886,000 (based on levy and current strong collection rates), which represents over one year's debt service; however, the district is planning to use a portion of these cash balances to pay down debt and its policy is to maintain a 10% of annual debt service cushion. In addition to the levy for debt service, the district levies 30 cents per $100 of AV for operations. This fund had reserves of $75,000 at the end of fiscal 2009, which were approximately 300% expenditures (representing very limited operations). District management has indicated that the town and homeowners associations will cover most municipal services; however, district management has indicated that its own expenditures would be limited to various planning and accounting services, as well as street maintenance starting in 2011.

Including overlapping GO and assessment district debt, debt levels are moderate as a percent of market value at 5.3% and high on a per capita basis at $6,300 (based on an estimated 3,000 residents). Direct debt of the district is moderate at 2.8% of market value in fiscal 2010 and $3,250 per capita. In terms of amortization, 24% of principal is scheduled to be retired within 10 years and roughly 71% within 20 years. The series 2009 bonds are the third series of GO debt from a May 2005 authorization. The district will have $165 million in authorization outstanding after this issuance. District management projects issuing GO debt every year as AV growth allows within the $3 per $100 tax rate (including a 10% delinquency over-levy). This would effectively keep debt ratios at or above current levels in the near future.

The town of Buckeye (population 50,143 based on Arizona Department of Commerce estimate) is located in the Western portion of Maricopa County. Buckeye's median household effective buying income is, in our view, good at 99% of the nation and adequate on a per capita basis at 77% of the nation.



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## Outlook

The stable outlook reflects our expectation that the district's continued tax base growth will lead to greater diversification and lower tax rates. The outlook also reflects our expectation that the district will issue additional debt as planned, but that such issuance, if done, would be supported by further development, both in terms of tax base and infrastructure.

## Related Research

USPF Criteria: "Methodology And Assumptions: Rating Unlimited Property Tax Basic Infrastructure Districts," March 17, 2009

Complete ratings information is available to RatingsDirect on the Global Credit Portal subscribers at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.



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December 30, 2009

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

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of $7,600,000 aggregate principal amount of District General Obligation Bonds, Series 2009, comprised of $5,435,000 District General Obligation Bonds, Series 2009A (the "*Tax-Exempt Bonds*") and $2,165,000 Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay) (the "*Taxable Bonds*" and, together with the Tax-Exempt Bonds, the "*Bonds*'), 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. 07-09, passed and adopted by the District Board on November 17, 2009, as amended and restated on December 15, 2009 (collectively, 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 approved thereby 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.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Tax-Exempt Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest income on the Tax-Exempt Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporation; and is not to be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income. The Tax-Exempt 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 Tax-Exempt Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

We express no opinion on treatment of interest income on the Taxable Bonds for federal income tax purposes.

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 Indenture 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.

By Scott W. Ruby

Scott W. Ruby
Bond Counsel

SWR:jh2
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December 30, 2009

Stone & Youngberg LLC
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Phoenix, Arizona 85016

Re: $7,600,000 Festival Ranch Community Facilities District
(Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009

We have acted as bond counsel to Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "*Issuer*") in connection with the issuance this date by the Issuer of bonds designated its District General Obligation Bonds, Series 2009A and Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds - Direct Pay), in the aggregate principal amount of $7,600,000 (hereinafter referred to as the "Bonds") and otherwise as counsel to the Issuer. The Bonds (i) are issued under and secured by an Indenture of Trust and Security Agreement dated as of December 1, 2009 (hereinafter referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "*Trustee*") as authorized by resolutions authorizing issuance of, and certain other matters related to, the Bonds adopted by the District Board of the Issuer on November 17, 2009 and amended and restated December 15, 2009 (hereinafter referred to as, together, the "*Resolution*"); (ii) are the subject of a Official Statement dated December 16, 2009 (hereinafter referred to as the "*Official Statement*"); and (iii) are being sold pursuant to a Purchase Contract dated December 16, 2009 (hereinafter referred to as the "*Purchase Contract*"), by and between the Issuer and Stone & Youngberg LLC (hereinafter referred to as the "*Underwriter*"). (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) An executed copy of the Indenture;

(ii) An executed copy of the Purchase Contract;

(iii) An executed copy of the Official Statement;

(iv) A certified copy of the Resolution (which authorized, among other matters, execution and delivery of the Purchase Contract);

(v) An executed copy of a Blanket Issuer Letter of Representations (hereinafter referred to as the "*Letter of Representations*") from the Issuer, to The Depository Trust Company.

(vi) An executed copy of a Continuing Disclosure Undertaking, dated of even date hereof (hereinafter referred to as the "*Undertaking*"), from the Issuer;

(vi) An executed copy of a Dissemination Agency Agreement, dated as of December 1, 2009 and collectively with the Purchase Contract, the Indenture, the Letter of Representations, and the Undertaking as the "*District Documents*") by and between the Issuer and RBC Capital Markets;

(ix) Such other agreements, certificates (including particularly, but not by way of limitation, a certificate of Owner (as defined in the Purchase Contract), dated of even date herewith), opinions (including particularly, but not by way of limitation, an opinion of counsel to Owner, dated as of even date herewith), letters and other documents, including all documents delivered or distributed at the closing of the sale of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein; and

(x) Such provisions of the Constitution and laws of the State of Arizona and the United States of America as we believe necessary to enable us to render the opinions set forth herein.

In our examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and the accuracy of the statements contained in such certificates. In connection with our representation of the Issuer 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, the Trustee and Owner 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 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 December 9, 2009 (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 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 and the Indenture creates the lien which it purports to create.

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 December 14, 2009 and December 18, 2009 respectively, 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 Resolution, the District Documents or the Bonds or would in any way adversely affect the validity or enforceability of the Resolution, the District Documents or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby, 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 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 Taxation in the District"), "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District," "LITIGATION," "TAX EXEMPTION FOR TAX-EXEMPT BONDS," "TAXABLE BONDS TAX MATTERS," "QUALIFIED TAX-EXEMPT OBLIGATIONS FOR TAX-EXEMPT BONDS," "CONTINUING DISCLOSURE" (except as it relates to compliance with prior undertakings) and "RELATIONSHIPS AMONG PARTIES" (only as it relates to Bond Counsel) therein and in Appendix B - "FORM OF LEGAL OPINION OF BOND COUNSEL," Appendix C - "FORMS OF INVESTOR LETTERS," Appendix E - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" and Appendix F - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" 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.

With regard to the other portions of the Official Statement, on the basis of our participation as bond counsel, nothing has come to our attention to lead us to believe that the Official Statement (except for the financial information and notes thereto and the schedules and other financial or statistical data included in Appendix A thereto or otherwise included therein, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

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 or the Indenture 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 parties 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. Aside from the District, 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

Scott W. Ruby
For the Firm

SWR:jlu
1156096

GT GreenbergTraurig

December 30, 2009

Stone & Youngberg LLC
Suite 280
2555 East Camelback Road
Phoenix, Arizona 85016

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2009A and Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds - Direct Pay)

This opinion is rendered pursuant to the Purchase Contract, dated December 16, 2009 (hereinafter referred to as the "Purchase Contract"), by and between the Festival Ranch Community Facilities District (hereinafter referred to as the "District") and Stone & Youngberg LLC (the "Underwriter"), relating to the purchase by the Underwriter from the District of its $7,600,000 principal amount of District General Obligation Bonds, Series 2009A and Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds - Direct Pay) (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

ALBANY
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BERLIN*
BOSTON
BRUSSELS*
CHICAGO
DALLAS
DELAWARE
DENVER
FORT LAUDERDALE
HOUSTON
LAS VEGAS
LONDON*
LOS ANGELES
MIAMI
MILAN*
NEW JERSEY
NEW YORK
ORANGE COUNTY
ORLANDO
PALM BEACH COUNTY
PHILADELPHIA
PHOENIX
ROME*
SACRAMENTO
SHANGHAI
SILICON VALLEY
TALLAHASSEE
TAMPA
TOKYO
TYSONS CORNER
WASHINGTON, D.C.
WHITE PLAINS
ZURICH
*STRATEGIC ALLIANCE

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 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 financial information or other technical or statistical data included in the Official Statement or the information included in Appendix C to the Official Statement, as to all of which we express no opinion.

Respectfully submitted,

Greenberg Traurig, LLP

**BERENS, KOZUB & KLOBERDANZ, PLC**
Attorneys at Law

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Telephone (480) 624-2777 · Facsimile (480) 607-2215 · e-mail: mberens@bkl-az.com

***Matthew R. Berens, Esq.***

December 30, 2009

**VIA HAND DELIVERY**
Stone & Youngberg LLC
2555 E. Camelback Road, Suite 280
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) District General Obligation Bonds, Series 2009A and Taxable District General Obligation Bonds, Series 2009B (Qualified Build America Bonds – Direct Pay)

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 December 16, 2009 (hereinafter referred to as the "Purchase Contract"), by and between Stone & Youngberg LLC (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 Official Statement, dated December 16, 2009 (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;

(4) Articles of Incorporation of the Pulte, a Michigan corporation, as amended;

(5) Bylaws of the Pulte, as amended;

(6) Certain Certified Resolutions of the Board of Directors of Pulte;

(7) Certificate of Good Standing of the Pulte, dated December 21, 2009, issued by the Corporation Division of the Michigan Department of Labor and Economic Growth;

(8) Certificate of Good Standing of the Pulte, dated December 21, 2009, issued by the Arizona Corporation Commission;

(9) Closing Certificate of Pulte executed by Bruce Robinson, Vice President of Real Estate Development of Pulte, executed on December 28, 2009 (the "Closing Certificate"); and

(10) 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") including the Official Statement. (The document listed in paragraph (3) above is hereinafter referred to as the "Pulte Document." The documents listed in paragraphs (4) 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, 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 those agreements 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 constitute legal, valid and binding obligations of Pulte, enforceable in accordance with their 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, etc. 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 to the Pulte Document. We have not made any independent investigation, verification, or review of any matters whatsoever except as specifically set forth herein, 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, PLC**

Berens Kozub & Kloberdanz PLC