

**\$8,750,000**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS**  
**SERIES 2007**

Closing: October 3, 2007

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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 Tartesso West Community Facilities District (Town of Buckeye, Arizona) (the "*District*"):

**FINANCING DOCUMENTS**

1. Feasibility Report for the issuance of not to exceed \$8,750,000 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 June 19, 2007  
(b) District Board Resolution No. 01-07, approving the feasibility report and other matters.
4. (a) Agenda, minutes of meeting of July 17, 2007  
(b) District Board Resolution No.03-07, authorizing the issuance and sale of the Bonds to RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets, as the purchaser of the Bonds (the "*Purchaser*") in accordance with the Purchase Contract.
5. Indenture of Trust and Security Agreement, dated as of October 1, 2007 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 Stardust-Tartesso W12, Inc.
8. Continuing Disclosure Undertaking (District).
9. Dissemination Agency Agreement (District).
10. County Assessor's Certificate.
11. Closing Certificate of the District.
12. Tax Certificate of the District.

13. Issuer Request for Disbursement of Costs of Issuance.
14. Closing Certificate of Town of Buckeye, Arizona.
15. Closing Certificates of the Owner.
16. Closing Certificate regarding Interim District Manger.
17. Request and Authorization to the Trustee to Authenticate and Deliver the Bonds.
18. Trustee's Certificate of Completion and Authentication.
19. Receipt of Trustee.
20. Settlement, Delivery and Closing Procedures; Debt Retirement Schedule.
21. Certificate of the Underwriter Regarding Initial Offering Prices and Yield.
22. Receipt for Bonds.
23. Specimen bond.
24. Copy of Blanket Letter of Representations.
25. Internal Revenue Service Form 8038-G; certificate of mailing.
26. Report to the Arizona Department of Revenue; certificate of mailing.
27. Limited Offering Memorandum dated September 13, 2007.
28. Preliminary Limited Offering Memorandum dated August 23, 2007.

#### **OPINIONS**

29. Approving opinion of Gust Rosenfeld P.L.C.
30. Supplemental opinion of Gust Rosenfeld P.L.C.
31. Opinion of Counsel to Underwriter.
32. Opinion of Counsel to Owner.

#### **FORMATION DOCUMENTS**

33. Petition for formation of District.
34. Copy of recorded General Plan.
35.
  - (a) Town Agenda of meeting November 2, 2004
  - (b) Resolution of Town Council Forming the District.

36. Development, Financing Participation and Intergovernmental Agreement No. 1.
37. Recorded Notice of Formation of the District.

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

Tartesso West Community Facilities District (3 CD's)  
Clerk, Town of Buckeye (1 CD, 1 paper)  
Finance Director, Town of Buckeye (CD)  
Stardust – Tartesso W12, Inc. (Developer) (2 CD's)  
Gust Rosenfeld P.L.C. (CD)  
Wells Fargo Bank, N.A. (CD)  
RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (CD)  
Greenberg Traurig, LLP (CD)  
Fennemore Craig, P.C. (CD)

**FEASIBILITY REPORT**

**For The Issuance of**

**Not to Exceed  
\$8,750,000 Principal Amount**

**OF**

**TARTESSO WEST  
COMMUNITY FACILITIES DISTRICT**

**(TOWN OF BUCKEYE, ARIZONA)**

**GENERAL OBLIGATION BONDS  
SERIES 2007**

**June 19, 2007**

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**SECTION ONE**

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

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## INTRODUCTION

This Feasibility Report (the "Report") has been prepared for presentation to the Board of Directors of the Tartesso West Community Facilities District (Buckeye, Arizona) (the "District") in connection with the proposed issuance by the District of its General Obligation Bonds, Series 2007 (the "Bonds") in a principal amount of not to exceed \$8,750,000, 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. In 2005, the District issued \$110,000 aggregate principal amount of General Obligation Bonds, Series 2005 (the "Series 2005 Bonds").

## 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 [Section Two]; (ii) a map showing, in general, the area to be benefited by the Public Infrastructure [Section Three]; (iii) an estimate of the cost to acquire, operate and maintain the Public Infrastructure and a timetable for the acquisition of the Public Infrastructure [Section Four]; and (iv) a plan for financing the Public Infrastructure [Section Five].

This Report has been prepared for the consideration of the Board of Directors of the District only. It is not intended or anticipated that this Report will be relied upon by other persons, including, but not limited to, purchasers of the 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, financial advisors, appraisers, counsel, engineers, Town staff and other experts have been consulted as deemed appropriate.

## GENERAL DESCRIPTION OF THE DISTRICT

The Town of Buckeye (the "Town") approved the formation of the District on November 2, 2004 upon the request of all of the landowners within the District. The project is an approximately 5,554-acre master-planned community called Tartesso West (the "Project"). Approximately 5,396 acres of the Project is located within the boundaries of the District and approximately 158 acres is excluded from the District. The Project is located north of McDowell Road, south of Glendale Avenue, east of the Hassayampa River and west of the Sun Valley Parkway. Interstate 10 and the Sun Valley Parkway, which include a major freeway interchange, will provide the primary access to the Project. At build out, single-family residential units will represent approximately 3,635 acres and multi-family residential units will represent 136 acres within the District.

At build out, it is expected that the total District acreage will be categorized as follows:

<u>Total District</u>	<u>Approximate District Acres</u>
Residential	3,635
Multi-Family	136
Park and Open Space	788
Commercial	207
Mixed-Use	174
Elementary School	116
High School	45
Wastewater Treatment Facility	47
Public Facility	9
Rights-of-way	<u>239</u>
Total	<u>5,396</u>

The District was created to finance the construction or acquisition of public infrastructure within the District, including financing the construction or acquisition of the Public Infrastructure. See Section Two for a description of a portion of the Public Infrastructure associated with the District. A legal description of the District is included in Appendix 1. Maps of the Project and 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.

Ownership of the property within the District is as follows:

<u>Landowner</u>	<u>Gross Acreage *</u>
Stardust Foundation, Inc.	2063.25
Stardust-Tartesso W12, Inc.	1,212.66
Stardust Structured Investments No. 9, L.L.C.	998.79
BIF-Buckeye, L.L.C. / S.R.I.T.F. II, L.L.C.	548.61
Stardust Structured Investments No. 10, L.L.C.	189.88
Sun Valley Partners, L.L.C.	69.51
Breuner & Camelback 145, L.L.C.	56.16
Tartesso West High Density Residential, L.L.C.	50.12
Tartesso West Multi-Family, L.L.C.	45.47
Rex Maughan and Ruth Maughan (husband and wife)	35.24
Tartesso West Commercial Mixed Use, L.L.C.	26.03
2005 R.E. Investments II, L.L.C.	24.20
Rjay Lloyd Chartered Profit Plan Dated August 6, 1973, et al	22.30
Big Kahuna, L.L.C.	17.14
Sun Valley 36	15.87
Cherry Properties, L.L.C.	14.98
Gilligan Sun Valley, L.L.C.	<u>6.14</u>
Total	<u>5,396.35</u>

\* Parcel Acreage includes acreage of lots to individual homebuyer, lots conveyed to homebuilders, tracts conveyed to homeowners association, and infrastructure (i.e. streets, etc.) dedicated to public or private use.

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**SECTION TWO**

**DESCRIPTION OF PUBLIC INFRASTRUCTURE**

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## DESCRIPTION OF PUBLIC INFRASTRUCTURE

Shown below is a detailed description of the Public Infrastructure constructed and to be acquired by the District from the proceeds of the sale of the Bonds and the Public Infrastructure that was financed with the proceeds of the sale of the Series 2005 Bonds.

<u>Series 2005 Bonds Project Descriptions</u>	<u>Original Engineer's Estimate</u>	<u>Estimated Impact Fee Reimbursement</u>	<u>To be Paid By Series 2005 Bonds</u>	<u>To be Paid By Series 2007 Bonds</u>	<u>To be Paid By Future Bonds</u>
1. Unit 1 Water Storage Facility Well #1: includes production well #1 that will supply the onsite and offsite water system which will serve Tartesso Units 1, 2A and 2B	\$318,874.64	\$318,874.64			
2. Unit 1 Water Storage Facility Tank and Supply Lines: includes a 2.05 million gallon tank and various sized water lines that will supply the onsite and offsite water system which will serve Tartesso Units 1, 2A and 2B	4,215,501.31	4,136,501.31	\$79,000.00		
<b>Total Est. Cost Srs 2005 Bonds Projects</b>	<b><u>\$4,534,375.95</u></b>	<b><u>\$4,455,375.95</u></b>	<b><u>\$79,000.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
 <b><u>Series 2007 Bonds Project Descriptions</u></b>					
1. Tartesso Unit 1 Onsite Sewer, Water, Storm Drain & Offsite Water Lines ≤ 12" Diameter	\$3,103,899.64			\$3,180,348.16	
2. Tartesso Unit 1 Paving, Concrete & Concrete Structures	8,620,413.39			\$5,819,651.84	\$2,724,313.03
3. Tartesso Unit 1 Offsite Water Lines > 12" Diameter	952,020.30	952,020.30			
4. Tartesso Unit 1 Raw Water Line	602,174.10	602,174.10			
5. Thomas Road Sewer Trunk Line	1,367,113.74	1,367,113.74			
<b>Total Estimated Cost Srs 2007 Bonds Projects</b>	<b><u>\$14,645,621.17</u></b>	<b><u>\$2,921,308.14</u></b>	<b><u>\$0.00</u></b>	<b><u>\$9,000,000.00</u></b>	<b><u>\$2,724,313.03</u></b>
 <b>Grand Total</b>	<b><u>\$19,179,997.12</u></b>	<b><u>\$7,376,684.09</u></b>	<b><u>\$79,000.00</u></b>	<b><u>\$9,000,000.00</u></b>	<b><u>\$2,724,313.03</u></b>

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**SECTION THREE**

**MAP SHOWING AREA  
TO BE BENEFITED**

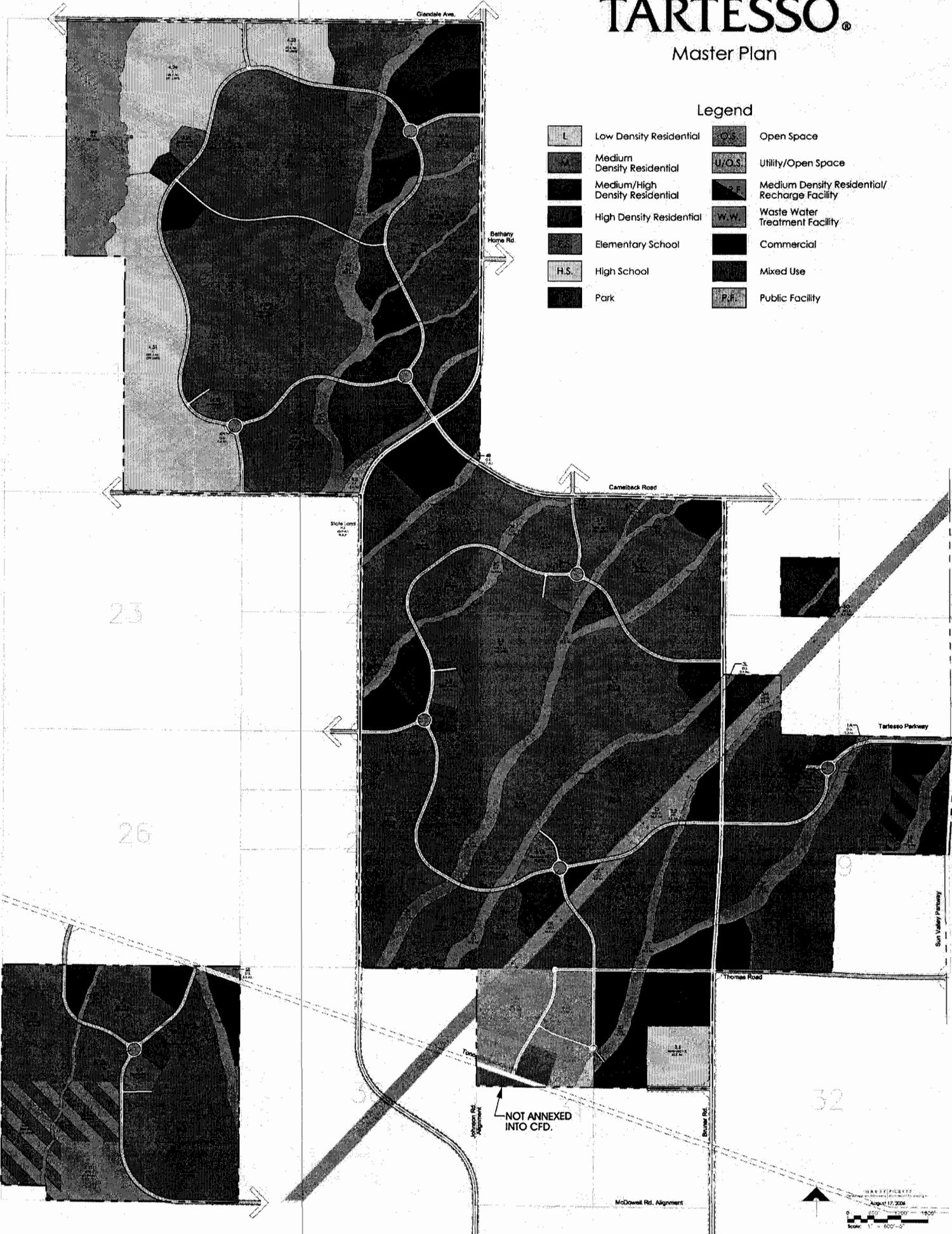
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# TARTESSO®

## Master Plan

### Legend

	Low Density Residential		Open Space
	Medium Density Residential		Utility/Open Space
	Medium/High Density Residential		Medium Density Residential/Recharge Facility
	High Density Residential		Waste Water Treatment Facility
	Elementary School		Commercial
	High School		Mixed Use
	Park		Public Facility

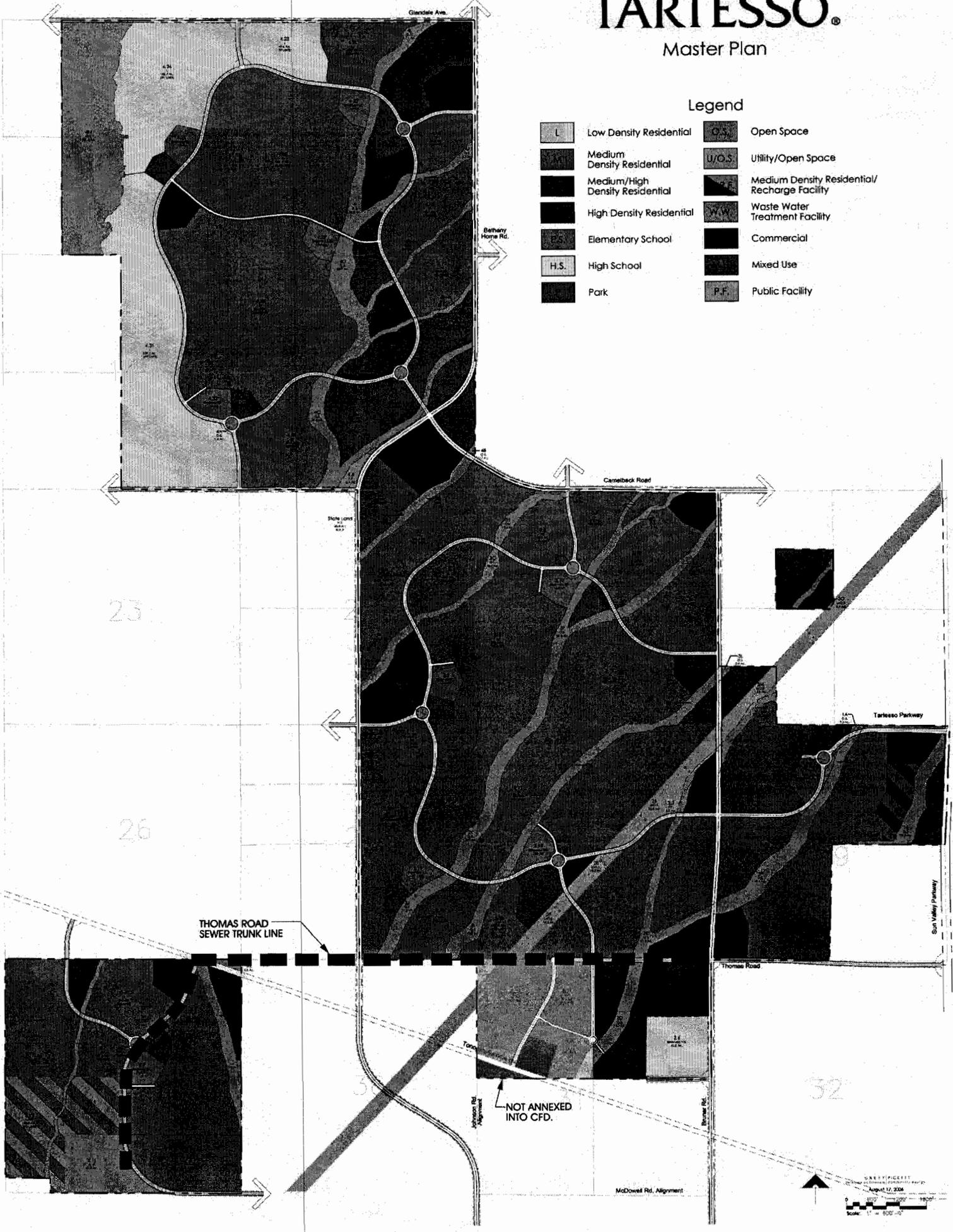


# TARTESSO®

## Master Plan

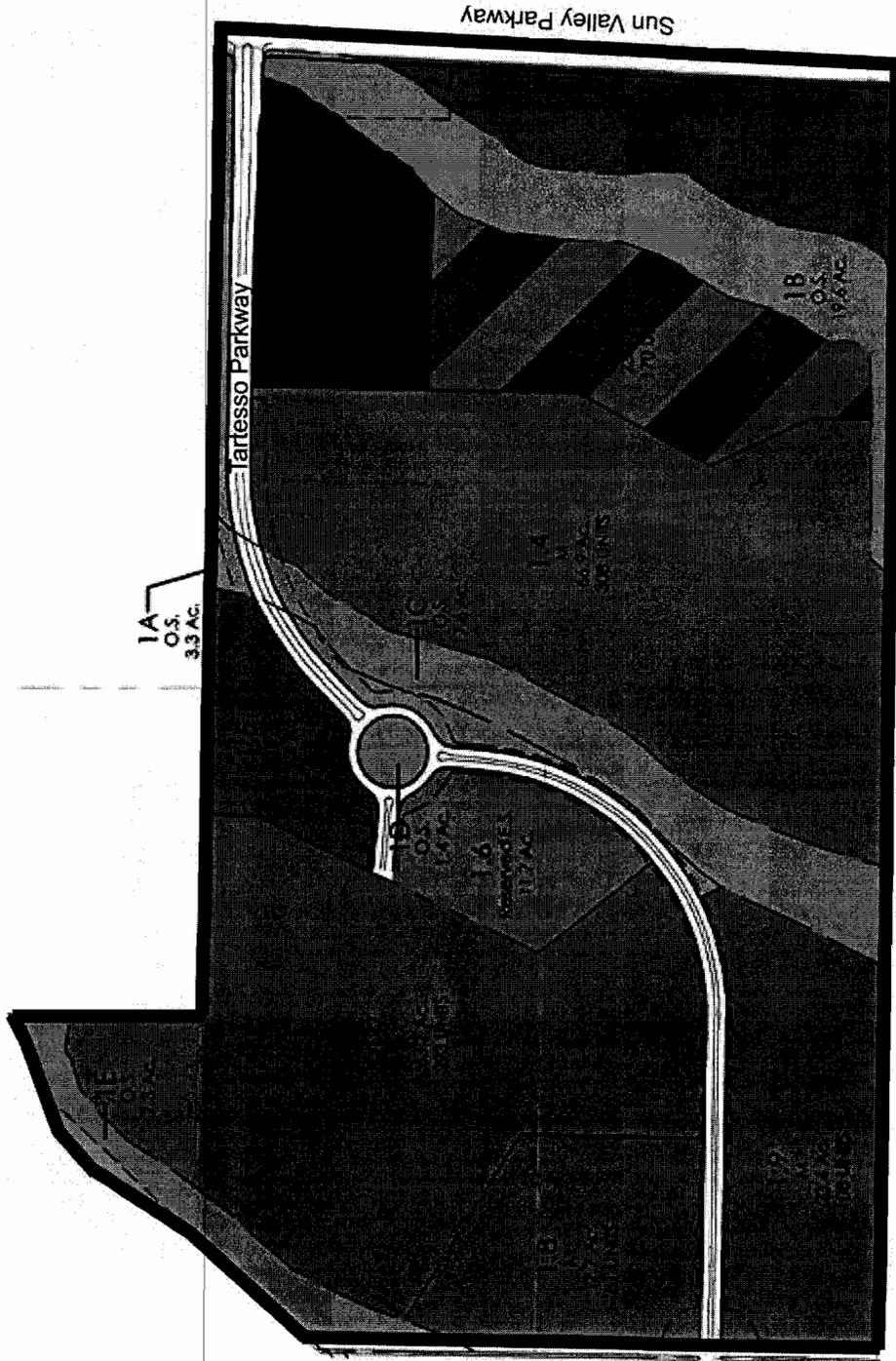
### Legend

	Low Density Residential		Open Space
	Medium Density Residential		Utility/Open Space
	Medium/High Density Residential		Medium Density Residential/Recharge Facility
	High Density Residential		Waste Water Treatment Facility
	Elementary School		Commercial
	High School		Mixed Use
	Park		Public Facility



# TARTESSO®

## Unit 1



### Legend

	Low Density Residential		Open Space
	Medium Density Residential		Utility/Open Space
	Medium/High Density Residential		Medium Density Residential/Recharge Facility
	High Density Residential		Waste Water Treatment Facility
	Elementary School		Commercial
	High School		Mixed Use
	Park		Public Facility

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**SECTION FOUR**

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

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

Listed below are estimated costs of construction and the anticipated dates for completion of the construction of the Public Infrastructure. Proceeds of the sale of the Bonds remaining after payment of the costs of issuance will be used by the District to acquire the Public Infrastructure. Upon completion of such acquisition, the District will dedicate or otherwise transfer all portions of the Public Infrastructure to the Town and, as such, there will be no costs borne by the District to operate and maintain the same.

<b><u>Series 2005 Bonds Project Descriptions</u></b> *	<b><u>Original Engineer's Estimate</u></b>	<b><u>Estimated or Actual Start Date</u></b>	<b><u>Estimated or Actual Completion Date</u></b>
1. Unit 1 Water Storage Facility Well #1: includes production well #1 that will supply the onsite and offsite water system which will serve Tartesso Units 1, 2A and 2B	\$ 318,874.64	December 2003	Completed
2. Unit 1 Water Storage Facility Tank and Supply Lines: includes a 2.05 million gallon tank and various sized water lines that will supply the onsite and offsite water system which will serve Tartesso Units 1, 2A and 2B	4,215,501.31	November 2004	Completed
<b><u>Series 2007 Bonds Project Descriptions</u></b>			
1. Tartesso Unit 1 Onsite Sewer, Water, Storm Drain & Offsite Water Lines ≤ 12" Diameter	\$3,180,348.16	March 2005	Completed
2. Tartesso Unit 1 Paving, Concrete & Concrete Structures	8,616,935.52	March 2005	Completed
3. Tartesso Unit 1 Offsite Water Lines > 12" Diameter	975,701.63	April 2005	Completed
4. Tartesso Unit 1 Raw Water Line	618,535.40	April 2005	Completed
5. Thomas Road Sewer Trunk Line	1,367,113.74	January 2005	Completed

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**SECTION FIVE**  
**PLAN OF FINANCE**

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## PLAN OF FINANCE

The acquisition of the Public Infrastructure will be financed by the District as described in the Plan of Finance 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/or State laws.

**(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 November 2, 2004. The Landowners in the District authorized, through an election at the time of formation of the District, general obligation bonded debt in an amount not to exceed \$175,000,000.

**(ii) Proposed Bond Sale**

The District will issue approximately \$8,050,000 of general obligation bonds to finance the acquisition of the Public Infrastructure. The amount shown on the cover of this report is a not-to-exceed amount and the actual amount of bonds issued may be lower. The Bonds are anticipated to be issued in August 2007. 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 Series 2005 Bonds, total debt service is approximately level. (See Table Two in this section for an estimated debt service schedule and debt service versus projected revenues.)

The Bonds will be unrated and will not be sold in a "public offering" as that term is used in A.R.S. 48-722. Investors will be required to sign a "qualified investor letter" and meet certain investor criteria.

**(iii) Existing Debt**

The District issued \$110,000 of general obligation bonds in September 2005, leaving \$174,890,000 principal amount of authorized, but unissued, District general obligation bonds. Subsequent to the sale of the Bonds, the District will have approximately \$166,840,000 principal amount of authorized, but unissued, District general obligation bonds.

A property tax rate of \$3.00 per \$100 of secondary assessed value was levied to provide for debt service of the general obligation bonds of the District.

Given the expected secondary assessed value in the District as of August 2007, the target tax rate is not expected to exceed \$3.00 per \$100 of secondary assessed value.

**(iv) Estimated Sources and Uses of Funds**

The estimated sources and uses of funds related to the sale of the Bonds is shown below:

**SOURCES:**

Par Amount of Bonds	<u>\$8,050,000</u>
Total	<u>\$8,050,000</u>

**USES:**

Deposit to Project Fund	7,608,500
Costs of Issuance (including Underwriters' Discount) *	<u>441,500</u>
Total	<u>\$8,050,000</u>

\* Estimated Costs of Issuance

Underwriter's Discount	\$ 241,500
Bond Counsel	85,000
Underwriter's Counsel	65,000
Financial Advisor	30,000
Trustee	7,000
Limited Offering Memorandum Printing	7,000
Miscellaneous	6,000
	<u>\$ 441,500</u>

(v) **Use of Proceeds**

The District will apply the proceeds from the sale of the Bonds to reimburse the Developer for the construction of the Public Infrastructure listed in Section Two.

(vi) **District Tax Rate**

For each year until the Bonds are paid or otherwise provided for, the District will cause to be levied a combined ad valorem tax rate for each year of at least \$3.30 per \$100 of secondary assessed valuation on all taxable property within the boundaries of the District. This tax rate includes a \$3.00 tax levy for debt service and a \$0.30 tax levy for administrative, operations and maintenance expenses of the District. The District will continue to levy the \$0.30 per \$100 of secondary assessed valuation for the administrative, operations and maintenance expenses of the District.

(vii) **Homeowner's Property Tax Obligation**

At the \$3.30 tax rate level, assuming an average home price of \$250,000, the District portion of a tax bill for a homeowner is approximately \$56 per month or \$676 annually. A.R.S. Section 32-2181 *et seq.* requires the disclosure of all property taxes to be paid by a homeowner in the Subdivision Public Report. Prior to the home sale, each homebuyer must be supplied a Subdivision Public Report, and the homebuyer must acknowledge by signature that they have read and accepted the Subdivision Public Report.

In addition, each homebuyer will receive a form detailing the existence of the District, the tax rate and its financial impact and receipt of this form will be acknowledged in writing by the homebuyer, and a signed copy will be kept on file with the Town Clerk.

(viii) **Development Within The District**

*District Valuation History*

<u>Fiscal Year</u>	<u>Full Cash Value</u>	<u>Secondary Assessed Value</u>	<u>Residential Parcel Count</u>	<u>Total Parcel Count</u>
2005-06	\$2,246,579	\$359,453	0	57
2006-07	21,412,024	3,425,980	0	3,644
2007-08 (a)	143,976,477	21,119,067	169	3,654

(a) Preliminary as of February 2007.  
Source: Maricopa County Assessor's Office.

**TARTESSO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)**

**SCHEDULE OF ESTIMATED  
SINGLE FAMILY HOME ABSORPTION**

<b>Fiscal Year Ending June 30</b>	<b>Estimated Single-family Home Absorption (Per Year) (1)</b>	<b>Estimated Single-family Home Absorption (Cumulative)</b>
2004	0	0
2005	0	0
2006	0	0
2007	169	169
2008	500	669
2009	500	1,169
2010	500	1,669
2011	500	2,169
2012	500	2,669
2013	800	3,469
2014	800	4,269
2015	800	5,069
2016	800	5,869
2017	800	6,669
2018	800	7,469
2019	800	8,269
2020	800	9,069
2021	800	9,869
2022	800	10,669
2023	800	11,469
2024	1,000	12,469
2025	1,011	13,480

(1) This table assumes that home closings occur two years before the values appear on the Maricopa County tax rolls. As a result, home closings in calendar year 2005 appears on the Maricopa County Assessor's Tax roll in fiscal year 2007.

**TARTESO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)  
GENERAL OBLIGATION BONDS, SERIES 2007**

TABLE TWO

**Scenario A: Estimated District Revenues and Debt Service (Sized to Preliminary SAV)**

Fiscal Year Ending June 30	Estimated Net Secondary Assessed Valuation (1)	Series 2005 Dated: 8/30/2005		Series 2007 Dated: 8/15/07		Total Estimated Debt Service Requirements	\$3.00 Target Tax Rate (4)	Estimated District Revenues At \$3.00 Target Tax Rate @ 95% Collections (4)	Carryforward District Revenues	Estimated Excess / (Shortfall)
		Principal	Interest (2)	Principal	Interest (3)					
2006	\$359,453	\$4,000	\$5,775	\$8,050,000		\$9,775	\$3.00	\$10,244		\$469
2007	3,425,980	2,000	6,360			8,360	3.00	97,640		89,280
2008	21,119,067	2,000	6,240	\$275,000	\$405,854	689,094	3.00	601,893	\$89,280	2,080
2009	21,119,067	2,000	6,120	165,000	427,625	600,745	3.00	601,893		1,148
2010	21,119,067	2,000	6,000	175,000	418,550	601,550	3.00	601,893		343
2011	21,119,067	3,000	5,880	180,000	408,925	597,805	3.00	601,893		4,088
2012	21,119,067	3,000	5,700	190,000	399,025	597,725	3.00	601,893		4,168
2013	21,119,067	3,000	5,520	200,000	388,575	597,095	3.00	601,893		4,798
2014	21,119,067	3,000	5,340	215,000	377,575	600,915	3.00	601,893		978
2015	21,119,067	3,000	5,160	225,000	365,750	598,910	3.00	601,893		2,983
2016	21,119,067	4,000	4,980	235,000	353,375	597,355	3.00	601,893		4,538
2017	21,119,067	4,000	4,740	250,000	340,450	599,190	3.00	601,893		2,703
2018	21,119,067	4,000	4,500	265,000	326,700	600,200	3.00	601,893		1,693
2019	21,119,067	4,000	4,260	280,000	312,125	600,385	3.00	601,893		1,508
2020	21,119,067	4,000	4,020	295,000	296,725	599,745	3.00	601,893		2,148
2021	21,119,067	5,000	3,780	310,000	280,500	599,280	3.00	601,893		2,613
2022	21,119,067	5,000	3,480	325,000	263,450	596,930	3.00	601,893		4,963
2023	21,119,067	5,000	3,180	345,000	245,575	598,755	3.00	601,893		3,138
2024	21,119,067	6,000	2,880	365,000	226,600	600,480	3.00	601,893		1,413
2025	21,119,067	6,000	2,520	385,000	206,525	600,045	3.00	601,893		1,848
2026	21,119,067	6,000	2,160	405,000	185,350	598,510	3.00	601,893		3,383
2027	21,119,067	7,000	1,800	430,000	163,075	601,875	3.00	601,893		18
2028	21,119,067	7,000	1,380	450,000	139,425	597,805	3.00	601,893		4,088
2029	21,119,067	8,000	960	475,000	114,675	598,635	3.00	601,893		3,258
2030	21,119,067	8,000	480	500,000	88,550	597,030	3.00	601,893		4,863
2031	21,119,067			540,000	61,050	601,050	3.00	601,893		843
2032	21,119,067			570,000	31,350	601,350	3.00	601,893		543
				<u>\$8,050,000</u>		<u>\$15,090,594</u>				

(1) Fiscal years 2006 & 2007 is actual. Fiscal year 2008 is preliminary as reported in the February 2007 abstract by the Maricopa County Treasurer's Office and adjusted to reflect the difference between the estimated 600 certificates of occupancy and the number of parcels (169) recorded by the county assessor's office for 2007/08 computed using the 2007 average full cash value of \$187.219. Fiscal year 2009 and thereafter assumes no annual growth in secondary assessed valuation

(2) Interest is actual.

(3) Interest is estimated at 5.50% for the Series 2007 bonds.

(4) \$3.00 tax rate was levied in fiscal years 2006 and 2007.

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**APPENDIX 1**

**LEGAL DESCRIPTION FOR THE  
TARTESSO WEST  
COMMUNITY FACILITIES DISTRICT**

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EXHIBIT "A"  
LEGAL DESCRIPTION

TOWNSHIP 2 NORTH – RANGE 4 WEST

SECTION 18

A portion of the Southwest quarter of Section 18, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at a 3 1/2" G.L.O. brass cap, found at the Southwest corner of said Section 18;

thence North 00 degrees 20 minutes 38 seconds East, along the West line of the Southwest quarter of said Section 18, a distance of 685.26 feet;

thence South 58 degrees 48 minutes 35 seconds East, a distance of 595.04 feet to a point of curvature, concave Northeasterly, whose radius is 2600.00 feet;

thence Southeasterly, along said curve to the left, through a central angle of 31 degrees 13 minutes 45 seconds, an arc distance of 1417.13 feet, to a point on the South line of the Southwest quarter of said Section 18;

thence South 89 degrees 57 minutes 40 seconds West, along the South line of the Southwest quarter of said Section 18, a distance of 1861.39 feet to a 3 1/2" G.L.O. brass cap, and the TRUE POINT OF BEGINNING.

SECTION 19

All of Section 19, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 20

The Southeast quarter of the Northwest quarter and the Southwest quarter of the Southwest quarter of Section 20, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 29

The North half and the Southwest quarter of Section 29, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 30

All of Section 30, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 31

The Northeast quarter of Section 31, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

TOWNSHIP 2 NORTH – RANGE 5 WEST

SECTION 11

The East half; and the East half of the West half of Section 11, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 12

All of Section 12, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 13

All of Section 13, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 14

The East half of Section 14, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 24

The East half of Section 24, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 25

The East half of Section 25, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 35

The North half and the Southeast quarter of the Southwest quarter of Section 35, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

The Southeast quarter of Section 35, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

The North half of the Southwest quarter and the North half of the Southwest quarter of the Southwest quarter and the North Half of the South half of the Southwest quarter of

the Southwest quarter and the Southeast quarter of the Southeast quarter of the Southwest quarter of the Southwest quarter of Section 35, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

# THE ARIZONA REPUBLIC

**NOTICE OF PUBLIC HEARING TO THE GENERAL PUBLIC AND THE MEMBERS OF THE BOARD OF DIRECTORS OF TARTESO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), AND FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA):**  
 NOTICE IS HEREBY GIVEN that the Board of Directors of the Tarteso West Community Facilities District (Town of Buckeye, Arizona), and Festival Ranch Community Facilities District (Town of Buckeye, Arizona), will meet on June 19, 2007, commencing at 6:00 p.m., in the Town Council Chambers, 100 North Apache, Suite A, Buckeye, AZ 85326, to conduct public hearings on, and to consider and review feasibility reports relative to the proposed projects to be financed by the issuance of general obligation bonds of the respective Districts. A copy of the feasibility reports may be reviewed at the office of the District Clerk, 100 North Apache, Suite A, Buckeye, AZ 85326.  
 Published: June 8, 2007

STATE OF ARIZONA }  
 COUNTY OF MARICOPA } SS.

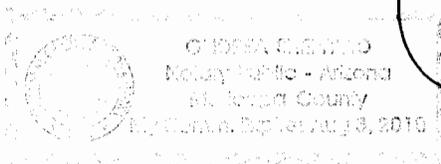
Marilyn Greenwood, being first duly sworn, upon oath deposes and says: That she is a legal advertising representative of the Arizona Business Gazette, a newspaper of general circulation in the county of Maricopa, State of Arizona, published at Phoenix, Arizona, by Phoenix Newspapers Inc., which also 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/West Zone

June 8, 2007



Sworn to before me this  
 8<sup>TH</sup> day of  
 June A.D. 2007




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: PLEASE NOTE THAT THERE MAYBE A QUORUM PRESENT BUT THERE WILL BE NO VOTING TAKING PLACE BY THE TOWN DEVELOPMENT BOARD OR OTHER COUNCIL APPOINTED BOARD AT THIS MEETING.**

**NOTICE OF JUNE 19, 2007 JOINT MEETING  
OF THE COMMUNITY FACILITIES DISTRICTS  
TOWN OF BUCKEYE, ARIZONA**

**PURSUANT TO SECTIONS 48-711©, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1 ARIZONA REVISED STATUTES, AS AMENDED, TAKE NOTICE THAT A JOINT MEETING OF THE GOVERNING BOARDS OF**

**ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
THE ELIANTO COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
TRILLIUM COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
VERRADO WESTERN OVERLAY CFD (TOWN OF BUCKEYE)  
WATSON ROAD COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE) and  
WESTPARK COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)**

**IMMEDIATELY FOLLOWING THE 7:00 P.M. REGULAR TOWN COUNCIL MEETING  
IN THE TOWN COUNCIL CHAMBERS AT TOWN HALL  
100 N. APACHE ROAD, BUCKEYE, ARIZONA**

**JUNE 19, 2007**

**Town Council Chambers  
100 N. Apache Road  
Buckeye, AZ 85326  
Immediately following the 7:00 p.m. Regular Council Meeting**

*Accessibility for all persons with disabilities will be provided upon request. Please telephone your accommodation request (623 349-6007) 72 hours in advance if you need a sign language interpreter or alternate materials for a visual or hearing impairment. (TTD 623 386-4421)*

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*Members of the Community Facilities Districts Governing Boards will attend either in person or by telephone conference call or video presentations.*

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

**2. Approval of Minutes –  
Anthem Sun Valley Community Facilities District  
Elianto Community Facilities District Meeting Minutes of July 13, 2006  
Festival Ranch Community Facilities District Meeting Minutes of March 6, 2007  
Mirielle Community Facilities District Meeting Minutes of April 3, 2007  
Sundance Community Facilities District Meeting Minutes of September 19, 2006  
Tartesso West Community Facilities District Meeting Minutes of July 13, 2006**

Trillium Community Facilities District Meeting Minutes of September 5, 2006  
Verrado District 1 Community Facilities District Meeting Minutes of January 16, 2007  
Verrado Western Overlay Community Facilities District Meeting Minutes of July 13, 2006  
Watson Road Community Facilities District Meeting Minutes of June 5, 2007  
Westpark Community Facilities District Meeting Minutes of May 15, 2007  
*Board Action: Discussion and possible motion to approve.*

**3. Approval/Ratify Expenditures - Various Community Facilities Districts**

**4. ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT**

**A. Board of the ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT will consider, for possible action, adoption of RESOLUTION 01-07, A RESOLUTION OF THE DISTRICT BOARD OF ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA, APPOINTING DISTRICT OFFICERS; APPROVING THE GENERAL PLAN; TAKING CERTAIN OTHER ACTIONS WITH REGARD TO THE ORGANIZATION OF THE DISTRICT; CALLING A SPECIAL BOND AND OPERATION AND MAINTENANCE AD VALOREM TAX ELECTION FOR THE DISTRICT; AND ENTERING INTO A DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT NO. 1 WITH THE TOWN OF BUCKEYE, ARIZONA.**

*Board Action: Motion to approve.*

**B. The ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT BOARD will consider, for possible action, adoption of Resolution 02-07 (Anthem Sun Valley), adopting the tentative budget of the Anthem Sun Valley Community Facility District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.**

**5. ELIANTO COMMUNITY FACILITIES DISTRICT**

**A. The ELIANTO COMMUNITY FACILITIES DISTRICT BOARD will consider, for possible action, adoption of Resolution 01-07 (Elianto), adopting the tentative budget of the Elianto Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.**

*Board Action: Discussion and possible motion to approve.*

**6. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**

**A. Board of the Festival Ranch Community Facilities District will conduct a Public Hearing on a feasibility report submitted in connection with the proposed issuance of general obligation bonds by the District and the projects financed with such proceeds.**

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

*Board Action: None. Public Hearing only.*

**B. Board of the Festival Ranch Community Facilities District will consider, for possible action, adoption of Resolution No. 05-07 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 RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT NOT TO EXCEED \$1,650,000 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.*

**C. Festival Ranch Community Facilities District - Resolution 06-07**

The Festival Ranch Community Facilities District Board will consider, for possible action, adoption of Resolution 06-07 (Festival Ranch), adopting the tentative budget of the Festival Ranch Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.

*Board Action: Discussion and possible motion to approve.*

**7. MIRIELLE COMMUNITY FACILITIES DISTRICT**

**A. Mirielle Community Facilities District – Resolution 03-07**

The Mirielle Community Facilities District Board will consider, for possible action, adoption of Resolution 03-07 (Mirielle), adopting the tentative budget of the Mirielle Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.

*Board Action: Discussion and possible motion to approve.*

**8. SUNDANCE COMMUNITY FACILITIES DISTRICT**

**A. Sundance Community Facilities District – Resolution 01-07**

The Sundance Community Facilities District Board will consider, for possible action, adoption of Resolution 01-07 (Sundance), adopting the tentative budget of the Sundance Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.

*Board Action: Discussion and possible motion to approve.*

**9. TARTESSO WEST COMMUNITY FACILITIES DISTRICT**

A. Board of the Tartesso West Community Facilities District will conduct a Public Hearing on a feasibility report submitted in connection with the proposed issuance of general obligation bonds by the District and the projects financed with such proceeds.

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

*Board Action: None. Public Hearing only.*

B. Board of the Tartesso West Community Facilities District will consider, for possible action, adoption of Resolution No. 01-07 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 RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT NOT TO EXCEED \$8,750,000 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.*

**C. Tartesso West Community Facilities District – Resolution 02-07**

The Tartesso West Community Facilities District Board will consider, for possible action, adoption of Resolution 02-07 (Tartesso West), adopting the tentative budget of the Tartesso West Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.

*Board Action: Discussion and possible motion to approve.*

**10. TRILLIUM COMMUNITY FACILITIES DISTRICT**

**A. Trillium Community Facilities District – Resolution 01-07**

The Trillium Community Facilities District Board will consider, for possible action, adoption of Resolution 01-07 (Trillium), adopting the tentative budget of the Trillium Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.

*Board Action: Discussion and possible motion to approve.*

**11. VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT**

A. Board of the Verrado District 1 Community Facilities District will consider, and if advisable, acknowledge the Conveyances of Segment and authorize the reimbursement from available bonds proceeds for the following items of public infrastructure:

- A. Western Drive 1B South
- B. Hamilton Street 1B South
- C. Thomas Road 1B South and 2 East
- D. Acacia Way 1B South
- E. Acacia Way 1B South Crossing

*Board Action: Motion to approve.*

B. Board to consider, and if advisable, adopt the Verrado Community Facilities Districts' Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2006.

*Board Action: Motion to approve.*

**C. Verrado District 1 Community Facilities District - Resolution 01-07**

The Verrado District 1 Community Facilities District Board will consider, for possible action, adoption of Resolution 01-07 (Verrado District 1), adopting the tentative budget of the Verrado District 1 Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.

*Board Action: Discussion and possible motion to approve.*

**12. VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT**

**A. Verrado Western Overlay Community Facilities District – Resolution 01-07**

The Verrado Western Overlay Community Facilities District Board will consider, for possible action, adoption of Resolution 01-07 (Verrado Western Overlay), adopting the tentative budget of the Verrado Western Overlay Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.

*Board Action: Discussion and possible motion to approve.*

**B. Board to consider, and if advisable, adopt the Verrado Community Facilities Districts' Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2006.**  
*Board Action: Motion to approve.*

**13. WATSON ROAD COMMUNITY FACILITIES DISTRICT**

**A. Watson Road Community Facilities District – Resolution 05-07**  
The Watson Road Community Facilities District Board will consider, for possible action, adoption of Resolution 05-07 (Watson Road), adopting the tentative budget of the Watson Road Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.  
*Board Action: Discussion and possible motion to approve.*

**14. WESTPARK COMMUNITY FACILITIES DISTRICT**

**A. Board of the Westpark Community Facilities District will consider, for possible action, adoption of Resolution No. 02-07 A RESOLUTION OF THE BOARD OF DIRECTORS OF WESTPARK COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANT OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS, A STANDBY CONTRIBUTION AGREEMENT, A DEPOSITORY AGREEMENT 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.*

**B. Westpark Community Facilities District – Resolution 03-07**  
The Westpark Community Facilities District Board will consider, for possible action, adoption of Resolution 03-07 (Westpark), adopting the tentative budget of the Westpark Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.  
*Board Action: Discussion and possible motion to approve.*

**5. Adjournment.**

*Board Action: Motion to adjourn.*

**NOTICE OF JUNE 19, 2007 JOINT MEETING  
OF THE COMMUNITY FACILITIES DISTRICTS  
TOWN OF BUCKEYE, ARIZONA**

**PURSUANT TO SECTIONS 48-711©, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1 ARIZONA  
REVISED STATUTES, AS AMENDED, TAKE NOTICE THAT A JOINT MEETING OF THE  
GOVERNING BOARDS OF**

**ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
THE ELIANTO COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
TRILLIUM COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
VERRADO WESTERN OVERLAY CFD (TOWN OF BUCKEYE)  
WATSON ROAD COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE) and  
WESTPARK COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)**

**IMMEDIATELY FOLLOWING THE 7:00 P.M. REGULAR TOWN COUNCIL MEETING  
IN THE TOWN COUNCIL CHAMBERS AT TOWN HALL  
100 N. APACHE ROAD, BUCKEYE, ARIZONA**

**JUNE 19, 2007**

**Town Council Chambers  
100 N. Apache Road  
Buckeye, AZ 85326  
Immediately following the 7:00 p.m. Regular Council Meeting**

**1. Call to Order/Roll Call.**

Chairman Bryant called the meeting to order at 9:41p.m.

**Members Present:** Boardmember Hardesty, Boardmember Garza, Boardmember Doster,  
Boardmember May, Boardmember Rioux, Chairman Bryant, and Vice  
Chairman Beard.

**Members Absent:** None

**Staff Present:** District Manager David Wilcox, Assistant District Manager Shane Dille, District  
Attorney Scott Ruby, District Clerk Linda Garrison, District Engineer  
Woody Scoutten, and District Finance Manager Doug Allen.

**2. Approval of Minutes**

**Anthem Sun Valley Community Facilities District  
Elianto Community Facilities District Meeting Minutes of July 13, 2006  
Festival Ranch Community Facilities District Meeting Minutes of March 6, 2007  
Mirielle Community Facilities District Meeting Minutes of April 3, 2007  
Sundance Community Facilities District Meeting Minutes of September 19, 2006  
Tartesso West Community Facilities District Meeting Minutes of July 13, 2006  
Trillium Community Facilities District Meeting Minutes of September 5, 2006  
Verrado District 1 Community Facilities District Meeting Minutes of January 16, 2007  
Verrado Western Overlay Community Facilities District Meeting Minutes of July 13, 2006  
Watson Road Community Facilities District Meeting Minutes of June 5, 2007  
Westpark Community Facilities District Meeting Minutes of May 15, 2007**

Town Attorney Scott Ruby noted that there are no Anthem minutes. A motion was made by Vice Chairman Beard and seconded by Boardmember May to approve the minutes as presented. Motion passed unanimously.

**3. Approval/Ratify Expenditures - Various Community Facilities Districts**

Finance Assistant Director Gil Villejos was available to answer Council's questions regarding expenditures. A motion was made by Vice Chairman Beard and seconded by Boardmember May to approve /ratify the expenditures as presented. Motion passed unanimously.

**4. ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT**

A. A motion was made by Boardmember May and seconded by Vice Chairman Beard to adopt RESOLUTION 01-07, A RESOLUTION OF THE DISTRICT BOARD OF ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA, APPOINTING DISTRICT OFFICERS; APPROVING THE GENERAL PLAN; TAKING CERTAIN OTHER ACTIONS WITH REGARD TO THE ORGANIZATION OF THE DISTRICT; CALLING A SPECIAL BOND AND OPERATION AND MAINTENANCE AD VALOREM TAX ELECTION FOR THE DISTRICT; AND ENTERING INTO A DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT NO. 1 WITH THE TOWN OF BUCKEYE, ARIZONA. Motion passed unanimously.

B. A motion was made by Boardmember May and seconded by Vice Chairman Beard to adopt Resolution 02-07 (Anthem Sun Valley), adopting the tentative budget of the Anthem Sun Valley Community Facility District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

**5. ELIANTO COMMUNITY FACILITIES DISTRICT**

A. A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 01-07 (Elianto), adopting the tentative budget of the Elianto Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

**6. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**

A. A public hearing was opened at 9:50 p.m. to hear citizen input on the feasibility report submitted in connection with the proposed issuance of general obligation bonds by the District and the projects financed with such proceeds. Their being no public comment the hearing was closed at 9:51 p.m.

B. A motion was made by Vice Chairman Beard and seconded by Boardmember Hardesty to adopt Resolution No. 05-07 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 RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT NOT TO EXCEED \$1,650,000 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.. Motion passed unanimously

**C. Festival Ranch Community Facilities District - Resolution 06-07**

A motion was made by Boardmember May and seconded by Vice Chairman Beard to adopt Resolution 06-07 (Festival Ranch), adopting the tentative budget of the Festival Ranch Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.

**7. MIRIELLE COMMUNITY FACILITIES DISTRICT**

**A. Mirielle Community Facilities District - Resolution 03-07**

The Mirielle Community Facilities District Board will consider, for possible action, adoption of Resolution 03-07 (Mirielle), adopting the tentative budget of the Mirielle Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

**8. SUNDANCE COMMUNITY FACILITIES DISTRICT**

**A. Sundance Community Facilities District – Resolution 01-07**

A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 01-07 (Sundance), adopting the tentative budget of the Sundance Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

**9. TARTESSO WEST COMMUNITY FACILITIES DISTRICT**

A. A public hearing was opened at 9:51 p.m. to hear citizen input about the feasibility report submitted in connection with the proposed issuance of general obligation bonds by the District and the projects financed with such proceeds. There being no public input the hearing was closed at 9:51 p.m.

B. A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution No. 01-07 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 RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT NOT TO EXCEED \$8,750,000 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. Motion passed unanimously.

**C. Tartesso West Community Facilities District – Resolution 02-07**

A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 02-07 (Tartesso West), adopting the tentative budget of the Tartesso West Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

**10. TRILLIUM COMMUNITY FACILITIES DISTRICT**

**A. Trillium Community Facilities District – Resolution 01-07**

A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 01-07 (Trillium), adopting the tentative budget of the Trillium Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

**11. VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT**

A. A motion was made by Boardmember Doster and seconded by Boardmember May to approve the Conveyances of Segment and authorize the reimbursement from available bonds proceeds for the following items of public infrastructure:

- A. Western Drive 1B South
- B. Hamilton Street 1B South
- C. Thomas Road 1B South and 2 East
- D. Acacia Way 1B South
- E. Acacia Way 1B South Crossing

Motion passed unanimously.

B. A motion was made by Boardmember Doster and seconded by Boardmember May to adopt the Verrado Community Facilities Districts' Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2006. Motion passed unanimously.

**C. Verrado District 1 Community Facilities District - Resolution 01-07**

A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 01-07 (Verrado District 1), adopting the tentative budget of the Verrado District 1 Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

**12. VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT**

**A. Verrado Western Overlay Community Facilities District – Resolution 01-07**

A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 01-07 (Verrado Western Overlay), adopting the tentative budget of the Verrado Western Overlay Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously

B. A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt the Verrado Community Facilities Districts' Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2006. Motion passed unanimously.

**13. WATSON ROAD COMMUNITY FACILITIES DISTRICT**

**A. Watson Road Community Facilities District – Resolution 05-07**

A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 05-07 (Watson Road), adopting the tentative budget of the Watson Road Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

**14. WESTPARK COMMUNITY FACILITIES DISTRICT**

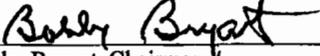
A. A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution No. 02-07 A RESOLUTION OF THE BOARD OF DIRECTORS OF WESTPARK COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANT OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS, A STANDBY CONTRIBUTION AGREEMENT, A DEPOSITORY AGREEMENT AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF THE BONDS; AWARDED 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. Boardmember Rioux voted nay. Boardmember Hardesty, Boardmember Garza, Vice Chairman Beard, Chairman Bryant, Boardmember Doster, Boardmember May voted aye. Motion carried.

**B. Westpark Community Facilities District – Resolution 03-07**

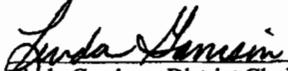
A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 03-07 (Westpark), adopting the tentative budget of the Westpark Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

**5. Adjournment.**

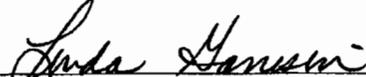
There being no further business to come before the Board a motion was made by Vice Chairman Beard and seconded by Chairman Bryant to adjourn the meeting at 9:54 p.m. Motion passed unanimously.

  
\_\_\_\_\_  
Bobby Bryant, Chairman

ATTEST:

  
\_\_\_\_\_  
Linda Garrison, District Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the Joint Meeting of the Community Facilities Districts held by the Board on the 19th day of June, 2007. I further certify that a quorum was present.

  
\_\_\_\_\_  
Linda Garrison, District Clerk

**RESOLUTION NO. 01-07**

**RESOLUTION OF THE BOARD OF DIRECTORS OF TARTESSO WEST 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 \$8,750,000 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 Statutes ("A.R.S."), as amended, the Board of Directors of the Tartesso West 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 the 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 TARTESSO WEST 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 2007.

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

"District" shall mean the Tartesso West 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 on Exhibit A hereto.

"Report" shall mean the Feasibility Report dated June 19, 2007, 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.

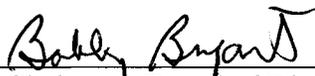
**Section 2. Approval of Feasibility Report.** Published notice of the public hearing on the Report has been provided by the Clerk not less than ten (10) days in advance of the date of the public hearing on the Report and such publication is hereby ratified and approved. The Clerk has provided the Report 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 June 19, 2007, 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 \$8,750,000 principal amount of Bonds to finance the costs of the Project.

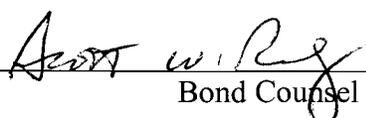
**PASSED, ADOPTED AND APPROVED** on June 19, 2007.

ATTEST:

  
\_\_\_\_\_  
Chairman, Board of Directors

  
\_\_\_\_\_  
Clerk, Board of Directors

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Bond Counsel

Attachments: Exhibit A - Description of Improvements

**CERTIFICATE**

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Tartesso West Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on June 19, 2007, and that a quorum was present thereat and that the vote thereon was 7 ayes and 0 nays; 0 did not vote or were absent.

  
Clerk, Board of Directors

## EXHIBIT A

"Project" shall mean the acquisition of public infrastructure (as such term is defined in the Act) described in the Report, including particularly the acquisition by the District of the following, together with all other costs related to the issuance of any Bonds:

<u>Description</u>	<u>Estimate of Total Cost</u>
1. Tartesso Unit 1 Onsite Sewer, Water, Storm Drain & Offsite Water Lines ≤ 12" Diameter	\$3,180,348
2. Tartesso Unit 1 Paving, Concrete & Concrete Structures	<u>5,819,652</u>
<b>Total</b>	<b><u>\$9,000,000</u></b>

**NOTICE OF JULY 17, 2007 JOINT MEETING  
OF THE COMMUNITY FACILITIES DISTRICTS  
TOWN OF BUCKEYE, ARIZONA**

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

**AGENDA  
JULY 17, 2007**

**Town Council Chambers  
100 N. Apache Road  
Buckeye, AZ 85326**

**Immediately following the 7:00 p.m. Regular Council Meeting**

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**1. Call to Order/Roll Call.**

*Board Action: None.*

**2. Approval of Minutes – June 19, 2007 and July 3, 2007**

- a. Anthem Sun Valley Community Facilities District-
- b. Elianto Community Facilities District Meeting Minutes
- c. Festival Ranch Community Facilities District Meeting Minutes
- d. Tartesso West Community Facilities District Meeting Minutes
- e. Trillium Community Facilities District Meeting Minutes
- f. Verrado District 1 Community Facilities District Meeting Minutes
- g. Verrado Western Overlay Community Facilities District Meeting Minutes
- h. Watson Road Community Facilities District Meeting Minutes
- i. Sundance Community Facilities District Meeting Minutes
- j. Mirielle Community Facilities District Meeting Minutes
- k. Westpark Community Facilities District Meeting Minutes

*Board Action: Discussion and possible motion to approve.*

**3. Approval/Ratify Expenditures - Various Community Facilities Districts**

**4. Public Hearing for the Facility Districts of:**

- a. Anthem Sun Valley Community Facilities District-
- b. Elianto Community Facilities District Meeting Minutes
- c. Festival Ranch Community Facilities District Meeting Minutes
- d. Tartesso West Community Facilities District Meeting Minutes
- e. Trillium Community Facilities District Meeting Minutes
- f. Verrado District 1 Community Facilities District Meeting Minutes
- g. Verrado Western Overlay Community Facilities District Meeting Minutes
- h. Watson Road Community Facilities District Meeting Minutes
- i. Sundance Community Facilities District Meeting Minutes
- j. Mirielle Community Facilities District Meeting Minutes
- k. Westpark Community Facilities District Meeting Minutes

*Board Action: Discussion and possible motion to approve.*

**5. ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT**

**5A. The ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT BOARD will consider, for possible action, adoption of Resolution 03-07 (Anthem Sun Valley), adopting the Final Budget of the Anthem Sun Valley Community Facility District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.**

*Board Action: Motion to approve.*

**6. ELIANTO COMMUNITY FACILITIES DISTRICT**

**6A. The ELIANTO COMMUNITY FACILITIES DISTRICT BOARD will consider, for possible action, adoption of Resolution 02-07 (Elianto), adopting the Final Budget of the Elianto Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.**

*Board Action: Motion to approve.*

**6B. The ELIANTO COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 03-07 (Elianto), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.**

*Board Action: Motion to approve.*

**7. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**

**7A. Board of the Festival Ranch Community Facilities District will consider, for possible action, adoption of Resolution No. 07-07 AUTHORIZING THE ISSUANCE OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007; 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.*

**7B. Board of the Festival Ranch Community Facilities District will consider, for possible action, adoption of Resolution 08-07 APPROVING THE MODIFICATION OF ASSESSMENTS FOR SPECIAL ASSESSMENT AREA #3. Modification request is to allocate the parcel into 455 assessments.**

*Board Action: Motion to approve.*

**7C. The FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT Board will consider, for possible action, adoption of Resolution 09-07 (Festival Ranch), adopting the Final Budget of the Festival Ranch Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.**

*Board Action: Motion to approve.*

**7D. The FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 10-07 (Festival Ranch), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.**

*Board Action: Motion to approve.*

**8. MIRIELLE COMMUNITY FACILITIES DISTRICT**

**8A. The Mirielle Community Facilities District Board will consider, for possible action, adoption of Resolution 04-07 (Mirielle), adopting the Final Budget of the Mirielle Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.**

*Board Action: Motion to approve.*

**9. SUNDANCE COMMUNITY FACILITIES DISTRICT**

**9A. The SUNDANCE COMMUNITY FACILITIES DISTRICT Board will consider, for possible action, adoption of Resolution 05-07 (Sundance), adopting the Final Budget of the Sundance Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.**

*Board Action: Motion to approve.*

**9B. The SUNDANCE COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 06-07 (Sundance), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.**

*Board Action: Motion to approve.*

**10. TARTESSO WEST COMMUNITY FACILITIES DISTRICT**

**10A. The Board of the Tartesso West Community Facilities District will consider, for possible action, adoption of Resolution No. 03-07 **AUTHORIZING THE ISSUANCE OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007; 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.*

**10B. The TARTESSO WEST COMMUNITY FACILITIES DISTRICT Board will consider, for possible action, adoption of Resolution 04-07 (Tartesso West), adopting the Final Budget of the Tartesso West Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.**

*Board Action: Discussion and possible motion to approve.*

**10C. The TARTESSO WEST COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 05-07 (Tartesso West), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.**

*Board Action: Motion to approve.*

**11. TRILLIUM COMMUNITY FACILITIES DISTRICT**

**11A. The Trillium Community Facilities District Board will consider, for possible action, adoption of Resolution 02-07 (Trillium), adopting the Final Budget of the Trillium Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.**

*Board Action: Discussion and possible motion to approve.*

**11B. The TRILLIUM COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 03-07 (Trillium), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.**

*Board Action: Motion to approve.*

**12. VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT**

**12A. The Verrado District 1 Community Facilities District Board will consider, for possible action, adoption of Resolution 02-07 (Verrado District 1), adopting the Final Budget of the Verrado District 1 Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.**

*Board Action: Discussion and possible motion to approve.*

**12B. The VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 03-07 (Verrado District 1), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.**

*Board Action: Motion to approve.*

**13. VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT**

**13A. The Verrado Western Overlay Community Facilities District Board will consider, for possible action, adoption of Resolution 02-07 (Verrado Western Overlay), adopting the Final Budget of the Verrado Western Overlay Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.**

*Board Action: Discussion and possible motion to approve.*

**13B. The VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 03-07 (Verrado Western Overlay), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.**

*Board Action: Motion to approve.*

**14. WATSON ROAD COMMUNITY FACILITIES DISTRICT**

**14A. The Watson Road Community Facilities District Board will consider, for possible action, adoption of Resolution 06-07 (Watson Road), adopting the Final Budget of the Watson Road Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.**

*Board Action: Discussion and possible motion to approve.*

**14B. The WATSON ROAD COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 07-07 (Watson Road), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.**

*Board Action: Motion to approve.*

**14C. The WATSON ROAD COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, approval of Change Order No. 2, in the amount of \$111,478.01 from S.J.L. Construction of Arizona (S.J.L.) and changing the contract completion date from March 16, 2007 to May 17, 2007. Board Action: Motion to approve.**

**15. WESTPARK COMMUNITY FACILITIES DISTRICT**

**15A. The WESTPARK COMMUNITY FACILITIES DISTRICT Board will consider, for possible action, adoption of Resolution 04-07 (Westpark), adopting the Final Budget of the Westpark Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.**

*Board Action: Discussion and possible motion to approve.*

**15B. The WESTPARK COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 05-07 (Westpark), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.**

*Board Action: Motion to approve.*

**15. Adjournment.**

*Board Action: Motion to adjourn.*

**NOTICE OF JULY 17, 2007 JOINT MEETING  
OF THE COMMUNITY FACILITIES DISTRICTS  
TOWN OF BUCKEYE, ARIZONA**

**PURSUANT TO SECTIONS 48-711©, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1  
ARIZONA REVISED STATUTES, AS AMENDED, TAKE NOTICE THAT A JOINT MEETING  
OF THE GOVERNING BOARDS OF  
ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
THE ELIANTO COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
TRILLIUM COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
VERRADO WESTERN OVERLAY CFD (TOWN OF BUCKEYE)  
WATSON ROAD COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE) and  
WESTPARK COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)  
MINUTES  
JULY 17, 2007**

**Town Council Chambers  
100 N. Apache Road  
Buckeye, AZ 85326  
Immediately following the 7:00 p.m. Regular Council Meeting**

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**1. Call to Order/Roll Call.**

Chairman Bryant called the meeting to order at 7:37 p.m..

**Members Present:** Boardmember Hardesty, Boardmember Garza, Boardmember Doster,  
Boardmember Rioux, Chairman Bryant, and Vice Chairman Beard.

**Members Absent:** Boardmember May

**Staff Present:** District Manager David Wilcox, Assistant District Manager Shane Dille, District  
Attorney Scott Ruby, District Clerk Linda Garrison, District Deputy Clerk  
Lucinda Aja, District Engineer Dave Hedlund, and District Finance Manager  
Doug Allen.

District Finance Director Doug Allen told the Board that Item 4 was incorrectly posted as Minutes,  
therefore the Budget Hearing will be held Thursday July 19<sup>th</sup> instead of this meeting.

**2. Approval of Minutes –**

A motion was made by Boardmember Doster and seconded by Boardmember Rioux to approve the meeting  
minutes of June 19, 2007 and July 3, 2007 of the following Districts:

Anthem Sun Valley Community Facilities District-  
Elianto Community Facilities District Meeting Minutes  
Festival Ranch Community Facilities District Meeting Minutes  
Mirielle Community Facilities District Meeting Minutes  
Sundance Community Facilities District Meeting Minutes  
Tartesso West Community Facilities District Meeting Minutes  
Trillium Community Facilities District Meeting Minutes  
Verrado District 1 Community Facilities District Meeting Minutes  
Verrado Western Overlay Community Facilities District Meeting Minutes  
Watson Road Community Facilities District Meeting Minutes  
Westpark Community Facilities District Meeting Minutes

Motion passed unanimously.

**3. Approval/Ratify Expenditures - Various Community Facilities Districts**

A motion was made by Boardmember Doster and seconded by Boardmember Hardesty to approve/ratify the expenditures as presented. Motion passed unanimously.

**4. ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT**

**4A. The ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT BOARD**

No action was taken regarding the adoption of Resolution 03-07 (Anthem Sun Valley), adopting the Final Budget of the Anthem Sun Valley Community Facility District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

**4B. ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT BOARD**

No action was taken regarding the adoption of Resolution 04-07 (Anthem Sun Valley), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

**5. ELIANTO COMMUNITY FACILITIES DISTRICT**

**5A. The ELIANTO COMMUNITY FACILITIES DISTRICT BOARD**

No action was taken regarding the adoption of Resolution 02-07 (Elianto), adopting the Final Budget of the Elianto Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

**5B. ELIANTO COMMUNITY FACILITIES DISTRICT BOARD**

No action was taken regarding the adoption of Resolution 03-07 (Elianto), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

**6. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**

**6A. Festival Ranch Community Facilities District**

No Action was taken regarding the adoption of Resolution No. 07-07 AUTHORIZING THE ISSUANCE OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007; 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.

**6B. Festival Ranch Community Facilities District**

No action was taken regarding the adoption of Resolution 08-07 APPROVING THE MODIFICATION OF ASSESSMENTS FOR SPECIAL ASSESSMENT AREA #3. Modification request is to allocate the parcel into 455 assessments.

**6C. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**

No action was taken regarding the adoption of Resolution 09-07 (Festival Ranch), adopting the Final Budget of the Festival Ranch Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

**6D. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**

No action was taken regarding the adoption of Resolution 10-07 (Festival Ranch), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

**7. MIRIELLE COMMUNITY FACILITIES DISTRICT**

**7A. Mirielle Community Facilities District**

A motion was made by Vice Chairman Beard and seconded by Boardmember Hardesty to adopt Resolution 04-07 (Mirielle), adopting the Final Budget of the Mirielle Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency. Motion passed unanimously.

**7B. MIRIELLE COMMUNITY FACILITIES DISTRICT BOARD**

A motion was made by Vice Chairman Beard and seconded by Boardmember Hardesty to adopt Resolution 05-07 (Mirielle), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

**8. SUNDANCE COMMUNITY FACILITIES DISTRICT**

**8A. SUNDANCE COMMUNITY FACILITIES DISTRICT**

No action was taken regarding the adoption of Resolution 05-07 (Sundance), adopting the Final Budget of the Sundance Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

**8B. SUNDANCE COMMUNITY FACILITIES DISTRICT BOARD**

No action was taken regarding the adoption of Resolution 06-07 (Sundance), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

**9. TARTESSO WEST COMMUNITY FACILITIES DISTRICT**

**9A. Tartesso West Community Facilities District**

No action was taken regarding the adoption of Resolution No. 03-07 AUTHORIZING THE ISSUANCE OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007; 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; AWARDED 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.

**9B. The TARTESSO WEST COMMUNITY FACILITIES DISTRICT**

No action was taken regarding the adoption of Resolution 04-07 (Tartesso West), adopting the Final Budget of the Tartesso West Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

**9C. TARTESSO WEST COMMUNITY FACILITIES DISTRICT BOARD**

No action was taken regarding the adoption of Resolution 05-07 (Tartesso West), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

**10. TRILLIUM COMMUNITY FACILITIES DISTRICT**

**10A. Trillium Community Facilities District**

A motion was made by Vice Chairman Beard and seconded by Boardmember Garza to adopt Resolution 02-07 (Trillium), adopting the Final Budget of the Trillium Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency. Motion passed unanimously.

**10B. TRILLIUM COMMUNITY FACILITIES DISTRICT**

No action was taken regarding the adoption of Resolution 03-07 (Trillium), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

**11. VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT**

**11A. Verrado District 1 Community Facilities District**

No action was taken regarding the adoption of Resolution 02-07 (Verrado District 1), adopting the Final Budget of the Verrado District 1 Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

**11B. VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT**

No action was taken regarding the adoption of Resolution 03-07 (Verrado District 1), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

**12. VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT**

**12A. Verrado Western Overlay Community Facilities District**

No action was taken regarding the adoption of Resolution 02-07 (Verrado Western Overlay), adopting the Final Budget of the Verrado Western Overlay Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

**12B. VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT**

No action was taken regarding the adoption of Resolution 03-07 (Verrado Western Overlay), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

**13. WATSON ROAD COMMUNITY FACILITIES DISTRICT**

**13A. Watson Road Community Facilities District**

No action was taken regarding the adoption of Resolution 06-07 (Watson Road), adopting the Final Budget of the Watson Road Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

**13B. WATSON ROAD COMMUNITY FACILITIES DISTRICT**

No action was taken regarding the adoption of Resolution 07-07 (Watson Road), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

**13C. WATSON ROAD COMMUNITY FACILITIES DISTRICT**

No action was taken regarding the approval of Change Order No. 2, in the amount of \$111,478.01 from S.J.L. Construction of Arizona (SJL) and changing the contract completion date from March 16, 2007 to May 17, 2007.

**14. WESTPARK COMMUNITY FACILITIES DISTRICT**

**14A. The WESTPARK COMMUNITY FACILITIES DISTRICT**

No action was taken regarding the adoption of Resolution 04-07 (Westpark), adopting the Final Budget of the Westpark Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

**14B. WESTPARK COMMUNITY FACILITIES DISTRICT**

No action was taken regarding the adoption of Resolution 05-07 (Westpark), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

**14C. WATSON ROAD COMMUNITY FACILITIES DISTRICT**

Dave Hedlund of Scoutten Engineering told the Board that the causes of the change order were additional paving and excavation for the sewerline casing in the Buckeye Canal and cooling line, difficulty in obtaining permits, and the need to backfill a trench left by a contractor hired by White Fence Farms. Mr. Hedlund told the Board that engineering estimates are assumed and are not always accurate. A motion was made by Boardmember Hardesty and seconded by Boardmember Doster to approve Change Order No. 2, in the amount of \$111,478.01 from S.J.L. Construction of Arizona (SJL) and changing the contract completion date from March 16, 2007 to May 17, 2007. Boardmember Rioux abstained. Vice Chairman Beard voted nay. Chairman Bryant and Boardmembers Hardesty, Garza, and Doster voted aye. Motion carried.

**15. WESTPARK COMMUNITY FACILITIES DISTRICT**

**15A. WESTPARK COMMUNITY FACILITIES DISTRICT**

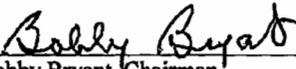
No action was taken regarding the adoption of Resolution 04-07 (Westpark), adopting the Final Budget of the Westpark Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

**15B. WESTPARK COMMUNITY FACILITIES DISTRICT**

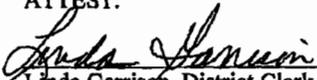
No action was taken regarding the adoption of Resolution 05-07 (Westpark), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREM TAXATION, AND DECLARING AN EMERGENCY.

**16. Adjournment.**

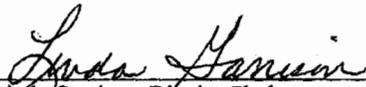
A motion was made by Vice Chairman Beard and seconded by Boardmember Garza to adjourn the meeting at 7:50 p.m. Motion passed unanimously.

  
\_\_\_\_\_  
Bobby Bryant, Chairman

ATTEST:

  
\_\_\_\_\_  
Linda Garrison, District Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the Joint Meeting of the Community Facilities District held by the Board on the 17th day of July, 2007. I further certify that a quorum was present.

  
\_\_\_\_\_  
Linda Garrison, District Clerk

RESOLUTION NO. 03-07

A RESOLUTION OF THE BOARD OF DIRECTORS OF TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANCE OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007; 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.

BE IT RESOLVED by the Board of Directors ("*District Board*") of the Tartesso West 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 June 19, 2007, after provision of publication of notice of the hearing as provided by law, and, pursuant to the Enabling Act and a resolution adopted on June 19, 2007, 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 Stardust-Tartesso W12, Inc. (the "*Company*") (the "*Development Agreement*") recorded on November 3, 2004 at docket number 2004-1294633 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 is 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 September 1, 2007 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. (Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture.) The District Board has determined by this resolution to authorize the 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 RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "*Underwriter*"), (3) 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 (4) a Letter of Representations, dated the date of initial delivery of the Bonds, by and between the District and The Depository Trust Company. (The documents described in Clauses (1) through (4), 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.** The Bonds are hereby authorized to be issued as a series of general obligation bonds of the District to be designated "Tartesso West Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007". The Bonds shall be issued in an aggregate principal amount of \$8,750,000, 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, 2032. 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.

**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. 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.

**7. 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 presented at the meeting at which this Resolution was adopted, with 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.

**8. 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 of the Municipality and shall publish a notice of the filing of the estimate. The District Board, on or before the date set by law for certifying the annual budget of the Town, 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.

**9. 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.

**10. 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.

**11. 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 irrevocable until the Bonds and the interest thereon shall have been fully paid, canceled and discharged.

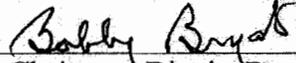
**12. Severability; Amendment.** (a) If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

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

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

**PASSED** by the District Board of Tartesso West Community Facilities District (Town of Buckeye, Arizona) on July 17, 2007.

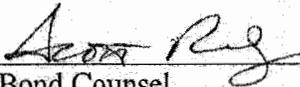
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)**

  
\_\_\_\_\_  
Chairman, District Board

ATTEST:

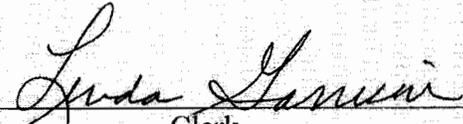
  
\_\_\_\_\_  
District Clerk

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 Tartesso West Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on July 17, 2007, 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

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**TARTESSO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)**

**and**

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

**INDENTURE OF TRUST**

**AND**

**SECURITY AGREEMENT**

**DATED AS OF OCTOBER 1, 2007**

**TARTESSO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)  
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007**

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**THIS INDENTURE OF TRUST AND SECURITY AGREEMENT**, dated as of October 1, 2007 (this "*Indenture*"), from Tartesso West 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 \$110,000 principal amount of its District General Obligation Bonds, Series 2005 (the "*Series 2005 Bonds*"); 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 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 a resolution of the Board adopted on July 17, 2007 (the "*Bond Resolution*"), the Board (1) has authorized the issuance of the general obligation bonds described herein (the "*Bonds*" or "*Series 2007 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 Stardust-Tartesso W12, Inc., which has an interest in real property within the boundaries of the Issuer (the "*Original 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**, the current owners of the property within the District are Stardust Foundation, Inc, Stardust-Tartesso W12, Inc., Stardust Structured Investments No. 9, L.L.C., BIF-Buckeye, L.L.C./S.R.I.T.F. II, L.L.C., Stardust Structured Investments No. 10, L.L.C., Sun Valley Partners, L.L.C., Breuner & Camelback 145, L.L.C., Tartesso West High Density Residential, L.L.C., Tartesso West Multi-Family, L.L.C., Rex Maughan and Ruth Maughan, as husband and wife, Tartesso West Commerical Mixed Use, L.L.C., Rjay Lloyd Chartered Profit Plan Dated August 6, 1973, et al, Big Kahuna, L.L.C., Sun Valley 36, Cherry Properties, L.L.C. and Gilligan Sun Valley, L.L.C. (collectively, the "Owner"); 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 shall be to secure only the payment of the principal of and

interest on the Outstanding Secured Bonds (hereinafter defined) but excluding any money in the Rebate Fund; 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 \$100,000 and integral multiples of \$5,000 in excess thereof in the case of Bonds owned by SMMPs or Qualified Investors; provided, however, that "Authorized Denomination" means \$5,000 and integral multiples thereof: (i) upon achievement of a rating on the Bonds from a Rating Agency of "AAA" or "AA," (ii) upon achievement of a rating on the Bonds from a Rating Agency of "A" or "BBB" and written approval of the District, (iii) if the Bonds have been defeased pursuant to the terms of the Indenture, or (iv) in conjunction with any mandatory sinking fund redemption of the Bonds pursuant to the Indenture.

*"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 July 17, 2007 which, 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 \$8,750,000 District General Obligation Bonds, Series 2007.

*"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 Statutes, as amended.

*"Final Discharge Date"* means, with respect to the Bonds, the date on which the discharge of the last of the Bonds to be discharged occurs, if so discharged by payment, or the date on which there is established a fund sufficient to pay the principal of, premium, if any, and interest on such last Bond to be discharged.

*"Fiscal Year"* means the period beginning on July 1 of any year and ending on June 30 of the next succeeding year.

*"Form 8038-T"* means the form designated as such by the Internal Revenue Service and any form which may hereafter be designated to replace such form pertaining to bonds of the category for federal income tax purposes into which the Bonds qualify.

*"Governmental Obligations"* means only obligations set forth in paragraphs (A) and (B) of the definition of Permitted Investments, which are not subject to redemption in advance of maturity at the option of the obligor thereon, and only the interest component of Resolution Funding Corp. (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York and are held in book entry form.

*"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, 2008.

*“Issuer”* means Tartesso West 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 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 RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets.

*“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.

*"Qualified Investor"* means a qualified institutional buyer, as such term is defined in Rule 144A of the Securities Act of 1933, as amended or an accredited investor as defined in Rule 501 of Regulation D of the United States Securities Exchange Commission, who executes the Certificate of Qualified Investor set forth in Section 2.02 hereof.

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

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

*"Rebate 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 2007 Bonds"* has the same meaning as "Bonds".

*"SMMP"* means a "Sophisticated Municipal Market Professional", as such term is defined by the Municipal Securities Rulemaking Board ("MSRB") and without limiting the definition used by the MSRB, generally means a corporation, partnership, trust or other institution, other than a natural person, with total assets of at least \$100 million invested in municipal securities in the aggregate in its portfolio and/or under management and whom the broker dealer who is involved in the sale of the Bonds or beneficial interest therein has reasonable grounds to believe: (i) has timely access to available material facts pertaining to the Bonds, (ii) is capable of independently evaluating the investment risk and market value of the Bonds, and (iii) is making independent decisions about its ownership of the 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.

"*Tax Agreement*" means the District's tax certificate dated October 3, 2007.

"*2007 Indenture*" means this Indenture of Trust dated October 1, 2007 between the Issuer and the 2007 Trustee.

"*2007 Trustee*" means Wells Fargo Bank, N.A., as trustee with respect to the Series 2007 Bonds under this 2007 Indenture.

"*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, 22<sup>nd</sup> 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 Tartesso West Community Facilities District c/o Town of Buckeye, Arizona, 100 North Apache, Suite A, 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.

## 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 form 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.** The Bonds shall be in the following form:

[FORM OF FACE OF BOND]

REGISTERED

REGISTERED

No. R- \_\_\_\_\_

\$ \_\_\_\_\_

*UNLESS THIS CERTIFICATE 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 CERTIFICATE 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.*

*[UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE (1) IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER OF A PRINCIPAL AMOUNT OF \$100,000 OR MORE PURSUANT TO THE RULES AND REGULATIONS APPLICABLE TO SALES TO "SOPHISTICATED MUNICIPAL MARKET PROFESSIONALS" OR (2) IN CONNECTION WITH A SALE OR TRANSFER TO A QUALIFIED INVESTOR UPON RECEIPT BY THE HEREINAFTER DESCRIBED TRUSTEE OF A "QUALIFIED INVESTOR LETTER" IN THE FORM INCLUDED IN THIS BOND.]<sup>1</sup>*

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<sup>1</sup> Insert bracketed language in Bonds until otherwise required as provided in Section 3.04(F).

UNITED STATES OF AMERICA  
STATE OF ARIZONA

TARTESSO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)  
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007

INTEREST RATE	MATURITY DATE	ORIGINAL DATED DATE	CUSIP NO.:
_____	_____	_____, 2007	_____

REGISTERED OWNER

PRINCIPAL AMOUNT

Tartesso West 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, 2008 (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 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.

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.

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 October 1, 2007 (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 July 17, 2007 (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 \$100,000 and integral multiples of \$5,000 in excess thereof.

**Optional Redemption.** The Bonds maturing on and after July 15, 2026, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2017, 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 without premium.

**Mandatory Redemption.** The Bonds maturing on July 15, 2017, 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.

<u>Redemption Date</u> <u>(July 15)</u>	<u>Principal Amount</u>
2011	\$195,000
2012	205,000
2013	215,000
2014	225,000
2015	240,000
2016	250,000
2017 (maturity)	265,000

The Bonds maturing on July 15, 2026 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:

<u>Redemption Date</u> <u>(July 15)</u>	<u>Principal Amount</u>
2018	\$10,000
2019	10,000
2020	10,000
2021	10,000
2022	10,000
2023	10,000
2024	10,000
2025	15,000
2026 (maturity)	15,000

The Bonds maturing on July 15, 2032 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:

<u>Redemption Date</u> <u>(July 15)</u>	<u>Principal Amount</u>
2018	\$265,000
2019	285,000
2020	300,000
2021	320,000
2022	340,000

2023	360,000
2024	380,000
205	400,000
2026	425,000
2027	465,000
2028	490,000
2029	520,000
2030	550,000
2031	595,000
2032 (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 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 or, as applicable, 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. [Notwithstanding any other provision of this bond to the contrary, but except as otherwise provided in Section 3.04(F) of the Indenture, this bond is

nontransferable unless the transferee or transferees provide the Trustee a completed certificate of qualified investor in the form included in this bond.]<sup>2</sup>

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.

TARTESSO WEST COMMUNITY  
FACILITIES DISTRICT

By

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
<sup>2</sup> Insert bracketed language in Bonds until otherwise required as provided in Section 3.04(F).

\_\_\_\_\_  
District Clerk

Dated \_\_\_\_\_

[The following certificate shall be required only to the extent required by Section 3.04(F) of the Indenture.]

["CERTIFICATE OF SOPHISTICATED MUNICIPAL MARKET PROFESSIONAL"]

TARTESSO WEST COMMUNITY FACILITIES DISTRICT

Wells Fargo Bank, N.A., as Trustee

Re: Tartesso West Community Facilities District  
(Town of Buckeye, Arizona) District General Obligation  
Bonds, Series 2007

1. Please be advised that the undersigned is purchasing one of the captioned bonds or an interest therein (hereinafter referred to as the "*Bonds*"), such Bond being in the original aggregate principal amount of \$\_\_\_\_\_, bearing the number \_\_\_\_\_. Such purchase is solely for the account of the undersigned or for accounts managed by the undersigned, for the purpose of investment and not with an intent for distribution or resale.

2. The undersigned acknowledges that it is a "Qualified Institutional Buyer" as such term is defined in Rule 144A of the Securities Act of 1933, as amended, with total assets of at least \$100 million invested in municipal securities in the aggregate in its portfolio and/or under management.

3. In the event that the undersigned transfers such Bond or any part thereof, the undersigned agrees that such transfer shall be through a "broker," or to a "dealer" or "municipal securities dealer," as those terms are defined in the Securities Exchange Act of 1934.

4. The undersigned acknowledges that it received the Limited Offering Memorandum dated September 13, 2007 related to the Bonds.

5. The undersigned understands that: (i) the Bonds are not being registered under the Securities Act of 1933, as amended, (ii) the Bonds are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) any transfer of the Bonds must comply with federal and state securities laws, (iv) the broker or dealer must sell the Bonds, or interests therein, to sophisticated municipal market professionals, (v) the Bonds will not be listed on any stock or other securities exchange, and (vi) the Bonds will not carry any bond rating from any rating service.

6. The undersigned had access to all information regarding the Bonds and the Issuer that the undersigned deemed material in connection with its evaluation of and decision to purchase the Bonds. The undersigned acknowledges that the undersigned has not requested and none of the Issuer, the Town of Buckeye, Arizona, or their respective officials, officers, directors,

council members, advisors, employees and agents has undertaken to furnish information to the undersigned from any third party in connection with investment in the Bonds.

7. This letter and all rights and responsibilities described in it shall be governed by, and interpreted in accordance with, the laws of the State of Arizona. The federal and state courts of the State of Arizona shall have sole and exclusive jurisdiction over any dispute arising from the purchase and sale of the Bonds.

\_\_\_\_\_  
(PURCHASER)

By \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

-----  
["CERTIFICATE OF QUALIFIED INVESTOR"]

TARTESSO WEST COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Tartesso West Community Facilities District  
(Town of Buckeye, Arizona) District General Obligation  
Bonds, Series 2007

1. Please be advised that the undersigned is a Qualified Investor (as hereafter defined) and is purchasing, either directly or as beneficial owner in case the bonds are held by a securities depository, one of the captioned bonds (hereinafter referred to as the "*Bonds*"), such Bond, or beneficial interest therein, being in the original aggregate principal amount of \$ \_\_\_\_\_, bearing the number \_\_\_\_\_. Such purchase is for the account of the undersigned, for the purpose of investment and not with a present intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (hereinafter referred to as the "*Indenture*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Trustee (or any successor thereto as provided in such Indenture, hereinafter referred to as the "*Trustee*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Indenture, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bond to such transferee will be registered.

3. The undersigned acknowledges that it is a qualified institutional buyer, as such term is defined in Rule 144A of the Securities Act of 1933, as amended, or an accredited

investor as defined in Rule 501 of Regulation D of the United States Securities Exchange Commission (either of which shall constitute a "Qualified Investor").

4. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws with respect to any transfer of the Bond or an interest therein, and agrees to hold the Issuer and the Town of Buckeye, Arizona (hereinafter referred to as the "Town"), harmless for, from and against any and all liabilities claims, damages or losses resulting directly or indirectly from such failure to comply.

5. The undersigned acknowledges that the undersigned has had an opportunity and has obtained all information necessary and has evaluated the factors associated with its investment decision and after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including but not limited to, limited security and source for payment of the Bonds, the status of development and its impact on taxation for payment of the Bonds, the possible transfer of land by the owners of land in the District, failure or inability of owners to complete proposed development of such land, bankruptcy and foreclosure delays and the probable lack of any secondary market for the Bonds. The undersigned acknowledges that it is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The undersigned is not relying on the Issuer or the Town in making its decision to purchase the Bonds and agrees that the Town is not obligated in any manner for the issuance or payment of the Bonds.

6. The undersigned understands that the Bonds (i) are not being registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions set forth in that Act, (ii) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) will not be listed on any stock or other securities exchange, (iv) will not carry any bond rating from any rating service, and (v) are not likely to be readily marketable.

7. The undersigned acknowledges that the Issuer, Town and the respective officers, directors, council members, advisors, employees and agents of either of the foregoing have not undertaken to furnish, nor has the undersigned requested, any other information or to ascertain the accuracy or completeness of any other information that may have been furnished by any other party.

\_\_\_\_\_  
[PURCHASER]

By \_\_\_\_\_  
Printed

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[END OF FORM OF 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,**]<sup>3</sup>, 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.

<sup>3</sup> Insert bracketed language in the Bonds only and until otherwise required as provided in Section 3.04(F)

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 one Series of Bonds issued and secured hereunder entitled "TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007" dated as of October 3, 2007.

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 \$8,750,000 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:

<u>YEAR</u> <u>(July 15)</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>DESIGNATION</u>
2008	\$365,000	4.350%	Serial Bond
2009	180,000	4.700%	Serial Bond
2010	185,000	4.750%	Serial Bond
2017	1,595,000	5.125%	Term Bond
2026	100,000	5.800%	Term Bond
2032	6,325,000	5.900%	Term Bond

D. The Bonds shall bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from and including October 3, 2007, 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, 2008 (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 maturing on and after July 15, 2026, 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, 2017 upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date without premium.

(2) (a) The Bonds maturing on July 15, 2017 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:

<u>Redemption Date</u> (July 15)	<u>Principal Amount</u>
2011	\$195,000
2012	205,000
2013	215,000
2014	225,000
2015	240,000
2016	250,000
2017 (maturity)	265,000

(b) The Bonds maturing on July 15, 2026 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:

<u>Redemption Date</u> (July 15)	<u>Principal Amount</u>
2018	\$10,000
2019	10,000
2020	10,000
2021	10,000
2022	10,000
2023	10,000
2024	10,000
2025	15,000
2026 (maturity)	15,000

(c) The Bonds maturing on July 15, 2032 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:

<u>Redemption Date</u> <u>(July 15)</u>	<u>Principal Amount</u>
2018	\$265,000
2019	285,000
2020	300,000
2021	320,000
2022	340,000
2023	360,000
2024	380,000
205	400,000
2026	425,000
2027	465,000
2028	490,000
2029	520,000
2030	550,000
2031	595,000
2032 (maturity)	630,000

(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 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 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 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 the same series, of any Authorized Denominations, and of a like aggregate principal amount as requested by the transferor.

F. The restrictions on transfer of the Bonds or any beneficial interest therein to SMMP's or Qualified Investors, included in the form of the Bonds in Section 2.02, shall not be applicable after receipt by the Trustee of (a) proof of: (i) a rating on the Bonds from a Rating Agency of "AAA" or "AA" or (ii) a rating on the Bonds from a Rating Agency of "A" or "BBB" and written approval of the Issuer to the deletion of such restrictions, such approval to be granted by the Board in its sole discretion or (b) defeasance of the Bonds pursuant to this Indenture.

### ***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 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 the same series and of like 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.

(i). 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.

(ii). 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 of such series 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.

iii. 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 of a series, 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 or, as applicable, are to be redeemed, the particular Bonds of such Stated Maturity of the Bonds, to be redeemed shall be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds which have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and which may provide for the selection for redemption of portions (equal to 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 principal amount of Bonds to be redeemed and, if less than all Outstanding Bonds of such series of the 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 the approved central post office for continuing disclosure (on the date hereof [www.DisclosureUSA.org](http://www.DisclosureUSA.org)), or if none, to all nationally recognized municipal securities information repositories.

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 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 2007 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;

(2) the amount received from proceeds of the sale of the Bonds indicated in Section 5.05A;

(3) 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.

**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 2007 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 balance of the proceeds of the Bonds remaining after the deposits to the Bond Fund as provided in Section 5.05(A). 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 October 1, 2010 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;

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 any series 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 7.09B.

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 \$10,000,000, 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.

**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, 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, the Bond Resolution, or of modifying in any manner the rights of the Holders of the Bonds under this Indenture, 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 a 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. For each year while any Bond is Outstanding, the Board shall levy a tax rate of at least \$3.00 per \$100 of secondary assessed valuation to pay such Debt Service and Parity Debt Service, provided, however, that the tax rate in any year may be less than \$3.00 if such lower tax rate shall produce based on the then current secondary assessed valuation of the property within the boundaries of the Issuer secondary ad valorem tax revenues sufficient to pay in full the aggregate Debt Service on the Bonds and any Parity Debt Service.

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 (i) so long as any Series 2007 Bonds are outstanding, in accordance with such series outstanding principal amount and (ii) thereafter, in accordance with such series Debt Service or Parity Debt Service then due and in either case, taking into account other funds held by the Issuer for such payment. Property tax revenues allocated for any series of bonds shall be deposited into the applicable fund or account set aside for such series.

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 of each series may be presented or surrendered for payment, where Bonds of each series 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 of each series 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 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 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 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 Bonds and affects the exempt status of the interest income on the 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 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 Bonds that the proceeds of the Bonds will not be used in a manner which would or might result in the 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 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 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 Bonds are delivered. In this connection, the Issuer agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form if such action would cause interest on the 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.

**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.

**TARTESSO WEST COMMUNITY FACILITIES  
DISTRICT (TOWN OF BUCKEYE), ARIZONA**

By Bobby Burt  
District Chairman

**ATTEST:**

Linda Garrison  
District Clerk

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

By Amy Taylor  
Its Vice President

**FILED**  
 ARIZONA SECRETARY OF STATE  
 10/04/2007 09:14 AM  
**200715029408**

**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  
**Tartesso West Community Facilites District (Town of Buckeye, Arizona)**

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

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**100 N. Apache, Suite A Buckeye AZ 85326 USA**

1d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID #, if any  
**ADD'L INFO RE ORGANIZATION DEBTOR: muni corp JURISDICTION OF ORGANIZATION: Arizona ORGANIZATIONAL ID #: 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  
**ADD'L INFO RE ORGANIZATION DEBTOR: NONE TYPE OF ORGANIZATION: NONE JURISDICTION OF ORGANIZATION: NONE ORGANIZATIONAL ID #: 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 CITY STATE POSTAL CODE COUNTRY  
**100 West Washington Street, 22nd Floor Phoenix AZ 85003 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 Affidavit (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)  All Debtors  Debtor 1  Debtor 2

8. OPTIONAL FILER REFERENCE DATA

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

Debtor: TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), a municipal corporation  
100 North Apache, Suite A  
Buckeye, Arizona 85326

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

Reference is made to the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (the "*Indenture*"), between the Tartesso West 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 \$8,750,000 District General Obligation Bonds, Series 2007 (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.

\$8,750,000  
TARTESSO WEST COMMUNITY FACILITIES  
DISTRICT (TOWN OF BUCKEYE, ARIZONA)  
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007

PURCHASE CONTRACT

September 13, 2007

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

RBC Dain Rauscher, Inc., doing business under the name RBC Capital Markets (hereinafter referred to as the "Underwriter"), acting not as agent or fiduciary for Tartesso West 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 Stardust-Tartesso W12, Inc. (hereinafter referred to as "Property Owner") 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 "Tartesso West Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007" (hereinafter referred to as the "Bonds").

(b) The Bonds shall be dated the date of the Closing (as such term is hereinafter defined), shall be in the aggregate principal amount of \$8,750,000, 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 in Schedule I attached hereto. Interest on the Bonds shall be payable on January 15 and July 15 of each year, commencing January 15, 2008, and the Bonds shall have the other terms, all as provided in the resolution adopted by the District Board of the District on July 17, 2007 (hereinafter referred to as the "Bond Resolution").

(c) The Bonds shall be purchased by the Underwriter for an aggregate purchase price of \$8,487,500 (representing the par amount of the Bonds, less the Underwriter's discount of \$262,500). 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 October 3, 2007, 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 Schedule hereto and on the cover page of the Limited Offering Memorandum, 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 "Limited Offering Memorandum"), shall result in remuneration to the Underwriter of \$262,500.

(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 Limited Offering Memorandum.

(a) The District approves, and consents to and authorizes the distribution and use by the Underwriter prior to the date hereof of, the Preliminary Limited Offering Memorandum, dated August 23, 2007 (together with all appendices thereto, hereinafter referred to as the "Preliminary Limited Offering Memorandum"), relating to the Bonds in connection with the limited distribution of the Bonds. The District has caused the Preliminary Limited Offering Memorandum to be prepared and deems the Preliminary Limited Offering Memorandum "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 Limited Offering Memorandum 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 Limited Offering Memorandum shall be substantially in the form of the Preliminary Limited Offering Memorandum 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 Limited Offering Memorandum shall evidence the determination by the District that the Limited Offering Memorandum 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 Limited Offering Memorandum, and the District authorizes the use of the Limited Offering Memorandum 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 Limited Offering Memorandum 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 Limited Offering Memorandum is provided to a nationally recognized municipal securities information repository and then until twenty-five (25) days thereafter, any event shall occur which might or would cause the Limited Offering Memorandum 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 Limited Offering Memorandum, the District shall supplement or

amend the Limited Offering Memorandum 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 Limited Offering Memorandum is so supplemented or amended, such approval by the Underwriter of a supplement or amendment to the Limited Offering Memorandum shall not preclude the Underwriter from thereafter terminating this Purchase Contract, and, if the Limited Offering Memorandum 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 Limited Offering Memorandum 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 Limited Offering Memorandum 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 Limited Offering Memorandum to enable the Underwriter to comply with the requirements of the Rule and the Rules of the Municipal Securities Rulemaking Board.

### 3. Limited Distribution.

(a) For purposes of Section 48-719(B), Arizona Revised Statutes, as amended, the Underwriter and the District hereby agree and determine that the Bonds are not being sold in a "public offering." The Underwriter shall undertake a limited distribution and sale of the Bonds in the manner set forth in the Limited Offering

Memorandum at the offering price(s) (or yield(s)) as shown on Schedule I attached hereto and the cover page of the Limited Offering Memorandum and in that respect shall maintain records indicating to whom the Bonds are offered and that the offerees would, if they purchased any of the Bonds, meet the requirements established in the Limited Offering Memorandum.

(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 Schedule I attached hereto and the cover page of the Limited Offering Memorandum.

(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 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, an Indenture of Trust and Security Agreement, to be dated as of October 1, 2007 (hereinafter referred to as the "Indenture"), by and between the Issuer and Wells Fargo Bank, N.A., as trustee agent (hereinafter referred to as the "Trustee"), 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 Limited Offering Memorandum 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 October 1, 2007 (hereinafter referred to as the "Dissemination Agency Agreement"), by and between the Issuer and RBC Dain Rauscher, Inc., doing business under the name RBC Capital Markets, and a 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"), by and between the District and The Depository Trust Company (hereinafter referred to as "DTC"); (3) approve, execute and authorize the use and distribution of the Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum) and (4) carry out and consummate all other transactions contemplated by the Preliminary Limited Offering Memorandum, 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 Limited Offering Memorandum, 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 Limited Offering Memorandum, 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 Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum) 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 Limited Offering Memorandum, 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 Bond Resolution, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and to the availability of equitable relief.

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

(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 Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum) 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 Limited Offering Memorandum, the District is not and will not be in breach of or in default under any applicable law or administrative regulation of the State of Arizona (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 Limited Offering Memorandum, 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 Limited Offering Memorandum, 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 Limited Offering Memorandum), or (iii) contesting in any way the completeness or accuracy of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum. 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 Limited Offering Memorandum, 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 Limited Offering Memorandum, 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 Limited Offering Memorandum, 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 Limited Offering Memorandum 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 Property Owner 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 Property Owner 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 Limited Offering Memorandum and (ii) the District shall perform or have performed all of its obligations required under or specified in this Purchase Contract and the Limited Offering Memorandum 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 Limited Offering Memorandum 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 Limited Offering Memorandum or makes an omission a material omission which should be included in the Limited Offering Memorandum in order to make the statements in the Limited Offering Memorandum, 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 Limited Offering Memorandum, is in violation or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Bond Resolution needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or (v) legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that obligations of the general character of the Bonds, or the Bonds, including all the underlying obligations, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Bond Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or (vi) legislation shall have been passed by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress or the Arizona Legislature or a decision shall have been rendered by a court of the United States or of the State or by the Tax Court of the United States, or a ruling or statement (including a press release) or proposal shall have been made or a regulation shall have been proposed or made by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or other federal or Arizona authority, with respect to federal or Arizona

taxation upon revenues or other income of the general character to be derived by the District pursuant to the Bond Resolution, or upon interest on obligations of the general character of the Bonds, or, with respect to Arizona taxation of the interest on the Bonds as described in the Limited Offering Memorandum, 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 Limited Offering Memorandum;

(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 Fennemore Craig, PC, counsel to Property Owner, dated the date of the Closing, addressed to the Underwriter and the Issuer and substantially in the form attached hereto as Exhibit B;

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

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

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

(ii) That, except as described in the Limited Offering Memorandum, 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 Limited Offering Memorandum 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 Limited Offering Memorandum which should be disclosed in the Limited Offering Memorandum which it is necessary to disclose therein in order to

make the statements and information therein not misleading in any material respect;

(6) A certificate or certificates of Property Owner, signed by authorized officials of Property Owner 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 Property Owner in connection with the issuance of the Bonds are true and correct in all material respects as of the Closing;

(7) A specimen of the Bonds;

(8) A certified copy of the Bond Resolution;

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

(10) A non-arbitrage certificate of the Issuer, in form and substance satisfactory to Bond Counsel;

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

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

(13) 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 Property Owner and the due performance or satisfaction by the District and by Property Owner of all agreements then to be performed and all conditions then to be satisfied by the District or by Property Owner.

(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 Issuer 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 Property Owner 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 Limited Offering Memorandum, the Limited Offering Memorandum, 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 disbursements of Bond Counsel, counsel to the Underwriter and counsel to the District; (4) the fees and disbursements of any other experts or consultants retained by the District in connection with the transactions contemplated hereby and (5) reasonable miscellaneous, normally occurring, "out-of-pocket" expenses incurred by the Underwriter in connection with the issuance and sale of the Bonds.

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

(c) If this Purchase Contract shall be terminated by the Underwriter because of any failure or refusal on the part of the District to comply with the terms or to fulfill any of the conditions of this Purchase Contract, or if for any reason the District shall be unable to perform its obligations under this Purchase Contract, the District will reimburse 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 RBC Capital Markets, Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016, Attention: Ms. Shawn Dralle, 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 Agreement and covenants that it shall take no action which would result in a violation of such Section.

10. (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.

RBC DAIN RAUSCHER INC.

By..... *Shawn Dralle* .....  
Shawn Dralle, Managing Director

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

TARTESSO WEST COMMUNITY FACILITIES DISTRICT

By..... *Bobby Bryant* .....  
Bobby Bryant, Chairman, District Board

ATTEST:

*Linda Garrison* .....  
Linda Garrison, District Clerk

APPROVED AS TO FORM:

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

By..... *Scott W. Rg* .....

SCHEDULE

Serial Bonds

<u>Maturity (July 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
2008	\$365,000	4.350%	100%
2009	180,000	4.700%	100%
2010	185,000	4.750%	100%

SCHEDULE

Term Bonds

<u>Maturity (July 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
2017	\$1,595,000	5.125%	100%
2026	100,000	5.800%	100%
2032	6,325,000	5.900%	100%

*Optional Redemption.* The Bonds maturing on or after July 15, 2026 are subject to redemption prior to maturity, at the option of the District, on or after July 15, 2017, 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 on July 15 of the following years and in the following principal amounts at a price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium:

<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>
Term Bond Maturing 2017	
2011	\$195,000
2012	205,000
2013	215,000
2014	225,000
2015	240,000
2016	250,000
2017	265,000

Term Bond Maturing 2026

2018	\$10,000
2019	10,000
2020	10,000
2021	10,000
2022	10,000
2023	10,000
2024	10,000
2025	15,000
2026	15,000

Year Redeemed

Principal Amount Redeemed

Term Bond Maturing 2032

2018	\$265,000
2019	285,000
2020	300,000
2021	320,000
2022	340,000
2023	360,000
2024	380,000
2025	400,000
2026	425,000
2027	465,000
2028	490,000
2029	520,000
2030	550,000
2031	595,000
2032	630,000

EXHIBIT A

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

[Closing Date]

RBC Dain Rauscher Inc., doing  
business under the name  
RBC Capital Markets  
Suite 700  
2398 East Camelback Road  
Phoenix, Arizona 85016

Re: Tartesso West Community Facilities District (Town of  
Buckeye, Arizona) District General Obligation Bonds,  
Series 2007

WE HAVE ACTED as Bond Counsel to Tartesso West 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 2007, in the aggregate principal amount of \$8,750,000 (hereinafter referred to as the "Bonds") and otherwise as counsel to the Issuer. The Bonds are the subject of a Limited Offering Memorandum, dated September 13, 2007 (hereinafter referred to as the "Limited Offering Memorandum"), and are being sold pursuant to a Purchase Contract, dated September 13, 2007 (hereinafter referred to as the "Purchase Contract"), by and between the Issuer and RBC Dain Rauscher, Inc., doing business under the name RBC Capital Markets (hereinafter referred to as the "Underwriter"), in each case in accordance with a resolution authorizing issuance of, and certain other matters related to, the Bonds adopted by the District Board of the Issuer on July 17, 2007 (hereinafter referred to as the "Resolution"), including with respect to an Indenture of Trust and Security Agreement, to be dated as of October 1, 2007 (hereinafter referred to as the "Indenture"), by and between the Issuer and Wells Fargo Bank, N.A., as Trustee, a Continuing Disclosure Undertaking, dated even date hereof (hereinafter referred to as the "Undertaking"), from the Issuer, a Dissemination Agency Agreement, dated as of October 1, 2007 (hereinafter referred to as the "Dissemination Agency Agreement"), by and between the Issuer and RBC Dain Rauscher, Inc., doing business under the name RBC Capital Markets, and a 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"), by and between the Issuer and

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 Limited Offering Memorandum;
- (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 Property Owner, dated of even date herewith), opinions, letters and other documents, including all documents delivered or distributed at the closing of the sale of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein and
- (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 and Stardust-Tartesso W12, Inc. 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 Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum, dated August 23, 2007 (hereinafter referred to as the "Preliminary Limited Offering Memorandum"), with respect to the Bonds) and (d) to carry out and consummate the transactions contemplated by the Limited Offering Memorandum, 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 Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum) 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 Limited Offering Memorandum.

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 Limited Offering Memorandum, 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 September \_\_, 2007, 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 Limited Offering Memorandum, 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 Limited Offering Memorandum) or (iii) contesting in any way the completeness or accuracy of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum. Further, there are no lawsuits pend-

ing 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 Limited Offering Memorandum, the Bond Resolution, the District Documents or the Bonds.

7. The information contained in the Limited Offering Memorandum 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," "QUALIFIED TAX-EXEMPT OBLIGATIONS," "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" and Appendix E - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" insofar as such information purports to summarize certain provisions of federal or state law or of the Bonds, fairly summarizes the information which it purports to summarize.

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

9. The sale of the Bonds pursuant to the terms described in the Limited Offering Memorandum 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 princi-

ples 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 FENNEMORE CRAIG, PC]

[Closing Date]

RBC Dain Rauscher Inc., doing  
business under the name  
RBC Capital Markets  
Suite 700  
2398 East Camelback Road  
Phoenix, Arizona 85016

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

Re: \$8,750,000 Tartesso West Community Facilities District  
(Town of Buckeye, Arizona) District General Obligation  
Bonds, Series 2007

We have acted as counsel to Stardust-Tartesso W12, Inc., an Arizona corporation ("Owner"), 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 September 13, 2007 ("Purchase Contract"), by and between RBC Dain Rauscher, Inc., doing business under the name RBC Capital Markets ("Underwriter"), and Tartesso West Community Facilities District ("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. Purchase Contract executed by the District and Underwriter;
2. Limited Offering Memorandum, dated September 13, 2007 ("Limited Offering Memorandum"), of the District;
3. Owner Indemnity Letter to be executed by Owner for the benefit of the District and Underwriter ("Indemnity Agreement");

4. Articles of Incorporation of Owner, dated September \_\_\_\_, 2003 and filed in the Office of the Arizona Corporation Commission on September 29, 2003;

5. Bylaws of Owner, dated \_\_\_\_\_, 2003;

6. Certificate of Good Standing of Owner, issued by the Arizona Corporation Commission on \_\_\_\_\_, 2007; and

7. Certificate executed by Owner in favor of this firm for our reliance in preparing this opinion.

The documents listed in paragraphs 1 through 3 above are sometimes hereinafter referred to collectively as the "Documents". The documents listed in paragraphs 4 through 6 above are sometimes hereinafter referred to collectively as the "Organizational Documents".

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures not witnessed, and that each natural person executing the documents has sufficient legal competency to do so;

(b) The authenticity of all documents submitted to us as copies, and the conformity to authentic original documents of all documents submitted to us as copies;

(c) The Indemnity Agreement 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 Indemnity Agreement; and

(d) That all of the parties to the Documents (other than the Owner) have obtained all necessary consents, authorizations, approvals, permits or certificates (governmental and otherwise) which are required as a condition to the execution and delivery of the Documents by such parties and to the consummation of the transactions contemplated by the Documents by such parties.

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

1. Owner is a corporation duly incorporated and validly existing under the laws of the State of Arizona.

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

3. Owner has the requisite corporate power and corporate authority under the laws of the State of Arizona to execute and deliver the Indemnity Agreement and carry out the terms and conditions applicable to it under, and consummate all transactions contemplated by, the Indemnity Agreement; (ii) to own and operate its properties and assets as described in the Limited Offering Memorandum and (iii) to carry out its business as such business is currently being conducted as described in the Limited Offering Memorandum.

4. The execution, delivery and performance of the Indemnity Agreement by Owner have been duly authorized by all necessary corporate action on the part of Owner, and the Indemnity Agreement has been duly executed and delivered by Owner.

5. The Indemnity Agreement constitutes the legal, valid and binding obligation of Owner, enforceable against Owner in accordance with its terms.

6. The execution and delivery of the Indemnity Agreement by Owner, and the performance of Owner's 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 Indemnity Agreement will not conflict with or result in a violation of any contract, indenture, instrument or other agreement to which Owner 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 Owner of the Indemnity Agreement.

9. To our actual knowledge, Owner is not 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 Owner.

10. To our actual knowledge, there are no legal or governmental actions, proceedings, inquiries or investigations pending or overtly threatened by any governmental authorities or to which Owner is a

party or of which any property of Owner is subject, except as described in the Limited Offering Memorandum.

To our actual knowledge, the information contained in the Limited Offering Memorandum under the headings "LAND DEVELOPMENT," "INFRASTRUCTURE DEVELOPMENT," "RESIDENTIAL DEVELOPMENT," and "RISK FACTORS", taken as a whole, but only to the extent such information is applicable to the Owner or the Project, 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.

The opinions set forth above are subject to the following qualifications and limitations:

(i) Enforceability of the Indemnity Agreement 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 Indemnity Agreement may be restricted by the doctrines of waiver, estoppel, election of remedies or commercial reasonableness, the implied covenant of good faith and fair dealing or by the application of other equitable principles, whether remedies are sought in equity or at law;

(iii) Enforceability of the Indemnity Agreement is further subject to the qualification that certain waivers, procedures, remedies, indemnities and other provisions of the Indemnity Agreement 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 Indemnity Agreement if the other parties thereto act in good faith and in a commercially reasonable manner in accordance with the requirements of applicable law, except for the economic consequences of any procedural delays;

(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;

(v) We are expressing no opinion as to the enforceability of any indemnity or contribution provision with respect to any claims or other matters relating to or arising under federal or

state securities laws, to the extent they are held to violate public policy;

(vi) We are expressing no opinion as to the compliance of the Indemnity Agreement or the offer and sale of the Bonds with any securities law or regulation;

(vii) We express no opinion as to any environmental, zoning or land use planning laws, statutes, ordinances or regulations;

(viii) The phrase "our actual knowledge" means knowledge of those attorneys in this firm who worked on the Bond sale based on a review of the documents listed above, but without any other or further investigation or review of any files of the firm or of the books and records of Owner or of any public agency; and

(ix) We have made no examination of and express no opinion as to the status of title to any of the real property, personal property, or other improvements referenced in the Limited Offering Memorandum.

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. Further, nothing in this opinion letter is intended to create any obligation, undertaking or responsibility to file or record any documents, prepare or file any amendments or modifications, or take any other steps or actions whatsoever after the date of this opinion letter.

RBC Capital Markets  
Tartesso West Community Facilities District  
Page 6

This opinion is being furnished to you solely for your benefit and only with respect to the captioned Bonds. Accordingly, it may not be filed with or furnished or delivered to or quoted in or referred to in any financial statement, report or related document, or relied upon, in whole or in part, other than by the above identified parties for any other purpose or relied upon by any other person, firm or corporation, for any purpose without, in each instance, our prior written consent.

Very truly yours,

FENNEMORE CRAIG, P.C.

EXHIBIT C

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[Closing Date]

RBC Dain Rauscher Inc., doing  
business under the name  
RBC Capital Markets  
Suite 700  
2398 East Camelback Road  
Phoenix, Arizona 85016

Re: Tartesso West Community Facilities District (Town of  
Buckeye, Arizona) District General Obligation Bonds,  
Series 2007

This opinion is rendered pursuant to the Purchase Contract, dated September 13, 2007 (hereinafter referred to as the "Purchase Contract"), by and between the Tartesso West Community Facilities District (hereinafter referred to as the "District") and RBC Dain Rauscher, Inc., doing business under the name RBC Capital Markets (the "Underwriter"), relating to the purchase by the Underwriter from the District of its \$8,750,000 principal amount of District General Obligation Bonds, Series 2007 (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 Limited Offering Memorandum relating to the Bonds, dated as of even date with the Purchase Contract (hereinafter referred to as the "Limited Offering Memorandum"). 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 Limited Offering Memorandum including the aforesaid examination. That assistance involved, among other things, inquiries concerning various legal and related matters, our review of certain corporate records, documents and proceedings, and our participation in

discussions with your representatives and other persons involved in the preparation of information for the Limited Offering Memorandum and representatives of the District, concerning the contents of the Limited Offering Memorandum 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 Limited Offering Memorandum, 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 Limited Offering Memorandum, 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 Limited Offering Memorandum, in light of the circumstances under which they were made, not misleading. Reference in this paragraph to the Limited Offering Memorandum does not include the information included in the Limited Offering Memorandum under the headings "LAND DEVELOPMENT," "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE" and "THE OWNER," the financial information or other technical or statistical data included in the Limited Offering Memorandum or the information included in Appendix D to the Limited Offering Memorandum, as to all of which we express no opinion.

Respectfully submitted,

September 5, 2007

RBC Capital Markets  
Suite 700  
2398 East Camelback Road  
Phoenix, Arizona 85016

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

Re: Tartesso West Community Facilities District (Town of Buckeye, Arizona)  
District General Obligation Bonds, Series 2007

This Indemnity Letter is delivered by Stardust-Tartesso W12, Inc., a corporation incorporated and existing pursuant to the laws of the State of Arizona (hereinafter referred to as "Property Owner"), in order to induce RBC Dain Rauscher, Inc., doing business under the name RBC Capital Markets (hereinafter referred to as the "Underwriter"), and Tartesso West Community Facilities District, a community facilities district organized and existing pursuant to the laws of the State of Arizona (the "District"), to enter into the Purchase Contract, dated even date herewith (hereinafter referred to as the "Purchase Contract") related to the purchase by the Underwriter and sale by the District of the captioned Bonds (hereinafter referred to as the "Bonds"). Terms which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

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

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

(b) The information in the Limited Offering Memorandum with respect to the Bonds under the headings "LAND DEVELOPMENT," "Infrastructure Development," "Residential Development," and "RISK FACTORS" is true and correct in all material respects for the purposes for which its use is or was authorized, and such information does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein in light of the circumstances under which they are or were made, not misleading.

(c) Neither the execution or delivery of this Indemnity Letter (hereinafter referred to as the "Property Owner 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 Property Owner or conflict with or result in a breach by Property Owner of any of the terms, conditions or provisions of, or constitute a default by Property Owner under, any bond, debenture, note, mortgage, indenture, agreement or other instrument to which Property Owner is a party or by which it is or may be bound or to which any of the property or assets of Property Owner is or may be subject, or any law or any order, rule or regulation applicable to Property Owner of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over Property Owner or any of the properties or operations of Property Owner, or (except as

**STARDUST-TARTESSO W12, INC.**

RBC Capital Markets  
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contemplated by the Property Owner 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 Property Owner under the terms of any such restriction, bond, debenture, note, mortgage, indenture, agreement, instrument, law, order, rule or regulation.

(d) There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or, to the best knowledge of Property Owner, threatened against Property Owner wherein an adverse decision, ruling or finding would (i) result in any material adverse change in the condition (financial or otherwise), results of operations, business or prospects of Property Owner, or which would materially and adversely affect the properties (taken as a whole) of Property Owner, and which has not been disclosed in the Limited Offering Memorandum, (ii) materially adversely affect the transactions contemplated by the Purchase Contract or the Property Owner Document or (iii) adversely affect the validity or enforceability of the Property Owner Document.

(e) Property Owner has the full power and authority to execute and deliver the Property Owner Document and perform its obligations hereunder and engage in the transactions contemplated by the Purchase Contract and the Property Owner Document, and the Property Owner Document has been duly authorized by Property Owner and, when executed and delivered by the respective parties thereto, will constitute a valid, binding and enforceable obligation of Property Owner 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 Property Owner of the transactions contemplated by the Purchase Contract and the Property Owner Document.

2. Property Owner 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 Limited Offering Memorandum 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 Limited Offering Memorandum 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

**STARDUST-TARTESSO W12, INC.**

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statement or omission or alleged omission if such settlement is effected with the written consent of Property Owner (which consent shall not be unreasonably withheld).

An Indemnified Party shall, promptly after the receipt of notice of a written threat of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against Property Owner, notify Property Owner in writing of the commencement thereof. Failure of the Indemnified Party to give such notice shall reduce the liability of Property Owner by the amount of damages attributable to the failure of the Indemnified Party to give such notice to Property Owner, but the omission to notify Property Owner of any such action shall not relieve Property Owner from any liability that it may have to such Indemnified Party otherwise than under this Section. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify Property Owner of the commencement thereof, Property Owner may, or, if so requested by such Indemnified Party, shall, participate therein or assume the defenses thereof, with counsel satisfactory to such Indemnified Party and Property Owner (it being understood that, except as hereinafter provided, Property Owner shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from Property Owner to such Indemnified Party of an election so to assume the defenses thereof, Property Owner 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 Property Owner assumes the defense of any such action at the request of such Indemnified Party, Property Owner shall have the right to participate at its own expense in the defense of any such action. If Property Owner shall not have employed counsel to have charge of the defense of any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to Property Owner (in which case Property Owner shall not have the right to direct the defense of such action on behalf of such Indemnified Party) or to other Indemnified Parties, reasonable legal and other necessary expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by Property Owner. If Property Owner assumes the defense of an Indemnified Party as permitted and/or required herein and Property Owner prevails in such defense action and attorney fees are awarded to the prevailing party of such action, then the awarded attorney fees shall be paid directly to Property Owner and not to the Indemnified Parties.

3. All of the representations, warranties, and agreements of Property Owner contained in the Property Owner 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 Property Owner 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.

**STARDUST-TARTESSO W12, INC.**

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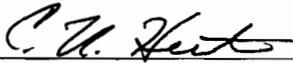
5. Property Owner shall pay all costs and expenses of its counsel with respect to the issuance and delivery of the Bonds.

6. Property Owner consents to the references to Property Owner in the Limited Offering Memorandum.

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

Respectfully submitted,

Stardust-Tartesso W12, Inc.,  
an Arizona corporation

By:   
Name: Chris B. Heeter  
Title: President

CONTINUING DISCLOSURE UNDERTAKING

\$8,750,000

TARTESSO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)  
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2006

(CUSIP BASE NUMBER 876498)

This Undertaking is executed and delivered by Tartesso West 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 resolutions authorizing the issuance of the Securities.

"Central Post Office" shall mean an entity then recognized by the Securities and Exchange Commission as eligible to receive filings and submit such filings to the Repositories for purposes of the Rule. As of the date of this Disclosure Undertaking, the Central Post Office is:

DisclosureUSA  
P.O. Box 684667  
Austin, Texas 78768-4667  
Fax: (512) 476-6403  
<http://www.disclosureUSA.org>

"Dissemination Agent" shall mean any agent which has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

"Listed Events" shall mean any of the events listed in Section 3(a).

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule **at the time any information is provided as required by this**

**Undertaking.** *(The Issuer shall contact the Securities and Exchange Commission to determine the National Repositories existing at such time.)* Currently, the following are National Repositories:

Bloomberg Municipal Repository  
100 Business Park Drive  
Skillman, NJ 08558  
Phone: (609) 279-3225  
Fax: (609) 279-5962  
E-mail: munis@bloomberg.com

Standard & Poor's Securities Evaluations Inc.  
55 Water Street, 45th Floor  
New York, NY 10041  
Phone: (212) 438-4595  
Fax: (212) 438-3975  
E-mail: nrmsir\_repository@sandp.com

DPC Data Inc.  
One Executive Drive  
Fort Lee, NJ 07024  
Phone: (201) 346-0701  
Fax: (201) 947-0107  
E-mail: nrmsir@dpcdata.com

Interactive Data Pricing and Reference Data, Inc.  
Attn: NRMSIR  
100 William Street  
New York, NY 10038  
Phone: (212) 771-6999  
Fax: (212) 771-7390  
E-mail: nrmsir@interactivedata.com

**The names and addresses of the then-current National Repositories should be verified each time information is delivered pursuant to this Undertaking. (A current listing of the National Repositories can be found at <http://www.sec.gov/info/municipal/nrmsir.htm>.)**

"Notice of Material Event" shall mean any notice provided by the Issuer pursuant to, and as described in, Section 3.

"Repository" shall mean each National Repository and each State Repository.

"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.

"State Repository" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as a state repository for purposes of the Rule **at the time any information is provided as required by this Undertaking.** *(The Issuer shall contact the Securi-*

ties and Exchange Commission to determine the State Repositories existing at such time.) Currently, no State Repositories exist for the State of Arizona. The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.

"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, 2008, PROVIDE TO EACH REPOSITORY 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 TO EACH REPOSITORY AND TO THE MUNICIPAL SECURITIES RULEMAKING BOARD 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 Limited Offering Memorandum, dated September 13, 2007, 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 to each Repository.*

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 WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY.**

Section 4. Alternate Means of Disclosure. Notwithstanding the provisions hereof requiring that the Issuer file the Annual Reports, the Notices of Material Events and certain other notices with each of the Repositories, for so long as there is a Central Post Office, the Issuer may instead comply with the provisions of this Undertaking by filing the Annual Reports and such notices with a Central Post Office.

Section 5. 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 TO EACH REPOSITORY 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 6. 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 7. 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 8. 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 9. 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 10. 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: October 3, 2007

TARTESSO WEST COMMUNITY FACILITIES  
DISTRICT

By..... *Bobby Bryant* .....  
Chairman, District Board

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TARTESSO WEST COMMUNITY FACILITIES DISTRICT

and

RBC DAIN RAUSCHER INC.,  
DOING BUSINESS UNDER THE NAME RBC CAPITAL MARKETS

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DISSEMINATION AGENCY AGREEMENT

Dated as of October 1, 2007

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\$8,750,000  
Tartesso West Community Facilities District  
(Town of Buckeye, Arizona)  
District General Obligation Bonds, Series 2007

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THIS DISSEMINATION AGENCY AGREEMENT, dated as of October 1, 2007 (hereinafter referred to as this "Agreement"), by and between Tartesso West 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 RBC Dain Rauscher Inc., a corporation duly incorporated and validly existing pursuant to the laws of the State of Delaware and doing business under the name RBC Capital Markets (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 July 17, 2007, 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 700, 2398 East Camelback Road, Phoenix, Arizona 85016, Attention: Managing Director, or at any other address furnished previously in writing to such person by the 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. *Notice of Section 38-511, Arizona Revised Statutes, As Amended.*

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.

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 5(a) and 6(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.

TARTESSO WEST COMMUNITY FACILITIES  
DISTRICT

By..... *Bobby Bryant* .....  
Bobby Bryant, Chairman, District  
Board

ATTEST:

*Linda Garrison* .....  
Linda Garrison, District Clerk

RBC DAIN RAUSCHER INC., doing business  
under the name RBC Capital Markets

By..... *Shawn Dralle* .....  
Shawn Dralle, Managing Director

**\$8,750,000**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS**  
**SERIES 2007**

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**ASSESSOR'S CERTIFICATE**

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I, the undersigned, hereby certify that the full cash value of all the taxable property within the Tartesso West Community Facilities District (Town of Buckeye, Arizona), is \$ 161,588,479 .

DATED: October 3, 2007.

**MARICOPA COUNTY ASSESSOR**

Handwritten signature of Timothy Z. Brunsch, Chief Deputy, written over a horizontal line.

**\$8,750,000**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS**  
**SERIES 2007**

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**CLOSING CERTIFICATE OF THE DISTRICT**

---

We, the undersigned Chairman and Clerk of the Tartesso West 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 \$8,750,000 principal amount of Tartesso West Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007 (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 October 3, 2007, and are in the denomination of \$100,000 each if owned by SMMP's (as defined in the Indenture) or by Qualified Investors (as defined in the Indenture) or integral multiples of \$5,000 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 January 15, 2008.

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

(i) (a) On July 17, 2007, Resolution 03-07 of the District Board (the "*Resolution*") was duly adopted at a duly called meeting (the "*Meeting*") of the District Board, at which a quorum was present and acting throughout; that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notice of the Meeting was posted more than twenty-four (24) hours prior to the Meeting and that the Meeting was open to the public.

(b) The Resolution duly authorized the issuance and sale of the Bonds and execution and delivery of the Purchase Contract for the Bonds, dated September 13 2007 (the "*Purchase Contract*"), by and between the District and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "*Underwriter*"), the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (the "*Indenture*") from the District to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), the Dissemination Agency Agreement, dated as of October 1, 2007, by and between the District and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets, and the Continuing Disclosure Undertaking, dated October 3, 2007, executed by the District (collectively, the Purchase Contract, the Indenture, the Dissemination Agency Agreement and the Continuing Disclosure Undertaking are hereafter referred to as the "*District Documents*").

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

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

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

(iii) Except as described in the Limited Offering Memorandum, dated September 13, 2007 relating to the Bonds (the "*Limited Offering Memorandum*"), 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.

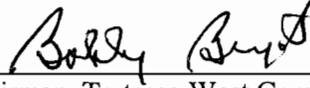
(iv) No authority or proceedings for the issuance of the Bonds, including but not limited to the Resolution, has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the Bonds has been filed with or received by any of the undersigned.

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

(vii) The Limited Offering Memorandum 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 Limited Offering Memorandum which should be disclosed in the Limited Offering Memorandum 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 relating to the Owner and the Owner's project, and DTC and the book-entry system, the District relies solely on the information so provided.

DATED: October 3, 2007.



\_\_\_\_\_  
Chairman, Tartesso West Community Facilities District  
(Town of Buckeye, Arizona)



\_\_\_\_\_  
Clerk, Tartesso West Community Facilities District  
(Town of Buckeye, Arizona)

**EXHIBIT A**

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

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

<b><u>Series 2007 Bonds Project Descriptions</u></b>	<b><u>Estimated Costs</u></b>
1. Tartesso Unit 1 Onsite Sewer, Water, Storm Drain & Offsite Water Lines < 12" Diameter	\$103,899.64
2. Tartesso Unit 1 Paving, Concrete & Concrete Structures	\$8,535,868.19
<b>Total Estimated Costs</b>	<b>\$11,639,767.83</b>

**EXHIBIT B**

**Maturity Schedule**

\$8,750,000

District General Obligation Bonds, Series 2007

<u>Maturity Date</u> <u>(July 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u> <u>(July 15)</u>		<u>Principal Amount</u>	<u>Interest Rate</u>
2008	\$365,000.00	4.350%	2024	**	\$ 10,000.00	5.800%
2009	180,000.00	4.700%	2025	**	15,000.00	5.800%
2010	185,000.00	4.750%	2026		15,000.00	5.800%
2011	* 195,000.00	5.125%	2018	***	265,000.00	5.900%
2012	* 205,000.00	5.125%	2019	***	285,000.00	5.900%
2013	* 215,000.00	5.125%	2020	***	300,000.00	5.900%
2014	* 225,000.00	5.125%	2021	***	320,000.00	5.900%
2015	* 240,000.00	5.125%	2022	***	340,000.00	5.900%
2016	* 250,000.00	5.125%	2023	***	360,000.00	5.900%
2017	265,000.00	5.125%	2024	***	380,000.00	5.900%
2018	** 10,000.00	5.800%	2025	***	400,000.00	5.900%
2019	** 10,000.00	5.800%	2026	***	425,000.00	5.900%
2020	** 10,000.00	5.800%	2027	***	465,000.00	5.900%
2021	** 10,000.00	5.800%	2028	***	490,000.00	5.900%
2022	** 10,000.00	5.800%	2029	***	520,000.00	5.900%
2022	** 10,000.00	5.800%	2030	***	550,000.00	5.900%
2023	** 10,000.00	5.800%	2031	***	595,000.00	5.900%
			2032		630,000.00	5.900%

\* Mandatory redemption amounts of Term Bond #1 maturing July 15, 2017

\*\* Mandatory redemption amounts of Term Bond #2 maturing July 15, 2026

\*\*\* Mandatory redemption amounts of Term Bond #3 maturing July 15, 2032

(1) The Bonds maturing on and after July 15, 2026 are subject to optional redemption prior to their stated maturity dates, at the option of the District, in whole or in part on or after July 15, 2017 upon payment of a 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) The Bonds maturing on July 15, 2017 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:

<u>Redemption Date</u> <u>(July 15)</u>	<u>Principal Amount</u>
2011	\$195,000
2012	205,000
2013	215,000
2014	225,000
2015	240,000
2016	250,000
2017 (maturity)	265,000

(3) The Bonds maturing on July 15, 2026 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:

<u>Redemption Date</u> <u>(July 15)</u>	<u>Principal Amount</u>
2018	10,000
2019	10,000
2020	10,000
2021	10,000
2022	10,000
2023	10,000
2024	10,000
2025	15,000
2026 (maturity)	15,000

(4) The Bonds maturing on July 15, 2032 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:

<u>Redemption Date</u> <u>(July 15)</u>	<u>Principal Amount</u>
2018	\$265,000
2019	285,000
2020	300,000
2021	320,000
2022	340,000
2023	360,000
2024	380,000
205	400,000
2026	425,000
2027	465,000
2028	490,000
2029	520,000
2030	550,000
2031	595,000
2032 (maturity)	630,000

**\$8,750,000**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS**  
**SERIES 2007**

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**TAX CERTIFICATE OF THE DISTRICT**

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The undersigned are the Chairman of the District Board and Clerk of Tartesso West 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 \$8,750,000 principal amount of Tartesso West Community Facilities District District General Obligation Bonds, Series 2007 (the "*Bonds*"), dated October 3, 2007. 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 October 1, 2007 (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 September 13, 2007 (the "*Purchase Contract*") by and between the District and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "*Underwriter*") and a Limited Offering Memorandum dated September 13, 2007 (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 as of October 3,

2007. 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 set forth in the District's Closing Certificate dated October 3, 2007, 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 October 3, 2007, and are in the denomination of \$100,000 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 January 15, 2008.

**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.

**ARTICLE 3**  
**ARBITRAGE (NONREBATE) MATTERS**

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

(i) Underwriter's Discount. An amount of \$262,500 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 \$190,000 will be deposited in the Acquisition and Construction Fund and used to pay Issuance Costs of the Bonds.

(a) An amount of \$8,297,500 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.

(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 October 3, 2010, 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 Construction Fund may be invested in obligations without regard to yield limitation for the period ending on October 3, 2010 or, if longer, one year from the date of receipt, and shall be subject to the arbitrage rebate requirements provided in Section 148 of the Code and the Treasury Regulations promulgated thereunder.

**Section 3.2. 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 \$8,750,000, which represents the price at which, together with 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 5.7991%.

**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 5.4 hereof, 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 \$650,000.00.

## 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 2007 will not exceed \$10,000,000.

## ARTICLE 7 MISCELLANEOUS

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

**Section 7.2. Permitted Changes; Opinion of Bond Counsel.** In the Resolution, the District covenanted to comply with requirements necessary in order for interest on the Bonds to remain tax exempt for federal income tax purposes under the provisions of the Code. To implement the covenants in the Resolution, the District, certifies, represents to and covenants with the owners from time to time of the Bonds 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: October 3, 2007

**TARTESSO WEST COMMUNITY  
FACILITIES DISTRICT (TOWN OF  
BUCKEYE, ARIZONA)**

By Bobby Bryant  
Chairman, Board of Directors

By Linda Garrison  
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	\$8,750,000.00
Net Premium	0.00
Accrued interest	<u>0.00</u>
<b>TOTAL SOURCES</b>	<b><u>\$8,750,000.00</u></b>

**USES**

Deposit to Acquisition and Construction Fund	\$8,297,500.00
Deposit to the Acquisition and Construction Fund to pay Costs of Issuance	190,000.00
Underwriter's Compensation	<u>262,500.00</u>
<b>TOTAL USES</b>	<b><u>\$8,750,000.00</u></b>

**EXHIBIT C**

Principal Amount of Bonds	\$8,750,000.00
Reoffering premium	0.00
Pre-Issuance Accrued Interest	<u>0.00</u>
ISSUE PRICE	\$8,750,000.00
Less: Pre-Issuance Accrued Interest	<u>(0.00)</u>
SALE PROCEEDS	\$8,750,000.00
Less: Minor Portion	<u>(100,000.00)</u>
NET SALE PROCEEDS	<u>\$8,650,000.00</u>

**EXHIBIT D**

**TERMS OF THE BONDS**

<u>Maturity Date</u> <u>(July 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u> <u>(July 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2008	\$365,000.00	4.350%	2024	\$ 10,000.00	5.800%
2009	180,000.00	4.700%	2025	15,000.00	5.800%
2010	185,000.00	4.750%	2026	15,000.00	5.800%
2011	* 195,000.00	5.125%	2018	*** 265,000.00	5.900%
2012	* 205,000.00	5.125%	2019	*** 285,000.00	5.900%
2013	* 215,000.00	5.125%	2020	*** 300,000.00	5.900%
2014	* 225,000.00	5.125%	2021	*** 320,000.00	5.900%
2015	* 240,000.00	5.125%	2022	*** 340,000.00	5.900%
2016	* 250,000.00	5.125%	2023	*** 360,000.00	5.900%
2017	265,000.00	5.125%	2024	*** 380,000.00	5.900%
2018	** 10,000.00	5.800%	2025	*** 400,000.00	5.900%
2019	** 10,000.00	5.800%	2026	*** 425,000.00	5.900%
2020	** 10,000.00	5.800%	2027	*** 465,000.00	5.900%
2021	** 10,000.00	5.800%	2028	*** 490,000.00	5.900%
2022	** 10,000.00	5.800%	2029	*** 520,000.00	5.900%
2022	** 10,000.00	5.800%	2030	*** 550,000.00	5.900%
2023	** 10,000.00	5.800%	2031	*** 595,000.00	5.900%
			2032	630,000.00	5.900%

- \* Mandatory redemption amounts of Term Bond #1 maturing July 15, 2017
- \*\* Mandatory redemption amounts of Term Bond #2 maturing July 15, 2026
- \*\*\* Mandatory redemption amounts of Term Bond #3 maturing July 15, 2032

(1) The Bonds maturing on and after July 15, 2026 are subject to optional redemption prior to their stated maturity dates, at the option of the District, in whole or in part on or after July 15, 2017 upon payment of a 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) The Bonds maturing on July 15, 2017 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:

<u>Redemption Date</u> <u>(July 15)</u>	<u>Principal Amount</u>
2011	\$195,000
2012	205,000
2013	215,000
2014	225,000
2015	240,000
2016	250,000
2017 (maturity)	265,000

(3) The Bonds maturing on July 15, 2026 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:

<u>Redemption Date</u> <u>(July 15)</u>	<u>Principal Amount</u>
2018	\$10,000
2019	10,000
2020	10,000
2021	10,000
2022	10,000
2023	10,000
2024	10,000
2025	15,000
2026 (maturity)	15,000

(4) The Bonds maturing on July 15, 2032 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:

<u>Redemption Date</u> <u>(July 15)</u>	<u>Principal Amount</u>
2018	\$265,000
2019	285,000
2020	300,000
2021	320,000
2022	340,000
2023	360,000
2024	380,000
205	400,000
2026	425,000
2027	465,000
2028	490,000
2029	520,000
2030	550,000
2031	595,000
2032 (maturity)	630,000

**\$8,750,000**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS**  
**SERIES 2007**

Delivery Date: October 3, 2007

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**ISSUER REQUEST FOR DISBURSEMENT  
OF COSTS OF ISSUANCE**

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The Trustee is hereby requested to pay from the Acquisition and Construction Fund established by the Indenture of Trust, dated as of October 1, 2007 (the "*Indenture*"), between Wells Fargo Bank, N.A., the trustee ("*Trustee*"), and Tartesso West 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: October 3, 2007.

By \_\_\_\_\_



District Manager

**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	\$85,000
Underwriter's counsel (Greenberg Traurig, LLP, 2375 E. Camelback Road, Suite 700, Phoenix, Arizona 85016) fees and expenses	65,000
Financial advisor (Stone & Youngberg LLC, 2555 East Camelback Road, Suite 280, Phoenix, Arizona 85016)	25,000
Trustee fees (Wells Fargo Bank, N.A., 100 W. Washington Street, 22 <sup>nd</sup> Floor Phoenix, Arizona 85003)	5,000
Preliminary and final Offering Memorandum (Wold Printing)	5,000
Miscellaneous	<u>5,000</u>
<b>TOTAL</b>	<b><u>\$190,000</u></b>

**\$8,750,000**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS**  
**SERIES 2007**

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**CLOSING CERTIFICATE OF**  
**TOWN OF BUCKEYE, ARIZONA**

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

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

2. That the Town is a duly incorporated and validly existing municipal corporation of the State of Arizona and is governed by duly elected and qualified Mayor and six Council Members and that from October 3, 2007, the following persons are the duly qualified and acting Mayor and members of the Council of the Town:

Bobby Bryant	Mayor
Levi Beard	Vice Mayor
W. Robert Doster	Council Member
Robert Garza	Council Member
David Hardesty	Council Member
Elaine May	Council Member
David Rioux	Council Member

3. (a) That on July 17, 2007, Resolution No. 03-07 (the "*Resolution*") of the Mayor and Council of the Town of Buckeye, Arizona, Ordering Formation of Tartesso West Community Facilities District (Town of Buckeye, Arizona) (the "*District*") was duly adopted by the Mayor and Council of the Municipality at a duly called meeting (the "*Meeting*") of the Mayor and Council of the Municipality 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.

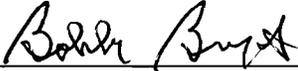
4. That, on the date hereof, the persons named below are the duly qualified and acting incumbents of the offices of the Town set forth below their respective signatures and the signatures appearing above their respective names are the genuine official signatures of said officers.

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 Municipality on October 3, 2007.

**TOWN OF BUCKEYE, ARIZONA**

By   
Bobby Bryant, Mayor

By   
Linda Garrison, Town Clerk

By   
David Wilcox, Town Manager

**\$8,750,000**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS**  
**SERIES 2007**

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**CLOSING CERTIFICATE OF**  
**STARDUST-TARTESSO W12, INC.**

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The undersigned, the President and the Secretary of Stardust-Tartesso W12, Inc. (the "Owner"), acting for and on behalf of the Owner, HEREBY CERTIFY as follows:

1. That they are the qualified and acting President and Secretary of the Owner, respectively, and as such officers are familiar with the books and corporate records of the Owner.

2. That the Owner is duly organized and validly existing under the laws of the State of Arizona, has no proceedings pending or contemplated with a view to liquidation or dissolution and is governed by a Board of Directors (the "Board") and that, from September 29, 2003, the following person was and now is the duly qualified acting member of the Board:

Gerald Bisgrove

3. That no material consent, approval, authorization or other action by, or filing with, any federal, State or local government authority is required to conduct the business of the Owner as presently being conducted and as described in the Limited Offering Memorandum dated September 13, 2007 (the "*Limited Offering Memorandum*") with respect to the captioned Bonds.

4. That the Owner 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.

5. That the consummation of the transactions contemplated by the Limited Offering Memorandum by Owner will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, agreement or other instrument to which the Owner is a party or by which the Owner may be bound.

6. That 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 conduct of the Owner's business as described in the Limited Offering Memorandum.

7. That attached hereto as *Exhibit A* is a true, complete and correct copy of the Articles of Incorporation of the Owner which were in full force and effect on September 26, 2003, and which have been in effect from that date to the date hereof and that no amendments to the

Articles of Incorporation of the Owner have been filed subsequent to the last date on which they were certified by the Arizona Corporation Commission.

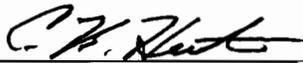
8. That attached hereto as Exhibit B is a true, complete and correct copy of the Bylaws of the Owner, as amended, which were in full force and effect on March 1, 2007, and which have been in effect from that date to the date hereof.

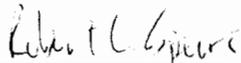
9. That the officers of the Owner hereby represent that, with respect to the real property which is in the District and owned by the Owner (the "Property") that the Owner is proceeding with all reasonable speed to develop and sell the Property to residential homebuilders and commercial developers for residential and commercial use.

10. That the information pertaining to the Owner and the Project contained in the Limited Offering Memorandum dated September 13, 2007 under the headings "LAND DEVELOPMENT" and "RISK FACTORS" does not contain any untrue statement of a 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. Additionally, in connection with our participation in the preparation of the Limited Offering Memorandum, we have not acquired any knowledge that the Limited Offering Memorandum 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.

**IN WITNESS WHEREOF**, the undersigned have hereunto set their hands on October 3, 2007.

**STARDUST-TARTESSO W12, INC.**, an Arizona corporation

By:   
Name: Chris B. Heeter  
Title: President

By:   
Name: Robert C. Speirs  
Title: Secretary

**ATTACHMENTS**

- Exhibit A — Articles of Incorporation
- Exhibit B — Bylaws

Exhibit A

Company Articles of Incorporation

[See Attached]

STATE OF ARIZONA  
ACC/FAX  
DATE FILED

SEP 29 2003

DATE APPR 9-29-2003  
TERM  
BY [Signature]

ARTICLES OF INCORPORATION  
OF  
STARDUST - TARTASSO W12, INC.

The undersigned incorporator hereby adopts the following Articles of Incorporation:

-10 96797-1

I. NAME

The name of the corporation is Stardust - Tartasso W12, Inc. *atms*

II. AUTHORIZED CAPITAL

The corporation shall have authority to issue 10,000 shares of Common Stock.

III. PURPOSE AND INITIAL BUSINESS

The corporation is organized for the purpose of transacting all lawful business for which corporations may be organized under the laws of the State of Arizona. The corporation's initial business will consist of activities associated with real estate development.

IV. INITIAL BOARD OF DIRECTORS

The initial Board of Directors shall consist of one member, who shall serve as director until his successors are elected and qualified, and whose name and address are Gerald Biagrove, 6730 North Scottsdale Road, Suite 230, Scottsdale, Arizona 85253.

V. STATUTORY AGENT

Chris B. Hester, 6730 North Scottsdale Road, Suite 230, Scottsdale, Arizona 85253, is hereby appointed the initial statutory agent for the corporation for the State of Arizona.

VI. KNOWN PLACE OF BUSINESS

The street address of the corporation's known place of business is 6730 North Scottsdale Road, Suite 230, Scottsdale, Arizona 85253.

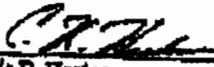
VII. INCORPORATOR

The name and address of the incorporator are Chris B. Hester, 6730 North Scottsdale Road, Suite 230, Scottsdale, Arizona 85253.

**VII. ELIMINATION OF DIRECTOR LIABILITY**

To the fullest extent permitted by the Arizona Revised Statutes as the same exist or may be hereafter amended, no director of the corporation shall be liable to the corporation or its shareholders for monetary damages for any action taken or any failure to take any action as a director. No repeal, amendment or modification of this article, whether direct or indirect, shall eliminate or reduce its effect with respect to any act or failure to act of a director of the corporation occurring prior to such repeal, amendment or modification.

EXECUTED this 26 day of September, 2003,

  
\_\_\_\_\_  
Chris B. Hester

**CONSENT OF STATUTORY AGENT  
OF  
STARDUST - TARTESBO W12, INC.**

The undersigned, having been named in the Articles of Incorporation of Stardust - Tartesbo w12, Inc., an Arizona corporation, as its statutory agent for the State of Arizona, hereby consents to act in that capacity until removal or resignation as submitted in accordance with the Arizona Revised Statutes.

DATED: September <sup>th</sup> 2003.

By: Chris B. Heeter  
Chris B. Heeter

6730 North Scottsdale Road  
Suite 230  
Scottsdale, Arizona 85253

**COMMISSIONERS**  
MARC SPITZER - Chairman  
JIM IRVIN  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
MIKE GLEASON



**ARIZONA CORPORATION COMMISSION**

BRIAN C. MCNEIL  
Executive Secretary  
JOANNE C. MACDONNELL  
Director, Corporations Division

October 3, 2003

LAW OFFICES FENNEMORE CRAIG  
3003 N CENTRAL AVE #2600  
PHOENIX, AZ 85012

RE: STARDUST - TARTESSO W12, INC.  
File Number: -1096797-1

We are pleased to notify you that your Articles of Incorporation were filed on September 29, 2003.

You must publish a copy of your Articles of Incorporation. The publication must be in a newspaper of general circulation in the county of the known place of business in Arizona (as filed with the Commission) for three (3) consecutive publications. A list of newspapers is available on the Commission web site. An affidavit from the newspaper, evidencing such publication, must be delivered to the Commission for filing within NINETY (90) DAYS from the date of this letter. Make sure the newspaper publishes the corporation documents using the exact name filed with the Commission.

All corporations transacting business in Arizona are required to file an Annual Report with the Commission, on the anniversary of the date of incorporation. Each year, a preprinted Annual Report form will be mailed to the corporation's known place of business approximately two months prior to the due date of the report. Should the report fail to arrive, contact the Commission. It is imperative that corporations notify the Commission immediately (in writing) if they change their corporate address, statutory agent or agent address. Address change orders must be executed (signed) by a corporate officer. Postal forwarding orders are not sufficient.

The Commission strongly recommends that you periodically check Commission records regarding the corporation. The Commission web site [www.cc.state.az.us/corp](http://www.cc.state.az.us/corp) contains information specific to each corporation of record and is a good general source of information.

If you have any questions or need further information, please contact us at (602) 542-3135 in Phoenix, (520) 628-6560 in Tucson, or Toll Free (Arizona residents only) at 1-800-345-5819.

Sincerely,  
SANDY RAEBIG  
Examiner  
Corporations Division

CF:04, Rev:01/2003

Exhibit B  
Company Bylaws  
[See Attached]

**BYLAWS  
of  
STARDUST – TARTESSO W12, INC.**

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ARTICLE I

Articles of Incorporation

Section 1.01. Reference to Articles. Any reference herein made to the corporation's articles shall be deemed to refer to its articles of incorporation and all amendments thereto as of any given time on file with the Arizona Corporation Commission (or any successor to its functions).

Section 1.02. Seniority. The articles shall in all respects be considered senior and superior to these bylaws, with any inconsistency to be resolved in favor of the articles, and with these bylaws to be deemed automatically amended from time to time to eliminate any such inconsistency which may then exist.

ARTICLE II

Corporation Offices

Section 2.01. Known Place of Business. The known place of business of the corporation in the State of Arizona shall be the office of its statutory agent unless otherwise designated in the articles or as provided in Section 2.02 hereof. The corporation may have such other offices, either within or outside of the State of Arizona, as the board of directors may designate or as the business of the corporation may require from time to time.

Section 2.02. Changes. The board of directors may change the corporation's known place of business or its statutory agent from time to time by filing a statement with the Arizona Corporation Commission pursuant to applicable law.

ARTICLE III

Shareholders

Section 3.01. Annual Meetings. An annual meeting of the shareholders shall be held each year, commencing with the year 2004, at a date, time and place as determined by the board of directors, or in the absence of action by the board, as set forth in the notice given, or waiver signed, with respect to such meeting pursuant to Section 3.03 below. At the annual meeting, shareholders shall elect a board of directors and transact such other business as may be properly brought before the meeting. If for any reason any annual meeting is not held, a deferred annual meeting may thereafter be called and held in lieu thereof, at which the same proceedings (including the election of directors) may be conducted. The failure to hold an annual meeting shall not affect the validity of any corporate action. Any director elected at any annual meeting, deferred annual meeting or special meeting shall continue in office until the election of his successor, subject to his earlier

resignation pursuant to Section 7.01 below or his removal by the shareholders pursuant to Section 4.10 below.

Section 3.02. Special Meetings. Special meetings of the shareholders may be held whenever and wherever called for by the chairman of the board, the president or the board of directors, the written demand of the holders of not less than ten percent (10%) of all issued and outstanding shares of each voting group of the corporation entitled to vote at any such meeting, or as otherwise required by state law. Any written demand by shareholders shall state the purpose or purposes of the proposed meeting, and business to be transacted at any such meeting shall be confined to the purposes stated in the notice thereof, and to such additional matters as the chairman of the meeting may rule to be germane to such purposes.

Section 3.03. Notices. Not less than ten (10) nor more than sixty (60) days before the date of any meeting of the shareholders and at the direction of the person or persons calling the meeting, the secretary of the corporation, or any other officer of the corporation or other person directed by the board of directors, shall cause a written notice setting forth the date, time and place, and, with respect to special meetings only, a description of the purpose or purposes for which the meeting is called, to be delivered to each shareholder of record at his last address as it appears on the corporation's records on the applicable record date; provided that notice may be communicated orally if it is reasonable to do so under the circumstances. Notice may be communicated in person, by telephone, telegraph, teletype, facsimile or other form of wire or wireless communication or by mail or private carrier, and shall be deemed given and effective as provided by law.

Section 3.04. Waiver of Notice. Any shareholder may waive call or notice of any annual, deferred annual or special meeting (and any adjournment thereof) at any time before, during which, or after it is held. Attendance of a shareholder at any such meeting in person or by proxy shall: (i) waive objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and (ii) waive objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented. No call or notice of a meeting of the shareholders shall be necessary if each shareholder waives the same in writing or by attendance.

Section 3.05. Shareholders of Record. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders (and at any adjournment of such meeting), or shareholders entitled to consent to corporate action without a meeting or shareholders entitled to receive payment of any dividend, or for any other lawful action, the board of directors may fix in advance a record date which shall not be more than seventy (70) days before the date of such meeting or any such other action.

If no record date is fixed by the board of directors for determining shareholders entitled to notice of, and to vote at, a meeting of shareholders, the record date shall be at 4:00 in the afternoon on the day before the day on which notice is given, or, if notice is waived, at the commencement of the meeting. If no record date is fixed for determining shareholders entitled to express written consent to corporate action without a meeting, the record date shall be the time of the day on which the first written consent is served upon an officer or director of the corporation.

A determination of shareholders of record entitled to notice of, and to vote at, a meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting; and provided further that the board of directors shall fix a new record date for any meeting adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

Section 3.06. Shareholder List for Meeting. After fixing a record date for a meeting, the corporation shall prepare an alphabetical list of the names of all of its shareholders who are entitled to notice of the meeting. The list shall be arranged by voting group, and within each voting group by class or series of shares, and shall show the address of and number of shares held by each shareholder. The shareholders' list shall be available for inspection by any shareholder, beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the corporation's principal office, the office of the corporation's transfer agent if specified in the meeting notice or at another place identified in the meeting notice in the city where the meeting will be held. A shareholder, his agent or his attorney, on written demand, may inspect and, subject to Arizona law, copy the list during regular business hours and at his expense during the period it is available for inspection. The corporation shall make the shareholders' list available at the meeting, and any shareholder, his agent or his attorney may inspect the list at any time during the meeting or any adjournment thereof. The corporation's refusal or failure to prepare or make available the shareholders' list does not affect the validity of action taken at the meeting.

Section 3.07. Proxies. Any shareholder entitled to vote may vote by proxy at any meeting of the shareholders (and at any adjournment thereof) which is specified in such proxy, provided that the proxy is executed in writing by such shareholder or his duly authorized attorney-in-fact. An appointment of a proxy is effective when received by the secretary or other officer or agent authorized to tabulate votes. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise specifically provided thereon. The burden of proving the validity of any undated, irrevocable or otherwise contested proxy at a meeting of the shareholders shall rest with the person seeking to exercise the proxy. A telegram, cablegram or facsimile appearing to have been transmitted by a shareholder or by his duly authorized attorney-in-fact may be accepted as a sufficiently written and executed proxy.

Section 3.08. Voting. Except for the election of directors (which shall be governed by cumulative voting pursuant to applicable law) and except as may otherwise be required by the corporation's articles, these bylaws or by statute, each issued and outstanding share of the corporation (specifically excluding shares held in the treasury of the corporation) represented at any meeting of the shareholders in person or by a proxy given pursuant to Section 3.07 above, shall be entitled to one vote on each matter submitted to a vote of the shareholders at such meeting. Unless otherwise required by the corporation's articles or by applicable law, any question submitted to the shareholders shall be resolved by a majority of the votes cast thereon, provided that such votes constitute a majority of the quorum of that particular meeting, whether or not such quorum is then present. Voting shall be by ballot on any question as to which a ballot vote is demanded before the voting begins, by any person entitled to vote on such question; otherwise, a voice vote shall suffice. No ballot or change of vote shall be accepted after the polls have been declared closed following the ending of the announced time for voting.

Section 3.09. Voting of Shares by Certain Holders. Shares of the corporation held by another corporation may be voted by such corporation's officer, agent or proxy as its bylaws may prescribe, or in the absence of such bylaw provision, by any other person designated by resolution of its board of directors, and such officer, agent or other person so designated may vote such corporation's shares in this corporation in person or by proxy appointed by him.

Shares held by an administrator, executor, legal representative, guardian, conservator or other legal representative may be voted by such representative, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee, other than a trustee in bankruptcy, may be voted by such representative, either in person or by proxy, but no such trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver, trustee in bankruptcy or assignee for the benefit of creditors may be voted by such representative, either in person or by proxy. Shares held by or under the control of such a receiver or trustee may be voted by such receiver or trustee, either in person or by proxy, without the transfer thereof into his name if authority so to do is contained in an appropriate order of the court by which such receiver or trustee was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

If shares stand in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety or tenants by community property or otherwise, or if two or more persons have the same fiduciary relationship respecting the same shares, unless the corporation is given a written instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (i) if only one votes, his act binds; (ii) if more than one votes, the act of the majority so voting binds all; and (iii) if more than one votes, but the vote is evenly split on any particular matter, each faction may vote the shares in question proportionally.

Section 3.10. Quorum. At any meeting of the shareholders, the presence in person or by proxy of the holders of a majority of the shares of the corporation issued, outstanding and entitled to vote at the meeting shall constitute a quorum of the shareholders for all purposes. In the absence of a quorum, any meeting may be adjourned from time to time by its chairman, without notice other than by announcement at the meeting, until a quorum is formed. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed. Once a quorum has been formed at any meeting, the shareholders from time to time remaining in attendance may continue to transact business properly brought before the meeting until adjournment, notwithstanding the prior departure of enough shareholders to leave less than a quorum. If an adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.

Section 3.11. Election Inspectors. The board of directors, in advance of any meeting of the shareholders, may appoint an election inspector or inspectors to act at such meeting (and at any adjournment thereof). If an election inspector or inspectors are not so appointed, the chairman of

the meeting may, or upon request of any person entitled to vote at the meeting shall, make such appointment. If any person appointed as an inspector fails to appear or to act, a substitute may be appointed by the chairman of the meeting. If appointed, the election inspector or inspectors (acting through a majority of them if there are more than one) shall determine the number of shares outstanding, the authenticity, validity and effect of proxies and the number of shares represented at the meeting in person and by proxy; the election inspector(s) shall receive and count votes, ballots and consents and announce the results thereof; the election inspector(s) shall hear and determine all challenges and questions pertaining to proxies and voting; and, in general, the election inspector(s) shall perform such acts as may be proper to conduct elections and voting with complete fairness to all shareholders. No such election inspector need be a shareholder of the corporation.

Section 3.12. Organization and Conduct of Meetings. Each meeting of the shareholders shall be called to order and thereafter chaired by the chairman of the board of directors if there is one; or, if not, or if the chairman of the board is absent or so requests, then by the president; or if both the chairman of the board and the president are unavailable, then by such other officer of the corporation or such shareholder as may be appointed by the board of directors. The corporation's secretary shall act as secretary of each meeting of the shareholders; in his absence the chairman of the meeting may appoint any person (whether a shareholder or not) to act as secretary for the meeting. After calling a meeting to order, the chairman thereof may require the registration of all shareholders intending to vote in person and the filing of all proxies with the election inspector(s), if one or more have been appointed (or, if not, with the secretary of the meeting). After the announced time for such filing of proxies has ended, no further proxies or changes, substitutions or revocations of proxies shall be accepted. If directors are to be elected, a tabulation of the proxies so filed shall, if any person entitled to vote in such election so requests, be announced at the meeting (or adjournment thereof) before the closing of the election polls. Absent a showing of bad faith on his part, the chairman of a meeting shall, among other things, have absolute authority to fix the period of time allowed for the registration of shareholders and the filing of proxies, to determine the order of business to be conducted at such meeting and to establish reasonable rules for expediting the business of the meeting (including any informal, or question and answer portions thereof).

Section 3.13. Shareholder Approval or Ratification. The board of directors may submit any contract or act for approval or ratification of the shareholders, either at a duly constituted meeting of the shareholders or by unanimous written consent to corporate action without a meeting pursuant to Section 3.15 below. If any contract or act so submitted is approved or ratified by a majority of the votes cast thereon at such meeting or by such unanimous written consent, the same shall be valid and as binding upon the corporation and all of its shareholders as it would be if it were the act of the shareholders.

Section 3.14. Informalities and Irregularities. All informalities or irregularities in any call or notice of a meeting of the shareholders or in the areas of credentials, proxies, quorums, voting and similar matters shall be deemed waived if no objection is made at the meeting.

Section 3.15. Action by Shareholders Without a Meeting. Any action required or permitted to be taken at a meeting of the shareholders of the corporation may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the shareholders entitled to vote with respect to the subject matter thereof. Such consent may be executed in counterparts and

shall have the same effect as a unanimous vote of the shareholders of the corporation at a duly convened meeting.

Section 3.16. Meetings by Alternative Communications. The board of directors may permit any or all of the shareholders to participate in any annual or special meeting of shareholders or conduct the meeting through use of any means of communication by which all of the shareholders participating may simultaneously hear each other during the meeting. If the board elects to permit participation by such means of communication, the notice of the meeting shall specify how a shareholder may participate in the meeting by such means of communication. The participation may be limited by the board of directors to specified locations or means of communication. A shareholder participating in a meeting by this means is deemed to be present in person at the meeting.

## ARTICLE IV

### Board of Directors

Section 4.01. Membership. The board of directors shall be comprised of not less than one (1) nor more than three (3) members who need not be shareholders of the corporation. The directors shall be elected at each annual meeting of the shareholders. The board of directors shall have the power to increase or decrease its size within the aforesaid limits and to fill any vacancies that may occur in its membership in the interval between the annual meetings of the shareholders, whether resulting from an increase in the size of the board or otherwise. Each director elected by the shareholders or the board of directors shall hold office until his successor is duly elected and qualified; provided, however, that the shareholders entitled to vote for the election of directors at a shareholders' meeting may fill any vacancy in the board of directors, if not already filled, or substitute another person to fill the vacancy, in which case the term of office of the person elected by the board of directors shall forthwith terminate.

Section 4.02. General Powers. All corporate powers shall be exercised by or under the authority of and the business and affairs of the corporation shall be managed under the direction of the board of directors.

Section 4.03. Regular Meetings. A regular annual meeting of the board of directors shall be held as soon as practicable after the adjournment of each annual meeting of the shareholders, either at the place of the shareholders' meeting or at such other place as the directors elected at the shareholders' meeting may have been informed of at or before the time of their election. Additional regular meetings may be held at regular intervals on such dates and at such places and times as the board of directors may determine.

Section 4.04. Special Meetings. Special meetings of the board of directors may be held whenever and wherever called for by the chairman of the board, the president, or the number of directors that would be required to constitute a quorum.

Section 4.05. Notices. No notice need be given of regular meetings of the board of directors. Notice of the date, time and place of any special meeting shall be given to each director in person, by telephone, telegraph, teletype, facsimile or other form of wire or wireless communication

or by mail or private carrier addressed to him at his latest address appearing on the corporation's records, and shall be given at least two days before the meeting. Notice must be in writing unless oral notice is reasonable under the circumstances. Any person who has given notice hereunder may make an affidavit that notice was given, which shall be conclusive that notice was so given.

Section 4.06. Waiver of Notice. Any director may waive call or notice of any meeting (and any adjournment thereof) at any time before, during which, or after it is held. A director's attendance or participation in a meeting waives any required notice to him of the meeting unless the director at the beginning of the meeting or promptly on his arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. No call or notice of a meeting of directors shall be necessary if each of them waives the same in writing or by attendance. Any meeting, once properly called and noticed (or as to which call and notice have been waived) and at which a quorum is formed, may be adjourned to another time and place by a majority of those in attendance.

Section 4.07. Quorum. A quorum for the transaction of business at any meeting or adjourned meeting of the board of directors shall consist of a majority of the directors then in office, except that when a vacancy or vacancies exist in the board, a majority of the directors then in office shall constitute a quorum. Once a quorum has been formed at any meeting, the directors from time to time remaining in attendance may continue to transact business properly brought before the meeting until adjournment, notwithstanding the prior departure from the meeting of enough directors to leave less than a quorum.

Section 4.08. Voting. Any matter submitted to a meeting of the board of directors shall be resolved by a majority of the votes cast thereon.

Section 4.09. Power to Act Notwithstanding Vacancy. Pending the filling of vacancies in the board of directors, a majority of a full board of directors may exercise the powers of the board of directors.

Section 4.10. Removal. Any director may be removed from the board of directors, with or without cause, subject only to limitations provided by law.

Section 4.11. Executive Committee. The board of directors, by resolution adopted by a majority of the full board, may name one or more of its members as an executive committee. An executive committee shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation while the board is not in session, subject to such limitations as may be included in the board's resolution; provided, however, that an executive committee shall not have the authority of the board of directors in reference to the following matters: (i) the authorization of distributions; (ii) the approval or submission to shareholders of any action that requires shareholder approval under applicable law; (iii) the filling of vacancies on the board of directors or on any committee of the board of directors; (iv) the amendment of the articles of incorporation; (v) the adoption, amendment or repeal of the bylaws; (vi) approval of a plan of merger not requiring shareholder approval; (vii) authorization or approval of a reacquisition of shares, except according to a formula or method prescribed by the board of directors; (viii) authorization or approval of the issuance, sale or contract for sale of shares or determination of the designation and relative rights, preferences and limitations of a class or series

of shares, except that the board of directors may authorize the executive committee or an executive officer of the corporation to do so within limits specifically prescribed by the board of directors; and (ix) fixing the compensation of directors for serving on the board or on any committee of the board of directors. Any member of the executive committee may be removed, with or without cause, by the board of directors. If any vacancy occurs in the executive committee, it shall be filled by the board of directors. The board of directors, with or without cause, may dissolve any committee or remove any member thereof at any time.

Section 4.12. Other Committees. The board of directors, from time to time, by resolution adopted by a majority of the full board, may appoint other standing or temporary committees from its membership and vest such committees with such powers as the board may include in its resolution; provided, however, that such committees shall be restricted in their authority as specifically set forth with respect to the executive committee in Section 4.11 above.

Section 4.13. Tenure of Committee Members. Except in the case of resignation, disqualification, removal or the inability to serve for any reason, each member of any committee established under this Article IV shall hold office until the next regular annual meeting of the board of directors and until his successor is elected and qualified.

Section 4.14. Meetings of Committees. Regular meetings of committees established under this Article IV may be held without notice on such days and at such times and places as the committees may fix from time to time by resolution. Special meetings of a committee may be called by any member thereof upon notice to other members of the committee in the manner provided in Section 4.04 for special meetings of the board of directors.

Section 4.15. Quorum of Committee Members. A majority of the members of a committee shall constitute a quorum for the transaction of business at any meeting thereof, and action of any committee must be authorized by the affirmative vote of a majority of the members present at a meeting at which a quorum is present.

Section 4.16. Presumption of Assent. A director of the corporation who is present at a meeting of the board of directors or of any committee at which action is taken on any matter shall be deemed to have assented to the action taken unless: (i) the director objects at the beginning of the meeting or promptly upon the director's arrival to holding it or transacting business at the meeting; (ii) the director's dissent or abstention from the action taken is entered in the minutes of the meeting; or (iii) the director delivers written notice of his dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation before 5:00 p.m. on the next business day after the meeting. The right of dissent or abstention shall not be available to a director who voted in favor of the action.

Section 4.17. Compensation. By resolution of the board of directors, each director may be paid his expenses, if any, of attendance at each meeting of the board of directors or of any committee, and may be paid a fixed sum for attendance at each such meeting and/or a stated salary as a director or committee member. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefrom.

Section 4.18. Action by Directors Without a Meeting. Any action required or permitted to be taken at a meeting of the board of directors or of any committee thereof may be taken without a meeting if the action is taken by the all of the directors or committee members. The action shall be evidenced by one or more written consents describing the action taken and signed by all directors or committee members. Such consent may be executed in counterparts and shall have the same effect as a unanimous vote of the directors or committee members of the corporation at a duly convened meeting.

Section 4.19. Meetings by Alternative Communications. The board of directors may permit any or all of the directors to participate in any regular or special meeting by or conduct the meeting through use of any means of communication by which all of the directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

## ARTICLE V

### Officers - General

Section 5.01. Elections and Appointments. The board of directors shall elect or appoint a president, a secretary and a treasurer, and may choose a chairman of the board, one or more vice presidents or such other officers as the board of directors shall determine. The regular election or appointment of officers shall take place at each annual meeting of the board of directors, but elections of officers may be held at any other meeting of the board. A person elected or appointed to any office shall continue to hold that office until the election or appointment of his successor, subject to action earlier taken pursuant to Section 5.04 or 7.01 below. The same individual may simultaneously hold more than one office in the corporation.

Section 5.02. Additional Appointments. In addition to the officers contemplated in Section 5.01 above, the board of directors may elect or appoint other corporate or divisional officers or agents with such authority to perform such duties as may be prescribed from time to time by the board of directors, by the president or, in the case of assistant officers (as, for example, one or more assistant secretaries), by the superior officer of any person so elected or appointed. Each of such persons (in the order designated by the board) shall be vested with all of the powers and charged with all of the duties of his superior officer in the event of such superior officer's absence or disability.

Section 5.03. Bonds and Other Requirements. The board of directors may require any officer to give bond to the corporation (with sufficient surety, and conditioned for the faithful performance of the duties of his office) and to comply with such other conditions as may from time to time be required of him by the board.

Section 5.04. Removal; Delegation of Duties. The board of directors may remove an officer of the corporation at any time with or without cause or temporarily delegate his powers and duties to any other officer or to any director. Such removal or delegation shall be without prejudice to the contract rights, if any, of the person so removed or whose powers and duties have been delegated. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 5.05. Salaries. The salaries of officers may be fixed from time to time by the board of directors or (except as to the president's own) left to the discretion of the president. No officer shall be prevented from receiving a salary by reason of the fact that he also is a director of the corporation.

## ARTICLE VI

### Specific Officers

Section 6.01. Chairman of the Board. The board of directors may elect a chairman to serve as a general executive officer of the corporation, and, if specifically designated as such by the board, as the chief executive officer of the corporation. If elected, the chairman shall preside at all meetings of the board of directors and be vested with such other powers and duties as the board may from time to time delegate to him.

Section 6.02. President and Vice President. Unless otherwise specified by resolution of the board of directors, the president shall be the chief executive officer of the corporation. The president shall supervise the business and affairs of the corporation and the performance by all of its other officers of their respective duties, subject to the control of the board of directors (and of its chairman, if the chairman has been specifically designated as chief executive officer of the corporation). One or more vice presidents may be elected by the board of directors to perform such duties as may be designated by the board or be assigned or delegated to them by the chief executive officer. Any one of the vice presidents as authorized by the board shall be vested with all of the powers and charged with all of the duties of the president in the event of his absence or inability to act. Except as may otherwise be specifically provided in a resolution of the board of directors, the president or any vice president shall be a proper officer to sign, on behalf of the corporation, any deed, bill of sale, assignment, option, mortgage, pledge, note, bond, evidence of indebtedness, application, consent (to service of process or otherwise), agreement, indenture or other instrument of any significant importance to the corporation. The president or any vice president may represent the corporation at any meeting of the shareholders of any other corporation in which this corporation then holds shares, and may vote this corporation's shares in such other corporation in person or by proxy appointed by him, provided that the board of directors may from time to time confer the foregoing authority upon any other person or persons.

Section 6.03. Secretary. The secretary shall keep the minutes of meetings of the shareholders, board of directors and any committee, and all unanimous written consents of the shareholders, board of directors and any committee of the corporation, and shall see that all notices are duly given in accordance with the provisions of these bylaws or as required by law, and in case of his absence or refusal or neglect to do so, notices may be served by any person so directed by the president. The secretary shall be custodian of the corporate seal and corporate records, shall have the authority to authenticate the corporate records and, in general, shall perform all duties incident to the office. Except as may otherwise be specifically provided in a resolution of the board of directors, the secretary and each assistant secretary shall be a proper officer to take charge of the corporation's stock transfer books and to compile the shareholder list pursuant to Section 3.06 above, and to impress the corporation's seal on any instrument signed by the president, any vice president or any other duly authorized person, and to attest to the same.

Section 6.04. Treasurer. The treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall cause all money and other valuable effects to be deposited in the name and to the credit of the corporation in such depositories, subject to withdrawal in such manner as may be designated by the board of directors. He shall render to the president, the directors and the shareholders at proper times an account of all his transactions as treasurer and of the financial condition of the corporation. The treasurer shall be responsible for preparing and filing such financial reports, financial statements and returns as may be required by law.

## ARTICLE VII

### Resignations and Vacancies

Section 7.01. Resignations. Any director, committee member or officer may resign from his office at any time by written notice delivered to the corporation. A resignation shall be effective when the notice is delivered unless the notice specifies a later effective date or event. The acceptance of a resignation shall not be required to make it effective.

Section 7.02. Vacancies. If the office of any director, committee member or officer becomes vacant by reason of his death, resignation, disqualification, removal or otherwise, the shareholders or the board of directors may choose a successor to hold office for the unexpired term as provided in Section 4.01 and Section 5.01, as the case may be.

## ARTICLE VIII

### Seal

The board of directors may provide for a seal of the corporation, which shall have inscribed thereon the name of the corporation and the state and year of its incorporation.

## ARTICLE IX

### Certificates Representing Shares

Section 9.01. Form. Shares of the corporation may but need not be represented by certificates. If certificates are issued, each certificate representing shares of the corporation shall be in such form as may from time to time be prescribed by the board of directors, shall be consecutively numbered, and shall exhibit such information as may be required by applicable law. If certificates are not issued, then every holder of uncertificated shares shall be entitled to receive a certificate that complies with applicable law on request to the corporation.

Section 9.02. Signatures and Seal. All certificates issued for shares of the corporation (whether new, re-issued, or transferred) shall bear the manual or facsimile signatures of one or more officers designated by the board of directors or, in the absence of board designation by the president, a vice president, or the secretary, and also may bear an impression or facsimile of the corporation's corporate seal, if any. If the person who signed either manually or in facsimile a share certificate no longer holds office when the certificate is issued, the certificate is nevertheless valid.

Section 9.03. Ownership. The corporation shall be entitled to treat the registered owner of any share as the absolute owner thereof and, accordingly, shall not be bound to recognize any beneficial, equitable or other claim to, or interest in, such share on the part of any other person, whether or not it has notice thereof, except as may be expressly provided by applicable law.

Section 9.04. Transfers. Transfers of shares of the corporation may be made on the stock transfer books of the corporation only at the direction of the person named in the certificate (or by his duly authorized attorney-in-fact) and upon the surrender of such certificate properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or authenticity of signature as the corporation (or its transfer agent) may require. The transfer of the shares of the corporation shall be subject to such restrictions on transfer, if any, as may be imposed by the articles of incorporation or bylaws of the corporation, or by any amendment thereof, by applicable law or by an agreement among the shareholders or between shareholders and the corporation. No transfer shall affect the right of the corporation to pay any dividend due upon the shares or to treat the holder of record as the holder-in-fact until the transfer has been recorded in the books of the corporation.

Section 9.05. Lost Certificates. In the event of the loss, theft or destruction of any certificates representing shares of the corporation or of any predecessor corporation, the corporation may issue (or, in the case of any such shares as to which a transfer agent and/or registrar have been appointed, may direct such transfer agent and/or registrar to countersign, register and issue) a new certificate, and cause the same to be delivered to the owner of the shares represented thereby, provided that the owner shall have submitted such evidence showing, or an affidavit reciting, the circumstances of the alleged loss, theft or destruction, and his ownership of the certificate, as the corporation considers satisfactory, together with any other facts that the corporation considers pertinent, and further provided that a bond of indemnity, with or without surety, shall have been provided in form and amount satisfactory to the corporation (and to its transfer agent and/or registrar, if applicable), unless the board of directors waives the requirement of a bond.

## ARTICLE X

### Dividends

Subject to such restrictions or requirements as may be imposed by applicable law or the corporation's articles or as may otherwise be binding upon the corporation, the board of directors may from time to time declare and the corporation may pay dividends on shares of the corporation outstanding on the dates of record fixed by the board, to be paid in cash, in property, or in shares of the corporation on or as of such payment or distribution dates as the board may prescribe.

## ARTICLE XI

### Amendments

These bylaws may be altered, amended, supplemented, repealed or temporarily or permanently suspended, in whole or in part, or new bylaws may be adopted, at any duly constituted meeting of the board of directors or the shareholders or, alternatively, by unanimous written consent

to corporate action without a meeting of the board of directors or the shareholders, as the case may be, pursuant to these bylaws and applicable law. The shareholders in amending or repealing a particular bylaw may provide expressly that the board of directors may not amend or repeal that bylaw.

## ARTICLE XII

### Indemnification and Insurance

Section 12.01. Indemnification. The corporation shall, to the full extent permitted by Arizona law as amended from time to time, indemnify each person whom it may indemnify pursuant thereto.

Section 12.02. Insurance. The corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against or incurred by such person in such capacity or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of Arizona law.

## ARTICLE XIII

### General Provisions

Section 13.01. Construction. As used in these bylaws, the masculine includes the feminine and the neuter as the context requires.

Section 13.02. Books and Records. The books and records of the corporation shall be kept at such places within or outside of Arizona as the board of directors may from time to time determine.

Certificate of Adoption

The undersigned secretary does hereby certify that the foregoing bylaws were adopted by the board of directors of Stardust – Tartesso W12, Inc. pursuant to a written consent of the directors dated September 29, 2003.

  
\_\_\_\_\_

Robert C. Speirs, Secretary

**FIRST AMENDMENT TO BYLAWS  
OF  
STARDUST – TARTESSO W12, INC.**

The Bylaws of Stardust – Tartesso W12, Inc., an Arizona corporation, dated November 19, 2003, are hereby amended as follows:

1. A new Section 3.17 is hereby added to Article III of the Bylaws to read as follows:

Section 3.17. Holders of Nonvoting Common Stock.  
Notwithstanding any provision of these Bylaws to the contrary, except as specifically provided by A.R.S. Sections 10-001 et seq., the following provisions shall apply to any shareholder that holds nonvoting common stock of the Corporation and that does not also hold voting common stock of the Corporation (a “Nonvoting Shareholder):

A Nonvoting Shareholder shall not be entitled to notice of meetings of the Corporation’s shareholders or to vote on any matters requiring approval of the Corporation’s shareholders.

Issued and outstanding nonvoting common shares shall be disregarded for purposes of (i) shareholder votes, (ii) determining whether a quorum is present at any meeting of the shareholders, and (iii) actions and consents taken without a meeting of shareholders pursuant to Section 3.15 of these Bylaws.

2. Except as amended hereby, the Bylaws shall continue in full force and effect.

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**CERTIFICATE OF ADOPTION**

The undersigned Secretary hereby certifies that the foregoing First Amendment to Bylaws was adopted by a Joint Consent to Resolutions of the Shareholders and Director of Stardust – Tartesso W12, Inc. dated as of March 1, 2007.

  
\_\_\_\_\_  
Robert C. Speirs, Secretary

**EXHIBIT B**

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

**\*\*\*STARDUST - TARTESSO W12, INC.\*\*\***

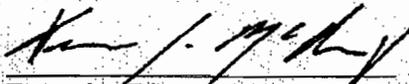
a domestic corporation organized under the laws of the State of Arizona, did incorporate on September 29, 2003.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved 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 Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence 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 28th Day of September, 2007, A. D.



  
Executive Director

Order Number: 177478

**\$8,750,000**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS**  
**SERIES 2007**

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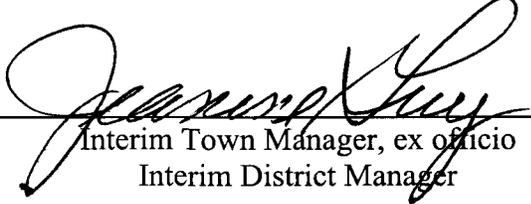
**CERTIFICATE**

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I, the undersigned Interim Town Manager of the Town of Buckeye, Arizona, ex officio Interim District Manager of the Tartesso West Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), hereby certify that I am the appointed and acting Interim District Manager stated herein as of the date set forth below. As such officer, I hereby reaffirm all covenants and representations made by the former Town Manager of the Town of Buckeye, ex officio District Manager of the District, in the closing certificates and other financing documents with respect to the issuance of the District's General Obligation Bonds, Series 2007 (the "*Bonds*").

Further, for purposes of the issuance of the Bonds, I hereby adopt for my signature, the signature of the former Town Manager, ex officio District Manager.

DATED: October 3, 2007

  
\_\_\_\_\_  
Interim Town Manager, ex officio  
Interim District Manager

**\$8,750,000**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS**  
**SERIES 2007**

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**ACKNOWLEDGEMENT AND REQUEST FOR  
AUTHENTICATION AND DELIVERY OF BONDS**

---

I, Douglas Allen, ex officio Treasurer of Tartesso West Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), hereby acknowledge that, pursuant to the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (the "*Indenture*"), the Trustee received from RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets, the purchaser (the "*Underwriter*"), on the date of this Certificate the following amounts for the purchase of Tartesso West Community Facilities District (Town of Buckeye, Arizona), District General Obligation Bonds, Series 2007:

Principal	\$8,750,000.00
Accrued Interest	0.00
Less: Underwriter's Compensation	<u>(262,500.00)</u>
 TOTAL	 <u>\$8,487,500.00</u>

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 \$8,750,000 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: October 3, 2007

**TREASURER, TARTESSO WEST  
COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)**

By  \_\_\_\_\_

**\$8,750,000**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS**  
**SERIES 2007**

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**TRUSTEE'S CERTIFICATE OF COMPLETION  
AND AUTHENTICATION**

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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 October 1, 2007 (the "Indenture"), by and between Tartesso West 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 July 17, 2007, authorizing the issuance and sale of the Bonds.

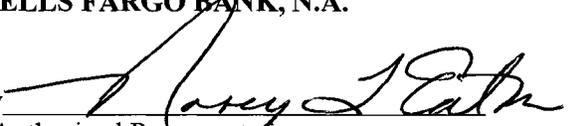
(c) Pursuant to the written request and authorization from the District, the Trustee has executed the Bonds and caused the Bonds to be delivered in accordance with such written authorization and direction to the Trustee. The persons executing the Bonds and all documents relating to the Bonds on behalf 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: October 3, 2007

**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;

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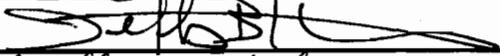
C. Signing Officers

**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:

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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
Brenda Black	Vice President	
Jeffrey B. Kassels	Vice President	
Kathleen Jakubowicz	Vice President	
Mark Petrasso	Vice President	
Nancy Eatros	Vice President	

IN WITNESS WHEREOF, I have hereunto set my hand this day



Paula N. Boemer  
Assistant Secretary

**\$8,750,000**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS**  
**SERIES 2007**

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**RECEIPT OF TRUSTEE**

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The undersigned, does hereby acknowledge for and on behalf of the Trustee for the hereinafter described Indenture as follows:

1. \$8,750,000 principal amount of Tartesso West Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007 (the "Bonds"), maturing in the years 2008 through 2010, 2017, 2026 and 2032, and bearing interest from October 3, 2007 (payable semiannually on January 15 and July 15 in each year, commencing on January 15, 2008) have this day been delivered to, or upon the order of, RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets upon payment to the Trustee of the purchase price of the Bonds as follows:

Par Amount of the Bonds	\$8,750,000.00
plus: Premium	0.00
less: Underwriting Compensation	(262,500.00)
plus: Accrued Interest	<u>0.00</u>
Total Amount Received	<u>\$8,487,500.00</u>

2. 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
Bond Fund	\$ 0.00
Acquisition and Construction Fund	<u>8,487,500.00</u>
Total:	<u>\$8,487,500.00</u>

Dated: October 3, 2007

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

By: \_\_\_\_\_  
Its: \_\_\_\_\_

  
Vice President



**\*\* FINAL \*\***

**SETTLEMENT, DELIVERY & CLOSING PROCEDURES**

**Issue:** \$8,750,000  
Tartesso West Community Facilities District  
(Town of Buckeye, Arizona)  
District General Obligation Bonds,  
Series 2007

**Bonds Dated:** Date of Delivery (October 3, 2007)

**Interest**  
**Payment Dates:** January 15 and July 15 of each year, commencing January 15, 2008.

**Ratings:** Not Rated

**Maturity Dates,**  
**Principal Amounts,**  
**Interest Rates:** See Exhibit A

**Mandatory Sinking**  
**Fund Redemption:** See Exhibit A

**Base CUSIP Number:** 876498

**Pre-Closing:** **Tuesday, October 2, 2007**  
3:00 P.M. (Arizona Time)  
Gust Rosenfeld P.L.C.  
201 East Washington Street  
Suite 800  
Phoenix, Arizona 85004  
Scott Ruby, Esq.  
Phone:(602) 257-7432  
Fax: (602) 340-1538

**Closing:** **Wednesday, October 3, 2007**  
8:00 A.M. (Arizona Time)  
Gust Rosenfeld P.L.C.  
(At above listed location)

**Participants:** See Exhibit B

**Registration &**  
**Authentication:** Gust Rosenfeld, P.L.C. will deliver the Bonds to Wells Fargo Bank, N.A. (Nancy Eatros) for registration and authentication. After the Bonds have been registered and authenticated, Wells Fargo Bank, N.A. will verify registration instructions with The Depository Trust Company in preparation of a F.A.S.T. closing.

**Settlement, Delivery & Closing Procedures**

\$8,750,000 Tartesso West Community Facilities District  
(Town of Buckeye, Arizona)  
District General Obligation Bonds,  
Series 2007  
Page 2

**Settlement Instructions:**

Par Value of Bonds	\$8,750,000.00
Less: Underwriter's Discount	<u>(262,500.00)</u>
Amount Payable at Closing	<u>\$8,487,500.00</u>

**Flow of Funds:**

**SOURCES OF FUNDS**

On the morning of closing, RBC Capital Markets will wire transfer **\$8,487,500.00**, representing the purchase price of the Bonds to:

Wells Fargo Bank, N.A.  
ABA #: 121000248  
Trust Clearing Account #: 00010-38-377  
For Credit To: Tartesso 07  
Account #: 22527701  
Attention: Ms. Nancy Eatros, (602) 378-2337

**USES OF FUNDS**

**\$8,487,500.00** will be held in the Acquisition and Construction Fund and used to pay costs of issuance (**\$190,000.00**) and the costs of acquisition of the Public Infrastructure (**\$8,297,500.00**).

After notice has been given by Bond Counsel of the completed transfer of funds, and all documentation is in order, the Bonds will be released to RBC Capital Markets via The Depository Trust Company Closing Desk (212) 855-3752, 53, 54, 56, through Donna Hoagland (312) 559-5491.

**\$8,750,000.00**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007**

Dated: October 3, 2007		Delivery: October 3, 2007			Fiscal Year Debt Service	CUSIP# (876498)
Date	Principal (a)	Coupon	Interest	Total P+I		
10/03/2007						
01/15/2008			\$62,606.75	\$62,606.75		
07/15/2008	\$365,000.00	4.350%	110,482.50	475,482.50	\$538,089.25	BB1
01/15/2009	-	-	107,932.50	107,932.50		
07/15/2009	180,000.00	4.700%	107,932.50	287,932.50	395,865.00	BC9
01/15/2010	-	-	106,245.00	106,245.00		
07/15/2010	185,000.00	4.750%	106,245.00	291,245.00	397,490.00	BD7
01/15/2011	-	-	104,425.00	104,425.00		
07/15/2011	195,000.00 (b)	5.125%	104,425.00	299,425.00	403,850.00	BG0
01/15/2012	-	-	102,470.00	102,470.00		
07/15/2012	205,000.00 (b)	5.125%	102,470.00	307,470.00	409,940.00	BG0
01/15/2013	-	-	100,377.50	100,377.50		
07/15/2013	215,000.00 (b)	5.125%	100,377.50	315,377.50	415,755.00	BG0
01/15/2014	-	-	98,121.25	98,121.25		
07/15/2014	225,000.00 (b)	5.125%	98,121.25	323,121.25	421,242.50	BG0
01/15/2015	-	-	95,721.25	95,721.25		
07/15/2015	240,000.00 (b)	5.125%	95,721.25	335,721.25	431,442.50	BG0
01/15/2016	-	-	93,175.00	93,175.00		
07/15/2016	250,000.00 (b)	5.125%	93,175.00	343,175.00	436,350.00	BG0
01/15/2017	-	-	90,576.25	90,576.25		
07/15/2017	265,000.00	5.125%	90,576.25	355,576.25	446,152.50	BG0
01/15/2018	-	-	87,701.25	87,701.25		
07/15/2018	275,000.00 (c)	5.800% / 5.900%	87,701.25	362,701.25	450,402.50	BH8 / BJ4
01/15/2019	-	-	84,381.25	84,381.25		
07/15/2019	295,000.00 (c)	5.800% / 5.900%	84,381.25	379,381.25	463,762.50	BH8 / BJ4
01/15/2020	-	-	80,916.25	80,916.25		
07/15/2020	310,000.00 (c)	5.800% / 5.900%	80,916.25	390,916.25	471,832.50	BH8 / BJ4
01/15/2021	-	-	77,016.25	77,016.25		
07/15/2021	330,000.00 (c)	5.800% / 5.900%	77,016.25	407,016.25	484,032.50	BH8 / BJ4
01/15/2022	-	-	72,975.00	72,975.00		
07/15/2022	350,000.00 (c)	5.800% / 5.900%	72,975.00	422,975.00	495,950.00	BH8 / BJ4
01/15/2023	-	-	68,643.75	68,643.75		
07/15/2023	370,000.00 (c)	5.800% / 5.900%	68,643.75	438,643.75	507,287.50	BH8 / BJ4
01/15/2024	-	-	64,167.50	64,167.50		
07/15/2024	390,000.00 (c)	5.800% / 5.900%	64,167.50	454,167.50	518,335.00	BH8 / BJ4
01/15/2025	-	-	59,405.00	59,405.00		
07/15/2025	415,000.00 (c)	5.800% / 5.900%	59,405.00	474,405.00	533,810.00	BH8 / BJ4
01/15/2026	-	-	54,352.50	54,352.50		
07/15/2026	440,000.00 (d)	5.800% / 5.900%	54,352.50	494,352.50	548,705.00	BH8 / BJ4
01/15/2027	-	-	49,010.00	49,010.00		
07/15/2027	465,000.00 (e)	5.900%	49,010.00	514,010.00	563,020.00	BJ4
01/15/2028	-	-	43,355.00	43,355.00		
07/15/2028	490,000.00 (e)	5.900%	43,355.00	533,355.00	576,710.00	BJ4
01/15/2029	-	-	37,265.00	37,265.00		
07/15/2029	520,000.00 (e)	5.900%	37,265.00	557,265.00	594,530.00	BJ4
01/15/2030	-	-	30,885.00	30,885.00		
07/15/2030	550,000.00 (e)	5.900%	30,885.00	580,885.00	611,770.00	BJ4
01/15/2031	-	-	24,070.00	24,070.00		
07/15/2031	595,000.00 (e)	5.900%	24,070.00	619,070.00	643,140.00	BJ4
01/15/2032	-	-	16,965.00	16,965.00		
07/15/2032	630,000.00	5.900%	16,965.00	646,965.00	663,930.00	BJ4
	<u>\$8,750,000.00</u>		<u>\$3,673,394.25</u>	<u>\$12,423,394.25</u>	<u>\$12,423,394.25</u>	

- (a) The Bonds are subject to optional redemption on July 15, 2017 at a redemption price of 100%.  
(b) Represents mandatory sinking fund amounts for term bond due July 15, 2017.  
(c) Represents mandatory sinking fund amounts for term bond due July 15, 2026 and term bond due July 15, 2032.  
(d) Represents maturity of term bond due July 15, 2026 and mandatory sinking fund amount for term bond due July 15, 2032.  
(e) Represents mandatory sinking fund amounts for term bond due July 15, 2032.

**EXHIBIT B**

**TARTESSO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)  
GENERAL OBLIGATION BONDS, SERIES 2007**

**ISSUER**

**Tartesso West Community Facilities District  
(Town of Buckeye)**  
100 Apache  
Suite A  
Buckeye, Arizona 85326  
FAX: (623) 386-7832

Dave Wilcox  
District Manager  
(623) 386-4691  
E-mail: [dwilcox@buckeyeaz.gov](mailto:dwilcox@buckeyeaz.gov)

Doug Allen  
District Finance Director  
(623) 386-4691  
E-mail: [dallen@buckeyeaz.gov](mailto:dallen@buckeyeaz.gov)

Gil Villegas  
Assistant Finance Director  
(623) 386-4691  
E-mail: [gvillegas@buckeyeaz.gov](mailto:gvillegas@buckeyeaz.gov)

Kim Sandstrom  
CFD Accountant I  
(623) 386-4691  
E-mail: [ksandstrom@buckeyeaz.org](mailto:ksandstrom@buckeyeaz.org)

**LANDOWNER**

Stardust-Tartesso W12, Inc.  
6730 North Scottsdale Road  
Suite 230  
Scottsdale, Arizona 85253  
FAX: (480) 607-5801

Chris Heeter  
(480) 607-5800 Ext. 224  
E-mail: [cheeter@stardustco.com](mailto:cheeter@stardustco.com)

Jon Munson  
(480) 607-5800 Ext. 230  
E-mail: [jmunson@stardustco.com](mailto:jmunson@stardustco.com)

Regan Gradke  
(480) 607-5800 Ext. 245  
E-mail: [rgradke@stardustco.com](mailto:rgradke@stardustco.com)

**COUNSEL TO LANDOWNER**

**Fennemore Craig, P.C.**  
3003 North Central Avenue  
Suite 2600  
Phoenix, Arizona 85012  
FAX: (602) 916-5541

Jay Kramer, Esq.  
(602) 916-5341  
E-mail: [jkramer@fclaw.com](mailto:jkramer@fclaw.com)

Dan Holwerda, Esq.  
(602) 916-5432  
E-mail: [dholwerd@fclaw.com](mailto:dholwerd@fclaw.com)

**BOND COUNSEL**

**Gust Rosenfeld P.L.C.**  
201 East Washington Street  
Suite 800  
Phoenix, Arizona 85004  
FAX: (602) 340-1538

Scott Ruby, Esq.  
(602) 257-7432  
E-mail: [swruby@gustlaw.com](mailto:swruby@gustlaw.com)

Jim Giel, Esq.  
(602) 257-7495  
E-mail: [jgiel@gustlaw.com](mailto:jgiel@gustlaw.com)

Gwyne Henning  
(602) 257-7447  
E-mail: [ghenning@gustlaw.com](mailto:ghenning@gustlaw.com)

Joan Uibelhoer  
(602) 257-7435  
E-mail: [juibelhoer@gustlaw.com](mailto:juibelhoer@gustlaw.com)

**UNDERWRITER**

**RBC Capital Markets**  
2398 E. Camelback Road  
Suite 700  
Phoenix, Arizona 85016  
FAX: (602) 381-5380

Shawn Dralle  
(602) 381-5362  
E-mail: [shawn.dralle@rbccm.com](mailto:shawn.dralle@rbccm.com)

Phong Pham  
(602) 381-5370  
E-mail: [phong.pham@rbccm.com](mailto:phong.pham@rbccm.com)



**FINANCIAL ADVISOR**

**Stone & Youngberg LLC**  
2555 East Camelback Road  
Suite 280  
Phoenix, Arizona 85016  
FAX: (602) 794-4046

Mark Reader  
(602) 794-4011  
E-mail: [mreader@syllc.com](mailto:mreader@syllc.com)

Joshua Ormiston  
(602) 794-4009  
E-mail: [jormiston@syllc.com](mailto:jormiston@syllc.com)

**UNDERWRITER'S COUNSEL**

**Greenberg Traurig, LLP**  
2375 East Camelback Road  
Suite 700  
Phoenix, Arizona 85016  
FAX: (602) 445-8100

Michael Cafiso, Esq.  
(602) 445-8452  
E-mail: [cafisom@gtlaw.com](mailto:cafisom@gtlaw.com)

John Overdorff, Esq.  
(602) 445-8464  
E-mail: [overdorffj@gtlaw.com](mailto:overdorffj@gtlaw.com)

**REGISTRAR AND PAYING AGENT**

**Wells Fargo Bank, N.A.**  
Wells Fargo Plaza  
MAC#S4101-22E  
100 West Washington Street  
22<sup>nd</sup> Floor  
Phoenix, Arizona 85003  
FAX: (602) 378-2333

Nancy Eatros  
(602) 378-2337  
Email: [nancy.l.eatros@wellsfargo.com](mailto:nancy.l.eatros@wellsfargo.com)

**\$8,750,000**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS**  
**SERIES 2007**

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**CERTIFICATE OF UNDERWRITER**  
**REGARDING INITIAL OFFERING PRICES**  
**AND AS TO YIELD**

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The undersigned (the "*Underwriter*") understands that for purposes of the arbitrage restrictions and other requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations (collectively, the "*Code*"), it is necessary for the issuer to determine the "yield" on the captioned bonds (the "*Bonds*") in order to be in a position to take steps to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes under the Code. The term "yield" in this context means that discount rate which, when used in computing the present value of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the issue and amounts reasonably expected to be paid as fees for qualified guarantees on the issue, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds as of the issue date. In determining the yield on the Bonds, aggregate issue price of the Bonds is the aggregate of the issue price of each maturity of the Bonds. The issue price of each maturity of the Bonds is that initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of Bonds of that maturity (i.e., at least ten percent (10%) of such maturity) are reasonably expected to be sold. Accordingly, the issuer and bond counsel need to be informed by the Underwriter as to the initial offering price of the Bonds to the public.

For purposes of this certificate, we have assumed that the phrase "bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers" refers only to persons who, to our actual knowledge, have an arrangement with Westpark Community Facilities District (Town of Buckeye, Arizona) (the "Issuer") or RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets.

To the extent that we provided the Issuer and bond counsel with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Bonds, these computations are provided for informational purposes and are based on our understanding of directions that we have received from bond counsel regarding interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by bond counsel.

The Issuer may rely on the foregoing representations in making its certification as to issue price of the Bonds under the Code, and bond counsel may rely on the foregoing representations in rendering their opinion on the exclusion from federal gross income of the interest on the Bonds; provided, however, that nothing herein represents our interpretation of any laws, and in particular, regulations under section 148 of the Code.

Therefore, the Underwriter certifies that a *bona fide* public offering of the Bonds has been made and the initial offering price of the Bonds to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a

substantial amount of the Bonds of that maturity [i.e., at least ten percent (10%) of such maturity] were reasonably expected to be sold as of September 13, 2007, is as follows:

Maturity or Redemption Date (July 15)	Par Amount	Offering Price	Total for Maturity
2008	\$365,000	100.000%	\$365,000
2009	180,000	100.000%	180,000
2010	185,000	100.000%	185,000
2011 *	195,000	100.000%	195,000
2012 *	205,000	100.000%	205,000
2013 *	215,000	100.000%	215,000
2014 *	225,000	100.000%	225,000
2015 *	240,000	100.000%	240,000
2016 *	250,000	100.000%	250,000
2017	265,000	100.000%	265,000
2018 **	10,000	100.000%	10,000
2019 **	10,000	100.000%	10,000
2020 **	10,000	100.000%	10,000
2021 **	10,000	100.000%	10,000
2022 **	10,000	100.000%	10,000
2023 **	10,000	100.000%	10,000
2024 **	10,000	100.000%	10,000
2025 **	15,000	100.000%	15,000
2026	15,000	100.000%	15,000
2018 ***	265,000	100.000%	265,000
2019 ***	285,000	100.000%	285,000
2020 ***	300,000	100.000%	300,000
2021 ***	320,000	100.000%	320,000
2022 ***	340,000	100.000%	340,000
2023 ***	360,000	100.000%	360,000
2024 ***	380,000	100.000%	380,000
2025 ***	400,000	100.000%	400,000
2026 ***	425,000	100.000%	425,000
2027 ***	465,000	100.000%	465,000
2028 ***	490,000	100.000%	490,000
2029 ***	520,000	100.000%	520,000
2030 ***	550,000	100.000%	550,000
2031 ***	595,000	100.000%	595,000
2032	630,000	100.000%	630,000
TOTAL			<u>\$8,750,000</u>

\* Mandatory redemption dates of term bonds maturing on July 15, 2017

\*\* Mandatory redemption dates of term bonds maturing on July 15, 2026

\*\*\* Mandatory redemption dates of term bonds maturing on July 15, 2032

To the knowledge of the Underwriter, the Bonds were sold at prices that would induce willing buyers to purchase such investments from willing sellers in *bona fide*, arms-length transactions.

Based upon the purchase price so certified, the under-signed hereby certifies that the yield on the Bonds is 5.7991%.

DATED: October 3, 2007.

**RBC DAIN RAUSCHER INC., DOING  
BUSINESS UNDER THE NAME  
RBC CAPITAL MARKETS**

By Shawn Bralle

**\$8,750,000**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS**  
**SERIES 2007**

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**RECEIPT FOR BONDS**

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On behalf of RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets, the purchaser (the "*Underwriter*") of the \$8,750,000 principal amount of Tartesso West Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007 (the "*Bonds*"), the undersigned hereby acknowledges receipt of all such Bonds on the date set forth in this receipt.

The undersigned represents and certifies that it: (i) made a limited offering of all of the Bonds; and (ii) has reoffered and sold the Bonds only to SMMP's [or Qualified Investors], as defined in the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (the "*Indenture*") and will not redeliver the Bonds to any purchaser without receiving an executed Certificate of Sophisticated Municipal Market Professional [or Certificate of Qualified Investor], in the form set forth in the Indenture, from such purchaser.

DATED: October 3, 2007

**RBC DAIN RAUSCHER INC.**

By Shawn Bralle  
Authorized Agent

REGISTERED

REGISTERED

No. R- \_\_\_\_\_

\$ \_\_\_\_\_

UNLESS THIS CERTIFICATE 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 CERTIFICATE 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) FOR 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.

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE (1) IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER OF A PRINCIPAL AMOUNT OF \$100,000 OR MORE PURSUANT TO THE RULES AND REGULATIONS APPLICABLE TO SALES TO "SOPHISTICATED MUNICIPAL MARKET PROFESSIONALS" OR (2) IN CONNECTION WITH A SALE OR TRANSFER TO A QUALIFIED INVESTOR UPON RECEIPT BY THE HEREINAFTER DESCRIBED TRUSTEE OF A "QUALIFIED INVESTOR LETTER" IN THE FORM INCLUDED IN THIS BOND.

UNITED STATES OF AMERICA  
STATE OF ARIZONA

**TARTESSO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)  
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007**

INTEREST RATE	MATURITY DATE	ORIGINAL DATED DATE	CUSIP NO.:
_____	_____	_____ 2007	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Tartesso West 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, 2008 (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 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.

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.

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 October 1, 2007 (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 July 17, 2007 (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 defeated 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 \$100,000 and integral multiples of \$5,000 in excess thereof.

**Optional Redemption.** The Bonds maturing on and after July 15, 2026 are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2017, 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, 2017, 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.

<u>Redemption Date</u>	<u>Principal Amount</u>
<u>(July 15)</u>	
2011	\$195,000
2012	205,000
2013	215,000
2014	225,000
2015	240,000
2016	250,000
2017 (maturity)	265,000

The Bonds maturing on July 15, 2026 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:

<u>Redemption Date</u> <u>(July 15)</u>	<u>Principal Amount</u>
2018	\$10,000
2019	10,000
2020	10,000
2021	10,000
2022	10,000
2023	10,000
2024	10,000
2025	15,000
2026 (maturity)	15,000

The Bonds maturing on July 15, 2032 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:

<u>Redemption Date</u> <u>(July 15)</u>	<u>Principal Amount</u>
2018	\$265,000
2019	285,000
2020	300,000
2021	320,000
2022	340,000
2023	360,000
2024	380,000
2025	400,000
2026	425,000
2027	465,000
2028	490,000
2029	520,000
2030	550,000
2031	595,000
2032 (maturity)	600,000

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 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 or, as applicable, 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. Notwithstanding any other provision of this bond to the contrary, but except as otherwise provided in Section 3.04(F) of the Indenture, this bond is nontransferable unless the transferee or transferees provide the Trustee a completed certificate of qualified investor in the form included in this bond.

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.

TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By \_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
District Clerk

Dated: October 3, 2007

**SPECIMEN BOND**

[The following certificate shall be required only to the extent required by Section 3.04(F) of the Indenture.]

["CERTIFICATE OF SOPHISTICATED MUNICIPAL MARKET PROFESSIONAL"]

TARTESSO WEST COMMUNITY FACILITIES DISTRICT

Wells Fargo Bank, N.A., as Trustee

Re: Tartesso West Community Facilities District  
(Town of Buckeye, Arizona) District General Obligation  
Bonds, Series 2007

1. Please be advised that the undersigned is purchasing one of the captioned bonds or an interest therein (hereinafter referred to as the "Bonds"), such Bond being in the original aggregate principal amount of \$ \_\_\_\_\_, bearing the number \_\_\_\_\_. Such purchase is solely for the account of the undersigned or for accounts managed by the undersigned, for the purpose of investment and not with an intent for distribution or resale.

2. The undersigned acknowledges that it is a "Qualified Institutional Buyer" as such term is defined in Rule 144A of the Securities Act of 1933, as amended, with total assets of at least \$100 million invested in municipal securities in the aggregate in its portfolio and/or under management.

3. In the event that the undersigned transfers such Bond or any part thereof, the undersigned agrees that such transfer shall be through a "broker," or to a "dealer" or "municipal securities dealer," as those terms are defined in the Securities Exchange Act of 1934.

4. The undersigned acknowledges that it received the Limited Offering Memorandum dated September 13, 2007 related to the Bonds.

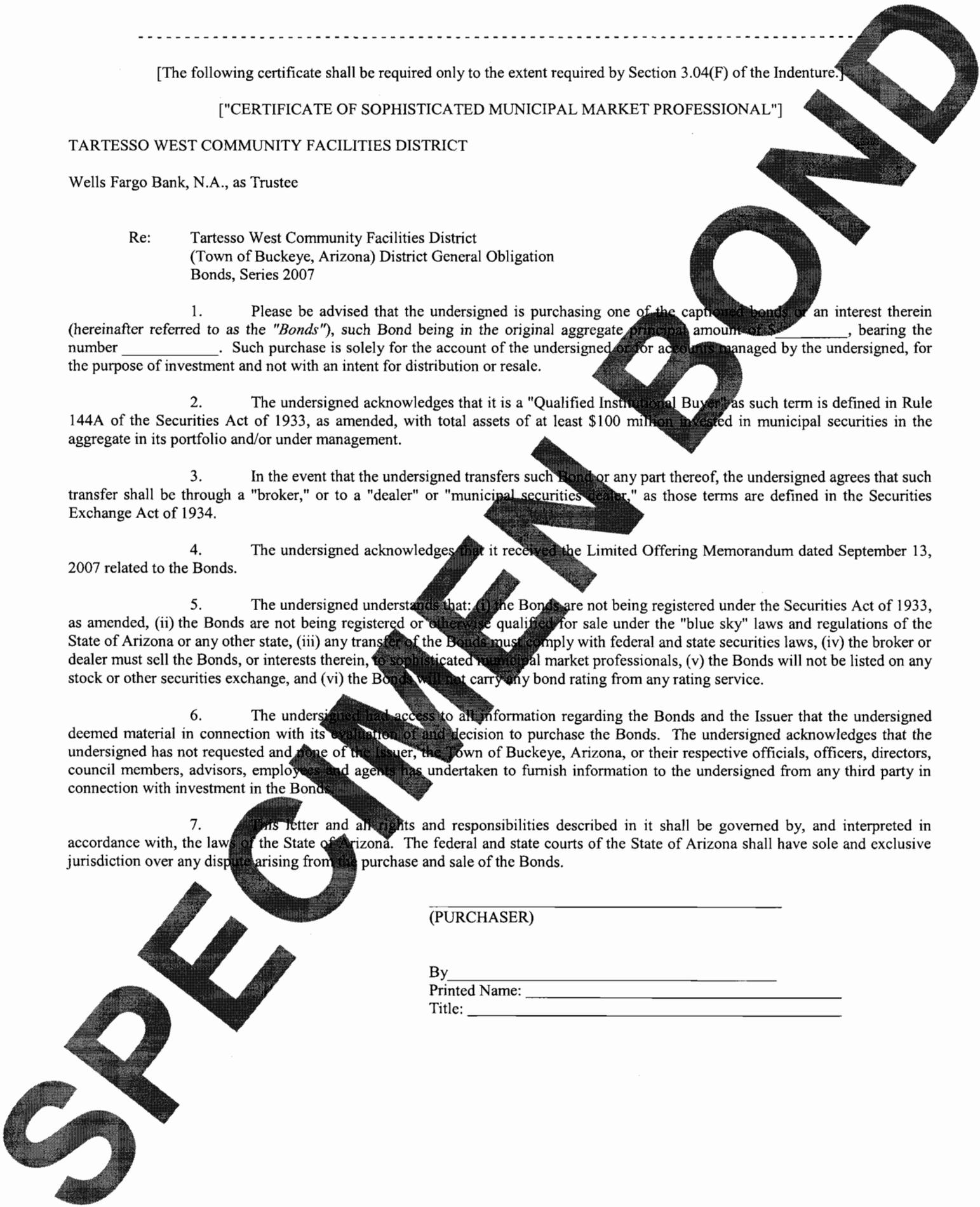
5. The undersigned understands that: (i) the Bonds are not being registered under the Securities Act of 1933, as amended, (ii) the Bonds are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) any transfer of the Bonds must comply with federal and state securities laws, (iv) the broker or dealer must sell the Bonds, or interests therein, to sophisticated municipal market professionals, (v) the Bonds will not be listed on any stock or other securities exchange, and (vi) the Bonds will not carry any bond rating from any rating service.

6. The undersigned had access to all information regarding the Bonds and the Issuer that the undersigned deemed material in connection with its evaluation of and decision to purchase the Bonds. The undersigned acknowledges that the undersigned has not requested and none of the Issuer, the Town of Buckeye, Arizona, or their respective officials, officers, directors, council members, advisors, employees and agents has undertaken to furnish information to the undersigned from any third party in connection with investment in the Bonds.

7. This letter and all rights and responsibilities described in it shall be governed by, and interpreted in accordance with, the laws of the State of Arizona. The federal and state courts of the State of Arizona shall have sole and exclusive jurisdiction over any dispute arising from the purchase and sale of the Bonds.

\_\_\_\_\_  
(PURCHASER)

By \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_



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["CERTIFICATE OF QUALIFIED INVESTOR"]

TARTESSO WEST COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Tartesso West Community Facilities District  
(Town of Buckeye, Arizona) District General Obligation  
Bonds, Series 2007

1. Please be advised that the undersigned is a Qualified Investor (as hereafter defined) and is purchasing, either directly or as beneficial owner in case the bonds are held by a securities depository, one of the captioned bonds (hereinafter referred to as the "Bonds"), such Bond, or beneficial interest therein, being in the original aggregate principal amount of \$\_\_\_\_\_, bearing the number \_\_\_\_\_. Such purchase is for the account of the undersigned, for the purpose of investment and not with a present intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of September 1, 2007 (hereinafter referred to as the "Indenture") from the addressee District (hereinafter referred to as the "Issuer") to the addressee Trustee (or any successor thereto as provided in such Indenture, hereinafter referred to as the "Trustee") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Indenture, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bond to such transferee will be registered.

3. The undersigned acknowledges that it is a qualified institutional buyer, as such term is defined in Rule 144A of the Securities Act of 1933, as amended, or an accredited investor as defined in Rule 501 of Regulation D of the United States Securities Exchange Commission (either of which shall constitute a "Qualified Investor").

4. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws with respect to any transfer of the Bond or an interest therein and agrees to hold the Issuer and the Town of Buckeye, Arizona (hereinafter referred to as the "Town"), harmless from and against any and all liabilities claims, damages or losses resulting directly or indirectly from such failure to comply.

5. The undersigned acknowledges that the undersigned has had an opportunity and has obtained all information necessary and has evaluated the factors associated with its investment decision and after such evaluation, the undersigned understood and knew that investment in the Bonds involves certain risks, including but not limited to, limited security and source for payment of the Bonds, the status of development and its impact on taxation for payment of the Bonds, the possible transfer of land by the owners of land in the District, failure of inability of owners to complete proposed development of such land, bankruptcy and foreclosure delays and the probable lack of any secondary market for the Bonds. The undersigned acknowledges that it is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The undersigned is not relying on the Issuer or the Town in making its decision to purchase the Bonds and agrees that the Town is not obligated in any manner for the issuance or payment of the Bonds.

6. The undersigned understands that the Bonds (i) are not being registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions set forth in that Act, (ii) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) will not be listed on any stock or other securities exchange, (iv) will not carry any bond rating from any rating service, and (v) are not likely to be readily marketable.

7. The undersigned acknowledges that the Issuer, the Town and the respective officers, directors, council members, advisors, employees and agents of either of the foregoing have not undertaken to furnish, nor has the undersigned requested, any other information or to ascertain the accuracy or completeness of any other information that may have been furnished by any other party.

\_\_\_\_\_  
[PURCHASER]

By \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**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: \_\_\_\_\_

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**Form of Assignment**

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

TEN COM - as tenants in common  
TEN ENT - as tenants by the entireties  
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT/TRANS MIN ACT - \_\_\_\_\_ (Custodian)  
Custodian for \_\_\_\_\_ (Minor) Under Uniform  
Gifts Transfers to Minors Act of \_\_\_\_\_ (State)

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

**ASSIGNMENT**

For Value Received the undersigned subject to the transfer restrictions described in the within Bond, 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.

**SPECIMEN BOND**

# The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

## BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer and Co-Issuer(s), if applicable]

**TARTESSO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)**

\_\_\_\_\_  
[Name of Issuer and Co-issuer(s), if applicable]

**August 16, 2005**

\_\_\_\_\_  
[Date]

[For Municipal Issues:  
Underwriting Department—Eligibility; 25th Floor]  
[For Corporate Issues:  
General Counsel's Office; 22nd 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").

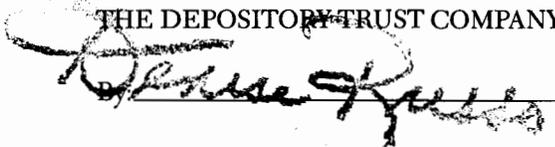
To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

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.

Received and Accepted:

THE DEPOSITORY TRUST COMPANY



**The Depository Trust &  
Clearing Corporation**

Very truly yours,

**TARTESSO WEST COMMUNITY FACILITIES  
DISTRICT (TOWN OF BUCKEYE, ARIZONA)**

\_\_\_\_\_  
(Issuer)

By Ronald Brown  
(Authorized Officer's Signature)

**Ron Brown**

\_\_\_\_\_  
(Print Name)

**100 N. Apache, Suite A**

\_\_\_\_\_  
(Street Address)

**Buckeye Arizona U.S.A. 85326**  
(City) (State) (Country) (Zip Code)

**( 623 ) 386-4691**

\_\_\_\_\_  
(Phone Number)

**rbrown@buckeyeaz.gov**

\_\_\_\_\_  
(E-mail Address)

**(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 securities 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 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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, 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-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

**Information Return for Tax-Exempt Governmental Obligations**

► Under Internal Revenue Code section 149(e)  
 ► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

**Part I Reporting Authority** If Amended Return, check here

1 Issuer's name <b>Tartesso West Community Facilities District (Town of Buckeye, Arizona)</b>	2 Issuer's employer identification number <b>43 2088856</b>
3 Number and street (or P.O. box if mail is not delivered to street address) <b>100 N. Apache</b>	Room/suite <b>A</b> 4 Report number <b>3 2007-01</b>
5 City, town, or post office, state, and ZIP code <b>Buckeye, Arizona 85326</b>	6 Date of issue <b>October 3, 2007</b>
7 Name of issue <b>District General Obligation Bonds, Series 2007</b>	8 CUSIP number <b>876498 BJ4</b>
9 Name and title of officer or legal representative whom the IRS may call for more information <b>Douglas Allen, Treasurer</b>	10 Telephone number of officer or legal representative <b>( 623 ) 386-4691</b>

**Part II Type of Issue (check applicable box(es) and enter the issue price)** See instructions and attach schedule

11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input type="checkbox"/> Environment (including sewage bonds)	15
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input checked="" type="checkbox"/> Other. Describe ► <b>Public Infrastructure, Roads, Utilities, Drainage, Irrigation</b>	18 <b>8,750,000</b>
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

**Part III Description of Obligations.** Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	<b>7/15/32</b>	<b>\$ 8,750,000</b>	<b>\$ 8,750,000</b>	<b>15.2</b> years	<b>5.7990 %</b>

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

22 Proceeds used for accrued interest	22	<b>0</b>
23 Issue price of entire issue (enter amount from line 21, column (b))	23	<b>8,750,000</b>
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	<b>452,500</b>
25 Proceeds used for credit enhancement	25	<b>0</b>
26 Proceeds allocated to reasonably required reserve or replacement fund	26	<b>0</b>
27 Proceeds used to currently refund prior issues	27	<b>0</b>
28 Proceeds used to advance refund prior issues	28	<b>0</b>
29 Total (add lines 24 through 28)	29	<b>452,500</b>
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	<b>8,297,500</b>

**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 <input type="checkbox"/> 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 <input checked="" type="checkbox"/>		
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>		
40 If the issuer has identified a hedge, check box <input type="checkbox"/>		

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.

**Sign Here** **October 3, 2007** **Douglas Allen, Treasurer**  
 \_\_\_\_\_  
 Signature of issuer's authorized representative Date Type or print name and title



**\$8,750,000**  
**TARTESSO WEST**  
**COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**GENERAL OBLIGATION BONDS**  
**SERIES 2007**

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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 bond issue addressed to the Internal Revenue Service Center, Ogden, Utah 84201, on November 16, 2007.



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



**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: **TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007**

Par Amount: \$8,750,000

Date Closed: October 3, 2007

Mandatory Redemption Date (July 1)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
2008	\$365,000.00	4.350%	4.350%	\$365,000.00	0
2009	180,000.00	4.700%	4.700%	180,000.00	0
2010	185,000.00	4.750%	4.750%	185,000.00	0
2011 *	195,000.00	5.125%	5.125%	195,000.00	0
2012 *	205,000.00	5.125%	5.125%	205,000.00	0
2013 *	215,000.00	5.125%	5.125%	215,000.00	0
2014 *	225,000.00	5.125%	5.125%	225,000.00	0
2015 *	240,000.00	5.125%	5.125%	240,000.00	0
2016 *	250,000.00	5.125%	5.125%	250,000.00	0
2017	265,000.00	5.125%	5.125%	265,000.00	0
2018 **	10,000.00	5.800%	5.800%	10,000.00	0
2019 **	10,000.00	5.800%	5.800%	10,000.00	0
2020 **	10,000.00	5.800%	5.800%	10,000.00	0
2021 **	10,000.00	5.800%	5.800%	10,000.00	0
2022 **	10,000.00	5.800%	5.800%	10,000.00	0
2023 **	10,000.00	5.800%	5.800%	10,000.00	0
2024 **	10,000.00	5.800%	5.800%	10,000.00	0
2025 **	15,000.00	5.800%	5.800%	15,000.00	0
2026	15,000.00	5.800%	5.800%	15,000.00	0
2018 ***	265,000.00	5.900%	5.900%	265,000.00	0
2019 ***	285,000.00	5.900%	5.900%	285,000.00	0
2020 ***	300,000.00	5.900%	5.900%	300,000.00	0
2021 ***	320,000.00	5.900%	5.900%	320,000.00	0
2022 ***	340,000.00	5.900%	5.900%	340,000.00	0
2023 ***	360,000.00	5.900%	5.900%	360,000.00	0
2024 ***	380,000.00	5.900%	5.900%	380,000.00	0
2025 ***	400,000.00	5.900%	5.900%	400,000.00	0
2026 ***	425,000.00	5.900%	5.900%	425,000.00	0
2027 ***	465,000.00	5.900%	5.900%	465,000.00	0
2028 ***	490,000.00	5.900%	5.900%	490,000.00	0
2029 ***	520,000.00	5.900%	5.900%	520,000.00	0
2030 ***	550,000.00	5.900%	5.900%	550,000.00	0
2031 ***	595,000.00	5.900%	5.900%	595,000.00	0
2032	630,000.00	5.900%	5.900%	630,000.00	0
<b>TOTAL</b>	<b>\$8,750,000.00</b>	<b>N/A</b>	<b>N/A</b>	<b>\$8,750,000.00</b>	<b>0</b>
10e Underwriter's Discount and/or Placement Agent Fee, if any				(262,500.00)	
10f Net Proceeds (as shown on issuance form)				\$8,487,500.00	

\* mandatory redemption dates of Term Bond maturing July 15, 2017  
 \*\* mandatory redemption dates of Term Bond maturing July 15, 2026  
 \*\*\* mandatory redemption dates of Term Bond maturing July 15, 2032

Name of Issue: **TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007**

Costs of Issuance

Underwriter compensation	\$262,500.00
Bond counsel fee	\$85,000.00
Underwriter's counsel fee	\$65,000.00
Financial advisor fees	\$25,000.00
Trustee, Registrar, transfer and paying agent fees	\$5,000.00
Official Statement printing	\$5,000.00
Miscellaneous	<u>\$5,000.00</u>
<b>TOTAL</b>	<b><u>\$452,500.00</u></b>

**\$8,750,000.00**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007**

Dated: October 3, 2007		Delivery: October 3, 2007				
Date	Principal (a)	Coupon	Interest	Total P+I	Fiscal Year Debt Service	CUSIP# (876498)
10/03/2007						
01/15/2008			\$62,606.75	\$62,606.75		
07/15/2008	\$365,000.00	4.350%	110,482.50	475,482.50	\$538,089.25	BB1
01/15/2009	-	-	107,932.50	107,932.50		
07/15/2009	180,000.00	4.700%	107,932.50	287,932.50	395,865.00	BC9
01/15/2010	-	-	106,245.00	106,245.00		
07/15/2010	185,000.00	4.750%	106,245.00	291,245.00	397,490.00	BD7
01/15/2011	-	-	104,425.00	104,425.00		
07/15/2011	195,000.00 (b)	5.125%	104,425.00	299,425.00	403,850.00	BG0
01/15/2012	-	-	102,470.00	102,470.00		
07/15/2012	205,000.00 (b)	5.125%	102,470.00	307,470.00	409,940.00	BG0
01/15/2013	-	-	100,377.50	100,377.50		
07/15/2013	215,000.00 (b)	5.125%	100,377.50	315,377.50	415,755.00	BG0
01/15/2014	-	-	98,121.25	98,121.25		
07/15/2014	225,000.00 (b)	5.125%	98,121.25	323,121.25	421,242.50	BG0
01/15/2015	-	-	95,721.25	95,721.25		
07/15/2015	240,000.00 (b)	5.125%	95,721.25	335,721.25	431,442.50	BG0
01/15/2016	-	-	93,175.00	93,175.00		
07/15/2016	250,000.00 (b)	5.125%	93,175.00	343,175.00	436,350.00	BG0
01/15/2017	-	-	90,576.25	90,576.25		
07/15/2017	265,000.00	5.125%	90,576.25	355,576.25	446,152.50	BG0
01/15/2018	-	-	87,701.25	87,701.25		
07/15/2018	275,000.00 (c)	5.800% / 5.900%	87,701.25	362,701.25	450,402.50	BH8 / BJ4
01/15/2019	-	-	84,381.25	84,381.25		
07/15/2019	295,000.00 (c)	5.800% / 5.900%	84,381.25	379,381.25	463,762.50	BH8 / BJ4
01/15/2020	-	-	80,916.25	80,916.25		
07/15/2020	310,000.00 (c)	5.800% / 5.900%	80,916.25	390,916.25	471,832.50	BH8 / BJ4
01/15/2021	-	-	77,016.25	77,016.25		
07/15/2021	330,000.00 (c)	5.800% / 5.900%	77,016.25	407,016.25	484,032.50	BH8 / BJ4
01/15/2022	-	-	72,975.00	72,975.00		
07/15/2022	350,000.00 (c)	5.800% / 5.900%	72,975.00	422,975.00	495,950.00	BH8 / BJ4
01/15/2023	-	-	68,643.75	68,643.75		
07/15/2023	370,000.00 (c)	5.800% / 5.900%	68,643.75	438,643.75	507,287.50	BH8 / BJ4
01/15/2024	-	-	64,167.50	64,167.50		
07/15/2024	390,000.00 (c)	5.800% / 5.900%	64,167.50	454,167.50	518,335.00	BH8 / BJ4
01/15/2025	-	-	59,405.00	59,405.00		
07/15/2025	415,000.00 (c)	5.800% / 5.900%	59,405.00	474,405.00	533,810.00	BH8 / BJ4
01/15/2026	-	-	54,352.50	54,352.50		
07/15/2026	440,000.00 (d)	5.800% / 5.900%	54,352.50	494,352.50	548,705.00	BH8 / BJ4
01/15/2027	-	-	49,010.00	49,010.00		
07/15/2027	465,000.00 (e)	5.900%	49,010.00	514,010.00	563,020.00	BJ4
01/15/2028	-	-	43,355.00	43,355.00		
07/15/2028	490,000.00 (e)	5.900%	43,355.00	533,355.00	576,710.00	BJ4
01/15/2029	-	-	37,265.00	37,265.00		
07/15/2029	520,000.00 (e)	5.900%	37,265.00	557,265.00	594,530.00	BJ4
01/15/2030	-	-	30,885.00	30,885.00		
07/15/2030	550,000.00 (e)	5.900%	30,885.00	580,885.00	611,770.00	BJ4
01/15/2031	-	-	24,070.00	24,070.00		
07/15/2031	595,000.00 (e)	5.900%	24,070.00	619,070.00	643,140.00	BJ4
01/15/2032	-	-	16,965.00	16,965.00		
07/15/2032	630,000.00	5.900%	16,965.00	646,965.00	663,930.00	BJ4
	<u>\$8,750,000.00</u>		<u>\$3,673,394.25</u>	<u>\$12,423,394.25</u>	<u>\$12,423,394.25</u>	

- (a) The Bonds are subject to optional redemption on July 15, 2017 at a redemption price of 100%.
- (b) Represents mandatory sinking fund amounts for term bond due July 15, 2017.
- (c) Represents mandatory sinking fund amounts for term bond due July 15, 2026 and term bond due July 15, 2032.
- (d) Represents maturity of term bond due July 15, 2026 and mandatory sinking fund amount for term bond due July 15, 2032.
- (e) Represents mandatory sinking fund amounts for term bond due July 15, 2032.

**Information Return for Tax-Exempt Governmental Obligations**

► Under Internal Revenue Code section 149(e)  
 ► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

<b>Part I Reporting Authority</b>		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name <b>Tartesso West Community Facilities District (Town of Buckeye, Arizona)</b>	2 Issuer's employer identification number <b>43 2088856</b>	3 Number and street (or P.O. box if mail is not delivered to street address) <b>100 N. Apache</b>	4 Report number <b>3 2007-01</b>
5 City, town, or post office, state, and ZIP code <b>Buckeye, Arizona 85326</b>	6 Date of issue <b>October 3, 2007</b>	7 Name of issue <b>District General Obligation Bonds, Series 2007</b>	8 CUSIP number <b>876498 BJ4</b>
9 Name and title of officer or legal representative whom the IRS may call for more information <b>Douglas Allen, Treasurer</b>	10 Telephone number of officer or legal representative <b>( 623 ) 386-4691</b>		

<b>Part II Type of Issue (check applicable box(es) and enter the issue price)</b> See instructions and attach schedule	
11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input type="checkbox"/> Environment (including sewage bonds)	15
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input checked="" type="checkbox"/> Other. Describe ► <b>Public Infrastructure, Roads, Utilities, Drainage, Irrigation</b>	18 <b>8,750,000</b>
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

<b>Part III Description of Obligations.</b> 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 <b>7/15/32</b>	<b>\$ 8,750,000</b>	<b>\$ 8,750,000</b>	<b>15.2</b> years	<b>5.7990 %</b>

<b>Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)</b>				
22 Proceeds used for accrued interest	22	<b>0</b>		
23 Issue price of entire issue (enter amount from line 21, column (b))	23	<b>8,750,000</b>		
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	<b>452,500</b>		
25 Proceeds used for credit enhancement	25	<b>0</b>		
26 Proceeds allocated to reasonably required reserve or replacement fund	26	<b>0</b>		
27 Proceeds used to currently refund prior issues	27	<b>0</b>		
28 Proceeds used to advance refund prior issues	28	<b>0</b>		
29 Total (add lines 24 through 28)	29	<b>452,500</b>		
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	<b>8,297,500</b>		

<b>Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)</b>	
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	_____

<b>Part VI Miscellaneous</b>	
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 <input type="checkbox"/> 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 <input checked="" type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge, check box <input type="checkbox"/>	

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.

**Sign Here**  **October 3, 2007** **Douglas Allen, Treasurer**

Signature of issuer's authorized representative Date Type or print name and title



**\$8,750,000**  
**TARTESSO WEST**  
**COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**GENERAL OBLIGATION BONDS**  
**SERIES 2007**

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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 bond issue addressed to the Arizona Department of Revenue, Econometrics Section, 1600 West Monroe, 9<sup>th</sup> Floor, Phoenix, Arizona 85007, on November 16, 2007.

  
\_\_\_\_\_

LIMITED OFFERING MEMORANDUM

NEW ISSUE - FULL BOOK-ENTRY FORM

NOT RATED

*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 restrictions, conditions and requirements by the District as mentioned under "TAX EXEMPTION" herein, interest income on the Bonds will be excluded from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of preference to be included in the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to federal alternative minimum tax. See "TAX EXEMPTION" herein.*

*The District has designated the Bonds as "qualified tax-exempt" obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The District will certify that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations which will be issued by the District in calendar year 2007 will not exceed \$10,000,000. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.*

**\$8,750,000**

**TARTESSO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)  
DISTRICT GENERAL OBLIGATION BONDS,  
SERIES 2007**

**DATED: Date of Initial Delivery**

**DUE: As shown on the inside cover**

The Tartesso West Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007 (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 originally to ultimate purchasers through the book-entry system maintained by DTC in amounts of \$100,000 of principal amount or integral multiples of \$5,000 in excess thereof due on specified maturity dates. Interest on the Bonds (except defaulted interest, if any) will be paid semiannually on each January 15 and July 15 of each year, commencing January 15, 2008. 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 E - "BOOK-ENTRY ONLY SYSTEM."

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**See Inside Front Cover for Maturity Schedule**

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The Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended, and an election in and for Tartesso West Community Facilities District, a community facilities district formed within the boundaries of the Town of Buckeye, Arizona (the "District"), held on December 14, 2004, and will be issued pursuant to an Indenture of Trust and Security Agreement, to be dated as of October 1, 2007, 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 certain paving, concrete and concrete structures by the District and to pay costs of issuance of the Bonds.

**The Bonds are not being sold in a public offering. The Bonds may be purchased by "Qualified Investors" only and, except as described herein, will be transferable to Qualified Investors only. See "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS" herein.**

**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 Limited Offering Memorandum 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 and Greenberg Traurig, LLP, Phoenix, Arizona, and for Stardust-Tartesso W12, Inc. by its counsel, Fenemore Craig, PC, Phoenix, Arizona. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about October 3, 2007.

**RBC CAPITAL MARKETS**

September 13, 2007

**MATURITY SCHEDULE**

<u>Year (July 15)</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>Yield</u>
2008	\$365,000	4.350%	4.35%
2009	180,000	4.700%	4.70%
2010	185,000	4.750%	4.75%
\$1,595,000	5.125%	Term Bond Due July 15, 2017	- Price 100%
\$ 100,000	5.800%	Term Bond Due July 15, 2026	- Price 100%
\$6,325,000	5.900%	Term Bond Due July 15, 2032	- Price 100%

**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**

**District Board**

Bobby Bryant, Chairman  
Levi Beard, Vice Chairman  
W. Robert Doster, Board Member  
Robert Garza, Board Member  
David Hardesty, Board Member  
Elaine May, Board Member  
David Rioux, Board Member

**District Staff**

David Wilcox, District Manager  
Doug Allen, C.P.A., District Treasurer  
Linda Garrison, District Clerk

**Trustee**

Wells Fargo Bank, N.A.  
Phoenix, Arizona

**District Financial Advisor**

Stone & Youngberg LLC  
Phoenix, Arizona

THIS LIMITED OFFERING MEMORANDUM, WHICH INCLUDES THE 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 AND STARDUST-TARTESSO W12, INC. ("STARDUST TARTESSO") AND OTHER INFORMATION ARE INCLUDED IN THIS LIMITED OFFERING MEMORANDUM. 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 RBC DAIN RAUSCHER INC., DOING BUSINESS UNDER THE NAME RBC CAPITAL MARKETS (THE "UNDERWRITER"), AT SUITE 700, 2398 EAST CAMELBACK ROAD, PHOENIX, ARIZONA 85016.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DISTRICT, STARDUST TARTESSO 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 LIMITED OFFERING MEMORANDUM 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 LIMITED OFFERING MEMORANDUM 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 LIMITED OFFERING MEMORANDUM: "THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM 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 LIMITED OFFERING MEMORANDUM INVOLVING MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO STATED, ARE INTENDED AS SUCH AND NOT AS REPRESENTATIONS OF FACT. THIS LIMITED OFFERING MEMORANDUM 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 LIMITED OFFERING MEMORANDUM 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 STARDUST TARTESSO OR IN THE INFORMATION OR OPINIONS SET FORTH HEREIN SINCE THE DATE OF THIS LIMITED OFFERING MEMORANDUM.

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 LIMITED OFFERING MEMORANDUM, 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 LIMITED OFFERING MEMORANDUM, 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 LIMITED OFFERING MEMORANDUM UNDER "CONTINUING DISCLOSURE" AND IN APPENDIX F - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" PURSUANT TO RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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.

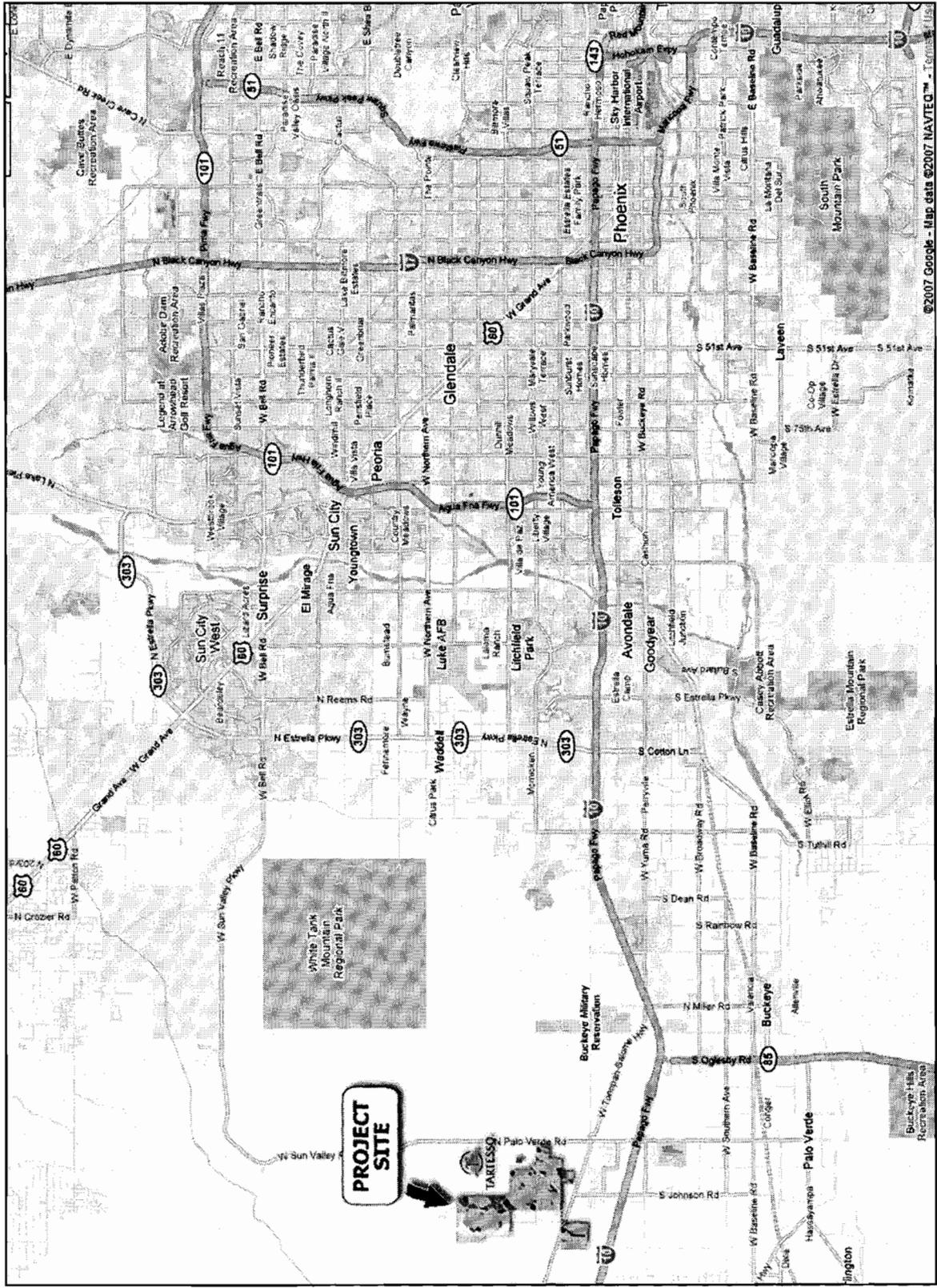
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**MAP SHOWING LOCATION OF DISTRICT  
WITHIN METROPOLITAN AREA**

# Tartesso® West Community Facilities District



**MAP SHOWING LOCATION OF DISTRICT IN CONTEXT OF  
SURROUNDING AREA**

# TARTESSO®

## Master Plan



### Legend

	Low Density Residential		Open Space
	Medium Density Residential		Utility/Open Space
	Medium/High Density Residential		Medium Density Residential/Recharge Facility
	High Density Residential		Waste Water Treatment Facility
	Elementary School		Commercial
	High School		Mixed Use
	Park		Public Facility

**\$8,750,000**  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS,**  
**SERIES 2007**

This Limited Offering Memorandum, which includes the cover page and the appendices hereto, provides certain information concerning the issuance of Tartesso West Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007 (the "Bonds"), in the aggregate principal amount of \$8,750,000. **Certain capitalized terms not defined in the text of this Limited Offering Memorandum are defined in Appendix B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions of Certain Terms" herein.**

**THE DISTRICT**

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

Pursuant to the Enabling Act and in response to a petition by landowners of 100% of the property to be included within the District (those being Stardust-Tartesso W12, Inc. ("Stardust Tartesso"), Stardust Structured Investments No. 4 L.L.C., Sun Valley Partners, L.L.C., BIF-Buckeye, L.L.C., Rex Maughan and Ruth Maughan (husband and wife) and Cherry Properties, L.L.C.), the Mayor and Council (the "Town Council") of the Town of Buckeye, Arizona (the "Town"), formed Tartesso West Community Facilities District (the "District") on November 2, 2004. See Appendix A - "INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA" for certain information about the Town and "LAND DEVELOPMENT" for information about Stardust-Tartesso. The Town Council, *ex officio*, serves as the governing board of the District (the "Board"), the Treasurer of the Town serves as the District Treasurer, the Clerk of the Town serves as the District Clerk and the Manager of the Town serves as the District Manager. The Mayor of the Town, *ex officio*, serves as Chairman of the Board of the District.

The District encompasses approximately 5,396 acres within the Town. (See "LAND DEVELOPMENT" herein and Appendix A to this Limited Offering Memorandum which includes certain information about the Town and, generally, the maps on pages (ii) and (iii).)

Pursuant to an election held on December 14, 2004 (the "Election"), the District has the authority to issue general obligation bonds in an aggregate principal amount of not to exceed \$175,000,000 payable from *ad valorem* taxes levied on all taxable property within the boundaries of the District to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds and may also secure such bonds from other sources described in the Enabling Act.

The Bonds are being issued in order to finance a portion of the cost of acquisition of certain paving, concrete and concrete structures by the District and to pay costs of issuance of the Bonds. See "SOURCES AND APPLICATIONS OF FUNDS."

The Board will annually levy and cause to be collected an *ad valorem* tax, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any moneys from the sources described in the Enabling Act to pay debt service with respect to the Bonds when due. The Board has previously issued \$110,000 of the general obligation bonds authorized at the Election (the "Series 2005 Bonds"). The Series 2005 Bonds are also payable from the *ad valorem* property taxes collected to pay the Bonds. See "SECURITY FOR AND SOURCES OF PAYMENT" and "RISK FACTORS."

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

#### **INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS**

Beneficial interests with respect to the Bonds may be purchased only by Qualified Investors. As used herein, "Qualified Investor" means any purchaser of such an interest through a broker/dealer which is either (A) a "sophisticated municipal market professional" (as such term is interpreted by and applied to the rules of the Municipal Securities Rulemaking Board) which is buying an interest of a principal amount of \$100,000 or more or (B) providing a qualified investor letter in the form attached hereto as Appendix D-1. A letter in the form set forth in Appendix D-1 must be provided by all Qualified Investors described in clause (B) hereinabove in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds and by any transferee not

described in clause (A) hereinabove in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds and by any transferee not described in clause (A) hereinabove upon any transfer of any beneficial interest in a Bond after the initial sale and delivery of the Bonds. Qualified Investors described in clause (A) hereinabove must provide a qualified investor letter in the form set forth in Appendix D-2 only in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds.

Prior to any of (i) the District being informed that the Bonds have a rating in one of the four highest rating categories from a Rating Agency or (ii) the Bonds being defeased pursuant to the terms of the hereinafter described Indenture, beneficial interests in the Bonds will be transferable only to Qualified Investors and under the terms and conditions described hereinabove. Any owner of a beneficial interest in a Bond by its acceptance of such interest agrees that it will not transfer such interest to a person other than a Qualified Investor and under the terms and conditions described hereinabove.

## **THE BONDS**

### **Authority and Election**

The Bonds are authorized pursuant to the Enabling Act and the Election and will be issued pursuant to a resolution adopted by the Board on July 17, 2007 (the "Bond Resolution"), and the Indenture of Trust and Security Agreement, to be dated as of October 1, 2007 (the "Indenture"), from the District to Wells Fargo Bank, N.A., as trustee (the "Trustee"). (See Appendix B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.") The Bonds will be the second series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, \$166,140,000 principal amount of such bonds will remain authorized but unissued. See "SECURITY FOR AND SOURCES OF PAYMENT - *Ad Valorem* Taxation in the District -- General Obligation Bonded Indebtedness to be Outstanding" and "OVERLAPPING, ADDITIONAL, ADDITIONAL OVERLAPPING AND OTHER INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District."

### **General Description**

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

Interest on the Bonds will be paid semiannually on January 15 and July 15 of each year, commencing January 15, 2008 (each such date being referred to herein as an "Interest Payment Date"). The Bonds will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from the date of their initial delivery, calculated on the basis of a 360-day year of twelve 30-day months.

The principal of, Redemption Price for and 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 originally to ultimate purchasers under such system in amounts of \$100,000 of principal or integral multiples of \$5,000 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, however, "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS." See also Appendix E - "BOOK-ENTRY ONLY SYSTEM."

**Redemption Provisions**

*Optional Redemption.* The Bonds maturing on and after July 15, 2026, will be subject to redemption prior to maturity, at the option of the District, on or after July 15, 2017, 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.

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

<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>
Term Bond Maturing 2017	
2011	\$195,000
2012	205,000
2013	215,000
2014	225,000
2015	240,000
2016	250,000
2017 (maturity)	265,000

<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>
Term Bond Maturing 2026	
2018	\$10,000
2019	10,000
2020	10,000
2021	10,000
2022	10,000
2023	10,000
2024	10,000
2025	15,000
2026 (maturity)	15,000

Year Redeemed                      Principal Amount Redeemed

Term Bond Maturing 2032

2018	\$265,000
2019	285,000
2020	300,000
2021	320,000
2022	340,000
2023	360,000
2024	380,000
2025	400,000
2026	425,000
2027	465,000
2028	490,000
2029	520,000
2030	550,000
2031	595,000
2032 (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.

*Selection of Bonds for Redemption.* If less than all of the Bonds of a maturity are to be redeemed upon any redemption of Bonds, the Trustee will select the Bonds to be redeemed by lot.

*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 E - "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 under the Indenture.

**SECURITY FOR AND SOURCES OF PAYMENT**

**General**

The Board will annually levy and cause an *ad valorem* property tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the 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 and will be kept separately from other funds of the District. With respect to *ad valorem* property taxes, 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 District and the Trustee have acknowledged pursuant to the Indenture that the Series 2005 Bonds, the Bonds and any other general obligation bonds of the District hereafter issued (collectively, the "Parity Bonds") will be payable on a parity basis with respect to the collection and application of property tax revenues of the District and that such property taxes will be allocated to each series of general obligation bonds in accordance with any debt service then due and, in either case, taking into account other funds held by the District for such payment. Property tax revenues allocated for any series of bonds will be deposited into the applicable fund or account set aside for such series. 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 "SECURITY FOR AND SOURCES OF PAYMENT - *Ad Valorem* Taxation in the District -- General Obligation Bonded Indebtedness to be Outstanding" and "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 OF ARIZONA, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.**

#### ***Ad Valorem 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 aggregate of the primary taxes levied by a county, city/town and community college district is constitutionally limited to a maximum increase of two percent over the prior year's levy limit plus any taxes on property not subject to tax in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). In November 2006, the Arizona Constitution was amended to remove unused taxing capacity by rebasing each taxing entity's maximum allowable primary property tax levy limit to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in prior years.) The two percent limitation does not apply to primary taxes levied on behalf of school districts. The limited and full cash values of personal property (other than mobile homes) and for utility, mining and producing oil, gas and geothermal property are the same. Primary taxes on residential property only are constitutionally limited to one percent of the full cash value of such property. This constitutional limitation on residential primary tax levies is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid.

*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 an annual basis.

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 herein-after 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 period 2007-08 for each class of property are set forth below:

**TABLE 1**

<u>Property Classification (a)</u>	<u>Assessment as Percent of Full Cash Value</u>
Mining, Utility, Commercial and Industrial (b)	24.0%
Agriculture and Vacant Land (b)	16.0
Owner Occupied Residential	10.0
Leased or Rented Residential	10.0
Railroad, Private Car Company and Airline Flight Property (c)	N/A

- 
- (a) Additional classes of property exist, but seldom amount to a significant portion of total valuation.
- (b) With respect to 2007-08, the first \$61,142 of full cash value of commercial, industrial and agricultural personal property is not taxable. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of such amount will be assessed at 24% or 16% as applicable. The assessment ratio for mining, utility, commercial and industrial property is being reduced, starting at 24% in the period 2004-05, 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. 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.

It is anticipated that the District's semiannual payments of debt service with respect to the Parity Bonds will be funded with installments of tax payments collected on or about the immediately preceding tax payment date together with any funds available from any other sources. 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 with respect to the Parity Bonds and what impact such delay could have on the secondary market for the Bonds.

*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**

<u>Tax Year</u>	<u>Full Cash Value</u>	<u>Secondary Assessed Value</u>
2005-06	\$ 2,246,579	\$ 359,453
2006-07	21,412,024	3,425,980
2007-08	161,588,479	23,937,035

Source: Maricopa County Assessor's Office

*Based on development that has already occurred or is underway as described herein under the heading "LAND DEVELOPMENT" but which is not reflected in such values, it is expected that the amount of ad valorem taxes expected to be collected at a tax rate of \$3.00 per \$100 of secondary assessed valuation of taxable property within the boundaries of the District will be sufficient alone to provide for debt service with respect to the Bonds and the Prior Bonds. SEE "RISK FACTORS - Effect of Valuation of Property."*

*Net Secondary Assessed Valuation by Property Classification.* The following is a breakdown of the above described secondary assessed valuation for tax years 2005-06, 2006-07 and 2007-08 for the District by property classifications:

**TABLE 3**

Legal Class	Description	2005-06	2006-07	2007-08	2007-08 Percent of Total
1	Commercial			\$ 33,782	0.14%
2	Agricultural & Vacant	\$359,453	\$3,425,980	20,716,353	86.55%
3	Residential (owner occupied)			3,146,350	13.14%
4	Residential (rental occupied)			40,550	0.17%
		<u>\$359,453</u>	<u>\$3,425,980</u>	<u>\$23,937,035</u>	<u>100.00%</u>

Source: Maricopa County Assessor's Office.

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

*Net Secondary Assessed Valuations of Major Taxpayers.* The following is a breakdown by major taxpayers of the District based on assessed valuation for tax year 2007-08. See "LAND DEVELOPMENT" for discussion about such taxpayers.

**TABLE 4****MAJOR TAXPAYERS IN THE DISTRICT**

<u>Taxpayer (a)</u>	2007-08 Secondary Assessed Valuation	As Percent of District's 2007-08 Net Secondary Assessed Valuation
STARDUST - TARTESSO W12, INC	\$10,018,822	41.85%
STARDUST FOUNDATION INC	2,178,197	9.10%
TREND HOMES INC	1,172,600	4.90%
STARDUST STRUCTURED INVESTMENTS NO 9 LLC	979,116	4.09%
STONE CREEK INDUSTRIAL LLC	866,560	3.62%
HOMELIFE COMMUNITIES GROUP OF ARIZONA INC	663,070	2.77%
PCG TARTESSO LLC	636,400	2.66%
MONTALBANO HOMES OF ARIZONA INC	500,240	2.09%
PULTE HOME CORPORATION	498,800	2.08%
HACIENDA BUILDERS INC	454,110	1.90%
MISSION LAND 2004 LLC	439,280	1.84%
	<u>\$18,407,195</u>	<u>76.90%</u>

Source: Maricopa County Assessor's Office.

- (a) Some of these employers or their parent companies are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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, DC 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, DC 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of 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>. Neither the District, the Underwriter, Counsel to the Underwriter, nor Special Counsel has examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: Maricopa County Treasurer's Office and the Arizona Department of Revenue

*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 collection records of the District for the periods shown:

**TABLE 5**

Fiscal Year	Real and Secured Personal Property Tax Levy(a)	Collected to June 30th(b)		Total Collections(c)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2007-08	\$789,922	(d)	(d)	(d)	(d)
2006-07	113,059	\$94,994	84.02%	\$96,018	84.93%
2005-06	11,862	11,860	99.98%	11,862	100.00%

(a) Tax levy is as reported by the Treasurer as of August of each tax year. Amounts include \$15,694 of adjustments made to the levy amount after the August report in the case of 2006-07. The District's tax rate for tax year 2005 included only the levy of \$0.3000 per \$100 of secondary assessed valuation for maintenance and operation expenses of the District. The District's tax rate for tax year 2006 and 2007 includes a \$3.0000 tax rate for debt service as well as such \$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.

- (c) Reflects collections made through July 31, 2007.
- (d) The next property tax collection date is October 1, 2007 and is delinquent November 1, 2007.

Source: Maricopa County Treasurer's Office

*General Obligation Bonded Indebtedness to be Outstanding.* The following table lists the general obligation bonded indebtedness of the District that will be outstanding after issuance of the Bonds:

**TABLE 6**

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Average Int. Rate</u>	<u>Balance Outstanding</u>
08-30-05(a)	\$110,000	7-15-2006/2030	6.00%	\$ 104,000
Plus: The Bonds				<u>8,750,000</u>
Total General Obligation Bonds To Be Outstanding				<u>\$8,854,000</u>

- (a) Herein referred to as the Series 2005 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**

Debt Service  
Requirements for the Bonds

Fiscal Year	Total Existing Debt Service Requirements	Debt Service Requirements for the Bonds		Total Debt Service Requirements For the Bonds	Total Combined Debt Service Requirements
		Principal	Interest		
2008	\$ 8,240	\$ 365,000	\$386,844.28	\$ 751,844.28	\$760,084.28
2009	8,120	180,000	477,966.26	657,966.26	666,086.26
2010	8,000	185,000	469,506.26	654,506.26	662,506.26
2011	8,880	195,000	460,718.76	655,718.00	664,598.76
2012	8,700	205,000	450,725.00	655,725.76	664,425.00
2013	8,520	215,000 (a)	440,218.76	655,218.76	663,738.76
2014	8,340	225,000 (a)	429,200.00	654,200.00	662,540.00
2015	8,160	240,000 (a)	417,668.76	657,668.76	665,828.76
2016	8,980	250,000 (a)	405,368.76	655,368.76	664,348.76
2017	8,740	265,000	392,556.26	657,556.26	666,296.26
2018	8,500	275,000 (b)	378,975.00	653,975.00	662,475.00
2019	8,260	295,000 (b)	362,760.00	657,760.00	666,020.00
2020	8,020	310,000 (b)	345,365.00	655,365.00	663,385.00
2021	8,780	330,000 (b)	327,085.00	657,085.00	665,865.00
2022	8,480	350,000 (b)	307,625.00	657,625.00	666,105.00
2023	8,180	370,000 (b)	286,985.00	656,985.00	665,165.00
2024	8,880	390,000 (b)	265,165.00	655,165.00	664,045.00
2025	8,520	415,000 (b)	242,165.00	655,165.00	665,685.00
2026	8,160	440,000 (c)	217,695.00	657,695.00	665,855.00
2027	8,800	465,000 (d)	191,750.00	656,750.00	665,550.00
2028	8,380	490,000 (d)	164,315.00	654,315.00	662,695.00
2029	8,960	520,000 (d)	135,405.00	655,405.00	664,365.00
2030	8,480	550,000 (d)	104,725.00	654,725.00	663,205.00
2031		595,000 (d)	72,275.00	667,275.00	667,275.00
2032		630,000	37,170.00	667,170.00	667,170.00
	<u>\$195,080</u>	<u>\$8,750,000</u>	<u>\$7,770,233.10</u>	<u>\$16,520,233.10</u>	<u>\$16,715,313.10</u>

Prepared by the Underwriter.

- (a) Represents mandatory sinking fund amounts for term bond due July 15, 2017.
- (b) Represents mandatory sinking fund amounts for term bond due July 15, 2026 and term bond due July 15, 2032.
- (c) Represents maturity of term bond due July 15, 2026 and mandatory sinking fund amount for term bond due July 15, 2032.
- (d) Represents mandatory sinking fund amounts for term bond due July 15, 2032.

**OVERLAPPING, ADDITIONAL AND ADDITIONAL  
OVERLAPPING INDEBTEDNESS**

**Overlapping General Obligation Bonded Indebtedness**

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

**TABLE 8**

Direct and Overlapping Jurisdiction	2007-2008 Secondary Assessed Valuation	Net Outstanding Bonded Debt (a)	Proportion Applicable to the District Based on Assessed Valuation		2007-2008 Combined Tax Rate Per \$100 Assessed (b)
			Approx. Percent	Net Amount	
State of Arizona	\$71,852,630,420	None	0.00%	None	\$0.0000
Maricopa County (c) (d)	49,534,573,831	None	0.05%	None	1.4958
Maricopa County Community College District (e)	49,534,573,831	\$557,390,000	0.03%	\$ 167,217	0.9760
West Maricopa Education Center	17,648,505,706	None	0.14%	0	0.0500
Saddle Mountain Unified School District No. 90	885,376,360	17,550,000	6.12%	1,074,060	1.6645
Town of Buckeye (f)	369,230,204	310,000	6.48%	20,097	1.1421
<b>Tartesso West Community Facilities District (g)</b>	23,937,035	8,854,000	100.00%	<u>8,854,000</u>	<u>3.3000</u>
Total Net Direct and Overlapping General Obligation Bonded Debt and Tax Rates				<u>\$10,115,374</u>	<u>\$8.6284</u>

(a) This table includes general obligation bonds outstanding and general obligation bonds scheduled for sale as of January 31, 2008. This table does not include Salt River Project Agricultural Improvement and Power District general obligation bonded debt. Such debt has been refunded in advance of maturity and is secured for payment by government securities held in irrevocable trust.

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) The County's tax rate includes the \$0.1000 tax rate of the Central Arizona Water Conservation District, the \$0.1533 tax rate of the Maricopa County Flood Control District, the \$0.0391 tax rate of the County Free Library, the \$0.0935 tax rate of the Maricopa County Healthcare District, the \$0.0053 tax rate of the County Fire District contribution and the \$1.1046 tax rate of the County. It should be noted that the County Flood Control District does not levy taxes on personal property.
- (d) Does not include Maricopa County, Arizona certificates of participation outstanding in the aggregate principal amount of \$4,295,000 or lease revenue bonds issued by the Maricopa County Public Finance Corporation in the aggregate principal amount of \$173,670,000. Does not include County Stadium District revenue bonds outstanding in the aggregate principal amount of \$50,050,000.
- (e) Does not include Maricopa County Community College District revenue bonds outstanding in the amount of \$18,300,000.
- (f) Does not include excise tax obligations of the Town outstanding in the principal amount of \$26,490,000.
- (g) The District's tax rate for 2007-08 includes a \$3.0000 tax rate for debt service and \$0.3000 tax rate for maintenance and operation expenses of the District.

#### **Additional General Obligation Bonded Indebtedness of the District**

In addition to the Bonds, the District retains the right to issue, in accordance with the procedures set forth in the Enabling Act, additional series of bonds payable from *ad valorem* taxes. See "SECURITY FOR AND SOURCES OF PAYMENT - *Ad valorem* 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. (The District has made a finding that issuance of the Bonds will meet the test set forth above.)

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 \$166,140,000 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, Saddle Mountain Unified School District No. 90 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 September 1, 2007:

**TABLE 9**

Maricopa County Community College District	\$521,093,000
Saddle Mountain Unified School District No. 90	-0-
Western Maricopa Education Center	-0-

**LAND DEVELOPMENT**

**In General**

*The information contained in this section has been obtained from Stardust Tartesso, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof.*

Stardust Tartesso is the master developer of the Project. Stardust Tartesso is an operating affiliate of Stardust Development, Inc., a real estate land development company which through other operating affiliates has other developments in the cities of Surprise, Cottonwood, Tucson, and the counties of Pima and Maricopa County, Arizona. The land within the boundaries of the District was acquired by the predecessor in interest to Stardust Tartesso, either in fee or through beneficial ownership interests, between 2001 and 2006 and annexed into the Town at various times prior to 2006. See maps on page iii for the location of the Project.

The project is an approximately 5,554-acre master-planned community called Tartesso West (the "Project"). Approximately 5,396 acres of the Project is located within the boundaries of the District and approximately 158 acres is excluded from the District. The Project is located north of McDowell Road, south of Glendale Avenue, east of the Hassayampa River and west of the Sun Valley Parkway. Interstate 10 and the Sun Valley parkway, which include a major freeway interchange, will provide the primary access to the Project. At build out, single-family residential units will represent approximately 3,635 acres and multi-family residential units will represent 136 acres within the District.

At build out, it is expected that the total District acreage will be categorized as follows:

<u>Total District</u>	<u>Approximate District Acres</u>
Residential	3,635
Multi-Family	136
Park and Open Space	788
commercial	207
Mixed-Use	174
Elementary School	116
High School	45
Wastewater Treatment Facility	47
Public Facility	9
Rights-of-way	239
Total	<u>5,396</u>

The Project is the subject of a community master plan and a development agreement approved by the Town in August, 2003, as amended in March, 2005 and February, 2007 (the "Development Agreement"). It is the present intention of Stardust Tartesso to develop the Project in four phases. The development agreement addresses the rights of Stardust Tartesso to develop the property and addresses various issues often times made the subject of development agreements in Arizona, such as Town services, the Town's processing of plans and permits, rights 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 Project, all of which are provided to the Project in whole by the Town. In accordance with the terms of the Development Agreement, Stardust Tartesso is obligated to assist in the funding of certain capital and operational costs associated with the provision of water, sewer, police and fire protection within the Project. 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.

The total amount of capital expenditures for public infrastructure for purposes of the Enabling Act and other improvements

to land within and for the Project (excluding the construction of homes) will be approximately \$175,000,000. Of this amount, approximately \$79,000 is related to the public infrastructure that has been or will be acquired with proceeds of the sale of the Series 2005 Bonds, \$8,287,500 is related to the public infrastructure that has been or will be acquired with proceeds of the sale of the Bonds, and \$3,352,268 is related to the public infrastructure that has been or will be acquired with the proceeds of the sale of additional general obligation and assessment bonds of the District to be issued in the future.

### **Infrastructure Development**

*Water and Sewer Utilities.* The entire Project is within the water service area of the Town. The Units 1, 2A and 2B (also referred to as the first phase) located on approximately 1,200 acres at the southern end of the Project include 3,375 single family lots and various other uses as approved in the Tartesso West Community Master Plan ("CMP"). The first phase is also the First Assessment Area. Wells, service lines, distribution lines, water treatment, and storage facilities have been constructed and placed into service, adequate for the 3,375 dwelling units within the first phase. All such facilities have been approved for operation by the Town and have either been accepted or are in the process of being accepted. Stardust Tartesso anticipates that such facilities will be accepted by the Town in due course. Three on-site wells have been constructed and have been shown to be producing wells. Initial home closings within the 3,375 lots have begun using the water system described above which is being operated by the Town.

Additional wells, service lines, distribution lines, water treatment, and storage facilities will be constructed and placed into service for Tartesso West phases 2, 3 and 4 as those phases are developed. Pursuant to the Development Agreement Stardust Tartesso is or will be required to build or provide funding for the Town to build substantially all of the water production facilities (wells, pumps, storage tanks, treatment equipment, etc.) and transmission facilities (pipes, etc.) required to serve the Project. The expansion of the water facilities may include the drilling of new wells, additional storage capacity, distribution system extensions, and, if required, groundwater treatment (including arsenic treatment).

The Town is not designated as having an assured water supply pursuant to applicable Arizona law. As such, Stardust Tartesso must obtain Certificates of Assured Water Supply from the Arizona Department of Water Resources ("ADWR"), that such supply exists for the Project. Issuance of a Certificate of Assured Water Supply means that ADWR has determined based on hydrological studies prepared by third party consultants that sufficient water will be physically, legally and continuously available to satisfy the water needs of the proposed uses for at least 100 years, that any projected groundwater use is consistent with the water management plan approved by ADWR and achievement of the management goal for the area, and that the

financial capability to construct the delivery system and any necessary treatment works has been demonstrated to ADWR. As a condition to the issuance of a Certificate of Assured Water Supply based on ground water, ADWR requires that a hydrological study be provided of the groundwater supply available to the subject property. The Town must supply "Notices of Intent to Serve" required by the ADWR in connection with such applications.

Issuance of a Certificate of Assured Water Supply, which can be terminated or modified by ADWR should circumstances warrant prior to the sale of the first lot within a subdivision, is a necessary condition to the ability to final plat, construct and sell homes. Stardust Tartesso obtained Certificates of Assured Water Supply covering the 3,375 platted single family lots located within Phase 1. Stardust Tartesso has not obtained Certificate(s) of Assured Water Supply for the remaining portion of Phase 1 or any portion of Phases 2, 3, or 4 of the project.

Although not required by law, Stardust Tartesso applied for and received two analyses of Assured Water Supply from ADWR, one issued on October 1, 2003 and the other on February 2, 2004. In these two Analyses, ADWR concluded that a sufficient groundwater supply was physically available to serve the entire 100-year water demand at Tartesso West and a neighboring development, based on the applicable CMPs. Proof of physical availability of groundwater is a key element in proving an assured water supply. Stardust Tartesso has since relied on the Analyses to obtain the Certificates of Assured Water Supply referred in the prior paragraph. The Analyses of Assured Water supply have ten-year terms, and are renewable for at least two terms of five years each. ADWR reserves the right to invalidate an Analysis of Assured Water Supply, should conditions change during its terms.

Staff of the Town monitors the availability and quantity of water being provided as part of the platting process throughout the Town.

Sewer service to the Project is provided by the Town from the Tartesso West Water Reclamation Facility (the "WRF") for which the first phase of 1.2 million gallons Per Day ("GPD") at McDowell Road and 319<sup>th</sup> Ave has been constructed and is currently receiving influent from homeowners occupying portions of the 3,375 lots described above. It is expected that the first phase of the WRF is adequate to service the 3,375 lots described above. The WRF has all operating and environmental permits in place and is currently in low flow operations and is being operated by the contractor that designed and constructed the WRF. At the point that the WRF reaches 120,000 GPD the WRF will begin to be operated by the Town. The WRF was designed as a regional facility and was designed to be expanded to handle all of the sewer treatment needs of Tartesso West. It is presently anticipated that Stardust Tartesso or the then owners of the applicable phases of Tartesso West will expand the WRF.

See "RISK FACTORS - Availability of Utilities," for a discussion about water service in the Town Service Area as well as wastewater service for the Project.

*Other.* The Project receives primary vehicular access from Sun Valley Parkway which has a full interchange at Interstate 10. Sun Valley Parkway intersects with Tartesso Parkway. Recently completed Tartesso Parkway offers a landscaped entry/loop road throughout phase one.

Electrical service for the Project is provided by Arizona Public Service Company. All telecommunications, cable, and data service is provided by Cox Communications. Southwest Gas is providing natural gas service to the area. The Project will be served by Saddle Mountain Unified School District ("District"). An agreement has been signed with the District for the area within the Project, which contemplates the dedication of property for the construction of the elementary schools, one of which is under construction and the high school. The first high school site has been donated to the District.

#### **Residential Development**

Prior to construction of onsite and offsite improvements, all of the 3,375 lots described above were the subject of rolling lot option agreements with homebuilders that are parties to the rolling lot option agreements. The eight homebuilders currently building homes in the project are Canterra Homes, Elliott Homes, Hacienda Builders, Home Life Communities, Montalbano Homes, Pacific Century Homes, Pulte Homes and Trend Homes. As of June 22, 2007, 1,685 of the lots have been conveyed to the homebuilders with the remaining lots required to be purchased in specified takedowns ending in March 2009. As of July 31, 2007, the Town has issued approximately 902 building permits for lots in Tartesso West and approximately 500 completed houses are currently owned by homebuyers. Additionally, as of July 31, 2007, there are 44 completed model homes owned by the homebuilders with 8 additional model homes under construction.

#### **SOURCES AND APPLICATION OF FUNDS**

##### Sources

Par Amount of Bonds	\$8,750,000
Total	<u>\$8,750,000</u>

##### Applications

Costs of Acquisition	\$8,297,500
Costs of Issuance (including Underwriter's Discount)	<u>452,500</u>
Total	<u>\$8,750,000</u>

## 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 Limited Offering Memorandum, including the Appendices hereto. The relatively high interest rates borne by the Bonds (as compared to prevailing interest rates on bonds that have an investment grade rating) is intended to compensate the investor for such risks. 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 LIMITED OFFERING MEMORANDUM, BEFORE MAKING AN INVESTMENT DECISION.

### *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 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.

### *Concentration of Control; Subsequent Transfer*

There can be no assurance that the current owners of the land in the District to be developed with single family lots have the financial capability to complete development of lots or of houses on such lots. The single family lots owned by Stardust Tartesso are subject to rolling option lot agreements. There are no assurances with the homebuilders that are parties to the rolling option lot agreements will consummate the purchase of the remaining single family lots. In addition, there are no restrictions on the lot owners ability to sell such lots. There can be no assurance that they will be able to obtain the projected sales prices for any houses to be constructed on the lots. Accordingly, there can be no assurance as to when, or if, houses will actually be constructed, nor as to the ultimate fair market value of such houses. (It should be noted, however, that with the current development in the District and without any additional development a tax rate of \$3.00 per \$100 of secondary assessed valuation of taxable property within the boundaries of the District is expected to be sufficient alone to pay debt service starting in tax year 2007-2008. SEE "SECURITY FOR AND SOURCES OF PAYMENT - Ad Valorem Taxation in the District -- Property Valuations.")

**General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences**

Investments in developing real estate such as the 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 herein-below.

Construction of houses on the remaining lots within the District may be affected by changes in the income tax treatment of real property ownership changes; in national, regional and local market and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the Project, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the owners of such land. Land development within the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development such as "Growing Smarter" described below. (Any approvals needed in the future for the development must come from the Town and other governmental authorities, over which the District has no control.)

The residential development business, particularly with respect to communities such as the Project, 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 12 to 18 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") 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. See, however, the second to last sentence under the subheading "Concentration of Control; Subsequent Transfer."

Development requires obtaining a variety of governmental approvals and permits. Such approvals and permits are necessary to initiate construction and to allow the sale and occupancy of homes and to satisfy conditions included in the approvals and permits. There can be no assurance that all of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. For instance, "Growing Smarter" could be a factor in this regard. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results for the Owner.

During 1998, the Arizona Legislature promulgated the "Growing Smarter Act of 1998" and then in 2000 "Growing Smarter Plus" (collectively "Growing Smarter") which created new planning requirements throughout the State and provided stronger tools for local governments in their efforts to manage rapid development. Fast-growing communities like the Town must plan for growth areas and identify the means to provide necessary public services in the future. In addition to environmental and infrastructure elements, an analysis of available water is required. To pay for growth, communities are permitted to establish service area limits, beyond which new growth pays the full cost for services. Pursuant to Growing Smarter, the Town is required to submit its general plan to the voters for ratification. (The Town has not yet submitted a plan to the electorate but plans to do so within the next two years.) Every 10 years, voters will have the final say over general planning in their communities. It is unclear at this time how Growing Smarter will affect development activity in the State and particularly the Town and the District in the future.

#### 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." 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.

## Availability of Utilities

Wastewater Treatment. "Notices of Intent to Serve" from the Town to provide wastewater collection and treatment service and health certificates from the County are necessary conditions to the ability to final plat, construct and sell homes. Representatives of the Town have indicated that the process of expansion described under the heading "LAND DEVELOPMENT" is expected to provide sufficient capacity in the WRF to provide service to the remainder of Phases 1, 2, 3 and 4 of the Project. However, capacity is not guaranteed either as to amount or time of availability and, if, for instance, development of other land to be serviced by the WRF is accelerated or the scheduling for the Project is delayed, competing developments which are also to be serviced by the WRF could take capacity otherwise needed for the Project on a "first come first serve" basis, leaving the Project to wait for capacity in the subsequent expansions described hereinabove and delaying development of the Project.

There is currently no available capacity for the balance of Phases 2, 3 and 4 of the Project. Representatives of the Town have indicated that commitments for service are being monitored in a way that is intended to manage expectations about needs for capacity in the WRF. Future expansions of the WRF are presently planned to be funded as described hereinabove, but the entities described do not have any obligation at this time to fund construction costs (they just have a right to do so in order to receive service). The present wastewater development impact fees of the Town for capacity are significantly below the cost to design and construct future expansions and would be inadequate if relied on alone to provide for such expansions. Representatives of the Town have indicated that the Town has retained consultants necessary to prepare an updated impact fee study, which will result in the adoption of updated impact fees. There is a risk that capacity will not be available if service is provided without first requiring those persons to pay the cost of additional expansions which could delay development of the Project.

Water Service. As noted under "LAND DEVELOPMENT-Infrastructure Development," Certificates of Assured Water Supply have been obtained for the 3,375 platted single family lots located within Phase 1, but not for the remaining portion of Phase 1 or any portion of Phase 2, 3, or 4 of the Project. There can be no assurance that such Certificates will be obtained in the future for the remaining portion of Phase 1 or Phase 2, 3 or 4 of the Project. Failure to obtain such Certificates would adversely affect development of the Project.

## 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 the Series 2005 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 Taxation in the District."

#### Bankruptcy and Foreclosure Delays

The payment of the ad valorem taxes securing the Bonds and the ability of the District to foreclose the lien of delinquent unpaid ad valorem taxes may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of Arizona relating to judicial foreclosure. Although bankruptcy proceedings would not cause the ad valorem taxes securing the Bonds to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the principal of, and interest on, the Bonds.

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.

#### 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 Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

## TAX EXEMPTION

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continued compliance with certain restrictions, conditions and requirements by the District as described below, interest income on the Bonds 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 C attached hereto.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included 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.

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The District has certified that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which will be issued by the District in calendar year 2007, will not exceed \$10,000,000. Bond Counsel will rely on such certification with respect to its opinion on this matter.

### **BONDOWNERS' RISKS REGARDING LACK OF RATING**

*No credit rating for the Bonds has been sought nor is it anticipated that any such rating will be applied for. There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.*

### **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 C. (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 Stardust Tartesso by its counsel, Fennemore Craig, P.C., Phoenix, 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 RBC Dain Rauscher, Inc., doing business under the name RBC Capital Markets (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a net effective aggregate purchase price of \$8,487,500 (reflecting the aggregate principal amount of the Bonds, less compensation of the Underwriter of \$262,500). 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 "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 certain 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 its 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 Annual Reports will be filed by the District with each Nationally Recognized Municipal Securities Information Repository and the appropriate State Information Depository, if any, or with a Central Post Office. The Notices of Material Events will be filed by the District with the same entities as well as the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Reports or in the Notices of Material Events are set forth herein in Appendix F - "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 to each Nationally Recognized Securities Information Repository and the State Information Depository, if any, or to a Central Post office and the Municipal Securities Rulemaking Board. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

### **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 Stone & Youngberg, LLC, the Financial Advisor to the District, and have acted as underwriter's counsel to the Underwriter and the Financial Advisor in other transactions. Greenberg Traurig, LLP and Gust Rosenfeld P.L.C. have also acted as bond counsel and/or underwriter's counsel with respect to bonds issued by the Town and other overlapping political subdivisions.

The Underwriter and the Financial Advisor have underwritten or acted as financial advisor with respect to bonds issued by the Town and other overlapping political subdivisions.

This Limited Offering Memorandum has been approved,  
executed and delivered by the District.

TARTESSO WEST COMMUNITY FACILITIES  
DISTRICT

By /s/ Bobby Bryant.....  
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 Highway 85. The Town, which was founded in 1888 and incorporated in 1929, encompasses approximately 112 square miles and sits at an elevation of 888 feet above sea level. The Town has approximately 650 square miles in the planning area. The following table illustrates population statistics for the Town, the County and the State.

**Population Statistics  
Town of Buckeye, Maricopa County  
and the State of Arizona**

<u>Years</u>	<u>Town of Buckeye</u>	<u>Maricopa County</u>	<u>State of Arizona</u>
2006*	31,745	3,792,675	6,305,210
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, 2006.

Source: Arizona Department of Economic Security, Population Statistics Unit, U.S. Department of Commerce, Bureau of the Census and Maricopa Association of Governments.

**Transportation**

State Highway 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 two-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. and Cox Communications Inc. In some areas of the Town water and/or sewer services are provided by private utility companies.

### **Economy**

The principal economic activity for the Town and outlying areas of the Town is agriculture. Part of the Town's agricultural production includes Pima cotton which is processed in local cotton gins and exported worldwide. 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. See below for certain historic employment information and a list of major employers located in and within close proximity of the Town.

**Area Unemployment Averages**

<u>Calendar Year</u>	<u>United States</u>	<u>State of Arizona</u>	<u>Maricopa County</u>	<u>Town of Buckeye</u>
2007	4.5% (a)	3.8% (b)	3.3% (b)	4.2% (b)
2006	4.6	4.1	3.5	4.5
2005	5.1	4.6	4.0	5.1
2004	5.5	4.9	4.4	5.6
2003	6.0	5.7	5.2	6.6
2002	5.8	6.1	5.6	7.1

(a) Through June 2007.

(b) Through May 2007.

Source: Arizona Department of Economic Security, Bureau of Statistical Information and Research Analysis, Labor Force Statistical Unit.

**Major Employers**

Town of Buckeye, Arizona and Surrounding Area

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Palo Verde Nuclear Plant	Energy Plant	2,500
Lewis Prison Complex	State Prison	1,400
Wal-Mart Distribution Center	Retail Warehouse	1,120
Liberty Elementary School District No. 25	Education	340
CMH Manufacturing dba Schult Homes, Inc.	Mobile Homes	315
Buckeye Elementary School District No. 33	Education	280
Buckeye Union High School District No. 201	Education	245
Town of Buckeye	Government	220
Juvenile Department of Corrections	Detainment Facility	180
Hickman's Egg Ranch	Agriculture	165

Source: 2006 Arizona Industrial Directory and 2006 Arizona Services Directory, publications of the Greater Phoenix Fact Book, the Greater Phoenix Chamber of Commerce, the Town of Buckeye and an individual employee survey.

**Non-Agricultural Wage and Salary Employment  
Maricopa County**

<u>Industry</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007(a)</u>
Mining and Construction \$	125,700	\$ 128,900	\$ 140,900	\$ 163,200	\$ 184,000	\$ 186,400
Manufacturing	135,000	128,300	129,000	133,100	136,700	135,500
Trade, Transportation, and Utilities	319,000	321,500	333,200	354,400	371,100	379,900
Information	39,100	37,200	34,300	33,000	32,600	31,300
Financial Activities	130,400	132,900	137,700	146,000	153,100	157,100
Professional and Business Services	250,300	255,600	270,800	293,400	317,400	330,500
Educational and Health Services	149,600	156,700	169,600	180,000	191,100	197,200
Leisure and Hospitality	150,500	152,900	158,300	166,600	176,800	186,800
Other Services	60,400	61,300	62,900	64,700	71,400	75,200
Government	197,100	200,600	204,500	208,800	213,300	223,100
<b>Total</b>	<b>\$1,557,100</b>	<b>\$1,575,900</b>	<b>\$1,641,200</b>	<b>\$1,743,200</b>	<b>\$1,847,500</b>	<b>\$1,903,000</b>

(a) Through May 2007.

Source: Arizona Department of Economic Security, Research Administration  
and the U.S. Department of Labor, Bureau of Labor Statistics.

**Town of Buckeye  
Sales Tax Collections**

<u>Budget Year</u>	<u>Amount</u>
2005-06	\$16,474,433
2004-05	8,402,231
2003-04	3,856,634
2002-03	2,486,828
2001-02	1,676,502

Source: Arizona Department of Revenue.

**Agriculture**

The Town includes and is surrounded by farmland on which a variety of agricultural products are grown and vacant desert. The main income crops grown within the Town and the surrounding area include cotton, vegetables, alfalfa, citrus and grains. While no figures are available for acreages or dollar amounts of individual crops grown within the Town, the following statistics show total cash receipts for the area encompassing the County.

**Maricopa County**  
**Cash Receipts from Agricultural Marketings**  
 (Total Crops and Livestock)  
 (\$ in 000's)

<u>Year</u>	<u>Total Receipts</u>
2005	\$1,078,263
2004	1,022,736
2003	871,419
2002	792,307
2001	851,969

Source: *Arizona Agricultural Statistics, Arizona Crop and Livestock Reporting Service.*

**Educational Facilities**

Elementary education is available through the Buckeye Elementary School District No. 33, Liberty Elementary School District No. 25, Palo Verde Elementary School District No. 49 and the Saddleback Unified School District No. 90 and high school education is available through Buckeye High School District No. 201 and Saddleback Unified School District No. 90. 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.

**Banking**

The financial needs of the Town are served by two banks. The following table illustrates the total dollars on deposit for Maricopa County for the fiscal year ending June 30 of each year.

**Maricopa County**  
**Bank Deposits**  
 (\$ in millions)

<u>Year</u>	<u>Amount</u>
2006	\$54,926
2005	51,138
2004	42,872
2003	38,776
2002	33,040

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)

<u>Calendar Year</u>	<u>Residential</u>	<u>Commercial &amp; Industrial</u>	<u>Other</u>	<u>Total</u>
2007(a)	\$ 85,504	\$ 621	\$ 8,826	\$ 94,951
2006	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
2003(b)	68,411	--	--	68,411
2002(b)	10,895	--	--	10,895
2001	N/R	N/R	N/R	N/R

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N/R = No Report

- (a) Through March 2007.  
(b) Incomplete data - one or more months unavailable.

Source: Arizona Real Estate Center, 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 Starts

<u>Calendar Year</u>	<u>Housing Permits</u>
2007(a)	613
2006	2,582
2005(b)	4,219
2004	2,986
2003(b)	570
2002(b)	100
2001	N/R

---

N/R = No Report

- (a) Through March 2007.
- (b) Incomplete data - one or more months unavailable.

Source: Arizona Real Estate Center, 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

### 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 Limited Offering Memorandum.

**"Annual Debt Service Requirement"** means for any Fiscal Year, the Debt Service to be paid in such Fiscal Year with respect to the Bonds and any Parity Bonds for payment of principal of and interest on the Bonds and such Parity Bonds during such Fiscal Year, treating any Debt Service due on July 15 of any Fiscal Year as if due in the prior Fiscal Year.

**"Authorized Denomination"** means \$100,000 and integral multiples of \$5,000 in excess thereof in the case of Bonds owned by SMMPs or Qualified Investors; provided, however, that "Authorized Denomination" means \$5,000 and integral multiples thereof: (i) upon achievement of a rating on the Bonds from a Rating Agency of "AAA" or "AA," (ii) upon achievement of a rating on the Bonds from a Rating Agency of "A" or "BBB" and written approval of the District, (iii) if the Bonds have been defeased pursuant to the terms of the Indenture, or (iv) in conjunction with any mandatory sinking fund redemption of the Bonds pursuant to the Indenture.

**"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 the regulations and rulings promulgated 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

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 held to authorize the Bonds.

**"Debt Service"** means, with respect to the Bonds or Parity Bonds, as the case may be, (i) the principal of and interest and premium, if any, thereon 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 or Parity Bonds; and (iii) amounts due with regard to Rebate with respect to the Bonds or Parity Bonds; 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 or Parity 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.

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

**"Moody's"** means Moody's Investors 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.

**"Parity Bonds"** means other general obligation bonds of the Issuer, including the Prior Bonds, which are payable from ad valorem property tax collections on parity with the Bonds.

**"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 30 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

**"Prior Bonds"** means the Series 2005 Bonds.

**"Qualified Investor"** means a qualified institutional buyer, as such term is defined in Rule 144A of the Securities Act of 1933, as amended, or an accredited investor as defined in Rule 501 of Regulation D of the United States Securities Exchange Commission, who executes the Certificate of Qualified Investor set forth in Section 2.02 hereof.

**"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.

**"SMMP"** means a "Sophisticated Municipal Market Professional", as such term is defined by the Municipal Securities Rulemaking Board ("MSRB") and without limiting the definition used by the MSRB, generally means a corporation, partnership, trust or other institution, other than a natural person, with total assets of at least \$100 million invested in municipal securities in the aggregate in its portfolio and/or under management and whom the Broker Dealer who is involved in the sale of the Bonds or beneficial interest therein has reasonable grounds to believe: (i) has timely access to available material facts pertaining to the Bonds, (ii) is capable of independently evaluating the investment risk and market value of the Bonds, and (iii) is making independent decisions about its ownership of the Bonds.

**"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 from the proceeds of the sale of the Bonds (i) accrued interest received on the date of delivery of each Series of Bonds to the initial purchaser, and (ii) 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 balance of the proceeds of the sale of the Bonds remaining after the deposit of the amounts described above to the Bond Fund. 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 June 1, 2009, 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 under-

taking 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 Town of Buckeye, 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.

**APPENDIX C**

**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 Tartesso West  
Community Facilities District

Re: Tartesso West Community Facilities District (Town of  
Buckeye, Arizona) District General Obligation Bonds,  
Series 2007

At your request we have examined the official proceedings leading to the issuance of \$8,750,000 aggregate principal amount of District General Obligation Bonds, Series 2007, dated the date hereof, issued by Tartesso West 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, TARTESSO WEST CFD RESOLUTION NO. 06-....., passed and adopted by the District Board on July 17, 2007 (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 bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. The bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

District Board of the Tartesso West  
Community Facilities District  
Page 3

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 property 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.

Bond Counsel

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APPENDIX D-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

TARTESSO WEST COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Tartesso West Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007

1. Please be advised that the undersigned is a Qualified Investor (as hereafter defined) and is purchasing, either directly or as beneficial owner in case the bonds are held by a securities depository, one of the captioned bonds (hereinafter referred to as the "Bonds"), such Bond, or beneficial interest therein, being in the original aggregate principal amount of \$....., bearing the number ..... Such purchase is for the account of the undersigned, for the purpose of investment and not with a present intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (hereinafter referred to as the "Indenture") from the addressee District (hereinafter referred to as the "Issuer") to the addressee Trustee (or any successor thereto as provided in such Indenture, hereinafter referred to as the "Trustee") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Indenture, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bond to such transferee will be registered.

3. The undersigned acknowledges that it is one of the following:

(i) a bank as defined in Section 3(a)(2) of the Securities Act of 1933, or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act of 1933; investment company registered under the Investment Company Act of 1940 or a business development company as

defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; plan established and maintained by a state, its political subdivision, or any agency or instrumentality of a state or its political subdivision, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(iii) an organization described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of \$5,000,000;

(iv) a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds \$1,000,000 and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth;

(v) a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with the person's spouse in excess of \$300,000 in each of those years and who reasonably expects reaching the same income level the current year and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth; or

(vi) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraph (i), (ii), (iii), (iv) or (v) above.

Collectively, the purchasers meeting one or more of the criteria set forth above shall be referred to as a "Qualified Investor."

4. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws with respect to any transfer of the Bond or an interest therein, and agrees to hold the Issuer and the Town of Buckeye, Arizona (hereinafter referred to as the "Town") harmless for, from and against any and all liabilities claims, damages or losses resulting directly or indirectly from such failure to comply.

5. The undersigned acknowledges that the undersigned has had an opportunity to obtain and has obtained all information necessary and has independently evaluated the factors associated with its investment decision and after such evaluation, the undersigned under-

stood and knew that investment in the Bonds involved certain risks, including but not limited to, limited security and source for payment of the Bonds, the status of development and its impact on taxation for payment of the Bonds, the possible transfer of land by the owners of land in the District, failure or inability of owners to complete proposed development of such land, bankruptcy and foreclosure delays, and the probable lack of any secondary market for the Bonds. The undersigned acknowledges that it is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The undersigned is not relying on the Issuer or the Town in making its decision to purchase the Bonds and agrees that the Town is not obligated in any manner for the issuance or payment of the Bonds.

6. The undersigned understands that the Bonds (i) are not being registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions set forth in that Act, (ii) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) will not be listed on any stock or other securities exchange, (iv) will not carry any bond rating from any rating service, and (v) are not likely to be readily marketable.

7. The undersigned acknowledges that the Issuer and the Town, their respective officers, directors, council members, advisors, employees and agents of either of the foregoing, have not undertaken to furnish, nor has the undersigned requested, any other information, or to ascertain the accuracy or completeness of any other information that may have been furnished by any other party.

.....  
[PURCHASER]

By.....

Printed Name:.....

Title:.....

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APPENDIX D-2

FORM OF INVESTOR LETTER (SMMP)

.....

TARTESSO WEST COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Tartesso West Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007

1. Please be advised that the undersigned is purchasing one of the captioned bonds or an interest therein (hereinafter referred to as the "Bonds"), such Bond being in the original aggregate principal amount of \$....., bearing the number ..... Such purchase is solely for the account of the undersigned or for accounts managed by the undersigned, for the purpose of investment and not with an intent for distribution or resale, provided nevertheless, that the undersigned may at any time, in its sole discretion and control, sell some or all of the Bonds, subject to the parameters set forth herein.

2. The undersigned acknowledges that it is a "Qualified Institutional Buyer" as such term is defined in Rule 144A of the Securities Act of 1933, as amended, with total assets of at least \$100 million invested in municipal securities in the aggregate in its portfolio and/or under management.

3. In the event that the undersigned transfers such Bond or any part thereof, the undersigned agrees that such transfer shall be through a "broker," or to a "dealer" or "municipal securities dealer," as those terms are defined in the Securities Exchange Act of 1934.

4. The undersigned acknowledges that it received the Limited Offering Memorandum dated September 13, 2007, related to the Bonds.

5. The undersigned understands that: (i) the Bonds are not being registered under the Securities Act of 1933, as amended, (ii) the Bonds are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) any transfer of the Bonds must comply with federal and state securities laws, (iv) the broker or dealer must sell the Bonds, or interests therein, to sophisticated municipal market professionals, (v) the Bonds will not be listed on any stock or other

securities exchange, and (vi) the Bonds will not carry any bond rating from any rating service.

6. The undersigned had access to all information regarding the Bonds and the Issuer that the undersigned deemed material in connection with its evaluation of and decision to purchase the Bonds. The undersigned acknowledges that the undersigned has not requested and neither the Issuer or the Town of Buckeye, Arizona, nor their respective officials, officers, directors, council members, advisors, employees and agents have undertaken to furnish information to the undersigned from any third party in connection with investment in the Bonds.

7. This letter and all rights and responsibilities described in it shall be governed by, and interpreted in accordance with, the laws of the State of Arizona. The federal and state courts of the State of Arizona shall have sole and exclusive jurisdiction over any dispute arising from the purchase and sale of the Bonds.

.....  
[PURCHASER]

By.....

Printed Name:.....

Title:.....

## APPENDIX E

### 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 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 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 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](http://www.dtcc.com).

Purchase of the Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or

Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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 Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Bonds will be printed and delivered.

Under DTC's rules, DTC now advises that upon receipt of a withdrawal request from an issuer, such as the District, DTC will take the following actions: (1) DTC will issue an Important Notice notifying its participants of the receipt of a withdrawal request from the issuer reminding participants that they may utilize DTC's withdrawal procedures if they wish to withdraw their securities from DTC; and (2) DTC will process withdrawal requests submitted by participants in the ordinary course of business, but will not effectuate withdrawals based upon a request from the issuer.

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**APPENDIX F**

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

CONTINUING DISCLOSURE UNDERTAKING  
(DISTRICT)

\$8,750,000

TARTESSO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)  
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007

(CUSIP BASE NUMBER 876498)

This Undertaking is executed and delivered by Tartesso West 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 resolutions authorizing the issuance of the Securities and the Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank, N.A. with respect to the Securities.

"Central Post Office" shall mean an entity then recognized by the Securities and Exchange Commission as eligible to receive filings and submit such filings to the Repositories for purposes of the Rule. As of the date of this Disclosure Undertaking, the Central Post Office is:

DisclosureUSA  
P.O. Box 684667  
Austin, Texas 78768-4667  
Fax: (512) 476-6403  
<http://www.disclosureUSA.org>

"Dissemination Agent" shall mean any agent which has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

"Listed Events" shall mean any of the events listed in Section 3(a).

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule **at the time any information is provided as required by this Undertaking. (The Issuer shall contact the Securities and Exchange Commission to determine the National Repositories existing at such time.)** Currently, the following are National Repositories:

Bloomberg Municipal Repository  
100 Business Park Drive  
Skillman, NJ 08558  
Phone: (609) 279-3225  
Fax: (609) 279-5962  
E-mail: munis@bloomberg.com

Standard & Poor's Securities Evaluations Inc.  
55 Water Street, 45th Floor  
New York, NY 10041  
Phone: (212) 438-4595  
Fax: (212) 438-3975  
E-mail: nrmsir\_repository@sandp.com

DPC Data Inc.  
One Executive Drive  
Fort Lee, NJ 07024  
Phone: (201) 346-0701  
Fax: (201) 947-0107  
E-mail: nrmsir@dpccdata.com

FT Interactive Data  
Attn: NRMSIR  
100 William Street  
New York, NY 10038  
Phone: (212) 771-6999  
Fax: (212) 771-7390  
E-mail: nrmsir@interactivedata.com

**The names and addresses of the then-current National Repositories should be verified each time information is delivered pursuant to this Undertaking. (A current listing of the National Repositories can be found at <http://www.sec.gov/info/municipal/nrmsir.htm>.)**

"Notice of Material Event" shall mean any notice provided by the Issuer pursuant to, and as described in, Section 3.

"Repository" shall mean each National Repository and each State Repository.

"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.

"State Repository" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as a state repository for purposes of the Rule **at the time any information is provided as required by this Undertaking.** *(The Issuer shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.)* Currently, no State Repositories exist for the State of Arizona. **The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.**

"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, 2008, PROVIDE TO EACH REPOSITORY 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 TO EACH REPOSITORY AND TO THE MUNICIPAL SECURITIES RULEMAKING BOARD 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 Limited Offering Memorandum, dated September 13, 2007, 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 to each Repository.**

### 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 WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY.**

Section 4. Alternate Means of Disclosure. Notwithstanding the provisions hereof requiring that the Issuer file the Annual Reports, the Notices of Material Events and certain other notices with each of the Repositories, for so long as there is a Central Post Office, the Issuer may instead comply with the provisions of this Undertaking by filing the Annual Reports and such notices with a Central Post Office.

Section 5. 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 TO EACH REPOSITORY 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 6. 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 7. 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 8. 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 9. 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 10. 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]

TARTESSO WEST COMMUNITY FACILITIES  
DISTRICT

By.....  
Chairman, District Board

NEW ISSUE - FULL BOOK-ENTRY FORM

NOT RATED

*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 restrictions, conditions and requirements by the District as mentioned under "TAX EXEMPTION" herein, interest income on the Bonds will be excluded from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of preference to be included in the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to federal alternative minimum tax. See "TAX EXEMPTION" herein.*

*The District has designated the Bonds as "qualified tax-exempt" obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The District will certify that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations which will be issued by the District in calendar year 2007 will not exceed \$10,000,000. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.*

**\$8,750,000\***  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS,**  
**SERIES 2007**

**DATED: Date of Initial Delivery**

**DUE: As shown on the inside cover**

The Tartesso West Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007 (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 originally to ultimate purchasers through the book-entry system maintained by DTC in amounts of \$100,000 of principal amount or integral multiples of \$5,000 in excess thereof due on specified maturity dates. Interest on the Bonds (except defaulted interest, if any) will be paid semiannually on each January 15 and July 15 of each year, commencing January 15, 2008. 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 E - "BOOK-ENTRY ONLY SYSTEM."

**See Inside Front Cover for Maturity Schedule**

The Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended, and an election in and for Tartesso West Community Facilities District, a community facilities district formed within the boundaries of the Town of Buckeye, Arizona (the "District"), held on December 14, 2004, and will be issued pursuant to an Indenture of Trust and Security Agreement, to be dated as of September 1, 2007, 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 certain paving, concrete and concrete structures by the District and to pay costs of issuance of the Bonds.

**The Bonds are not being sold in a public offering. The Bonds may be purchased by "Qualified Investors" only and, except as described herein, will be transferable to Qualified Investors only. See "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS" herein.**

**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 Limited Offering Memorandum 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 and Greenberg Traurig, LLP, Phoenix, Arizona, and for Stardust-Tartesso W12, Inc. by its counsel, Fennemore Craig, PC, Phoenix, Arizona. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about September 26, 2007.

**RBC CAPITAL MARKETS**

September \_\_, 2007

\*Preliminary, subject to change.

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**MATURITY SCHEDULE\***

Year (July 15)	Principal Amount	Rate	Price or Yield
2008	\$345,000	%	%
2009	180,000		
2010	190,000		
2011	200,000		
2012	210,000		
	\$1,205,000	___%	Term Bond Due July 15, 2017 - Price ___%
	\$1,570,000	___%	Term Bond Due July 15, 2022 - Price ___%
	\$4,850,000	___%	Term Bond Due July 15, 2032 - Price ___%

\_\_\_\_\_  
\*Preliminary, subject to change.

**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**

**District Board**

Bobby Bryant, Chairman  
Levi Beard, Vice Chairman  
W. Robert Doster, Board Member  
Robert Garza, Board Member  
David Hardesty, Board Member  
Elaine May, Board Member  
David Rioux, Board Member

**District Staff**

David Wilcox, District Manager  
Doug Allen, C.P.A., District Treasurer  
Linda Garrison, District Clerk

**Trustee**

Wells Fargo Bank, N.A.  
Phoenix, Arizona

**District Financial Advisor**

Stone & Youngberg LLC  
Phoenix, Arizona

THIS LIMITED OFFERING MEMORANDUM, WHICH INCLUDES THE 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 AND STARDUST-TARTESSO W12, INC. ("STARDUST TARTESSO") AND OTHER INFORMATION ARE INCLUDED IN THIS LIMITED OFFERING MEMORANDUM. 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 RBC DAIN RAUSCHER INC., DOING BUSINESS UNDER THE NAME RBC CAPITAL MARKETS (THE "UNDERWRITER"), AT SUITE 700, 2398 EAST CAMELBACK ROAD, PHOENIX, ARIZONA 85016.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DISTRICT, STARDUST TARTESSO 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 LIMITED OFFERING MEMORANDUM 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 LIMITED OFFERING MEMORANDUM 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 LIMITED OFFERING MEMORANDUM: "THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM 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 LIMITED OFFERING MEMORANDUM INVOLVING MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO STATED, ARE INTENDED AS SUCH AND NOT AS REPRESENTATIONS OF FACT. THIS LIMITED OFFERING MEMORANDUM 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 LIMITED OFFERING MEMORANDUM 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 STARDUST TARTESSO OR IN THE INFORMATION OR OPINIONS SET FORTH HEREIN SINCE THE DATE OF THIS LIMITED OFFERING MEMORANDUM.

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 LIMITED OFFERING MEMORANDUM, 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 LIMITED OFFERING MEMORANDUM, 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 LIMITED OFFERING MEMORANDUM UNDER "CONTINUING DISCLOSURE" AND IN APPENDIX F - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" PURSUANT TO RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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 DISTRICT  
WITHIN METROPOLITAN AREA**

# Tartesso® West Community Facilities District



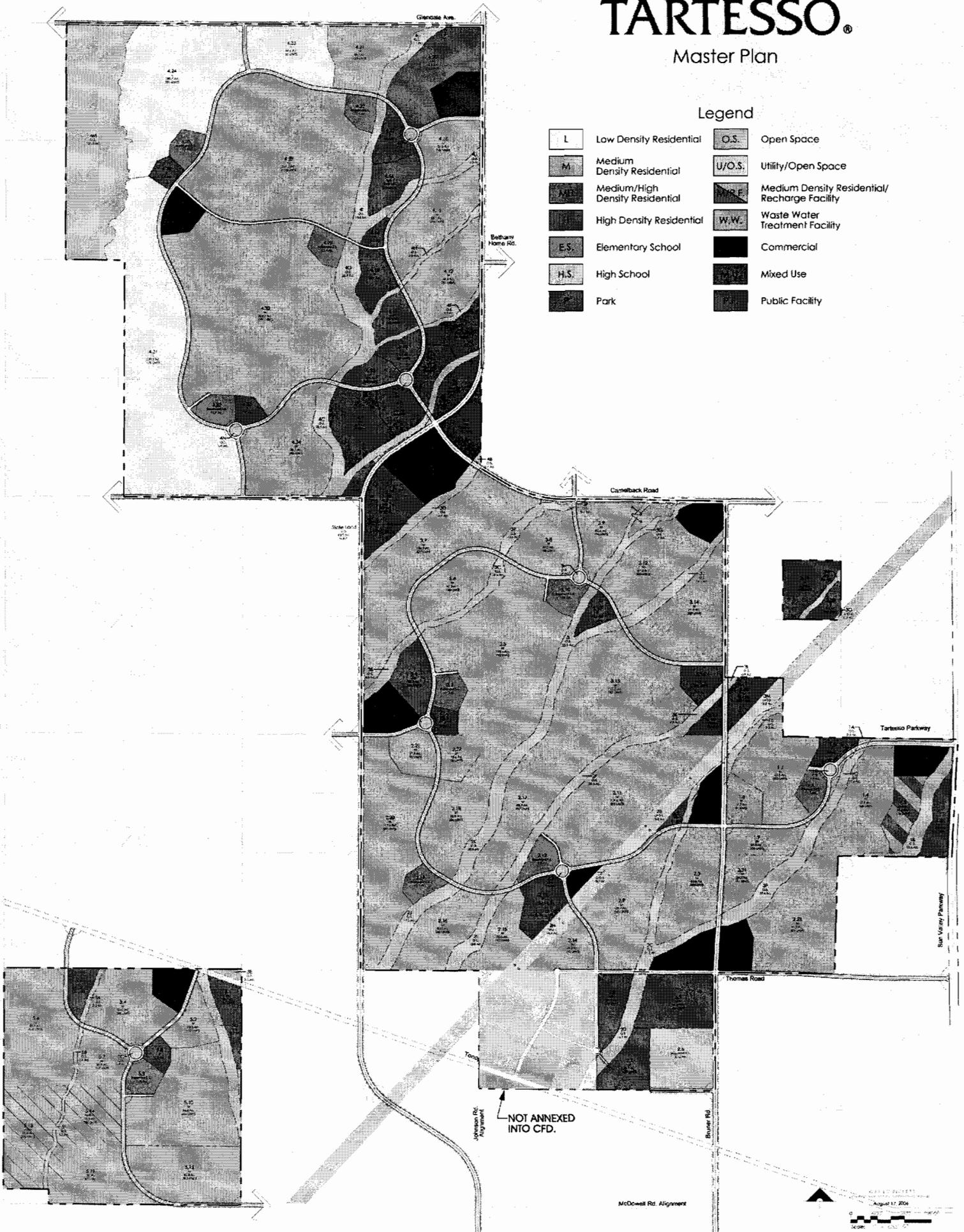
**MAP SHOWING LOCATION OF DISTRICT IN CONTEXT OF  
SURROUNDING AREA**

# TARTESSO®

## Master Plan

### Legend

	L Low Density Residential		O.S. Open Space
	M Medium Density Residential		U/O.S. Utility/Open Space
	ME Medium/High Density Residential		MR Medium Density Residential/Recharge Facility
	HR High Density Residential		W.W. Waste Water Treatment Facility
	E.S. Elementary School		Commercial
	H.S. High School		Mixed Use
	Park		Public Facility



\$8,750,000\*  
**TARTESSO WEST COMMUNITY FACILITIES DISTRICT**  
**(TOWN OF BUCKEYE, ARIZONA)**  
**DISTRICT GENERAL OBLIGATION BONDS,**  
**SERIES 2007**

This Limited Offering Memorandum, which includes the cover page and the appendices hereto, provides certain information concerning the issuance of Tartesso West Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007 (the "Bonds"), in the aggregate principal amount of \$8,750,000\*. **Certain capitalized terms not defined in the text of this Limited Offering Memorandum are defined in Appendix B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions of Certain Terms" herein.**

**THE DISTRICT**

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

Pursuant to the Enabling Act and in response to a petition by landowners of 100% of the property to be included within the District (those being Stardust-Tartesso W12, Inc. ("Stardust Tartesso"), Stardust Structured Investments No. 4 L.L.C., Sun Valley Partners, L.L.C., BIF-Buckeye, L.L.C., Rex Maughan and Ruth Maughan (husband and wife) and Cherry Properties, L.L.C.), the Mayor and Council (the "Town Council") of the Town of Buckeye, Arizona (the "Town"), formed Tartesso West Community Facilities District (the "District") on November 2, 2004. See Appendix A - "INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA" for certain information about the Town and "LAND DEVELOPMENT" for information about Stardust-Tartesso. The Town Council, *ex officio*, serves as the governing board of the District (the "Board"), the Treasurer of the Town serves as the District Treasurer, the Clerk of the Town serves as the District Clerk and the Manager of the Town serves as the District Manager. The Mayor

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\*Preliminary, subject to change.

of the Town, *ex officio*, serves as Chairman of the Board of the District.

The District encompasses approximately 5,396 acres within the Town. (See "LAND DEVELOPMENT" herein and Appendix A to this Limited Offering Memorandum which includes certain information about the Town and, generally, the maps on pages (ii) and (iii).)

Pursuant to an election held on December 14, 2004 (the "Election"), the District has the authority to issue general obligation bonds in an aggregate principal amount of not to exceed \$175,000,000 payable from *ad valorem* taxes levied on all taxable property within the boundaries of the District to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds and may also secure such bonds from other sources described in the Enabling Act.

The Bonds are being issued in order to finance a portion of the cost of acquisition of certain paving, concrete and concrete structures by the District and to pay costs of issuance of the Bonds. See "SOURCES AND APPLICATIONS OF FUNDS."

The Board will annually levy and cause to be collected an *ad valorem* tax, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any moneys from the sources described in the Enabling Act to pay debt service with respect to the Bonds when due. The Board has previously issued \$110,000 of the general obligation bonds authorized at the Election (the "Series 2005 Bonds"). The Series 2005 Bonds are also payable from the *ad valorem* property taxes collected to pay the Bonds. See "SECURITY FOR AND SOURCES OF PAYMENT" and "RISK FACTORS."

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

#### **INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS**

Beneficial interests with respect to the Bonds may be purchased only by Qualified Investors. As used herein, "Qualified Investor" means any purchaser of such an interest through a broker/dealer which is either (A) a "sophisticated municipal market professional" (as such term is interpreted by and applied to the rules of the Municipal Securities Rulemaking Board) which is buying an interest of a principal amount of \$100,000 or more or (B) providing a qualified investor letter in the form attached hereto as Appendix D-1. A letter in the form set forth in Appendix D-1 must be provided by all Quali-

fied Investors described in clause (B) hereinabove in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds and by any transferee not described in clause (A) hereinabove in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds and by any transferee not described in clause (A) hereinabove upon any transfer of any beneficial interest in a Bond after the initial sale and delivery of the Bonds. Qualified Investors described in clause (A) hereinabove must provide a qualified investor letter in the form set forth in Appendix D-2 only in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds.

Prior to any of (i) the District being informed that the Bonds have a rating in one of the four highest rating categories from a Rating Agency or (ii) the Bonds being defeased pursuant to the terms of the hereinafter described Indenture, beneficial interests in the Bonds will be transferable only to Qualified Investors and under the terms and conditions described hereinabove. Any owner of a beneficial interest in a Bond by its acceptance of such interest agrees that it will not transfer such interest to a person other than a Qualified Investor and under the terms and conditions described hereinabove.

## **THE BONDS**

### **Authority and Election**

The Bonds are authorized pursuant to the Enabling Act and the Election and will be issued pursuant to a resolution adopted by the Board on July 17, 2007 (the "Bond Resolution"), and the Indenture of Trust and Security Agreement, to be dated as of September 1, 2007 (the "Indenture"), from the District to Wells Fargo Bank, N.A., as trustee (the "Trustee"). (See Appendix B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.") The Bonds will be the second series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, \$166,140,000\* principal amount of such bonds will remain authorized but unissued. See "SECURITY FOR AND SOURCES OF PAYMENT - *Ad Valorem* Taxation in the District -- General Obligation Bonded Indebtedness to be Outstanding" and "OVERLAPPING, ADDITIONAL, ADDITIONAL OVERLAPPING AND OTHER INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District."

### **General Description**

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

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\*Preliminary, subject to change.

Interest on the Bonds will be paid semiannually on January 15 and July 15 of each year, commencing January 15, 2008 (each such date being referred to herein as an "Interest Payment Date"). The Bonds will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from the date of their initial delivery, calculated on the basis of a 360-day year of twelve 30-day months.

The principal of, Redemption Price for and 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 originally to ultimate purchasers under such system in amounts of \$100,000 of principal or integral multiples of \$5,000 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, however, "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS." See also Appendix E - "BOOK-ENTRY ONLY SYSTEM."

**Redemption Provisions\***

*Optional Redemption.* The Bonds maturing on and after July 15, 2022, will be subject to redemption prior to maturity, at the option of the District, on or after July 15, 2017, 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.

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

<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>
Term Bond Maturing 2017	
2013	\$220,000
2014	230,000
2015	240,000
2016	250,000
2017 (maturity)	265,000

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\*Preliminary, subject to change.

<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>
Term Bond Maturing 2022	
2018	\$280,000
2019	295,000
2020	315,000
2021	330,000
2022 (maturity)	350,000

<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>
Term Bond Maturing 2032	
2023	\$370,000
2024	390,000
2025	415,000
2026	440,000
2027	460,000
2028	490,000
2029	520,000
2030	550,000
2031	590,000
2032 (maturity)	625,000

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.

*Selection of Bonds for Redemption.* If less than all of the Bonds of a maturity are to be redeemed upon any redemption of Bonds, the Trustee will select the Bonds to be redeemed by lot.

*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 E - "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 under the Indenture.

## SECURITY FOR AND SOURCES OF PAYMENT

### General

The Board will annually levy and cause an *ad valorem* property tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the 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 and will be kept separately from other funds of the District. With respect to *ad valorem* property taxes, 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 District and the Trustee have acknowledged pursuant to the Indenture that the Series 2005 Bonds, the Bonds and any other general obligation bonds of the District hereafter issued (collectively, the "Parity Bonds") will be payable on a parity basis with respect to the collection and application of property tax revenues of the District and that such property taxes will be allocated to each series of general obligation bonds in accordance with any debt service then due and, in either case, taking into account other funds held by the District for such payment. Property tax revenues allocated for any series of bonds will be deposited into the applicable fund or account set aside for such series. 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 "SECURITY FOR AND SOURCES OF PAYMENT - *Ad Valorem* Taxation in the District -- General Obligation Bonded Indebtedness to be Outstanding" and "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 OF ARIZONA, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.**

### ***Ad Valorem* 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 aggregate of the primary taxes levied by a county, city/town and community college district is constitutionally limited to a maximum increase of two percent over the prior year's levy limit plus any taxes on property not subject to tax in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). In November 2006, the Arizona Constitution was amended to remove unused taxing capacity by rebasing each taxing entity's maximum allowable primary property tax levy limit to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in prior years.) The two percent limitation does not apply to primary taxes levied on behalf of school districts. The limited and full cash values of personal property (other than mobile homes) and for utility, mining and producing oil, gas and geothermal property are the same. Primary taxes on residential property only are constitutionally limited to one percent of the full cash value of such property. This constitutional limitation on residential primary tax levies is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid.

*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 an annual 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 herein-after 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 period 2007-08 for each class of property are set forth below:

**TABLE 1**

<u>Property Classification (a)</u>	<u>Assessment as Percent of Full Cash Value</u>
Mining, Utility, Commercial and Industrial (b)	24.0%
Agriculture and Vacant Land (b)	16.0
Owner Occupied Residential	10.0
Leased or Rented Residential	10.0
Railroad, Private Car Company and Airline Flight Property (c)	N/A

- 
- (a) Additional classes of property exist, but seldom amount to a significant portion of total valuation.
- (b) With respect to 2007-08, the first \$61,142 of full cash value of commercial, industrial and agricultural personal property is not taxable. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of such amount will be assessed at 24% or 16% as applicable. The assessment ratio for mining, utility, commercial and industrial property is being reduced, starting at 24% in the period 2004-05, 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. 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.

It is anticipated that the District's semiannual payments of debt service with respect to the Parity Bonds will be funded with installments of tax payments collected on or about the immediately preceding tax payment date together with any funds available from any other sources. 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 with respect to the Parity Bonds and what impact such delay could have on the secondary market for the Bonds.

*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**

<u>Tax Year</u>	<u>Full Cash Value</u>	<u>Secondary Assessed Value</u>
2005-06	\$ 2,246,579	\$ 359,453
2006-07	21,412,024	3,425,980
2007-08	161,588,479	23,937,035

Source: Maricopa County Assessor's Office

Based on development that has already occurred or is underway as described herein under the heading "LAND DEVELOPMENT" but which is not reflected in such values, it is expected that the amount of *ad valorem* taxes expected to be collected at a tax rate of \$3.00 per \$100 of secondary assessed valuation of taxable property within the boundaries of the District will be sufficient alone to provide for debt service with respect to the Bonds and the Prior Bonds. **SEE "RISK FACTORS - Effect of Valuation of Property."**

*Net Secondary Assessed Valuation by Property Classification.* The following is a breakdown of the above described secondary assessed valuation for tax years 2005-06, 2006-07 and 2007-08 for the District by property classifications:

**TABLE 3**

Legal Class	Description	2005-06	2006-07	2007-08	2007-08 Percent of Total
1	Commercial			\$ 33,782	0.14%
2	Agricultural & Vacant	\$359,453	\$3,425,980	20,716,353	86.55%
3	Residential (owner occupied)			3,146,350	13.14%
4	Residential (rental occupied)			40,550	0.17%
		<u>\$359,453</u>	<u>\$3,425,980</u>	<u>\$23,937,035</u>	100.00%

Source: Maricopa County Assessor's Office.

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

*Net Secondary Assessed Valuations of Major Taxpayers.* The following is a breakdown by major taxpayers of the District based on assessed valuation for tax year 2007-08. See "LAND DEVELOPMENT" for discussion about such taxpayers.

**TABLE 4****MAJOR TAXPAYERS IN THE DISTRICT**

<u>Taxpayer (a)</u>	2007-08 Secondary Assessed Valuation	As Percent of District's 2007-08 Net Secondary Assessed Valuation
STARDUST - TARTESSO W12, INC	\$10,018,822	41.85%
STARDUST FOUNDATION INC	2,178,197	9.10%
TREND HOMES INC	1,172,600	4.90%
STARDUST STRUCTURED INVESTMENTS NO 9 LLC	979,116	4.09%
STONE CREEK INDUSTRIAL LLC	866,560	3.62%
HOMELIFE COMMUNITIES GROUP OF ARIZONA INC	663,070	2.77%
PCG TARTESSO LLC	636,400	2.66%
MONTALBANO HOMES OF ARIZONA INC	500,240	2.09%
PULTE HOME CORPORATION	498,800	2.08%
HACIENDA BUILDERS INC	454,110	1.90%
MISSION LAND 2004 LLC	439,280	1.84%
	<u>\$18,407,195</u>	<u>76.90%</u>

Source: Maricopa County Assessor's Office.

- (a) Some of these employers or their parent companies are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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, DC 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, DC 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of 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>. Neither the District, the Underwriter, Counsel to the Underwriter, nor Special Counsel has examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: Maricopa County Treasurer's Office and the Arizona Department of Revenue

*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 collection records of the District for the periods shown:

**TABLE 5**

Fiscal Year	Real and Secured Personal Property Tax Levy(a)	Collected to June 30th(b)		Total Collections(c)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2007-08	\$789,922	(d)	(d)	(d)	(d)
2006-07	113,059	\$94,994	84.02%	\$96,018	84.93%
2005-06	11,862	11,860	99.98%	11,862	100.00%

(a) Tax levy is as reported by the Treasurer as of August of each tax year. Amounts include \$15,694 of adjustments made to the levy amount after the August report in the case of 2006-07. The District's tax rate for tax year 2005 included only the levy of \$0.3000 per \$100 of secondary assessed valuation for maintenance and operation expenses of the District. The District's tax rate for tax year 2006 and 2007 includes a \$3.0000 tax rate for debt service as well as such \$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.

- (c) Reflects collections made through July 31, 2007.
- (d) The next property tax collection date is October 1, 2007 and is delinquent November 1, 2007.

Source: Maricopa County Treasurer's Office

*General Obligation Bonded Indebtedness to be Outstanding.*  
The following table lists the general obligation bonded indebtedness of the District that will be outstanding after issuance of the Bonds:

**TABLE 6**

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Average Int. Rate</u>	<u>Balance Outstanding</u>
08-30-05(a)	\$110,000	7-15-2006/2030	6.00%	\$ 104,000
Plus: The Bonds				<u>8,750,000*</u>
Total General Obligation Bonds To Be Outstanding				<u>\$8,854,000*</u>

- (a) Herein referred to as the Series 2005 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:

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\*Preliminary, subject to change.

**TABLE 7**

Debt Service  
Requirements for the Bonds\*

Fiscal Year	Total Existing Debt Service Requirements	Principal*	Interest (a)	Total Debt Service Requirements For the Bonds	Total Combined Debt Service Requirements*
2008	\$ 8,240	\$ 345,000	\$ 401,892	\$ 746,892	\$ 755,132
2009	8,120	180,000	473,331	653,331	661,451
2010	8,000	190,000	465,195	655,195	663,195
2011	8,880	200,000	456,474	656,474	665,354
2012	8,700	210,000	447,134	657,134	665,834
2013	8,520	220,000 (b)	437,075	657,075	665,595
2014	8,340	230,000 (b)	426,251	656,251	664,591
2015	8,160	240,000 (b)	414,659	654,659	662,819
2016	8,980	250,000 (b)	402,227	652,227	661,207
2017	8,740	265,000 (c)	389,077	654,077	662,817
2018	8,500	280,000 (c)	374,953	654,953	663,453
2019	8,260	295,000 (c)	358,993	653,993	662,253
2020	8,020	315,000 (c)	342,178	657,178	665,198
2021	8,780	330,000 (c)	324,223	654,223	663,003
2022	8,480	350,000 (c)	305,413	655,413	663,893
2023	8,180	370,000 (d)	285,463	655,463	663,643
2024	8,880	390,000 (d)	264,003	654,003	662,883
2025	8,520	415,000 (d)	241,383	656,383	664,903
2026	8,160	440,000 (d)	217,313	657,313	665,473
2027	8,800	460,000 (d)	191,793	651,793	660,593
2028	8,380	490,000 (d)	165,113	655,113	663,493
2029	8,960	520,000 (d)	135,958	655,958	664,918
2030	8,480	550,000 (d)	105,018	655,018	663,498
2031		590,000 (d)	72,293	662,293	662,293
2032		625,000 (d)	37,188	662,188	662,188
	<u>\$195,080</u>	<u>\$8,750,000</u>	<u>\$7,734,592</u>	<u>\$16,484,592</u>	<u>\$16,679,672</u>

Prepared by RBC Capital Markets.

- (a) Interest is estimated.
- (b) Mandatory sinking fund amounts for term bond due July 15, 2017.
- (c) Mandatory sinking fund amounts for term bond due July 15, 2022.
- (d) Mandatory sinking fund amounts for term bond due July 15, 2032.

\*Preliminary, subject to change.

**OVERLAPPING, ADDITIONAL AND ADDITIONAL  
OVERLAPPING INDEBTEDNESS**

**Overlapping General Obligation Bonded Indebtedness**

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

**TABLE 8**

Direct and Overlapping Jurisdiction	2007-2008 Secondary Assessed Valuation	Net Outstanding Bonded Debt (a)	Proportion Applicable to the District Based on Assessed Valuation		2007-2008 Combined Tax Rate Per \$100 Assessed (b)
			Approx. Percent	Net Amount	
State of Arizona	\$71,852,630,420	None	0.00%	None	\$0.0000
Maricopa County (c) (d)	49,534,573,831	None	0.05%	None	1.4958
Maricopa County Community College District (e)	49,534,573,831	\$557,390,000	0.03%	\$ 167,217	0.9760
West Maricopa Education Center	17,648,505,706	None	0.14%	0	0.0500
Saddle Mountain Unified School District No. 90	885,376,360	17,550,000	6.12%	1,074,060	1.6645
Town of Buckeye (f)	369,230,204	310,000	6.48%	20,097	1.1421
<b>Tartesso West Community Facilities District (g)</b>	23,937,035	8,854,000*	100.00%	<u>8,854,000*</u>	<u>3.3000</u>
Total Net Direct and Overlapping General Obligation Bonded Debt and Tax Rates				<u>\$10,115,374</u>	<u>\$8.6284</u>

(a) This table includes general obligation bonds outstanding and general obligation bonds scheduled for sale as of January 31, 2008. This table does not include Salt River Project Agricultural Improvement and Power District general obligation bonded debt. Such debt has been refunded in advance of maturity and is secured for payment by government securities held in irrevocable trust.

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

\* Preliminary, subject to change.

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 twelve 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) The County's tax rate includes the \$0.1000 tax rate of the Central Arizona Water Conservation District, the \$0.1533 tax rate of the Maricopa County Flood Control District, the \$0.0391 tax rate of the County Free Library, the \$0.0935 tax rate of the Maricopa County Healthcare District, the \$0.0053 tax rate of the County Fire District contribution and the \$1.1046 tax rate of the County. It should be noted that the County Flood Control District does not levy taxes on personal property.
- (d) Does not include Maricopa County, Arizona certificates of participation outstanding in the aggregate principal amount of \$4,295,000 or lease revenue bonds issued by the Maricopa County Public Finance Corporation in the aggregate principal amount of \$173,670,000. Does not include County Stadium District revenue bonds outstanding in the aggregate principal amount of \$50,050,000.
- (e) Does not include Maricopa County Community College District revenue bonds outstanding in the amount of \$18,300,000.
- (f) Does not include excise tax obligations of the Town outstanding in the principal amount of \$26,490,000.
- (g) The District's tax rate for 2007-08 includes a \$3.0000 tax rate for debt service and \$0.3000 tax rate for maintenance and operation expenses of the District.

**Additional General Obligation Bonded Indebtedness of the District**

In addition to the Bonds, the District retains the right to issue, in accordance with the procedures set forth in the Enabling Act, additional series of bonds payable from *ad valorem* taxes. See "SECURITY FOR AND SOURCES OF PAYMENT - *Ad valorem* 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. (The District has made a finding that issuance of the Bonds will meet the test set forth above.)

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 \$166,140,000\* 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, Saddle Mountain Unified School District No. 90 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 September 1, 2007:

**TABLE 9**

Maricopa County Community College District	\$761,093,000
Saddle Mountain Unified School District No. 90	-0-
Western Maricopa Education Center	-0-

**LAND DEVELOPMENT**

**In General**

*The information contained in this section has been obtained from Stardust Tartesso, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof.*

Stardust Tartesso is the master developer of the Project. Stardust Tartesso is an operating affiliate of Stardust Development, Inc., a real estate land development company which through other operating affiliates has other developments in the cities of Surprise, Cottonwood, Tucson, and the counties of Pima and Maricopa County, Arizona. The land within the boundaries of the District was acquired by the predecessor in interest to Stardust Tartesso, either in fee or through beneficial ownership interests, between 2001 and 2006 and

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\*Preliminary, subject to change.

annexed into the Town at various times prior to 2006. See maps on page iii for the location of the Project.

The project is an approximately 5,554-acre master-planned community called Tartesso West (the "Project"). Approximately 5,396 acres of the Project is located within the boundaries of the District and approximately 158 acres is excluded from the District. The Project is located north of McDowell Road, south of Glendale Avenue, east of the Hassayampa River and west of the Sun Valley Parkway. Interstate 10 and the Sun Valley parkway, which include a major freeway interchange, will provide the primary access to the Project. At build out, single-family residential units will represent approximately 3,635 acres and multi-family residential units will represent 136 acres within the District.

At build out, it is expected that the total District acreage will be categorized as follows:

<u>Total District</u>	<u>Approximate District Acres</u>
Residential	3,635
Multi-Family	136
Park and Open Space	788
commercial	207
Mixed-Use	174
Elementary School	116
High School	45
Wastewater Treatment Facility	47
Public Facility	9
Rights-of-way	239
Total	<u>5,396</u>

The Project is the subject of a community master plan and a development agreement approved by the Town in August, 2003, as amended in March, 2005 and February, 2007 (the "Development Agreement"). It is the present intention of Stardust Tartesso to develop the Project in four phases. The development agreement addresses the rights of Stardust Tartesso to develop the property and addresses various issues often times made the subject of development agreements in Arizona, such as Town services, the Town's processing of plans and permits, rights 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 Project, all of which are provided to the Project in whole by the Town. In accordance with the terms of the Development Agreement, Stardust Tartesso is obligated to assist in the funding of certain capital and operational costs associated with the provision of water, sewer, police and fire protection within the Project. 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.

The total amount of capital expenditures for public infrastructure for purposes of the Enabling Act and other improvements to land within and for the Project (excluding the construction of homes) will be approximately \$175,000,000. Of this amount, approximately \$79,000 is related to the public infrastructure that has been or will be acquired with proceeds of the sale of the Series 2005 Bonds, \$8,287,500 is related to the public infrastructure that has been or will be acquired with proceeds of the sale of the Bonds, and \$3,352,268 is related to the public infrastructure that has been or will be acquired with the proceeds of the sale of additional general obligation and assessment bonds of the District to be issued in the future.

### **Infrastructure Development**

*Water and Sewer Utilities.* The entire Project is within the water service area of the Town. The Units 1, 2A and 2B (also referred to as the first phase) located on approximately 1,200 acres at the southern end of the Project include 3,375 single family lots and various other uses as approved in the Tartesso West Community Master Plan ("CMP"). The first phase is also the First Assessment Area. Wells, service lines, distribution lines, water treatment, and storage facilities have been constructed and placed into service, adequate for the 3,375 dwelling units within the first phase. All such facilities have been approved for operation by the Town and have either been accepted or are in the process of being accepted. Stardust Tartesso anticipates that such facilities will be accepted by the Town in due course. Three on-site wells have been constructed and have been shown to be producing wells. Initial home closings within the 3,375 lots have begun using the water system described above which is being operated by the Town.

Additional wells, service lines, distribution lines, water treatment, and storage facilities will be constructed and placed into service for Tartesso West phases 2, 3 and 4 as those phases are developed. Pursuant to the Development Agreement Stardust Tartesso is or will be required to build or provide funding for the Town to build substantially all of the water production facilities (wells, pumps, storage tanks, treatment equipment, etc.) and transmission facilities (pipes, etc.) required to serve the Project. The expansion of the water facilities may include the drilling of new wells, additional storage capacity, distribution system extensions, and, if required, groundwater treatment (including arsenic treatment).

The Town is not designated as having an assured water supply pursuant to applicable Arizona law. As such, Stardust Tartesso must obtain Certificates of Assured Water Supply from the Arizona Department of Water Resources ("ADWR"), that such supply exists for the Project. Issuance of a Certificate of Assured Water Supply means that ADWR has determined based on hydrological studies prepared by third party consultants that sufficient water will be physically, legally and continuously available to satisfy the water needs of the proposed uses for at least 100 years, that any projected groundwater

use is consistent with the water management plan approved by ADWR and achievement of the management goal for the area, and that the financial capability to construct the delivery system and any necessary treatment works has been demonstrated to ADWR. As a condition to the issuance of a Certificate of Assured Water Supply based on ground water, ADWR requires that a hydrological study be provided of the groundwater supply available to the subject property. The Town must supply "Notices of Intent to Serve" required by the ADWR in connection with such applications.

Issuance of a Certificate of Assured Water Supply, which can be terminated or modified by ADWR should circumstances warrant prior to the sale of the first lot within a subdivision, is a necessary condition to the ability to final plat, construct and sell homes. Stardust Tartesso obtained Certificates of Assured Water Supply covering the 3,375 platted single family lots located within Phase 1. Stardust Tartesso has not obtained Certificate(s) of Assured Water Supply for the remaining portion of Phase 1 or any portion of Phases 2, 3, or 4 of the project.

Although not required by law, Stardust Tartesso applied for and received two analyses of Assured Water Supply from ADWR, one issued on October 1, 2003 and the other on February 2, 2004. In these two Analyses, ADWR concluded that a sufficient groundwater supply was physically available to serve the entire 100-year water demand at Tartesso West and a neighboring development, based on the applicable CMPs. Proof of physical availability of groundwater is a key element in proving an assured water supply. Stardust Tartesso has since relied on the Analyses to obtain the Certificates of Assured Water Supply referred in the prior paragraph. The Analyses of Assured Water supply have ten-year terms, and are renewable for at least two terms of five years each. ADWR reserves the right to invalidate an Analysis of Assured Water Supply, should conditions change during its terms.

Staff of the Town monitors the availability and quantity of water being provided as part of the platting process throughout the Town.

Sewer service to the Project is provided by the Town from the Tartesso West Water Reclamation Facility (the "WRF") for which the first phase of 1.2 million gallons Per Day ("GPD") at McDowell Road and 319<sup>th</sup> Ave has been constructed and is currently receiving influent from homeowners occupying portions of the 3,375 lots described above. It is expected that the first phase of the WRF is adequate to service the 3,375 lots described above. The WRF has all operating and environmental permits in place and is currently in low flow operations and is being operated by the contractor that designed and constructed the WRF. At the point that the WRF reaches 120,000 GPD the WRF will begin to be operated by the Town. The WRF was designed as a regional facility and was designed to be expanded to handle all of the sewer treatment needs of Tartesso West. It is presently anticipated that Stardust Tartesso or the then owners of the applicable phases of Tartesso West will expand the WRF.

**See "RISK FACTORS - Availability of Utilities," for a discussion about water service in the Town Service Area as well as wastewater service for the Project.**

*Other.* The Project receives primary vehicular access from Sun Valley Parkway which has a full interchange at Interstate 10. Sun Valley Parkway intersects with Tartesso Parkway. Recently completed Tartesso Parkway offers a landscaped entry/loop road throughout phase one.

Electrical service for the Project is provided by Arizona Public Service Company. All telecommunications, cable, and data service is provided by Cox Communications. Southwest Gas is providing natural gas service to the area. The Project will be served by Saddle Mountain Unified School District ("District"). An agreement has been signed with the District for the area within the Project, which contemplates the dedication of property for the construction of the elementary schools, one of which is under construction and the high school. The first high school site has been donated to the District.

#### **Residential Development**

Prior to construction of onsite and offsite improvements, all of the 3,375 lots described above were the subject of rolling lot option agreements with homebuilders that are parties to the rolling lot option agreements. The eight homebuilders currently building homes in the project are Canterra Homes, Elliott Homes, Hacienda Builders, Home Life Communities, Montalbano Homes, Pacific Century Homes, Pulte Homes and Trend Homes. As of June 22, 2007, 1,685 of the lots have been conveyed to the homebuilders with the remaining lots required to be purchased in specified takedowns ending in March 2009. As of July 31, 2007, the Town has issued approximately 902 building permits for lots in Tartesso West and approximately 500 completed houses are currently owned by homebuyers. Additionally, as of July 31, 2007, there are 44 completed model homes owned by the homebuilders with 8 additional model homes under construction.

#### **SOURCES AND APPLICATION OF FUNDS**

##### Sources

Par Amount of Bonds  
Total

##### Applications

Costs of Acquisition  
Costs of Issuance (including Underwriter's  
Discount)  
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 Limited Offering Memorandum, including the Appendices hereto. The relatively high interest rates borne by the Bonds (as compared to prevailing interest rates on bonds that have an investment grade rating) is intended to compensate the investor for such risks. 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 LIMITED OFFERING MEMORANDUM, BEFORE MAKING AN INVESTMENT DECISION.

### 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 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.

### Concentration of Control; Subsequent Transfer

There can be no assurance that the current owners of the land in the District to be developed with single family lots have the financial capability to complete development of lots or of houses on such lots. The single family lots owned by Stardust Tartesso are subject to rolling option lot agreements. There are no assurances with the homebuilders that are parties to the rolling option lot agreements will consummate the purchase of the remaining single family lots. In addition, there are no restrictions on the lot owners ability to sell such lots. There can be no assurance that they will be able to obtain the projected sales prices for any houses to be constructed on the lots. Accordingly, there can be no assurance as to when, or if, houses will actually be constructed, nor as to the ultimate fair market value of such houses. (It should be noted, however, that with the current development in the District and without any additional development a tax rate of \$3.00 per \$100 of secondary assessed valuation of taxable property within the boundaries of the District is expected to be sufficient alone to pay debt service starting in tax year 2007-2008. SEE "SECURITY FOR AND SOURCES OF PAYMENT - Ad Valorem Taxation in the District -- Property Valuations.")

**General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences**

Investments in developing real estate such as the 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 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 the Project, 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 such as "Growing Smarter" described below. (Any approvals needed in the future for the development must come from the Town and other governmental authorities, over which the District has no control.)

The residential development business, particularly with respect to communities such as the Project, 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 12 to 18 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") 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. See, however, the second to last sentence under the subheading "Concentration of Control; Subsequent Transfer."

Development requires obtaining a variety of governmental approvals and permits. Such approvals and permits are necessary to initiate construction and to allow the sale and occupancy of homes and to satisfy conditions included in the approvals and permits. There can be no assurance that all of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. For instance, "Growing Smarter" could be a factor in this regard. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results for the Owner.

During 1998, the Arizona Legislature promulgated the "Growing Smarter Act of 1998" and then in 2000 "Growing Smarter Plus" (collectively "Growing Smarter") which created new planning requirements throughout the State and provided stronger tools for local governments in their efforts to manage rapid development. Fast-growing communities like the Town must plan for growth areas and identify the means to provide necessary public services in the future. In addition to environmental and infrastructure elements, an analysis of available water is required. To pay for growth, communities are permitted to establish service area limits, beyond which new growth pays the full cost for services. Pursuant to Growing Smarter, the Town is required to submit its general plan to the voters for ratification. (The Town has not yet submitted a plan to the electorate but plans to do so within the next two years.) Every 10 years, voters will have the final say over general planning in their communities. It is unclear at this time how Growing Smarter will affect development activity in the State and particularly the Town and the District in the future.

#### 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." 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.

## Availability of Utilities

Wastewater Treatment. "Notices of Intent to Serve" from the Town to provide wastewater collection and treatment service and health certificates from the County are necessary conditions to the ability to final plat, construct and sell homes. Representatives of the Town have indicated that the process of expansion described under the heading "LAND DEVELOPMENT" is expected to provide sufficient capacity in the WRF to provide service to the remainder of Phases 1, 2, 3 and 4 of the Project. However, capacity is not guaranteed either as to amount or time of availability and, if, for instance, development of other land to be serviced by the WRF is accelerated or the scheduling for the Project is delayed, competing developments which are also to be serviced by the WRF could take capacity otherwise needed for the Project on a "first come first serve" basis, leaving the Project to wait for capacity in the subsequent expansions described hereinabove and delaying development of the Project.

There is currently no available capacity for the balance of Phases 2, 3 and 4 of the Project. Representatives of the Town have indicated that commitments for service are being monitored in a way that is intended to manage expectations about needs for capacity in the WRF. Future expansions of the WRF are presently planned to be funded as described hereinabove, but the entities described do not have any obligation at this time to fund construction costs (they just have a right to do so in order to receive service). The present wastewater development impact fees of the Town for capacity are significantly below the cost to design and construct future expansions and would be inadequate if relied on alone to provide for such expansions. Representatives of the Town have indicated that the Town has retained consultants necessary to prepare an updated impact fee study, which will result in the adoption of updated impact fees. There is a risk that capacity will not be available if service is provided without first requiring those persons to pay the cost of additional expansions which could delay development of the Project.

Water Service. As noted under "LAND DEVELOPMENT-Infrastructure Development," Certificates of Assured Water Supply have been obtained for the 3,375 platted single family lots located within Phase 1, but not for the remaining portion of Phase 1 or any portion of Phase 2, 3, or 4 of the Project. There can be no assurance that such Certificates will be obtained in the future for the remaining portion of Phase 1 or Phase 2, 3 or 4 of the Project. Failure to obtain such Certificates would adversely affect development of the Project.

## 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 the Series 2005 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 Taxation in the District."

#### Bankruptcy and Foreclosure Delays

The payment of the ad valorem taxes securing the Bonds and the ability of the District to foreclose the lien of delinquent unpaid ad valorem taxes may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of Arizona relating to judicial foreclosure. Although bankruptcy proceedings would not cause the ad valorem taxes securing the Bonds to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the principal of, and interest on, the Bonds.

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.

#### 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 Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

## **TAX EXEMPTION**

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continued compliance with certain restrictions, conditions and requirements by the District as described below, interest income on the Bonds 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 C attached hereto.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included 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.

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The District has certified that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which will be issued by the District in calendar year 2007, will not exceed \$10,000,000. Bond Counsel will rely on such certification with respect to its opinion on this matter.

### **BONDOWNERS' RISKS REGARDING LACK OF RATING**

*No credit rating for the Bonds has been sought nor is it anticipated that any such rating will be applied for. There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.*

### **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 C. (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 Stardust Tartesso by its counsel, Fennemore Craig, P.C., Phoenix, 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 RBC Dain Rauscher, Inc., doing business under the name RBC Capital Markets (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 "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 certain 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 its 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 Annual Reports will be filed by the District with each Nationally Recognized Municipal Securities Information Repository and the appropriate State Information Depository, if any, or with a Central Post Office. The Notices of Material Events will be filed by the District with the same entities as well as the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Reports or in the Notices of Material Events are set forth herein in Appendix F - "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 to each Nationally Recognized Securities Information Repository and the State Information Depository, if any, or to a Central Post office and the Municipal Securities Rulemaking Board. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

## **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 Stone & Youngberg, LLC, the Financial Advisor to the District, and have acted as underwriter's counsel to the Underwriter and the Financial Advisor in other transactions. Greenberg Traurig, LLP and Gust Rosenfeld P.L.C. have also acted as bond counsel and/or underwriter's counsel with respect to bonds issued by the Town and other overlapping political subdivisions.

The Underwriter and the Financial Advisor have underwritten or acted as financial advisor with respect to bonds issued by the Town and other overlapping political subdivisions.

This Limited Offering Memorandum has been approved,  
executed and delivered by the District.

TARTESSO WEST COMMUNITY FACILITIES  
DISTRICT

By /s/.....  
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 Highway 85. The Town, which was founded in 1888 and incorporated in 1929, encompasses approximately 112 square miles and sits at an elevation of 888 feet above sea level. The Town has approximately 650 square miles in the planning area. The following table illustrates population statistics for the Town, the County and the State.

Population Statistics  
Town of Buckeye, Maricopa County  
and the State of Arizona

<u>Years</u>	<u>Town of Buckeye</u>	<u>Maricopa County</u>	<u>State of Arizona</u>
2006*	31,745	3,792,675	6,305,210
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, 2006.

Source: Arizona Department of Economic Security, Population Statistics Unit, U.S. Department of Commerce, Bureau of the Census and Maricopa Association of Governments.

Transportation

State Highway 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 two-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. and Cox Communications Inc. In some areas of the Town water and/or sewer services are provided by private utility companies.

### **Economy**

The principal economic activity for the Town and outlying areas of the Town is agriculture. Part of the Town's agricultural production includes Pima cotton which is processed in local cotton gins and exported worldwide. 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. See below for certain historic employment information and a list of major employers located in and within close proximity of the Town.

**Area Unemployment Averages**

<u>Calendar Year</u>	<u>United States</u>	<u>State of Arizona</u>	<u>Maricopa County</u>	<u>Town of Buckeye</u>
2007	4.5% (a)	3.8% (b)	3.3% (b)	4.2% (b)
2006	4.6	4.1	3.5	4.5
2005	5.1	4.6	4.0	5.1
2004	5.5	4.9	4.4	5.6
2003	6.0	5.7	5.2	6.6
2002	5.8	6.1	5.6	7.1

(a) Through June 2007.

(b) Through May 2007.

Source: Arizona Department of Economic Security, Bureau of Statistical Information and Research Analysis, Labor Force Statistical Unit.

**Major Employers**

Town of Buckeye, Arizona and Surrounding Area

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Palo Verde Nuclear Plant	Energy Plant	2,500
Lewis Prison Complex	State Prison	1,400
Wal-Mart Distribution Center	Retail Warehouse	1,120
Liberty Elementary School District No. 25	Education	340
CMH Manufacturing dba Schult Homes, Inc.	Mobile Homes	315
Buckeye Elementary School District No. 33	Education	280
Buckeye Union High School District No. 201	Education	245
Town of Buckeye	Government	220
Juvenile Department of Corrections	Detainment Facility	180
Hickman's Egg Ranch	Agriculture	165

Source: 2006 Arizona Industrial Directory and 2006 Arizona Services Directory, publications of the Greater Phoenix Fact Book, the Greater Phoenix Chamber of Commerce, the Town of Buckeye and an individual employee survey.

**Non-Agricultural Wage and Salary Employment  
Maricopa County**

<u>Industry</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 (a)</u>
Mining and Construction	\$ 125,700	\$ 128,900	\$ 140,900	\$ 163,200	\$ 184,000	\$ 186,400
Manufacturing	135,000	128,300	129,000	133,100	136,700	135,500
Trade, Transportation, and Utilities	319,000	321,500	333,200	354,400	371,100	379,900
Information	39,100	37,200	34,300	33,000	32,600	31,300
Financial Activities	130,400	132,900	137,700	146,000	153,100	157,100
Professional and Business Services	250,300	255,600	270,800	293,400	317,400	330,500
Educational and Health Services	149,600	156,700	169,600	180,000	191,100	197,200
Leisure and Hospitality	150,500	152,900	158,300	166,600	176,800	186,800
Other Services	60,400	61,300	62,900	64,700	71,400	75,200
Government	197,100	200,600	204,500	208,800	213,300	223,100
<b>Total</b>	<b><u>\$1,557,100</u></b>	<b><u>\$1,575,900</u></b>	<b><u>\$1,641,200</u></b>	<b><u>\$1,743,200</u></b>	<b><u>\$1,847,500</u></b>	<b><u>\$1,903,000</u></b>

(a) Through May 2007.

Source: Arizona Department of Economic Security, Research Administration and the U.S. Department of Labor, Bureau of Labor Statistics.

**Town of Buckeye  
Sales Tax Collections**

<u>Budget Year</u>	<u>Amount</u>
2005-06	\$16,474,433
2004-05	8,402,231
2003-04	3,856,634
2002-03	2,486,828
2001-02	1,676,502

Source: Arizona Department of Revenue.

**Agriculture**

The Town includes and is surrounded by farmland on which a variety of agricultural products are grown and vacant desert. The main income crops grown within the Town and the surrounding area include cotton, vegetables, alfalfa, citrus and grains. While no figures are available for acreages or dollar amounts of individual crops grown within the Town, the following statistics show total cash receipts for the area encompassing the County.

**Maricopa County**  
**Cash Receipts from Agricultural Marketings**  
 (Total Crops and Livestock)  
 (\$ in 000's)

<u>Year</u>	<u>Total Receipts</u>
2005	\$1,078,263
2004	1,022,736
2003	871,419
2002	792,307
2001	851,969

Source: *Arizona Agricultural Statistics*, Arizona Crop and Livestock Reporting Service.

**Educational Facilities**

Elementary education is available through the Buckeye Elementary School District No. 33, Liberty Elementary School District No. 25, Palo Verde Elementary School District No. 49 and the Saddleback Unified School District No. 90 and high school education is available through Buckeye High School District No. 201 and Saddleback Unified School District No. 90. 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.

**Banking**

The financial needs of the Town are served by two banks. The following table illustrates the total dollars on deposit for Maricopa County for the fiscal year ending June 30 of each year.

**Maricopa County**  
**Bank Deposits**  
 (\$ in millions)

<u>Year</u>	<u>Amount</u>
2006	\$54,926
2005	51,138
2004	42,872
2003	38,776
2002	33,040

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)

<u>Calendar Year</u>	<u>Residential</u>	<u>Commercial &amp; Industrial</u>	<u>Other</u>	<u>Total</u>
2007(a)	\$ 85,504	\$ 621	\$ 8,826	\$ 94,951
2006	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
2003(b)	68,411	--	--	68,411
2002(b)	10,895	--	--	10,895
2001	N/R	N/R	N/R	N/R

---

N/R = No Report

- (a) Through March 2007.
- (b) Incomplete data - one or more months unavailable.

Source: Arizona Real Estate Center, 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 Starts

<u>Calendar Year</u>	<u>Housing Permits</u>
2007(a)	613
2006	2,582
2005(b)	4,219
2004	2,986
2003(b)	570
2002(b)	100
2001	N/R

---

N/R = No Report

- (a) Through March 2007.
- (b) Incomplete data - one or more months unavailable.

Source: Arizona Real Estate Center, 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

### 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 Limited Offering Memorandum.

**"Annual Debt Service Requirement"** means for any Fiscal Year, the Debt Service to be paid in such Fiscal Year with respect to the Bonds and any Parity Bonds for payment of principal of and interest on the Bonds and such Parity Bonds during such Fiscal Year, treating any Debt Service due on July 15 of any Fiscal Year as if due in the prior Fiscal Year.

**"Authorized Denomination"** means \$100,000 and integral multiples of \$5,000 in excess thereof in the case of Bonds owned by SMMPs or Qualified Investors; provided, however, that "Authorized Denomination" means \$5,000 and integral multiples thereof: (i) upon achievement of a rating on the Bonds from a Rating Agency of "AAA" or "AA," (ii) upon achievement of a rating on the Bonds from a Rating Agency of "A" or "BBB" and written approval of the District, (iii) if the Bonds have been defeased pursuant to the terms of the Indenture, or (iv) in conjunction with any mandatory sinking fund redemption of the Bonds pursuant to the Indenture.

**"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 the regulations and rulings promulgated 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

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 held to authorize the Bonds.

**"Debt Service"** means, with respect to the Bonds or Parity Bonds, as the case may be, (i) the principal of and interest and premium, if any, thereon 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 or Parity Bonds; and (iii) amounts due with regard to Rebate with respect to the Bonds or Parity Bonds; 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 or Parity 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.

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

**"Moody's"** means Moody's Investors 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.

**"Parity Bonds"** means other general obligation bonds of the Issuer, including the Prior Bonds, which are payable from ad valorem property tax collections on parity with the Bonds.

**"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 30 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

**"Prior Bonds"** means the Series 2005 Bonds.

**"Qualified Investor"** means a qualified institutional buyer, as such term is defined in Rule 144A of the Securities Act of 1933, as amended, or an accredited investor as defined in Rule 501 of Regulation D of the United States Securities Exchange Commission, who executes the Certificate of Qualified Investor set forth in Section 2.02 hereof.

**"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.

**"SMP"** means a "Sophisticated Municipal Market Professional", as such term is defined by the Municipal Securities Rulemaking Board ("MSRB") and without limiting the definition used by the MSRB, generally means a corporation, partnership, trust or other institution, other than a natural person, with total assets of at least \$100 million invested in municipal securities in the aggregate in its portfolio and/or under management and whom the Broker Dealer who is involved in the sale of the Bonds or beneficial interest therein has reasonable grounds to believe: (i) has timely access to available material facts pertaining to the Bonds, (ii) is capable of independently evaluating the investment risk and market value of the Bonds, and (iii) is making independent decisions about its ownership of the Bonds.

**"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 from the proceeds of the sale of the Bonds (i) accrued interest received on the date of delivery of each Series of Bonds to the initial purchaser, and (ii) 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 balance of the proceeds of the sale of the Bonds remaining after the deposit of the amounts described above to the Bond Fund. 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 June 1, 2009, 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 under-

taking 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 Town of Buckeye, 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.

**APPENDIX C**

**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 Tartesso West  
Community Facilities District

Re: Tartesso West Community Facilities District (Town of  
Buckeye, Arizona) District General Obligation Bonds,  
Series 2007

At your request we have examined the official proceedings leading to the issuance of \$\_\_\_\_\_ aggregate principal amount of District General Obligation Bonds, Series 2007, dated the date hereof, issued by Tartesso West 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, TARTESSO WEST CFD RESOLUTION NO. 06-....., passed and adopted by the District Board on \_\_\_\_\_, 2007 (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 bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. The bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

District Board of the Tartesso West  
Community Facilities District  
Page 3

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 property 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.

Bond Counsel

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APPENDIX D-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

TARTESSO WEST COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Tartesso West Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007

1. Please be advised that the undersigned is a Qualified Investor (as hereafter defined) and is purchasing, either directly or as beneficial owner in case the bonds are held by a securities depository, one of the captioned bonds (hereinafter referred to as the "Bonds"), such Bond, or beneficial interest therein, being in the original aggregate principal amount of \$....., bearing the number ..... Such purchase is for the account of the undersigned, for the purpose of investment and not with a present intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of October 1, 2006 (hereinafter referred to as the "Indenture") from the addressee District (hereinafter referred to as the "Issuer") to the addressee Trustee (or any successor thereto as provided in such Indenture, hereinafter referred to as the "Trustee") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Indenture, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bond to such transferee will be registered.

3. The undersigned acknowledges that it is one of the following:

(i) a bank as defined in Section 3(a)(2) of the Securities Act of 1933, or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act of 1933; investment company registered under the Investment Company Act of 1940 or a business development company as

defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; plan established and maintained by a state, its political subdivision, or any agency or instrumentality of a state or its political subdivision, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(iii) an organization described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of \$5,000,000;

(iv) a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds \$1,000,000 and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth;

(v) a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with the person's spouse in excess of \$300,000 in each of those years and who reasonably expects reaching the same income level the current year and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth; or

(vi) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraph (i), (ii), (iii), (iv) or (v) above.

Collectively, the purchasers meeting one or more of the criteria set forth above shall be referred to as a "Qualified Investor."

4. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws with respect to any transfer of the Bond or an interest therein, and agrees to hold the Issuer and the Town of Buckeye, Arizona (hereinafter referred to as the "Town") harmless for, from and against any and all liabilities claims, damages or losses resulting directly or indirectly from such failure to comply.

5. The undersigned acknowledges that the undersigned has had an opportunity to obtain and has obtained all information necessary and has independently evaluated the factors associated with its investment decision and after such evaluation, the undersigned under-

stood and knew that investment in the Bonds involved certain risks, including but not limited to, limited security and source for payment of the Bonds, the status of development and its impact on taxation for payment of the Bonds, the possible transfer of land by the owners of land in the District, failure or inability of owners to complete proposed development of such land, bankruptcy and foreclosure delays, and the probable lack of any secondary market for the Bonds. The undersigned acknowledges that it is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The undersigned is not relying on the Issuer or the Town in making its decision to purchase the Bonds and agrees that the Town is not obligated in any manner for the issuance or payment of the Bonds.

6. The undersigned understands that the Bonds (i) are not being registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions set forth in that Act, (ii) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) will not be listed on any stock or other securities exchange, (iv) will not carry any bond rating from any rating service, and (v) are not likely to be readily marketable.

7. The undersigned acknowledges that the Issuer and the Town, their respective officers, directors, council members, advisors, employees and agents of either of the foregoing, have not undertaken to furnish, nor has the undersigned requested, any other information, or to ascertain the accuracy or completeness of any other information that may have been furnished by any other party.

.....  
[PURCHASER]

By.....

Printed Name:.....

Title:.....

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APPENDIX D-2

FORM OF INVESTOR LETTER (SMMP)

.....

TARTESSO WEST COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Tartesso West Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007

1. Please be advised that the undersigned is purchasing one of the captioned bonds or an interest therein (hereinafter referred to as the "Bonds"), such Bond being in the original aggregate principal amount of \$....., bearing the number ..... Such purchase is solely for the account of the undersigned or for accounts managed by the undersigned, for the purpose of investment and not with an intent for distribution or resale.

2. The undersigned acknowledges that it is a "Qualified Institutional Buyer" as such term is defined in Rule 144A of the Securities Act of 1933, as amended, with total assets of at least \$100 million invested in municipal securities in the aggregate in its portfolio and/or under management.

3. In the event that the undersigned transfers such Bond or any part thereof, the undersigned agrees that such transfer shall be through a "broker," or to a "dealer" or "municipal securities dealer," as those terms are defined in the Securities Exchange Act of 1934.

4. The undersigned acknowledges that it received the Limited Offering Memorandum dated ....., 2007, related to the Bonds.

5. The undersigned understands that: (i) the Bonds are not being registered under the Securities Act of 1933, as amended, (ii) the Bonds are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) any transfer of the Bonds must comply with federal and state securities laws, (iv) the broker or dealer must sell the Bonds, or interests therein, to sophisticated municipal market professionals, (v) the Bonds will not be listed on any stock or other securities exchange, and (vi) the Bonds will not carry any bond rating from any rating service.

6. The undersigned had access to all information regarding the Bonds and the Issuer that the undersigned deemed material in connection with its evaluation of and decision to purchase the Bonds. The undersigned acknowledges that the undersigned has not requested and neither the Issuer or the Town of Buckeye, Arizona, nor their respective officials, officers, directors, council members, advisors, employees and agents have undertaken to furnish information to the undersigned from any third party in connection with investment in the Bonds.

7. This letter and all rights and responsibilities described in it shall be governed by, and interpreted in accordance with, the laws of the State of Arizona. The federal and state courts of the State of Arizona shall have sole and exclusive jurisdiction over any dispute arising from the purchase and sale of the Bonds.

.....  
[PURCHASER]

By.....

Printed Name:.....

Title:.....

## APPENDIX E

### 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 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 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 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](http://www.dtcc.com).

Purchase of the Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or

Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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 Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Bonds will be printed and delivered.

Under DTC's rules, DTC now advises that upon receipt of a withdrawal request from an issuer, such as the District, DTC will take the following actions: (1) DTC will issue an Important Notice notifying its participants of the receipt of a withdrawal request from the issuer reminding participants that they may utilize DTC's withdrawal procedures if they wish to withdraw their securities from DTC; and (2) DTC will process withdrawal requests submitted by participants in the ordinary course of business, but will not effectuate withdrawals based upon a request from the issuer.

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**APPENDIX F**

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

CONTINUING DISCLOSURE UNDERTAKING  
(DISTRICT)

§ \_\_\_\_\_  
TARTESSO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)  
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007  
  
(CUSIP BASE NUMBER .....)

This Undertaking is executed and delivered by Tartesso West 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 resolutions authorizing the issuance of the Securities and the Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank, N.A. with respect to the Securities.

"Central Post Office" shall mean an entity then recognized by the Securities and Exchange Commission as eligible to receive filings and submit such filings to the Repositories for purposes of the Rule. As of the date of this Disclosure Undertaking, the Central Post Office is:

DisclosureUSA  
P.O. Box 684667  
Austin, Texas 78768-4667  
Fax: (512) 476-6403  
<http://www.disclosureUSA.org>

"Dissemination Agent" shall mean any agent which has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

"Listed Events" shall mean any of the events listed in Section 3(a).

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule **at the time any information is provided as required by this Undertaking. (The Issuer shall contact the Securities and Exchange Commission to determine the National Repositories existing at such time.)** Currently, the following are National Repositories:

Bloomberg Municipal Repository  
100 Business Park Drive  
Skillman, NJ 08558  
Phone: (609) 279-3225  
Fax: (609) 279-5962  
E-mail: munis@bloomberg.com

Standard & Poor's Securities Evaluations Inc.  
55 Water Street, 45th Floor  
New York, NY 10041  
Phone: (212) 438-4595  
Fax: (212) 438-3975  
E-mail: nrmsir\_repository@sandp.com

DPC Data Inc.  
One Executive Drive  
Fort Lee, NJ 07024  
Phone: (201) 346-0701  
Fax: (201) 947-0107  
E-mail: nrmsir@dpcdata.com

FT Interactive Data  
Attn: NRMSIR  
100 William Street  
New York, NY 10038  
Phone: (212) 771-6999  
Fax: (212) 771-7390  
E-mail: nrmsir@interactivedata.com

***The names and addresses of the then-current National Repositories should be verified each time information is delivered pursuant to this Undertaking. (A current listing of the National Repositories can be found at <http://www.sec.gov/info/municipal/nrmsir.htm>.)***

"Notice of Material Event" shall mean any notice provided by the Issuer pursuant to, and as described in, Section 3.

"Repository" shall mean each National Repository and each State Repository.

"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.

"State Repository" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as a state repository for purposes of the Rule **at the time any information is provided as required by this Undertaking.** **(The Issuer shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.)** Currently, no State Repositories exist for the State of Arizona. **The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.**

"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, 2008, PROVIDE TO EACH REPOSITORY 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 TO EACH REPOSITORY AND TO THE MUNICIPAL SECURITIES RULEMAKING BOARD 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 Limited Offering Memorandum, dated \_\_\_\_\_, 2007, 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 to each Repository.**

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 WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY.**

Section 4. Alternate Means of Disclosure. Notwithstanding the provisions hereof requiring that the Issuer file the Annual Reports, the Notices of Material Events and certain other notices with each of the Repositories, for so long as there is a Central Post Office, the Issuer may instead comply with the provisions of this Undertaking by filing the Annual Reports and such notices with a Central Post Office.

Section 5. 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 TO EACH REPOSITORY 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 6. 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 7. 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 8. 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 9. 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 10. 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]

TARTESSO WEST COMMUNITY FACILITIES  
DISTRICT

By.....  
Chairman, District Board

*GUST  
ROSENFELD*  
ATTORNEYS SINCE 1921 P.L.C.

■ 201 E. WASHINGTON, SUITE 800 ■ PHOENIX, ARIZONA 85004-2327 ■ TELEPHONE 602-257-7422 ■ FACSIMILE 602-254-4878 ■

October 3, 2007

District Board  
Tartesso West Community Facilities District  
(Town of Buckeye,  
Arizona)

Re: Tartesso West Community Facilities District (Town of Buckeye,  
Arizona) District General Obligation Bonds, Series 2007

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of \$8,750,000 aggregate principal amount of District General Obligation Bonds, Series 2007, dated October 3, 2007, issued by the Tartesso West 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. 03-07, passed and adopted by the District Board on July 17, 2007 (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

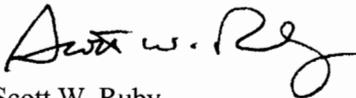
money from other sources lawfully available therefor, to pay the principal of and interest on the bonds when due.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. The bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the bonds and the enforceability of those rights and the rights and obligations of the District with respect to the 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  
Bond Counsel

*GUST  
ROSENFELD*  
ATTORNEYS SINCE 1921 P.L.C.

■ 201 E. WASHINGTON, SUITE 800 ■ PHOENIX, ARIZONA 85004-2327 ■ TELEPHONE 602-257-7422 ■ FACSIMILE 602-254-4878 ■

SCOTT W. RUBY  
602.257.7432  
FAX: 602.340.1538  
swruby@gustlaw.com

October 3, 2007

RBC Dain Rauscher Inc., doing business  
under the name RBC Capital Markets  
2398 E. Camelback Road  
Suite 700  
Phoenix, Arizona 85016

Re: \$8,750,000 Tartesso West Community Facilities District  
(Town of Buckeye, Arizona) District  
General Obligation Bonds, Series 2007

We have acted as bond counsel to Tartesso West 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 2007, in the aggregate principal amount of \$8,750,000 (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 October 1, 2007 (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 a resolution authorizing issuance of, and certain other matters related to, the Bonds adopted by the District Board of the Issuer on July 17, 2007 (hereinafter referred to as the "*Resolution*"); (ii) are the subject of an Limited Offering Memorandum dated September 13, 2007 (hereinafter referred to as the "*Limited Offering Memorandum*"); and (iii) are being sold pursuant to a Purchase Contract dated September 13, 2007 (hereinafter referred to as the "*Purchase Contract*"), by and between the Issuer and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (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 Limited Offering Memorandum;
- (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 Letter of Representations dated even date herewith (hereinafter referred to as the "*Letter of Representations*") by and among the Issuer, the Trustee and 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;

(vii) An executed copy of a Dissemination Agency Agreement, dated as of October 1, 2007 (hereinafter referred to as the "*Agreement*" 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 Dain Rauscher Inc., doing business under the name RBC Capital Markets;

(ix) Such other agreements, certificates (including particularly, but not by way of limitation, a certificate of Owner, 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 Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum, dated (hereinafter referred to as the "*Preliminary Limited Offering Memorandum*") with respect to the Bonds, and (d) to carry out and consummate the transactions contemplated by the Limited Offering Memorandum, 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 Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum) 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 Limited Offering Memorandum.

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 Limited Offering Memorandum, 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 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 September 25, 2007 and October 1, 2007 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 Limited Offering Memorandum, 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 Limited Offering Memorandum) or (iii) contesting in any way the completeness or accuracy of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum. 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 Limited Offering Memorandum, the Bond Resolution, the District Documents or the Bonds.

7. The information contained in the Limited Offering Memorandum in the tax caption on the cover thereof, under the headings "THE DISTRICT", "THE BONDS" "SECURITY FOR AND SOURCES OF PAYMENT" (except the information under the subheading "Ad Valorem Taxation in the District"), "OVERLAPPING, ADDITIONAL, AND ADDITIONAL OVERLAPPING INDEBTEDNESS" (but only the information under the subheading "Additional General Obligation Bonded Indebtedness of the District"), "LITIGATION", "TAX EXEMPTION," "QUALIFIED TAX-EXEMPT OBLIGATIONS" and "CONTINUING

DISCLOSURE" (except as it relates to compliance with prior undertakings) therein and in Appendix B -- "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," Appendix C - "FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL" and Appendix F - "FORM OF CONTINUING DISCLOSURE UNDERTAKINGS" thereto does not contain any untrue statement of a material fact and does not omit any material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading insofar as such information purports to summarize certain provisions of federal or state law or of the Bonds and fairly summarizes the information which it purports to summarize. With regard to the other portions of the Limited Offering Memorandum, on the basis of our participation as bond counsel, nothing has come to our attention to lead us to believe that the Limited Offering Memorandum (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.

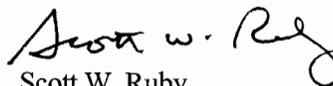
8. It is not necessary in connection with the issuance and sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution or the Indenture under the Trust Indenture Act of 1939, as amended.

9. The sale of the Bonds pursuant to the terms described in the Limited Offering Memorandum 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  
For the Firm

# Greenberg Traurig

October 3, 2007

RBC Dain Rauscher Inc., doing  
business under the name  
RBC Capital Markets  
Suite 700  
2398 East Camelback Road  
Phoenix, Arizona 85016

Re: Tartesso West Community Facilities District (Town of  
Buckeye, Arizona) District General Obligation Bonds,  
Series 2007

This opinion is rendered pursuant to the Purchase Contract, dated September 13, 2007 (hereinafter referred to as the "Purchase Contract"), by and between the Tartesso West Community Facilities District (hereinafter referred to as the "District") and RBC Dain Rauscher, Inc., doing business under the name RBC Capital Markets (the "Underwriter"), relating to the purchase by the Underwriter from the District of its \$8,750,000 principal amount of District General Obligation Bonds, Series 2007 (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 Limited Offering Memorandum relating to the Bonds, dated as of even date with the Purchase Contract (hereinafter referred to as the "Limited Offering Memorandum"). 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 Limited Offering Memorandum including the aforesaid examination. That assistance involved,

ALBANY  
AMSTERDAM  
ATLANTA  
BOCA RATON  
BOSTON  
BRUSSELS\*  
CHICAGO  
DALLAS  
DELAWARE  
DENVER  
FORT LAUDERDALE  
HOUSTON  
LAS VEGAS  
LONDON\*  
LOS ANGELES  
MIAMI  
MILAN\*  
NEW JERSEY  
NEW YORK  
ORANGE COUNTY  
ORLANDO  
PHILADELPHIA  
PHOENIX  
ROME\*  
SACRAMENTO  
SILICON VALLEY  
TALLAHASSEE  
TAMPA  
TOKYO\*  
TYSONS CORNER  
WASHINGTON, D.C.  
WEST PALM BEACH  
ZURICH

\*Strategic Alliance  
Tokyo-Office/Strategic Alliance

among other things, inquiries concerning various legal and related matters, our review of certain corporate records, documents and proceedings, and our participation in discussions with your representatives and other persons involved in the preparation of information for the Limited Offering Memorandum and representatives of the District, concerning the contents of the Limited Offering Memorandum 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 Limited Offering Memorandum, 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 Limited Offering Memorandum, 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 Limited Offering Memorandum, in light of the circumstances under which they were made, not misleading. Reference in this paragraph to the Limited Offering Memorandum does not include the information included in the Limited Offering Memorandum under the headings "LAND DEVELOPMENT," the financial information or other technical or statistical data included in the Limited Offering Memorandum or the information included in the Appendices to the Limited Offering Memorandum, as to all of which we express no opinion.

Respectfully submitted,

*Greenberg Traurig, LLP*

PHX 327968920v1 10/2/2007

# FENNEMORE CRAIG, P.C.

3003 North Central Avenue, Suite 2600  
Phoenix, Arizona 85012-2913  
(602) 916-5000

## Law Offices

Phoenix (602) 916-5000  
Tucson (520) 879-6800  
Nogales (520) 281-3480  
Las Vegas (702) 692-8000  
Denver (303) 291-3200

October 3, 2007

RBC Capital Markets  
Suite 700  
2398 East Camelback Road  
Phoenix, Arizona 85016

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

Re: \$8,750,000 Tartesso West Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007 ("Bonds")

We have acted as counsel to Stardust-Tartesso W12, Inc., an Arizona corporation ("Owner"), 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 September 5, 2007 ("Purchase Contract"), by and between RBC Dain Rauscher, Inc., doing business under the name RBC Capital Markets ("Underwriter"), and Tartesso West Community Facilities District ("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. Purchase Contract dated September 13, 2007 executed by the District and Underwriter;
2. Limited Offering Memorandum dated September 13, 2007 ("Limited Offering Memorandum"), of the District;
3. Property Owner Indemnity Letter executed by Owner for the benefit of the District and Underwriter ("Indemnity Agreement");
4. Articles of Incorporation of Stardust-Tartesso W12, Inc. dated September 26, 2003 and filed in the Office of the Arizona Corporation Commission on September 29, 2003;
5. Bylaws of Stardust-Tartesso W12, Inc. adopted September 29, 2003, as amended by First Amendment to Bylaws of Stardust-Tartesso W12, Inc. adopted March 1, 2007;

# FENNEMORE CRAIG, P.C.

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Tartesso West Community Facilities District  
October 3, 2007  
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6. Certificate of Good Standing of Owner, issued by the Arizona Corporation Commission on September 28, 2007; and

7. Closing Certificate of Stardust-Tartesso W12, Inc. dated September 19, 2007 executed by Owner in favor of this firm for our reliance in preparing this opinion.

The documents listed in paragraphs 1 through 3 above are sometimes hereinafter referred to collectively as the "Documents". The documents listed in paragraphs 4 through 6 above are sometimes hereinafter referred to collectively as the "Organizational Documents".

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures not witnessed, and that each natural person executing the documents has sufficient legal competency to do so;

(b) The authenticity of all documents submitted to us as copies, and the conformity to authentic original documents of all documents submitted to us as copies;

(c) The Indemnity Agreement 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 Indemnity Agreement; and

(d) That all of the parties to the Documents (other than the Owner) have obtained all necessary consents, authorizations, approvals, permits or certificates (governmental and otherwise) which are required as a condition to the execution and delivery of the Documents by such parties and to the consummation of the transactions contemplated by the Documents by such parties.

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

1. Owner is a corporation duly incorporated and validly existing under the laws of the State of Arizona.

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

3. Owner has the requisite corporate power and corporate authority under the laws of the State of Arizona to execute and deliver the Indemnity Agreement and carry out the terms and conditions applicable to it under, and consummate all transactions contemplated by, the Indemnity Agreement; (ii) to own and operate its properties and assets as described in the Limited Offering Memorandum and (iii) to carry out its business as such business is currently being conducted as described in the Limited Offering Memorandum.

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Tartesso West Community Facilities District  
October 3, 2007  
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4. The execution, delivery and performance of the Indemnity Agreement by Owner have been duly authorized by all necessary corporate action on the part of Owner, and the Indemnity Agreement has been duly executed and delivered by Owner.

5. The Indemnity Agreement constitutes the legal, valid and binding obligation of Owner, enforceable against Owner in accordance with its terms.

6. The execution and delivery of the Indemnity Agreement by Owner, and the performance of Owner's 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 Indemnity Agreement will not conflict with or result in a violation of any contract, indenture, instrument or other agreement to which Owner 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 Owner of the Indemnity Agreement.

9. To our actual knowledge, Owner is not 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 Owner.

10. To our actual knowledge, there are no legal or governmental actions, proceedings, inquiries or investigations pending or overtly threatened by any governmental authorities or to which Owner is a party or of which any property of Owner is subject, except as described in the Limited Offering Memorandum.

To our actual knowledge, the information contained in the Limited Offering Memorandum under the headings "LAND DEVELOPMENT," "Infrastructure Development," "Residential Development," and "RISK FACTORS", taken as a whole, but only to the extent such information is applicable to the Owner or the Project, 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.

The opinions set forth above are subject to the following qualifications and limitations:

(i) Enforceability of the Indemnity Agreement 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 Indemnity Agreement may be restricted by the doctrines of waiver, estoppel, election of remedies or commercial reasonableness, the implied covenant of good faith and fair dealing or by the application of other equitable principles, whether remedies are sought in equity or at law;

# FENNEMORE CRAIG, P.C.

RBC Capital Markets  
Tartesso West Community Facilities District  
October 3, 2007  
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(iii) Enforceability of the Indemnity Agreement is further subject to the qualification that certain waivers, procedures, remedies, indemnities and other provisions of the Indemnity Agreement 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 Indemnity Agreement if the other parties thereto act in good faith and in a commercially reasonable manner in accordance with the requirements of applicable law, except for the economic consequences of any procedural delays;

(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;

(v) We are expressing no opinion as to the enforceability of any indemnity or contribution provision with respect to any claims or other matters relating to or arising under federal or state securities laws, to the extent they are held to violate public policy;

(vi) We are expressing no opinion as to the compliance of the Indemnity Agreement or the offer and sale of the Bonds with any securities law or regulation;

(vii) We express no opinion as to any environmental, zoning or land use planning laws, statutes, ordinances or regulations;

(viii) The phrase "our actual knowledge" means knowledge of those attorneys in this firm who worked on the Bond sale based on a review of the documents listed above, but without any other or further investigation or review of any files of the firm or of the books and records of Owner or of any public agency; and

(ix) We have made no examination of and express no opinion as to the status of title to any of the real property, personal property, or other improvements referenced in the Limited Offering Memorandum.

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. Further, nothing in this opinion letter is intended to create any obligation, undertaking or responsibility to file or record any documents, prepare or file any amendments or modifications, or take any other steps or actions whatsoever after the date of this opinion letter.

# FENNEMORE CRAIG, P.C.

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Tartesso West Community Facilities District  
October 3, 2007  
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This opinion is being furnished to you solely for your benefit and only with respect to the captioned Bonds. Accordingly, it may not be filed with or furnished or delivered to or quoted in or referred to in any financial statement, report or related document, or relied upon, in whole or in part, other than by the above identified parties for any other purpose or relied upon by any other person, firm or corporation, for any purpose without, in each instance, our prior written consent.

Very truly yours,

FENNEMORE CRAIG, P.C.

*Fennemore Craig, P.C.*  
*gsm*

JSK/djh  
1936688.6

**PETITION FOR FORMATION  
AND  
PETITION FOR ADOPTION OF RESOLUTIONS  
ORDERING AND DECLARING  
FORMATION OF  
TARTESSO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)**

STATE OF ARIZONA            )  
COUNTY OF MARICOPA       )  
TOWN OF BUCKEYE            )

The undersigned owners of all of the land (hereinafter collectively referred to as the "*Petitioner*"), hereinafter described by metes and bounds, acting pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Act*"), respectfully petitions the Honorable Town Council of the Town of Buckeye, Arizona (hereinafter referred to as the "*Town*"), to adopt such resolutions (hereinafter referred to as the "*Resolutions*") as may be necessary to declare its intent to form and order the formation of a tax levying community facilities district (hereinafter referred to as the "*District*") and would respectfully request the proceedings to provide for the following:

A.     The name of the District is to be "***TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)***",

B.     The District is to be formed, and shall exist, pursuant to the terms and provisions of the Act,

C.     The District is to contain an area of approximately 5,396 acres of land, more or less, wholly within the corporate boundaries of the Town and is to be composed of the land described by metes and bounds in *Exhibit A* hereto, which is made a part hereof for all purposes,

D.     The District is to be a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes, as amended; is, except as otherwise provided in the Act, to be considered a municipal corporation and political subdivision of the State of Arizona, separate and apart from the Town, and is to be formed for, and to have, all the purposes and powers of a "District" as such term is defined, and as provided, in the Act,

E.     Public convenience and necessity require the adoption of the Resolutions.

NOW THEREFORE, the Petitioner represents, attests and declares that:

1. On the date hereof, as shown on the assessment roll for State and county taxes in Maricopa County, Arizona, all of the land to be in the District, as described in Exhibit A hereto and depicted on the map attached hereto as Exhibit B which is made a part hereof, is owned by Petitioner or, if a person listed on such assessment roll is no longer the owner of the land in the District, that the name of the successor owner has become known and has been verified by recorded deed or other similar evidence of transfer of ownership to be Petitioner and that there are no resident electors on the land to be in the District; and

2. Attached hereto as Exhibit C and made a part hereof, is a certificate of the Tax Assessor of Maricopa County stating who are the owners of the land in the proposed District and listing the tax parcel numbers for the parcels of real property affected by or included within the boundaries of the District; and

3. Attached hereto as Exhibit D and made a part hereof, is a certificate of the Maricopa County Recorder stating who are qualified electors residing on the land in the proposed District; and

4. Based on its own knowledge and the information contained in Exhibits C and D hereto, the Petitioner is the sole owner of the real property described in Exhibit A; no other person having any interest in such real property has filed a written request for copies of any notices under the Act; and there are no qualified electors residing on such real property; and

5. The land to be included in the District: (i) consists of approximately 5,396 acres; (ii) lies wholly within the corporate limits of the Town; and (iii) shall be benefited from the improvements for which the District is proposed to be formed; and

6. This Petition is signed (either as a single document or in counterparts) by the owners of all the land to be in the District, any requirements of posting, publication, mailing, notice, hearing and landowner election otherwise required by the Act in connection with the formation of the District and the adoption of the Resolutions are waived, and the Town may, and is hereby requested to, on receipt of this Petition, declare the District formed without being required to comply with such provisions for posting, publication, mailing, notice, hearing or landowner election; and

7. A "general plan" (as such term is defined in the Act) for the proposed District has been filed with the Town Clerk setting out a general description of the proposed public infrastructure improvements for which the District is proposed to be formed and the general areas to be improved.

**FURTHER**, Petitioner requests that this Petition be properly filed as provided by law; that the Town adopt the Resolutions required to declare and order the District formed without being required to comply with the provisions for posting, publication, mailing, notice, hearing and landowner election otherwise required by the Act in connection with the Resolutions; and that such other orders, acts, procedures and relief as are proper, necessary and appropriate to the purposes of organizing the District and to the execution of the purposes for which the District shall be organized be granted as the Honorable Town Council shall deem proper and necessary.

Submitted and effective this 20<sup>th</sup> day of September, 2004.

**BIF - BUCKEYE LLC**

By C. H. Heeter  
Its Manager

**STARDUST STRUCTURED INVESTMENTS  
NO. 4 LLC**

By C. H. Heeter  
Its Manager

**SUN VALLEY PARTNERS LLC**

By C. H. Heeter  
Its Manager

**CHERRY PROPERTIES LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

**REX MAUGHAN and RUTH MAUGHAN,  
Husband and wife**

**STARDUST - TARTESSO W12 INC.**

\_\_\_\_\_  
\_\_\_\_\_

By C. H. Heeter  
Its President

**GILLIGAN SUN VALLEY, LLC**

**JPC SUN VALLEY, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**WLAD SUN VALLEY, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF ARIZONA  
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 24 day of Sept., 2004, by Chris Heeter, Manager of BIF-Buckeye, L.L.C., on behalf of the company.

My commission expires Nov. 7, 2006



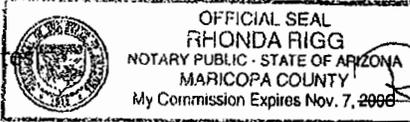
Rhonda Rigg  
Notary Public

STATE OF ARIZONA  
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 24 day of Sept, 2004, by Chris Heeter, Manager of Stardust Structured Investments No. 4, L.L.C., on behalf of the company.

My commission expires:

NOV. 7, 2006



Rhonda Rigg  
Notary Public

STATE OF ARIZONA  
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 24 day of Sept, 2004, by Chris Heeter, Manager of Sun Valley Partners, L.L.C., on behalf of the company.

My commission expires:

NOV. 7, 2006



Rhonda Rigg  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of Cherry Properties, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by Rex Maughan and Ruth Maughan, husband and wife.

My commission expires:

\_\_\_\_\_

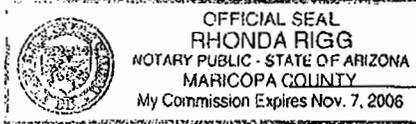
\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 24 day of Sept., 2004, by Chris Heeter, President of Stardust - Tartesso W12, Inc., on behalf of the corporation.

My commission expires:

Nov. 7, 2006



Rhonda Rigg  
Notary Public

-----  
STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of Gilligan Sun Valley, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

-----  
STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of JPC Sun Valley, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

-----  
STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of WLAD Sun Valley, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

Submitted and effective this \_\_\_\_ day of September, 2004.

**BIF - BUCKEYE LLC**

**STARDUST STRUCTURED INVESTMENTS  
NO. 4 LLC**

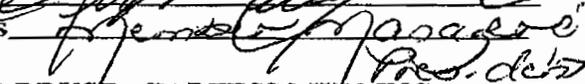
By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**SUN VALLEY PARTNERS LLC**

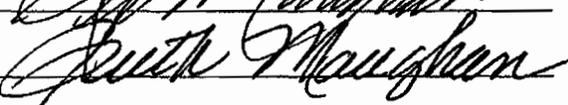
**CHERRY PROPERTIES LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By   
Its  *Pres. debt*

**REX MAUGHAN and RUTH MAUGHAN,  
Husband and wife**

**STARDUST - TARTESSO W12 INC.**

By \_\_\_\_\_  
Its \_\_\_\_\_

**GILLIGAN SUN VALLEY, LLC**

**JPC SUN VALLEY, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**WLAD SUN VALLEY, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

-----  
STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_, \_\_\_\_\_ of BIF-Buckeye, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

-----

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of Stardust Structured Investments No. 4, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of Sun Valley Partners, L.L.C., on behalf of the company.

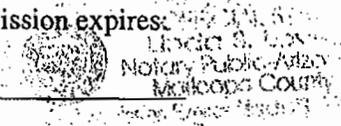
My commission expires:

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 1st day of October, 2004, by Rex Maughan, Manager & President of Cherry Properties, L.L.C., on behalf of the company.

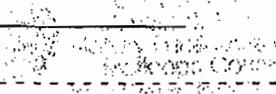
My commission expires:

\_\_\_\_\_  
  
Linda S. Lax  
Notary Public

STATE OF ARIZONA  
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 1st day of October, 2004, by Rex Maughan and Ruth Maughan, husband and wife.

My commission expires:

\_\_\_\_\_  
  
Linda S. Lax  
Notary Public

Submitted and effective this \_\_\_\_ day of September, 2004.

**BIF - BUCKEYE LLC**

**STARDUST STRUCTURED INVESTMENTS  
NO. 4 LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**SUN VALLEY PARTNERS LLC**

**CHERRY PROPERTIES LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**REX MAUGHAN and RUTH MAUGHAN,  
Husband and wife**

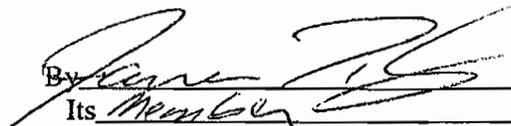
**STARDUST - TARTESSO W12 INC.**

\_\_\_\_\_  
\_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**GILLIGAN SUN VALLEY, LLC**

**JPC SUN VALLEY, LLC**

By   
Its Member

By \_\_\_\_\_  
Its \_\_\_\_\_

**WLAD SUN VALLEY, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

-----  
STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_, \_\_\_\_\_ of BIF-Buckeye, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of Stardust – Tartesso W12, Inc., on behalf of the corporation.

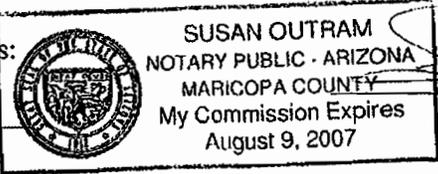
My commission expires:

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF MARICOPA

The foregoing instrument was acknowledged before me this 27 day of Sept, 2004, by James P. Gilligan of Gilligan Sun Valley, L.L.C., on behalf of the company.

My commission expires:

8-9-07  
 \_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of JPC Sun Valley, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of WLAD Sun Valley, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_  
Notary Public

Submitted and effective this \_\_\_\_ day of September, 2004.

**BIF - BUCKEYE LLC**

**STARDUST STRUCTURED INVESTMENTS  
NO. 4 LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**SUN VALLEY PARTNERS LLC**

**CHERRY PROPERTIES LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**REX MAUGHAN and RUTH MAUGHAN,  
Husband and wife**

**STARDUST - TARTESSO W12 INC.**

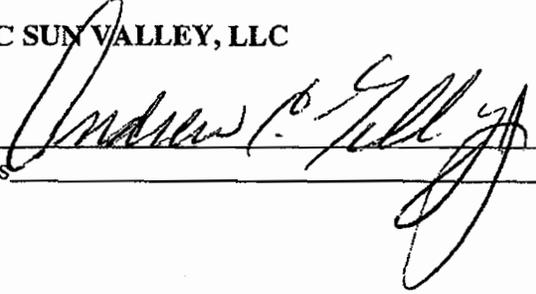
\_\_\_\_\_  
\_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**GILLIGAN SUN VALLEY, LLC**

**JPC SUN VALLEY, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By   
Its \_\_\_\_\_

**WLAD SUN VALLEY, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

-----  
STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of BIF-Buckeye, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

-----

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of San Diego } ss.

On 9-29-2004 before me, Michael Landau Harrison  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")  
personally appeared Andrew C. Gilligan Jr.  
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.  
[Signature]  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_



Submitted and effective this \_\_\_\_ day of September, 2004.

**BIF - BUCKEYE LLC**

**STARDUST STRUCTURED INVESTMENTS  
NO. 4 LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**SUN VALLEY PARTNERS LLC**

**CHERRY PROPERTIES LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**REX MAUGHAN and RUTH MAUGHAN,**  
Husband and wife

**STARDUST - TARTESSO W12 INC.**

\_\_\_\_\_  
\_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**GILLIGAN SUN VALLEY, LLC**

**JPC SUN VALLEY, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**WLAD SUN VALLEY, LLC**

By *John A. Sullivan*  
Its *Manager*

-----  
STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of BIF-Buckeye, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

-----

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of Stardust - Tartesso W12, Inc., on behalf of the corporation.

My commission expires:

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of Gilligan Sun Valley, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of JPC Sun Valley, L.L.C., on behalf of the company.

My commission expires:

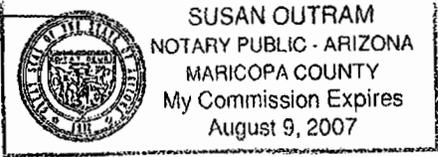
\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF MARICOPA

The foregoing instrument was acknowledged before me this 27 day of Sept, 2004, by JOHN A. Gilligan of WLAD Sun Valley, L.L.C., on behalf of the company.

My commission expires:

8-9-07  
\_\_\_\_\_  
Notary Public



## LEGAL DESCRIPTION

### TOWNSHIP 2 NORTH – RANGE 4 WEST

#### SECTION 18

A portion of the Southwest quarter of Section 18, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at a 3 1/2" G.L.O. brass cap, found at the Southwest corner of said Section 18;

thence North 00 degrees 20 minutes 38 seconds East, along the West line of the Southwest quarter of said Section 18, a distance of 685.26 feet;

thence South 58 degrees 48 minutes 35 seconds East, a distance of 595.04 feet to a point of curvature, concave Northeasterly, whose radius is 2600.00 feet;

thence Southeasterly, along said curve to the left, through a central angle of 31 degrees 13 minutes 45 seconds, an arc distance of 1417.13 feet, to a point on the South line of the Southwest quarter of said Section 18;

thence South 89 degrees 57 minutes 40 seconds West, along the South line of the Southwest quarter of said Section 18, a distance of 1861.39 feet to a 3 1/2" G.L.O. brass cap, and the TRUE POINT OF BEGINNING.

#### SECTION 19

All of Section 19, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

#### SECTION 20

The Southeast quarter of the Northwest quarter and the Southwest quarter of the Southwest quarter of Section 20, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

#### SECTION 29

The North half and the Southwest quarter of Section 29, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

#### SECTION 30

All of Section 30, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 31

The Northeast quarter of Section 31, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

TOWNSHIP 2 NORTH – RANGE 5 WEST

SECTION 11

The East half; and the East half of the West half of Section 11, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 12

All of Section 12, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 13

All of Section 13, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 14

The East half of Section 14, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 24

The East half of Section 24, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 25

The East half of Section 25, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

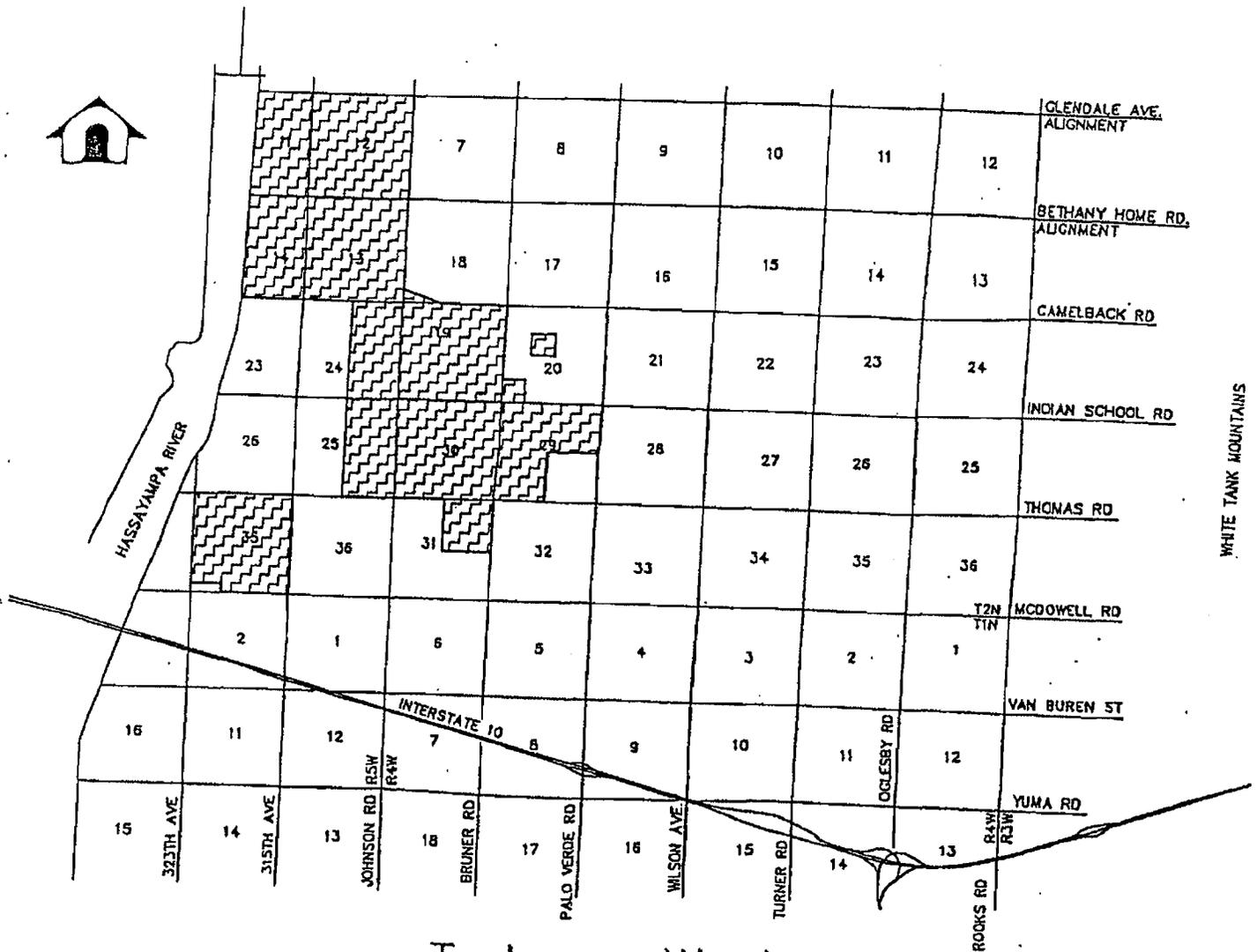
SECTION 35

The North half and the Southeast quarter of the Southwest quarter of Section 35, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

The Southeast quarter of Section 35, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

The North half of the Southwest quarter and the North half of the Southwest quarter of the Southwest quarter and the North Half of the South half of the Southwest quarter of

the Southwest quarter and the Southeast quarter of the Southeast quarter of the Southwest quarter of the Southwest quarter of Section 35, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.



Tartesso West  
VICINITY MAP



SUBJECT PROPERTY

EXHIBIT B

# TARTESSO

Master Plan

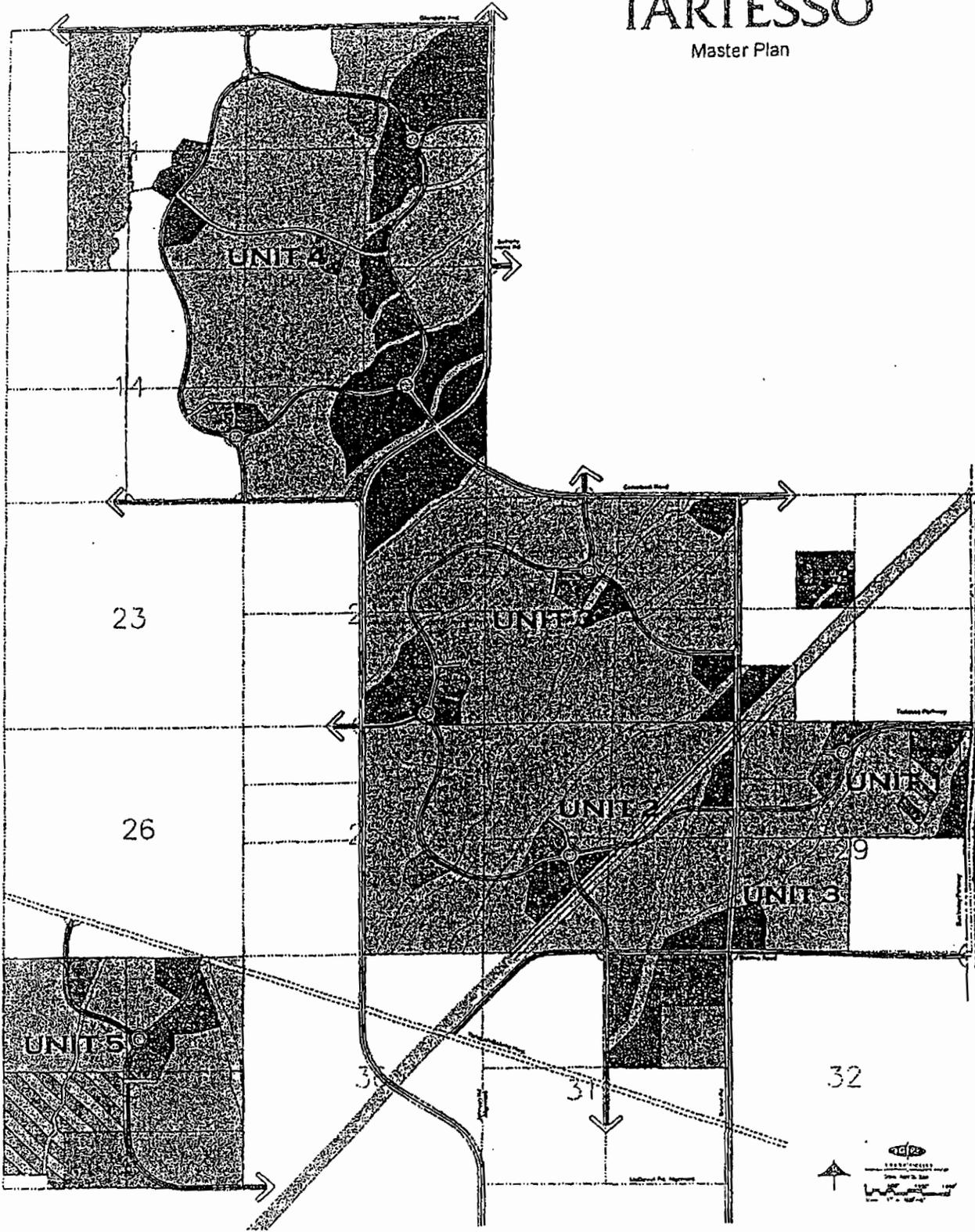


EXHIBIT B



**Maricopa County**  
Office of the Maricopa County Assessor

**TARTESSO COMMUNITY FACILITIES DISTRICT**  
(TOWN OF BUCKEYE , ARIZONA)  
(AMENDED, SEPTEMBER 21, 2004)

Kevin Ross, Assessor  
301 W. Jefferson, Suite 330  
Phoenix, Arizona 85003-2196  
Phone: (602) 506-3877  
TDD: (602) 506-2348  
www.maricopa.gov/assessor

**ASSESSOR'S CERTIFICATE**

I, the undersigned Maricopa County Assessor, hereby certify that the following persons are the owners of the real property described in Exhibit A attached hereto as shown on the most recent assessment roll for state and county taxes and owners of the corresponding tax parcels which are included in the area described in Exhibit A.

Owner

1. Name: BIF – Buckeye LLC  
Address: 6730 N Scottsdale Rd., Suite 230  
Scottsdale, AZ 85253
2. Name: Stardust Structured Investments No. 4 LLC  
Address: 6730 N Scottsdale Rd., Suite 230  
Scottsdale, AZ 85253
3. Name: Sun Valley Partners LLC  
Address: 6730 N Scottsdale Rd, Suite 230  
Scottsdale, AZ 85253
4. Name: Cherry Properties LLC  
Address: 7501 W McCormick Pkwy  
Scottsdale, AZ 85258
5. Name: Maughan Rex/Ruth  
Address: 7501 W McCormick Pkwy  
Scottsdale, AZ 85258
6. Name: Stardust – Tartesso W12 Inc  
Address: 6730 N Scottsdale Rd., Suite 230  
Scottsdale, AZ 85253
7. Name: Gilligan Sun Valley, LLC  
Address: P.O. Box 14567  
Scottsdale, AZ 85267

**EXHIBIT C**

CJ/cj 02/11/04  
Revised 02/12/04

**ASSESSOR'S RESPONSIBILITY**

IT IS THE RESPONSIBILITY OF THE ASSESSOR TO LOCATE, IDENTIFY AND APPRAISE AT CURRENT MARKET VALUE, LOCALLY ASSESSABLE PROPERTY SUBJECT TO AD VALOREM TAXES AND TO PROCESS EXEMPTIONS SPECIFIED BY LAW. THE ASSESSOR HAS NO JURISDICTION OR RESPONSIBILITY FOR AREA BUDGETS, TAX RATES, OR AMOUNTS OF TAXES PAID. THESE MATTERS ARE HANDLED BY THE VARIOUS AGENCIES PERFORMING THE SERVICES SUPPORTED BY PROPERTY TAXES, SUCH AS THE COUNTY GOVERNMENT, CITY GOVERNMENTS, SCHOOL DISTRICTS, AND OTHER TAXING DISTRICTS.

8. Name: JPC Sun Valley, LLC  
Address: P.O. Box 14567  
Scottsdale, AZ 85267

9. Name: WLAD Sun Valley, LLC  
Address: P.O. Box 14567  
Scottsdale, AZ 85267

Dated: 9-22-04

**MARICOPA COUNTY ASSESSOR**

Dred Kelly, Chief Deputy

PARCEL#	XS OWNER'S NAME	STREET ADDRESS	CITY	ST	ZIP	COUNTRY	FCV	ASSES
50408005H	BIF BUCKEYE LLC	6730 N SCOTTSDALE RD NO 230	SCOTTSDALE	AZ	85253		2,500	400
50408005J	BIF BUCKEYE LLC	6730 N SCOTTSDALE RD NO 230	SCOTTSDALE	AZ	85253		84,000	13,440
50408005K	BIF BUCKEYE LLC	6730 N SCOTTSDALE RD NO 230	SCOTTSDALE	AZ	85253		5,000	800
50408004E	BIF-BUCKEYE LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		4,000	640
50408004F	BIF-BUCKEYE LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		4,000	640
50408004G	BIF-BUCKEYE LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		4,000	640
50408004L	BIF-BUCKEYE LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		3,487	558
50408004M	BIF-BUCKEYE LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		254	41
50408004N	BIF-BUCKEYE LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		254	41
50408004P	BIF-BUCKEYE LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		254	41
50408005R	BIF-BUCKEYE LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		254	41
50408006A	BIF-BUCKEYE LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		12,000	1,920
50408006C	BIF-BUCKEYE LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		2,000	320
50408006D	BIF-BUCKEYE LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		2,000	320
50407005A	CHERRY PROPERTIES LLC	7501 E MCCORMICK PKWY	SCOTTSDALE	AZ	85258		2,000	320
50407003M	GILLIGAN SUN VALLEY LLC ET AL	P O BOX 14567	SCOTTSDALE	AZ	85267		2,000	320
50407003N	MAUGHAN REX/RUTH	7501 E MCCORMICK PKWY	SCOTTSDALE	AZ	85258		2,000	320
50407007A	MAUGHAN REX/RUTH	7501 E MCCORMICK PKWY	SCOTTSDALE	AZ	85258		2,000	320
50404017A	STARBUST - TARTESSO W12 INC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		252	40
50404018	STARBUST - TARTESSO W12 INC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		504	81
50402192A	STARBUST - TARTESSO W12 INC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		255	41
50403005A	STARBUST STRUCTURED INVESTME	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		16,000	2,560
50403005B	STARBUST STRUCTURED INVESTME	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		16,000	2,560
50403008	STARBUST STRUCTURED INVESTMEN	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		24,000	3,840
50403009	STARBUST STRUCTURED INVESTMEN	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		32,000	5,120
50403012A	STARBUST STRUCTURED INVESTMEN	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		32,000	5,120
50403013	STARBUST STRUCTURED INVESTMEN	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		32,000	5,120
50403014A	STARBUST STRUCTURED INVESTMEN	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		5,000	780
50403014B	STARBUST STRUCTURED INVESTMEN	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		16,000	2,560
50403015A	STARBUST STRUCTURED INVESTMEN	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		16,000	2,560
50403015B	STARBUST STRUCTURED INVESTMEN	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		16,000	2,560
50404008	STARBUST STRUCTURED INVESTMEN	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		28,000	4,480
50404007C	STARBUST STRUCTURED INVESTMEN	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		3,803	608
50404017B	STARBUST STRUCTURED INVESTMEN	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		32,223	5,156
50404019	STARBUST STRUCTURED INVESTMEN	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		3,305	529
50408192B	STARBUST STRUCTURED INVESTMEN	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		31,261	5,018
50404014A	STARBUST STRUCTURED INVESTMEN	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		63,253	10,168
50404016	STARBUST STRUCTURED INVESTMEN	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		4,000	640
50407012A	STARBUST-TARTESSO W12 INC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		4,000	640
50407012B	STARBUST-TARTESSO W12 INC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		4,000	640
50407012C	STARBUST-TARTESSO W12 INC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		4,000	640
50407012D	STARBUST-TARTESSO W12 INC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		4,000	640
50407012E	STARBUST-TARTESSO W12 INC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		4,000	640
50407012F	STARBUST-TARTESSO W12 INC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		4,000	640
50407012G	STARBUST-TARTESSO W12 INC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		4,000	640
50408005P	STARBUST-TARTESSO W12 INC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		4,000	640
50408005Q	STARBUST-TARTESSO W12 INC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		4,000	640
50407007A	SUN VALLEY PARTNERS LLC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		351,943	56,311
50407008H	SUN VALLEY PARTNERS LLC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		351,943	56,311
50407002U	SUN VALLEY PARTNERS LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		351,943	56,311

PARCEL#	X'S OWNER'S NAME	STREET ADDRESS	CITY	ST	ZIP	COUNTRY	FCV	ASSES	
50407003P	SUN VALLEY PARTNERS LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		351,943	56,311	
50407003R	SUN VALLEY PARTNERS LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		351,943	56,311	
50407005B	SUN VALLEY PARTNERS LLC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		351,943	56,311	
50407008	SUN VALLEY PARTNERS LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		16,000	2,560	
50407009B	SUN VALLEY PARTNERS LLC	6730 N SCOTTSDALE RD 230	SCOTTSDALE	AZ	85253		16,000	2,560	
50408193A	SUN VALLEY PARTNERS LLC	6730 N SCOTTSDALE RD STE 230	SCOTTSDALE	AZ	85253		16,000	2,560	
** TOTAL FCV PARCELS							57	TOTAL FCV AMOUNT	488,780
** TOTAL CVP PARCELS							0	TOTAL CVP AMOUNT	0
TOTAL UNIQUE OWNERS							15	GRAND TOTAL FCV	488,780
								GRAND TOTAL ASSES	



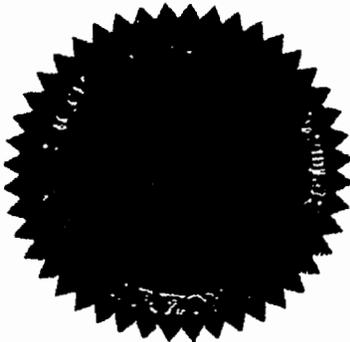
**Maricopa County**  
Office of the Recorder

**Helen Purcell - Recorder**

111 South 3rd Avenue  
Phoenix, Arizona 85003-2281  
Phone: (602) 506-3535  
Fax: (602) 506-3273

**CERTIFICATION**

I, **HELEN PURCELL**, County Recorder in and for Maricopa County, State of Arizona, hereby certify that as of August 18, 2004, according to the general register of the voters maintained by the Maricopa County Recorder, there are no qualified electors residing in the area of the Proposed Tartesso West Community Facilities District. Witness my hand and seal this 20<sup>th</sup> day of August, 2004.

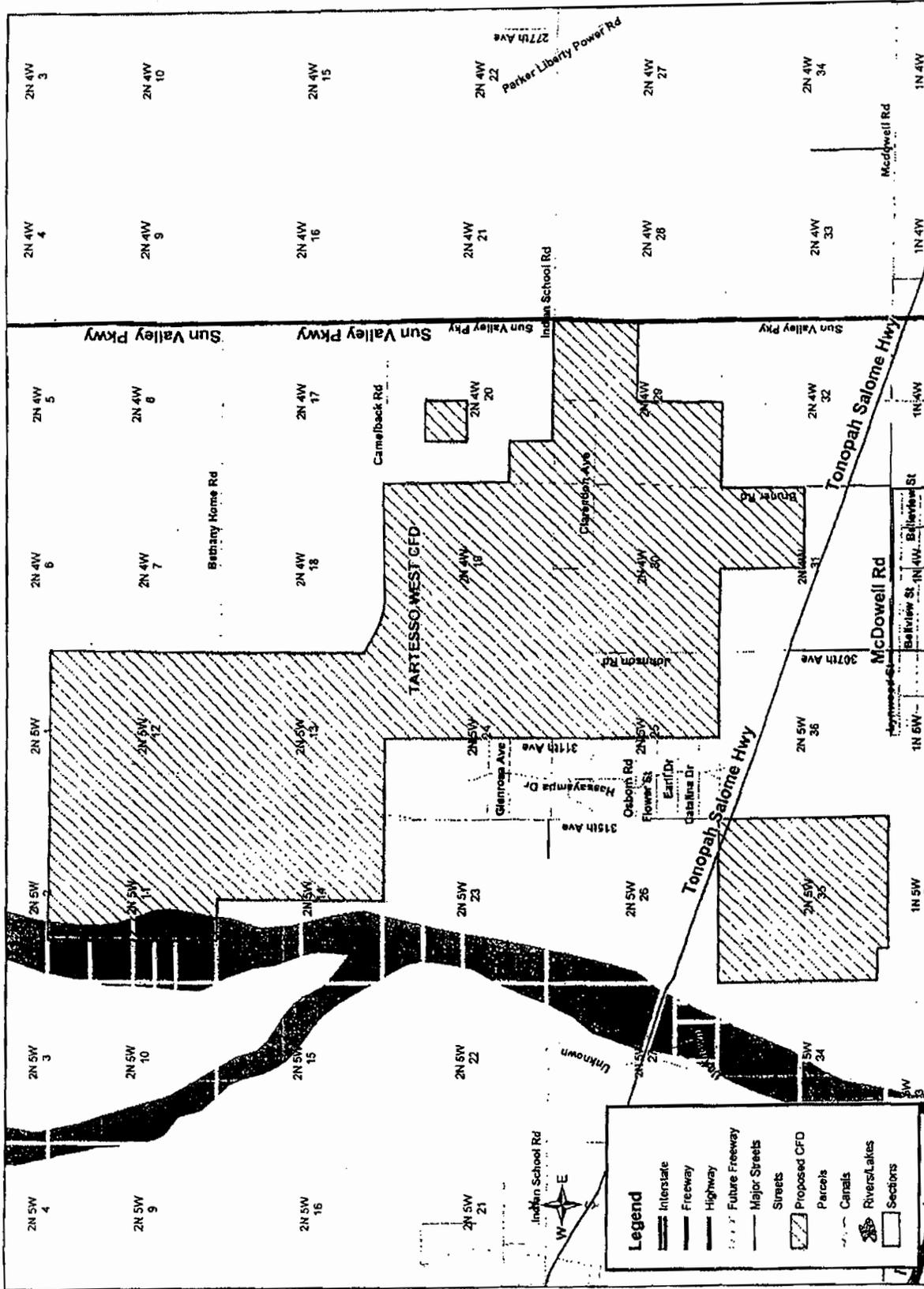


**HELEN PURCELL**  
**MARICOPA COUNTY RECORDER**

*Helen Purcell*  
County Recorder

**EXHIBIT D**

# Proposed Tartesso West CFD



Handwritten notes in the top left corner, including "Maricopa County" and "11/09/04".



OFFICIAL RECORDS OF  
MARICOPA COUNTY RECORDER  
HELEN PURCELL  
2004-1312730 11/09/04 15:22  
1 OF 1  
RE172D

When recorded return to:

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

**GENERAL PLAN  
FOR THE PROPOSED  
TARTESSO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)**

To: Clerk, Town of Buckeye, Arizona

For the purposes of Section 48-702(B), Arizona Revised Statutes, as amended, the following is the general plan for the proposed captioned district:

**Article I.**

**GENERAL AREA TO BE IMPROVED WITHIN THE  
PROPOSED CAPTIONED DISTRICT**

All that area described in Exhibit A attached hereto and made a part hereof for all purposes shall comprise the area to be benefited. The public infrastructure improvements shall be constructed in public rights-of-way or easements located both within and outside the Tartesso West Community Facilities District (Town of Buckeye, Arizona) (the "District") and the areas described in Exhibit A hereto, all for the benefit of the area described in Exhibit A hereto.

**Article II.**

**GENERAL DESCRIPTION OF THE PUBLIC INFRASTRUCTURE  
IMPROVEMENTS FOR WHICH THE PROPOSED CAPTIONED  
DISTRICT IS PROPOSED TO BE FORMED:**

**1. PUBLIC INFRASTRUCTURE**

The proposed District is being formed for accomplishing the following public infrastructure improvements as such improvements are authorized by the governing body of the

District in accordance with applicable law and are consistent with the powers of a community facilities district:

(a) Sanitary sewage systems, including collection, transport, storage, treatment, dispersal, effluent use and discharge;

(b) Drainage and flood control systems, including collection, transport, diversion, storage, detention, retention, dispersal, use and discharge;

(c) Water systems for domestic, industrial, irrigation, municipal or fire protection purposes including production, collection, storage, treatment, transport, delivery, connection and dispersal, but not including facilities for agricultural irrigation purposes unless for the repair or replacement of existing facilities when required by other improvements permitted by this article;

(d) Highways, streets, roadways, bridges and parking facilities including all areas for vehicular use for travel, ingress, egress and parking;

(e) Areas for pedestrian, equestrian, bicycle or other non-motor vehicle use for travel, ingress, egress and parking;

(f) Pedestrian malls, parks, recreational facilities other than stadiums and open space areas for the use of the public for entertainment, assembly and recreation;

(g) Landscaping including earthworks, structures, lakes and other water features, plants, trees and related water delivery systems;

(h) Public buildings, public safety facilities and fire protection facilities;

(i) Lighting systems;

(j) Traffic control systems and devices including signals, controls, markings and signage;

(k) School sites and facilities with the consent of the governing board of the school district for which the site or facility is to be acquired, constructed or renovated;

(l) Equipment, vehicles, furnishings and other personalty related to the items listed in this section; and

(m) Operation and maintenance of the items listed in clauses (a) through and including (l) above.

DATED: 9/29/04

BIF - BUCKEYE LLC

STARDUST STRUCTURED INVESTMENTS  
NO. 4 LLC

By C.H. Heeter  
Its Manager

By C.H. Heeter  
Its Manager

SUN VALLEY PARTNERS LLC

CHERRY PROPERTIES LLC

By C.H. Heeter  
Its Manager

By \_\_\_\_\_  
Its \_\_\_\_\_

REX MAUGHAN and RUTH MAUGHAN,  
Husband and wife

STARDUST - TARTESSO W12 INC.

\_\_\_\_\_  
\_\_\_\_\_

By C.H. Heeter  
Its President

GILLIGAN SUN VALLEY, LLC

JPC SUN VALLEY, LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

WLAD SUN VALLEY, LLC

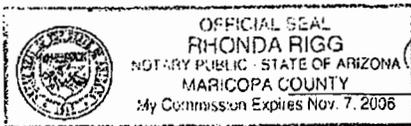
By \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF ARIZONA .  
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 24 day of Sept, 2004, by Chris Heeter, Manager of BIF-Buckeye, L.L.C., on behalf of the company.

My commission expires:

Nov. 7, 2006



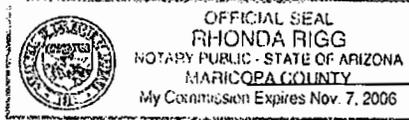
Rhonda Rigg  
Notary Public

STATE OF ARIZONA  
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 24 day of Sept., 2004, by Chris Heeter, Manager of Stardust Structured Investments No. 4, L.L.C., on behalf of the company.

My commission expires:

Nov. 7, 2006



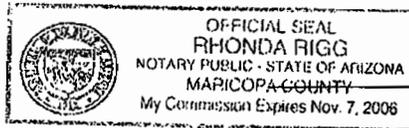
Rhonda Rigg  
Notary Public

STATE OF ARIZONA  
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 24 day of Sept., 2004, by Chris Heeter, Manager of Sun Valley Partners, L.L.C., on behalf of the company.

My commission expires:

Nov. 7, 2006



Rhonda Rigg  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_, \_\_\_\_\_ of Cherry Properties, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by Rex Maughan and Ruth Maughan, husband and wife.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 24 day of Sept., 2004, by Chris Heeter, President of Stardust - Tartesso W12, Inc., on behalf of the corporation.

My commission expires:

Nov. 7, 2006



Rhonda Rigg  
Notary Public

-----  
STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_, \_\_\_\_\_ of Gilligan Sun Valley, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

-----  
STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_, \_\_\_\_\_ of JPC Sun Valley, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

-----  
STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_, \_\_\_\_\_ of WLAD Sun Valley, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

DATED: \_\_\_\_\_

**BIF - BUCKEYE LLC**

**STARDUST STRUCTURED INVESTMENTS  
NO. 4 LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**SUN VALLEY PARTNERS LLC**

**CHERRY PROPERTIES LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By   
Its *of Cherry Properties LLC President*

**REX MAUGHAN and RUTH MAUGHAN,  
Husband and wife**

**STARDUST - TARTESSO W12 INC.**


By \_\_\_\_\_  
Its \_\_\_\_\_

**GILLIGAN SUN VALLEY, LLC**

**JPC SUN VALLEY, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**WLAD SUN VALLEY, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_, \_\_\_\_\_ of BIF-Buckeye, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of Stardust Structured Investments No. 4, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of Sun Valley Partners, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 1st day of October, 2004, by Rex Maughan, President of Cherry Properties, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_  
Janice D. Jewell  
Notary Public

STATE OF ARIZONA  
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 1st day of October, 2004, by Rex Maughan and Ruth Maughan, husband and wife.

My commission expires:

\_\_\_\_\_  
Janice D. Jewell  
Notary Public

DATED: \_\_\_\_\_

**BIF - BUCKEYE LLC**

**STARDUST STRUCTURED INVESTMENTS  
NO. 4 LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**SUN VALLEY PARTNERS LLC**

**CHERRY PROPERTIES LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**REX MAUGHAN and RUTH MAUGHAN,**  
Husband and wife

**STARDUST - TARTESSO W12 INC.**

\_\_\_\_\_  
\_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**GILLIGAN SUN VALLEY, LLC**

**JPC SUN VALLEY, LLC**

By James D. Gilligan  
Its Member

By \_\_\_\_\_  
Its \_\_\_\_\_

**WLAD SUN VALLEY, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

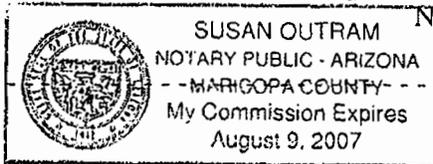
STATE OF ARIZONA  
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 27 day of Sept, 2004, by James D. Gilligan of BIF-Buckeye, L.L.C., on behalf of the company.

My commission expires:

8-9-07

Susan Outram  
\_\_\_\_\_  
Notary Public



STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of Stardust - Tartesso W12, Inc., on behalf of the corporation.

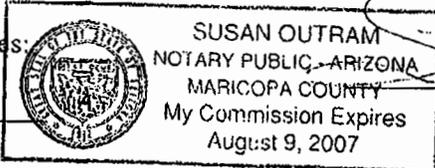
My commission expires:

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF MARICOPA

The foregoing instrument was acknowledged before me this 27 day of Sept, 2004, by James P. Gilligan of Gilligan Sun Valley, L.L.C., on behalf of the company.

My commission expires:

8/9/07  [Signature]  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of JPC Sun Valley, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of WLAD Sun Valley, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_  
Notary Public

DATED: \_\_\_\_\_

**BIF - BUCKEYE LLC**

**STARDUST STRUCTURED INVESTMENTS  
NO. 4 LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**SUN VALLEY PARTNERS LLC**

**CHERRY PROPERTIES LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**REX MAUGHAN and RUTH MAUGHAN,  
Husband and wife**

**STARDUST - TARTESSO W12 INC.**

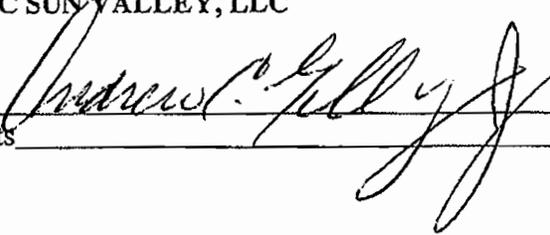
\_\_\_\_\_  
\_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**GILLIGAN SUN VALLEY, LLC**

**JPC SUN VALLEY, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By  \_\_\_\_\_  
Its \_\_\_\_\_

**WLAD SUN VALLEY, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

-----  
STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_ of BIF-Buckeye, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of San Diego } ss.

On 9.29.2004 before me, Michael Landau Harrison  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")  
personally appeared Andrew P. Willigan, Jr  
Name(s) of Signer(s)

personally known to me  
 proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

[Signature]  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

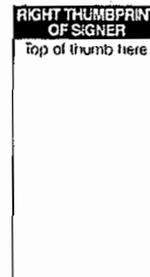
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_



DATED: \_\_\_\_\_

**BIF - BUCKEYE LLC**

**STARDUST STRUCTURED INVESTMENTS  
NO. 4 LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**SUN VALLEY PARTNERS LLC**

**CHERRY PROPERTIES LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**REX MAUGHAN and RUTH MAUGHAN,**  
Husband and wife

**STARDUST - TARTESSO W12 INC.**

\_\_\_\_\_  
\_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**GILLIGAN SUN VALLEY, LLC**

**JPC SUN VALLEY, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**WLAD SUN VALLEY, LLC**

By *Sam A. Gilligan*  
Its *Manager*

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_, \_\_\_\_\_ of BIF-Buckeye, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_, \_\_\_\_\_ of Stardust - Tartesso W12, Inc., on behalf of the corporation.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_, \_\_\_\_\_ of Gilligan Sun Valley, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2004, by \_\_\_\_\_, \_\_\_\_\_ of JPC Sun Valley, L.L.C., on behalf of the company.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA  
COUNTY OF MARICOPA

The foregoing instrument was acknowledged before me this 27 day of Sept, 2004, by John A Gilligan of WLAD Sun Valley, L.L.C., on behalf of the company.

My commission expires:

8-9-07

  
\_\_\_\_\_  
Notary Public

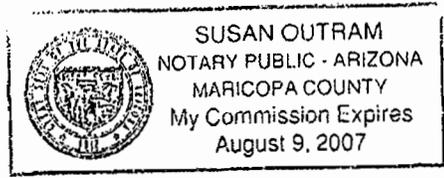


EXHIBIT "A"  
LEGAL DESCRIPTION

TOWNSHIP 2 NORTH – RANGE 4 WEST

SECTION 18

A portion of the Southwest quarter of Section 18, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at a 3 1/2" G.L.O. brass cap, found at the Southwest corner of said Section 18;

thence North 00 degrees 20 minutes 38 seconds East, along the West line of the Southwest quarter of said Section 18, a distance of 685.26 feet;

thence South 58 degrees 48 minutes 35 seconds East, a distance of 595.04 feet to a point of curvature, concave Northeasterly, whose radius is 2600.00 feet;

thence Southeasterly, along said curve to the left, through a central angle of 31 degrees 13 minutes 45 seconds, an arc distance of 1417.13 feet, to a point on the South line of the Southwest quarter of said Section 18;

thence South 89 degrees 57 minutes 40 seconds West, along the South line of the Southwest quarter of said Section 18, a distance of 1861.39 feet to a 3 1/2" G.L.O. brass cap, and the TRUE POINT OF BEGINNING.

SECTION 19

All of Section 19, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 20

The Southeast quarter of the Northwest quarter and the Southwest quarter of the Southwest quarter of Section 20, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 29

The North half and the Southwest quarter of Section 29, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 30

All of Section 30, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 31

The Northeast quarter of Section 31, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

TOWNSHIP 2 NORTH – RANGE 5 WEST

SECTION 11

The East half; and the East half of the West half of Section 11, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 12

All of Section 12, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 13

All of Section 13, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 14

The East half of Section 14, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 24

The East half of Section 24, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 25

The East half of Section 25, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

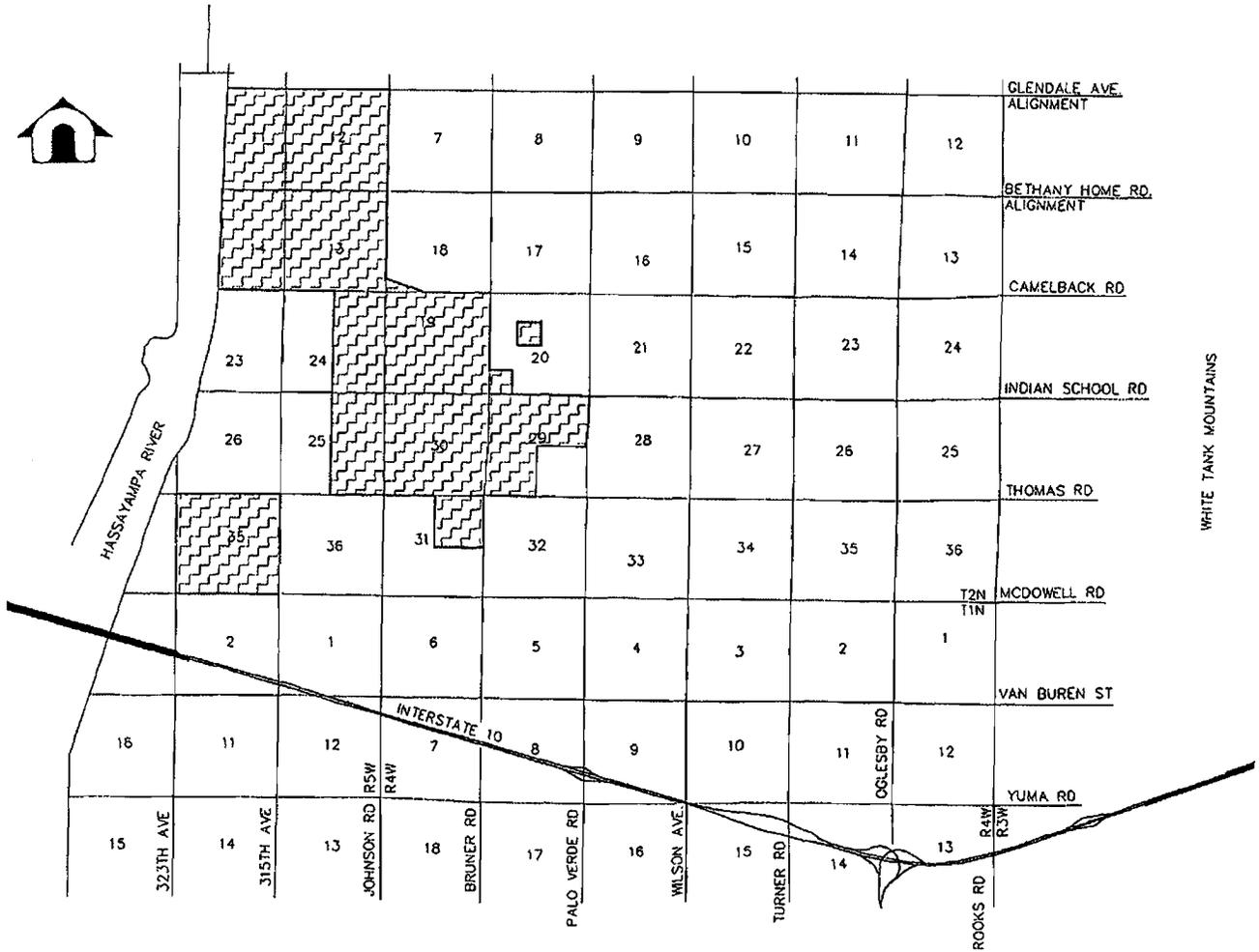
SECTION 35

The North half and the Southeast quarter of the Southwest quarter of Section 35, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

The Southeast quarter of Section 35, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

The North half of the Southwest quarter and the North half of the Southwest quarter of the Southwest quarter and the North Half of the South half of the Southwest quarter of

the Southwest quarter and the Southeast quarter of the Southeast quarter of the Southwest quarter of the Southwest quarter of Section 35, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.



# Tartesso West VICINITY MAP



SUBJECT PROPERTY



**TOWN OF BUCKEYE**  
**REGULAR COUNCIL MEETING**

**NOVEMBER 2, 2004**

**AGENDA**

**Town Council Chambers**  
**100 N. Apache Road**  
**Buckeye, AZ 85326**  
**7:00 p.m.**

*Accessibility for all persons with disabilities will be provided upon request. Please telephone your accommodation request (623 386-4691) 72 hours in advance if you need a sign language interpreter or alternate materials for a visual or hearing impairment. (TDD 623 386-4421)*

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*Members of the Town Council will either attend in person or by telephone conference call or video presentation. Items listed may be considered by the Council in any order.*

**Item**

**1. Call to Order/Pledge of Allegiance/Roll Call.**

*Council Action: None.*

**2. Comments from the Public - Members of the audience may comment on any item of interest.**

*Council Action: None. Open Meeting Law does not permit Council discussion of items not specifically on the agenda.*

**Approval of items on the Consent Agenda -- All items with an (\*) are considered to be routine matters and will be enacted by one motion and vote of the Town Council. There will be no separate discussion of these items unless a Councilmember requests, in which event the item will be removed from the consent agenda and considered in its normal sequence.**

**CONSENT AGENDA**

**\*3. Council to consider approval of the minutes of the October 19, 2004 Council workshop and regular meeting as presented.**

**\*4. Council to consider invoices due by the Town for payment. Copies of invoices are available at the Town Hall for review.**

**5. NEW BUSINESS**

**\*5A. Council to consider and if advisable approve the request to donate \$2,500 to the Salvation Army Angel Tree Program to be funded from the contingency fund.**

**\*5B. Council to consider and if advisable approve the Intergovernmental Agreement for the Phoenix Fire Department Regional Service System.**

**\*5C. Council to consider and if advisable approve the lease purchase of two (2) Lafrance pumpers and Festival Ranch's purchase of one (1) Pierce pumper.**

**\*5D. Council to consider and if advisable approve a contract amendment with Kennedy/Jenks Consultants Inc. for continued inspection of the wastewater treatment plant upgrade in the amount of \$37,869.**

**\*5E. Council to consider and if advisable approve a contract with Basin Tree Service & Pest Control for maintenance of public right-of-way and certain public facilities in the amount of \$152,492 and to authorize the Mayor to sign the contract.**

#### **OLD BUSINESS**

**\*5F. Council to consider and if advisable adopt Ordinance 44-04 amending the Town Code and adding an Appendix A to Chapter 23 establishing the Buckeye Municipal Airport Fee Schedule and declaring an emergency and read by title only.**

*Council Action: Motion to approve items \*3, \*4, \*5A, \*5B, \*5C, \*5D, \*5E, and \*5F.*

#### **NON CONSENT AGENDA ITEMS**

##### **OLD BUSINESS**

**5G. Council to consider and if advisable adopt Resolution 49-04 granting a Quest Broadband Services, Inc., a Cable Television License Agreement; authorize the Mayor to sign the agreement, and read by title only.**

*Council Action: Discussion and possible motion.*

##### **NEW BUSINESS**

**5H. Council to consider and if advisable adopt Ordinance 45-04 increasing the corporate limits of the Town of Buckeye by annexing certain territory contiguous to the existing Town limits and read by title only. Request by RBF Consulting and Jason Weber of KB Homes on behalf of Grace Youngker, B. Bar G. Farms, L.L.L.P. and Marven Investments for annexation of approximately 277 acres located generally southwest from the intersection of Miller Road and Broadway Road.**

**YOUNGKER, B. BAR G. FARMS, L.L.L.P., MARVEN INVESTMENTS (Copper Falls) A04-14**

*Council Action: Discussion and possible motion.*

**5I. Council to consider and if advisable adopt Ordinance 46-04 amending the Land Use District map of the town of Buckeye in that area located generally southwest from the intersection of Broadway and Miller Road from the RR (Rural Residential Land Use District) to the PC (Planned Community Land Use District) and read by title only. Request by RBF Consulting and Jason Weber of KB Homes on behalf of Grace Youngker, B. Bar G. Farms, L.L.L.P. and Marven Investments for the rezoning of 277 acres generally located southwest from the intersection of Miller Road the Broadway Road. YOUNGKER, B. BAR G. FARMS, L.L.L.P., MARVEN INVESTMENTS (Copper Falls) RZ04-254**

*Council Action: Discussion and possible motion.*

**5J. Council to consider and if advisable adopt Ordinance 47-04 amending the Land Use District map of the Town in that area located generally west of the southwest corner of the intersection of Watson Road and Yuma Road from the MR (Mixed Residential Land Use District) to the CC (Commercial Center Land Use District) and read by title only. Request by Douglas Luther on behalf of Yuma-Watson Crossing, L.L.C. for the rezoning of 20 acres generally located southwest from the intersection of Yuma Road and Watson Road. YUMA-WATSON CROSSING, L.L.C. RZ04-307**

*Council Action: Discussion and possible motion.*

**5K. Council to consider and if advisable adopt Ordinance 48-04 increasing the corporate limits of the Town of Buckeye by annexing certain territory contiguous to the existing Town limits and read by title only. Request by John Garretson for the annexation of approximately 305 acres generally located east of Miller Road between McDowell Road and Yuma Road, the northeast quarter of Section 8, Township 1 North, Range 3 West, of the Gila and Salt River Base and Meridian, Maricopa County and read by title only. GARRETSON A04-12**

*Council Action: Discussion and possible motion.*

**5L. Council to consider and if advisable adopt Resolution 55-04 authorizing a Major General Plan Amendment to the Town of Buckeye's General Development Plan Land Use District Map and**

amending the designation of approximately 305 acres generally located east of Miller Road between McDowell Road and Yuma Road from Rural Residential to Planned Community and read by title only. Request by John Garretson of approximately 305 acres generally located east of Miller Road between McDowell Road and Yuma Road. GARRETSON MGPA 04-242

*Council Action: Discussion and possible motion.*

5M. Council to consider and if advisable adopt Ordinance 49-04 amending the Land Use District Map of the Town of Buckeye in the area generally east of Miller Road between McDowell Road and Yuma Road from R-43, Maricopa County, to PR, Planned Community, and read by title only. GARRETSON RZ04-243

*Council Action: Discussion and possible motion.*

5N. Council to consider and if advisable adopt Ordinance 50-04 increasing the corporate limits of the Town of Buckeye by annexing certain territory contiguous to the existing Town limits and read by title only. Request by Roy Bennett and Kyle Hindman for the annexation of approximately 194 acres generally located south of Beloit Road and east of Rooks Road in the northeast quarter of Section 7, Township 1 South, Range 3 West, of the Gila and Salt River base and Meridian, Maricopa County and read by title only. BENNETT/HINDMAN A04-16

*Council Action: Discussion and possible motion.*

5O. Council to consider and if advisable adopt Resolution 57-04 authorizing a Major General Plan Amendment to the Town of Buckeye General Development Plan Land Use District Map and amending the designation of approximately 194 acres generally located south of Beloit Road and east of Rooks Road from Rural Residential to approximately 159 acres of Planned Residential and 35 acres of Commercial Center and read by title only. BENNETT/HINDMAN MGPA 04-275

*Council Action: Discussion and possible motion.*

5P. Council to consider and if advisable adopt Ordinance 51-04 amending the Land Use District map of the Town of Buckeye in that area generally located south of Beloit Road and east of Rooks Road from R-43, Maricopa County, to Planned Residential (approximately 159 acres) and Commercial Center (approximately 35 acres) and read by title only. BENNETT/HINDMAN RZ04-276

*Council Action: Discussion and possible motion.*

5Q. Council to consider and if advisable adopt Ordinance 52-04 increasing the corporate limits of the Town of Buckeye by annexing certain territory contiguous to the existing Town limits and read by title only. Request by Douglas Luther on behalf of Yuma-Watson Crossing, L.L.C. for the annexation of approximately 157 acres located south of the southeast corner of Broadway Road and Rooks Road. YUMA-WATSON CROSSING, L.L.C. A04-11

*Council Action: Discussion and possible motion.*

5R. Council to consider and if advisable adopt Ordinance 53-04 amending the Land Use District Map of the Town of Buckeye in that area generally located south and east of the Broadway Road and Rooks Road intersection from R-43, Maricopa County, to Planned Residential (141 acres) and Commercial Center (16 acres) and read by title only. YUMA-WATSON CROSSING L.L.C. RZ04-239

*Council Action: Discussion and possible motion.*

5S. PUBLIC HEARING – A Public Hearing will be conducted to hear citizen input on the request by Trillium L.L.C. for the proposed annexation of 1,600 acres located in the east half of Section 12, Township 3 North, Range 5 West of the Gila and Salt River Base and Meridian; all of Section 13, Township 3 North, Range 5 West of the Gila and Salt River Base and Meridian; and all of Section 24, Township 3, North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, generally located south of Greenway Road, west of Sun Valley Parkway, north of Peoria Ave., and east of 315<sup>th</sup> Avenue. TRILLIUM, L.L.C. A04-18

*Council Action: None.*

**5T. Council to consider and if advisable adopt Resolution 58-04 approving the Final Plat of a subdivision to be known as "Watson and Yuma" as located southwest from the intersection of Yuma Road and Watson Road and as also located within a portion of the northeast quarter of Section 16, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian and read by title only. Request by David Newquist and Rob Ault in behalf of Fry's Marketplace & Pad for a commercial plat consisting of 8 lots on 18.97 net acres. FRY'S MARKETPLACE FP04-336**  
*Council Action: Discussion and possible motion.*

**5U. Council to consider and if advisable adopt Resolution 59-04 approving the Final Plat of a subdivision to be known as "Sundance Parcel 17" located in the Master Planned Community of Sundance and also located in the northwest quarter of Section 11, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian and read by title only. Request by RBF Consulting on behalf of Hancock Communities for a site consisting of 114 lots on 23.33 net acres. HANCOCK COMMUNITIES FP04-227**  
*Council Action: Discussion and possible motion.*

**5V. Council to consider and if advisable adopt Resolution 60-04 approving the Final Plat of a subdivision to be known as "Sundance Parcel 23A" located in the Master Planned Community of Sundance and also located in a portion of the southwest quarter of Section 11, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian and read by title only. Request by RBF Consulting on behalf of Hancock Communities for a site consisting of 156 lots on 34.75 net acres. HANCOCK COMMUNITIES FP04-279**  
*Council Action: Discussion and possible motion.*

**5W. Council to consider and if advisable adopt Resolution 61-04 approving the Final Plat of a subdivision to be known as "Sundance Parcel 16" located in the Master Planned Community of Sundance and also located in a portion of the northwest quarter of Section 11, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian and read by title only. Request by RBF Consulting on behalf of Hancock Communities for a site consisting of 132 lots on 27.39 net acres. HANCOCK COMMUNITIES FP04-281**  
*Council Action: Discussion and possible motion.*

**5X. Council to consider and if advisable adopt Resolution 62-04 approving the Final Plat of a subdivision to be known as "Verrado Parcel 5.707" located in the within Planning Unit V at the northwest corner of Sunrise Lane and Verrado Way in the western portion of Phase 1 of the Verrado Master Planned Community in a portion of Section 24, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian and read by title only. Request by Biskind, Hunt & Taylor, P.L.C. on behalf of Fidelity National Ins. Co. as Trustee of its Trust No. B176, as the owners and on behalf of DMB White Tank L.L.C. for a site consisting of 38 residential lots and 13 tracts of approximately 5.08 acres. DMB WHITE TANK LLC FP04-342**  
*Council Action: Discussion and possible motion.*

**5Y. Council to consider a petition received relative to the formation of the Tartesso West Community Facilities District and, if deemed advisable, to adopt Resolution No. 63-04 forming such District and entering into a Development, Financing Participation and Intergovernmental Agreement No. 1 with such District declaring an emergency and read by title only.**  
*Council Action: Discussion and possible motion.*

**6. Town Manager's Report –The Manager may provide a brief summary of current events, however, there can be discussion on the following matters:**

- *Manager's update on Council related matters*
- *Update on Legislative issues.*

**7. Comments from the Mayor and Council** – *Mayor and Council may present a brief summary on current events. The Council may not propose, discuss, deliberate, or take any legal action on the information presented. Council may direct inquiries to staff.*

**8. Adjournment.**

*Council Action: Motion to adjourn.*

*Posted October 27, 2004*

**TOWN OF BUCKEYE  
REGULAR COUNCIL MEETING  
NOVEMBER 2, 2004  
MINUTES**

**1. Call to Order/Roll Call/Pledge of Allegiance.**

The meeting was called to order at 6:08 p.m. by Mayor Hull.

Members Present: Councilman Meck, Councilman Beard, Vice Mayor Urwiller, Mayor Hull, Councilwoman May, and Councilman Garza (joined 7:10 p.m.).

Members Absent: Councilman Doster

Staff Present: Carroll Reynolds, Scott Ruby, Linda Garrison, Lucinda Aja, Ron Brown, Scott Rounds, Todd Pasquel, Toni Brown, Bob Costillo, Dee Hathaway, Larry Harmer, Rick Morley, Dave Owens, Phil Garthright, Jason Hardison, and Woody Scoutten.

**2. Comments from the Public - None**

**Approval of items on the Consent Agenda – There will be no separate discussion of these items unless a Councilmember requests.**

**CONSENT AGENDA** All items with an (\*) are considered to be routine matters and will be enacted by one motion and vote of the Town Council. Councilman Meck requested that item 5B be removed for discussion. A motion made by Councilman Meck and seconded by Vice Mayor Urwiller to approve items 3, 4, 5A, 5C, 5D, 5E, and 5F. Motion passed unanimously.

\*3. Council approved the minutes of the October 19, 2004 workshop amending the absence of Councilman Beard to Councilman Garza and approving the regular minutes as presented.

\*4. Council approved invoices due by the Town for payment. Copies of invoices are available at the Town Hall.

**5. NEW BUSINESS**

\*5A. Council approved the request to donate \$2,500 to the Salvation Army Angel Tree Program to be funded from the contingency fund.

\*5C. Council approved the lease purchase of two (2) Lafrance pumpers and Festival Ranch's purchase of one (1) Pierce pumper.

\*5D. Council approved a contract amendment with Kennedy/Jenks Consultants Inc. for continued inspection of the wastewater treatment plant upgrade in the amount of \$37,869.

\*5E. Council approved a contract with Basin Tree Service & Pest Control for maintenance of public right-of-way and certain public facilities in the amount of \$152,492 and to authorize the Mayor to sign the contract.

**OLD BUSINESS**

\*5F. Council adopted Ordinance 44-04 amending the Town Code and adding an Appendix A to Chapter 23 establishing the Buckeye Municipal Airport Fee Schedule and declaring an emergency and read by title only.

**NON CONSENT AGENDA ITEMS**

\*5B. After some discussion a motion made by Councilman Meck and seconded by Vice Mayor Urwiller to approve the Intergovernmental Agreement for the Phoenix Fire Department Regional Service System. Motion passed unanimously.

**Council Minutes**

November 2, 2004

Page 2

**5G. Resolution 49-04 Quest Broadband Services, Inc., a Cable Television License Agreement**

After a short discussion about what services would be included in the cable agreement moved by Councilman Beard and seconded by Councilman Meck to adopt Resolution 49-04 granting a Quest Broadband Services, Inc., a Cable Television License Agreement; authorizing the Mayor to sign the agreement, and read by title only. Motion passed unanimously.

**NEW BUSINESS**

**5H. Ordinance 45-04 Annexation -YOUNGKER, B. BAR G. FARMS, L.L.L.P., MARVEN INVESTMENTS (Copper Falls) A04-14**

Moved by Councilman Meck and seconded by Councilman Beard to table Ordinance 45-04 increasing the corporate limits of the Town of Buckeye by annexing certain territory contiguous to the existing Town limits. Motion passed unanimously.

**5I. Ordinance 46-04 Rezoning- YOUNGKER, B. BAR G. FARMS, L.L.L.P., MARVEN INVESTMENTS (Copper Falls) RZ04-254**

Moved by Councilman Meck and seconded by Councilwoman May to table Ordinance 46-04 amending the Land Use District map of the town of Buckeye in that area located generally southwest from the intersection of Broadway and Miller Road from the RR (Rural Residential Land Use District) to the PC (Planned Community Land Use District). Motion passed unanimously.

**5J. Ordinance 47-04 Rezoning- YUMA-WATSON CROSSING, L.L.C. RZ04-307**

Request by Douglas Luther on behalf of Yuma-Watson Crossing, L.L.C. for the rezoning of 20 acres generally located southwest from the intersection of Yuma Road and Watson Road. There being no discussion a motion made by Councilwoman May and seconded by Councilman Beard to advisable adopt Ordinance 47-04 amending the Land Use District map of the Town in that area located generally west of the southwest corner of the intersection of Watson Road and Yuma Road from the MR (Mixed Residential Land Use District) to the CC (Commercial Center Land Use District) and read by title only. Motion passed unanimously.

**5K. Ordinance 48-04-GARRETSON A04-12**

Request by John Garretson for the annexation of approximately 305 acres generally located east of Miller Road between McDowell Road and Yuma Road, the northeast quarter of Section 8, Township 1 North, Range 3 West, of the Gila and Salt River Base and Meridian, Maricopa County. Larry Harmer was questioned about this being in the Town limits. Engineer Woody Scoutten explained that it was located on VanBuren, not McDowell. Motion made by Councilman Meck and seconded by Councilwoman May to adopt Ordinance 48-04 increasing the corporate limits of the Town of Buckeye by annexing certain territory contiguous to the existing Town limits and read by title. Motion passed unanimously.

**5L. Resolution 55-04- GARRETSON MGPA 04-242**

Requested by John Garretson of approximately 305 acres generally located east of Miller Road between McDowell Road and Yuma Road. Motion made by Councilwoman May and seconded by Vice Mayor Urwiller to table Resolution 55-04 authorizing a Major General Plan Amendment to the Town of Buckeye's General Development Plan Land Use District Map and amending the designation of approximately 305 acres generally located east of Miller Road between McDowell Road and Yuma Road from Rural Residential to Planned Community and read by title only.. Motion passed unanimously.

**5M. Ordinance 49-04-Rezoning Miller Road between McDowell Road and Yuma Road from R-43 GARRETSON RZ04-243**

Motion made by Councilwoman May and seconded by Councilman Beard to table Ordinance 49-04 amending the Land Use District Map of the Town of Buckeye in the area generally east of Miller Road between McDowell Road and Yuma Road from R-43, Maricopa County, to PR, Planned Community. Motion passed unanimously.

**5N. Ordinance 50-04- Annexation BENNETT/HINDMAN A04-16**

Request by Roy Bennett and Kyle Hindman for the annexation of approximately 194 acres generally located south of Beloit Road and east of Rooks Road in the northeast quarter of Section 7, Township 1 South, Range 3 West, of the Gila and Salt River base and Meridian, Maricopa County. Councilman Meck abstained from any discussion and voting. There being no discussion a motion made by Vice Mayor Urwiller and seconded by Councilwoman May to adopt Ordinance 50-04 increasing the corporate limits of the Town of Buckeye by annexing certain territory contiguous to the existing Town limits and read by title only. Motion passed unanimously.

**5O. Resolution 57-04-Rezoning BENNETT/HINDMAN MGPA 04-275**

Motion made by Councilman Beard and seconded by Vice Mayor Urwiller to table Resolution 57-04 authorizing a Major General Plan Amendment to the Town of Buckeye General Development Plan Land Use District Map and amending the designation of approximately 194 acres generally located south of Beloit Road and east of Rooks Road from Rural Residential to approximately 159 acres of Planned Residential and 35 acres of Commercial Center. Motion passed unanimously.

**5P. Ordinance 51-04-Rezoning . BENNETT/HINDMAN RZ04-276**

Motion made by Councilwoman May and seconded by Vice Mayor Urwiller to table Ordinance 51-04 amending the Land Use District map of the Town of Buckeye in that area generally located south of Beloit Road and east of Rooks Road from R-43, Maricopa County, to Planned Residential (approximately 159 acres) and Commercial Center (approximately 35 acres). Motion passed unanimously.

**5Q. Ordinance 52-04-Annexation YUMA-WATSON CROSSING, L.L.C. A04-11**

Motion made by Councilwoman May and seconded by Councilman Beard to table Ordinance 52-04 increasing the corporate limits of the Town of Buckeye by annexing certain territory contiguous to the existing Town limits and read by title only. Request by Douglas Luther on behalf of Yuma-Watson Crossing, L.L.C. for the annexation of approximately 157 acres located south of the southeast corner of Broadway Road and Rooks Road. Motion passed unanimously.

**5R. Ordinance 53-04-Rezoning YUMA-WATSON CROSSING L.L.C. RZ04-239**

Motion made by Councilwoman May and seconded by Vice Mayor Urwiller to table Ordinance 53-04 amending the Land Use District Map of the Town of Buckeye in that area generally located south and east of the Broadway Road and Rooks Road intersection from R-43, Maricopa County, to Planned Residential (141 acres) and Commercial Center (16 acres). Motion passed unanimously.

**5S. PUBLIC HEARING – TRILLIUM, L.L.C. A04-18**

Mayor Hull opened the the Public Hearing at 7:32 p.m. to hear citizen input on the request by Trillium L.L.C. for the proposed annexation of 1,600 acres located in the east half of Section 12, Township 3 North, Range 5 West of the Gila and Salt River Base and Meridian; all of Section 13, Township 3 North, Range 5 West of the Gila and Salt River Base and Meridian; and all of Section 24, Township 3, North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, generally located south of Greenway Road, west of Sun Valley Parkway, north of Peoria Ave., and east of 315<sup>th</sup> Avenue. There being no comments from the public Mayor Hull closed the hearing at 7:33 p.m.

**5T. Resolution 58-04- Final Plat. FRY'S MARKETPLACE FP04-336**

Request by David Newquist and Rob Ault in behalf of Fry's Marketplace & Pad for a commercial plat consisting of 8 lots on 18.97 net acres. Community Development Director Larry Harmer pointed out that this would have a common access. Valencia would supply water and the Town would supply sewer. Motion made by Vice Mayor Urwiller and Councilwoman May to adopt Resolution 58-04 approving the Final Plat of a subdivision to be known as "Watson and Yuma" as located southwest from the intersection of Yuma Road and Watson Road and as also located within a portion of the northeast quarter of Section 16, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, and read by title only.. Motion passed unanimously.

**5U. Resolution 59-04- HANCOCK COMMUNITIES FP04-227**

Request by RBF Consulting on behalf of Hancock Communities for a site consisting of 114 lots on 23.33 net acres. There being no discussion a motion made by Councilwoman May and seconded by Vice Mayor Urwiller to adopt Resolution 59-04 approving the Final Plat of a subdivision to be known as "Sundance Parcel 17" located in the Master Planned Community of Sundance and also located in the northwest quarter of Section 11, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County and read by title only. Motion passed unanimously.

November 2, 2004

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**5V. Resolution 60-04- HANCOCK COMMUNITIES FP04-279**

Request by RBF Consulting on behalf of Hancock Communities for a site consisting of 156 lots on 34.75 net acres. There being no discussion a motion made by Councilwoman May and seconded by Councilman Beard to adopt Resolution 60-04 approving the Final Plat of a subdivision to be known as 'Sundance Parcel 23A' located in the Master Planned Community of Sundance and also located in a portion of the southwest quarter of Section 11, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County and read by title only. Motion passed unanimously.

**5W. Resolution 61-04- HANCOCK COMMUNITIES FP04-281**

Request by RBF Consulting on behalf of Hancock Communities for a site consisting of 132 lots on 27.39 net acres. There being no discussion a motion made by Councilwoman May and seconded by Vice Mayor Urwiller to adopt Resolution 61-04 approving the Final Plat of a subdivision to be known as 'Sundance Parcel 16' located in the Master Planned Community of Sundance and also located in a portion of the northwest quarter of Section 11, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, and read by title only. Motion passed unanimously.

**5X. Resolution 62-04-Final Plat Verrado Parcel 5.707 DMB WHITE TANK LLC FP04-342**

Request by Biskind, Hunt & Taylor, P.L.C. on behalf of Fidelity National Ins. Co. as Trustee of its Trust No. B176, as the owners and on behalf of DMB White Tank L.L.C. for a site consisting of 38 residential lots and 13 tracts of approximately 5.08 acres. There being no discussion a motion made by Councilman Meck and seconded by Councilman Garza to adopt Resolution 62-04 approving the Final Plat of a subdivision to be known as 'Verrado Parcel 5.707' located in the within Planning Unit V at the northwest corner of Sunrise Lane and Verrado Way in the western portion of Phase 1 of the Verrado Master Planned Community in a portion of Section 24, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, and read by title only.

**5Y. Resolution No. 63-04- Tartesso West Community Facilities District**

There being no discussion a motion made by Councilman Meck and seconded by Vice Mayor Urwiller to adopt Resolution No. 63-04 forming such District and entering into a Development, Financing Participation and Intergovernmental Agreement No. 1 with such District declaring an emergency and read by title only. Motion passed unanimously.

**6. Town Manager's Report**

- Toni Brown was introduced as the Town's new Human Resources Director
- Countryfest activities will be this coming weekend.
- Town of Buckeye's Redevelopment Coordinator Marilyn Hutchins resigned.
- A Town Hall meeting has been scheduled for November 18, 2004. (*Rescheduled to November 17, 2004.*)
- November 13, 2004 is scheduled for a Council Retreat for Main Street Development.

**7. Comments from the Mayor and Council**

**Councilman Meck**-November 18, 2004 is the Chamber's mixer at Benbow Park from 6:00 to 8:00. This will conflict with the Town Hall Meeting. Steven Earl is working on a book for Planning and Zoning with pictures of developments.

**Councilman Beard**-None

**Vice Mayor Urwiller**- None

**Councilwoman May**-None

**Councilman Garza**-Station 2 groundbreaking was wonderful.

**Mayor Hull**- Town Manager Carroll Reynolds will be on vacation in the month of December returning January 4, 2005. He recommended that the two Council meetings be cancelled. The Fire Station 2 groundbreaking was great.

**8. Adjournment.**

There being no further business to come before the Council moved by Vice Mayor Urwiller and seconded by Councilman Meck to adjourn at 8:08 p.m. The motion passed unanimously.

**Council Minutes**

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OFFICIAL RECORDS OF  
MARICOPA COUNTY RECORDER  
HELEN PURCELL  
2004-1312731 11/09/04 15:23  
1 OF 1

REI 20

When recorded return to:

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

**RESOLUTION NO. 63-04**

**RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF BUCKEYE, ARIZONA, DECLARING INTENT TO FORM A COMMUNITY FACILITIES DISTRICT; ORDERING AND DECLARING FORMATION OF THE TAX LEVYING TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA); AUTHORIZING THE ENTERING INTO A DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT WITH SUCH DISTRICT; AND DECLARING AN EMERGENCY.**

9

RESOLUTION NO. 63-04

RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF BUCKEYE, ARIZONA, DECLARING INTENT TO FORM A COMMUNITY FACILITIES DISTRICT; ORDERING AND DECLARING FORMATION OF THE TAX LEVYING TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA); AUTHORIZING THE ENTERING INTO A DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT WITH SUCH DISTRICT; AND DECLARING AN EMERGENCY.

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF BUCKEYE, ARIZONA, as follows:

Section 1. Findings. The mayor and council hereby make the following findings:

A. Prior to the adoption hereof, there was presented to us, the Mayor and Council of the Town of Buckeye, Arizona (hereinafter referred to as the "*Town*"), a petition for formation of a community facilities district and adoption of resolutions declaring formation of the Tartesso West Community Facilities District (Town of Buckeye, Arizona), submitted and effective September 20, 2004 (hereinafter referred to as the "*Petition*"), signed by the entities which, on the date of the Petition and on the date hereof, are the owners of all real property as shown on the assessment roll for State and County taxes for Maricopa County, Arizona, or, if such persons shown on such assessment roll are no longer the owners of land in the District, are the entities which are the successor owners which have become known and have been verified by recorded deed or similar evidence of transfer of ownership to be the owners of such real property (hereinafter such owners are collectively referred to as the "*Petitioner*") described in the Petition by metes and bounds to be in the community facilities district, the formation of which is requested by the Petitioner in the Petition, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Act*"). (The proposed district shall be referred to herein as the "*District*").

B. The Petitioner has represented, attested and declared the following:

1. The name of the District is requested pursuant to the Petition to be "*Tartesso West Community Facilities District (Town of Buckeye, Arizona)*",

2. The District is to be formed, and will exist, pursuant to the terms and provisions of the Act,

3. The District is to contain an area of approximately 5,396 acres of land, more or less, wholly within the corporate boundaries of the Town, and is to be composed of the land described by metes and bounds as provided in Exhibit A hereto, which is made a part hereof for all purposes (hereinafter referred to as the "*Property*"),

4. The District is to be a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes, as

amended; except as otherwise provided in the Act, and is to be considered a municipal corporation and political subdivision of the State of Arizona separate and apart from the Town; and is to be formed for, and have, all the purposes and powers of a "district" as such term is defined, and as provided, in the Act, and

5. Public convenience and necessity require the adoption of this resolution forming the District.

C. The Petitioner further represented, attested and declared that on the date thereof and hereof, as shown on the assessment roll for State and county taxes in Maricopa County, Arizona, all of the land to be in the District is owned by the Petitioner or, if a person listed on such assessment roll is no longer the owner of the land in the District, that the name of the successor owner has become known and verified by recorded deed or similar evidence of transfer of ownership to the Petitioner and that the land to be included in the District shall be benefited from the improvements for which the District is proposed to be formed and that there are no qualified electors residing on the land to be in the District.

D. After representing, attesting and declaring the preceding, the Petitioner requested that the Petition be properly filed as provided by law and that, as the Petition is signed by the owners of all the land to be in the District, any requirements of posting, publication, mailing, notice, hearing and landowner election otherwise required by the Act in connection with the formation of the District and adoption hereof be waived, and that the Town, upon receipt of the Petition, declare its intention to form the District and thereafter form the District without being required to comply with such provisions for posting, publication, mailing, notice, hearing or landowner election.

Section 2. Agreements and Further Findings by the Town. The Mayor and Council hereby agree to and find the following:

A. The Petitioner seeks formation of the District to exercise the powers and functions set forth in the Act.

B. The General Plan (as defined hereafter) has been filed with the Clerk of the Town.

C. The Petition, and all necessary supporting materials, meets the requirements of A.R.S. § 48-707, subsections F and G and has been filed with the Council, and the showings in the Petition are each noticed by us and are hereby incorporated at this place as if set forth in whole.

D. The purposes for which the organization of the District is sought are as described in the Petition and General Plan and are purposes for which a community facilities district created pursuant to the Act may be lawfully formed.

E. The District is to be wholly comprised of the Property and the Property is wholly within the boundaries of the Town.

F. The Property is benefited by the District and the public infrastructure and the public infrastructure purposes set forth in the General Plan.

G. Pursuant to A.R.S. § 48-707, subsections F and G, no hearing on the formation of the District will be held.

H. The Petitioner is the owner of all of the Property and no qualified electors reside on the Property.

I. The public convenience and necessity require the adoption hereof.

Section 3. Approval of the General Plan. Prior to the adoption hereof, a "General Plan for the Proposed Tartesso West Community Facilities District (Town of Buckeye, Arizona)" for the District was filed with the Clerk of the Town setting out a general description of the improvements for which the District is proposed to be formed and the general areas to be improved and benefited (hereinafter referred to as the "*General Plan*"). The General Plan is hereby approved in all respects.

Section 4. Intention to Form the District. The Mayor and Council hereby declare, pursuant to the Act, its intention to form the District comprised of the Property as a community facilities district, pursuant to the terms and provisions of, and with the powers and authority established by, the Act, with jurisdiction over the Property. Based on the Petition and the findings set forth herein, all requirements of posting, publication, mailing, notice, hearing and landowner election otherwise required by the Act in connection with the formation of the District and adoption hereof are waived.

Section 5. Granting of Petition; Formation of District. The Petition is hereby granted, and the District is hereby formed as a community facilities district pursuant to the terms and provisions of, and with the powers and authority established by, the Act, with jurisdiction over the Property. The Mayor and Council hereby determine December 14, 2004 to be the scheduled election date to submit the question of formation of the District to the qualified electors, if any, who reside within the boundaries of the District. As of the date hereof, which is a date within 50 days immediately preceding such scheduled election date, there are no resident electors or qualified electors residing on the Property, therefore, the submission of the formation of the District to an election of resident electors is hereby found to be unnecessary and no formation election will be held.

Section 6. Levy of Taxes. Formation of the District may result in the levy of taxes by the District on all taxable property located within the District to pay the costs of improvements constructed by the District and the administration of the District and for their operation and maintenance and the administration of the District.

Section 7. District Board and Officers. The District shall be governed by a "District Board" comprised of the members of the governing body of the Town, ex officio.

Section 8. District Boundaries and Map. The District boundaries are set to be as described in metes and bounds in *Exhibit A* hereto. The map showing the District boundaries is set forth in *Exhibit B* hereto and is hereby approved.

**Section 9. Development Agreement.** The Development, Financing Participation and Intergovernmental Agreement No. 1 (the "*Development Agreement*"), by and among the Town, the District, and (1) Stardust Structured Investments No. 4, L.L.C., an Arizona limited liability company; (2) Stardust - Tartesso W12, Inc., an Arizona corporation; (3) Sun Valley Partners, L.L.C., an Arizona limited liability company; (4) BIF-Buckeye, L.L.C., an Arizona limited liability company; (5) Rex Maughan and Ruth Maughan, husband and wife; (6) Cherry Properties, L.L.C., an Arizona limited liability company; (7) Gilligan Sun Valley, L.L.C., an Arizona limited liability company; (8) JPC Sun Valley, L.L.C., an Arizona limited liability company; and (9) WLAD Sun Valley, an Arizona limited liability company, as presented to the Board and on file with the Town Clerk, is hereby approved. The Mayor is authorized and directed to execute and deliver, and the Town Clerk is authorized and directed to attest, the Development Agreement.

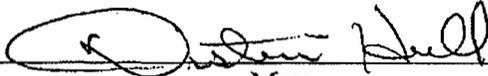
**Section 10. Dissemination of this Resolution.** The Town Clerk shall cause a copy of this resolution to be delivered to the County Assessor and the Board of Supervisors of Maricopa County, Arizona, and to the Department of Revenue of the State of Arizona.

**Section 11. No General Liability of or for the Town.** Neither the general fund or any other fund or moneys of the Town, nor that of the State of Arizona or any political subdivision of either (other than the District) shall be liable for the payment or repayment of any obligation, liability, bond or indebtedness of the District, and neither the credit nor the taxing power of the Town, the State of Arizona or any political subdivision of either (other than the District) shall be pledged therefor.

**Section 12. Legal Representation.** The firm serving as Town Attorney, Gust Rosenfeld, P.L.C., is hereby permitted to represent both the Town and the District and any conflict of interest is hereby waived.

**Section 13. Emergency.** The immediate operation of the provisions of this resolution is necessary for the preservation of the public peace, health and safety and an emergency is hereby declared to exist, and this resolution shall be in full force and effect from and after its passage, adoption and approval by the Mayor and Council of the Town and it is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

Passed by the Council of the Town of Buckeye, Arizona, on November 2, 2004.

  
\_\_\_\_\_  
Mayor

ATTEST:  
  
\_\_\_\_\_  
Clerk

APPROVED AS TO FORM:

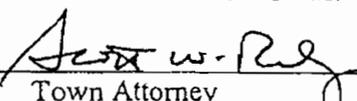
  
\_\_\_\_\_  
Town Attorney

EXHIBIT "A"  
LEGAL DESCRIPTION

TOWNSHIP 2 NORTH – RANGE 4 WEST

SECTION 18

A portion of the Southwest quarter of Section 18, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at a 3 1/2" G.L.O. brass cap, found at the Southwest corner of said Section 18;

thence North 00 degrees 20 minutes 38 seconds East, along the West line of the Southwest quarter of said Section 18, a distance of 685.26 feet;

thence South 58 degrees 48 minutes 35 seconds East, a distance of 595.04 feet to a point of curvature, concave Northeasterly, whose radius is 2600.00 feet;

thence Southeasterly, along said curve to the left, through a central angle of 31 degrees 13 minutes 45 seconds, an arc distance of 1417.13 feet, to a point on the South line of the Southwest quarter of said Section 18;

thence South 89 degrees 57 minutes 40 seconds West, along the South line of the Southwest quarter of said Section 18, a distance of 1861.39 feet to a 3 1/2" G.L.O. brass cap, and the TRUE POINT OF BEGINNING.

SECTION 19

All of Section 19, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 20

The Southeast quarter of the Northwest quarter and the Southwest quarter of the Southwest quarter of Section 20, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 29

The North half and the Southwest quarter of Section 29, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 30

All of Section 30, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 31

The Northeast quarter of Section 31, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

TOWNSHIP 2 NORTH – RANGE 5 WEST

SECTION 11

The East half; and the East half of the West half of Section 11, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 12

All of Section 12, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 13

All of Section 13, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 14

The East half of Section 14, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 24

The East half of Section 24, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 25

The East half of Section 25, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 35

The North half and the Southeast quarter of the Southwest quarter of Section 35, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

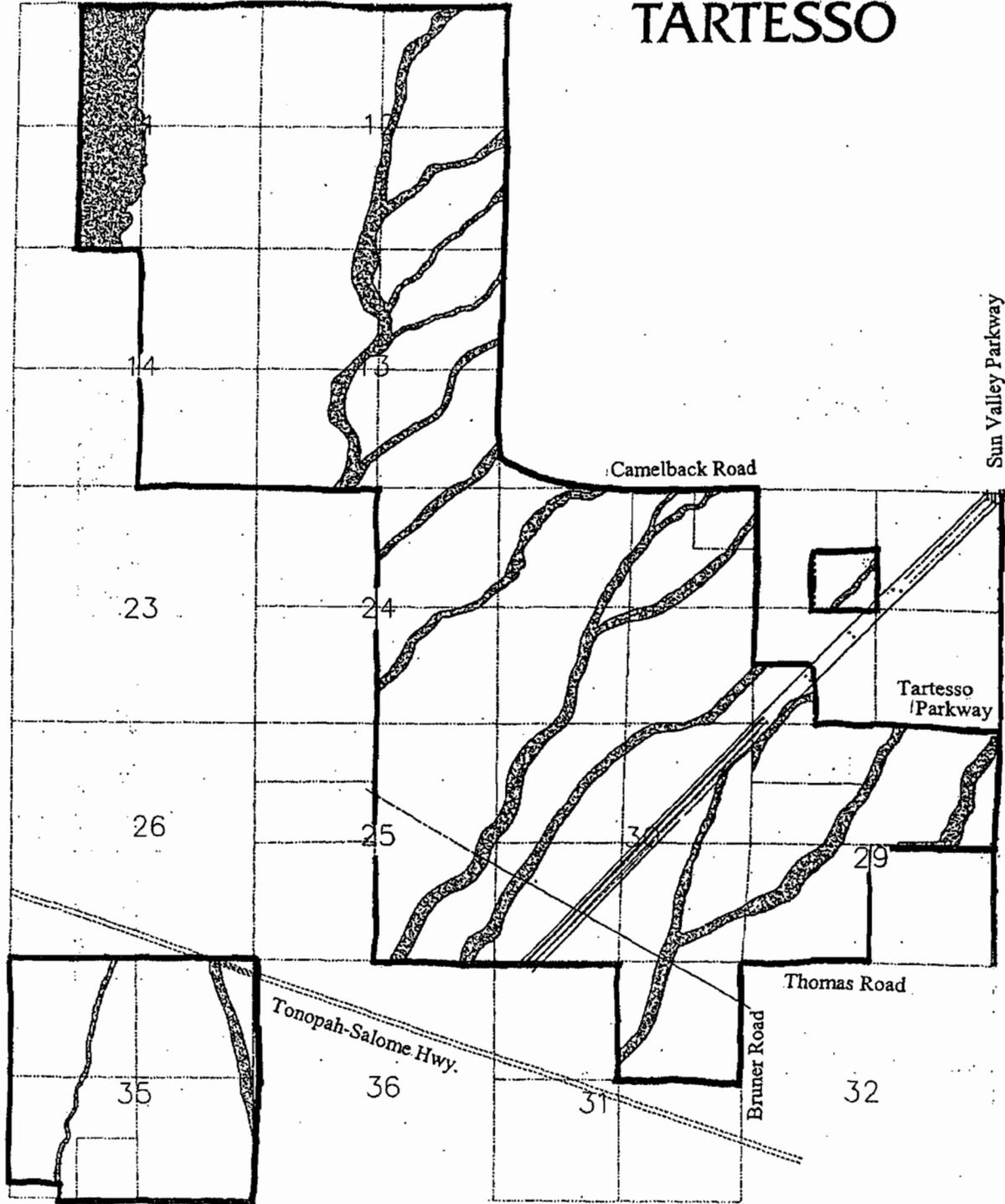
The Southeast quarter of Section 35, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

The North half of the Southwest quarter and the North half of the Southwest quarter of the Southwest quarter and the North Half of the South half of the Southwest quarter of

the Southwest quarter and the Southeast quarter of the Southeast quarter of the Southwest quarter of the Southwest quarter of Section 35, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

Glendale Ave.

# TARTESSO



Sun Valley Parkway

Camelback Road

Tartesso Parkway

Thomas Road

Bruner Road

Tonopah-Salome Hwy.

Johnson Rd. Alignment

EXHIBIT B



OFFICIAL RECORDS OF  
MARICOPA COUNTY RECORDER  
HELEN PURCELL  
2004-1294633 11/03/04 15:10  
1 OF 1

GONZALESJ

When recorded, return to:

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

**DEVELOPMENT, FINANCING PARTICIPATION  
AND INTERGOVERNMENTAL AGREEMENT NO. 1  
TARTESSO WEST  
COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)**

**by and among**

TOWN OF BUCKEYE, ARIZONA

and

TARTESSO WEST COMMUNITY FACILITIES DISTRICT

and

STARDUST-TARTESSO W12, INC.

Dated as of November 2, 2004

**DEVELOPMENT, FINANCING PARTICIPATION  
AND INTERGOVERNMENTAL AGREEMENT NO. 1  
TARTESSO WEST  
COMMUNITY FACILITIES DISTRICT**

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**THIS DEVELOPMENT, FINANCING PARTICIPATION AND INTER-GOVERNMENTAL AGREEMENT NO. 1 TARTESSO WEST COMMUNITY FACILITIES DISTRICT**, dated as of November 2, 2004 (the "*Agreement*"), by and among the Town of Buckeye, Arizona, a municipal corporation under the laws of the State of Arizona (the "*Municipality*"), Tartesso West Community Facilities District, a community facilities district formed by the Municipality, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*District*"), and Stardust-Tartesso W12, Inc., which is duly formed and validly existing pursuant to the laws of the State of Arizona and duly authorized to do business in the State of Arizona (the "*Owner*") that owns a portion of the real property in the District. Other persons owning or having an interest in any real property within the District (collectively, the "*Other Parties*"), have acknowledged and agreed to the terms and provisions of this Agreement and have consented to the recording of this Agreement as a binding encumbrance against their respective property, by the execution of the Consent and Agreement attached hereto.

**W I T N E S S E T H :**

**WHEREAS**, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Act*"), and Section 9-500.05, Arizona Revised Statutes, as amended, the Municipality, the District and the Owner may enter into this Agreement as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Act) and the financing of public infrastructure, including, but not limited to subsequent reimbursements or repayments over time; and

**WHEREAS**, with regard to the property described in *Exhibit "A"* hereto (the "*Property*") which makes up the real property included within the boundaries of the District, the Municipality, the District and the Owner have determined to specify some of such matters in this Agreement, particularly matters relating to the acquisition, construction financing, operation and maintenance of certain public infrastructure by the District, including matters relating to competitive bidding of the construction of the public infrastructure the acceptance thereof by the Municipality, the sale of bonds to finance the costs of the public infrastructure, and, if applicable and approved by the District, the reimbursement or repayment of the Owner with respect thereto, all pursuant to the Act; and

**WHEREAS**, this Agreement as a "development agreement" is consistent with the "general plan" of the Municipality as defined in Section 9-461, Arizona Revised Statutes, as amended, applicable to the Property on the date this Agreement is executed; and

**WHEREAS**, general obligation bonds (the "*G.O. Bonds*") and/or special assessment lien bonds (the "*Assessment Bonds*") of the District may be issued in the sole discretion of the District board of directors (the "*District Board*"), to provide moneys to finance certain "public infrastructure purposes" (as such term is defined in the Act) described in the General Plan of the District (the "*General Plan*") heretofore approved by the Municipality and the District (collectively, the G.O. Bonds and the Assessment Bonds of the District are referred to as the "*Bonds*"); and

**WHEREAS**, the District Board has ordered, called and conducted a general obligation bond election, whereat the persons qualified to vote at such election pursuant to the Act authorized the District Board to (a) issue, in its sole discretion, Bonds in an amount not to exceed One Hundred Seventy Five Million Dollars (\$175,000,000) to provide moneys for public infrastructure purposes consistent with the ballot, the General Plan and the Act; and (b) levy and collect an ad valorem property tax for purposes of paying the District's administrative, operation and maintenance expenses pertaining to public infrastructure benefiting the District; and

**WHEREAS**, the District Board, pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as amended, as nearly as practicable, or such other procedures as the District Board provides, may, in its sole discretion (but with the consent of the Owner during the Exclusivity Period), levy assessments of the costs of any public infrastructure or public infrastructure purpose on any land in the District based on the benefit determined by the District Board to be received by the land, and issue and sell the Assessment Bonds payable from amounts collected from the special assessments; and

**WHEREAS**, the Owner desires that the District utilize the proceeds of the Bonds to acquire public infrastructure from the Owner pursuant to the terms of this Agreement, including but not limited to the provisions of Articles II and III and the Owner will submit a Report (as defined herein) requesting the issuance of Bonds; and

**WHEREAS**, the District desires to provide for the possible financing of public infrastructure utilizing the proceeds of Bonds in instances where it is necessary to contain or alleviate a legitimate threat to public health and safety of the residents in the District and upon the earlier of the time when (a) 25% or less of the developable acreage within the District is owned by Owner or its affiliates or (b) all of the public infrastructure described in the General Plan has been completed and paid or reimbursed from the proceeds of Bonds; and

**WHEREAS**, pursuant to the Act, the District may enter into this Agreement with the Owner with respect to the advance of moneys for public infrastructure or public infrastructure purposes by the Owner and the repayment of such advances; and

**WHEREAS**, pursuant to the Act and Title 11, Chapter 7, Article 3, Arizona Revised Statutes, as amended (the "*Intergovernmental Agreement Act*"), the District and the Municipality may enter into the specified sections of this Agreement as an "intergovernmental agreement" with one another for joint or cooperative action for services and to jointly exercise any powers common to them and for the purposes of the planning, design, inspection, ownership, control, maintenance, operation or repair of public infrastructure; and

**WHEREAS**, pursuant to Section 48-715, Arizona Revised Statutes, as amended, and the CFD Guidelines (as defined herein) before the District constructs or acquires any public infrastructure improvements, the District Board is required, in each instance, to cause a report of the feasibility and benefits of the project (the "*Report*") relating to such public infrastructure improvements to be prepared by engineers and other qualified persons, which must include a description of the public infrastructure to be constructed or acquired and all other information useful to understand the project, a map showing, in general, the location of the project, an estimate of the cost to construct, 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; and

**WHEREAS**, nothing contained in this Agreement is intended to limit the District Board in exercising its judgment with respect to the issuance of Bonds during the process of reviewing and approving or rejecting any Report;

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

## ARTICLE I

### COMMUNITY FACILITIES DISTRICT

**Section 1.1** Except as otherwise specifically provided in this Agreement, as may be amended from time to time, the District shall be subject to and governed by the terms and provisions of the Town of Buckeye, Arizona, Policy Guidelines and Application Procedures for the Establishment of Community Facilities Districts, as amended from time to time (the "*CFD Guidelines*").

**Section 1.2** The District may retain an independent financial advisor, legal advisor, underwriter, engineer and such other advisors and consultants as may be necessary to assist the District in its operations, including but not limited to evaluating budgets, Reports, financing documents, District construction documents and similar matters ("*District Consulting Costs*"). District Consulting Costs shall be included as District Administrative Expenses, provided, however, certain District Consulting Costs constituting capital expenditures of a project financed by Bonds may, if approved by the District Board, be paid with the proceeds of Bonds.

**Section 1.3** The District shall maintain its records and conduct its affairs in accordance with the Act, the laws of the State of Arizona and the CFD Guidelines.

**Section 1.4** The Municipality shall be paid by the District for its costs and expenses relating to the District and the public infrastructure financed by the District as described in Section 7.2(d) of this Agreement. The Municipality will provide the District and the District will provide the Owner with an invoice for the Municipality's costs and expenses. The Owner agrees to pay to the District the amounts owed per Article VII of this Agreement within forty-five (45) days of receipt of the invoice.

**Section 1.5** (a) All infrastructure described in the General Plan that is or expected to be financed with District moneys or District Bond proceeds ("*District Financed Infrastructure*") shall be public infrastructure improvements as described in the Act. Any District Financed Infrastructure shall be publicly bid and awarded pursuant to the provisions of Title 34 of the Arizona Revised Statutes, as amended, *i.e.*, Sections 34-101, *et seq.*, and in accordance with the bidding policies of the Municipality (collectively, the "*Public Bid Requirements*").

(b) Commencing on the date of this Agreement, the form of Notice Inviting Bids in Exhibit "B" hereto shall be used in substantially the form for such purpose, and the use of such form prior to the execution and delivery of this Agreement is hereby ratified in all respects.

(c) Compliance with the Public Bid Requirements shall be evidenced by the certification of the engineers of the Owner and the District (collectively, the "*Engineers*") with respect thereto in the form of Exhibit "C" hereto (the "*Certificate of the Engineers*").

(d) Each construction or acquisition contract relating to the public infrastructure improvements or purposes shall provide that the respective contractors or vendors shall not have recourse, directly or indirectly, to the Municipality. In the case of any initial financing provided by the Owner of any construction or acquisition contract relating to public infrastructure improvements or purposes for which reimbursement is expected, such contract shall provide that the respective contractors or vendors shall not have recourse, directly or indirectly to the District, for the payment of any costs under such contract or any liability, claim or expense arising therefrom and that the Owner shall have sole liability for payment under such contract of all such amounts.

**Section 1.6** The right to submit one or more Reports to the District Board requesting the construction, acquisition and financing of all or a part of the District Financed Infrastructure or any public infrastructure purpose described in the General Plan, and the corresponding right to request the issuance of Bonds, shall be reserved exclusively (except as specifically provided in the following sentence) to the Owner until the first to occur of the following: (a) 25% or less of the developable acreage within the District is owned by Owner or its affiliates or (b) all of the "backbone" or major public infrastructure described in the General Plan, such as major arterial streets, water and sewer transmission lines, wastewater treatment plants and water production facilities, has been completed and paid or reimbursed from the proceeds of Bonds. Upon the first to occur of the following: (a) 25% or less of the developable acreage within the District is owned by Owner or its affiliates or (b) all of the "backbone" or major public infrastructure described in the General Plan, such as arterial streets, water and sewer transmission lines, wastewater treatment plants and water production facilities, has been completed and paid or reimbursed from the proceeds of Bonds, the District, or any third party owning real property within the District, including Owner, and in instances where it is necessary to contain or alleviate a legitimate threat to public health and safety of the residents in the District, the District only, shall have the right to submit to the District Board one or more Reports pertaining to the issuance of Bonds ("*Third Party Bonds*") to finance the construction, acquisition or installation of all or a part of the public infrastructure improvements described in the General Plan. The District Board, exercising its sole discretion may thereafter approve or reject the Report and approve or reject the issuance of District Bonds, including Third Party Bonds (all Bonds that are not Third Party Bonds shall be referred to as "*Owner Bonds*").

**Section 1.7** Notwithstanding Section 1.6 above, Owner shall be permitted to withdraw any Report submitted by Owner from consideration by the District at any time before the conclusion of the hearing thereon. In the event of such a withdrawal, the District Board shall not approve the Report or adopt any resolution that would effect an implementation of any part of the transaction described in such Report. Owner shall be permitted to resubmit any such withdrawn Report or any Report that has been rejected by the District Board and then amended by Owner, at such time as Owner may, in its sole discretion, deem advisable.

**Section 1.8** Subject to the approval of the District, Owner shall have the right to cause to be constructed, utilizing the Public Bid Requirements, any part or all of the public infrastructure improvements or purposes described in the General Plan, and thereafter submit a Report to the District requesting the District to acquire the public infrastructure improvements. If the District Board, exercising its discretion, approves the Report and the

District has or expects to have sufficient District Bond proceeds to acquire the public infrastructure, the District may acquire the public infrastructure pursuant to the terms of this Agreement. All such construction shall be performed, subject to applicable permit requirements for any improvements or buildings to be constructed, in a good and workmanlike manner and in compliance with all applicable standards, codes, rules, guidelines or regulations of the Municipality. The prior conveyance or dedication of easements, rights-of-way or public infrastructure shall not affect or proscribe Owner's right to construct public infrastructure improvements or purposes thereon or to be paid or reimbursed for such construction upon acquisition by the District. Nothing contained in this Section 1.8 shall prohibit the District from constructing or acquiring public infrastructure improvements pursuant to the terms and provisions of the Act and Article IV of this Agreement.

## ARTICLE II

### CONSTRUCTION OF PROJECTS BY OWNER

**Section 2.1** (a) Subject to the other terms and provisions of this Agreement, Owner at its sole cost and expense may, unless the procedure to have the District construct the public infrastructure improvements as described in Article IV hereof is followed, cause the public infrastructure improvements or purposes, including but not limited to those improvements described in the General Plan (collectively, the "*Acquisition Infrastructure*" and as detailed in the General Plan on a project-by-project basis as an "*Acquisition Project*" or the "*Acquisition Projects*") to be provided for pursuant to plans and specifications approved by the Municipality (the "*Plans and Specifications*").

(b) The Acquisition Projects shall be constructed in compliance with all applicable standards, codes, rules, guidelines or regulations of the Municipality, as then in effect for the same or comparable construction projects of the Municipality. Compliance with the provisions of this **Section 2.1(b)** may be evidenced by a letter of acceptance or other documents evidencing inspection and approval issued by the Municipality.

**Section 2.2** The Acquisition Projects shall be bid in one or more parts pursuant to the requirements set forth in **Section 1.5** of this Agreement. Any contracts for such work shall be hereafter referred to as the "*Acquisition Project Construction Contracts*" and individually as an "*Acquisition Project Construction Contract*".

**Section 2.3** The total bid amount of any Acquisition Project Construction Contract plus any other costs of the Acquisition Project that are not required to be bid pursuant to the Public Bid Requirements shall be submitted for review to and if acceptable, approved by the Manager for the District (the "*District Manager*") or his designee and the engineer for the District (the "*District Engineer*"). The total bid amount of any Acquisition Project Construction Contract shall not exceed the estimated cost of the Acquisition Project set forth in the approved Report. Any change order to any Acquisition Project Construction Contract shall be subject to approval by the District Engineer and District Manager (which approval shall not be unreasonably withheld or delayed) and shall be certified to in the Certificate of the Engineers; provided, however, any field change order required by the Municipality shall be deemed an "approved change order". Notwithstanding anything to the contrary contained above, the District Board shall approve any change order increasing the amount of an Acquisition Project Construction Contract by more than 10% of the original contract amount or otherwise modifying significantly the scope of the work. Any increase in cost caused by any change order shall be the sole responsibility of Owner provided that such increase in cost caused by an approved change order may be included by Owner in any applicable Segment Price pursuant to **Section 3.2** hereof.

**Section 2.4** As between Owner, the Municipality and the District, Owner shall bear all risks, liabilities, obligations and responsibilities under each Acquisition Project Construction Contract and all risk of loss of or damage to any Acquisition Project (or any part thereof) occurring prior to the time of acquisition of such Acquisition Project (or part thereof).

## ARTICLE III

### ACQUISITION OF PROJECTS FROM OWNER

**Section 3.1** (a) Subject to the other terms and provisions of this Agreement and after approval by the District Board of a Report pertaining to the applicable Acquisition Project, Owner shall sell to the District, and the District shall acquire from Owner, each Acquisition Project, together with all real property or interests therein necessary to operate and maintain the District Financed Improvements (collectively, the "*Necessary Public Property*"), as a whole (the entire Acquisition Project) or, if applicable, in completed, discrete portions as determined by the District Engineer and the District Manager and in accordance with the Plans and Specifications (referred to herein as a "*Segment*") at the price for the Acquisition Project or, if applicable, each Segment (the "*Project Price*" or the "*Segment Price*" as applicable) established as provided in Section 3.2 hereof. At the request of the District, the Owner shall convey any acquired Acquisition Project or Segment(s) and the Necessary Public Property to be conveyed directly to the Municipality, together with a direct assignment of any warranties, guarantees and bonds.

(b) Any such acquisition shall be financed (i) at any time before the sale and delivery of any of the Bonds only pursuant to Section 5.1(a) hereof and (ii) at any time after the sale and delivery of any of the Bonds only pursuant to Section 5.1(b) hereof.

(c) Owner has not been and shall not be compensated for any of the Acquisition Infrastructure except as provided by this Agreement. The District shall not be liable for any payment or repayment to Owner therefor except as provided by this Agreement.

(d) As of the date of this Agreement, none of the Acquisition Infrastructure has been dedicated by Owner or accepted by the District or the Municipality or offered for dedication by Owner or acceptance by the District or the Municipality.

**Section 3.2** (a) The Project Price for an Acquisition Project or the Segment Price for a Segment, as applicable, shall be equal to the sum of the amounts bid (together with or net of any approved change orders), and approved pursuant to Section 2.3 hereof, plus any other amounts that are not required to be bid pursuant to the Public Bid Requirements but are approved pursuant to Section 2.3 hereof, and actually paid by Owner for (1) third-party design and/or engineering of the Acquisition Project or Segment, (2) construction and/or installation of the Acquisition Project or Segment pursuant to the Acquisition Project Construction Contract for such Acquisition Project or Segment, (3) inspection and supervision of the construction of the Acquisition Project or Segment by the District for performance under such Acquisition Project Construction Contract and a reasonable construction management fee, and, (4) other miscellaneous and incidental costs relating to the construction and/or installation of such Acquisition Project or Segment allowed by the Act and approved in the Report, but not including any Necessary Public Property.

(b) The determination of that portion of the Project Price or the Segment Price shall be certified in the Certificate of the Engineers for that Segment.

**Section 3.3** The District shall pay the Project Price or the Segment Price, as applicable for and acquire from Owner, and Owner shall, subject to Section 5.1(a)(ii) below, accept the Project Price or the Segment Price for and sell to the District, the Acquisition Project or Segment as provided in Section 3.1 hereof after the approval of the Report and after receipt by the District Manager of the following with respect to the acquisition Project or Segment, in form and substance reasonably satisfactory to the District Manager:

- (a) The Certificate of the Engineers;
- (b) The "Conveyance for Segment of Project" in the form of *Exhibit "D"* hereto or otherwise in form and substance reasonably satisfactory to the District Manager (hereinafter referred to as a "Conveyance");
- (c) Evidence that all Necessary Public Property has been conveyed to the Municipality and public access to the Segment or the Acquisition Project, as applicable, has been or will be provided to the Municipality;
- (d) The assignment of all contractors' and materialmen's warranties and guarantees as well as payment and performance bonds, if required;
- (e) An acceptance letter or such other evidence of acceptance as required by the Municipality, issued by the Municipality and by its terms subject specifically to recordation of the Conveyance of the Acquisition Project or Segment, as applicable, which is the subject of such letter; and
- (f) Such other documents, instruments, approvals or opinions as may reasonably be requested by the District Manager including, with respect to any Necessary Public Property, title reports, insurance and opinions and evidence satisfactory to the District Manager that any Necessary Public Property to be acquired does not contain environmental contaminants which make such real property unsuitable for its intended use or, to the extent such contaminants are present, a plan satisfactory to the District Manager which sets forth the process by which such Necessary Public Property will be made suitable for its intended use and the sources of funds necessary to accomplish such purpose.

**Section 3.4** As a condition to the payment of the Project Price or the Segment Price, as applicable, by the District to the Owner, and the acquisition of the Acquisition Project or the Segment by the District or Municipality, the Owner shall convey to the District, or if directed by the District and consented to by the Municipality, dedicate to the Municipality, without cost, all Necessary Public Property required for the operation and maintenance of the Acquisition Project or Segment, as applicable. The Necessary Public Property required shall be similar to the requirements for construction projects of the Municipality similar to the Segment.

## ARTICLE IV

### CONSTRUCTION OF PROJECTS BY THE DISTRICT

**Section 4.1** (a) Subject to the other terms and provisions of this Agreement, the District, after approval by the District Board of a Report, prior to the bidding therefor, may, in its sole unfettered discretion, cause any of the public infrastructure described in the General Plan (hereinafter referred to if constructed pursuant to the provisions of this Article IV as collectively the "*Constructed Infrastructure*" and as detailed in the General Plan on a project-by-project basis a "*Construction Project*" or the "*Construction Projects*") to be constructed pursuant to the Plans and Specifications.

(b) The Construction Projects shall be constructed in accordance with the requirements for construction projects of the Municipality similar to the Construction Projects unless heretofore agreed otherwise by the Municipality.

**Section 4.2** The Construction Projects shall be bid in one or more parts by and in the name of the District pursuant to the Public Bid Requirements, and contracts shall be entered into by the District (hereinafter referred to as collectively the "*Construction Project Construction Contracts*" and as individually a "*Construction Project Construction Contract*").

**Section 4.3** Prior to bidding any contract for the construction of a Construction Project, as a condition to the District proceeding with a Construction Project, the Owner shall convey to the District, without cost, or if directed by the District and consented to by the Municipality, dedicate to the Municipality, without cost, all Necessary Public Property required for the construction, operation and maintenance of the public improvements comprising the Construction Projects. The type, size and terms of the Necessary Public Property required for the construction, operation or maintenance of the Construction Project shall be similar to the requirements for construction projects of the Municipality similar to the Construction Projects. In addition, such conveyance shall occur after receipt by the District Manager of the following with respect to such Necessary Public Property, in form and substance reasonably satisfactory to the District Manager:

(i) a special warranty deed or easement from the Owner for such Necessary Public Property executed by an authorized officer of the Owner,

(ii) such environmental assessments or other evidence satisfactory to the District Manager that such Necessary Public Property does not contain environmental contaminants which make such Necessary Public Property unsuitable for its intended use or to the extent such contaminants are present, a plan satisfactory to the District Manager which sets forth the process by which such Necessary Public Property will be made suitable for its intended use, a plan for remediation of such contaminants, if required by the District Manager and the sources of funds necessary to accomplish such purpose, and

(iii) such other documents, instruments, approvals or opinions as the District Board may reasonably request including title reports, insurance and opinions.

**Section 4.4** Owner has not been and shall not be compensated for any costs of any Construction Project except as provided herein.

**Section 4.5** Construction of any Construction Project has not and shall not commence prior to the approval of the Report as required by, and for all purposes of, the Act and conveyance or dedication of a Necessary Public Property as provided in Section 4.3 hereof.

**Section 4.6** Any such construction or acquisition shall be financed (i) at any time before the sale and delivery of any of the Bonds only pursuant to Section 5.2(a) hereof and (ii) at any time after the sale and delivery of any of the Bonds only pursuant to Section 5.2(b) hereof.

## ARTICLE V

### FINANCING OF PROJECTS

**Section 5.1** (a) (i) To provide for any acquisition of an Acquisition Project or a Segment occurring before the sale and delivery of any Bonds, the Project Price or, if applicable, the Segment Price(s) for Segment(s) comprising an Acquisition Project shall be paid by Owner subject to payment and acquisition by the District pursuant to the terms of this Agreement and the Conveyance of the Acquisition Project or Segment.

(ii) As soon as possible after the sale and delivery of any Bonds issued for the purpose of acquiring an Acquisition Project or any Segment, the amount of the Project Price for the Acquisition Project or the Segment Price of a Segment paid by the Owner prior to the sale and delivery of the Bonds shall, subject to the requirements of Section 3.3 hereof, be paid to Owner from, and only from, the proceeds of the sale and delivery of the Bonds issued for the purpose of acquiring an Acquisition Project or any Segment. Neither the District nor the Municipality shall be liable to Owner (or any contractor or assigns under any Contract) for payment of any Project Price or Segment Price except, the District shall be liable to the extent unencumbered proceeds of the sale of the Bonds issued for the purpose of acquiring an Acquisition Project or any Segment, are available for such purpose. No representation or warranty is given by the District or District Board that Bonds will be approved for issuance and sale by the District Board, can be sold by the District, or that sufficient proceeds from the sale of the Bonds shall be available to pay any Project Price or Segment Price. The foregoing is not intended to limit the right of Owner to payment for any amount of the Project Price or Segment Price paid by Owner in excess of the proceeds from the sale of the Bonds if the District thereafter finances such amount from future Bond proceeds, and the District and the Municipality shall reasonably cooperate with Owner in preserving the right to any such future payment.

(iii) Until the sale and delivery of the Bonds issued for the purpose of acquiring an Acquisition Project or any Segment, the District shall not have any obligation to repay Owner for any payment made by Owner to pay any Project Price or Segment Price.

(b) (i) Any acquisition of an Acquisition Project or any Segment occurring after the sale and delivery of any Bonds issued for the purpose of acquiring an Acquisition Project or any Segment shall, subject to the requirements of Section 3.3 hereof, be provided for by the payment of the Project Price or Segment Price from, and only from, the proceeds of the sale and delivery of the Bonds issued for the purpose of acquiring an Acquisition Project or any Segment.

(ii) Until the sale and delivery of the Bonds issued for the purpose of acquiring an Acquisition Project or any Segment, the District shall have no obligation to pay such Project Price or Segment Price. Neither the District nor the Municipality shall be liable to Owner (or any contractor or assigns under any Contract) for payment of any Project Price or Segment Price except, the District shall be liable to the extent unencumbered proceeds of the sale of the Bonds issued for the purpose of acquiring an Acquisition Project or any Segment, are available for such purpose. No representation or warranty is given by the District or the District Board that Bonds will be approved for issuance and sale by the District Board, can be sold by the

District or that sufficient proceeds from the sale of the Bonds issued for the purpose of acquiring an Acquisition Project or any Segment shall be available to pay such Project Price or Segment Price. The foregoing is not intended to limit the right of Owner to payment for any deficiency between the proceeds from the sale of the Bonds and the amount of any Project Price or Segment Price paid by Owner if the District thereafter finances such amount from other or future Bonds and the District and the Municipality shall reasonably cooperate with Owner in preserving the right to any such future payment.

(c) If the Bonds are not issued or if the proceeds of the Bonds are insufficient to pay all of the Project Price or Segment Price, there shall be no recourse to the District or the Municipality and the District and the Municipality shall not have liability with respect to, the Project Price or Segment Price, except the District shall be liable for payment only from the proceeds of the sale of the Bonds, if any. Nothing contained in this Section 5.1 shall obligate the Municipality to pay for any Segment Price or Acquisition Infrastructure from any monies of the Municipality. The foregoing is not intended to limit the ability of the Owner to payment for any deficiency between the proceeds from the sale of the Bonds for such purpose and the amount of a Project Price or Segment Price, if the District thereafter finances such amount from future Bond proceeds.

Section 5.2 (a) (i) To provide for amounts due pursuant to any Construction Project Construction Contract (including incidental costs relating thereto) (the "*Construction Costs*") after the biddings thereof but before the sale and delivery of any Bonds, such amounts shall be paid by Owner pursuant to the terms of this Agreement. Incidental costs related to a Construction Project Construction Contract shall include, without limitation, permits, staking costs, general conditions, engineering costs, and construction management costs. Each payment of such Construction Costs by the Owner shall be evidenced by a written acknowledgement of the District Manager included as part of the written approval of the District Engineer of each pay request of the contractor for such Construction Project Construction Contract. Notwithstanding the foregoing, Owner shall not be obligated to pay the Construction Costs for any public improvements financed by the District in response to a Report submitted by the District or a third party other than the Owner.

(ii) As soon as possible after the sale and delivery of any Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract, and sufficient Bond proceeds are reserved to pay the remaining Construction Costs of a Construction Project Construction Contract, the total amounts of the Construction Costs paid by Owner prior to the sale and delivery of the Bonds shall be paid to Owner from, and only from, the proceeds of the sale and delivery of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract. Neither the District nor the Municipality shall be liable to Owner (or any contractor or assigns under any Contract) for payment of any such Construction Cost amount, except the District shall be liable to the extent unencumbered proceeds of the sale of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract are available for such purpose. Neither the District nor the District Board makes any representations or warranties that sufficient proceeds from the sale of any Bonds will be available to pay such amounts of the Construction Costs paid by Owner. The foregoing is not intended to limit the right of Owner to

payment for any amount of the Construction Costs paid by Owner in excess of the proceeds from the sale of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract if the District thereafter finances such amount from future Bonds and the District and the Municipality shall reasonably cooperate with Owner in preserving the right to any such future payment.

(iii) Until the sale and delivery of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract, the District shall not have any obligation to repay Owner for any payment of a Construction Cost paid by Owner and after the sale and delivery of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract such obligation shall be limited to the amount of the proceeds of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract available for such purpose.

(b) (i) Any Construction Cost amounts due pursuant to any Construction Project Construction Contract after the sale and delivery of any of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract shall be provided for by the payment of such Construction Cost amounts from, and only from, the proceeds of the sale and delivery of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract.

(ii) Until the sale and delivery of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract, the District shall have no obligation to pay such Construction Cost amounts. Neither the District nor the Municipality shall be liable to Owner for payment of any such Construction Cost amount, except the District shall be liable to the extent unencumbered proceeds of the sale of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract are available for such purpose. Neither the District nor the District Board makes any representations or warranties that the Bonds can be sold by the District or that sufficient proceeds from the sale of the Bonds shall be available to pay such Construction Cost amounts.

(c) If the Bonds are not issued or if the proceeds of the sale of the Bonds are insufficient to pay any or all of the amounts described in subsections (a) or (b), there shall be no recourse to the District or the Municipality and the District and the Municipality shall have no liability with respect to any Construction Project Construction Contract if the Construction Project was undertaken based on approval by the District Board of a Report submitted by Owner, except the District shall be liable for payment only from the proceeds of the sale of the Bonds. Nothing contained in this Section 5.2 shall obligate the Municipality to pay for any Construction Cost from any monies of the Municipality.

## ARTICLE VI

### MATTERS RELATING TO THE BONDS AND OTHER OBLIGATIONS OF THE DISTRICT

**Section 6.1** (a) Upon the submission of a Report, and upon a date established by the District Manager, the District Board shall, in its sole, unfettered discretion, take all such reasonable action necessary for the District to consider the approval or rejection of the Report. If the Report is approved, the District Board may take all reasonable action necessary to issue and sell the Bonds pursuant to the terms and conditions as may be established by the District Board in connection with its approval of the Report (the "*Approval*"), and the provisions of the CFD Guidelines and the Act.

(b) The Bonds may be sold in one or several series, in an amount sufficient (i) to pay the Acquisition Price or the Segment Prices for the Acquisition Infrastructure and all Construction Costs relating to any Construction Project Construction Contract for the Constructed Infrastructure, in each case as established pursuant hereto and in the Approval (hereinafter referred to collectively as the "*Work*") which shall be based on the estimated costs and expenses indicated in the Report or the Approval (hereinafter referred to as the "*Estimate*"), (ii) to pay all other amounts indicated in any Report submitted as required by this Agreement, (iii) to pay all relevant issuance costs related to the applicable series of the Bonds, (iv) to pay capitalized interest for a period not in excess of that permitted by the Act and described in the Report or Approval, and (v) to the extent permitted by law, to fund a debt service reserve fund in an amount not in excess of that permitted by the Act and described in the Report or Approval (collectively, the "*Financeable Amount*").

(c) (i) Assessment Bonds shall be special assessment lien bonds payable from amounts collected from, among other sources, the hereinafter described special assessment (referred to as originally levied and as thereafter may be reallocated as described herein as the "*Assessments*").

(ii) The Assessments shall be based on the Financeable Amount indicated in the Report or the Approval. None of the Acquisition Project Construction Contracts or the Construction Project Construction Contracts applicable to the Work shall be required to be bid or awarded as a prerequisite to the levying of the Assessments.

(iii) The Assessments shall be levied pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as amended, as nearly as practicable or such other procedures as the District provides.

(iv) In the event of nonpayment of the Assessment, the procedures for collection thereof and sale of the applicable portion of the Property may be established by the District, or the District may adopt the procedures prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes, as amended, as nearly as practicable, except that, under all procedures, neither the District nor the Municipality is required to purchase any of the Property at the sale if there is no other purchaser.

(v) To prepay, from property owner payments, in whole or in part the applicable portion of the Assessment, on any interest payment date, the following shall be paid in cash to the District: (A) the interest on such portion to the next date Bonds may be redeemed plus (B) the unpaid principal amount of such portion rounded up to the next highest multiple of the lowest authorized denomination of the Bonds plus (C) any premium due on such redemption date with respect to such portion plus (D) any administrative or other fees charged by the District with respect thereto.

(vi) The Owner hereby acknowledges that lenders and other parties involved in financing future improvements on the Property (including mortgages for single family residences) may require that liens associated with the Assessment (or applicable portions thereof) be paid and released prior to accepting a lien with respect to any such financing.

(vii) This Agreement shall be construed to be an express consent by the Owner that (A) the District Board may designate the boundaries of an Assessment area; (B) the District may, with respect to the Property, incur costs and expenses necessary to complete the Work provided that the Work is a part of a Construction Project, and (C) the District may levy and collect the Assessments in amounts sufficient to pay all costs and expenses of the Financeable Amount, including the Work.

**Section 6.2** (a) The terms and provisions of the Assessment Bonds and the manner of sale shall be established by the CFD Guidelines, except as such CFD Guidelines are modified by this Agreement or the Approval.

(b) At the time of sale of the Assessment Bonds, an appraisal dated not earlier than six (6) months prior to the date of sale of the Assessment Bonds, in form and substance satisfactory to the District, in its sole and absolute discretion, and prepared by an MAI appraiser (the "Appraisal") must show that the wholesale (bulk) value of each assessed parcel or lot in any assessment area securing the Assessment Bonds (as improved by the public infrastructure described in the relevant Report) less five percent (5%), is worth at least six times (in the case of a public sale of Assessment Bonds) and four times (in the case of a sale of the Assessment Bonds to qualified institutional buyers [as defined in Rule 144A as amended], accredited investors [as defined in Rule 501(a), Regulation A, as amended]) or sophisticated municipal market participants, as much as the principal amount of the Assessment Bonds allocated to each assessed parcel.

(c) At the time of sale of the Assessment Bonds, and to the extent not already provided by the contractors pursuant to the Public Bid Requirements, Owner shall provide or cause to be provided financial assurances in the form of escrowed cash, bonds, letter of credit or other similar assurances, accessible by the District and in each case in form acceptable to the District Manager, for amounts necessary to pay all costs and expenses associated with providing all the public infrastructure purposes described in the Report as well as any unpaid costs and expenses of any public infrastructure purposes not paid or payable from the proceeds of the sale of the Assessment Bonds because such proceeds are insufficient in amount for such purposes. The foregoing is not intended to limit the right of Owner to reimbursement for any amount

advanced in excess of the proceeds from the sale of the Assessment Bonds if the District is able to finance such amount from other or future Assessment Bond proceeds, and the District and the Municipality shall reasonably cooperate with Owner in preserving the right to any such future reimbursement.

(d) Unless reduced by the District Board in the Approval, the amount of the Assessment Bonds and the "sale proceeds" thereof shall be sized to include an amount sufficient to fund a reserve to secure payment of debt service on the Assessment Bonds. Payment from such reserve shall not effect a reduction in the amount of the Assessment, and any amount collected with respect to the Assessment thereafter shall be deposited to such reserve to the extent the Assessment is so paid therefrom.

**Section 6.3** (a) Proceeds of G.O. Bonds may be used for any purpose permitted by the Act. The terms and provisions of the G.O. Bonds and the manner of sale shall be established by the CFD Guidelines, except as such CFD Guidelines are modified by, or inconsistent with, this Agreement or the Approval.

(b) The District may annually levy and collect an ad valorem tax upon all taxable property in the District which shall be sufficient after giving prudent consideration to other funds available to the District to pay when due the principal of, interest on and premium, if any, on the G.O. Debt (as hereinafter defined) incurred by the District to finance the construction or acquisition of public infrastructure.

(c) No indebtedness (indebtedness shall not include maintenance, administrative or operation expenses) secured by a pledge of ad valorem taxes, including, but not limited to, G.O. Bonds (collectively hereinafter referred to as "*G.O. Debt*"), shall be incurred unless ninety-five percent (95%) of the amount of ad valorem taxes estimated to be collected at a tax rate of not greater than three dollars (\$3.00) per one hundred dollars (\$100.00) of the secondary assessed value of the taxable property within the District, is sufficient to pay the highest combined debt service requirements for the proposed G.O. Debt and any other G.O. Debt outstanding. The secondary assessed value of the taxable property shall, for purposes of this paragraph, be equal to the value at the time of the issuance of the proposed G.O. Debt as shown in the records of the County Assessor. Notwithstanding the foregoing or any other provision of this Agreement, G.O. Debt may be authorized by the District Board in its sole discretion, for situations where a tax rate greater than three dollars (\$3.00) per one hundred dollars (\$100.00) of secondary assessed value of taxable property would be necessary to pay the highest combined debt service of the proposed and outstanding G.O. Debt, if other sources of revenue or additional security acceptable to the District Board are pledged to pay debt service on the G.O. Debt in an amount that, when combined with the taxes collected at three dollars (\$3.00) tax rate or less, provides a sufficient amount to pay the highest combined debt service of the proposed and outstanding G.O. Debt.

(d) At the time of sale of the G.O. Bonds, the full cash value of the taxable property in the District as shown in the records of the County Assessor shall be at least four (4) times the principal amount of the G.O. Bonds to be issued and the outstanding G.O. Debt.

**Section 6.4** The following minimum requirements are hereby established and required with respect to any financing by the District.

(a) Except as permitted below, the Bonds shall be sold subject to transfer restrictions which may include limiting the sale to only accredited investors (as defined in Rule 501(a), Regulation D as amended) or qualified institutional buyers (as defined in Rule 144A, as amended) and requiring that secondary transfers of the Bonds to other than sophisticated municipal market professionals pursuant to the rules of the Municipal Securities Rulemaking Board, will be permitted only upon the execution by the purchaser of a certificate or investor letter, in a form satisfactory to the District, which contains at a minimum, the following certifications:

(i) The purchaser of the Bond is either an accredited investor or a qualified institutional buyer;

(ii) The purchaser of the Bond represents that it is knowledgeable in such investments and has independently evaluated the factors associated with its investment decision and has not relied on the District or the Municipality for any due diligence or disclosure;

(iii) The purchaser is purchasing the Bond for its own account and not with a view towards distribution; and

(iv) The purchaser of the Bond acknowledges that further transfers of such investment shall require a similar certification;

The limitation to accredited investors or qualified institutional buyers and the requirement of the transfer restrictions will automatically terminate upon: (1) (a) with respect to G.O. Bonds, the rating of the G.O. Bonds at "A" or higher, and, (b) with respect to Assessment Bonds, the rating of the Assessment Bonds at "A" or higher or the appraised value as required by Section 6.2(b) of the real property subject to assessment results in a value to lien ratio greater than 6 to 1 (including in the amount of the lien overlapping special assessment liens), in either case unless the District Board approves a lower bond rating threshold or lower value to lien ratio, or (2) the full economic defeasance of the Bonds by an irrevocable escrow of cash or U.S. government securities. The transfer restrictions shall be set out in the proceedings authorizing the issuance of the Bonds.

(b) Any disclosure document prepared in connection with the offer or sale of Bonds must clearly indicate that neither the Municipality nor the State of Arizona or any political subdivision of either (other than the District) shall be liable for the payment or repayment of any obligation, liability, bond or indebtedness of the District, and neither the credit nor the taxing power of the Municipality, the State of Arizona, or any political subdivision of either (other than the District) shall be pledged therefor.

(c) A disclosure document must be provided by Owner or Owner's successor to each potential purchaser of land within the District disclosing the existence of an Assessment or tax (assuming such Assessment or tax remains at the time of sale to the potential purchaser).

Each potential purchaser must acknowledge in writing that the purchaser received and understood the disclosure document. The District shall maintain records of the written acknowledgments. To provide evidence satisfactory to the District Board that any prospective purchaser of land within the boundaries of the District has been notified that such land is within the boundaries of the District and that the Bonds may be then or in the future outstanding, a disclosure pamphlet substantially in the form of Exhibit "E" hereto (the "*Pamphlet*") shall be produced; provided, however, that the Pamphlet may be modified as necessary in the future to adequately describe the District and the Bonds and source of payment for debt service therefor as agreed by the District Board and Owner.

(d) Each Obligated Person (as defined in Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934 (the "*Rule*")) shall execute and deliver, and thereafter comply with and carry out all the provisions of, a "*Continuing Disclosure Undertaking*" with respect to the Bonds which shall be in a form satisfactory to the District and the purchaser of the Bonds for such purchaser to comply with the requirements of the Rule.

## ARTICLE VII

### ACCEPTANCE BY THE MUNICIPALITY; MAINTENANCE; APPLICABILITY OF THE INTERGOVERNMENTAL AGREEMENT ACT

**Section 7.1** Upon satisfaction of the terms for acceptance set forth in this Agreement, and simultaneously with the payment of the related Project Price, Segment Price or Construction Costs of a Construction Project, the Acquisition Project or Segment of Acquisition Infrastructure or the Construction Project, as the case may be, shall be accepted by the Municipality, subject to the conditions pursuant to which facilities such as the Acquisition Project, Segment or Construction Project, as the case may be, are typically accepted by the Municipality and shall be made available for use by the general public.

**Section 7.2** (a) The parties agree that the term "*District Administrative Expenses*" shall include all the operating and administrative costs and expenses of the District, including but not limited to, District Consulting Costs, Municipality Services (as hereafter defined) and that portion of Municipality Overhead related to operating and administrative functions of the District. District Administrative Expenses will not include any costs or expenses paid by the District from revenues or taxes collected to pay the Debt Service (as such term is defined in the Act) on any Bonds of the District. District Administrative Expenses shall include Municipality Services and Municipality Overhead (as hereafter defined).

(b) The parties agree that the term "*District Maintenance Expenses*" shall include all maintenance and operational costs and expenses, including a Replacement Reserve Amount, of any Segment, Construction Project or other public improvement financed by the District. District Maintenance Expenses shall include Municipality Services and that portion of Municipality Overhead related to the maintenance functions of the District.

The parties agree that the term "*Replacement Reserve*" Amount shall mean an amount calculated in accordance with the District Engineer's determination of the useful life of each component of the public improvements and, in the absence of such determination, in accordance with the statements and pronouncements of the Government Accounting Standards Board. The Reserve Replacement Amount shall include and be limited to a replacement or depreciation reserve for the following improvements financed by the District: (i) water system improvements, other than transmission lines, (ii) sewer treatment plants and facilities, including improvements, other than collection lines, relating to the disposal of solids, and (iii) any other depreciable capital public improvements, provided that for purposes of clauses (i), (ii) and (iii) above, the Municipality has established and funded similar replacement or depreciation reserves for substantially all like kind capital public improvements not financed by the District.

With respect to District Maintenance Expenses relating to the water system and sewer system utility enterprises, such applicable District Maintenance Expenses shall be reduced by the amount of water or sewer system revenues received from the consumers located in the District. To the extent that the Municipality or the District establish rates for water or sewer services within the District that are less than rates charged elsewhere in the Municipality, the amount of revenues deemed received from consumers located in the District shall be computed

as though the rates charged to such consumers were the same as the rates charged elsewhere in the Municipality.

(c) The parties agree that the term "*Enhanced Maintenance Expenses*" shall mean all District Maintenance Expenses attributable to any Acquisition Project, Segment, Construction Project or other public improvement financed by the District or part thereof, other than water improvements or sewer treatment facilities, that are in excess of the maintenance and operational expenses normally incurred by the Municipality in connection with maintaining or operating a similar public service or improvement (the "*Standard Municipality Expense*"). The Standard Municipality Expense will be established by the Municipality using actual historical costs and expenses and the Municipality's management/accounting practices. By example and not as a limitation, the Municipality will establish its Standard Municipality Expense related to right-of-way landscaping and if the Owner installs enhanced landscaping, other than at the request of the Municipality, the costs and expenses in excess of the Standard Municipality Expense incurred to maintain the landscaping shall constitute Enhanced Maintenance Expenses.

In establishing the Standard Municipality Expenses, the Municipality shall annually review its actual costs, excluding the actual costs in the District or any other community facilities district providing enhanced services or public improvements. Enhanced Maintenance Expenses shall not include maintenance and operation expenses attributable to enhanced public service levels or public improvements if such enhanced public service levels or public improvements were imposed on the Owner by the Municipality and the Owner would have not otherwise provided such enhancements.

(d) District Administrative Expenses and District Maintenance Expenses shall include a charge by the Municipality to the District for: (i) the reasonable cost of Municipality services provided directly to the District ("*Municipality Services*"), and (ii) Municipality overhead expenses allocated to the District ("*Municipality Overhead*"). Any charge of Municipality Services shall be the cost of those services provided to the District by the Municipality calculated using sound management/accounting principles. Any charge of Municipality Overhead to the District shall be made by the Municipality pursuant to sound management/accounting practices consistently applied by the Municipality in allocating costs, expenses and funded depreciation reserves to its service areas, departments or special projects. Owner shall have the right to review and comment to the Municipality upon the allocation practices and methodologies used in allocating Municipality Services or Municipality Overhead and have the right, at Owner's expense and during normal business hours, to review the Municipality's records to verify the costs and expenses of the Municipality.

(e) District Administrative Expenses, District Maintenance Expenses, Municipality Services and Municipality Overhead shall be applied uniformly to all similarly situated public improvements and similarly situated community facilities districts located within the Municipality.

**Section 7.3** (a) The District Board shall levy and collect a maintenance and operation ad valorem tax not to exceed thirty cents (\$.30) per one hundred dollars (\$100.00) of assessed valuation on all taxable property within the District ("*O&M Tax*"). To the extent the

proceeds from the O&M Tax exceed the expenses and costs described in this Article VII, such O&M Tax shall be reduced to provide a proper matching of proceeds to expenses.

(b) The proceeds of the O&M Tax may be used by the District for any lawful maintenance, operational or administrative purpose as provided in the Act. While the Owner is obligated to pay any amounts pursuant to Section 7.4 of this Agreement, the O&M Tax shall be applied only to the following expenses and in the following priority: (i) payment of District Administrative Expenses; (ii) payment of Enhanced Maintenance Expenses; (iii) payment of District Maintenance Expenses, other than District Maintenance Expenses described in Section 7.4(b)(i) below; and (iv) payment of District Maintenance Expenses described in Section 7.4(b)(i) below.

Section 7.4 (a) Notwithstanding the levy and collection of the O&M Tax or the dedication and acceptance by the District or Municipality of any Acquisition Project, Segment, Construction Project or other public improvement financed by the District, Owner, the adjacent landowner or a homeowner's association, if such homeowner's association is, to the satisfaction of the District, legally obligated to pay and is comprised of more than one thousand (1,000) homes ("*HOA*"), shall maintain, at its expense, all landscaping located within any HOA-owned park (not public park), right-of-way or public easement within the District. District Maintenance Expenses shall not include expenses related to maintenance of all landscaping located within any HOA-owned park (not public park), right-of-way or public easement within the District.

(b) Notwithstanding the levy and collection of the O&M Tax, as a condition to the dedication and acceptance by the District or Municipality of any Acquisition Project, Segment, Construction Project or other public improvement financed by the District, Owner (or an HOA if, to the satisfaction of the District or Municipality, the HOA is legally obligated and is financially capable of bearing the costs) shall agree to pay the following expenses to the extent all or part of such expenses are not paid by the O&M Tax: (i) the District Administrative Expenses; (ii) the Enhanced Maintenance Expenses; and (iii) District Maintenance Expenses, other than Enhanced Maintenance Expenses.

Notwithstanding the foregoing, the Owner or HOA, as applicable, shall not be obligated to pay the District Maintenance Expenses (other than Enhanced Maintenance Expenses) after the date ninety-five percent (95%) of the area benefited by the particular Acquisition Project, Segment, Construction Project or other public improvement financed by the District has been developed, based on the development entitlements in effect from time to time within such benefited area (the "*Maintenance Threshold*"). The District or Municipality, with the participation of the Owner's engineer, shall establish at the time of the submission of the Report boundaries of the served or benefited area (the "*Benefit Area*") for each Acquisition Project, Segment or Construction Project.

Further, notwithstanding the foregoing, Owner shall not be obligated to pay the amounts owing pursuant to Section 7.4(b) for any public improvements financed by the District in response to a Report submitted by the District or a third party other than the Owner, provided however, Owner (or its successors or assigns) as a member of a group of either taxpayers or

assessed parcel owners who, as a result of a uniformly applied tax or assessment methodology is liable for payments relating to improvements financed in response to a Report submitted by the District or a third party other than the Owner, shall have all rights and obligations established by the proceedings, including the right to protest and the obligation to pay amounts owed.

(c) While the Owner's obligations under Section 7.4(b) are in effect, District Maintenance Expenses shall not include expenses related to street maintenance of streets within a Benefit Area that has satisfied the Maintenance Threshold.

Section 7.5 Notwithstanding any other provision of this Agreement to the contrary, the provisions of Article V, Article VII, Sections 8.1, 9.1 and 10.3 through 10.19, inclusive, are the only provisions that are effective for, from and against the Municipality for purposes of the Intergovernmental Agreement Act and as the Intergovernmental Agreement Act is intended to be applied for purposes of this Agreement.

## ARTICLE VIII

### INDEMNIFICATION AND INSURANCE

**Section 8.1** (a) The Owner or such other financially acceptable entity determined by the District Manager (1) shall indemnify and hold harmless the Municipality and the District and each council member, director, trustee, partner, member, officer, official, independent contractor or employee thereof and each person, if any, who controls the Municipality and/or the District within the meaning of the Securities Act of 1933, as amended (hereinafter the Securities Act of 1933 and the Securities Exchange Act of 1934 are referred to as the "*Securities Acts*"), (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, relating to: (i) the formation, activities or administration of the District; (ii) the levy and collection of any tax or assessment relating to any Owner Bonds; (iii) the offer or sale of any Owner Bonds; (iv) the claims of any contractor, vendor, subcontractor or supplier under any Acquisition Project Construction Contract or any Construction Project Construction Contract for any public improvements financed by the District in response to a Report submitted by the Owner, or (v) or the carrying out of the provisions of this Agreement in response to a Report submitted by the Owner, including particularly but not by way of limitation (A) any Acquisition Project, Acquisition Project Construction Contract, and, for any public improvements financed by the District in response to a Report submitted by the Owner, any Construction Project, (B) any claim, loss, lawsuit, administrative action or other challenge to which any such Indemnified Party may become subject, under the Securities Acts or any other statute or regulation at law or in equity or otherwise, including but not limited to, losses, claims, damages or liabilities (or actions in respect thereof) arising out of or based upon any untrue statement or alleged untrue statement of a material fact set forth in any offering document relating to Owner Bonds, or any amendment or supplement thereto, or arising out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or which is necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in any material respect, or (C) to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or alleged untrue statement or omission or alleged omission if such settlement is effected with the written consent of the Owner (which consent shall not be unreasonably withheld); and (2) shall, subject to the Owner's rights to defend in (c) below, reimburse any legal or other expenses reasonably incurred by any such Indemnified Party in connection with investigating or defending any such loss, claim, damage, liability or action.

(b) This Section shall not be applicable to matters involving any gross negligence or willful misconduct of, or breach of this Agreement by, any Indemnified Party.

(c) Promptly after the receipt of notice of a written threat of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against the Owner, an Indemnified Party shall notify the Owner in writing of the commencement thereof and provide a copy of the written threat received by such Indemnified Party. Failure of the Indemnified Party to give such notice shall reduce the liability of the Owner by the amount of damages attributable to the failure of the Indemnified Party to give such notice

to the Owner, but the omission to notify the Owner of any such action shall not relieve the Owner from any liability that it may have to such Indemnified Party otherwise than under this section. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Owner of the commencement thereof, the Owner may, or if so requested by such Indemnified Party shall, participate therein or defend the Indemnified Party therein, with counsel satisfactory to such Indemnified Party and Owner (it being understood that, except as hereinafter provided, the Owner shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from the Owner to such Indemnified Party of an election so to assume the defense thereof, the Owner 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; provided, however, that unless and until the Owner defends any such action at the request of such Indemnified Party, the Owner shall have the right to participate at its own expense in the defense of any such action. If the Owner shall not have employed counsel to defend 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 the Owner or to other Indemnified Parties and the Owner is not pursuing such defenses in a prompt, diligent manner (in which case the Owner shall not have the right to direct the defense of such action on behalf of such Indemnified Party), the legal and other expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by the Owner.

**ARTICLE IX**

**[RESERVED]**

## ARTICLE X

### MISCELLANEOUS

**Section 10.1** None of the Municipality, the District nor the Owner shall knowingly take, or cause to be taken, any action which would cause interest on any Bond to be includable in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

**Section 10.2** (a) To provide evidence satisfactory to the District Manager that any prospective purchaser of land within the boundaries of the District has been notified that such land is within the boundaries of the District and that the Bonds may be then or in the future outstanding, the Pamphlet shall be produced; provided, however, that the Pamphlet may be modified as necessary in the future to adequately describe the District and the Bonds and source of payment for debt service therefor as agreed by the District Manager and the Owner.

(b) The Owner shall require that each homebuilder to whom the Owner has sold land shall:

(i) Provide the Pamphlet to any prospective purchaser of land;

(ii) Cause any purchaser of land to sign a disclosure statement upon entering into a contract for purchasing such land, such disclosure statement to acknowledge receipt of a copy of the Pamphlet and to disclose the effect of the special assessments on the District of the Bonds in a form reasonably acceptable to the District Manager;

(iii) Provide a copy of each fully executed disclosure statement to be filed with the District Manager; and

(iv) Provide such information and documents, including audited financial statements to the District, but only to the extent necessary for the District's compliance with Rule 15c2-12 of the Securities Exchange Act of 1934.

**Section 10.3** This Agreement shall be binding upon and shall inure to the benefit of the parties to this Agreement and their respective legal representatives, successors and assigns; provided, however, that none of the parties hereto shall be entitled to assign its right hereunder or under any document contemplated hereby without the prior written consent of the other parties to this Agreement, which consent shall not be unreasonably withheld or delayed, except that Owner may assign, without the consent of the District or the Municipality, all or any portion of its right, title, interest, duties, obligations and liabilities under this Agreement to any person or entity controlled by, under common control with, or controlling, Owner, Gerald Bisgrove, a married man dealing with his sole and separate property, or Chris B. Heeter. No such assignment shall relieve Owner of its duties, obligations or liabilities under this Agreement.

**Section 10.4** Each party hereto shall, promptly upon the request of any other, have acknowledged and delivered to the other any and all further instruments and

assurances reasonably requested or appropriate to evidence or give effect to the provisions of this Agreement.

**Section 10.5** This Agreement, by and among the Municipality, the District and the Owner sets forth the entire understanding of the parties as to the matters set forth herein as of the date this Agreement is executed and cannot be altered or otherwise amended except pursuant to an instrument in writing signed by each of the parties hereto. This Agreement is intended to reflect the mutual intent of the parties with respect to the subject matter hereof, and no rule of strict construction shall be applied against any party.

**Section 10.6** Notwithstanding anything to the contrary contained herein, this Agreement shall terminate without the execution or recordation of any further document or instrument as to any lot which has been finally subdivided and individually (and not in "bulk") leased (for a period of longer than one year) or sold to the end purchaser or user thereof (a "Public Lot") and thereupon such Public Lot shall be released from and no longer be subject to or burdened by the provisions of this Agreement. Upon the written request of Owner or any other person, the District shall execute such documents and instruments as Owner or such other person shall reasonably request in order to release any Public Lot from the provisions of this Agreement.

**Section 10.7** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Arizona.

**Section 10.8** The waiver by any party hereto of any right granted to it under this Agreement shall not be deemed to be a waiver of any other right granted in this Agreement nor shall the same be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived under or by this Agreement.

**Section 10.9** This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, but all of which taken together shall constitute one of the same instrument. This Agreement will constitute the entire agreement between the parties, and supercedes all previous written or oral agreements or understandings regarding the subject matter of this Agreement. The Owner knowingly and voluntarily forever releases and discharges the Municipality and all of its past and present elected officials, officers, directors, agents, employees, successors, assigns, attorneys, and representatives from all legal and equitable claims, causes of action, disputed debts, accounts, and damages, known or unknown, asserted or unasserted, and of every nature and extent whatsoever, that the Owner has against the Municipality, and arising from actions, omissions, delays or other events that occurred prior to the date of this Agreement.

**Section 10.10** Pursuant to and for purposes of Section 38-511, Arizona Revised Statutes, as amended, the Municipality and the District may, within three 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 Municipality or the District, respectively, is, at any time while this Agreement is in effect, an employee or agent of the Owner in any capacity or a consultant to Owner 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 Municipality or the District, respectively, from the Owner arising as the result of this Agreement. The Owner has not taken and shall not take any action that would cause any person described in the preceding sentence to be or become an employee or agent of the Owner in any capacity or a consultant to Owner with respect to the subject matter of this Agreement.

**Section 10.11** The term of this Agreement shall be as of the date of the execution and delivery hereof by each of the parties hereto and shall expire upon the earlier of: (i) the agreement of the District, the Municipality and the Owner to the termination hereof; (ii) the dissolution of the District (which the parties hereto shall, to the extent permitted by applicable law, cause to occur as soon as practicable after the later of the issuance of \$175,000,000 principal amount of Bonds and the payment in full or provision for payment in full of such Bonds) or: (iii) June 1, 2050.

**Section 10.12** All notices, certificates or other communications hereunder (including in the Exhibits hereto) shall be sufficiently given and shall be deemed to have been received 48 hours after deposit in the United States mail in registered or certified form, return receipt requested, with postage fully prepaid addressed as follows:

If to the Municipality:

Town of Buckeye  
100 N. Apache, Suite A  
Buckeye, AZ 85326  
Attn: Town Manager

If to the District:

Town of Buckeye  
100 N. Apache, Suite A  
Buckeye, AZ 85326  
Attn: District Manager

If to the Owner:

Stardust-Tartesso W12, Inc.  
6730 North Scottsdale Road  
Suite 230  
Scottsdale, AZ 85253  
Attn: President

With a copy to:

Jay S. Kramer  
Fennemore Craig  
3003 North Central Avenue  
Suite 2600  
Phoenix, AZ 85012-2913

Any of the foregoing, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

**Section 10.13** If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

**Section 10.14** The headings or titles of the several Articles and Sections hereof and in the Exhibits hereto, and any table of contents appended to copies hereof and thereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement. All references herein to "Exhibits," "Articles," "Sections," and other subdivisions are to the corresponding Exhibits, Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Exhibit, Article, Section or subdivision hereof.

**Section 10.15** This Agreement does not relieve any party hereto of any obligation or responsibility imposed upon it by law.

**Section 10.16** No later than ten (10) days after this Agreement is executed and delivered by each of the parties hereto, the Owner shall on behalf of the Municipality and the District record a copy of this Agreement with the County Recorder of Maricopa County, Arizona.

**Section 10.17** Unless otherwise expressly provided, the representations, covenants, indemnities and other agreements contained herein shall be deemed to be material and continuing, shall not be merged and shall survive any conveyance or transfer provided herein.

**Section 10.18** If any party hereto shall be unable to observe or perform any covenant or condition herein by reason of "force majeure," then the failure to observe or perform such covenant or condition shall not constitute a default hereunder so long as such party shall use its best efforts to remedy with all reasonable dispatch the event or condition causing such inability and such event or condition can be cured within a reasonable amount of time. "Force majeure," as used here, means any condition or event not reasonably within the control of such party, including, without limitation, acts of God; strikes, lockouts, or other disturbances of employer/employee relations; material or labor shortages; acts of public enemies; orders or restraints of any kind of the government of the United States or any State thereof or any of their

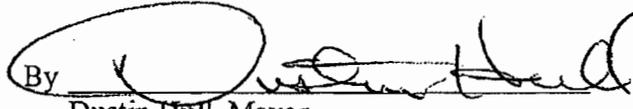
departments, agencies, or officials, or of any civil or military authority; insurrection; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; subsidence; fires; hurricanes; storms; droughts; floods; arrests; restraints of government and of people; explosions; and partial or entire failure of utilities. Failure to settle strikes, lockouts and other disturbances of employer/employee relations or to settle legal or administrative proceedings by acceding to the demands of the opposing party or parties, in either case when such course is in the judgment of the party hereto unfavorable to such party, shall not constitute failure to use its best effort to remedy such a condition or event. Financial inability of any party shall not constitute "force majeure".

**Section 10.19** Whenever the consent or approval of any party hereto, or of any agency therefor, shall be required under the provisions hereof, such consent or approval shall not be unreasonably withheld, conditioned or delayed.

**Section 10.20** The Other Parties join in the execution of this Agreement for the sole purpose of binding their respective interests in lands within the District and consenting to all matters agreed to herein by the Owner, and the Other parties do not, by joining in the execution of this Agreement, obligate themselves to any of the affirmative obligations set forth herein on the part of the Owner.

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

TOWN OF BUCKEYE, ARIZONA

By   
Dustin Hull, Mayor

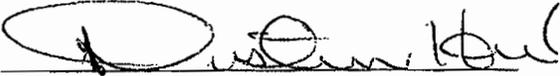
ATTEST:

  
Linda Larson  
Town Clerk

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

  
Scott W. Ruby, Town Attorney

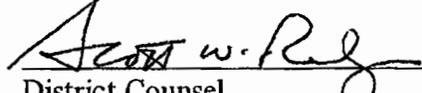
TARTESSO WEST COMMUNITY  
FACILITIES DISTRICT

By   
Chairman, District Board

ATTEST:

  
District Clerk

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

  
District Counsel

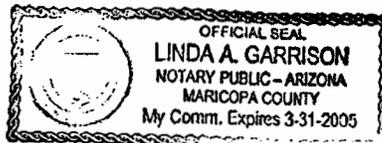
State of Arizona )  
 ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this 2nd day of November, 2004, by Dustin Hull, as Mayor of the Town of Buckeye, Arizona, a municipal corporation under the laws of the State of Arizona.

Linda Garrison  
Notary Public

My commission expires:

March 31, 2005



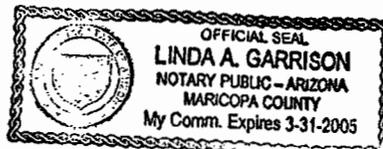
State of Arizona )  
 ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this 2nd day of Nov, 2004, by Dustin Hull, as Chairman of the District Board of Community Facilities District, an Arizona community facilities district.

Linda Garrison  
Notary Public

My commission expires:

March 31, 2005



STARDUST-TARTESSO W12, INC., an  
Arizona corporation

By *C. B. Heeter*  
Its President

State of Arizona     )  
                                  )  
County of Maricopa    )

On this day, personally appeared before me Chris B. Heeter, as President of STARDUST-TARTESSO W12, INC., an Arizona corporation, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on  
04.28.2004.



*Rhonda Rigg*  
Notary Public

My commission expires:

NOV. 7, 2006

CONSENT AND AGREEMENT

Reference is made to that certain Development Financing Participation and Intergovernmental Agreement No. 1 (Tartesso West Community Facilities District), dated as of November 2, 2004, by and among the Town of Buckeye, Arizona, the Tartesso West Community Facilities District, and Stardust-Tartesso W12, Inc., to which this Consent and Agreement is attached (the "Development Agreement"). All capitalized terms used and not otherwise defined in this Consent and Agreement shall have the meanings set forth in the Development Agreement. The undersigned, as one of the "Other Parties" having an interest in real property within the District, hereby consents to the Development Agreement, acknowledges that the Development Agreement shall bind all real property in which the undersigned has an interest within the District, and authorizes the recordation of the Development Agreement with respect to all such real property. In no event, however, shall anything in this Consent and Agreement constitute a personal assumption by the undersigned of the obligations of the Owner under the Development Agreement.

DATED: Oct 28, 2004

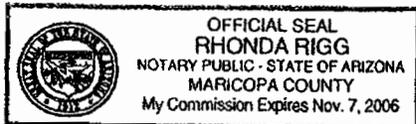
STARDUST STRUCTURED INVESTMENTS  
NO. 4, L.L.C.

By: *C. B. Heeter*  
Its: Manager

State of Arizona     )  
                                  )  
County of Maricopa    )

On this day, personally appeared before me Chris B. Heeter, as Manager of STARDUST STRUCTURED INVESTMENTS NO. 4, L.L.C., who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on Oct 28, 04.



*Rhonda Rigg*  
Notary Public

My commission expires:

Nov. 7, 2006

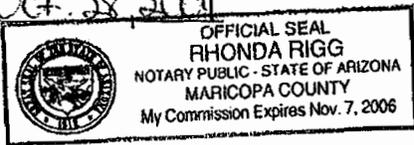
SUN VALLEY PARTNERS, L.L.C.

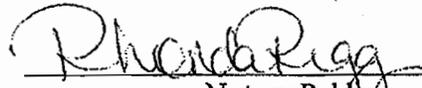
By:   
Its: Manager

State of Arizona     )  
                                  )  
County of Maricopa    )

On this day, personally appeared before me Chris B. Heeter, as Manager of SUN VALLEY PARTNERS, L.L.C., who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on Oct. 28, 2004



  
Notary Public

My commission expires:

NOV 7, 2006

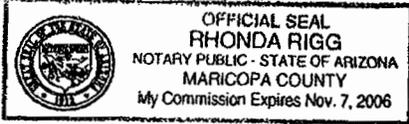
BIF-BUCKEYE, L.L.C.

By: Chris B. Heeter  
Its: Manager

State of Arizona )  
                                  )  
County of Maricopa )

On this day, personally appeared before me Chris B. Heeter, as Manager of BIF-BUCKEYE, L.L.C., who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

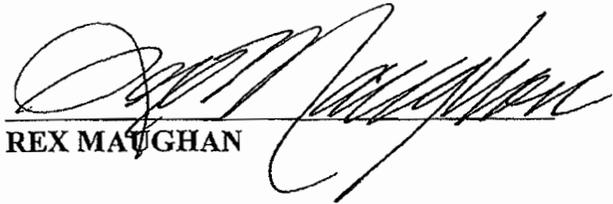
In witness whereof, I hereunto set my hand and official seal on Oct 28, 2004.



Rhonda Rigg  
Notary Public

My commission expires:

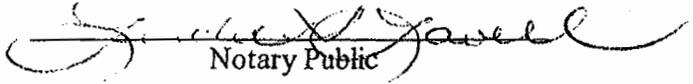
NOV. 7, 2006

  
REX MAUGHAN

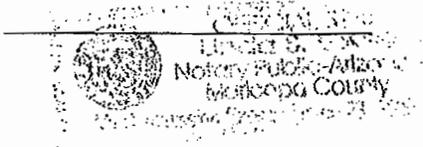
State of Arizona     )  
                                  )  
County of Maricopa    )

On this day, personally appeared before me REX MAUGHAN, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on  
Oct 29, 2007

  
Notary Public

My commission expires:



  
RUTH MAUGHAN

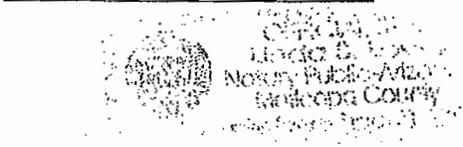
State of Arizona     )  
                                  )  
County of Maricopa    )

On this day, personally appeared before me RUTH MAUGHAN, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

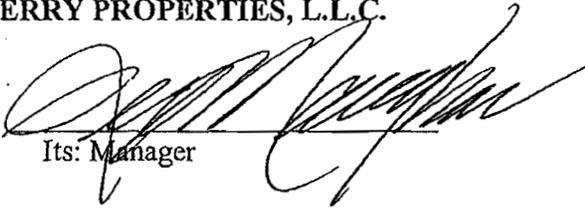
In witness whereof, I hereunto set my hand and official seal on  
Oct 29, 2007

  
Notary Public

My commission expires:



**CHERRY PROPERTIES, L.L.C.**

By:   
Its: Manager

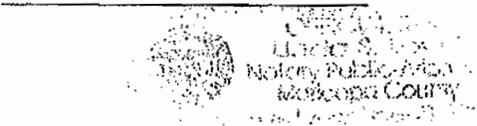
State of Arizona     )  
                                  )  
County of Maricopa    )

On this day, personally appeared before me Rex Maughn, as Member Manager and President of **CHERRY PROPERTIES, L.L.C.**, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on  
Oct 29, 2007

  
Notary Public

My commission expires:



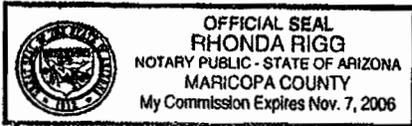
GILLIGAN SUN VALLEY, L.L.C., an Arizona limited liability company

By: *James P. Gilligan*  
Name: James P. Gilligan  
Title: Member

State of Arizona     )  
                                  )  
County of Maricopa    )

On this day, personally appeared before me James P. Gilligan, a Member of GILLIGAN SUN VALLEY, L.L.C., an Arizona limited liability company, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on Oct. 29, 2004.



*Rhonda Rigg*  
Notary Public

My commission expires:

NOV. 7, 2006

JPC SUN VALLEY, L.L.C., an Arizona limited liability company

By: *Andrew C. Gilligan*  
Name: Andrew C. Gilligan J.P.  
Title: \_\_\_\_\_

State of Arizona     )  
                                  )  
County of Maricopa    )

On this day, personally appeared before me Andrew C. Gilligan, as \_\_\_\_\_ of JPC SUN VALLEY, L.L.C., an Arizona limited liability company, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires:  
\_\_\_\_\_

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of San Diego

On 11-1-2004 before me, Michael Landau Harrison  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Andrew C. Gilligan Jr.  
Name(s) of Signer(s)

personally known to me – OR –  proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

*[Signature]*  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer
- Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

RIGHT THUMBPRINT OF SIGNER  
Top of thumb here

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer
- Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

RIGHT THUMBPRINT OF SIGNER  
Top of thumb here

WLAD SUN VALLEY, L.L.C., an Arizona limited liability company

By: *John A. Gilligan*  
Name: John A. Gilligan  
Title: Manager

State of Arizona     )  
                                  )  
County of Maricopa    )

On this day, personally appeared before me John A. Gilligan, as Manager of WLAD SUN VALLEY, L.L.C., an Arizona limited liability company, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on Nov. 1, 2004

*Darlene Butts*  
Notary Public

My commission expires:  
11/23/2005



## ATTACHMENTS

- EXHIBIT A -- Legal Description Of Property To Be Included In The District
- EXHIBIT B -- Form of Notice Inviting Bids
- EXHIBIT C -- Form Of Certificate Of Engineers For Conveyance Of Segment Of Project
- EXHIBIT D -- Form Of Conveyance Of Segment Of Project
- EXHIBIT E -- Form Of Disclosure Pamphlet

**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY**

**TOWNSHIP 2 NORTH – RANGE 4 WEST**

**SECTION 18**

A portion of the Southwest quarter of Section 18, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

**BEGINNING** at a 3 1/2" G.L.O. brass cap, found at the Southwest corner of said Section 18;

thence North 00 degrees 20 minutes 38 seconds East, along the West line of the Southwest quarter of said Section 18, a distance of 685.26 feet;

thence South 58 degrees 48 minutes 35 seconds East, a distance of 595.04 feet to a point of curvature, concave Northeasterly, whose radius is 2600.00 feet;

thence Southeasterly, along said curve to the left, through a central angle of 31 degrees 13 minutes 45 seconds, an arc distance of 1417.13 feet, to a point on the South line of the Southwest quarter of said Section 18;

thence South 89 degrees 57 minutes 40 seconds West, along the South line of the Southwest quarter of said Section 18, a distance of 1861.39 feet to a 3 1/2" G.L.O. brass cap, and the **TRUE POINT OF BEGINNING**.

**SECTION 19**

All of Section 19, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

**SECTION 20**

The Southeast quarter of the Northwest quarter and the Southwest quarter of the Southwest quarter of Section 20, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

**SECTION 29**

The North half and the Southwest quarter of Section 29, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

**SECTION 30**

All of Section 30, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 31

The Northeast quarter of Section 31, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

TOWNSHIP 2 NORTH – RANGE 5 WEST

SECTION 11

The East half; and the East half of the West half of Section 11, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 12

All of Section 12, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 13

All of Section 13, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

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The East half of Section 14, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 24

The East half of Section 24, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 25

The East half of Section 25, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

SECTION 35

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The North half of the Southwest quarter and the North half of the Southwest quarter of the Southwest quarter and the North Half of the South half of the Southwest quarter of the Southwest quarter and the Southeast quarter of the Southeast quarter of the Southwest

quarter of the Southwest quarter of Section 35, Township 2 North, Range 5 West of the  
Gila and Salt River Base and Meridian, Maricopa County, Arizona.

EXHIBIT B

FORM OF NOTICE INVITING BIDS

NOTICE INVITING BIDS  
TARTESSO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)

Sealed bids will be received by \_\_\_\_\_ until 10:00 a.m. MST, on \_\_\_\_\_ at \_\_\_\_\_. At this time, the bids will be publicly opened and read aloud and award will be made to the lowest responsible bidder. Each bid shall be accompanied by a cashier's check or a bid bond acceptable to \_\_\_\_\_ for a sum of not less than ten percent (10%) of the amount of the bid, made payable to \_\_\_\_\_.

No bid will be considered unless it is submitted on the provided bid form. \_\_\_\_\_ reserves the right to reject all or any part of any bid.

Contact \_\_\_\_\_, Construction Coordinator, at \_\_\_\_\_ or \_\_\_\_\_, the District Engineer, for additional information.

Plans, specifications and bid forms may be obtained for the sum of \$\_\_\_\_\_ from the Construction Coordinator, \_\_\_\_\_, or by calling \_\_\_\_\_. This fee is non-refundable. Construction documents will not be available before \_\_\_\_\_.

For those interested in purchasing plans and specifications by mail, there will be an additional advance charge of \$\_\_\_\_\_ to cover postage and handling. Therefore, a check made payable to \_\_\_\_\_ in the amount of \$\_\_\_\_\_ should accompany the request. Please allow four to five days for delivery.

The infrastructure which is the subject of the bids is being bid and constructed pursuant to the terms of Development, Financing Participation and Intergovernmental Agreement No. 1 between \_\_\_\_\_ and Tartesso West Community Facilities District. The successful contractor will not have recourse, directly or indirectly, to the Town of Buckeye or Tartesso West Community Facilities District for any costs under any construction contract or any liability, claim or expense arising therefrom.

A pre-bid conference will be held at \_\_\_\_\_, \_\_\_\_\_, at 10:00 a.m. MST. The work consists of construction of:

All bids received in response to this Notice Inviting Bids shall be in conformance with the applicable Arizona State Law.

**EXHIBIT C**

**FORM OF CERTIFICATE OF ENGINEERS FOR  
CONVEYANCE OF ACQUISITION PROJECT OR SEGMENT OF PROJECT**

**CERTIFICATE OF ENGINEERS FOR CONVEYANCE OF SEGMENT OF PROJECT**

(insert description of Project/Segment)

We the undersigned, being Professional Engineers in the State of Arizona and, respectively, the duly appointed District Engineer for Tartesso West Community Facilities District (the "*District*"), and the engineer employed by Stardust-Tartesso W12, Inc. (the "*Owner*"), each hereby certify for purposes of the District Development, Financing Participation and Intergovernmental Agreement No. 1 Tartesso West Community Facilities District, dated as of \_\_\_\_\_, 2004 (the "*Agreement*"), by and among the District, the Town of Buckeye, Arizona (the "*Municipality*") and the Owner that:

1. The Acquisition Project or Segment indicated above has been performed in substantial accordance with the Plans and Specifications (as such term and all of the other initially capitalized terms in this Certificate are defined in the Agreement) and the Contract (as modified by any change orders permitted by the Agreement) for such Segment.

2. The Project Price or Segment Price as publicly bid and including the cost of approved change orders for such Acquisition Project or Segment is \$\_\_\_\_\_.

3. The Owner provided for compliance with the requirements for public bidding for such Acquisition Project or Segment as required by the Agreement (including, particularly but not by way of limitation, Title 34, Chapter 2, Article 1, Arizona Revised Statutes, as amended) or such other applicable law prescribing public bidding requirements in connection with award of the Contract for such Acquisition Project or Segment.

4. The Owner filed all construction plans, specifications, contract documents, and supporting engineering data for the construction or installation of such Acquisition Project or Segment with the Municipality.

5. The Owner obtained good and sufficient performance and payment bonds in connection with such Contract as were required by the Agreement.

DATED AND SEALED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_,  
\_\_\_\_\_.

By \_\_\_\_\_  
District Engineer

[P.E. SEAL]

By \_\_\_\_\_  
Engineer for the Owner

[P.E. SEAL]

Confirmed for purposes of Sections 1.5,  
2.3, 3.2 of the Development Agreement by

\_\_\_\_\_  
District Manager, Tartesso West Community  
Facilities District

**EXHIBIT D**

**FORM OF CONVEYANCE OF ACQUISITION PROJECT OR SEGMENT OF PROJECT**

(Insert description of Project/Segment)

**KNOW ALL MEN BY THESE PRESENTS THAT:**

\_\_\_\_\_, an Arizona \_\_\_\_\_ (the "Owner"), for good and valuable consideration received by the Owner from Tartesso West Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona (the "Municipality"), and duly organized and validly existing pursuant to the laws of the State of Arizona (the "District"), receipt of which is hereby acknowledged [, and the promise of the District to hereafter pay the amounts described in the hereinafter described Development Agreement<sup>2</sup>], does by these presents grant, bargain, sell and convey to the District, its successors and assigns, all of Owner's right, title and interest in and to the following described property, being the subject of a District Development, Financing Participation and Intergovernmental Agreement No. 1 Tartesso West Community Facilities District, dated as of \_\_\_\_\_, 2004, by and among the Owner, the Municipality and the District (the "*Development Agreement*") and more completely described in such Development Agreement:

[Insert description of Project/Segment]

together with any and all of Owner's right, title and interest, if any, in and to any and all easements or appurtenances benefiting the above-described property, all of which are or shall be located within public rights-of-way, public utility or other public easements dedicated or to be dedicated by plat or otherwise free and clear of any and all liens, easements, restrictions, conditions, or encumbrances affecting the same [, such subsequent dedications not affecting the promise of the District to hereafter pay the amount described in such Development Agreement<sup>2</sup>], but subject to all reservations in patents, and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities of record, any matters that would be disclosed by a proper inspection or ALTA survey of the above-described property, and such other matters as set forth on Schedule I hereto.

**TO HAVE AND TO HOLD** the above-described property, together with all and singular the rights and appurtenances hereunto in anywise belonging, including all necessary rights of ingress, egress, and regress, subject, however, to the above-described exception(s) and reservation(s), unto the [District or Municipality], its successors and assigns, forever; and the Owner does hereby bind itself, its successors and assigns to warrant and forever defend, all and

<sup>2</sup>Insert with respect to any acquisition financed pursuant to Section 5.1(a) hereof including for any amounts remaining and eligible for reimbursement.

singular, the above-described property, subject to such exception(s) and reservation(s), unto the [District or Municipality], its successors and assigns, against the acts of the Owner and none other.

The Owner binds and obligates itself, its successors and assigns, to execute and deliver at the request of the District any other or additional instruments of transfer, bills of sale, conveyances, or other instruments or documents which may be necessary or desirable to evidence more completely or to perfect the transfer to the [District or Municipality] of the above-described property, subject to the exception(s) and reservation(s) hereinabove provided.

This conveyance is made pursuant to such Development Agreement, and the Owner hereby agrees that the amounts specified above and paid [or promised to be paid] to the Owner hereunder satisfy in full the obligations of the District under such Development Agreement for such Project or Segment and hereby releases the District from any further responsibility to make payment to the Owner under such Development Agreement.

The Owner, in addition to the other representations and warranties herein, specifically makes the following representations and warranties:

1. The Owner has the full legal right and authority to make the sale, transfer, and assignment herein provided.
2. The Owner is not a party to any written or oral contract which adversely affects this Conveyance.
3. The Owner is not subject to any bylaw, agreement, mortgage, lien, lease, instrument, order, judgment, decree, or other restriction of any kind or character which would prevent the execution of this Conveyance.
4. The Owner is not engaged in or threatened with any legal action or proceeding, nor is it under any investigation, which prevents the execution of this Conveyance.
5. The person executing this Conveyance on behalf of the Owner has full authority to do so, and no further official action need be taken by the Owner to validate this Conveyance.
6. The facilities conveyed hereunder are all located within property owned by the Owner, public rights-of-way, or public utility or other public easements dedicated or to be dedicated by plat or otherwise.

IN WITNESS WHEREOF, the Owner has caused this Conveyance to be executed and delivered this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
By \_\_\_\_\_  
Title: \_\_\_\_\_

By \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF ARIZONA     )  
                                  )  
COUNTY OF MARICOPA )

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_, by \_\_\_\_\_, of \_\_\_\_\_, an Arizona \_\_\_\_\_, on behalf of said company.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

[NOTARY SEAL]

**SCHEDULE I  
TO  
CONVEYANCE OF SEGMENT OF PROJECT**

(Insert all exceptions and reservations to the Conveyance)

**EXHIBIT E**

**FORM OF DISCLOSURE PAMPHLET**

---

**FACILITIES DISTRICT  
DISCLOSURE STATEMENT**

Buyer(s) \_\_\_\_\_  
Parcel \_\_\_\_\_  
Lot \_\_\_\_\_  
Homebuilder \_\_\_\_\_

**General CFD Provisions**

The home you are purchasing is within the Tartesso West Community Facilities District (the "CFD"), which was formed on \_\_\_\_\_, 2004. The CFD was created to finance the acquisition, construction and maintenance of public infrastructure benefiting the CFD. The cost of acquisition and construction of these improvements is paid for by general obligation and/or special assessment bonds issued by the CFD. The operation and maintenance expenses are paid from an ad valorem property tax levied against all property located within the CFD.

**Ad Valorem Taxes of the CFD**

General obligation bonds and the CFD operation and maintenance expenses are paid from ad valorem property taxes. It is currently estimated that payment of the general obligation bonds and the CFD expenses will add approximately \$\_\_\_\_\_ to the property tax rate; however, such tax rate increase could vary depending upon factors including the financing amount and terms, and the amount of the assessed valuation of property within the CFD for tax purposes. Payment of general obligation bonds and expenses are included as part of your regular Maricopa County property tax statement and are in addition to taxes levied by the Town of Buckeye and other political subdivisions.

**Special Assessments of the CFD**

Special assessment bonds are paid from special assessment payments secured by a special assessment lien on each benefited lot. Special assessment liens pertaining to construction of the initial public infrastructure for \_\_\_\_\_ are estimated to range from \$\_\_\_\_\_ to \$\_\_\_\_\_ per benefited residential lot (current dollars). Special assessment liens vary depending upon the size of the lot, benefits estimated to be received by each lot, the public improvements to be financed, and the financing terms of each special assessment bond. Bills for the repayment of the special assessment bonds as well as the applicable administrative charges are sent out twice a year and are billed separately from your regular Maricopa County property tax bill.

Example of Financings' Costs to Homeowner

Based on the developer's proposed financing plan for the CFD during the first \_\_\_\_\_ years, the following is an illustration of the estimated annual CFD taxes as they related to the repayment of CFD general obligation bonds and CFD Maintenance and Operation expenses as well as a special assessment lien of \$\_\_\_\_\_ that is collected to pay the anticipated CFD special assessment bonds.

Home Sales Price	(A) Estimated General Obligation and Expense Payment (1)
\$130,000	\$
\$150,000	\$
\$175,000	\$
\$220,000	\$

Footnotes

- (1) Represents the repayment of CFD general obligation bond indebtedness and CFD expenses based upon a \$\_\_\_\_\_ increase in the ad valorem property tax rate.
- (2) Represents the repayment of special assessment bonds assuming a \$\_\_\_\_\_ per lot special assessment lien. Special assessment bond terms assume a \_\_\_\_\_% interest rate, \_\_\_-year amortization period, one year of capitalized interest, 10% reserve fund and \_\_\_\_\_% cost of issuance expenses. To the extent that the bond terms vary from these assumptions, the payment amount will fluctuate. This figure does not include any administrative charges which may be charged by the District and/or third party administrators if any.

All of the taxes and charges described above are in addition to any taxes, fees and charges imposed by the Town of Buckeye, other political subdivisions and in addition to any assessments or fees imposed by any homeowners association.

Your signature below acknowledges that you have received and read this disclosure at the time you have signed our purchase contract.

[SIGNATURE PAGE TO FOLLOW]

---

[name]

---

[address]

---

[name]

---

[address]

10/22/04  
E T/C



OFFICIAL RECORDS OF  
MARICOPA COUNTY RECORDER  
HELEN PURCELL  
2004-1298439 11/04/04 13:41  
1 OF 1

HENSLEYE

When recorded, return to:

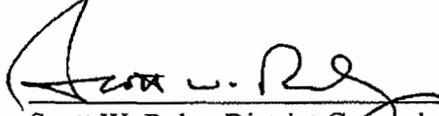
Mr. Scott W. Ruby  
Gust Rosenfeld P.L.C.  
201 East Washington Street, Suite 800  
Phoenix, AZ 85004-2327

November 3, 2004

**NOTICE OF FORMATION OF  
TARTESSO WEST COMMUNITY FACILITIES DISTRICT  
(TOWN OF BUCKEYE, ARIZONA)**

STATE OF ARIZONA  
COUNTY OF MARICOPA

Pursuant to Resolution No. 63-04, Ordering and Declaring Formation of Tartesso West Community Facilities District (Town of Buckeye, Arizona), adopted by the Mayor and Council of the Town of Buckeye, Arizona, on November 2, 2004, a community facilities district was formed pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended, over all of the real property described by metes and bounds in Exhibit A attached hereto. For further information, please contact Scott W. Ruby at (602) 257.7432.

  
\_\_\_\_\_  
Scott W. Ruby, District Counsel

ATTACHMENT:

Exhibit A - Legal Description of District

EXHIBIT "A"  
LEGAL DESCRIPTION

TOWNSHIP 2 NORTH – RANGE 4 WEST

SECTION 18

A portion of the Southwest quarter of Section 18, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at a 3 1/2" G.L.O. brass cap, found at the Southwest corner of said Section 18;

thence North 00 degrees 20 minutes 38 seconds East, along the West line of the Southwest quarter of said Section 18, a distance of 685.26 feet;

thence South 58 degrees 48 minutes 35 seconds East, a distance of 595.04 feet to a point of curvature, concave Northeasterly, whose radius is 2600.00 feet;

thence Southeasterly, along said curve to the left, through a central angle of 31 degrees 13 minutes 45 seconds, an arc distance of 1417.13 feet, to a point on the South line of the Southwest quarter of said Section 18;

thence South 89 degrees 57 minutes 40 seconds West, along the South line of the Southwest quarter of said Section 18, a distance of 1861.39 feet to a 3 1/2" G.L.O. brass cap, and the TRUE POINT OF BEGINNING.

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TOWNSHIP 2 NORTH – RANGE 5 WEST

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the Southwest quarter and the Southeast quarter of the Southeast quarter of the Southwest quarter of the Southwest quarter of Section 35, Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.